MINUTES OF THE JUNE 13, 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 June 13, 2006, at 8:44 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
Assemblyman Lynn Hettrick
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblywoman Kathy McClain
Assemblyman David Parks sitting for Assemblywoman Giunchigliani
Assemblyman Richard Perkins
Assemblyman Bob Seale
Assemblywoman Debbie Smith
Assemblywoman Valerie Weber
Senator Mark Amodei sitting for Senator Rhoads
Senator Bob Beers
Senator Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews
Senator Dina Titus

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Heidi Gansert
Assemblywoman Christina R. Giunchigliani
Senator Dean Rhoads

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Risa Lang, Chief Deputy Legislative Counsel
Mark W. Stevens, Fiscal Analyst, Assembly

Steve Abba, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Fiscal Analyst, Senate
Bob Guernsey, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Transcription Secretary
Carol Thomsen, Interim Finance Committee Recording Secretary
Becky Lowe, Fiscal Analysis Division Secretary

A. ROLL CALL.

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

*B. APPROVAL OF MINUTES FROM THE APRIL 4, 2006 MEETING.

ASSEMBLYMAN SEALE MOVED APPROVAL OF THE APRIL 4, 2006 MEETING MINUTES.

SENATOR CEGAVSKE SECONDED THE MOTION.

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

Chairman Raggio announced that at the request of Brenda Erdoes, Legislative Counsel, Items *E. 170 and *R. would be considered out of agenda order.

C. WORK PROGRAM REVISIONS IN ACCORDANCE WITH *Nevada Revised Statutes* (NRS) 353.220(5)(B). INFORMATIONAL ONLY – REQUIRED EXPEDITIOUS ACTION WITHIN 15 DAYS.

The members of the Committee had no questions regarding the informational only work program items listed under Item C.

1. **Department of Agriculture – Plant Industry – Pest, Plant Disease and Noxious Weed Control – FY 06 –** Addition of $44,278.00 in United States Department of Agriculture Pest Detection CORE federal agreement funds to reconcile funding for the Pest Detection CORE activities. The funds will mainly support an existing position, equipment, supplies and indirect costs. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item E-38.**

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

2. **Department Agriculture – Plant Industry – Pest, Plant Disease & Noxious Weed Control – FY 06 –** Addition of $20,001.00 in United States Department of

Agriculture (USDA) Imported Fire Ants funds, $7,409.00 in USDA Emerging Plant Pest funds, $10,618.00 USDA Toadflax Bio-Control funds, $8,139.00 USDA Gypsy Moth Survey funds, $5,251.00 in USDA Woodborer Bark Beetle funds, and $18,061.00 in USDA Plant Pathology (Nematode Survey) funds to implement a new cooperative agreement from the USDA relating to the Cooperative Agricultural Pest Survey Programs (CAPS). Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item E-39.**

Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

3. **Department of Health and Human Services – Aging Services – Older Americans Act - FY 06 –** Addition of $75,000.00 in Contract Services Charges for the Aging Services Network Community Based Enrollment Program to assist clients in learning about the new Medicare Prescription Drug benefit and provide enrollment assistance for eligible Medicare beneficiaries in Nevada. Requires Interim Finance approval since the amount added to the Aging Services Network Community Based Enrollment category exceeds $50,000.00.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

4. **Department of Health and Human Services – Health Care Financing and Policy – Medicaid – FY 06 –** Transfer of $28,000,000.00 from the Waiver category to the TANF/CHAP category, $812,183.00 from Offline category to the TANF/CHAP category, and $39,471,668.00 from the Offline category to the MAABD category to pay provider medical costs incurred for Medicaid recipients, which is critical in order to meet the June 2, 2006, provider payment obligation. Requires Interim Finance approval since the amount transferred to the MAABD category exceeds $50,000.00.

   Approved under the provisions of NRS 353.220(5)(b), which required expeditious action within 15 days.

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

The members of the Committee had no questions regarding the informational only work program items listed under Item D.

1. **Department of Public Safety – Emergency Management Assistance – FY 06** Addition of $1,980,000.00 in Department of Energy – Nuclear Projects Office federal grant funds to pass through funds to the Nuclear Projects Office to conduct important scientific oversight responsibilities related to nuclear waste disposal. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Approved under the provisions of NRS 353.220(5)(c), which required expeditious action within 45 days.

2. **Department of Transportation – Administration – FY 06 –** Addition of $283,702.00 in Highway Fund Authorization Funds to continue utilizing Honor Camp inmate crews and juvenile offenders performing community service as a part of their rehabilitation. Services include debris removal along roadways, adding and repairing controlled access fencing, noxious weed abatement, homeless camp cleanup and fire mitigation in the Lake Tahoe Basin. Requires Interim Finance approval since the amount added to the Honor Camp Payment category exceeds $50,000.00.

Approved under the provisions of NRS 353.220(5)(c), which required expeditious action within 45 days.

3. **Department of Wildlife – Administration – FY 06 –** Transfer of $101,076.00 from the Reserve category to the Vehicles category to cover vehicle expenses for the remainder of FY 2006 including gasoline, diesel fuel, propane, compressed natural gas and repairs. Requires Interim Finance approval since the amount transferred to the Vehicles category exceeds $50,000.00.

Approved under the provisions of NRS 353.220(5)(c), which required expeditious action within 45 days.

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

I. Work Program Revisions Requiring Interim Finance Committee Review.

Chairman Raggio announced that the following work programs were revised, but agency representatives would not be called upon to provide additional information unless so requested by other members of the Committee:

- Items 13 and 14, Department of Administration – Information Technology Division; Item 18, Department of Taxation; Item 85 - Department of Health and Human Services – Division of Mental Health and Developmental Services – Facility for the Mental Offender – Lake's Crossing; Item 89 – Department of Health and Human Services – Welfare and Supportive Services – Child Support Enforcement Program; Item 103 – Department of Corrections – Ely Conservation Camp; Item 104 – Department of Corrections – Ely State Prison; Item 113 – Department of Corrections – Prison Industries – Prison Dairy; Item 160 – Department of Conservation and Natural Resources – Forestry.

The following items were withdrawn:

- Item 53 – Department of Health and Human Services – Division of Child and Family Services – Juvenile Justice Program; Item 139 – Department of Public Safety – Forfeitures; Item 161 – Department of Conservation and Natural Resources – Forestry – Fire Suppression and Emergency Response; Items 167 and 168 – Department of Conservation and Natural Resources – Water Resources.

Agency representatives would be called upon to provide additional information for the following work program items:

- Items 21 and 23 - Department of Information Technology – Mobile Communications Division – Network Transport Services

- Item 26 - Department of Education – Distributive School Account was revised

- Items 28 and 29 - Department of Education – Other State Education Programs

- Items 36 and 37 - Department of Agriculture – Measurement Standards – Weights and Measures

- Items 41 and 42 - Gaming Control Board

- Item 70 - Department of Health and Human Services – Health Division – Communicable Disease Control. Senator Coffin requested that agency representatives provide information related to avian influenza.

- Items 101 and 102 - Department of Corrections – Director's Office were revised on May 24, 2006 and would be considered with Item *H.4, a request for allocation from the IFC Contingency Fund.

- Item 124 – Department of Motor Vehicles – Field Services.

- Items 130 and 131 – Department of Motor Vehicles – Information Technology and Pollution Control would be considered concurrently.

- Item 141 – Department of Public Safety – Forfeitures

- Items 155 and 156 – Department of Conservation and Natural Resources – Environmental Protection Bureau of Air Quality. Senator Coffin requested that agency representatives provide a brief report on Nevada Mercury Emissions Control Program.

- Item 170 – Department of Wildlife – Administration

- Item 174 – Department of Transportation – Administration

- Item 181 – Department of Information Technology – Data Communications and Technology - was received after the May 18, 2006 deadline.

Agency representatives would be called upon to provide additional information for the following work program items which were allocated block grant funds and required a public hearing:

- Item 59 - Department of Health and Human Services – Division of Child and Family Services – Washoe County Integration

- Item 62 – Department of Health and Human Services – Health Care Financing and Policy Administration

- Item 67 – Department of Health and Human Services – Health Care Financing and Policy – Nevada Check Up

- Item 71 - Department of Health and Human Services – Health Division - Community Health Services

- Item 76 - Department of Health and Human Services – Health Division – Maternal Child Health Services

- Item 90 - Department of Health and Human Services – Welfare and Supportive Services – Field Services

- Item 91 - Department of Health and Human Services – Welfare and Supportive Services – Child Assistance and Development

- Item 93 - Department of Health and Human Services – Welfare and Supportive Services – Energy Assistance Program

- Item 94 - Department of Health and Human Services – Welfare and Supportive Services – Field Services

- Item 95 - Department of Health and Human Services – Welfare and Supportive Services – Field Services

- Item 96 - Department of Health and Human Services – Welfare and Supportive Services- Temporary Assistance for Needy Families (TANF)

- Item 97 - Department of Health and Human Services – Welfare and Supportive Services- Temporary Assistance for Needy Families (TANF)

Addressing the Director, Department of Administration, Chairman Raggio discussed the fact that some work programs, from the Department of Administration's Budget Division, were received by the Committee's staff after the established deadline. The Chairman expressed concern that staff was not being provided ample time to review work programs delivered after the deadline and suggested that the Director consider asking state agencies to submit work program requests to the Fiscal Analysis Division staff at the same time they were submitted to the Budget Division.

The Chairman indicated that unless the work programs were submitted in sufficient time for analysis by the Fiscal Division analysts, some work program requests would be deferred for consideration at a later time.

> ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ALL WORK PROGRAM REQUESTS AND POSITION CHANGES THAT WERE NOT ENUMERATED FOR FURTHER DISCUSSION BY THE CHAIRMAN.
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> ASSEMBLYMAN HETTRICK SECONDED THE MOTION.
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> THE MOTION CARRIED. (Senator Beers was not present for the vote.)

1. **Office of the Governor – State Energy Office – Energy Conservation – FY 06** – Addition of $60,186.00 in Petroleum Violation Escrow (PVE) Fees and the transfer of $55,000.00 from the Personnel Services category to the State Energy Program (SEP) category and $3,000.00 from the Personnel Services category to the Training category to cover training needs for new staff, expand the energy-related education and activity and increase revenue authority to meet the remaining PVE obligations under the SEP. Requires Interim Finance approval since the amount transferred to the SEP category exceeds $50,000.00.

   Refer to motion for approval under Item E.

2. **Office of the Governor – State Energy Office – Energy Conservation – Petroleum Overcharge Rebate – FY 06 –** Transfer of $175,100.00 from the Reserve category to the Petroleum Violation Escrow Account category to support program expenditures including the Transportation program for senior citizens, energy efficiency and conservation in homes, industry, government and small business, promotion of alternative energy and fuel usage, and energy-related cooperative extension services. Requires Interim Finance approval since the amount transferred to the Petroleum Violation Escrow Account category exceeds $50,000.

   Refer to motion for approval under Item E.

3. **Office of the Attorney General – Administrative Account – FY 06** – Transfer of $15,000.00 from the Information Services category to the In-State Travel category ***and***

$4,140.00 from the Information Services category to the Reserve for Reversion category to cover estimated costs through the end of the fiscal year ***and to revert the unexpended portion of Interim Finance Committee Contingency funds allocated for scanners***. Requires Interim Finance approval since the cumulative amount transferred to In-State Travel category exceeds 10% of the legislatively approved level for that category. **REVISED MAY 24, 2006.**

Refer to motion for approval under Item E.

4. **Office of the Attorney General – Nevada Department of Justice - Extradition Coordinator – FY 07 –** Deletion of $65,700.00 in General Fund Appropriation to transfer funds to FY 2006 for extradition costs. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session. **Relates to Item 5.**

   Refer to motion for approval under Item E.

5. **Office of the Attorney General – Nevada Department of Justice - Extradition Coordinator – FY 06 –** Addition of $65,700.00 in General Fund Appropriation to transfer funds from FY 2007 for extradition costs. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session. **Relates to Item 4.**

   Refer to motion for approval under Item E.

6. **Office of the Attorney General – Special Fund – FY 07 –** Addition of $303,282.00 in General Fund Appropriation to transfer funds from FY 2006 for Nuclear Waste Litigation. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session. **Relates to Item 7.**

   Refer to motion for approval under Item E.

7. **Office of the Attorney General – Special Fund – FY 06 –** Deletion of $303,282.00 in General Fund Appropriation to transfer funds to FY 2007 for Nuclear Waste Litigation. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session. **Relates to Item 6.**

   Refer to motion for approval under Item E.

8. **Office of the Secretary of State – FY 06 –** Addition of $249,000.00 in Special Services funds to cover projected postage and credit card discount fee expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

   Refer to motion for approval under Item E.

9. **Department of Administration - Buildings and Grounds – FY 06 –** Transfer of $71,991.00 from the Reserve category to the Maintenance of Buildings and Grounds category and $180,444.00 from the Reserve category to the Utilities category to cover increased utility costs, increases in janitorial and maintenance contracts, and unanticipated hazardous waste disposal costs. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00.

Refer to motion for approval under Item E.

10. **Department of Administration – Buildings and Grounds – FY 07 –** Addition of $150,000.00 in Highway Fund Authorization, and $597,807.00 in General Fund appropriation to transfer the funds for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576 (2005), Sections 8 and 36 of the 2005 Legislative Session. **Relates to Item 11.**

Refer to motion for approval under Item E.

11. **Department of Administration – Buildings and Grounds – FY 06 –** Deletion of $150,000.00 in Highway Fund Authorization and $597,807.00 in General Fund appropriation to transfer the funds for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576 (2005), Sections 8, 32 and 36 of the 2005 Legislative Session. **Relates to Item 10.**

Refer to motion for approval under Item E.

12. **Department of Administration – Hearings and Appeals – Victims of Crime – FY 06 –** Addition of $926,273.00 in federal Crime Victims, $72,501.00 in Filing Fees, $19,769.00 in Civil Penalties, $597,965.00 in Fines/Forfeitures/Penalties, $71,758.00 in Reimbursement, $141,806.00 in Restitutions Collections, $75,991.00 in Wage Assessment and $8,467.00 in Treasurer's Interest Distribution and the transfer of $134,066.00 from the Reserve category to the Victims Payments category to cover victim claim expenditures through the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Victims Payments category exceeds $50,000.00.

Refer to motion for approval under Item E.

13. **Department of Administration – Information Technology Division – FY 07 –** Addition of ~~$11,464,339.00~~ $9,534,640.00 in General Fund Appropriation and ~~$1,875,182.00~~ $967,402.00 in Highway Fund Appropriation to transfer funding from fiscal year 2006 to allow for the completion of the approved Information Services Technology projects. Requires Interim Finance approval pursuant to A.B. 576, Section 34, of the 2005 Legislative Session. **Relates to Item 14. REVISED JUNE 2, 2006.**

REVISED JUNE 2, 2006 - Refer to motion for approval under Item E.

14. **Department of Administration – Information Technology Division – FY 06 –** Deletion of ~~**$11,464,339.00**~~ **$9,534,640.00** in General Fund Appropriation and ~~**$1,875,182.00**~~ **$967,402.00** in Highway Fund Appropriation to transfer funding to fiscal year 2007 to allow for the completion of the approved Information Services Technology projects. Requires Interim Finance approval pursuant to A.B. 576, Section 34, of the 2005 Legislative Session. **Relates to Item 13. REVISED JUNE 2, 2006.**

REVISED JUNE 2, 2006 - Refer to motion for approval under Item E.

15. **Department of Administration - Buildings and Grounds – Mail Services – FY 06 –** Addition of $87,593.00 in Mail Service Charge to cover the increased postage as a result of the United States Postal Service postage rate increase, effective January 1, 2006. Requires Interim Finance approval since the amount added to the Postage category exceeds $50,000.00.

Refer to motion for approval under Item E.

16. **Department of Administration – Motor Pool Division – FY 06 –** Transfer of $4,050.00 from the Personnel Services category to the Utilities category, $24,000.00 from the Operating category to the Vehicle Operation category and $23,287.00 from the Reserve category to the Vehicle Operation category to allow for increased fuel costs and utility expenditures through the remainder of the fiscal year. 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.

17. **Department of Administration - Risk Management Division – Insurance & Loss Prevention – FY 06 –** Transfer of $242,960.00 from the Reserve category to the Property Claims category to allow for increase in expenditures due primarily to the Northern Nevada flooding and increase in heavy equipment claims from the Nevada Department of Transportation. Requires Interim Finance approval since the amount transferred to the Property Claims category exceeds $50,000.00.

Refer to motion for approval under Item E.

18. **Department of Taxation – FY 06 – Department of Taxation – FY 06 –** Transfer of $21,569.00 from the Equipment category to the Operating category, $90,500.00 from the E Payment Fees category to the Operating category, $3,000.00 from the Lockbox Program category to the Operating category, $118,631.00 from the Information Services category to the Operating category, ~~**$5,000.00 from the Information Services category to the In-State Travel category, $5,000.00**~~ **$10,000.00** from the Information Services category to the Out-of-State Audit category, and $4,800.00 from the Training category to the Operating category to cover additional printing and postage costs associated with an increase in billing notices, correspondence and tax returns and allow additional travel for employees working on taxpayer compliance issues and

out-of-state audits. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00. **REVISED JUNE 2, 2006.**

REVISED JUNE 2, 2006 - Refer to motion for approval under Item E.

19. Department of Information Technology – Planning and Research Division – FY 06 Transfer of $58,137.00 from the Reserve category to the Personnel Services category to fund projected salary costs for the remainder of the fiscal year. 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.

20. Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 – Transfer of $43,259.00 from the Reserve category to the Land & Building Improvement category to fund additional site repairs, rental space on Virginia Peak and an increase in land usage fees assessed by the Bureau of Land Management. 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.

21. Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 – Transfer of $30,153.00 from the Reserve category to the Operating category, and $78,760.00 from the Reserve category to the Information Services category to fund increase in diesel fuel and outside vehicle maintenance costs and allow DoIT to connect the radio network to Nevada System of Higher Education's fiber backbone along the I-80 corridor. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00.

Mark Blomstrom, Deputy Director, Department of Information Technology (DoIT), appeared before the Committee to request approval of the work program request to transfer $108,913 from the Reserve category to the Operating and Information Services categories. If approved, Mr. Blomstrom said the funding would be used to pay for increased fuel costs, outside vehicle maintenance, contract inventory work, and a network communications contract with the Nevada System of Higher Education (NSHE) for the Department of Information Technology's Network Transport Services.

Chairman Raggio asked for clarification regarding a contract the Department had with Manpower for an Inventory Clerk. The Chairman recalled that the same duties were included in the justification for the new Administrative Assistant III position the Committee approved at the April 4, 2006 meeting.

Mr. Blomstrom advised that the new Administrative Assistant's duties included processing paperwork and managing inventory in the office but did not include travel to remote mountaintop sites to collect inventory data. Mr. Blomstrom explained that although in-house technicians had inventoried the mountaintop sites in the past and would again in the future, the Department was currently experiencing a peak maintenance requirement in an effort to operate both analog and digital communication systems. However, Mr. Blomstrom indicated the "digital loop" was projected to be completed within the next year.

In response to questions Chairman Raggio asked regarding whether travel expenses were included in the Administrative Assistant position the Committee had approved in April, Mr. Blomstrom clarified that funding for travel was not included in the expenses for the newly created permanent position.

Chairman Raggio indicated he had learned that the contractor had been hired "before categorical authority was fully expended" and asked why Interim Finance Committee authorization was not requested in advance of hiring.

Mr. Blomstrom explained that the contractor was hired under existing operating funds and was working to reduce the workload.

The Chairman pointed out that the Committee had been established to assist the agencies during the interim period between legislative sessions, not to impede the process.

In response to similar concerns expressed by Assemblyman Arberry, Mr. Blomstrom explained that the Department, which was currently operating under peak requirements for maintenance had a recognized continuing obligation to collect inventory data. Additionally, Mr. Blomstrom reiterated that the Administrative Assistant was hired primarily to process a backlog of paperwork associated with permits and office inventory, and the collection of inventory data for the remote mountaintop sites had always been a function of the technicians and would be so again in the future.

Chairman Raggio asked the representatives of the Department to describe the consequences if the request was not approved by the Committee.

Mr. Blomstrom responded that it was likely a conflict would arise with the collection of inventory data on the mountaintop sites by technicians and the completion of project and maintenance work.

In response to Chairman Raggio, who asked if the Department was behind schedule, Mr. Blomstrom confirmed the Department was behind schedule in collecting the inventory data due to the large amount of maintenance and project work being demanded of the technicians. As previously indicated, Mr. Blomstrom advised that the Department was currently maintaining an analog system as well as a new digital

system, and the analog system would be decommissioned upon completion of the digital system.

Assemblyman Arberry suggested deferring the request until the September 2006 meeting of the Committee.

In response to Chairman Raggio's request for information from staff, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that if the Committee so desired they could choose to approve all portions of the work program request with the exception of the portion related to the contract position.

Terry Savage, Director, Department of Information Technology, (DoIT), identified himself for the record and indicated he had come forward to propose the same compromise suggested by staff.

Chairman Raggio reiterated that compliance with procedures established for the Committee and the Committee's staff were required for all agencies.

Mr. Savage expressed his understanding of the situation and extended his apologies to the members of the Committee for what he conceded to be an error on the part of the Department.

Chairman Raggio expressed his intent to accept a motion to approve only the portions of the request that were not related to the contract position and to defer the contract position to the September meeting. Additionally, Chairman Raggio requested that agency representatives provide full compliance in working with the Committee's staff.

> ASSEMBLYMAN ARBERRY MOVED TO APPROVE THE WORK PROGRAM REQUEST MINUS THE CONTRACT POSITION FOR AN INVENTORY CLERK WHICH WOULD BE ADDRESSED AT THE SEPTEMBER MEETING OF THE COMMITTEE.
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> ASSEMBLYMAN MARVEL SECONDED THE MOTION.
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> THE MOTION CARRIED. (Assemblyman Parks and Assemblywoman Leslie were not present for the vote.)

22. Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 – Transfer of $35,066.00 from the Reserve category to the Utilities category to cover projected expenditures through 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.

Refer to motion for approval under Item E.

23. Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 – Transfer of $126,528.00 from the Reserve category to the Equipment category to purchase a replacement snowcat and trailer for an existing unit that is no longer reliable and cannot be safely operated. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds $50,000.00.

Mark Blomstrom, Deputy Director, Department of Information Technology (DoIT), appeared before the Committee to request approval to transfer $126,528 from the Reserve category to the Equipment category to purchase a replacement snowcat and trailer. Mr. Blomstrom advised that the DoIT had purchased one new snowcat in 2005, after approval by the Committee at its June 2005 meeting, and three snowcats that were over 25 years old were removed from service.

Mr. Blomstrom said that as additional mountaintop sites were brought online, the need for snowcat equipment increased. During fiscal year 2006, Mr. Blomstrom said staff was unable to gain access to sites on three occasions. Additionally, Mr. Blomstrom indicated that the recently purchased snowcat, based in Carson City, and the new snowcat that would go to Elko, if approved, would be used by both the Nevada Department of Transportation (NDOT) and the DoIT.

Chairman Raggio noted that when the NDOT's snowcat equipment was unavailable, the DoIT rented equipment, and citing the availability of the NDOT equipment or rental alternatives, asked whether expending $126,528 was justifiable.

Mr. Blomstrom explained that cost was an issue, but there were not enough snowcats available in the state, during winter emergency weather conditions, to allow the access needed by the agency.

In response to questions Chairman Raggio asked regarding lease agreements with the NDOT for snowcat equipment, Mr. Blomstrom advised that an interagency agreement for services were in the process of being formalized. Additionally, Mr. Blomstrom said that the NDOT would maintain the DoIT's snowcats as well as their own equipment.

Assemblyman Seale indicated that perhaps the DoIT representatives should consider placing the request for snowcat equipment in the next biennial budget request.

Mr. Blomstrom explained that the need for the equipment was immediate and reiterated that during fiscal year 2006, the DoIT had been without snowcat services on three separate occasions.

In response to Assemblyman Seale, who asked for information regarding the consequences of not having a snowcat, Mr. Blomstrom used the Penn Hill site near Mountain City, north of Elko as an example and indicated that the site was accessed 14 times in the previous year by snowcat and once by helicopter. Mr. Blomstrom

further advised that the equipment was needed to gain to access to mountaintop sites to provide maintenance and removal of snow from solar panels.

Assemblyman Arberry questioned the expenditure of $126,528 for the purchase of a snowcat and trailer after noting that in 2005, the DoIT incurred charges of only $4,187 in snowcat rentals and $3,455 in helicopter service.

Mr. Blomstrom explained that the expenditures for rentals would have been much greater if the number of commercial snowcats that were needed had been available.

Assemblyman Arberry expressed his preference to defer the request until the Committee's September meeting.

Chairman Raggio questioned whether deferring the request until September would provide sufficient time for the DoIT to place an order for the equipment before the onset of winter weather conditions.

Assemblyman Arberry pointed out that in 2005 the DoIT spent a total of $7,642 in rental costs and indicated that if a severe snowfall occurred by September, the agency would be spending less than $10,000 in rental costs rather than the $127,000 to purchase the snowcat.

Chairman Raggio indicated it was his understanding the equipment was needed before the onset of severe winter weather conditions and recalled that one of the heaviest and earliest winters on record had occurred in the previous year. Chairman Raggio expressed his reluctance to delay authorizing the request until September considering the time lag in ordering and acquisition of the equipment.

Terry Savage, Director, DoIT, advised that winter frequently began on the mountaintops in September and explained that the problem, as had been pointed out by Mr. Blomstrom, was not the cost but rather the availability of equipment. Mr. Savage also pointed out that there were "significant public safety communication implications" to having a mountaintop site shut down.

In response to Chairman Raggio, who asked how the Department's Reserve would be affected, Mr. Blomstrom advised that the Reserve would be reduced but he did know by how much.

Senator Beers indicated that perhaps the Committee's staff could work with the agency representatives during the next several months, before the following Interim Finance Committee meeting, to explore other sources of rentals.

In response to Senator Beers, who questioned the Department's leasing potential, Mr. Blomstrom explained that snowcats were more commonly leased for ski slopes than mountaintop sites because the snowcats, used for mountaintop access, were

adversely affected as a result of driving over snowy, mountainous terrain. Mr. Blomstrom indicated that while a potential for leasing existed, it was costly.

In response to Chairman Raggio, who questioned the location for the new equipment, Mr. Blomstrom advised that the snowcat would be located in Elko to augment the existing NDOT snowcat located there.

In response to questions Assemblyman Seale asked regarding the service life of a snowcat and leasing equipment for approximately $10,000 to $12,000 a year, Mr. Blomstrom advised that snowcats were retired after 25 years of service due to safety issues.

Assemblyman Seale noted that approving $127,000 to purchase a snowcat appeared to be less expensive than spending $250,000 for a long-term lease and would provide a cost savings to the state.

Mr. Blomstrom agreed that purchasing a snowcat, in the sense of an up-front capital investment, appeared to provide a lower overall cost to the state compared with a long-term lease.

In response to Assemblyman Denis, who asked how many new mountaintop sites were being developed, Mr. Blomstrom advised that six new sites were in the process of being brought online, two as a function of digital microwave projects and four as a function of expanded radio systems coverage. Additionally, it was expected that additional sites would be developed as a function of the need for expanded radio systems coverage. Mr. Blomstrom advised that four of the sites were solar powered, and solar sites typically required a higher level of winter access.

Assemblyman Denis asked for information related to down time experienced over the last few years because of the unavailability of rental equipment or access to the site.

Mr. Blomstrom advised that during fiscal year 2006 site operations were affected by inaccessibility on three occasions. While the sites were not reached in a timely fashion in two cases, the problem was corrected in the third case after an NDOT snowcat became available. Additionally, Mr. Blomstrom advised that in the previous year, a 24-hour delay was experienced in restoring operations at McClellan Peak north of Carson City. Mr. Blomstrom explained that service was provided to Reno, but data network, wide area network, and dedicated circuits for the Winnemucca and Elko sites were shut down, which affected both public safety and ongoing state business.

In response to Assemblyman Denis, who asked about snowcat use versus helicopter use, Mr. Blomstrom advised that weather was the determining factor and that it was almost always a better choice, for safety reasons, to use a snowcat. Mr. Blomstrom explained that a site could be “socked in” by inclement weather in a matter of minutes, which could leave a helicopter and its occupants stranded.

In response to questions Assemblyman Hettrick asked about the trailer being included in the cost of the snowcat and the terms of delivery, Mr. Blomstrom advised that the trailer was included in the cost, and the purchase included delivery within 60 to 90 days.

Assemblyman Hettrick indicated he was aware that when aircraft was leased during the summer to fight fires, the terms of the lease included payment whether or not the planes were used. In response to questions Assemblyman Hettrick asked regarding year-round versus part-time leases for snowcat equipment, Mr. Blomstrom advised that after reviewing year-round leases, there had been very little interest in leasing equipment on a part-year basis since the equipment would provide little value to anyone during the off period.

Assemblyman Hettrick expressed support for the request but asked that agency representatives look again into the expense of a winter-time only lease rather than a year-round lease, which he said would essentially be a purchase.

Mr. Blomstrom agreed to do so.

> ASSEMBLYMAN HETTRICK MOVED APPROVAL OF THE REQUEST TO TRANSFER $126,528 FROM THE RESERVE TO THE EQUIPMENT CATEGORY TO PURCHASE A SNOWCAT AND A SNOWCAT TRAILER AND THAT THE AGENCY EXPLORE THE AVAILABILITY AND PRACTICALITY OF LEASING FUTURE EQUIPMENT.
>
> ASSEMBLYMAN MARVEL SECONDED THE MOTION.

Senator Beers indicated it was his understanding that the NDOT owned two snowcats in northeastern Nevada and asked if the equipment could be shared with the DoIT.

Mr. Savage responded that sharing the equipment was not practical because, as previously pointed out, in severe weather conditions, the snowcats would be needed by both entities at the same time.

In response to Senator Beers' comments regarding shared sites, Mr. Blomstrom, advised that there were multiple sites that would require access in the event of severe weather and confirmed that the NDOT had a snowcat Elko and Ely. However, Mr. Blomstrom indicated that during a major storm, the agency could easily keep three snowcats and more operating in an effort to maintain and continue to operate a communications network.

Robert Chisel, Assistant Director, Administration, NDOT, advised that the NDOT had a snowcat located in Ely, Elko, and Winnemucca that had been purchased in the last ten years and a snowcat in Reno and Tonopah that were 1960s and 1970s vintage. Additionally, Mr. Chisel indicated that historically the NDOT and the DoIT had worked

together, and when possible the NDOT would work with the DoIT to get a snowcat to a location. Mr. Chisel indicated it was important to note that it was an all-day trip to reach a mountaintop site and that it was not possible to reach one site, return, and travel to another site. Additionally, Mr. Chisel indicated the sites could only be accessed during daytime hours.

The Chairman noted a motion that included a provision that the agency explore leasing future snowcat equipment was pending and called for the vote.

> THE MOTION FAILED. (Senator Beers and Senator Cegavske voted nay. Assemblyman Arberry, Assemblyman Parks, Assemblyman Perkins, Assemblywoman Smith, and Assemblywoman Weber voted nay. Assemblywoman Leslie was not present for the vote.)

24. **Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 –** Transfer of $44,076.00 from the Reserve category to the Personnel Services category to fund projected salary costs for the remainder of the fiscal year. 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.

25. **Department of Information Technology – Facility Management Division – Computing Division – FY 06 –** Transfer of $5,668.00 from the Reserve category to the In-State Travel category and $30,758.00 from the Reserve category to the Utilities category to fund projected expenditures for the remainder of the fiscal year for travel needs and higher than anticipated utilities costs. 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.

26. **Department of Education – Distributive School Account – FY 06 –** Transfer of ~~$1,965,116.00~~ ***$2,234,305.00*** from the Aid to Schools category to the Retired Employee Group Health Insurance category and $30,350.00 from the Aid to Schools category to the Transportation category to allow for projected expenditures related to transporting students residing on Indian Reservations located in two or more counties and retired employees group insurance subsidies through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Retired Employee Group Health Insurance category exceeds $50,000.00. **REVISED MAY 24, 2006.**

Chairman Raggio announced that Item 26, Department of Education, Distributive School Account, had been revised.

Doug Thunder, Deputy Superintendent, Administrative and Fiscal Services, Department of Education, appeared before the Committee to request approval to transfer $2,234,305 from Category 15, Distributive School Account (DSA) Basic Aid to Schools, to Category 55, Retired Employee Group Health Insurance. Mr. Thunder explained that under the provisions of S.B. 525, Sec. 21, 2005 Legislative Session, a total of $8,391,659 was appropriated to the Retired Employee Group Health Insurance category to cover the cost of subsidies for retired school district employees, and the allocation was to have been made "to each school district in the proportion of its obligation to the total obligation for all school districts." Mr. Thunder compared the $8,391,659 appropriation, which he indicated was based on the best information available at the time the Distributive School Account (DSA) budget was closed, to the $10,097,192 reflected in the Governor's Recommended budget at the start of the 2005 Legislative Session and the actual $10,610,435.82 fiscal year 2006 billings.

Additionally, Mr. Thunder requested approval to transfer $30,350 from Category 15, DSA Basic Aid to Schools to Category 80, Special Transportation, to reimburse the Lyon County school district for the transportation costs of students residing on Indian reservations that were located in other school districts. Mr. Thunder explained that the transfer was necessitated since actual costs were not known when the budgets were adopted. Mr. Thunder advised that language in S.B. 525, Sec. 19 addressed transferring funding from the DSA to reimburse the additional cost of transportation.

Mr. Thunder indicated that the ability to transfer additional monies into those categories had not been previously addressed, and since the practice of transferring funds from the DSA Basic Aid to Schools to Category 80, Special Transportation, appeared almost automatic, similar transfers should also be permitted to Category 55, Retired Employee Group Health Insurance. Mr. Thunder pointed out that the request for the transfer of funds was being made near the end of fiscal year 2006 in which a $91 million balance was projected in the DSA, Budget Account 2610.

Chairman Raggio advised that staff analysis recommended approval of the request to transfer $30,350 to reimburse Lyon County school district for transportation costs. However, the request to transfer funds to the Retired Employee Group Health Insurance category was not recommended for approval. Chairman Raggio asked Brenda Erdoes to address the issue.

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau, advised that the Committee lacked the authority to approve that excess funding be utilized to transfer $2,234,305 from the DSA Basic Aid to Schools category to the Retired Employee Group Health Insurance category. Ms. Erdoes explained that while the General Appropriations Act specifically allowed for a reallocation of surplus dollars, the Committee lacked the authority to transfer excess funding to subsidize school district retirees' participation in the Public Employees' Benefits Program (PEBP).

Chairman Raggio advised that the portion of the request associated with a transfer of funds to the Retired Employee Group Health Insurance category would be deferred until a supplemental appropriation could be considered by the 2007 Legislature even though there was excess funding in the DSA.

Mr. Thunder indicated that perhaps transferring fiscal year 2007 funding to cover the cost of subsidies for retired school district employees could be reviewed.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, indicated that transferring subsequent year funding had been reviewed, and a conclusive understanding that such an option could be accomplished was not reached.

Chairman Raggio indicated the issue would be deferred until the September Interim Finance Committee meeting.

> ASSEMBLYMAN HETTRICK MOVED APPROVAL TO TRANSFER $30,350.00 FROM CATEGORY 15, AID TO SCHOOLS TO CATEGORY 80, TRANSPORTATION TO REIMBURSE THE LYON COUNTY SCHOOL DISTRICT FOR EXPENDITURES RELATED TO TRANSPORTING STUDENTS RESIDING ON INDIAN RESERVATIONS LOCATED IN TWO OR MORE COUNTIES.
>
> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblywoman Leslie was not present for the vote.)

Chairman Raggio announced approval of the portion of Item 26 that related to expenses to transport students residing on Indian reservations in two or more counties and deferral of the portion of the request that addressed the Retired Employee Group Health Insurance subsidy until the September meeting.

27. **Department of Education – Individuals with Disabilities Education Act (IDEA) – FY 06 –** Addition of $149,938.00 in United States Department of Education, Office of Special Education and Rehabilitative Services grant funds to provide technical assistance to improve Nevada's capacity for the data collection requirements of the IDEA. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

28. **Department of Education – Other State Education Programs – FY 07 –** Deletion of $1,056,000.00 in General Fund Appropriation to allow for projected teacher signing bonuses through the end of FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 35 of the Legislative Session. **Relates to Item 29.**

Chairman Raggio announced that Items 28 and 29 would be considered concurrently.

Keith Rheault, Superintendent of Public Instruction, Department of Education, appeared before the Committee to request approval to transfer $1,056,000 in fiscal year 2006-07 funding to provide for projected teacher signing bonuses through the end of fiscal year 2006. The Teacher Signing Bonus program provided a $2,000 signing bonus after a newly hired teacher had taught for thirty days in the state system.

Dr. Rheault advised that the Legislature, in 2005, approved funding in the amount of $6,052,000 for 3,026 new teacher signing bonuses. However, the number of new teachers had exceeded the number for which funding was provided, and the Committee's approval of the request would fund bonuses for an additional eligible 528 teachers.

Chairman Raggio questioned whether Department representatives would request a supplemental appropriation during the 2007 Legislature.

Dr. Rheault advised that a supplemental appropriation would be requested in view of the 585 new kindergarten teachers that would be hired for the all-day kindergarten classes that were being established. Dr. Rheault reported that 4,200 new school district employees were anticipated to be hired for the following year.

In response to Chairman Raggio, who noted that the bonus program appeared to be effective, Dr. Rheault advised that the Teacher Signing Bonus was the one program he received the most positive comments about from new teachers.

Senator Cegavske asked if statistics could be provided regarding the length of time teachers were staying in the state to teach.

Dr. Rheault advised that the districts were maintaining the data, which would be collected by the Department prior to the 2007 Legislative Session.

Senator Cegavske questioned whether retired teachers or administrators, who returned to teaching, were eligible for the incentive bonus.

Dr. Rheault advised that retired teachers would not be eligible for the $2,000 signing bonus for at least two years after their retirement.

In response to questions Assemblywoman Smith asked regarding Clark County's growth and need for new teachers, Dr. Rheault advised that 95 percent of the request for new hires was from Clark County, which would be included in the projected 4,200 to 4,500 new teachers that would be hired.

ASSEMBLYWOMAN SMITH MOVED APPROVAL OF ITEMS 28 AND 29.

SENATOR COFFIN SECONDED THE MOTION.

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

29. **Department of Education – Other State Education Programs – FY 06 –** Addition of $1,056,000.00 in General Fund Appropriation to allow for projected teacher signing bonuses through the end of the fiscal year. Requires Interim Finance approval pursuant to A.B. 576, Section 35 of the 2005 Legislative Session. **Relates to Item 28.**

Refer to narrative and motion for approval under Item 28.

30. **Department of Education – School Health Education – AIDS – FY 06 –** Addition of $217,082.00 in US Department of Health and Human Services, Centers for Disease Control and Prevention, Comprehensive School Health grant funds to continue program funding which supports the development and implementation of effective health education for Human Immunodeficiency Virus (HIV) and other important health problems for school-age populations. Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds $50,000.00.

Refer to motion for approval under Item E.

31. **Nevada System of Higher Education – Great Basin College – FY 06 –** Addition of $18,000.00 in Registration Fees to request augmentation of Community College operations for the collections of additional registration fees based on actual student fees collected in the fall and spring semesters and a current projection of the remaining spring student fees. Requires Interim Finance approval pursuant to S.B. 522 of the 2005 Legislative Session.

Refer to motion for approval under Item E.

32. **Department of Cultural Affairs - Division of Museums and History – Lost City Museum – FY 07 –** Addition of $43,568.00 in General Fund Appropriation to transfer funds approved for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 33.**

Refer to motion for approval under Item E.

33. **Department of Cultural Affairs - Division of Museums and History – Lost City Museum – FY 06 –** Deletion of $43,568.00 in General Fund Appropriation to transfer funds approved for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 32.**

Refer to motion for approval under Item E.

34. **Department of Cultural Affairs - Division of Museums and History – Museum and Historical Society – FY 07 –** Addition of $204,869.00 in General Fund Appropriation to transfer funds approved for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 35.**

Refer to motion for approval under Item E.

35. **Department of Cultural Affairs - Division of Museums and History – Museum and Historical Society – FY 06 –** Deletion of $204,869.00 in General Fund Appropriation to transfer funds approved for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 34.**

Refer to motion for approval under Item E.

36. **Department of Agriculture – Measurement Standards – Weights and Measures – FY 07 –** Addition of $5,100.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the Legislative Session. **Relates to Item 37.**

Rick Gimlin, Deputy Director, Department of Agriculture, advised the members of the Committee that, if approved, Items 36 and 37 would carry forward $5,100 in deferred maintenance funds to fiscal year 2007. Mr. Gimlin indicated that the Committee's staff had questions regarding revised estimates for the projects, and Department representatives had not yet been able to provide the documentation requested.

Mr. Gimlin requested that Items 36 and 37 be deferred until the next meeting of the Interim Finance Committee.

Chairman Raggio agreed to honor the request to defer Items 36 and 37 to the September meeting of the Interim Finance Committee meeting.

37. **Department of Agriculture – Measurement Standards – Weights and Measures – FY 06 –** Deletion of $5,100.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 36.**

Refer to narrative under Item 36. Item 37 was deferred until the September meeting of the Interim Finance Committee.

38. **Department of Agriculture – Plant Industry – Pest, Plant Disease and Noxious Weed Control – FY 07** – Addition of $58,064.00 in United States Department of Agriculture Pest Detection CORE federal agreement funds to reconcile funding for the Pest Detection CORE activities. The funds will mainly support an existing position, equipment, supplies and indirect costs. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item C.1.**

Refer to motion for approval under Item E.

39. **Department of Agriculture – Plant Industry – Pest, Plant Disease & Noxious Weed Control – FY 07 –** Addition of $19,999.00 in United States Department of Agriculture (USDA) Imported Fire Ants grant funds, $7,408.00 in USDA Emerging Plant Pest grant funds, $10,617.00 in USDA Toadflax Bio-Control grant funds, $8,138.00 in USDA Gypsy Moth Survey grant funds, $5,249.00 in USDA Woodborer Bark Beetle grant funds, $18,059.00 in USDA Plant Pathology (Nematode Survey) grant funds to implement a new cooperative agreement from the USDA relating to the Cooperative Agricultural Pest Survey Programs (CAPS). Requires Interim Finance Approval since the cumulative amount added to the Personnel Services category exceeds $50,000.00. **Relates to Item C.2.**

Refer to motion for approval under Item E.

40. **Commission on Mineral Resources – Division of Minerals – FY 06 –** Addition of $126,872.00 in Bureau of Land Management grant funds and $10,000.00 in Nevada Mining Association Donation and the transfer of $20,000.00 from the Reserve category to the MacArthur Reclamation category to perform reclamation work at the MacArthur Mine near Yerington. Requires Interim Finance approval since the amount added to the MacArthur Reclamation category exceeds $50,000.00.

Refer to motion for approval under Item E.

41. **Gaming Control Board – FY 07 –** Addition of $2,018,849.00 in Investigative Fees transferred from Gaming Investigative Fund to fund twelve new staff to test and assess new gaming technology systems. Requires Interim Finance approval since the amount added to the Personnel category exceeds $50,000.00 and includes new staff. **Relates to Item 42.**

Chairman Raggio announced that Items 41 and 42 would be considered concurrently.

Dennis Neilander, Chairman, Gaming Control Board (GCB), identified himself for the record and introduced Mark Clayton, Member, Gaming Control Board, and Joe Bertolone, Chief, Technology Division, Gaming Control Board.

Mr. Neilander appeared before the Committee to request approval to transfer $2,018,849 from the Gaming Investigative Fund, Budget Account 4063, to the Gaming Control Board, Budget Account 4061. Mr. Neilander said that approval of the request would provide the Gaming Control Board the ability to expand laboratory staff

and testing verification of gaming devices and associated equipment submissions, which would be financed by investigative fees assessed to manufacturers of gaming devices.

Mr. Neilander discussed the effort being put forth by the GCB to keep pace with the technological advances in the gaming industry and the extent to which Nevada's casino operators were at "somewhat of a competitive disadvantage." Mr. Neilander explained that because tribal casinos had less rigorous testing standards, they had the ability to access new technologies more quickly than casino operators regulated by the GCB.

Mr. Neilander reiterated that if approved, the new positions and associated expenses would be financed entirely by fees charged directly to gaming device manufacturers and casino operators, who utilized the services of the GCB laboratories, a revenue-neutral proposal with no impact on the General Fund.

Mr. Neilander advised of security concerns regarding the new technologies and gaming devices that included networked gaming systems controlled by a central computer. Additionally, Mr. Neilander advised that the 2005 Legislature adopted new laws for mobile or wireless gaming, which the GCB was currently beginning to test. Mr. Neilander also advised that regulations had recently been adopted that allowed for both server-based and server-supported gaming with completion of a first field trial and approval of one minor elementary version of a server-supported system.

Mr. Neilander advised of extensive meetings with gaming operators and manufacturers over the last twelve months and said the proposal, before the Committee, was based on gaming devices it was anticipated the manufacturers and operators would be submitting to the GCB laboratory for testing. Approval of the proposal would also enable the existing laboratory to be moved from the Grant Sawyer Building in Las Vegas to a more suitable location near the airport in closer proximity to the location of manufacturers.

In response to questions Chairman Raggio asked regarding the space being vacated in the Grant Sawyer Building, Mr. Neilander explained that the Work Permit Program, previously operated by the counties, had been taken over by the GCB. Staff for the Work Permit Program had to be housed on the second floor of the Sawyer Building, and since space was limited on the second floor, staff would be moved to the first floor to relieve the congestion.

Chairman Raggio asked if all 12 positions were currently needed and whether a lesser number of laboratory engineer positions would meet the Gaming Control Board's immediate demand for services.

Mr. Neilander responded that while all 12 positions were needed, staff for those positions would not all be hired at the same time. Mr. Neilander anticipated hiring 8 engineers immediately and phasing in the remaining 4. Mr. Neilander said, however, that as the Legislative Session approached, he expected to be fully staffed. Mr. Neilander advised that the additional staff would reduce turn around time on testing.

In response to questions Chairman Raggio asked, Mr. Neilander confirmed that the fees from billings to manufacturers would cover the cost of the positions and all associated expenses.

Chairman Raggio noted the Committee's staff had recommended a reduction of $5,480 in Operating expenses.

Mr. Neilander confirmed that Gaming Control Board staff understood staff concerns and would revise Operating expenses downward by $5,480.

Chairman Raggio discussed concerns regarding whether the Administrative Assistant IV position functioned as an assistant to the Division Chief rather than providing support directly related to the Electronics Lab since the position was located in Carson City. The Chairman asked if the request for an Administrative Assistant IV position could be deferred until the 2007 Legislative Session

Mr. Neilander indicated that while the function of the Administrative Assistant IV position was related to the Electronics Laboratory, the GCB would place the request for the position in the 2007-09 budget request and reduce the request before the Committee by $92,914.

In response to Assemblyman Seale, who asked if the gaming community was in agreement with the fee increase, Mr. Neilander advised that the Nevada Resort Association (NRA) the Association of Gaming Equipment Manufacturers (AGEM) and International Gaming Technology, had submitted letters (Exhibit H) in support of the fee increase.

In response to questions Assemblywoman Weber asked regarding the availability of laboratory engineers in southern Nevada, Mr. Neilander advised that some recruiting funds were included in the budget and anticipated the engineers could be recruited in southern Nevada. Mr. Neilander indicated the skill sets for those engineers included engineers with computer science degrees and abilities in networking to meet the future needs of the industry. Additionally, Mr. Neilander indicated the GCB was also prepared to conduct fairly aggressive recruiting outside of southern Nevada if the need arose.

Senator Cegavske disclosed that her husband's employer held a gaming license, but since the benefit or detriment occurring to her husband's employer was no greater than that occurring for any other gaming licensee, she would participate in the voting process.

Chairman Raggio disclosed that he was a member and director of a corporation that also held a gaming license, which he indicated did not create a conflict.

ASSEMBLYMAN SEALE MOVED APPROVAL OF WORK PROGRAM ITEMS 41 AND 42 AS REVISED WITH A

REDUCTION OF $5,480 in OPERATING EXPENSES AND DEFERAL OF THE ADMINISTRATIVE ASSISTANT IV POSITION FURTHER REDUCING THE WORK PROGRAM REQUEST BY $92,914.

SENATOR AMODEI SECONDED THE MOTION.

THE MOTION CARRIED.

42. **Gaming Control Board – Gaming Investigative Fund – Gaming Investigation Revolving – FY 07 –** Addition of $2,018,849.00 in Investigation Fees to augment revenue to be generated by twelve new staff to test and assess new gaming technology systems. Requires Interim Finance approval since the amount added to the Transfer to Gaming category exceeds $50,000.00. **Relates to Item 41.**

Refer to narrative and motion for approval under Item 42.

43. **Department of Business and Industry – Insurance Division – Captive Insurers – FY 07 –** Transfer of $42,451.00 from the Reserve category to the Personnel Services category, $608.00 from the Reserve category to the In-State Travel category, $3,923.00 from the Reserve category to the Operating category and $478.00 from the Reserve category to the Information Services category to continue an Administrative Assistant III position and related costs approved by the Interim Finance Committee on April 4, 2006. Requires Interim Finance approval since the amount transferred to the Personnel Services 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 – Insurance Division – Captive Insurers – FY 06 –** Addition of $8,050.00 in Licenses and Fees, $55,040.00 in Examination Fees, and $59,098.00 in Insurance Premiums to cover the additional costs of the applicant examinations and place additional revenues in Reserve. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

45. **Department of Business and Industry – Manufactured Housing – FY 06 –** Transfer of $58,777.00 from the Reserve category to the Transfer to MHD category to establish cost allocation authority for support of salaries in other division budget accounts. Requires Interim Finance approval since the amount transferred to the Transfer to MHD category exceeds $50,000.00.

Refer to motion for approval under Item E.

46. **Department of Business and Industry – Taxicab Authority – FY 06 –** Transfer of $28,513.00 from the Reserve category to the Equipment category to replace a vehicle totaled in an automobile accident. Requires Interim Finance approval since the cumulative amount transferred to the Equipment category exceeds $50,000.00.

Refer to motion for approval under Item E.

47. **Department of Health and Human Services – Aging Services – Older Americans Act – FY 06 –** Addition of $109,173.00 in federal Nutrition Services Incentive Program (NSIP) grant funds to provide nutritious meals to eligible older adults in Nevada. Requires Interim Finance approval since the amount added to the NSIP category exceeds $50,000.00.

Refer to motion for approval under Item E.

48. **Department of Health and Human Services – Aging Services – Older Americans Act – FY 06 –** Addition of $166,368.00 in Basic State Health Insurance Assistance Program (SHIP) grant funds to provide education, outreach and long-term care planning to eligible older adults in Nevada. Requires Interim Finance approval since the amount added to the SHIP category exceeds $50,000.00.

Refer to motion for approval under Item E.

49. **Department of Health and Human Services – Aging Services – Older Americans Act – FY 06** – Addition of $2,409,276.00 in Title III B Supportive Services for Seniors grant funds, $1,876,552.00 in Title III C Nutrition Services for Seniors grant funds, $199,836.00 in Title III D Prevention and Health Promotion Services grant funds and $1,303,355.00 in Title III E National Family Caregiver Support grant funds to provide support to Nevada senior citizens in the areas of nutrition, preventative health services and screenings, transportation, caregiver support, counseling and respite care, helping Nevada seniors remain independent in their homes and communities. Requires Interim Finance approval since the amount added to the Title III B – Social Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

50. **Department of Health and Human Services – Aging Services – Older Americans Act – FY 06 –** Addition of $35,785.00 in Title VII Long-term Care Ombudsman Services grant funds to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. Requires Interim Finance approval since the cumulative amount added to the Reserve for Federal Funds category exceeds $50,000.00.

Refer to motion for approval under Item E.

51. **Department of Health and Human Services – Aging Services – Older Americans Act – FY 07** – Addition of $500,000.00 in federal Aging and Disability Resource Center Grant funds to create a single source of information and assist elderly and disabled individuals and their families with long-term care options in their community. Requires Interim Finance approval since the amount added to the Aging and Disability Resource Center Grant category exceeds $50,000.00.

Refer to motion for approval under Item E.

52. **Department of Health and Human Services – Division of Child and Family Services – Caliente Youth Center – FY 06** – Transfer of $40,000.00 from the Personnel Services category to the Utilities category to cover projected costs through the end 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.

Refer to motion for approval under Item E.

53. **Department of Health and Human Services – Division of Child and Family Services – Juvenile Justice Programs – FY 07 –** Addition of $22,892.00 in federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant funds to provide funds required to transfer the full-time Grants & Project Analyst II position from the Juvenile Accountability Block Grant budget account to monitor and oversee the administration of federal grant funds for Formula, Juvenile Accountability Block and Title V grants through January 29, 2007. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10% of the legislatively approved level for that category and, includes new staff.

Item 53 was withdrawn.

54. **Department of Health and Human Services – Division of Child and Family Services – Nevada Youth Training Center – FY 06 –** Deletion of $45,012.00 in Title I grant funds transferred from the Department of Education and the transfer of $24,335.00 from the Personnel Services category to the Title I Special Education category to properly align the sub-grant funding to continue the program to enhance learning opportunities for students that have been identified at less than grade equivalent. Requires Interim Finance approval since the amount transferred to the Title I category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

55. **Department of Health and Human Services – Division of Child and Family Services – Rural Child Welfare – FY 07 –** Transfer of $56,116.00 from the Personnel Services category to the Operating category to cover costs of a contracted Social Worker to perform foster parent home studies and social summaries of children waiting

for adoption with the Pahrump jurisdiction. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

56. **Department of Health and Human Services – Division of Child and Family Services – Southern Nevada Child and Adolescent Services – FY 07 –** Addition of $130,184.00 in General Fund Appropriations to transfer Deferred Facilities Maintenance funds from FY 2006 for carpet and tile replacement. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 57.**

Refer to motion for approval under Item E.

57. **Department of Health and Human Services – Division of Child and Family Services – Southern Nevada Child and Adolescent Services – FY 06 –** Deletion of $130,184.00 in General Fund Appropriation to transfer Deferred Facilities Maintenance funds to FY 2007 for carpet and tile replacement. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 56.**

Refer to motion for approval under Item E.

58. **Department of Health and Human Services – Division of Child and Family Services – Transition from Foster Care – FY 06 –** Transfer of $12,548.00 from the Reserve category to the Rural category to align the category authority with the grant awards. 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.

59. **Department of Health and Human Services – Division of Child and Family Services – Washoe County Integration – FY 06** – Addition of $2,863,112.00 in federal Child Welfare Services (Title IV-E) funds to continue to reimburse Washoe County for their costs associated with case management functions for foster care and adoptions, family preservation, centralized intake, family foster and emergency care, foster care/group home licensing, eligibility and foster care recruitment. Requires Interim Finance approval since the amount added to the Child Welfare category exceeds $50,000.00.

Diane Comeaux, Deputy Administrator, Administrative Services, Division of Child and Family Services; introduced Terri Humes, Fiscal Manager, Washoe County, Department of Social Services; Mike Capello, Director, Washoe County Social Services; and Fernando Serrano, Administrator, Division of Child and Family Services.

Ms. Comeaux appeared before the Committee to request approval to augment the Washoe County Child Welfare Integration budget by $2,863,112 in federal Child

Welfare Services IV-E revenue in fiscal year 2006. Ms. Comeaux attributed the increase to greater than anticipated federal Child IV-E expenditures through June 30, 2006.

In response to a request from Chairman Raggio for comments by staff, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division advised the Committee that "if a request was submitted to the September 2006 meeting of Interim Finance Committee to balance forward an estimated $826,000 in General Fund savings, the Committee would need to ensure the proposal to balance forward funds was in compliance with section 7 of the Authorizations Act, which, in part, stated, that General Fund appropriations must be reduced by the extent that other revenue sources were exceeded."

ASSEMBLYMAN MARVEL MOVED FOR APPROVAL OF ITEM 59.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

60. Department of Health and Human Services – Division of Child and Family Services – Youth Alternative Placement – FY 07 – Addition of $333,420.00 in County Participation funds to augment revenue authority for the county share at the fund-sharing ratio of 63.2% established in the legislatively approved budget. Requires Interim Finance approval pursuant to S.B. 1, Section 35 of the 22nd Special Session. **Relates to Item K.**

Refer to motion for approval under Item E.

Diane Comeaux, Deputy Administrator, Administrative Services, Division of Child and Family Services, advised the Chairman that while Item 60 was approved under Item E, Item 60 was related to Item K.

Refer to narrative under Item K.

61. Department of Health and Human Services – Division of Child and Family Services – Youth Parole Services – FY 07 – Addition of $294,086.00 in Serious and Violent Offender Reentry Initiative (SVOR) grant funds to continue the Going Home Program that reduces recidivism and helps ex-offenders become productive members of society. Requires Interim Finance approval since the amount added to the Going Home Grant category exceeds $50,000.00.

Refer to motion for approval under Item E.

62. Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 06 – Addition of $120,361.00 in federal Title XXI funds, $32,548.00 in federal Title XIX funds and $142,500.00 in Robert Woods Covering Kids

and Families private grant funds to provide outreach and application assistance to families with children who are eligible for Nevada Check Up and Medicaid. Requires Interim Finance approval since the amount added to the Covering Kids and Families grant category exceeds $50,000.00. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing.**

Chairman Raggio announced that work program Item 62 requested approval for the addition of $120,361.00 in federal Title XXI funds, $32,548.00 in federal Title XIX funds and $142,500.00 in Robert Woods Covering Kids and Families private grant funds to provide outreach and application assistance to families with children who were eligible for Nevada Check Up and Medicaid. Additionally, the request involved the allocation of block grant funds and required a public hearing.

Chairman Raggio opened the hearing to public testimony.

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

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM 62.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED.

63. **Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 06 –** Addition of $2,524,949.00 in federal Title XIX funds to allow payment of the federal share of Medicaid administrative costs incurred by the Department of Health and Human Services, Division of Welfare and Supportive Services. Requires Interim Finance approval since the amount added to the Transfer to State Agencies category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

64. **Department of Health and Human Services – Health Care Financing and Policy – Increased Quality of Nursing Care – FY 07 –** Transfer of $2,233,785.00 from the Transfer to Medicaid category to the Payments to Nursing Facilities category to reimburse nursing home facilities that are charged long-term care provider taxes in excess of that amount allowable by the Centers for Medicare and Medicaid Services (CMS). Requires Interim Finance approval since the amount added to the Payments to Nursing Facilities category exceeds $50,000.00. **Relates to Item 65.**

Refer to motion for approval under Item E.

65. **Department of Health and Human Services – Health Care Financing and Policy – Increased Quality of Nursing Care – FY 06 –** Transfer of $2,005,193.00 from the Transfer to Medicaid category to the Payments to Nursing Facilities category to reimburse nursing home facilities that are charged long-term care provider taxes in excess of that amount allowable by the Centers for Medicare and Medicaid Services (CMS). Requires Interim Finance approval since the amount added to the Payments to Nursing Facilities category exceeds $50,000.00. **Relates to Item 64.**

Refer to motion for approval under Item E.

66. **Department of Health and Human Services – Health Care Financing and Policy – Medicaid – FY 06 –** Addition of $302,608.00 in federal Title XIX funds and $250,000.00 in federal Katrina Operations Open Arms grant funds to provide medical services associated with Hurricane Katrina victims that were relocated to Nevada. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item E.

67. **Department of Health and Human Services – Health Care Financing and Policy – Nevada Check Up – FY 06 –** Addition of $1,353,370.00 in federal Title XXI block grant funds, $627,268.00 in Transfer from Inter-Governmental Transfer (IGT) funds to pay provider medical service costs incurred for Nevada Check Up recipients, which is critical in order to meet the June 2, 2006, provider payment obligation. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing.**

Chairman Raggio announced that Item 67 required the Committee's approval for the addition of $1,353,370 in federal Title XXI block grant funds, and $627,268 in Transfer from Inter-Governmental Transfer (IGT) funds to pay provider medical service costs incurred for Nevada Check Up recipients. Additionally, a public hearing was required since the amount requested for approval involved the allocation of block grant funds.

Chairman Raggio opened the hearing to public testimony.

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

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM 62.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED.

68. **Department of Health and Human Services – Health Division – Cancer Control Registry – FY 06 –** Addition of $134,079.00 in federal National Cancer Prevention and

Control grant funds to continue to collect, register and maintain a record of the reportable cases of cancer occurring in the state. Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds $50,000.00.

Refer to motion for approval under Item E.

69. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 06 – Addition of $28,935.00 in federal Tobacco Prevention and Education Program grant funds and the transfer of $20,000.00 from the Personnel Services category to the Tobacco Grant category to purchase materials that support the training of certified facilitators and provide educational materials to Nevadans enrolled in tobacco cessation programs. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

70. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 06 – Transfer of $16,541.00 from the TB Elimination category to the Personnel Services category to fund the costs of the tenth step for the TB Elimination and control positions. Requires Interim Finance approval since the cumulative amount transferred from the Personnel Services category exceeds $50,000.00.

Senator Coffin expressed his appreciation to the Chairman for complying with his request to hear testimony on E.70 Health Division - Communicable Disease Control. Senator Coffin indicated his support for the item and asked for a brief report from Health Division representatives regarding their work activities related to avian influenza.

Alex Haartz, Administrator, State Health Division, reported that at the federal level, the Department of Health and Human Services had been designated as the lead agency for the federal pandemic influenza response, and, at the state level, the Health Division had taken the lead role.

Mr. Haartz advised that Health Division activities, to date, were focused on planning and following the federal guidelines for system preparedness for the potential of a pandemic influenza in terms of working with partners and ensuring that information was current and available. No human cases of avian influenza had been identified in North America, and Mr. Haartz indicated that Nevada agencies were building an infrastructure to ensure that if a case or a suspected case was identified, the state's systems were prepared to respond.

In response to questions Senator Coffin asked regarding whether a working group had been established in the Executive Branch that reported to the Governor on a pandemic influenza response, Mr. Haartz advised that a working group that included

representatives of the Health Division, the Department of Wildlife, Division of State Parks, and Division of Emergency Management was chaired by Governor Guinn's Deputy Chief of Staff, Lisa Foster. Additionally, Mr. Haartz advised that the working group also included local government representatives and would be further expanded in the immediate future.

SENATOR COFFIN MOVED APPROVAL OF ITEM 70.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Parks and Assemblywoman Leslie were not present for the vote.

71. Department of Health and Human Services – Health Division – Community Health Services – FY 07 – Addition of $45,523 in federal Temporary Assistance for Needy Families (TANF) block grant funds transferred from the Welfare and Supportive Services Division and the transfer of $161,930.00 from the Operating category to the TANF category to continue the program to provide family planning services to low income residents in rural and frontier areas of the state. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Relates to Item 96.**

Chairman Raggio announced that work program Items 71, and 96, which were related would be considered concurrently. Item 71 required the Committee's approval for the addition of $45,523 in federal Temporary Assistance for Needy Families (TANF) block grant funds transferred from the Welfare and Supportive Services Division and the transfer of $161,930 from the Operating category to the TANF category and allocation of block grant funds required a public hearing. Item 91 requested approval for the addition of $45,523.00 in federal TANF block grant funds to increase obligated contract authority for family planning services to rural Nevada areas for the Health Division's Community Health Nursing Program. Additionally, a public hearing was required since the amount requested for approval involved the allocation of block grant funds.

Chairman Raggio opened the hearing to public testimony.

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

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEMS 71 AND 96.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED.

72. **Department of Health and Human Services – Health Division – Consumer Health Protection – FY 06 –** Addition of $139,055.00 in Radiological and X-Ray fees transferred from the Radiological Health budget, transfer of $1,336.00 from the Equipment category to the Out-of-State Travel category, $664.00 from the Equipment category to the In-State Travel category, and $21,556.00 from the Information Services category to the In-State Travel category to cover the projected cost of Out-of-State and In-State travel through the end of the fiscal year and revert the funds transferred in from Radiological Health to the General Fund. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds 10% of the legislatively approved level for that category. **Relates to Item 82.**

Refer to motion for approval under Item E.

73. **Department of Health and Human Services – Health Division – Emergency Medical Services – FY 07 –** Addition of $73,100.00 in federal Emergency Medical Services for Children (EMSC) Partnership grant funds to evaluate and improve the states capacity to provide emergency medical care for children. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item 74.**

Refer to motion for approval under Item E.

74. **Department of Health and Human Services – Health Division – Emergency Medical Services – FY 06 –** Addition of $41,900.00 in federal Emergency Medical Services for Children (EMSC) Partnership grant funds to evaluate and improve the states capacity to provide emergency medical care for children. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **Relates to Item 73.**

Refer to motion for approval under Item E.

75. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 06 –** Addition of $42,237.00 in federal Oral Disease Prevention grant funds to continue the school-based dental sealant program, provide training and travel for oral health coalition members and to replace three computers. Requires Interim Finance approval since the amount added to the Oral Disease category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

76. **Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 06 –** Addition of $595,749.00 in federal Maternal and Child Health (MCH) block grant funds to utilize available MCH block grant funds to pay the salaries of three positions previously funded by the Real Choices Systems Change grant funds, freeing up those funds to be used in the Real Choices program area to improve access to health care for children with special health care needs. **Requires**

Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing.

Chairman Raggio announced that work program Item 76, required the Committee's approval for the addition of $595,749 in federal Maternal and Child Health (MCH) block grant funds to pay the salaries of three positions previously funded by the Real Choices Systems Change grant funds to improve access to health care for children with special health care needs. Additionally, a public hearing was required since the amount requested for approval involved the allocation of block grant funds.

Chairman Raggio opened the hearing to public testimony.

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

ASSEMBLYWOMAN WEBER MOVED APPROVAL OF ITEM 76.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED.

77. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 06 – Addition of $738,781.00 in federal Epidemiology and Lab Capacity grant funds to continue the programs to protect the public against West Nile Virus and food borne diseases through surveillance and laboratory testing. Requires Interim Finance approval since the amount added to the Epidemiology and Lab Capacity category exceeds $50,000.00.

Refer to motion for approval under Item E.

78. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 07 – Addition of $2,639,315.00 in Public Health Preparedness and Response for Bioterrorism grant funds to strengthen Nevada's ability to detect and respond to bioterrorism. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff.

Refer to motion for approval under Item E.

79. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 07 – Transfer of $57,254.00 from the HRSA Hospital Preparedness category to the Personnel Services category to fund a Health Program Specialist I to collaborate and communicate with hospital partners regarding disaster preparedness and ensure all state and local planning efforts address the medical issues associated with mounting a response to a public health emergency. Requires

Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00 and includes new staff.

Refer to motion for approval under Item E.

80. **Department of Health and Human Services – Health Division – Radiological Health – FY 06 –** Addition of $42,500.00 in federal Department of Energy Agreement in Principle grant funds to continue inspection activities and oversight of the Nevada Test Site in Southern Nevada. Requires Interim Finance approval since the amount added to the DOE RAD Contract 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 – Radiological Health – FY 07 –** Transfer of $145,477.00 from the Reserve category to the Transfer to BA 3194 category to pay for 50% of the salary costs for staff in the Consumer Protection budget that provides management, oversight and administrative support for this budget. Requires Interim Finance approval since the amount transferred to the Transfer to BA 3194 category exceeds $50,000.00.

Refer to motion for approval under Item E.

82. **Department of Health and Human Services – Health Division – Radiological Health FY 06 –** Addition of $245,463.00 in Radiological Material and X-Ray Fees and the transfer of $57,377.00 from the Operating category to the Equipment category to pay for 50% of the salary costs for staff in the Consumer Protection budget that provide management, oversight and administrative support for this budget and to purchase cabinets to safely recover and store harmful radioactive materials. Requires Interim Finance approval since the amount added to the Transfer to BA 3194 category exceeds $50,000.00. **Relates to Item 72.**

Refer to motion for approval under Item E.

83. **Department of Health and Human Services – Health Division – Women, Infants and Children (WIC) Food Supplement – FY 06 –** Transfer of $283,035.00 from the Personnel Services category to the State Food Support category and $15,218.00 from the Personnel Services category to the Information Services category to utilize savings from vacant positions to cover the costs for community-based organizations that have assumed the operation of local WIC clinics that were previously operated with state employees. Requires Interim Finance approval since the amount transferred to the State Food Support category exceeds $50,000.00.

Refer to motion for approval under Item E.

84. **Department of Health and Human Services – Mental Health and Developmental Services – Administration – FY 06 –** Addition of $14,957.00 in State Coalitions to Promote Community Based Care grant funds transferred from Health and Human Services Director's Office to support the annual Service Coordination Conference and Residential Support Steering Committee. Requires Interim Finance approval since the cumulative amount added to the Community Based Care Grant category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

85. **Department of Health and Human Services – Division of Mental Health and Developmental Services – Facility for the Mental Offender – Lake's Crossing – FY 06 –** Transfer of ~~**$2,000.00 from the In-State Travel category to the Medications category, $21,000.00**~~ **$17,000.00** from the Operating category to the Medications category, ~~**$8,188.00**~~ **$5,000.00** from the Maintenance of Buildings and Grounds category to the Medications category, **and** $10,000.00 from the Information Systems category to the Medications category ~~**and $10,812.00 from the Reserve for Reversion category to the Medications category**~~ to cover increased cost of medication for increased client population through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Medications category exceeds $50,000.00. **Relates to Item 86. REVISED JUNE 2, 2006.**

Revised June 2, 2006 - Refer to motion for approval under Item E.

86. **Department of Health and Human Services – Mental Health and Developmental Services – Northern Nevada Adult Mental Health Services – FY 06 –** Addition of $75,000.00 in Pharmacy Sales to cover projected pharmacy needs for Lake's Crossing and Rural Clinics through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Medications Sales category exceeds $50,000.00. **Relates to Item 85.**

Refer to motion for approval under Item E.

87. **Department of Health and Human Services – Mental Health and Developmental Services – Rural Clinics – FY 07 –** Transfer of $130,952.00 from the Personnel Services category to the Operating category to continue providing contract clinical services to clients in Silver Springs and Elko. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

88. **Department of Health and Human Services – Mental Health and Developmental Services – Sierra Regional Center – FY 06 –** Transfer of $30,000.00 from the Residential Services category to the Utilities category to cover projected utility cost increases, primarily natural gas, water and electricity, through the end of the fiscal year.

Requires Interim Finance approval since the cumulative amount transferred from the Residential Placement category exceeds $50,000.00.

Refer to motion for approval under Item E.

89. **Department of Health and Human Services – Welfare and Supportive Services – Child Support Enforcement Program – FY 07 –** Transfer of $34,350.00 from the Reserve category to the to DWSS Field Services category to transfer funds necessary for the relocation of the satellite office at the Las Vegas Community Assistance Center to the Fertittas Center in order to maintain the services to the homeless population of Las Vegas. Requires Interim Finance approval since the amount transferred to the DWSS Field Services category exceeds 10% of the legislatively approved level for that category. **Relates to Item 90.**

Revised on June 5, 2006 from $34,350 to $30,831 - Refer to motion for approval under Item E.

90. **Department of Health and Human Services – Welfare and Supportive Services – Field Services – FY 07 –** Addition of $16,940.00 in federal USDA Food Stamps Program Grant funds, $156.00 in federal Title IV-D Child Support Grant funds, $28,614.00 in federal TANF block Grant funds, $17,909.00 federal Title XIX Medicaid funds, and $34,350.00 in state Share of Collections to relocate the satellite offices at the Las Vegas Community Assistance Center upon notification by Catholic Charities to vacate by July 31, 2006. The Division of Welfare and Supportive Services proposes relocating to alternative offices within the complex in order to maintain its services to the homeless population of Las Vegas. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Relates to Item 89.**

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, introduced Debbie Dimmit, Chief, Office of Budget and Statistics, Division of Welfare and Supportive Services, Department of Health and Human Services. Ms. Ford appeared before the Committee to request approval for the addition of $16,940 in federal USDA Food Stamps Program Grant funds, $156 in federal Title IV-D Child Support Grant funds, $28,614 in federal TANF block Grant funds, $17,909 in federal Title XIX Medicaid funds, and $34,350 transferred from the state Share of Collections to relocate the satellite offices at the Las Vegas Community Assistance Center. Additionally, a public hearing was required since the amount requested for approval involved the allocation of block grant funds.

In response to Chairman Raggio, who noted that Item 90 required a revision, Ms. Ford advised that the $34,350 transferred from the state Share of Collections under Item 89 was revised on June 5, 2006 from $34,350 to $30,831.

Chairman Raggio opened the hearing to public testimony.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, clarified that the work program revisions received by the Fiscal Analysis Division provided that category 04 was revised from $39,865 to $33,059 and category 26 from $6,277 to $3,053.

Ms. Ford expressed agreement regarding the revised amounts in categories 04 and 26.

Hearing no response to a request for public testimony, Chairman Raggio entertained a motion for approval of work program 90 as revised.

ASSEMBLYMAN HOGAN MOVED APPROVAL OF ITEM 90 AS REVISED.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

91. Department of Health and Human Services – Welfare and Supportive Services – Child Assistance and Development – FY 06 – Addition of $1,672,925.00 in federal Child Care Mandatory and Matching Funds and the deletion of $136,691.00 in federal Child Care Discretionary Block Grant Funds to reconcile current FFY 2006 grant authority and provide for increased caseload projections and contractual obligations for subsidy payments in order to prevent waiting lists for services and ensure that federal requirements are met. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing.**

Chairman Raggio announced that Item 91 involved the allocation of block grant funds and required a public hearing.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval for the addition of $1,672,925 in federal Child Care Mandatory and Matching Funds and the deletion of $136,691 in federal Child Care Discretionary Block Grant Funds.

Chairman Raggio opened the hearing to public testimony.

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

SENATOR TITUS MOVED APPROVAL OF ITEM 91.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED.

92. **Department of Health and Human Services – Welfare and Supportive Services – Child Support Enforcement Program – FY 06 –** Addition of $41,427.00 in federal Access and Visitation grant funds and the transfer of $4,603.00 from the Reserve category to the Mediation Services category to provide mediation services and resolution of visitation issues in Washoe and Clark counties and support programs that increase non-custodial parents' involvement in their children's lives. Requires Interim Finance approval since the amount added to the Mediation Services category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

93. **Department of Health and Human Services – Welfare and Supportive Services – Energy Assistance Program – FY 06 –** Addition of $4,254,962.00 in federal Low Income Home Energy Assistance block grant funds and the deletion of $1,500,000.00 in Universal Energy Charge to fund energy assistance payments with additional federal funds awarded rather than using universal energy charges. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing.**

Chairman Raggio announced that Item 93 required Committee approval for the addition of $4,254,962 in federal Low Income Home Energy Assistance block grant funds and the deletion of $1,500,000 in Universal Energy Charge required a public hearing.

Chairman Raggio opened the hearing to public testimony.

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

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM 93.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED

94. **Department of Health and Human Services – Welfare and Supportive Services – Field Services – FY 07 –** Addition of $22,800.00 in General Fund Appropriation, $9,469.00 in United States Department of Agriculture (USDA) Food Stamp Program funds, $85.00 in federal Child Support Program funds, $19,262.00 in federal Temporary Assistance to Needy Families (TANF) block grant funds, $209.00 in federal Child Care Development funds, $12,238.00 in federal Title XIX funds and $2.00 in Intra-Agency Administrative Cost Allocation to transfer legislatively approved funding from FY 2006 to FY 2007 for the relocation of the Henderson field office due to construction delays in completing the proposed new building. **Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session and involves**

the allocation block grant funds and this action requires a public hearing. Relates to Item 95.

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval for work program Item 94, which related to Item 95, to balance forward legislatively approved funding from fiscal year 2006 to fiscal year 2007 for construction costs that would be incurred in fiscal year 2007. Item 94 involved the allocation of block grant funds and required a public hearing.

Chairman Raggio opened the hearing to public testimony.

Hearing no response to a request for public testimony, Chairman Raggio entertained a motion for approval of Item 94.

> ASSEMBLYWOMAN SMITH MOVED APPROVAL OF ITEM 94.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED.

95. Department of Health and Human Services – Welfare and Supportive Services – Field Services – FY 06 – Deletion of $22,800.00 in General Fund Appropriation, $9,469.00 in United States Department of Agriculture (USDA) Food Stamp Program funds, $85.00 in federal Child Support Program funds, $19,262.00 in federal Temporary Assistance to Needy Families (TANF) block grant funds, $209.00 in federal Child Care Development funds, $12,238.00 in federal Title XIX funds and $2.00 in Intra-Agency Administrative Cost Allocation to transfer legislatively approved funding from FY 2006 to FY 2007 for the relocation of the Henderson field office due to construction delays in completing the proposed new building. **Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session and involves the allocation block grant funds and this action requires a public hearing. Relates to Item 94.**

Nancy Ford, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the committee to request approval of work program Item 95, which related to Item 94, to transfer legislatively approved funding from FY 2006 to FY 2007 for the relocation of the Henderson field office due to construction delays in completing the proposed new building. Item 95 involved the allocation of block grant funds and required a public hearing.

Chairman Raggio opened the hearing to public testimony.

Hearing no response to a request for public testimony, Chairman Raggio entertained a motion for approval of Item 95.

ASSEMBLYMAN PARKS MOVED APPROVAL OF ITEM 95.

SENATOR MATHEWS SECONDED THE MOTION.

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

96. Department of Health and Human Services – Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 07 – Addition of $45,523.00 in federal TANF block grant funds to increase obligated contract authority for family planning services to rural Nevada areas for the Health Division's Community Health Nursing Program. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Relates to Items 97 and 71.**

Refer to motion for approval under E. Item 71, which related to Item E.96.

97. Department of Health and Human Services – Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 06 – Addition of $45,523.00 in federal TANF block grant funds to increase obligated contract authority for family planning services to rural Nevada areas, for the Health Division's Community Health Nursing Program. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Relates to Item 96.**

Chairman Raggio noted that Item 97 was related to Item 96, which was approved under Item E. 71. Item 97 required Committee approval for the addition of block grant funding authority, which required a public hearing.

Chairman Raggio opened the hearing to public testimony.

Hearing no response to a request for public testimony, Chairman Raggio entertained a motion for approval of Item 97.

SENATOR COFFIN MOVED APPROVAL OF ITEM 97.

SENATOR BEERS SECONDED THE MOTION.

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

98. Department of Employment, Training, and Rehabilitation – Rehabilitation Division Vocational Rehabilitation – FY 07 – Addition of $150,000.00 in federal Social Security Act Reimbursement (SSA) funds to complete the Rehabilitation Administration and Information System of Nevada (RAISON) computer program. Requires Interim Finance

approval since the amount added to the Client Service System Replacement category exceeds $50,000.00.

Refer to motion for approval under Item E.

99. **Department of Employment, Training and Rehabilitation – Rehabilitation Division Services to the Blind and Visually Impaired – FY 06 –** Addition of $55,000.00 in federal Section 110 Grant funds to cover projected salary costs for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

100. **Department of Corrections – Casa Grande Transitional Housing – FY 06 –** Transfer of $185,000.00 from the Operating category to the Personnel Services category, and $125.00 from the Operating category to the Contract Maintenance category to fund projected expenditures through the end of FY 2006. Requires Interim Finance approval since the amount transferred from the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

101. **Department of Corrections – Director's Office – FY 07 –** Addition of ~~$1,035,461.00~~ ***$995,461.00*** in Appropriation Control to transfer the balance of funding for Deferred Maintenance projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 102. REVISED MAY 24, 2006.**

Chairman Raggio announced that Department of Corrections' work program Items E.101, E.102, and Item H.4, a request for allocation from the Interim Finance Committee (IFC) Contingency Fund, would be considered concurrently.

Darrel Rexwinkel, Deputy Director, Support Services, Department of Corrections (DOC), appeared before the Committee to request Committee approval for the following work program and Contingency fund requests:

- Item 101 – Addition of $995,461 in Appropriation Control to transfer the balance of unused Deferred Maintenance projects funding from fiscal year 2006
- Item 102 – Deletion of $995,461 in Appropriation Control to transfer the balance of funding for Deferred Maintenance projects to fiscal year 2007
- Item H.4 – Request for $1,391,749 from the IFC Contingency Fund to finance a projected shortfall in inmate-driven medical costs for fiscal year 2006

In response to Chairman Raggio, who requested recommendations from staff, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recommended that the $163,822 identified by the DOC for completed maintenance projects or projects not initiated be reduced from the amounts being requested for transfer between fiscal years 2006 and 2007 in order to reduce the allocation from the Contingency Fund to $1,227,927.

Mr. Ghiggeri advised that if the reduction was approved, the Department of Corrections' staff would, most likely, request funding from the 2007 Legislature for those projects that would not be completed with current funding.

Additionally, Mr. Ghiggeri advised that Item E.188, previously approved by the Committee under the consent agenda, would require reconsideration to increase the transfer to Prison Medical Care to $307,997 rather than the $144,175 originally approved.

Mr. Rexwinkel questioned whether the $163,822 reduction could be applied based on deferred maintenance issues that DOC representatives determined were most critical to perform.

Mr. Ghiggeri indicated that staff would not take issue with projects the DOC determined to be necessary as long as the DOC did not initiate projects that were not contemplated and approved by the Legislature, A.B. 576, Sec. 36, 2005 Legislature.

Mr. Rexwinkel disclosed that DOC representatives had already reduced one Lovelock deferred maintenance project by $40,000 in order to repair a non-operational chiller system at the Northern Nevada Correctional Center Regional Medical Facility. Mr. Rexwinkel explained that it was imperative to provide the Northern Nevada Correctional Center Regional Medical Facility with air conditioning and only after looking at every other budget opportunity to reduce the Contingency Fund was it decided to appropriate the $40,000 from the Lovelock Deferred Maintenance Project.

Mr. Ghiggeri reiterated that the authority to allow the transfer of funds between fiscal years specifically provided that the transfer was permitted for projects that had been approved in either year by the Legislature.

Mr. Rexwinkel recalled a $900,000 Capital Improvement Program Project to replace the air conditioning system at the Lovelock Correctional Center that received a low bid of $1.5 million. Currently some areas at the Lovelock Correctional Center were not being provided air conditioning as a result of a failing system, and Mr. Rexwinkel indicated that approximately $700,000 would be required to replace the compressors needed to renovate the system.

In response to Chairman Raggio's request for Legislative Counsel's opinion, Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau,

advised that although the living and medical areas at the Lovelock Correctional Center would, most probably, be required to be maintained with "reasonably cool air," it was not possible to provide an absolute decision on whether the facility was required to be completely cooled.

Chairman Raggio indicated that the provision of air conditioning appeared to be necessary to avoid health problems and advised the DOC representatives that they should confer with the Committee's staff to ensure that contemplated projects were appropriately authorized.

Chairman Raggio entertained a motion to reconsider E.188.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL TO RECONSIDER ITEM E. 188.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED.

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Chairman Raggio requested that staff outline the revisions and indicated he would entertain a motion for the approval of E.188, E.101, E.102 and H.4 as revised.

Mr. Ghiggeri provided the following revisions:

- Item E.188 was revised to provide the addition of $307,997 in budgetary transfers rather than $144,175 with the additional funding added to Category 50 Inmate-driven medical costs.

- E.101 and E.102 were revised to reflect a reduction from $995,461 by an amount of $163,822 in fiscal year 2006 and fiscal year 2007. The allocation in H.4 was revised to reflect $1,227,927 rather than $1,391,749.

- Item E.102 was revised to reflect a budgetary transfer of $307,997 to Budget Account 3706, Prison Medical Care.

ASSEMBLYMAN PARKS MOVED APPROVAL OF E.188, E.101, E.102, AND H.4 AS REVISED.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

102. Department of Corrections – Director's Office – FY 06 – Deletion of ~~$1,035,461.00~~ ***$995,461.00*** in Appropriation Control to transfer the balance of funding for Deferred Maintenance projects to FY 2007. Requires Interim Finance approval pursuant to

A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 101. REVISED MAY 24, 2006.**

Refer to narrative and motion for approval under Item 101.

103. **Department of Corrections – Ely Conservation Camp – FY 06 –** Addition of $28,000.00 in Budgetary Transfer, $7,381.00 in Client Income, and transfer of $3,000.00 from the Contract Services category to the Utilities category to fund projected expenditures in utilities through the end of FY 2006 and to Reserve for ~~Revision~~ ***Reversion*** revenues projected above those which were budgeted. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category. **REVISED MAY 25, 2006.**

Chairman Raggio announced that Item 103 was revised on May 25, 2006 and asked staff to provide information regarding the revision.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that Item 103 was revised on May 26, 2006 to change the word Revision to Reversion.

Additionally, Mr. Ghiggeri reported that work programs E.103, 104, 105, 106, 107, 109, 110, 115, 116, 117, 183, 185, and 188 included budgetary transfers with corresponding work programs that were not submitted to the Fiscal Analysis Division for inclusion on the June 13, 2006, Interim Finance Committee agenda. Mr. Ghiggeri pointed out that Fiscal Analysis Division analysts were hindered in their review of work programs E.103, 104, 105, 106, 107, 109, 110, 115, 116, 117, 183, 185, and 188 without the corresponding work programs. Mr. Ghiggeri recommended that in the future, work programs with corresponding transactions in other budget accounts, along with any other documentation, be submitted to the Fiscal Analysis Division for review.

Chairman Raggio asked Department of Corrections' (DOC) representatives to comply with the request.

Darrel Rexwinkel, Deputy Director, Support Services, Department of Corrections (DOC), advised that in compliance with established procedures, all DOC work programs were submitted to the Budget Division for subsequent transmission to the Fiscal Analysis Division.

Chairman Raggio advised that in order for future consideration by the Committee, all work program requests were to be provided to the Fiscal Analysis Division analysts for review in a timely manner.

Mr. Rexwinkel indicated that DOC representatives would work the problem out with the Budget Division representatives.

Mr. Rexwinkel extended an apology to the Committee for the DOC's part in submitting late and revised work programs, which he indicated had occurred as a result of waiting to receive additional utility bills and medical claim payments that would reduce the IFC Contingency Fund requests.

Chairman Raggio reiterated that all state agencies as well as the Budget Division staff should be aware that the Fiscal Analysis Division analysts were to be provided copies of the work program requests in a timely manner for proper analysis. Chairman Raggio advised that the Fiscal Division analysts would work with agency staff, but future work program requests would not be considered if the information was not submitted as requested.

Chairman Raggio entertained a motion for approval of E.103 as revised.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF E.103 AS REVISED.

ASSEMBLYMAN SEALED SECONDED THE MOTION.

THE MOTION CARRIED.

104. **Department of Corrections – Ely State Prison – FY 06 –** Addition of ~~$83,000.00~~ ***$122,900.00*** in Budgetary Transfer, and transfer of ~~$24,000.00~~ ***$24,512.00*** from the Equipment category to the Inmate Drivens category to fund projected expenditures in Inmate Drivens and utilities through the end of fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds $50,000.00. **REVISED MAY 26, 2006.**

Revised May 26, 2006 - Refer to motion for approval under Item E.

105. **Department of Corrections – Humboldt Conservation Camp – FY 06 –** Addition of $17,766.00 in Budgetary Transfer, transfer of $1,234.00 from the Equipment category to the Utilities category, and $3,000.00 from the Inmate Drivens category to the Utilities category to fund projected expenditures in utilities through the end of fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

106. **Department of Corrections – High Desert State Prison – FY 06 –** Addition of $208,359.00 in Budgetary Transfer to fund projected expenditures in Inmate Drivens and utilities through the end of fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds $50,000.00.

Refer to motion for approval under Item E.

107. **Department of Corrections – Jean Conservation Camp – FY 06 –** Deletion of $106,256.00 in Budgetary Transfer, transfer of $5,000.00 from the Personnel Services category to the Buildings and Grounds Maintenance category, and $21,000.00 from the Personnel Services category to the Utilities category to fund projected expenditures in Utilities and Buildings and Grounds Maintenance and to partially fund department-wide projected expenditures through the end of fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

108. **Department of Corrections – Lovelock Correctional Center – FY 06 –** Addition of $29,421.00 in Client Income, $4,791.00 in Jail Meals, $758.00 in Meals, and transfer of $39,000.00 from the Inmate Drivens category to the Utilities category to fund projected expenditures through the end of FY 2006 and places in Reserve additional projected revenues in Reserve for Reversion. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds $50,000.00.

Refer to motion for approval under Item E.

109. **Department of Corrections – Northern Nevada Correctional Center – FY 06 –** Addition of $67,625.00 in Rebates, deletion of $18,476.00 in Budgetary Transfer, and a transfer of $40,160.00 from the Equipment category to the Utilities category to fund projected expenditures in utilities through the end of FY 2006 and to recognize revenues projected in excess of those budgeted. Requires Interim Finance approval since the amount added to the Utilities category exceeds $50,000.00.

Refer to motion for approval under Item E.

110. **Department of Corrections – Nevada State Prison – FY 06 –** Addition of $44,000.00 in Budgetary Transfer, transfer of $4,500.00 from the Inmate Drivens category to the Operating category, $4,596.00 from the Inmate Drivens category to the Uniform Allowance category, and $35,904.00 from the Inmate Drivens category to the Utilities category to fund projected expenditures in Operating, Uniform Allowance, and utilities through the end of fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds $50,000.00.

Refer to motion for approval under Item E.

111. **Department of Corrections – Offenders' Store Fund – FY 06 –** Addition of $870,000.00 in Store Sales, $113,192.00 in Catalog Commissions, $1,631.00 in Hobby Craft Sales, $103,000.00 in Vending Machine Commissions and $89,000.00 in Treasurer's Interest and the deletion of $590,000.00 in Telephone Commissions and $3,799.00 in Miscellaneous Revenue to request additional authority based on revenue projections and corresponding expenditures. Requires Interim Finance approval since the amount added to the Inventory Purchase for Resale category exceeds $50,000.00.

Refer to motion for approval under Item E.

112. **Department of Corrections – Prison Industries – FY 06 –** Addition of $53,100.00 in Miscellaneous Sales to recognize increased revenues and corresponding Operating expenditure projections through the end of FY 2006. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

113. **Department of Corrections – Prison Industries – Prison Dairy – FY 06 –** Transfer of ~~$30,000.00~~ ***$41,500.00*** from the Wild Horse Program category to the Operating category to fund projected expenditures through the end of the FY 2006. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds $50,000.00. **REVISED MAY 24, 2006.**

Revised May 24, 2006 - Refer to motion for approval under Item E.

114. **Department of Corrections – Prison Medical Care – FY 06 –** Addition of $32,698.00 in Boarder Reimbursement, $226,782.00 in Transfer from Inmate Welfare pursuant to A.B. 389 of the 1995 Legislative Session and the transfer of $5,107.00 from the Equipment category to the Inmate Drivens category to fund projected expenditures in Inmate Drivens through the end of fiscal year. Requires Interim Finance approval since the amount added to the Inmate Drivens category exceeds $50,000.00.

Refer to motion for approval under Item E.

115. **Department of Corrections – Southern Desert Correctional Center – FY 06 –** Addition of $116,302.00 in Budgetary Transfer, and transfer of $2,698.00 from the Equipment category to the Inmate Drivens category to fund projected expenditures in Operating, Utilities, and Inmate Drivens through the end of fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

116. **Department of Corrections – Southern Nevada Correctional Center – FY 06 –** Deletion of $416,512.00 in Budgetary Transfer, transfer of $25,000.00 from the Personnel Services category to the Maintenance of Buildings and Grounds category, and $23,000.00 from the Personnel Services category to the Utilities category to fund projected expenditures in Utilities and Maintenance of Buildings and Grounds and other departmental budgets through the end of the fiscal year. Requires Interim Finance approval since the amount deducted from the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

117. **Department of Corrections – Silver Springs Conservation Camp – FY 06** – Addition of $14,000.00 in Budgetary Transfer to fund projected expenditures in Inmate Drivens and utilities through the end of fiscal year. Requires Interim Finance approval since the amount added to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

118. **Department of Corrections – Tonopah Conservation Camp – FY 06 -** Transfer of $9,574.00 from the Equipment category to the Utilities category, $3,773.00 from the Inmate Drivens category to the Utilities category and $900.00 from the Inmates Driven category to the Contract Services category to fund projected expenditures through the end of FY 2006. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

119. **Department of Motor Vehicles – Administrative Services – FY 06 –** Deletion of $43,808.00 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 A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 120.**

Refer to motion for approval under Item E.

120. **Department of Motor Vehicles – Administrative Services – FY 07 –** Addition of $43,808.00 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 A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 119.**

Refer to motion for approval under Item E.

121. **Department of Motor Vehicles – Central Services – FY 06 –** Transfer of $200,000.00 from the Personnel Services category to the Operating category, and $100,000.00 from the License Plate Factory category to the Operating category to provide adequate funds for a projected shortfall due to increased mailings for registrations, licenses and titles. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

122. **Department of Motor Vehicles – Director's Office – FY 07 –** Deletion of $200,000.00 in Highway Fund Authorization to transfer funds from FY 2007 to FY 2006 to provide

adequate funds for the Kiosk Project. Requires Interim Finance approval pursuant to A.B. 576, Section 48 of the 2005 Legislative Session. **Relates to Item 123.**

Refer to motion for approval under Item E.

123. **Department of Motor Vehicles – Director's Office – FY 06 –** Addition of $200,000.00 in Highway Funds Authorization to transfer funds from FY 2007 to FY 2006 to provide adequate funds for the Kiosk Project. Requires Interim Finance approval Pursuant to A.B. 576, Section 48 of the 2005 Legislative Session. **Relates to Item 122.**

Refer to motion for approval under Item E.

124. **Department of Motor Vehicles – Field Services – FY 07 –** Transfer of $489,972.00 from the Reserve category to the Personnel Services category, $3,539.00 from the Reserve category to the Operating category, $4,144.00 from the Reserve category to the Information Services category to establish 14 DMV Technician III positions held in Reserve. Seven positions will be located at the Sahara Office and seven at the Decatur Office. Positions are requested due to increased windows and services provided. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds $50,000.00.

Chairman Raggio announced that Item 124 had been revised.

Ginny Lewis, Director, Department of Motor Vehicles (DMV), introduced Tom Fronapfel, Administrator, Field Services Division, Department of Motor Vehicles.

Mr. Fronapfel expressed his appreciation to the members of the Committee for their approval, in November 2005, of additional staff for the Galletti Way office in Reno. Mr. Fronapfel reported that currently with a 100 percent staffing and a new manager, who had implemented some operational changes, the wait time on average at the Galletti Way office had been reduced from 93 minutes to 30 minutes.

Mr. Fronapfel was before the Committee to request approval to transfer $387,978 from the Reserve category to the Personnel Services category, $2,780 from Reserve to Operating and $3,256 from Reserve to the Informational Services category. Approval of the request would provide the means to add eleven new DMV Technician III positions, nine at the Sahara Branch office and two at the Decatur office in North Las Vegas.

Mr. Fronapfel reported that a recent remodel of the Sahara office provided the Information Counter with an additional four work stations that required eight positions. An additional position was requested as a result of increased scheduling for the Registration Services programs offered in all metropolitan offices. Mr. Fronapfel explained that currently one Technician was attempting to accommodate the workload of a six-day-a-week operation. Additionally, Mr. Fronapfel advised that two positions

were requested for the new Decatur facility, one for Registration Services and one for Fleet Registration Services.

Chairman Raggio noted a decrease in the number of positions requested and asked staff for comments.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recommended a decrease from 14 positions to 11 positions, which resulted in a reduction in the transfer to the Reserve category from $497,655 to $391,014 with corresponding reductions to the Salary category by $104,994, the Operating category by $759 and the Information Services category by $888.

Assemblyman Denis noted that since the relocation in mid-March of the Carey Office to Decatur Avenue in North Las Vegas, approximately 8,000-9,000 fewer citizens visited the Decatur office monthly than previously visited the Carey Office.

Mr. Fronapfel advised that May 2006 statistics reflected a 20 percent reduction in total customer load at the Decatur office over May 2005 when the office was located at the Carey Street address. Correspondingly in that same period there was a 16 percent increase at the Sahara office, a 9 percent increase at the Henderson office, and a 6 percent increase at the Flamingo office. Mr. Fronapfel advised that in the transition, most customers went from the Carey office to the Sahara office although the distribution of customers was expected to even out over time.

In response to concern Assemblyman Denis expressed regarding the difficulty for some members of the community to access the Decatur location, Mr. Fronapfel advised that there was a difference in distance by about seven miles from the Carey Street location.

Assemblyman Denis noted that the Sahara office was further south and questioned whether there were any plans to provide services in the northeast section of town.

Mr. Fronapfel advised of plans to provide additional kiosk services for Registration and Drivers License Renewal at AAA offices in Las Vegas and Henderson. Additionally, he said, some thought was being given to adding kiosks in some state and/or city buildings, which would provide assistance for renewals and registrations but not for first-time registrants.

In response to Assemblyman Arberry, who commented on the lines at the Sahara office, Mr. Fronapfel indicated the line backed up from the Information Counter where the eight new positions would be placed.

Assemblyman Perkins asked for information on how DMV would be affected by the Department of Homeland Security's REAL ID regulations currently being drafted.

Ms. Lewis advised that in the process of establishing a budget to address the implementation of REAL ID and discussions with the Governor, it was determined that

a report would be provided to the Interim Finance Committee in the fall on how REAL ID, a national identification card, would affect the Department as well as constituents.

Ms. Lewis advised that REAL ID would be a huge undertaking and that caution was being exercised in the budget building process to ensure that accomplishments over the past five years were not compromised in the implementation of the Department of Homeland Security's security requirement. Ms. Lewis further advised that finalization of the federal rulemaking was expected in January 2007.

Assemblyman Perkins indicated that after conversations with Department of Homeland Security representatives and Nevada's federal delegation, he lacked optimism that any flexibility would exist in how the regulations were drafted or implemented.

Chairman Raggio entertained a motion to approve the revised request.

ASSEMBLYMAN PERKINS MOVED APPROVAL OF ITEM 124 AS REVISED.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

125. **Department of Motor Vehicles – Field Services – FY 06 –** Deletion of $65,000.00 in Budgetary Transfer of Vacancy Savings to the Department of Motor Vehicles Information Technology division to provide adequate funds for personnel services for the remainder of FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 49 of the 2005 Legislative Session. **Relates to Item 129.**

Refer to motion for approval under Item E.

126. **Department of Motor Vehicles – Field Services – FY 06** – Deletion of $57,769.00 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 A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 127.**

Refer to motion for approval under Item E.

127. **Department of Motor Vehicles – Field Services – FY 07** – Addition of $57,769.00 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 A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 126.**

Refer to motion for approval under Item E.

128. **Department of Motor Vehicles – Information Technology – FY 06 –** Transfer of $200,000.00 from the Information Services category to the Department of Information Technology (DoIT) Facility Charges category, and $100,000.00 from the Line & Circuit Charges category to the DoIT Facility Charges category to provide adequate funds for a projected shortfall in DoIT Facility Charges as a result of higher than projected overall usage. Requires Interim Finance approval since the amount transferred to the DoIT Facility Charges category exceeds $50,000.00.

Refer to motion for approval under Item E.

129. **Department of Motor Vehicles – Information Technology – FY 06 –** Addition of $65,000.00 in Budgetary Transfer of Vacancy Savings from the Department of Motor Vehicles Field Services division to provide adequate funds for personnel services for the remainder of FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 49 of the 2005 Legislative Session. **Relates to Item 125.**

Refer to motion for approval under Item E.

130. **Department of Motor Vehicles – Information Technology – FY 07 –** Addition of $296,696.00 in Cost Allocation Reimbursement from the Department of Motor Vehicles Pollution Control budget to develop an in-house Emissions Vehicles Information Database (VID) and cease the existing practice of contracting with a vendor to develop, support and maintain the VID. The cost allocation would provide for one Information Systems Specialist III, operating costs, programming hours, hardware and software. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff. **Relates to Item 131.**

Chairman Raggio announced that items E.130 and 131 would be considered concurrently.

Ginny Lewis, Director, Department of Motor Vehicles (DMV), introduced Troy Dillard, Administrator, Compliance Enforcement Division, DMV, with program responsibility for the Emissions Control Program, and Lloyd Nelson, Services Manager, Emissions Control Program, DMV.

Mr. Dillard appeared before the Committee to request approval for the addition of $296,696 in cost allocation reimbursement from the Pollution Control account to develop an in-house Emissions Vehicle Information Database (VID). If approved, the VID would change from a contracted service to a state controlled data system service.

Mr. Dillard reported that the request before the Committee was initiated based on the following contract problems:

- State contracts existed with a vendor for the VID and a vendor for the emission analyzers in Clark and Washoe counties.

- The VID contract expired in April 2006, and the analyzer contact was due to expire in April 2007.

- A Request for Proposal (RFP) for the VID contract was initiated, and a contract was issued to a new vendor.

- The selection process was disputed by a vendor, who filed a protest with the State Purchasing Division.

- The awarded contract was ultimately terminated by the State Purchasing Division, and a one-year extension of the existing contract was negotiated with the current vendor through April 30, 2007.

The contract extension for the VID and the analyzer contract would both expire in April 2007, and it had been determined by Department representatives that updating the technology and bringing the function in-house would eliminate out-of-date system interoperations and old complications. Mr. Dillard explained that under the current system configuration, data for a vehicle being tested was entered into a software program stored on the emissions analyzer with information exchanged by phone from the analyzer to the VID followed by emission testing and a second exchange between the systems. Once completed, test information was exchanged between the VID and the DMV application systems, and any problems that developed had to be analyzed between three systems to determine the nature and owner of the problem. System downtime and vendors blaming one another for problems resulted in emission stations losing the ability to conduct tests and inconvenience to the public.

Mr. Dillard reported that the Department's proposal would change the inherent design of the existing system by eliminating the complex software installed in the emission analyzers. The system would be primarily controlled by the VID and the emission analyzers could test vehicle emissions.

The request, if approved, would provide funding for:

- a fulltime Information Services Specialist, who would be responsible for system development, maintenance, and modification of the VID

- a contract Programmer from the Department of Information Technology (DoIT), who would be needed to meet the deadline for implementation

- computer hardware and software equipment as well as DoIT-related computer charges for central processing unit (CPU) time

Mr. Dillard advised that the funding from the fiscal year 2007 Pollution Control Account Reserve would reduce any excess funds that would ultimately be available for grant requests by Clark and Washoe counties.

Additionally Mr. Dillard advised that an in-house system would eliminate the $2.06 per transaction surcharge to the maximum allowed fee. Mr. Dillard explained that the surcharge fee provided just under $3 million a year to the vendor. With elimination of the fee, Clark and Washoe counties would no longer be required to budget and pay those costs, which would result in a savings to them. Additionally, emission stations that competed for business would be free to lower their test fees to attract more customers.

Mr. Dillard also advised that emission stations would benefit from a more versatile computing system that would incorporate the computer system contained in the analyzer with business uses. Each station would have the ability to allow customers access to the Department's web site to conduct immediate registration renewals, and tracking approximately $8 million annually would be greatly enhanced and placed under state control.

Mr. Dillard reported that emission stations would be required to provide for an Internet Service Provider (ISP) and new analyzers or upgraded packages for existing analyzers. The proposed changes had been explained to representatives of the organizations that would experience a fiscal and operational impact, and each of the following officials had provided support for the proposal:

- Andy Goodrich, Director, Washoe County Air Quality Program
- Dennis Ransel, Planning Manager, Clark County Air Quality Program
- Peter Krueger, representing Nevada Emission Testers Council
- Wayne Frediani, representing Nevada Franchised Auto Dealers Association

Concluding his remarks, Mr. Dillard said that an in-house system would eliminate the many levels of bureaucracy in the present system, provide new opportunities for businesses, increase customer service, provide the ability to change implementation with existing revenues, and eliminate fees to the public.

In response to questions Chairman Raggio asked regarding the changes that would be experienced by drivers in Clark and Washoe counties, Mr. Dillard advised that the majority of the changes would occur behind the scenes. Additionally, Mr. Dillard explained that $2.06 surcharge fee received by the vendor would be eliminated, and a driver, in Clark County for example, would only pay the maximum allowable fee of $36.56. Mr. Dillard advised that although there was no guarantee that the $2.06 fee was an automatic savings to consumers, it was assumed there would be some lowering of prices by stations in a very competitive market.

In response to additional questions Chairman Raggio asked, Mr. Dillard advised that the original contract, which would have expired in April 2006, was renegotiated and extended through April 2007 after a new bid award was protested by a vendor.

In response to questions Chairman Raggio asked regarding the protest, Mr. Dillard indicated that an ambiguity had existed in the RFP although he lacked details since the bid process was handled through the State Purchasing Division.

In response to questions Chairman Raggio asked regarding the implementation date, positions and equipment, Mr. Dillard indicated the intent was to be ready to implement the VID in-house system for approximately $100,000 in April 2007 with one fulltime Information Specialist III position and one contract position.

Chairman Raggio pointed out the DMV was limited by statute in using Pollution Control account funding for uses other than to control emissions from motor vehicles and asked for comments on the use of file servers proposed for purchase. Specifically, the Chairman questioned whether the servers would be used for programs other than emission control.

Ms. Lewis advised that three file servers would replace the current web servers and three would serve as backup. Ms. Lewis confirmed that data registration, a non-pollution activity, would also be placed on the servers. However, Ms. Lewis indicated that for three severs to be dedicated solely to the VID was an inefficient use of funds as the servers had the capacity to handle a much greater amount of activity.

Chairman Raggio questioned the need for implementation by 2007 and asked if the existing contract could be extended beyond April 2007 and the request for an in-house system placed in the Department's budget request for the 2007-2009 biennium.

Ms. Lewis explained that design, programming, and implementation of an in-house system was a lengthy process and that an April 2007 implementation date did not provide a lot of time for what would be considered a high priority for the Department should the Committee approve the request.

In response to questions Senator Coffin asked regarding new vehicle inspections, Ms. Lewis confirmed that under the existing program new vehicles were exempted from inspection for two years and inspected annually thereafter.

In response to questions Chairman Raggio asked regarding the vehicle year for which emission testing was required, Mr. Nelson advised that vehicles that were dated 1968 and newer required emission testing after the vehicle was two years old.

In response to Senator Coffin, who asked how many vehicles failed the first test after purchase, Mr. Nelson advised of a 6 percent failure rate for initial inspections statewide and a 12 percent failure rate statewide for the second test.

Senator Coffin discussed the possibility of preparing a bill draft request to extend the period of time for inspections by another year or perhaps every other year since the failure rate appeared to be low.

Senator Coffin asked whether data was available on third, fourth and fifth year inspection failures, and Mr. Dillard advised that although the data could be provided, the testing of vehicle emissions was a federal requirement and a state implementation plan had been approved by the Environmental Protection Agency (EPA).

In response to questions Senator Beers asked regarding the DoIT's ability to provide 1,800 hours of programming and computing services without prior budgeting, Mr. Dillard advised that arrangements had been made and services would begin the first week in July pending approval of the request.

In response to Assemblywoman McClain, who asked for assurance that an in-house emissions program would work as efficiently as the current program, Mr. Dillard advised that the only differences the public might notice would be a simpler, faster system that could provide testing and registration services as well as testing of electric hybrid vehicles and federal recall information.

In response to Assemblyman Denis, who questioned the equipment changes that would be required by emission testing stations, Mr. Dillard advised that currently "dial-up" service to the Internet was provided by the contractor. The stations currently participating in the Registration program were already upgraded and their equipment would continue to function without any new purchases.

Mr. Dillard explained that the current analyzer software was a locked program and only accomplished actual testing of the vehicle. In the new design, the desktop computer would run the application and provide the ability for businesses to also use the computer for their own purposes.

Chairman Raggio advised that he would entertain a motion for approval of Items E.130 and 131 with the understanding that any equipment acquired with funding from the Pollution Control account was required, under the provisions of *Nevada Revised Statutes*, to be used primarily for programs to control emissions from motor vehicles.

> ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEMS E.130 AND 131 WITH THE UNDERSTANDING THAT THE FILE SERVERS ACQUIRED WITH FUNDING FROM THE POLLUTION CONTROL ACCOUNT WOULD BE USED PRIMARILY FOR PROGRAMS TO CONTROL EMISSIONS FROM MOTOR VEHICLES.
>
> ASSEMBLYMAN PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Titus and Assemblyman Perkins were not present for the vote.)

131. Department of Motor Vehicles – Pollution Control – FY 07 – Transfer of $296,696.00 from the Reserve category to the Emissions Vehicle Information Database

category to provide funding to develop an in-house Emissions Vehicle Information Database (VID) and cease the existing practice of contracting with a vendor to develop, support and maintain the VID. Funding would provide for one Information Systems Specialist III, operating costs, programming hours, hardware and software. Requested funding would be transferred to the Department of Motor Vehicles Information Technology budget account as a cost allocation reimbursement. Requires Interim Finance approval since the amount added to the Emissions Vehicle Information category exceeds $50,000.00. **Relates to Item 130.**

Refer to narrative and motion for approval under Item E.130.

132. **Department of Public Safety – Criminal History Repository – FY 07 –** Transfer of $20,725.00 from the Reserve category to the Information Services category to fund modifications to the Criminal Live Scan System to match the new state format, which adds a mandatory Booking Originating Identification Number. 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.

133. **Department of Public Safety – Criminal History Repository – FY 06 –** Transfer of $50,000.00 from the Reserve category to the Operating category to cover projected expenditures through the end of the fiscal year due to higher than budgeted telephone and postage charges. 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.

134. **Department of Public Safety – Criminal History Repository – FY 07 –** Transfer of $17,244.00 from the Reserve category to the Equipment category and $150,720.00 from the Reserve category to the Fingerprint Identification Network category to fund additional Automated Fingerprint Information System (AFIS) terminals used for technical searches and identification of fingerprints and associated costs as well as a high speed printer and scanner. Requires Interim Finance approval since the amount transferred to the Fingerprint Identification Network category exceeds $50,000.00.

Refer to motion for approval under Item E.

135. **Department of Public Safety – Criminal History Repository – FY 07 –** Transfer of $128,427.00 from the Reserve category to the Operating category to allow for a contract to process a backlog of criminal and juvenile fingerprint cards. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

136. **Department of Public Safety – Emergency Management Assistance – FY 06 –** Addition of $42,573.00 in Federal Emergency Management Agency-Waterfall Fire federal grant funds to allow for the reimbursement of payroll expenditures incurred during the Waterfall Fire. Requires Interim Finance approval since the cumulative amount added to the Emergency Management Performance Grants-Aid to Locals category exceeds $50,000.00.

Refer to motion for approval under Item E.

137. **Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of $2,000,000.00 in Department of Energy-Nuclear Projects Office grant funds to allow the Agency for Nuclear Projects to conduct important scientific oversight responsibilities related to nuclear waste disposal. Requires Interim Finance approval since the amount added to the Nuclear Projects Office category exceeds $50,000.00.

Refer to motion for approval under Item E.

138. **Department of Public Safety – Division of Emergency Management – FY 07 –** Addition of $50,352.00 in Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program (HMGP) 1540 DR grant funds transferred from the Division of Emergency Management and $30,000.00 in FEMA HMGP 1583 DR grant funds transferred from the Division of Emergency Management to assist Elko and Storey Counties in creating disaster mitigation plans. Requires Interim Finance approval since the amount added to the Mitigation Plan Contract category exceeds $50,000.00.

Refer to motion for approval under Item E.

139. **Department of Public Safety – Forfeitures – FY 07 –** Transfer of $289,018.00 from the Reserve category to the Nevada Highway Patrol (NHP) Federal Forfeitures category to fund training, equipment, and operating costs for the Highway Patrol's Interdiction and Criminal Enforcement (ICE) Team. Requires Interim Finance approval since the amount transferred to the NHP Federal Forfeitures category exceeds $50,000.00

Item 139 was withdrawn.

140. **Department of Public Safety – Forfeitures – FY 07 –** Transfer of $36,261.00 from the Reserve category to the Parole and Probation Federal category to purchase 25 shotguns with cases, 25 cages for vehicles that are used for transporting offenders, and 18 gun security lockers for the storage of firearms. Requires Interim Finance approval since the amount transferred to the Parole and Probation Federal category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

141. Department of Public Safety – Forfeitures – FY 06 – Transfer of $445,832.00 from the Reserve category to the NHP Federal Forfeitures category to purchase 422 tasers for the Nevada Highway Patrol to enable law enforcement personnel to have an extra degree of safety in dealing with difficult situations. Requires Interim Finance approval since the amount transferred to the NHP Federal Forfeitures category exceeds $50,000.00.

Acting Colonel Chris Perry, Nevada Highway Patrol (NHP), identified himself for the record and introduced John Borrowman, Administrative Services Officer, NHP. Colonel Perry appeared before the Committee to request approval to transfer $445,832 from the Reserve category to the NHP Federal Forfeitures category to purchase 422 tasers for statewide use in fiscal year 2007.

Colonel Perry testified that the current "law-enforcement environment" required constant improvement in skills and technology to protect Troopers and to minimize force-related injuries. Colonel Perry advised that during the course of a violent contact, a lone Trooper needed the ability to immediately bring about a successful conclusion, and tasers had proven to be reliable devices for stopping violent suspects and providing officers an alternative to lethal force.

While tasers were recognized as an optional tool that could be used instead of an impact weapon or deadly force, which typically resulted in civil liability suits against the state, Colonel Perry said tasers also allowed officers to deescalate dangerous situations with a minimum possibility of lasting injury to suspects or officers. Colonel Perry further advised that the tasers, proposed for purchase, included a tracing system that provided accurate records of deployment, which would shield officers and the state from false claims.

In response to Chairman Raggio, who advised that staff had suggested an adjustment in the amount of federal Forfeiture funding requested, Colonel Perry said that agency representatives were prepared to forfeit the use of tasers for command staff with a level of Major or Colonel. However, Colonel Perry requested that tasers be provided to the Nevada Highway Patrol pilots, who also functioned as road Troopers when they were not flying.

Chairman Raggio noted the adjustment would reduce the request from 422 tasers to 417.

Assemblyman Parks expressed concern over liability issues and the controversy surrounding the use and effectiveness of tasers.

Colonel Perry indicated he was aware of the controversy, but accounts that tasers actually caused injury or death could not be verified. Colonel Perry advised that ancillary issues, such as predisposing injury or illness particularly associated with cardiovascular issues, and/or the ingestion of significant amounts of narcotics had existed in all of the cases he had an opportunity to review.

In response to Chairman Raggio, who indicated staff had concerns regarding the number of tasers required, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the NHP had requested eight tasers above the number required to equip each sworn officer of the Highway Patrol and asked whether that would reduce the request for the Major and Colonel positions plus eight.

Colonel Perry advised that if the eight additional tasers requested for backup purposes were not approved, the number of tasers would be reduced to 409.

In response to questions Chairman Raggio asked regarding taser replacement, Colonel Perry expressed uncertainty regarding the lifespan of the X26 models, which he indicated were second generation tasers. Colonel Perry said there were currently 109 first generation tasers in the field for which there had been no problems and none had been returned.

Senator Coffin noted procedure differences between local police departments and NHP Troopers, who normally worked alone and questioned whether a lone Trooper could adequately deploy a taser and a weapon at the same time if the need arose.

Colonel Perry advised that individual situations dictated a Trooper's ability to respond, and training provided that tasers were to be used as an alternative to deadly force and to impact tools. Colonel Perry confirmed that Troopers typically worked alone in rural outposts or on freeway systems where there was not much ability to provide backup and that tasers provided one more tool in their arsenal to be utilized.

Senator Coffin expressed concern regarding the reduction of the number of tasers requested especially for command staff, who also traveled alone and could be called upon to provide assistance to other Troopers or local law enforcement. Senator Coffin indicated he would support a motion to provide funding for the entire number of tasers requested.

Senator Beers discussed a recent communication he had received from an officer's spouse that identified a number of items NHP Troopers needed for their safety. The list included cell phones for backup in the event an NHP vehicle's radio system was inoperative, protective wear for Troopers on motorcycles, enhanced vehicle computer systems, new patrol cars, tires and chains for inclement weather conditions, a program to electronically enter data from accident reports that would reduce office time, safety cages in all Trooper vehicles, a better communication network, and backup weapons. Senator Beers asked for assurance that the tasers had been prioritized and were of a higher need than the items on the list.

Colonel Perry advised that all Highway Patrol vehicles from 2004 forward were equipped with cages, and that tires and chains were placed and replaced on the vehicles seasonally.

Mr. Borrowman advised that NHP policy for vehicle replacement was four years or 80,000 miles, which was supported by the Legislature

Chairman Raggio entertained a motion to approve 417 tasers.

CHAIRMAN ARBERRY MOVED APPROVAL OF 417 TASERS FOR THE NEVADA HIGHWAY PATROL

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED.

142. **Department of Public Safety – Highway Patrol – FY 06 –** Addition of $58,083.00 in Joining Forces Grant funds transferred from the Office of Traffic Safety to participate in statewide traffic enforcement activities that are focused on reducing fatalities and serious injury crashes in Nevada. Requires Interim Finance approval since the amount added to the Joining Forces Grant category exceeds $50,000.00.

Refer to motion for approval under Item E.

143. **Department of Public Safety – Highway Patrol – FY 06 –** Addition of $50,000.00 in Insurance Recoveries to allow for the replacement of vehicles involved in accidents through the receipt of insurance recovery revenue from Risk Management through the end of the fiscal year. Requires Interim Finance approval since the cumulative amount added to the Crash Fund category exceeds $50,000.00.

Refer to motion for approval under Item E.

144. **Department of Public Safety – Highway Safety Plan and Administration – FY 06 –** Addition of $240,530.00 in Occupant Protection grant funds transferred from the Office of Traffic Safety to fund statewide occupant protection media campaigns. Requires Interim Finance approval since the amount added to the Occupant Protection category exceeds $50,000.00.

Refer to motion for approval under Item E.

145. **Department of Public Safety – Division of Investigations – FY 07 –** Addition of $12,675.00 in General Fund Appropriation to transfer the balance of funding for deferred maintenance projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 146.**

Refer to motion for approval under Item E.

146. **Department of Public Safety – Division of Investigations – FY 06 –** Deletion of $12,675.00 in General Fund Appropriation to transfer the balance of funding for

deferred maintenance projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 145.**

Refer to motion for approval under Item E.

147. **Department of Public Safety – Parole and Probation – FY 06 –** Transfer of $4,205.00 from the Information Services category to the Parole and Probation Returns category and $44,275.00 from the Intra-Agency Cost Allocation category to the Parole and Probation Returns category to cover projected expenditures through the end of the fiscal year. Requires Interim Finance approval since the amount transferred to the Parole and Probation Returns category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

148. **Department of Public Safety – State Emergency Response Commission – FY 07 –** Transfer of $89,735.00 from the Reserve category to the Information Services category to fund the purchase and implementation of the Tier II Manager Database, which will provide hazardous materials information to the State Emergency Response Commission, State Fire Marshal, emergency planners and responders, and hazardous materials facility operators. 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.

149. **Department of Public Safety – Technology Division – FY 06 –** Transfer of $23,000.00 from the Information Services category to the Operating category to allow for projected expenditures through the end of the fiscal year due, in part, to higher than budgeted gasoline and telephone costs. Requires Interim Finance approval since the cumulative amount transferred from the Information Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

150. **Department of Public Safety – Traffic Safety – FY 06 –** Addition of $239,971.00 in National Highway Traffic Safety Administration Occupant Protection grant funds transferred from the Office of Traffic Safety to fund statewide occupant protection media campaigns. Requires Interim Finance approval since the amount added to the Occupant Protection category exceeds $50,000.00.

Refer to motion for approval under Item E.

151. **Department of Conservation and Natural Resources – Environmental Protection Administration – FY 06 –** Transfer of $44,600.00 from the Reserve category to the Operating category to cover operating expenditures for the remainder of the fiscal year due to Nye Lane rent, pass through charges and projected telephone charges.

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.

152. **Department of Conservation and Natural Resources – Environmental Protection Administration – FY 07 –** Transfer of $53,641.00 from the Reserve category to the Attorney General (AG) Cost Allocation category to allow for the State Environmental Commission's share of the AG cost allocation to be paid by Environmental Protection Administration. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds $50,000.00. **Relates to Item 153.**

Refer to motion for approval under Item E.

153. **Department of Conservation and Natural Resources – Environmental Protection Administration – FY 06 –** Transfer of $28,035.00 from the Reserve category to the Attorney General (AG) Cost Allocation category to allow for the State Environmental Commission's share of the AG cost allocation to be paid by Environmental Protection Administration. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds $50,000.00. **Relates to Item 152.**

Refer to motion for approval under Item E.

154. **Department of Conservation and Natural Resources – Environmental Protection Administration – FY 06 –** Transfer of $17,000.00 from the Reserve category to the Transfer to BA 1325 category to fund Environmental Protection's mobile video conferencing units, which were approved by the 2005 Legislature in the Department of Administration Information Technology Projects budget. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

155. **Department of Conservation and Natural Resources – Environmental Protection Bureau of Air Quality – FY 07 -** Addition of $282,743.00 in Transfer from Air Quality Management Fund to establish the Nevada Mercury Emissions Control Program which includes two new staff and attendant costs for travel, operating, equipment, indirect cost, information services and training. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff.

Chairman Raggio announced that at Senator Coffin's request, Items E.155 and 156 would be considered concurrently.

Senator Coffin asked for a brief overview of the work program requests and an explanation of the Utah Department of Environmental Quality's criticism regarding the reduction of mercury emissions and efforts to mitigate those concerns.

Leo Drozdoff, P.E., Administrator, Nevada Division of Environmental Protection (NDEP), identified himself for the record and introduced Colleen Cripps, Deputy Administrator, NDEP.

Mr. Drozdoff advised that approval of the work program requests was requested to establish the Nevada Mercury Air Emissions Control Program, which had been approved by the Nevada State Environmental Commission in March 2006 and by a Legislative Subcommittee in May 2006.

Mr. Drozdoff advised that the agency staff had worked with industry, environmental groups, university researchers, other states, and the federal government to establish a new mercury emissions permitting program for the precious metal mining industry. Mr. Drozdoff further advised that after moving from a voluntary program to a mandatory regulatory program, work on research needs and funding options was being continued.

Letters of support (Exhibit I) were received from Newmont Mining Corporation, Barrick Gold Corporation, Nevada Mining Association, the United States Environmental Protection Agency, and the State of Utah in support of the program. Although an environmental group in Idaho, the Idaho Conservation League, issued "an intent to sue the federal government," which initially placed Nevada at odds with them, Mr. Drozdoff said the NDEP currently had a good rapport with the group and were meeting with them every six weeks.

Mr. Drozdoff read several paragraphs from a letter Dianne Nielson, Executive Director, Utah Department of Environmental Quality, wrote to the Salt Lake Tribune

> *Utahns should be better served now that the Nevada State Environmental Commission has adopted the nation's first air quality regulations governing mercury emissions by the precious metals mining industry. For that reason, the Utah Department of Environmental Quality supported Nevada's proposal to move from its previous voluntary program to a mandatory regulatory program as a critical step toward a multiple-phased process to reduce the amount of mercury that is suspected to be a source of contamination to our waterways.*
>
> *It is important to note that no federal standard governing mercury air emissions exists. Nevada took it upon itself to lead the way.*
>
> *By adopting the state standard, Nevada's regulatory program can now become the basis for establishing a national standard and determining what the cap should be. This is the next step, not a final solution.*

Mr. Drozdoff advised that work program Item E.156 provided $363,890 in United States Environmental Protection Agency Air Toxics Ambient Monitoring grant funds that would be used in collaboration with the University of Nevada, Reno for the development of better, less expensive and less complex testing systems for Nevada as well as Idaho and Utah.

In response to Assemblyman Marvel's question regarding whether there were contributors to mercury emissions other than the mining industry, Mr. Drozdoff, advised that while the mining industry was a large contributor of mercury emissions, power plants were the largest single contributing industry. Mr. Drozdoff advised that prior to establishing the voluntary and regulatory programs, it was estimated that the mercury emission contribution from the mining industry was about 11 percent. Over the course of the last four years, however, the emission contribution had been reduced to about 2 percent and would be reduced even further. Additionally, Mr. Drozdoff pointed out that control technologies and removal systems currently existed that did not exist prior to the establishment of the voluntary program.

In response to Senator Titus, who questioned how the concern over mercury emissions related to the potential storage of mercury at Hawthorne, Mr. Drozdoff explained there were general concerns related to the large volume of mercury being sent for storage as well as mercury levels. The mercury, scheduled for storage at Hawthorne, was being moved by the Department of Defense, and Mr. Drozdoff advised that the NDEP was "actively" advising DOD officials of their concerns as well as NDEP regulatory requirements.

ASSEMBLYMAN PARKS MOVED APPROVAL OF ITEMS 155 AND 156.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

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

156. Department of Conservation and Natural Resources – Environmental Protection Bureau of Air Quality – FY 06 – Addition of $363,890.00 in United States Environmental Protection Agency Air Toxics Ambient Monitoring grant funds to initiate a cooperative effort for monitoring air quality in urban and rural settings in Nevada for presence of Mercury. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to narrative and motion for approval under Item 155.

157. Department of Conservation and Natural Resources – Environmental Protection Bureau of Water Pollution Control – FY 06 – Transfer of $9,025.00 from the Reserve category to the 4% Set Aside category and $5,247.00 from the Reserve category to the Purchasing Assessment category to allow for the transfer of set aside funds from the

Drinking Water State Revolving Fund. 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.

158. Department of Conservation and Natural Resources – Environmental Protection Bureau of Mining Regulation and Reclamation – FY 07 – Transfer of $44,571.00 from the Reserve category to the Operating category to fund a new Bureau of Land Management contract for a federal liaison position. Requires Interim Finance approval since the amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

159. Department of Conservation and Natural Resources – Forestry – FY 06 – Transfer of $30,470.00 from the Volunteer Fire Department category to the Utilities category to cover anticipated utility costs for the reminder of fiscal year. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

160. Department of Conservation and Natural Resources – Forestry – FY 07 – Addition of $3,245,875.00 in United States Forest Service (USFS) Consolidated Program Grant (CPG) 06, $39,967.00 in USFS CPG 05, and the deletion of $206,782.00 in USFS CPG Volunteer Fire Assistance, $89,717.00 in USFS CPG Forest Health Management, $672,792.00 in USFS CPG Fire Assistance Program, $362,208.00 in USFS CPG Urban and Community Forestry (U&CF), $24,319.00 in USFS CPG Forest Education Program, $236,126.00 in USFS CPG Forest Stewardship, $669,490.00 in USFS CPG National Fire Plan and $11,009.00 in USFS CPG U&CF Title VIII to continue all of the program activities under the CPG for FY 2006 and to deaugment duplicate authority established to consolidate all the program activities from CPG years 2002, 2003, 2004 and 2005. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00. **REVISED BY EBO TO CHANGE CATEGORY FROM 67 TO 56 WITH TITLE OF "CPG-06" – MAY 23, 2006.**

Revised May 23, 2006 - Refer to motion for approval under Item E.

161. Department of Conservation and Natural Resources – Forestry – Fire Suppression and Emergency Response – FY 06 – Transfer of $100,000.00 from the Fire Suppression Costs category to the Prior Year Claims category to provide payment of prior year fire bills for the Verdi Complex and Good Springs Fires in 2004 and 2005. Requires Interim Finance approval since the amount transferred to the Prior Year Claims category exceeds $50,000.00. **WITHDRAWN MAY 26, 2006.**

Item 161 was withdrawn.

162. **Department of Conservation and Natural Resources – Forestry – Intergovernmental Agreements – FY 06 –** Transfer of $1,256,830.00 from the Reserve category to the Payment to Washoe County category to return excess ad valorem fire district Reserves to Washoe County. Requires Interim Finance approval since the amount transferred to the Washoe County category exceeds $50,000.00.

Refer to motion for approval under Item E.

163. **Department of Conservation and Natural Resources – Forestry – FY 06 –** Deletion of $429,059.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 164.**

Refer to motion for approval under Item E.

164. **Department of Conservation and Natural Resources – Forestry – FY 07 –** Addition of $429,059.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 163.**

Refer to motion for approval under Item E.

165. **Department of Conservation and Natural Resources – State Lands – FY 07 –** Addition of $158,200.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 166.**

Refer to motion for approval under Item E.

166. **Department of Conservation and Natural Resources – State Lands – FY 06 –** Deletion of $158,200.00 in General Fund Appropriation to transfer balance of funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the Legislative Session. **Relates to Item 165.**

Refer to motion for approval under Item E.

167. **Department of Conservation and Natural Resources – Water Resources – FY 07 –** Addition of $1,162.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 168. WITHDRAWN MAY 19, 2006.**

Item 167 was withdrawn.

168. **Department of Conservation and Natural Resources – Water Resources – FY 06 –** Deletion of $1,162.00 in General Fund Appropriation to transfer the balance of funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 167. WITHDRAWN MAY 19, 2006.**

Item 168 was withdrawn.

169. **Department of Wildlife – Administration – FY 06 –** Transfer of $30,000.00 from the Reserve category to the Utilities category to cover estimated utility expenditures for the remainder of fiscal year. 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.

170. **Department of Wildlife – Administration – FY 07 –** Addition of $150,000.00 in United States Fish and Wildlife Service and United States Department of Agriculture federal grants and the transfer of $8,982.00 from the Reserve category to the Personnel Services category to establish surveillance programs for diseases of immediate concern including highly pathogenic avian influenza, chronic wasting disease, and West Nile virus. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff.

Terry Crawforth, Director, Department of Wildlife, identified himself for the record and introduced Dr. Russ Mason, Chief, Game Bureau, Department of Wildlife. Mr. Crawforth appeared before the Committee to request approval to establish "new federal revenue authority for the addition of $150,000" in United States Fish and Wildlife Service and United States Department of Agriculture federal grants and the transfer of $8,982 from the Reserve category to the Personnel Services category.

Mr. Crawforth advised that, if approved, the funds would be used to fund a new position to manage a proposed proactive wildlife health surveillance program for the monitoring and assessment of wildlife diseases in Nevada, such as Newcastle Disease, a viral disease affecting birds, Chronic Wasting Disease, a transmissible neurological disease related to Mad Cow Disease, West Nile Virus, and Avian Influenza.

Mr. Crawforth emphasized that a critical need existed to establish the surveillance program for Avian Influenza in the next several months since Nevada was positioned in the middle of the Pacific Flyway's migratory pattern, and birds in Alaska, particularly in the Bering Straits, would be mingling with birds from Asia that would fly south in the western hemisphere in the late summer and fall. Of particular concern were Tundra Swans, Mallards, and Northern Pintail Ducks as well as a number of migratory shore birds that would be passing through or wintering in Nevada. Mr. Crawforth discussed the need to monitor the birds, take samples, and inform the public on whether Avian Influenza mutations were occurring.

Chairman Raggio recognized the importance of the project but requested clarification on the establishment of a new classified position specification for a "Wildlife Health Specialist." The Chairman indicated that it had been learned that although the new specification had "been under consideration for at least three weeks," neither verbal nor written communication had been provided to the Fiscal Analysis Division staff for analysis. Additionally, the Chairman expressed concerns that only "partial documentation supporting the proposed amounts of funding from the federal agencies had been provided to the Fiscal Division staff" in sufficient time for analysis prior to the Committee meeting. Chairman Raggio asked that additional testimony be provided regarding the certainty of funding.

Mr. Crawforth indicated he had met with the Committee's staff and expressed his appreciation for their guidance and assistance and acknowledged that some difficulties had been encountered in establishing the wildlife surveillance program. Mr. Crawforth advised of the availability of a $75,000 grant from the Animal Plant and Health Inspection Service from the Department of Agriculture and a $75,000 grant from the U.S. Fish and Wildlife Service. Although fairly certain the grants would be received, Mr. Crawforth said if they were not, the program would not be implemented.

In response to questions Chairman Raggio asked regarding whether expenditures to support the position included ancillary costs such as rent, furniture, and computer equipment, Mr. Crawforth advised that the proposed amounts including $8,982 from the Reserve category would be adequate to implement the program.

The Chairman indicated that as important as the issue was, the Committee did not wish to add to the fiscal problems under which the Department of Wildlife currently found itself.

Mr. Crawforth said that the Wildlife Account was budgeted in the 2005-06 biennium with an un-obligated Reserve of about $550,000. After cost-cutting efforts over the last 18 months, Mr. Crawforth said he believed that the Department of Wildlife would end the 2005-07 biennium with a Reserve of approximately $2 million.

In response to additional questions posed by Assemblyman Arberry regarding the guarantee of federal funds, Mr. Crawforth said that although he could provide no guarantees that federal funding would be received; grants had been received in the past for diseases, such as Chronic Wasting Disease. Mr. Crawforth indicated the Department's immediate concern was to establish an Avian Influenza program for the next 18 months.

Recognizing the serious nature of the issue, Assemblyman Arberry commended Mr. Crawforth's efforts but suggested deferring the approval of the work program request until the following meeting of the Interim Finance Committee when the proposed revenue could be "adequately substantiated" and staff could determine how the position should be funded.

Mr. Crawforth testified that in an effort to establish the surveillance program as quickly as possible, Department of Wildlife representatives had worked with the Committee's staff as well as staff from the Budget Division and the Department of Personnel to convert a Biologist staff position to a Wildlife Health Specialist. A Diagnostic Veterinarian position was initially contemplated, but since that position had been changed to the unclassified series of job specifications during the 2005 Legislative Session, the position could not be used. Mr. Crawforth indicated that Department of Wildlife representatives needed to be in the field doing surveillance work by August 1, 2006 and waiting until the following Interim Finance Committee to approve the request would be too late.

Chairman Raggio expressed support for the request and indicated that the Asian Avian Influenza was so volatile he did not want to contribute to a lack of timeliness regarding the issue.

Senator Coffin also expressed support for the request and indicated the Department of Wildlife was the sentinel agency whose representatives would monitor and identify any wildlife dying from unusual circumstances. Since the next meeting would not occur until September, Senator Coffin indicated the Committee could be accommodated by a review of the process.

Chairman Raggio suggested that the Committee approve the request based on the condition that no financial obligations were incurred until federal funding was received.

Mr. Crawforth reiterated that if the $150,000 in federal funds was not received, the program would not be implemented and indicated he expected to receive confirmation of the funds from the Department of Agriculture within a matter of days.

Assemblywoman Smith requested additional information regarding the conversion of the Biologist position to a Wildlife Health Specialist position.

Mr. Crawforth explained that the staff Biologist position was vacant, and the establishment of the program was important enough to convert the position to a Wildlife Health Specialist with requirements for veterinarian license, training, and experience.

Assemblywoman Smith expressed concerns regarding the continuation of funding for the position as well as the use of funding from the Department of Wildlife budget to support the position. Additionally, Assemblywoman Smith requested information on the difference between the funding for the vacant Biologist position and the new Wildlife Health Specialist.

Mr. Crawforth explained that the Biologist position was vacated primarily because funding was no longer available and was being converted in an effort to establish the surveillance program for the wildlife diseases previously described. In response to concerns expressed regarding the Department of Wildlife budget, Mr. Crawforth advised that the vacancy rate had been held at 15 percent during the entire 2005-007 biennium

in order to balance the budget, rebuild Reserves and improve cash flow. However, Mr. Crawforth indicated the threat of Avian Influenza was worth seeking funding and diverting other activities. Mr. Crawforth indicated that less than $9,000 would be taken from the Reserve category, not for the continuation of the program but to support "one-shot" activities not eligible for federal funding. Mr. Crawforth indicated that increases in the occurrence and severity of diseases adversely affecting wildlife and potentially the state's population and economy would continue to be seen and that wildlife health surveillance programs were becoming increasingly important for all Wildlife agencies across the country.

Assemblyman Arberry expressed an understanding of the importance of the issue but took exception to the Department representatives using the fear factor to promote approval of the request. Assemblyman Arberry supported Chairman Raggio's suggestion that the Committee approve the request based on the condition that no financial obligations were incurred until federal funding was received.

Assemblyman Arberry also reinforced the need for timely information from the Budget Division and state agencies to the Fiscal Analysis Division analysts in order to provide the time to effectively study and prepare information for the Committee's review.

> ASSEMBLYMAN MARVEL MOVED TO APPROVE THE REQUEST TO ESTABLISH NEW FEDERAL REVENUE AUTHORITY OF $150,000 FROM THE U. S. FISH AND WILDLIFE SERVICE AND THE U.S DEPARTMENT OF AGRICULTURE TO FUND A NEW POSITON THAT WOULD OVERSEE A PROPOSED WILDLIFE SURVEILLANCE PROGRAM PENDING RECEIPT OF THE FEDERAL FUNDING.
>
> SENATOR COFFIN SECONDED THE MOTION.

Senator Mathews pointed out that the Department of Wildlife hunting and fishing licensing fees increases adversely affected the senior citizen community.

Senator Beers questioned whether a legislative mandate would exist to hold the Wildlife Health Specialist position vacant if the federal funding did not materialize.

Chairman Raggio indicated the position was authorized but on a half-time basis.

Mr. Crawforth clarified that the position was full-time, not half-time and advised that the position would not be filled if federal funding was not received.

> THE MOTON CARRIED. (Assemblyman Parks and Assemblywoman Leslie were not present for the vote.)

In response to questions from the Chairman, Mr. Crawforth discussed his intent to retire from state employment and as Director of the Department of Wildlife on July 15, 2006, after 42 years of service.

Mr. Crawforth's employment began at the Verdi Fish Hatchery in 1964, followed by a career as Warden and Fisheries Biologist at Pyramid Lake and a number of other Fish Hatcheries as well as Game Warden and Biologist in Gardnerville, Warden Supervisor and Chief of Law Enforcement in Elko, followed by Deputy Director and ultimately Director of the Department of Wildlife.

On behalf of the Committee, the Chairman congratulated Mr. Crawforth on his retirement after a long and distinguished state service career and also expressed his thanks on behalf of Nevada citizens, sportsmen and conservationists for his dedicated service.

Mr. Crawforth, in turn, expressed his thanks to Chairman Raggio and Assemblyman Arberry for their support of the Department of Wildlife in their roles as Chairmen of the Senate Committee on Finance and the Assembly Committee on Ways and Means. Mr. Crawforth indicated the Legislative money committees had acted responsibly in managing the state's wildlife and advised that the American model of wildlife conservation and funding, primarily by consumptive users, was changing. Mr. Crawforth indicated the Department would need continued assistance and support from the Legislature in new ways of doing business. Thanking the members of the Committee again for their support of wildlife management, Mr. Crawforth said he would spend his last month in service completing work on the 2007 budget proposals, none of which included fee increases.

171. **Department of Transportation – Administration – FY 06 –** Addition of $139,255.00 in Highway Fund Authorization to provide adequate funds for projected DoIT utilization services and use of microwave channels through the end of the fiscal year. Requires Interim Finance approval since the amount added to the Information Technology category exceeds $50,000.00.

Refer to motion for approval under Item E.

172. **Department of Transportation – Administration – FY 06 –** Addition of $580,050.00 in Highway Fund Authorization to provide for increased fuel costs due to usage and cost of purchasing diesel, unleaded and propane for vehicles. Requires Interim Finance approval since the amount added to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item E.

173. **Department of Transportation – Administration – FY 07 –** Transfer of $535,752.00 from the Land and Building Improvements category to the Personnel Services category, $171,918.00 from the Land and Building Improvements category to the

In-State Travel category, $105,396.00 from the Land and Building Improvements category to the Operating category and $12,402.00 from the Land and Building Improvements category to the Out-of-State Inspection Audits to adjust bond construction related expenditures for the correct categories. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

174. Department of Transportation – Administration – FY 07 – Addition of $110,830.00 in Highway Fund Authorization to provide adequate funds to replace a position that was formerly transferred to the Freeway and Arterial System Traffic Management section. The new position is essential for the District I Bridge Maintenance Program to effectively maintain the 400 plus bridges located in Southern Nevada. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds $50,000.00 and includes new staff.

Rudy Malfabon, Deputy Director, Administration, Nevada Department of Transportation (NDOT), identified himself for the record and introduced Robert Chisel, Assistant Director, Administration, NDOT. Mr. Malfabon appeared before the Committee to request approval for a Highway Fund augmentation of $110,830 to replace an engineering position that was transferred to the Freeway and Arterial System Traffic Management Center (FAST) in southern Nevada.

Mr. Malfabon reported that the Traffic Management Center (TMC) was the southern command facility for the Nevada Highway Patrol (NHP) and also housed relay and arterial transportation workers for southern Nevada RTC, who operated traffic signals, relay cameras, dynamic message signs, and ramp meters to ensure the flow of traffic on Las Vegas freeways. Mr. Malfabon explained that the facility's importance necessitated a need for a management position, and a vacant position was transferred from maintenance to the TMC approximately a year and a half ago with the intent to return to the Interim Finance Committee to request a replacement. Mr. Malfabon indicated that a decision was made to request a replacement when the need for a fulltime position could be demonstrated to the Committee. Consequently, Mr. Malfabon advised that the request before the Committee for an Associate Engineering position was prompted by a current backlog in the Bridge Inspection program and deterioration of an I-15 Lake Mead Bridge deck earlier in the year.

In response to Chairman Raggio, who noted that the request was for a Supervisor II, Associate Engineer, two grades higher than the previous position, Mr. Malfabon explained that the higher qualification was required for the management of contracts, coordinating with structural engineers and local officials on bridges maintained by the NDOT, and supervision of bridge maintenance crews.

In response to Senator Titus, who asked for information regarding the problems with the Galena Creek Bridge under construction south of Reno, Robert Chisel, Assistant

Director, Administration, NDOT provided a brief overview of the Galena Creek bridge project. Mr. Chisel advised that the Interstate 580 extension from Mount Rose to Winters Ranch was originally scheduled for two phases. The first phase was to build four structures, one of which was the Galena Creek Bridge, and the original bid was awarded to Edward Kramer & Sons, who began construction on the structures as well as the Galena Creek Bridge.

Mr. Chisel advised that after a dispute among a number of experts as to whether the "pilot truss" to be constructed could withstand the wind loading in the area, the Transportation Board terminated the contract with Edward Kramer & Sons. The NDOT was in the process of preparing a new request for proposal for a new contractor to complete the remaining portion of the bridge structure and construction of the roadway. Mr. Chisel indicated that construction was anticipated to be completed in 2009 or 2010.

In response to questions Senator Titus asked regarding the cost and whether anyone would be willing to bid on the project in view of the potential liability, Mr. Chisel indicated that according to the construction manager, there were interested parties who would bid to complete the construction although operations and construction officials could not currently provide a firm cost.

Senator Titus recalled that the Governor's Blue Ribbon Task Force to Evaluate Nevada Department of Transportation Long-range Projects had indicated $3.8 billion was needed for long-range projects. In response to Senator Titus, who asked how the Galena Creek Bridge situation could have occurred, Mr. Chisel indicated he could not speak for the contractor, but NDOT officials indicated a safe structure could be constructed cost effectively.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM E.174.

ASSEMLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

175. Office of the Military – Adjutant General's Account – FY 06 – Transfer of $9,900.00 from the Air Security category to the Equipment category, $100,000.00 from the Air Security category to the Training Sites category, $200,000.00 from the Air Security category to the Utilities category to cover the purchase of a used federal motor pool surplused vehicle and to cover increased cost of utilities at the various National Guard armories and training sites. Requires Interim Finance approval since the amount transferred from the Air Security category exceeds $50,000.00.

Refer to motion for approval under Item E.

176. Office of the Military – Adjutant General's Account – FY 07 – Addition of $209,500.00 in General Fund Appropriation, and $403,500.00 in federal Receipts to

transfer funds approved for Deferred Maintenance Projects from FY 2006. Requires Interim Finance pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 177.**

Refer to motion for approval under Item E.

177. **Office of the Military – Adjutant General's Account – FY 06 -** Deletion of $209,500.00 in General Fund Appropriation, and $403,500.00 in federal Receipts to transfer funds approved for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to A.B. 576, Section 36 of the 2005 Legislative Session. **Relates to Item 176.**

Refer to motion for approval under Item E.

178. **Office of Veterans' Affairs – Nevada State Veterans' Home – FY 06 –** Transfer of $8,000.00 from the Out-of-State Travel category to the Maintenance of Buildings and Grounds category, $3,000.00 from the In-State Travel category to the Maintenance of Buildings and Grounds category, $40,000.00 from the Equipment category to the Operating category, $20,000.00 from the Food Services category to the Operating category, $12,000.00 from the Information Services category to the Maintenance of Buildings and Grounds category to cover projected expenditures in operating and the maintenance of buildings and grounds for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating and Maintenance of Buildings and Grounds category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

179. **Office of Veterans' Affairs – Nevada State Veterans' Home – FY 07 –** Deletion of ~~$40,000.00~~ ***$55,000.00*** in General Fund Appropriation funds for to FY 2006 in order to cover projected utility expenditures for the remaining two months of the fiscal year. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session. **Relates to Item 180. REVISED MAY 24, 2006.**

Refer to motion for approval under Item E.

180. **Office of Veterans' Affairs – Nevada State Veterans' Home – FY 06 –** Addition of ~~$40,000.00~~ ***$55,000.00*** in General Fund Appropriation to cover projected utility expenditures for the remaining two months of this fiscal year. Requires Interim Finance approval pursuant to A.B. 576, Chapter 434, Section 34 of the 2005 Legislative Session. **Relates to Item 179. REVISED MAY 24, 2006.**

Refer to motion for approval under Item E.

WORK PROGRAMS RECEIVED AFTER THE MAY 18, 2006 DEADLINE

181. Department of Information Technology – Data Communications and Technology FY 06 – Transfer of $108,364.00 from the Reserve category to the Information Technology category to cover a rise in circuit rent, increase in channels and bandwidth capacity, and the purchase of network cabinets for the new computer facility. Requires Interim Finance approval since the amount transferred to the Information Technology category exceeds $50,000.00.

Chairman Raggio announced that Item 181 was a work program from the Department of Information Technology (DoIT) that was received after the deadline.

Mark Blomstrom Deputy Director, DoIT, appeared before the Committee initially requesting approval to transfer $108,364 from the Reserve category to the Information Technology category to cover the cost of "a rise in circuit rent" as a result of capacity increase and "network cabinets for the new communications room at DoIT's computer facility." Subsequently Mr. Blomstrom advised that a request had been forwarded to the Committee's staff to reduce the request by $23,774 to reflect the removal of the network cabinets from the work program.

Assemblyman Arberry questioned why the network cabinets had not been included in the Capital Improvement Program (CIP) budget for the DoIT facility renovation.

Mr. Blomstrom advised that although the need for new cabinets was initially overlooked, the DoIT staff ultimately determined that the old cabinets could not be used with the new overhead wiring design in the new communications room and that new cabinets would be needed to move the equipment into.

Assemblyman Arberry indicated he had learned that the Public Works Board (PWB) staff had verified that purchases of furnishings, fixtures and equipment (FF&E) had occurred within budgeted authority for the CIP project and that authority existed to purchase the requested cabinets.

In response to Assemblyman Arberry, who asked why the cabinets were not purchased with the existing authority within the CIP project budget, Mr. Blomstrom advised that DoIT staff was exploring the use of the remaining funds in the CIP project budget.

In response to questions from Assemblyman Arberry regarding the request for approval before the Committee, Mr. Blomstrom requested Committee approval for the balance of the work program request, which reflected a rise in the cost of circuit rent as a result of an increase in channels and bandwidth capacity.

In response to Chairman Raggio, who questioned the amount of the reduction, Mr. Blomstrom confirmed that $23,744 had been deleted from the request.

In response to Assemblyman Denis, who questioned the use of the "old" cabinets, Mr. Blomstrom advised that the "old" cabinets would be sent to State Purchasing surplus and could ultimately be used by another state agency.

In response to questions Senator Beers asked regarding the reasons the DoIT could not use the cabinets, Mr. Blomstrom advised that the current "simple rack" cabinets were incompatible with the overhead wiring trays entry and exit and with heating, ventilating, and air-conditioning (HVAC) lines from the floor.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 181 REDUCED BY $23,744.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

182. **Department of Education – Teacher Education and Licensing – FY 06 –** Addition of $50,000.00 in Fingerprint Fees to provide adequate authority for revenue and expenditures for the remainder of the fiscal year. 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.

183. **Department of Corrections – Casa Grande Transitional Housing – FY 06 –** Deletion of $40,000.00 in Budgetary Transfer to Prison Medical Division to partially fund projected Medical expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount deducted from the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

184. **Department of Corrections – Inmate Welfare Account – FY 06 –** Transfer of $7,000.00 from the Retained Earnings category to the Indigent Postage (Inmates) category and $233,129.00 from the Retained Earnings category to the Transfer of Medical Co-Pays category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Transfer of Medical Co-Pays category exceeds $50,000.00.

Refer to motion for approval under Item E.

185. **Department of Corrections – Jean Conservation Camp – FY 06 –** Deletion of $20,000.00 in Budgetary Transfer to Prison Medical Division to partially fund projected Medical expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount deducted from the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item E.

186. **Department of Corrections – Offenders' Store Fund – FY 06 –** Addition of $675,000.00 in Debit Phone Purchases to move MCI Debit Phone Sales from fund 660, Budget Account 6090, Inmate Personal Property, as the Inmate Personal Property account is a private purpose trust fund and there can be no liability of the inmates on its records. Requires Interim Finance approval since the amount added to the Debit Phone Payments category exceeds $50,000.00.

Refer to motion for approval under Item E.

187. **Department of Corrections – Offenders' Store Fund – FY 07 –** Addition of $675,000.00 in Debit Phone Purchases to move MCI Debit Phone Sales from fund 660, Budget Account 6090, Inmate Personal Property, as the Inmate Personal Property account is a private purpose trust fund and there can be no liability of the inmates on its records. Requires Interim Finance approval since the amount added to the Debit Phone Payments category exceeds $50,000.00.

Refer to motion for approval under Item E.

188. **Department of Corrections – Prison Medical Care – FY 06 –** Addition of $144,175.00 in Budgetary Transfer and $6,347.00 in Transfer from Inmate Welfare Fund to partially fund projected medical expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Inmate Driven category exceeds $50,000.00.

Original motion for approval under Item E. was reconsidered, revised to reflect the addition of $307,997 rather than $144,175 and approved under Item E.101.

II. RECLASSIFICATIONS

Agency	Agency/ Budget Account	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Education	300/2673	0024	Director, Elementary and Secondary Education, 5.207, grade 41, step 1, $48,838.32, Employer-Paid Retirement	Information Systems Manager 1, 7.905, grade 41, step 1, $48,838.32, Employer-Paid Retirement
Department of Cultural Affairs, Museum and History Division, Lost City Museum	331/1350	0003	Exhibit Technician, 9.493, grade 28, step 4, $34,911.36, Employee-Employer Paid	Exhibit Preparator II, 7.831, grade 32, step 2, $37,980.72, Employee-Employer Paid
Department of Health and Human Services, Division of Health Care Financing and Policy	403/3243	0209	Health Care Coordinator II, 12.369, grade 34, step 1, $36,018.00, Employer-Paid Retirement	Management Analyst II, 7.625, grade 35, step 1, $37,584.00, Employer-Paid Retirement

Agency	Agency/ Budget Account	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Motor Vehicles	810/4745	CC7012	Administrative Assistant III, 2.211, grade 27, step 1, $26,956.08, Employer-Paid Retirement	Management Analyst III, 7.624, grade 37, step 1, $40,987.44, Employer-Paid Retirement

F. STATEMENT OF CONTINGENCY FUND BALANCE.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a revised statement (Exhibit J) of the Contingency Fund balance.

Mr. Ghiggeri advised the members of the Committee that the amount available for allocation from the unrestricted General Fund balance was $3,333,887 and the amount available for allocation from the unrestricted Highway Fund balance was $693,992.35.

Additionally, Mr. Ghiggeri advised that approximately $7.5 million in requests for allocation from the unrestricted and restricted portions of the Fund were before the Committee for consideration, and if all requests had been approved, a balance of $66,171 would have remained in the unrestricted General Fund. However, the allocation to a Department of Corrections' request was reduced by $163,822, which increased the unrestricted General Fund portion of the Contingency Fund balance by the same amount.

Mr. Ghiggeri also reported that reversions estimated to be returned to the Contingency Fund from the Division of Mental Health and Developmental Services after the close of fiscal year 2006 totaled approximately $480,000 and approximately $618,000 was contemplated to be reverted from the Division of Forestry's outstanding billings although that amount could be revised in pending agenda Item T.

Chairman Raggio asked that agency staff and members of the Committee be mindful of the "significantly low" remaining balance and that with many months remaining before the 2007 Legislative Session, the Committee's capability to allocate funds was limited.

*G. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND – S.B. 314 (CHAPTER 454, 2005), SECTION 5 AND S.B. 1 (CHAPTER 7, 22ND SPECIAL SESSION), SECTION 32 – Allocation of $1,250,000 to the Reno-Sparks Convention and Visitors Authority to implement the Truckee River Recreational Master Plan.

Chairman Raggio announced that Item G was a request for the allocation of $1,250,000 from the Contingency Fund to the Reno-Sparks Convention and Visitors Authority. If approved, the funding would implement the Truckee River Recreational Master Plan pursuant to the provisions of S.B. 314, 2005 Legislative Session and S.B. 1, 22nd Special Session. Chairman Raggio advised that the affected local government entities had purchased 60 acres of land along the Truckee River for flood control. A

legal opinion was requested on whether the purchase of land satisfied the match requirements under the provisions of S.B. 314 and S.B.1. A Legislative Counsel opinion (Exhibit K) dated June 6, 2006, advised that the purchase of 60 acres of land along the Truckee River by Washoe County was an expenditure in an amount equal to the legislative appropriation on a Truckee River improvement related project and satisfied the match requires set forth in the provisions of the law.

Jim Litchfield, Consultant with Wood Rodgers, introduced Stan Sherer, Director, Parks and Recreation, City of Sparks. Mr. Litchfield indicated it was anticipated that the required legislative criteria had been satisfied and that he and Mr. Sherer were available to answer questions.

In response to questions Chairman Raggio asked regarding two additional phases, Mr. Litchfield advised that the Cities of Reno, Sparks, and Washoe County had prioritized Rock Park, within the City of Sparks, to be the one element to utilize the funds. Mr. Litchfield indicated a second portion of the funds was to be allocated for fiscal year 2007.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the second portion of the funds referred to $50,000 that would be available on or about July 1, 2006. Mr. Ghiggeri said that representatives of the Commission on Tourism had indicated they would transfer an additional $50,000 to the Legislative Counsel Bureau, which, based on approval of the request before the Committee, would be provided to the Reno-Sparks Convention and Visitors Authority.

In response to Mr. Ghiggeri's statement regarding the second portion of the funding, Mr. Litchfield indicated he assumed the $50,000 could be utilized for either Rock Park or to begin the planning for the next element of the Truckee River Recreational Master Plan.

Assemblywoman Leslie commended the Truckee River Recreational Master Plan work along the Truckee River as the "best ever" tourism effort in Reno and one which she indicated had completely transformed the downtown Reno area in the last several years.

Chairman Raggio also extended his commendations for the project.

> ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM G.
>
> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
>
> THE MOTION CARRIED.

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

1. STATE BOARD OF EXAMINERS – STATAUTORY CONTINGENCY ACCOUNT – Request for ~~*$1,500,000*~~ ***$1,515,967*** to restore the balance in the Statutory Contingency Account. ***1st REVISION MAY 30, 2006, 2nd REVISION JUNE 2, 2006.***

Chairman Raggio announced that Item H.1 was revised on June 2, 2006 to reflect a request for $1,515,967 from the Interim Finance Committee (IFC) Contingency Fund to restore the balance in the State Board of Examiners' Statutory Contingency Fund.

Andrew Clinger, Director, Department of Administration, Budget Division, identified himself for the record.

In response to questions Chairman Raggio asked regarding previously discussed issues related to the submission of work program requests from state agencies to the Committee's staff, Mr. Clinger reported that the procedure for agency submittal of work program changes through the Budget Office had been established by the Department of Administration prior to his tenure as Budget Director.

Chairman Raggio indicated a need for flexibility and an adjustment to the procedures to meet the deadline established for the submission of work program requests to the Committee's staff.

In response, Mr. Clinger indicated that the Budget Division staff had worked well with the Committee's staff in the past and would work to improve that relationship.

Mr. Clinger was before the Committee to request approval for a $1,515,967 allocation from the IFC Contingency Fund to restore balance in the Board of Examiners' Statutory Contingency Fund. Mr. Clinger referred to a chart entitled, *Statutory Contingency Budget Account 4892* (Exhibit L) that reflected a projection of funds and a $1,515,967.03 shortfall in the Statutory Contingency Fund through the end of September 2006. Mr. Clinger reported that each line item category on the chart had been projected based on averages with the exception of the Special Counsel line item. A second chart entitled, *Statutory Contingency Fund Contracts* (Exhibit L) reflected Special Counsel expenditures based on projections provided by the Attorney General's Office. Mr. Clinger advised that the $1,515,967 allocation, if approved, would restore the shortfall based on current projections through September 2006, and at that time a subsequent request would made to the Committee for an allocation through April 2007 and into the 2007 Legislative Session.

Chairman Raggio noted that expenditures for special counsel litigation were large and asked whether the contracts were monitored to prevent "run-away" costs.

Randal Munn, Assistant Attorney General, Office of the Attorney General, advised that the Deputy Attorney General assigned to agencies that had a special counsel provided oversight and tracked special counsel actions.

Chairman Raggio indicated that limited availability of funding required the need for a monitor, who could provide oversight and accountability of billings for litigation involving projects, such as the Veterans Home, the Grant Sawyer Office Building, and the Lied Library.

Mr. Munn indicated he understood the need to improve oversight on expenditures for special counsel.

In response to Assemblyman Perkins, who asked how the need for special counsel, rather than in-house counsel, was determined, Mr. Munn advised that a decision to hire special counsel was usually driven by the availability of resources and expertise on a case-by-case basis. Mr. Munn also explained that the Office of the Attorney General's Litigation Division had experienced a considerable turnover in the last year and a half, which was problematic for the availability of skilled litigators. Mr. Munn said that in some circumstances, the agency might express a strong opinion as to who they would be best represented by, and with support from the Governor's office might prevail on the Attorney General to proceed to special counsel.

Assemblyman Perkins recalled the investigation of the Royal Links Golf Course and asked why special counsel was hired rather than Investigators with the Department of Public Safety's Investigation Division.

Mr. Munn recalled that initially an internal investigation was initiated within the Office of the Attorney General, but a conflict of interest determined the need for special counsel.

Senator Beers noted that it appeared the need for outside counsel was driven, in part, by vacancy savings in the turnover of senior attorneys who were replaced by younger attorneys and asked if vacancy savings could be used in lieu of the Contingency Fund to finance the projected shortfall.

Mr. Munn indicated that use of vacancy savings would be addressed in the next agenda item.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM H.1, AS REVISED FOR $1,515,967 FROM THE CONTINGENCY FUND TO RESTORE THE BALANCE IN THE STATE BOARD OF EXAMINERS STATUTORY CONTINGENCY ACCOUNT.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED.

2. OFFICE OF THE ATTORNEY GENERAL – DEPARTMENT OF JUSTICE – ADMINISTRATIVE ACCOUNT – Request for $360,000 to offset a revenue shortfall resulting from cost allocation errors.

Chairman Raggio announced that H.2 was a request for a $360,000 allocation from the Interim Finance Committee (IFC) Contingency Fund to offset a projected shortfall in budgeted revenues that had resulted from a cost allocation error.

Randal Munn, Assistant Attorney General, Office of the Attorney General, introduced Teri Sulli, Chief Financial Officer, Office of the Attorney General.

Ms. Sulli was before the Committee to request approval for a $360,000 allocation from the IFC Contingency Fund to offset a projected revenue shortfall within cost allocation recovery and budgeted Boards and Commissions revenue.

Ms. Sulli advised that the projected revenue shortfall in cost allocation reimbursements occurred as the result of an error in the amount of revenue that was to be paid by the Division of Health Care Financing and Policy. Rather than budgeting the federal share of receipts in the account, both the federal and state share were included, which resulted in an overstatement of budgeted revenue. Additionally, Ms. Sulli advised that Boards and Commissions revenue was projected to be approximately $225,000 short of the amount legislatively approved.

Ms. Sulli said that the Office of the Attorney General had worked to reduce expenditures and along with meeting budgeted vacancy savings of $338,954 had been able to absorb the impact of the $225,000 shortfall in Boards and Commissions revenue.

The $497,255 total cost allocation revenue shortfall had been reduced through vacancy and other cost savings measures by $137,255. Ms. Sulli requested approval of the remaining $360,000 from the IFC Contingency Fund and advised that the revenue shortfalls in fiscal year 2007 would be addressed through a supplemental appropriation during the 2007 Legislature.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE A $360,000 ALLOCATION FROM THE CONTINGENCY FUND TO OFFSET A REVENUE SHORTFALL THAT RESULTED FROM COST ALLOCATION ERRORS.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED.

3. DEPARTMENT OF CULTURAL AFFAIRS

a. NEVADA STATE MUSEUM – Request for $20,023 to fund increased utility costs resulting from increased rates and consumption.

I Item 3.a was withdrawn on May 31, 2006.

b. NEVADA HISTORICAL SOCIETY – Request for $3,981 to fund increased utility costs resulting from increased rates and consumption.

Item 3.b was withdrawn on May 31, 2006.

4. DEPARTMENT OF CORRECTIONS – PRISON MEDICAL DIVISION – Request for ~~$1,387,749~~ ***$1,391,749*** to fund a projected shortfall in inmate-driven medical costs for FY 2006. ***REVISED MAY 26, 2006.***

Refer to narrative and motion for approval as revised under Item E. 101.

*I. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND TO THE DEPARTMENT OF ADMINISTRATION, INFORMATION TECHNOLOGY PROJECTS – A.B. 576 (2005, CHAPTER 434), SECTION 39.

1. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Request for $44,439 to fund the implementation of a central videoconferencing system.

Chairman Raggio announced that Items I.1 and I.2 would be considered concurrently.

Dave McTeer, Chief, Information Technology Division, Department of Administration, appeared before the Committee to request approval for allocations from the Contingency Fund to the Department of Administration, Information Technology Projects, pursuant to the provisions of A.B. 576, 2005 Legislature, Chapter 434, Sec. 39 for Items I.1 and I.2.

Mr. McTeer advised that Item I.1 requested $44,439 to fund the implementation of a central videoconferencing system for the Department of Conservation and Natural Resources, and Item I.2 requested $340,995 to fund the implementation of an integrated Consumer Affairs Tracking System.

Mr. McTeer reported that in accordance with the “expressed wishes” of the 2005 Legislature, an enterprise video conferencing contract had been awarded by the state of Nevada to Wire One Communications representing Polycom. The “good-of-the-state” contract would ensure that all state agencies acquired video conferencing equipment that was both inter-operable and had a constant user interface. Mr. McTeer advised that the Department of Conservation and Natural Resources representatives wished to take advantage of the contract and purchase equipment for the Water Resources’ hearing room in the Richard Bryan Building in Carson City.

Chairman Raggio advised that detailed project plans and cost estimates that were required pursuant to A.B. 576, 2005 Legislature had been submitted, and the amounts that were appropriated differed only slightly from the actual amounts requested. Chairman Raggio indicated it was appropriate to approve items I.1 and I.2.

ASSEMBLYMAN ARBERRY MOVED APPROVAL OF ITEMS I.1 AND I.2, WHICH REQUESTED ALLOCATIONS FROM THE IFC CONTINGENCY FUND TO THE DEPARTMENT OF ADMINISTRATION, INFORMATION TECHNOLOGY PROJECTS, FOR $44,439 TO FUND THE IMPLEMENTATION OF A CENTRAL VIDEOCONFERENCING SYSTEM AND $340,995 TO FUND THE IMPLEMENTATION OF AN INTEGRATED CONSUMER AFFAIRS TRACKING SYSTEM.

SENATOR BEERS SECONDED THE MOTION.

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

2. DEPARTMENT OF BUSINESS AND INDUSTRY – CONSUMER AFFAIRS DIVISION – Request for $340,995 to fund the implementation of an integrated Consumer Affairs Tracking System.

   Refer to narrative and motion for approval under Item I.1.

*J. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND – S.B. 525 (2005, chapter 450), SECTION 22. DEPARTMENT OF EDUCATION – OTHER STATE EDUCATION PROGRAMS – Request for $4,000,000 for allocation to school districts that incurred unexpected expenses related to providing health insurance for their employees during the 2005-07 biennium.

Doug Thunder, Deputy Superintendent, Administrative and Fiscal Services, Department of Education, appeared before the Committee to request a $4 million allocation from the Interim Finance Committee (IFC) Contingency Fund for distribution to school districts requesting assistance for group health insurance costs that had exceeded projections.

Mr. Thunder provided the following report:

- A Committee comprised of representatives from the Legislative Counsel Bureau, the State Budget Division, Office of Administration; and the Department of Education reviewed the applications and determined the distribution of funding.

- A total of $38,730,897 in requests was received.

- "A multiplier of 10.782924 percent of each school district and charter school's actual need was used to make allocation recommendations."

- Each application was analyzed and some were reduced as a result of the inclusion of federal teachers or others who were not a part of the group for which the state provided funding.

- $17,818,453 was the total amount recognized by the Committee.

- The Washoe County School District submitted a late application. The Committee had initially decided not to accept late applications. An appeal for reconsideration by the Washoe County School District was made to the State Board of Examiners, who decided to include the recommendation.

In response to questions Chairman Raggio asked regarding the percentage of funds that had been allocated, Mr. Thunder referred to the chart (Exhibit G) that had been provided to the Committee and advised that approximately 10.3 percent of the amount requested was allocated.

Chairman Raggio asked whether representatives of the Washoe County School District had been notified that approval of their request would be a one-time circumstance and that applicable to all districts and charter schools, late applications would not be considered in the future.

Mr. Thunder advised that representatives of the Washoe County School District had been duly notified. Additionally, Mr. Thunder noted that Department representatives had also contacted representatives of the school districts and charter schools that had not submitted applications to ask if they would have considered doing so if they had known that late applications would be accepted. None indicated that they would have submitted applications.

> ASSEMBLYWOMAN SMITH MOVED APPROVAL OF A $4 MILLION ALLOCATION FROM THE INTERIM FINANCE COMMITTEE'S CONTINGENCY FUND FOR DISTRIBUTION TO SCHOOL DISTRICTS FOR HEALTH INSURANCE EXPENSES INCURRED DURING THE 2005-07 BIENNIUM.
>
> ASSEMBLYMAN PARKS SECONDED THE MOTION.

Chairman Raggio noted and Mr. Thunder confirmed that approval of the request depleted the available funding.

> THE MOTION CARRIED. (Assemblywoman Leslie and Assemblyman Perkins were not present for the vote.)

Chairman Raggio commended Mr. Thunder for his dedicated work in the Department of Education and extended the Committee's best wishes on the occasion of his retirement after 23 years of state service.

Mr. Thunder thanked the Committee and expressed his pleasure in working with the Legislature on education issues over the years.

*K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND – S.B. 1 (22ND SPECIAL SESSION CHAPTER 7), ***Relates to Item E. 60.*** DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF CHILD AND FAMILY SERVICES – YOUTH ALTERANTIVE PLACEMENT – Request for $194,143 for allocation to the China Spring Youth Camp for the state's share of merit pay, holiday pay, utility and food cost increases and the addition of six new employees at China Spring Youth Camp – FY 2007.

Diane Comeaux, Deputy Administrator, Administrative Services, Division of Child and Family Services, appeared before the Committee to request the Committee's approval for a $194,143 allocation from the Interim Finance Committee's Contingency Fund for the state's share of the cost for China Spring Youth Camp. Item K was also related to Item E.60, which was approved under the motion for approval under Item E.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM K.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED.

*L. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (NRS 353.269) FOR RADIO SYSTEM COSTS, INFRASTRUCTURE UPGRADES AND USER EQUIPMENT (S.B. 499 [Chapter 446], 2003 and A.B. 533 [Chapter 247], 2005 – DEPARTMENT OF TRANSPORTATION – Request for $617,350 to complete Timber, Buster, and Fitzpatrick radio sites and $225,000 to complete the power line to the Penn Hill site.

Robert Chisel, Assistant Director, Administration, Nevada Department of Transportation (NDOT), introduced Dave McTeer, Chief, Information Technology Division, Department of Administration; Terry Savage, Director, Department of Information Technology, (DoIT); and Acting Colonel Chris Perry, Nevada Highway Patrol (NHP), Department of Public Safety (DPS).

Mr. Chisel appeared before the Committee to request an allocation of $842,350 from the Contingency Fund to complete the Department of Public Safety's (DPS) radio transition project. Originally $14,656,000 was appropriated from the Highway Fund to the Interim Finance Committee (IFC) Contingency Fund. Of that amount, $13,803,000

was allocated to the Nevada Department of Transportation (NDOT) leaving a remaining balance of $853,000. Mr. Chisel testified that the majority of the radio transition project had been completed and legality achieved in all areas associated with the NHP's transition to an 800 MHz system.

Mr. Chisel explained that, under the provisions of *Nevada Revised Statutes* (NRS), the construction and maintenance of communication sites was the responsibility of the Department of Information Technology (DoIT), and the original business plan outlined the construction of 11 sites to provide 90 to 95 percent coverage of the state routes.

Mr. Chisel provided the following brief recap on the status of the 11 sites:

- DoIT had construction contracts for three of the sites, which were currently under construction with completion anticipated in September 2006.

- Washoe County had leased and completed one site.

- NDOT had leased and completed one site.

- NDOT had leased two additional sites with completion anticipated by September 2006.

- NDOT crews were currently constructing one site in Nevada with completion expected in September 2006.

- Three sites remained for which NDOT would assume construction management.

- The original DoIT estimate for the DPS Radio Transition project was $2.6 million with an additional $1 million for other areas of the project.

- Currently, the total cost to complete the 11 sites was estimated at $4.4 million.

Mr. Chisel reported that the $842,350 request, if approved, would be used exclusively for the completion of the construction of the mountaintop sites as indicated below:

- Timber - $256,950
- Buster - $208,450
- Fitzpatrick - $151,950
- Penn Hill - $225,000 to complete the power line

In response to a question Chairman Raggio asked regarding the remaining funding, Mr. Chisel indicated that if the allocation was approved, a balance of approximately $10,000 would exist.

In response to additional questions Chairman Raggio asked regarding the 11 sites, Mr. Chisel explained that eight of the sites were anticipated to be completed by September 2006, and three sites would be completed by June 30, 2007 with the $842,350 allocation, if approved by the Committee.

In response to Chairman Raggio, who asked if the $842,350 allocation would serve to complete the transition to the 800 MHz radio system, Mr. Chisel said the transition would be completed, but as the state grew and needs warranted, additional enhancements, sites, and channels would be required.

In response to Senator Beers, who questioned the level of technology needed for a new site, Mr. Chisel explained that various technologies were used, depending on the site, and once construction was completed and the radio equipment brought in, the system was usually up and running within a month. Mr. Chisel advised that there were approximately 79 sites statewide.

Colonel Perry indicated the NHP continued to experience some problems and safety issues for Troopers on the road because of the need to operate a VHF (very high frequency) system in the outlying areas of the state and the 800 MHz system in Washoe, Carson City, and Las Vegas. Colonel Perry expressed support for approval of the $842,000 allocation, which he indicated would improve the system.

SENATOR BEERS MOVED TO APPROVE AN $842,350 ALLOCATION FROM THE IFC CONTINGENCY FUND TO THE NEVADA DEPARTMENT OF TRANSPORTATION FOR THE COMPLETION OF MOUNTAINTOP RADIO SITES.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

*M. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY FUND – A.B. 576, (Chapter 434, 2005), Section 37 – DEPARTMENT OF CORRECTIONS – Request for $805,500 to acquire and install a “real time” tracking system for staff and inmates at the Southern Nevada Correctional Center.

Glen Whorton, Director, Nevada Department of Corrections, (NDOC), appeared before the Committee to request an $805,500 allocation from the Contingency Fund for a “real time” electronic monitoring and tracking system for the Southern Nevada Correctional Center (SNCC), to be operated in September 2006 as a facility for youthful offenders. Mr. Whorton introduced Lorraine (Lori) Bagwell, Administrative Services Officer (ASO), NDOC; Andrew Cohen, Product Manager, Elmo-Tech Ltd., the selected vendor; and Scott Sherer, representing Elmo-Tech Ltd.

Chairman Raggio asked NDOC representatives to comment on the need, operation, and benefits of the system and also whether the transmitters could be tampered with by the inmates.

Ms. Bagwell said that during the 2005 Legislative Session, NDOC representatives requested increased security within the SNCC facility, and reviewing various methodologies that would meet the security need was negotiated, one of which was an electronic monitoring and tracking system. Ms. Bagwell testified that 19 Correctional Officer positions were exchanged for an electronic monitoring system. A RFP (request for proposal) was initiated and Elmo-Tech Ltd., "a global provider of leading electronic monitoring and tracking technologies" was selected as the vendor. Elmo-Tech would provide an ankle bracelet that within minutes would alert officials with information on inmate escapes, inappropriate behavior, and a history of incidents, such as inmate-on-inmate, inmate-on-officer that could be useful for investigation or litigation purposes.

In response to questions Chairman Raggio asked regarding which states and in what type of settings electronic monitoring was being used, Mr. Cohen advised that the technology was being used in minimum and medium facilities in California and Ohio and in a section of a maximum security institution in Minnesota.

Mr. Whorton reminded the members of the Committee that the NDOC did not receive its full staffing request during the 2005 Legislative Session. Additionally, Mr. Whorton told the members of the Committee that youthful offenders were emotionally charged, impulsive individuals, who were many times led by their peers and who required rigorous supervision. Mr. Whorton discussed the importance of a technology that not only had the ability to track offender movement throughout the institution but that could also be used as investigative tool and provide supervision without the expenditure of funds for more expensive staff.

In response to Chairman Raggio, who asked whether the electronic transmitters could be tampered with by the inmates, Mr. Cohen explained that tampering with the device would generate an alarm providing officials with the exact position and the name of the subject.

Senator Titus recalled that there were no funds during the 2005 Legislative Session to track "violent repeat sex offenders," who had been released from prison and expressed her objection to approving funds to track youthful offenders, who were incarcerated. Senator Titus indicated she was not inclined to support the request when violent, most likely to repeat offenders, could not be tracked upon release.

Mr. Whorton indicated that the supervision of offenders in the community was an important issue under review by the Legislative Commission's Subcommittee to Study Sentencing and Pardons, and Parole and Probation, but explained that the administration of the Division of Parole and Probation was not the responsibility of the NDOC. Mr. Whorton reiterated that during the 2005 Legislative Session, the NDOC

budget request for additional staff was exchanged for a less expensive electronic monitoring alternative.

Chairman Raggio advised that A.B. 576, 2005 Legislative Session, appropriated $838,200 to the Interim Finance Committee (IFC) for allocation to the Department of Corrections to purchase electronic equipment to augment security at the SNCC upon the submittal of a detailed cost proposal developed by the NDOC and approved by the Board of Examiners. Chairman Raggio pointed out that although he shared some of the concerns that had been expressed, a decision by the 2005 Legislature to provide the funding for the equipment could not be reversed by the Committee.

Assemblyman Arberry reiterated concerns that had been expressed and indicated that the concept of electronic monitoring of incarcerated youthful offenders rather than released repeat offenders could not be justified to constituents.

In response to questions Chairman Raggio asked regarding testimony during hearings on A.B. 576, Ms. Bagwell advised that the NDOC budget contained a request for 144.2 Correctional Officers to provide security at the SNCC, and the 2005 Legislature approved the agency budget with an appropriation of $838,200 to the IFC for allocation to the NDOC for enhanced electronic security and reduced the request for staff to 125. Ms. Bagwell indicated that 19 Correctional Officer positions at a cost of $1.2 million per year were exchanged for electronic monitoring. Ms. Bagwell pointed out that if the monitoring devices were not approved, the NDOC would be required to renew a request for staff.

In response to Assemblyman Arberry, who asked if additional requests to operate similar electronic monitoring systems in other institutions would be forthcoming, Ms. Bagwell advised that the NDOC had requested the system as replacement for staff at SNCC, and staff replacement was not being requested for any other facility.

Mr. Whorton advised that the NDOC biennial budget request for fiscal years 2007-2009 was in the process of being developed and it contained no requests for monitoring systems at other facilities. Mr. Whorton advised, however, that the budget did request staff based on a “relief factor,” posts, and actual activities as opposed to simple supervision and monitoring.

Mr. Whorton asked the Committee to be aware that the composition of prison residents over time was migrating to a more difficult population and pointed out that prior to the 1994 truth in sentencing law, about 50 percent of inmates were incarcerated for violent and sex offences as opposed to a current statistic of 59 percent.

Assemblyman Arberry reiterated his concern regarding future requests for electronic monitoring devices in lieu of positions.

In response to Senator Cegavske, who asked how long the tracking devices had been used by other states, Mr. Cohen advised that the system had been successfully implemented over the period of four years with a “very reliable track record.”

In response to questions Senator Cegavske asked regarding the number of employees currently on staff at the SNCC and the facility’s control center, Ms. Bagwell advised that only maintenance staff were currently employed at the SNCC, but the new facility was scheduled to open with 125 Correctional Officers. Additionally, Ms. Bagwell advised that three computers were located in the control center, one manned at all times and two for the availability of the warden and associate warden to review security at any time they wished to do so. Ms. Bagwell advised that there were 125 officers on staff overall to approximately 600 inmates with three shifts and a maximum of 60 officers on the day shift.

Senator Beers expressed support for the electronic monitoring system that he indicated would provide better supervision and a permanent record of movement within the facility for fewer dollars a year than for permanent staff. Additionally, Senator Beers pointed out that the request had gone through several levels of authorization prior to coming before the Committee. Senator Beers recalled testimony during the 2005 session that indicated the reason for moving youthful offenders to the SNCC with a 20 percent higher than the normal staffing level was that the population was at a greater risk to the guards and to themselves.

In response to Chairman Raggio, who asked if the request for 750 inmate-worn transmitters could be reduced to 650 transmitters, Ms. Bagwell advised that 750 transmitters were requested in the event of failures or issues with inmates entering or exiting the institution. Ms. Bagwell indicated that if the request was approved and the entire $805,500 allocation was not expended, the funds would be reverted.

In response to Chairman Raggio, who asked for comments regarding whether the $805,500 could be adjusted and the need for $30,000 in the contract for funding parts, Ms. Bagwell advised that the entire $805,500 needed to funded, but the possibility existed that the $30,000 could be reverted. Additionally, Ms. Bagwell advised that Elmo-Tech Ltd. was 100 percent responsible for the system, and the department would not incur other expenditures that would come from any other category or line item.

Mr. Sherer concurred that the $805,500 contract covered the installation, training, and 100 percent of the operating cost for the entire first year. Additionally, he advised that a legislative appropriation for an ongoing maintenance contract of $90,000 a year in years two through five would be requested.

Chairman Raggio indicated that if the request was approved, continuous reports should be provided to the Committee on how the system was working.

In response to questions Senator Beers asked about Prison Industries and a policy making inmates who damaged a monitoring unit liable for the damages, Mr. Whorton

advised that plans were underway to place Prison Industries at SNCC, and a policy making inmates responsible for damaging electronic devices already existed in an established disciplinary process.

ASSEMBLYMAN MARVEL MOVED APPROVAL TO ALLOCATE $805,500 TO THE NDOC TO FUND THE COSTS OF A REAL-TIME INMATE TRACKING SECURITY SYSTEM AT THE SNCC AND TO PROVIDE THE COMMITTEE WITH CONTINUOUS REPORTS ON THE ELECTRONIC MONITORING SYSTEM.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

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

*N. REQUEST FOR ALLOCATION FROM THE DISASTER RELIEF ACCOUNT (NRS 353.274) – DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF FORESTRY FOREST FIRE SUPPRESSION AND EMERGENCY RESPONSE – Request for $131,991 to provide the required 25 percent state match for Federal Emergency Management Agency reimbursement through the Department of Public Safety – Division of Emergency Management for the 2005-06 flood.

Item N. was withdrawn.

*O. STATE PUBLIC WORKS BOARD

1. Project 01-C24 – New campus library, UNR – Request to receive and spend $611,000 in additional funds from UNR for bid alternates not awarded in the original construction contract.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board (SPWB), appeared before the Committee to request approval to receive and spend $611,000 in additional funds from the Nevada System of Higher Education (NSHE).

Chairman Raggio noted that a revised cost estimate for the University of Nevada Reno (UNR) Knowledge Center dated June 2, 2006, and received on June 9, 2006 would be made a part of the record as (Exhibit M).

Mr. Dale indicated that the SPWB was asked to provide a revised cost estimate that reflected the additional $611,000, which would be used to pay for alternates that were offered but not awarded in the original construction contract.

In response to questions Chairman Raggio asked regarding the additional funding, Mr. Dale advised that the “additional monies” represented institutional funds and would be used to fund three of the fourteen bid alternates.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM O.1.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED.

2. Project 05-C68L – Science and Math Education Center at UNR – Request to receive and spend $3,100,000 in additional funds from NSHE to cover unanticipated construction costs to relocate the greenhouses at UNR.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board (SPWB), appeared before the Committee to request approval to receive and spend $3.1 million in additional funds from the Nevada System of Higher Education (NSHE) to cover unanticipated construction costs to relocate the greenhouses at the University of Nevada, Reno (UNR). Mr. Dale said that the design for Project 05-C68L was completed through the schematic phase, and a cost estimate indicated that available funding was insufficient for the approved scope of the project.

In response to questions Chairman Raggio asked regarding the unanticipated costs for the project, Gustavo Nunez, Deputy Manager, Professional Services, SPWB, said that information initially received from the University of Nevada, Reno (UNR) Facilities Management staff indicated the greenhouses could be relocated. Subsequently, however, a plan was developed for the construction of new greenhouses when it was learned that research activities being conducted in the greenhouses could not be interrupted.

In response to questions Chairman Raggio asked regarding whether a separate contract would be awarded for the demolition and construction of the greenhouses, Mr. Nunez advised that the funding, if approved, should be considered a part of the entire project. Mr. Nunez explained that timing was an issue, and the SPWB was proceeding with the greenhouse relocation because the current location of the greenhouses would obstruct the space necessary to construct the Science and Math Education Center.

Chairman Raggio noted that policy dictated institutional funding had to be secured and made available to the SPWB prior to proceeding with construction of the Science and Math Education Center and asked for comments on the status of the $18 million funding to be provided by the NSHE.

Mr. Dale confirmed that initially $18 million in institutional funds and over $32 million in state funding was required for the entire project but that the SPWB was requesting

authorization to receive $3.1 million in addition to the $18 million for a total institutional donation of $21.1 million. Additionally, Mr. Dale advised that construction could not begin on the Science and Math Education Center until additional funding could be secured from the 2007 Legislature. Mr. Dale advised, however, that the greenhouses would be removed prior to the 2007 Legislative Session.

In response to additional questions from Chairman Raggio regarding the request, Mr. Dale confirmed that the SPWB was requesting authorization to receive an additional $3.1 million in funding from the NSHE and that construction would not begin until the commitment was secured.

Senator Beers recalled that during the 2005 Legislative Session, it appeared the previous UNR administration did not look favorably upon the College of Agriculture and had plans to reduce its scope. Senator Beers indicated that if the current administration held a similar view, perhaps the $3.1 million could be used to replace funds for furniture, fixtures, and equipment (FF&E) that had been cut from most other university public works projects in the last few years in order to accommodate inflationary cost increases.

Daniel Klaich, Executive Vice Chancellor of Legal Affairs, NSHE, identified himself for the record and indicated that if an anti-agriculture agenda was perceived in the previous administration's agenda, he did not believe a similar sentiment currently existed on campus. Mr. Klaich confirmed that the greenhouses had to be moved from the current site in order for construction to begin on the Science and Math Education Center.

Senator Beers questioned whether the site for the Science and Math Education Center could be moved rather than to demolish the existing greenhouse structures.

Mr. Klaich responded that it would not be practical to move the site of the Science and Math Education Center.

In response to Chairman Raggio, who indicated it appeared the greenhouse relocation should be a separate contract, Mr. Nunez advised that although contained within the same Capital Improvement Project (CIP), two separate construction contracts would be initiated, one to construct the new greenhouses, and one to demolish the existing greenhouses.

In response to additional questions Chairman Raggio asked regarding the original plan for the greenhouses, Mr. Nunez said that it had been initially anticipated the greenhouses would be moved, but that the greenhouses, which measured approximately 16,000 square feet would be replaced by 16,000 square-foot greenhouses. Additionally, Mr. Nunez confirmed that research activities were being conducted in the greenhouses, which he estimated were thirty years old.

Buzz Nelson, Assistant Vice President, Facilities Management, University of Nevada, Reno, clarified that the greenhouses were forty years old and currently housed approximately $10 million worth of research projects. Mr. Nelson advised that the

current greenhouse facilities were inadequate and needed to be replaced whether or not the Science and Math Education Center was constructed. Additionally, Mr. Nelson reported that the location of the Science and Math Education Center and relocation of the greenhouses to the Valley Road Field Lab, a forty-acre agricultural site, had been determined by the University Master Plan.

Chairman Raggio noted that the property between Valley Road and Wells Avenue was a bequest to the University that held the land could only be used for agricultural-related purposes.

In response to Senator Beers, who questioned whether the original plan was to deconstruct and reconstruct the greenhouses using the same materials, Mr. Nunez reiterated that new greenhouses had to be constructed to prevent the disruption of research activities and to provide unobstructed space prior to construction of the new Science and Math Education Center. Additionally, Mr. Nunez advised that although the new greenhouses would measure the same square footage as the current structures, the new greenhouses would be built using state-of-the-art construction, which was reflected in the total cost of the project.

In response to Senator Beers, who asked for the total amount of the revenue derived from tuition increases in the last twelve months above or below $3.1 million, Mr. Klaich, indicated that he did not have the information readily available but would email it to the Senator the following morning.

In response to questions Chairman Raggio asked regarding the additional funding and a separate contract for reconstruction of the greenhouses, Mr. Nunez explained that it was anticipated the design for the Science and Math Education Center would be completed in August 2007, and the greenhouse construction would proceed at that point for which institutional funding would have been committed.

In response to questions Senator Cegavske asked regarding discussion on the project during 2005 subcommittee meetings, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the Science and Math Education Center was a Capital Improvement Project that was added by the Legislature at the end of the 2005 Session, and funding for the relocation of the greenhouses was included in the original project cost estimate. Mr. Ghiggeri indicated that the cost that was estimated during the 2005 Legislative Session was below the current estimate.

In response to Senator Cegavske, who asked for the original estimate, Mr. Nunez advised that the original cost for relocation of the greenhouses was estimated at $800,000, while the current cost for the total greenhouse project was projected at approximately at $6.2 million.

Senator Beers recalled that originally the plan was to relocate and use the current greenhouses and asked if demolishing actually meant to deconstruct and sell the greenhouse structures.

Mr. Nunez confirmed that $800,000 had originally been estimated for the relocation of the greenhouses but since the structures could not be relocated, they did not hold much of a salvage value.

In response to questions Senator Beers asked regarding the scientific activities being conducted within the greenhouses, Mr. Nunez advised that UNR representatives had alerted the SPWB staff that the $10 million worth of research activities could not be set aside while the existing greenhouses were moved. Upon completion of the construction of the new greenhouses, the research projects could be moved to the new facilities. Additionally, Mr. Nunez advised that although there appeared to be little salvage value in forty-year old greenhouses, the current contract plan for demolition would allow the contractor to take salvage value into consideration in the bidding process.

In response to Senator Beers, who asked if the plan would change again in the future, Mr. Nunez said that if the request before the Committee was approved, he did not anticipate the plan would change.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM O.2.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED.

The Chairman asked that the Committee be kept informed on the status of the contract to reconstruct the greenhouses.

3. Project 05-P29L – Advance planning of Academic Medical Center for School of Medicine in Las Vegas – Request to:

   a. Change the project name to “University of Nevada Health Sciences Center” (UNHSC).

   b. Expand the proposed site to include the UNLV Shadow Lane Campus.

   c. Amend the scope to include a UNHSC master plan as well as Phase I Schematic Design Plans for one or more new facilities.

Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board (SPWB), appeared before the Committee to request amendments to Project 05-P29L that included: changing the project name to, “University of Nevada Health Sciences Center (UNHSC), expanding the proposed site to include the University of Nevada Las Vegas Shadow Lane Campus, and the inclusion of a UNHSC Master Plan as well as Phase 1 Schematic Design Plans for one or more new facilities. The request for a

change in scope was submitted in a May 16, 2006 letter (Exhibit N) from Ronald M. Zurek, Vice President, University of Nevada, Reno

In response to Chairman Raggio's request for an opinion on whether the Committee had the authority to approve the requested name change, Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau (LCB) Legal Division, opined that there was not sufficient authority for the Interim Finance Committee (IFC) to change the project name established in the 2005 Capital Improvement Program (CIP) legislation.

Chairman Raggio ruled the Committee could not act against Counsel's advice on the name change portion of the request.

Mr. Nunez discussed the second portion of the request that would, if approved, expand the proposed site to include the University of Nevada Las Vegas (UNLV) Shadow Lane campus.

Chairman Raggio noted that the 2005 Legislature included $1.5 million in the project scope to accommodate additional items that were requested and asked agency representatives to indicate whether additional funds beyond the $1.5 million were anticipated, and, if so, what the source of additional funding would be and why the funding was not included as part of the request to change the project scope.

Dan Klaich, Executive Vice Chancellor of Legal Affairs, Nevada System of Higher Education (NSHE), advised that no additional funds beyond the $1.5 million were being requested.

In response to questions Chairman Raggio asked regarding the Shadow Lane campus, Mr. Klaich explained that the expansion portion of the change in scope proposed to determine programs that fit growth needs, particularly in Clark County, and to incorporate identified programs into a building that would meet projected long-term growth.

In response to Chairman Raggio, who asked University representatives to comment on the ultimate site for the proposed Health Sciences Center, Mr. Klaich advised that the UNLV Shadow Lane campus and the 61-acre Union Pacific Railroad site were both under review. Mr. Klaich explained that in first moving forward with the needs assessment, the most appropriate site had not yet been determined and that University representatives were simply requesting the authority and flexibility to plan for the use of either site. Additionally, Mr. Klaich explained that changing the name of the project from the Academic Medical Center to University of Nevada Health Sciences Center was initiated to avoid confusion in the community that a $400 million hospital was being constructed rather than a Health Sciences Center.

In response to Chairman Raggio's questions regarding amending the scope of the project to include the University's proposal in the master plan, Mr. Klaich confirmed that University representatives were seeking approval for a a change of scope to include the

University's ability to master plan for the programs that would be incorporated into buildings designed under the appropriation.

In response to Chairman Raggio's request for an opinion from Legislative Counsel on whether the Committee could provide the requested authorization, Ms. Erdoes advised that the change in scope could be authorized by the Committee under the CIP legislation.

Chairman Raggio indicated he would entertain a motion for a revised request that would authorize a change of scope to include a University of Nevada Health Sciences Center Master Plan as well as Phase I Schematic Design Plans to accommodate the proposed facility.

Mr. Klaich asked if it was also within the authority of the Committee to approve that the NSHE return to the Committee with the schematic design plans for either of the sites.

Chairman Raggio indicated the Committee was not dictating the site.

> ASSEMBLYMAN SEALE MOVED TO APPROVE A REVISED REQUEST THAT WOULD AUTHORIZE A CHANGE OF SCOPE TO INCLUDE A UNIVERSITY OF NEVADA HEALTH SCIENCES CENTER MASTER PLAN AS WELL AS PHASE I SCHEMATIC DESIGN PLANS TO ACCOMMODATE THE PROPOSED FACILITY.
>
> ASSEMBLYMAN PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Arberry, Assemblyman Perkins, and Assemblyman Denis were not present for the vote.)

4. Project 01-C15 – Planning, Design and Utility Infrastructure for Science and Engineering Complex, UNLV; Project 03-C23, UNLV Science, Engineering and Technology Complex Construction; and, Project 05-C06, Construction of Science, Engineering and Technology Complex at UNLV – Project Status Report (Informational only).

Item 4 was submitted as an informational purposes only project status report for the University of Nevada Las Vegas Science, Engineering and Technology Complex Capital Improvement Project, CIP 01-C15, 03-C23, and 05-C06.

5. Project 05-P08 – Design new Campos Office building in Las Vegas – Request for change in scope to increase the net square footage of the office building from 59,287 to 60,440 and to increase the square footage of the parking garage from 90,440 to 105,000.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board (SPWB), appeared before the Committee to request a change in scope for Project 05-P08 that would increase the Campos Office building's square footage from 59,287 square feet to 60,440 square feet and increase the parking garage from 90,440 square feet to 105,000 square feet. Mr. Dale advised that the request for a change in scope was sought to accommodate additional Department of Parole and Probation personnel based on future growth projections.

In response to Chairman Raggio, who asked how long the needs of the agency would be accommodated by the square footage increase, Mr. Dale advised that the additional square footage would provide the Department of Parole and Probation enough space through the year 2020.

Chairman Raggio noted that the current estimate of future construction costs for the project was $37.5 million, adjusted to 2008 dollars, or a 160 percent increase. The Chairman asked SPWB representatives to comment on any other known issues that represented challenges to the future construction of a new office building on the site.

In response, Mr. Nunez advised that currently the consultant and the consultant's professional estimator projected the $37.5 million cost to the mid-point of construction.

Chairman Raggio also noted that the revised construction cost estimate included approximately $3 million for site improvements that would address soil-bearing problems as a result of high water and contamination from a fuel spill by the Las Vegas Fire Station, which was located adjacent to the site.

In response to an inquiry from Chairman Raggio on whether the Las Vegas Fire Department might provide some assistance in addressing the fuel spill, Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, indicated that meetings were underway with representatives of the Las Vegas Fire Station to address the contamination problem.

ASSEMBLYMAN PARKS MOVED APPROVAL OF THE REQUEST TO CHANGE THE SCOPE OF PROJECT 05-P08.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED.

6. Projects 05-C27 – Design and construction of ADA entrance and connecting structure at Nevada State Museum in Carson City; 05-M43, Security Upgrades at Nevada State Library and Archives; 05-S02, Statewide ADA Program; 05-S03, Statewide Fire and Life Safety Program; and 03-S02, Statewide ADA Program – Request to:

a. Transfer $885,000 from 05-M43 to 05-C27

b. Modify the scopes of 03-S02 and 05-S02 to fund up to $500,000 of 05-C27.

c. Modify the scope of 05-S03 to fund up to $400,000 of 05-M43.

Item 6, which covered Projects 05-C27, 05-M43, 05-S02, 05-S03, and 03-S02 was withdrawn.

7. Project 05-C01 – Repair exterior of the Grant Sawyer Office Building – Project Status Report (informational only).

The Project Status Report for Project 05-C01 was submitted as informational only.

8. Project Status Report (informational only).

The Project Status Report was submitted as informational only.

9. Project 05-P28 – Design Indian Springs Work Center – ***THIS ITEM WAS RECEIVED ON MAY 26, 2006 AFTER THE MAY 18, 2006 DEADLINE FOR SUBMITTAL OF ITEMS FOR CONSIDERATION AT THE JUNE 13, 2006 IFC MEETING –*** Request to:

   a. Use Construction Manager at Risk (NRS 341.161).

   b. Request to change the scope to:
      i. Increase the square footage from 88,400 to 112,955
      ii. Revise the number of beds from 626 to 552
      iii. Increase the square footage of the remodel of the existing space from 14,400 to 18,723

Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, (SPWB), appeared before the Committee to request approval to change the scope of Project 05-P28, Design of the Indian Springs Work Center. If approved, the change in scope would increase the square footage of the new construction portion of the project from 88,400 to 112,955 square feet and the remodeling portion from 14,400 to 18,723 square feet. Mr. Nunez advised that the revised scope included 552 beds of which 384 were new minimum security beds, and 168 were remodeled existing minimum beds. Additionally, Mr. Nunez indicated that 80 of the existing minimum beds would be converted to programming space for a net increase of 304 minimum custody beds.

Mr. Nunez also requested approval to use the CMAR (Construction Management at Risk) delivery method in order to “fast-track” the project and build to a schedule that would accommodate Department of Corrections’ needs. Mr. Nunez apologized for any

inconvenience to staff in submitting the request after the established deadline for consideration by the Committee. Mr. Nunez attributed the delay to awaiting the release of Department of Corrections' needs and projections.

In response to a request from Chairman Raggio to explain the CMAR method, Mr. Nunez advised that the CMAR provided for hiring a contractor for services that assisted the State Public Works Board in the design and construction of a project. Mr. Nunez advised that since the contractor would already have been hired, several months time would be saved since the bidding and award period would be eliminated.

Chairman Raggio questioned why the CMAR method was being requested since the funding for the construction of the project had not yet been approved by the Legislature.

Mr. Nunez indicated that the SPWB would like to be able to use the CMAR through the design process with respect to constructability reviews and cost estimating and to ensure that an appropriate funding request was presented to the 2007 Legislature. Additionally, Mr. Nunez advised that the request before the Committee also included a request to increase the square footage of the project and to revise the number of beds.

Chairman Raggio pointed out that the 2005 Legislature approved $21.8 million for the estimated construction cost for the facility, and the revised estimate was currently at $35 million, a 61 percent increase. The Chairman asked why construction costs had increased by 61 percent when the revised square footage had only increased by 28 percent and the number of beds was being reduced.

In response to Chairman Raggio, who asked if the 61 percent increase in construction costs could be attributed to inflationary increases, Mr. Nunez indicated that a 1 percent per month increase in construction costs had been experienced over the past three years.

Chairman Raggio asked the SPWB representatives to continue to work on the request with the Committee's staff and to return in September.

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Chairman Raggio called Bob Guernsey, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, to the witness table and congratulated him on his retirement effective July 21, 2006.

After more than 35 years of state service, 23 of which were served at the Legislative Counsel Bureau, Mr. Guernsey indicated he was retiring to pursue a new lifestyle of fishing and hiking.

On behalf of the Committee, Chairman Raggio expressed his appreciation for Mr. Guernsey's dedication, expertise and outstanding work on the Senate Committee on Finance and indicated that his involvement would be missed.

Assemblyman Arberry, Senator Cegavske, Assemblywoman Leslie, Assemblyman Marvel, Senator Coffin, Senator Titus, and Senator Mathews expressed fond memories, congratulatory sentiments, and offered their good wishes to Mr. Guernsey on his retirement.

Chairman Raggio closed his remarks by telling Mr. Guernsey he was "universally appreciated" by all who served in the Legislature and worked with him during his many years of state service.

*P. TAHOE REGIONAL PLANNING AGENCY (TRPA) – AUTOMATED PERMITTING AND LAND RECORD MANAGEMENT SYSTEM – Pursuant to letter of intent from the 2005 Legislature, request to utilize up to $286,000 (Nevada's share) to proceed with the purchase of a commercial off-the-shelf Geographic Information System Parcel-Base Permitting System.

John Singlaub, Executive Director, Tahoe Regional Planning Agency (TRPA), appeared before the Committee to request approval to utilize a $300,000 General Fund appropriation, approved by the 2005 Legislature, to purchase an automated permitting system. In approving the appropriation, the 2005 Legislature stipulated that the TRPA representatives should approach the Committee for the funding when an accurate estimate of the cost and assurance that California would fund their two-thirds share could be provided.

Mr. Singlaub reported that the figures had been revised, based on refinements and responses from vendors, and Nevada's one-third share of the cost was reduced from $300,000 to $286,000. Mr. Singlaub advised that California had included their required two-thirds matching funds of $572,000 in the Governor's budget, which was expected to be signed within the week.

In response to Chairman Raggio, who asked if the $14,000 in excess funding would be reverted, Mr. Singlaub confirmed that the funds would be reverted.

ASSEMBLYWOMAN LESLIE MOVED TO APPROVE THE UTILIZIATON OF $286,000 BY THE TRPA TO PURCHSE AN ANAUTOMATED PERMITTING SYSTEM CONTINGENT UPON TWO-THIRDS FUNDING PROVIDED BY THE STATE OF CALIFORNIA.

SENATOR AMODEI SECONDED THE MOTION.

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

*Q. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

1. DIVISION OF STATE PARKS – Pursuant to NRS 407.0762 (Section 4[b]), request to utilize overage fees of $55,229 to repair and maintain state parks, monuments and recreational areas.

   a. $27,839 for generator/solar panel upgrade at the Beaver Dam State Park residence.

   b. $27,390 for entrance road and yard blacktop refurbishment at the Panaca Region Headquarters.

   c. $13,000 for additional costs related to the replacement of restroom facilities at the Rye Patch ($2,000), South Fork ($7,000) and the Fort Churchill ($4,000) State Parks. This increases the amount as approved by the April 4, 2006 IFC (Items K. 1-3) from $88,000 to $101,000. ***THIS ITEM REVISED FROM AN INFORMATIONAL ITEM TO AN ACTION ITEM ON MAY 24, 2006.***

Dave Morrow, Administrator, Nevada Division of State Parks, appeared before the Committee to request the authority to utilize fee overage monies in the amount of $55,229 for three State Parks Maintenance projects.

The projects included:

- $27,839 for a generator/solar panel upgrade at the Beaver Dam State Park residence

- $27,390 to replace the entrance road into the regional office, a parking apron, and yard blacktop refurbishment at the Panaca Region Headquarters

- $13,000 for the replacement of outdated restroom facilities at the Rye Patch, South Fork, and the Fort Churchill State Parks in addition to funds approved by the Interim Finance Committee at the April 4, 2006 meeting

ASSEMBLMAN HETTRICK MOVED APPROVAL OF ITEMS Q.1.A.B.C.

SENATOR AMODEI SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins, Assemblyman Denis, Assemblywoman Koivisto, and Assemblywoman McClain were not present for the vote.)

2. DIVISION OF STATE LANDS – Pursuant to NRS 322.007 request for approval of leases in whose term is renewable beyond one year.

   a. Department of Administration – Division of Building and Grounds – Renewal of lease with Washoe County at the Reno Purchasing Warehouse.

Division of State Lands Item 2.a was withdrawn.

   b. Department of Health and Human Services – Division of Child and Family Services – Renewal of lease with Volunteers of America of Nevada, Inc. at Northern Nevada Children's Home

Pam Wilcox, Administrator, Division of State Lands, appeared before the Committee, on behalf of the Division of Child and Family Services, to request approval to renew the Volunteers of America (VOA) lease for the continuation of the use of Cottage 3 at the Children's Home. Ms. Wilcox provided the following additional information:

- The 2,058 square-foot cottage included an area surrounded by chain-link fencing.

- The rental agreement was for $.45 per square foot, which equaled $926 a month, or $11,113.20 a year.

- If approved, the lease would be effective through June 30, 2007.

Ms. Wilcox apologized that the lease had lapsed but indicated the lessee was paying rent and would continue to do so upon approval by the Committee.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM Q.2.b TO RENEW THE VOA LEASE.

SENATOR AMODEI SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins, Assemblyman Denis, Assemblywoman Koivisto, and Assemblywoman McClain were not present for the vote.)

*R. LEGISLATIVE COUNSEL BUREAU – Request for approval of Lease-Purchase Agreement pursuant to NRS 353.550 and Ground Lease pursuant to NRS 322.007 to facilitate the lease-purchase of a warehouse connected to the State Printing Office, resurfacing of the exterior of the State Printing Office and a parking lot authorized by S.B. 101 (Chapter 453, Stats. 2005).

Chairman Raggio identified Item R as a request for approval of a Lease-Purchase Agreement and a Ground Lease (Exhibit D) to facilitate the lease-purchase of a warehouse connected to the State Printing Office.

Brenda Erdoes, Legislative Counsel, identified herself for the record and introduced Scott W. Shaver, Bond Counsel with the firm of Swendseid & Stern. Ms. Erdoes testified that the proposal, before the Committee, was approved under the provisions of S.B. 101, 2005 Legislature, as a design-build project encompassing the construction of a 30,000 square-foot warehouse, the resurfacing of the exterior of the existing State Printing Office Building to match the new warehouse, and a parking lot.

Ms. Erdoes indicated that the new two-story warehouse would be used by the Legislative Counsel Bureau, the Legislature, and the State Printing Office and would be constructed in a manner that could readily be converted to office space. Additionally, Ms. Erdoes said that the lease payments would be made, in large part, from the savings that would be realized from the Legislative Counsel Bureau's current rental of warehouse space.

Assemblyman Seale questioned the length of the Ground Lease and the ultimate ownership of the property.

Mr. Shaver advised that the length of the Ground Lease was for a period of thirty years and explained that the financing would be structured so that if the Legislature made an appropriation for the twenty-year period of the Lease-Purchase Agreement, the Ground Lease would be terminated. If an appropriation was not made at the end of the thirty-year term for the Ground Lease, the property would be reverted to the State. Mr. Shaver more specifically explained that the Legislature was solely leasing a lease-hold interest in the property.

Ms. Erdoes explained, however, that at the end of the term, the Legislature would own the building.

In response to Senator Coffin, who expressed concern regarding resurfacing the exterior of the original historic stone building that housed the State Printing Office, Ms. Erdoes clarified that the State Printing Office was currently located in a building that was constructed in the 1960s. Ms. Erdoes advised that the exterior of the building, currently housing the State Printing Office, would be resurfaced to match the new warehouse building.

Chairman Raggio accepted the Bond Counsel's report.

> ASSEMBLYMAN PARKS MOVED APPROVAL OF THE PROPOSED GROUND LEASE AND ADOPTION OF THE RESOLUTION APPROVING A GROUND LEASE AND PROJECT RELATED THERETO.

MR. HOGAN SECONDED THE MOTION

THE MOTION CARRIED.

*S. DEPARTMENT OF CULTURAL AFFAIRS – RECONSIDERATION OF ACTION TAKEN BY COMMITTEE AT JANUARY 26, 2006, MEETING – Request for reconsideration of condition for redirection of $70,000 for use to restore a historic railroad car.

Chairman Raggio announced that the Committee would reconsider action taken at the January 26, 2006, meeting regarding the Department of Cultural Affairs' request for a redirection of funds to continue restoration of the McKeen Motor Car.

Scott Sisco, Interim Director, Department of Cultural Affairs, testified that on January 26, 2006, the Committee was requested to divert $70,000 of the funds provided through S.B. 1, of the 22nd Special Session, for the restoration of the McKeen Motor Car. The car had been gifted to the Nevada State Museum in 1996 with the condition that restoration be completed within five years of its acceptance.

Mr. Sisco said that during the January 26, 2006 presentation, it was pointed out that the donor was more upset about the lack of progress on the restoration than representatives of the Nevada State Museum realized. As a result, the Committee placed a condition on expenditure of funds that when relayed to the donor brought negotiations and restoration work to a standstill. Mr. Sisco indicated that since that time the donor and the Department had been unable to arrive at a resolution.

Mr. Sisco explained that during the negotiations, it became clear there was some confusion regarding the condition the Committee had placed on the expenditure of the funds versus the discussion that preceded the motion. While Museum staff thought the condition was to immediately rescind the reversion clause, the motion actually stated that the ownership of the McKeen Car was to be transferred upon completion of the restoration, which became a critical issue for the negotiations.

Mr. Sisco advised that Senator Amodei, a strong supporter of the state's cultural facilities, had worked with the parties involved to develop an Agreement (Exhibit F) between the Bernhard Family Trust and the Nevada State Railroad Museum. On behalf of the Department, Mr. Sisco expressed thanks to Senator Amodei and Brenda Erdoes, Legislative Counsel, who worked to "bring the project to fruition."

Senator Amodei, who represented the Capital Senate District, identified himself for the record and expressed his thanks to Ms. Erdoes, who had worked with the counsel for the Bernhard Family Trust, the Department of Cultural Affairs' representatives, and the Governor's Chief of Staff, Keith Munro, all of whom had devoted a significant amount of time to developing the Agreement.

Senator Amodei explained that the Agreement that had been ratified by the parties involved, pending the Committee's action, was a four-page document that reflected that restoration on the McKeen Motor Car was to be completed on or before June 30, 2009. Additionally, he said that funding the remainder of the restoration work would require the reallocation or transfer of the $70,000 toward the purchase of a diesel engine to replace the original gasoline engine. Senator Amodei also said the Agreement included language that indicated the necessity of funds from private sources if the 2007 Session of the Nevada Legislature did not appropriate approximately $120,000 to complete the restoration of the McKeen Motor Car. Senator Amodei advised that Railroad Museum representatives had indicated that a $100,000 appropriation would be needed in addition to the $70,000 in redirected funds in order to complete the project when, according to the terms of the Agreement, title to the car would transfer to the state irrevocably. If funds were not raised either through the Legislative process in 2007 or privately at the conclusion of the Legislative process, the car would revert to the donor. Senator Amodei indicated that if he was re-elected to the State Senate in the 2006 election, he would work with colleagues toward bringing about the funding needed for the completion of the project.

Senator Amodei indicated the remaining $20,000 was needed to pay for a Restoration Feasibility Study for the Hall-Scott Motor Car, which was also gifted to the Nevada State Railroad Museum in 1996. The feasibility study was to be completed by the Director of the California State Railroad Museum, who Senator Amodei indicated was "imminently qualified" to conduct the study. At that point in time, Senator Amodei said that, knowing the costs, a determination would be made regarding whether to proceed. If a decision was made not to proceed with the feasibility study, the Hall-Scott Motor Car would revert to the donor.

Additionally, Senator Amodei addressed a "housekeeping item" related to the McKeen Motor Car and the provisions of *Nevada Revised Statutes* (NRS) 353.335 – Procedure for acceptance of gift or grant of property or services. Senator Amodei indicated the members of the Committee had been provided information on the acceptance of donations, and the McKeen Motor Car could be accepted as a gift at the current point in time, or at the completion of the restoration.

Chairman Raggio noted that, from a historical perspective, approximately $400,000 had been expended thus far on the restoration of the McKeen Motor Car and questioned how much additional funding would be required.

Mr. Sisco indicated that somewhere between $150,000 and $170,000 in additional funding would be needed to complete restoration.

Additionally, Mr. Sisco clarified that the $70,000 authorized under the provisions of S.B. 1 of the 22nd Special Session was requested, through the action of the Committee, to be redirected from another project to purchase the diesel engine for the McKeen Motor Car.

Senator Amodei confirmed that the Agreement stipulated that unless $120,000 was raised either by Legislative appropriation or privately prior to October 1, 2007, both the McKeen Motor Car and the Hall-Scott Motor Car would be released to the donor.

Chairman Raggio pointed out there was no assurance the $120,000 would be appropriated or privately raised, and the cars would revert to the donor even though two-thirds of the restoration had been completed on the McKeen Car.

Senator Amodei indicated that the donor's position was to forgive the state's non-compliance for restoration within five years and provide a new date of June 30, 2009 to complete the restoration. The Agreement provided that in exchange for the Committee's action to redirect the $70,000, the state had the opportunity to authorize the final appropriation to complete the project or raise private funds by the fall of 2007. In summary, Senator Amodei indicated that the agreement anticipated another Legislative Session for funding to be sought knowing there was no guarantee that the 2007 Session would appropriate the funds.

Chairman Raggio asked that the record clearly reflect and that Senator Amodei confirm that if for any reason the $120,000 was not raised before October 1, 2007, the ownership of both cars would revert to the donor.

In response to questions Assemblyman Hettrick asked about the $70,000 the Committee was being asked to redirect, Senator Amodei reiterated that the $70,000 would be used to purchase a diesel engine for the McKeen Car. In order to comply with the new 2009 restoration date, Senator Amodei anticipated that the Railroad Museum would proceed with placing the engine acquisition in motion as soon as the funding was released.

Additionally, Senator Amodei confirmed that the $70,000 for the engine was for a restoration already two-thirds completed, and if the final $100,000 was not raised to complete the car, state ownership was potentially at risk.

In response to questions Chairman Raggio asked regarding the deadline for completion of the $20,000 feasibility study for the Hall-Scott Motor Car, Senator Amodei advised that the Hall-Scott Motor Car Restoration Feasibility Study was to be completed on or before June 30, 2009, the same deadline date as established for the completion of the McKeen Car restoration.

Senator Amodei explained that the $20,000 for the Hall-Scott Feasibility Restoration Study had to be either raised or appropriated by October 1, 2007, but if the feasibility study was not conducted, or if it was completed and the Director of the Nevada State Railroad Museum, with the approval of the Director of the Department of Cultural Affairs, determined that the restoration of the Hall-Scott Motor Car was not reasonably feasible or was not in the best interests of the State of Nevada, the Hall-Scott Motor Car would be released to the donor.

Additionally, Senator Amodei pointed out that if the ownership of one or both of the motor cars reverted to the donor pursuant to the language stipulated in the Agreement, the donor would remove the motor car or cars within six months of the donor's request.

Senator Coffin expressed concern regarding the donor's action and an ultimate determination by the donor regarding completion of restoration.

Using the "glass half full or half-empty analogy," Senator Amodei indicated that the donor had provided a gift that was to be restored by the state within five years and was not. Senator Amodei pointed out that the Railroad Museum staff, as a result of flat budgeting, had been proceeding with the restoration without specific appropriation, and the donor wanted to see the McKeen Car restored. Senator Amodei indicated that the staff at the Nevada State Railroad Museum provided Smithsonian quality work and when they indicated the car was fully restored, the donor would be satisfied. Senator Amodei pointed out that the donor's first priority was to have the McKeen Car restored as a part of the Nevada State Railroad Museum's Nevada collection and had provided the state another opportunity to complete the restoration.

Senator Amodei indicated he was grateful for the opportunity that had been provided to reconstitute the Agreement and to review the project specifically at the Legislative level, in the context of the Committee and the 2007 Legislature, to determine whether it was appropriate to spend $100,000 to complete the restoration.

Senator Coffin asked if completion of the restoration was based on the dollars expended or if the Agreement specifically stated who would judge the restoration was completed.

Senator Amodei indicated that although "dollars spent" was not a benchmark and language in the Agreement referred to "completion of the restoration of the McKeen Motor Car," he anticipated language regarding completion of the restoration would become very precise during the 2007 Legislative Session. Senator Amodei indicated some mistrust existed regarding the passage of time past the original completion date but indicated, he believed, the donor would be satisfied if restoration was completed by June 30, 2009.

Senator Coffin pointed out that language in the Agreement did not specifically define "completion of the restoration," and it appeared that perhaps an independent arbiter, acceptable to both parties, would be needed to determine that restoration was completed. Senator Coffin suggested that perhaps an antiquarian appraiser or an intermediary from the California State Railroad Museum could act as an independent arbitrator.

Senator Amodei indicated that if the Committee determined the need for an independent arbitrator, he would defer to Legislative Counsel to draft language to include that any disputes were submitted in accordance with the American Arbitration

Association. However, Senator Amodei said that a clear signal had to be sent to the donor rather than waiting for another Interim Finance Committee meeting.

Chairman Raggio said that Senator Coffin's point regarding completion of the restoration was well taken but that he did not believe it should be an obstruction to moving forward unless there was a serious objection to the Agreement by the Committee.

The Chairman indicated he would entertain a motion to reconsider the action that the Committee took at the January 26, 2006, meeting with reference to the redirection of the $70,000. Upon approval of a motion to reconsider the action taken at the January 26, 2006 meeting, the Chairman indicated he would entertain a motion to approve the utilization of the $70,000 to the Department of Cultural Affairs for the restoration effort and a motion to approve the proposed Agreement.

Additionally, Chairman Raggio suggested the need for a mutually agreed upon addendum between the parties to the Agreement that would define what constituted restoration.

SENATOR CEGAVSKE MOVED FOR RECONSIDERATION OF THE COMMITTEE'S ACTION AT THE JANUARY 26, 2006, MEETING FOR REDIRECTION OF $70,000 TO RESTORE THE MCKEEN MOTOR CAR.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins, Assemblyman Denis, Assemblywoman Koivisto, and Assemblywoman McClain were not present for the vote.)

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ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL TO REDIRECT $70,000 PROVIDED UNDER S.B. 1 OF THE 22ND SPECIAL SESSION FOR RESTORATION OF THE MCKEEN MOTOR CAR.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins, Assemblyman Denis, Assemblywoman Koivisto, and Assemblywoman McClain were not present for the vote.)

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SENATOR COFFIN MOVED TO APPROVE THE AGREEMENT BETWEEN THE ALEXANDER K. BERNHARD AND LENORE

JEAN BERNHARD FAMILY TRUST AND THE NEVADA STATE RAILROAD MUSEUM, AS PRESENTED TO THE COMMITTEE, AND THAT THE ADOPTION OF THE AGREEMENT WOULD BE TANTAMOUNT TO FORMAL ACCEPTANCE OF THE GIFT UNDER THE TERMS PROPOSED, CONDITIONED UPON AN AMENDMENT AGREEABLE BETWEEN THE PARTIES THAT WOULD DEFINE AN INDEPENDENT ARBITRATOR TO DEFINE APPROPRIATE RESTORATION.

Mr. Sisco commented on what he said could be interpreted as a precedent setting motion by the Committee and stated that the representatives of the Department of Cultural Affairs had not specifically brought forth a request to accept the gift. Mr. Sisco explained that the Nevada State Museum, in Carson City, currently had in excess of $100 million worth of artifacts that had been collected over the years, none of which had been through the work program process.

Chairman Raggio pointed out that all that was being considered was the McKeen Motor Car, and the Committee was following Legislative Counsel's opinion regarding acceptance of the gift based upon the conditions stated in the motion.

Chairman Raggio indicated that if the motion was approved, Senator Amodei and Ms. Erdoes would be asked to draft an appropriate addendum to the Agreement agreeable between the parties that would provide for an independent arbitrator to define appropriate restoration.

Assemblyman Hettrick addressed the fourth paragraph on page 1 of the Agreement that read "to continue the restoration of the McKeen Motor Car in a manner that will satisfy the remaining terms and conditions of the April 23, 1996 Agreement," and asked if the April 23, 1996 Agreement specifically defined complete restoration.

Senator Amodei advised that the April 23, 1996 Agreement did not specifically define restoration.

Assemblyman Hettrick indicated that he had been made aware that the reason for the initial five-year restoration date was to have the car restored before the donor's father passed away. The restoration was not completed prior to the passing of Mr. Bernhard's father, which was partially the reason for his dissatisfaction with the state. Assemblyman Hettrick asked that caution be exercised regarding the condition placed in the agreement that might prevent continuation of the restoration.

Chairman Raggio advised that the addendum for an independent arbitrator was placed in the motion to prevent argument by either party at the conclusion of restoration regarding whether restoration was completed.

Hearing no objections, Chairman Raggio called for a vote on the motion.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins, Assemblyman Denis, Assemblywoman Koivisto and Assemblywoman McClain were not present for the vote.)

Chairman Raggio extended his appreciation to Senator Amodei, Legislative Counsel Brenda Erdoes, and Scott Sisco for their work on the Agreement that he indicated would hopefully resolve the issues and satisfy the concerns for a very important addition to the Nevada State Railroad Museum.

T. INFORMATIONAL ITEMS – Reports on letters of intent and various reports from agencies. Refer to Exhibit C for a complete list of Item T Informational Items.

Chairman Raggio indicated that agency representatives would be called upon to report on the following information items:

Items T.2.B; T.3; T.4.A; T.7.B; T.7.F; T.7.G; T.11.B; and T.13.A

ASSEMBLYMAN MARVEL MOVED TO ACCEPT ALL OTHER REPORTS ON LETTERS OF INTENT AND AGENCY REPORTS NOT ENUMERATED BY THE CHAIRMAN.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTON CARRIED. (Senator Beers was not present for the vote.)

2. DEPARTMENT OF TAXATION
   B. Report of financial status on White Pine County.

Dino DiCianno, Executive Director, Department of Taxation, appeared before the Committee to provide an update on the financial status of White Pine County as of May 11, 2006.

Mr. DiCianno reported that White Pine County had avoided insolvency for fiscal year 2005-06 and was currently financially well positioned to avoid insolvency for fiscal year 2006-07.

Mr. DiCianno advised that as a result of the work conducted by the Department of Taxation's Division of Assessment Standards' staff, the members of the Committee on Local Government Finance, and the leadership provided by the Nevada Tax Commission, a plan had been developed that worked well for White Pine County at the present and would continue to work well in the future. Mr. DiCianno indicated the

Department's staff was "diligently" working with White Pine County officials, who understood the circumstances in which they found themselves and were willing to continue to work with Department staff.

Chairman Raggio advised the members of the Committee that the Department's full report (Exhibit O) including current White Pine County developments and the status of various proposed revenue enhancements, which he said were on track, was included in the information provided to the members of the Committee.

In response to questions Chairman Raggio asked regarding meetings the County Commissioners had conducted with the Southern Nevada Water Authority, Mr. DiCianno advised that although Department of Taxation staff had participated in the negotiations, the issues relative to agreements on the development of water rights were viewed as issues that White Pine County officials would be required to determine.

In response to questions Chairman Raggio asked regarding the taxation of property and the partial abatement of ad valorem taxes resulting from the impact of A.B. 489, 2005 Legislative Session, Terry Rubald, Chief, Division of Assessment Standards, Department of Taxation, advised that a number of analyses were conducted to determine the effect of the legislation. Ms. Rubald indicated that it appeared that anything higher than the proposed rate of $3.80 resulting in a $0.14 increase would trigger abatements and less revenue would be collected. Ms. Rubald advised that since that first analysis, White Pine County had received more Net Proceeds of Minerals Taxes than expected, which allowed the school district to lower its debt service rate providing the availability of $0.23 to the county. As a result, Ms. Rubald indicated that the proposed $3.80 rate would generate less revenue than the $3.66 rate, and the Department of Taxation's proposal to the Tax Commission would be to not raise the tax rate.

In response to Senator Beers, who asked if the Net Proceeds Tax had allowed White Pine County to lessen the effects of their financial decline, Ms. Rubald advised that White Pine County could set aside a percentage of the Net Proceeds Tax to mitigate the financial adversity they had experienced.

Senator Beers indicated he had recently learned that the 2 percent franchise fee on utilities did not apply to residents of the City of Ely.

Ms. Rubald confirmed that the City of Ely had imposed a 2 percent franchise fee on telecommunications but had chosen not to implement the fee on electric utility providers. White Pine County, however, had imposed the tax on both telecommunications and electric utility providers.

In response to additional questions Senator Beers asked regarding the imposition of the 2 percent franchise fee by both the City of Ely and White Pine County, Ms. Rubald advised that White Pine County was not permitted to impose the franchise fee on the City of Ely.

In response to Senator Titus, who asked if there were other Nevada counties experiencing economic instability, Ms. Rubald advised that although other counties were not experiencing financial difficulty, some school districts were being closely watched.

3. DEPARTMENT OF INFORMATION TECHNOLOGY (DoIT) – Report on increased costs ($31,806) related to moving DoIT staff from the Kinkead Building to 400 W. King Street – Reference 45-day work programs from April 4, 2006, IFC meeting.

Terry Savage, Director, Department of Information Technology (DoIT), appeared before the Committee in response to questions from the April 4, 2006 meeting regarding cost variances in relocating staff from the Kinkead Building. Mr. Savage indicated there had been some confusion regarding the original cost estimates, the revised estimates used for the two work programs approved in April, and actual costs. A line item report (Exhibit E) was submitted to the Committee detailing the original estimates, work program costs, and actual costs.

On behalf of the Committee, Chairman Raggio accepted the DoIT report (Exhibit E).

4. NEVADA SYSTEM OF HIGHER EDUCATION

A. Great Basin College and Community College of Southern Nevada – Report on the agreement between Great Basin College and the Community College for funding of the Nye County service area operation in Fiscal Year 2007 when Great Basin College acquires the service area from the Community College of Southern Nevada.

Carl Diekhans, Vice President, Administrative Services, Great Basin College (GBC) and Patricia Charlton, Vice President of Finance & Budget, Community College of Southern Nevada (CCSN), appeared before the Committee to provide a report on an agreement between the GBC and the CCSN that would allow the GBC to extend its service area to include Nye County and the CCSN to remove Nye County from its service area.

Mr. Diekhans referenced a paper, entitled *Historical Perspective*, (Exhibit P), which provided that in 2005, a group of Nye County citizens, along with University Regent Dorothy Gallagher, approached President Carpenter of CCSN and President Killpatrick of GBC "with a request that GBC extend its service area to include Nye County and that CCSN remove Nye County from its service area." The request was ultimately approved by the Board of Regents.

In response to questions Chairman Raggio asked regarding the funding for fiscal year 2007, Mr. Diekhans advised that the CCSN would be contracting with the GBC to provide credit classes in Nye County effective July 2006.

Ms. Charlton advised that the purpose for the implementation of the agreement during fiscal year 2007 was to ensure that the enrollments for the Nye County area were included in the GBC formula amount, per student, prior to the 2007 Legislative Session.

In response to questions Chairman Raggio asked regarding the agreement, Ms. Charlton advised that the CCSN would contract with GBC to provide credit classes in Nye County and CCSN would offer contracted non-credit, or continuing education classes.

Additionally, Mr. Diekhans advised that CCSN agreed to pay GBC $4,894 per full-time equivalent (FTE) student that the GBC would process through its self-supporting accounts. Mr. Diekhans also indicated that the service agreement would benefit both colleges, and the GBC would be increasing their area of service from five counties in an area of 45,000 square miles to six counties in an area of 62,000 square miles. Mr. Diekhans further indicated the transition would enable the GBC, which was a small college, to attain a higher FTE student level and economies of scale in par with the other community colleges in the state.

Chairman Raggio indicated there were concerns that the transition would result in an increase in the formula amount, per student, calculated for the Nye County area. The Chairman further indicated "that due to the likely cost differential resulting from the change, the service area transition should be treated as an enhancement during the upcoming budget cycle."

Mr. Diekhans agreed that the difference in the fees would be considered an enhancement.

7. DEPARTMENT OF HEALTH AND HUMAN SERVICES

B. Division of Health Care Financing and Policy – Report on the HIFA waiver currently under review by the Centers for Medicare and Medicaid (CMS).

Mike Willden, Director, Department of Health and Human Services, introduced Patrick Cates, Administrative Services Officer, (ASO) Division of Health Care Financing and Policy, Department of Health and Human Services, and Peter Burns of Burns and Associates.

Mr. Willden referenced a document entitled, "Update on Nevada HIFA Waiver" (Exhibit Q), which provided information that A.B. 493, 2005 Legislative Session, required the Department of Health and Human Services to pursue a Health Insurance Flexibility and Accountability (HIFA) waiver from the Centers for Medicare and Medicaid Services (CMS) to expand coverage to:

- Pregnant women from 133 percent to 185 percent of the Federal Poverty Level (FPL).

- o Provide up to a $100 subsidy to small businesses with 49 or less employees to encourage small business to offer health insurance coverage.

- o Leverage federal dollars to fund a county-based program for catastrophic coverage to indigents.

Mr. Willden advised that the original design of the HIFA waiver used a combination of Title XIX and Title XXI funding, and the Deficit Reduction Act (DRA), recently approved by Congress and policy decisions made at the Center for Medicare and Medicaid Services (CMS) had affected that design. After the DRA prohibited the use of SCHIP funds for childless individuals, the Department submitted a revised waiver to reflect that only Title XIX dollars could be leveraged, not Title XXI dollars.

The CMS reviewed the revised waiver application and indicated they would not approve the catastrophic coverage portion of the waiver after viewing its scope as too narrow. Mr. Willden explained that under the provisions of A.B. 493, hospital costs from admission to discharge were to be provided for persons with low incomes, and the CMS indicated they would not approve the waiver without including the payment for outpatient services as well. Additionally, Mr. Willden indicated that information received from the Nevada Association of Counties (NACO) suggested that only a very limited group of individuals would benefit from federalization of the catastrophic coverage.

Mr. Willden advised that it appeared catastrophic coverage for indigents would not be possible unless authority, other than the HIFA waiver, was used. Such an expansion of coverage would be a General Fund cost issue, and Mr. Willden indicated that in view of other funding issues, Department officials were not prepared to request funding for catastrophic coverage. However, Mr. Willden indicated it was important to move forward to implement the two portions of the waiver to expand coverage to pregnant women and implement the small business employer subsidy.

As previously indicated Mr. Willden explained that the three portions of the waiver were originally designed to use supplemental funds from the counties to federalize catastrophic coverage and to use savings to help fund coverage for pregnant women and Employer Sponsored Insurance. Since it appeared that catastrophic coverage could not be provided, Mr. Willden noted that the provisions of A.B. 493 required the use of supplemental dollars and General Fund dollars as the match and indicated the Department intended to proceed with a revised HIFA waiver that used a combination of State General Funds and supplemental funds.

Chairman Raggio expressed the Committee's appreciation for the update on the HIFA Waiver and asked for comments from Legislative Counsel.

Brenda Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau, advised that going forward with the two portions of the waiver to include pregnant women and Employee Sponsored Insurance was in compliance with the provisions

of A.B. 493. Ms. Erdoes noted that Sec. 2. 1. (c) of the legislation required the Director to work with the Federal Government to amend any necessary provisions of the application to satisfy the requirements for approval. Ms. Erodes advised that it was within the provisions of A.B. 493 to proceed in the manner suggested by Mr. Willden.

Assemblywoman Leslie also extended her appreciation to Mr. Willden and to "all of the stakeholders" for working so diligently on the waiver and indicated that catastrophic coverage would be reviewed before the 2007 Legislative Session to determine if anything could be done to alleviate the problem.

Chairman Raggio reiterated his thanks to agency representatives and asked them to continue to keep the Committee apprised.

F. Director's Office – Report regarding the implementation of Medicare Part D and its impact on the Senior Rx and Disability Rx programs. The report is combined with the quarterly report regarding Disability Rx (2005 letter of intent) and the quarterly report on Senior Rx required pursuant to NRS 439.630.

Laurie Olson, Program Manager, Nevada Senior Rx program, Department of Health and Human Services, identified herself for the record and introduced Mary Liveratti, Deputy Director, Department of Health and Human Services. Ms. Olson provided the Committee highlights of the report entitled, *Nevada Senior Rx and Disability Rx Report to the Interim Finance Committee June 2006* (Exhibit R).

Ms. Olson provided the following information:

- Implementation of Medicare Part D

Traditional Senior Rx benefits continued to be provided to all eligible members through the first six months of fiscal year 2006, July 1 through December 31, 2005. Expenditures were less than projected and enrollment averaged about 8,600.

Implementation of Medicare Part D proved to be a greater challenge than anticipated at the federal, state and local levels, and the results were more serious than portrayed in the media. Problems included the transmission of inaccurate data by Medicare to the Part-D plans, to state pharmacy programs, and other entities. Although improvement was seen in the last five months, the data was not yet 100 percent accurate.

- Senior Rx Transitional Coverage and Hardship Fund

The Senior Rx program had the ability to respond to Medicare Part D implementation problems as a result of the Interim Finance Committee's approval to provide one month of transitional assistance to members, who were not enrolled in Medicare Part D by January 1, 2006. Transitional assistance was extended through February 2006 as a result of the "overwhelming" problems associated with Part D plans. The traditional Senior Rx budget was overspent by a little less than $1,000, and some funds were

expected to be recouped from the Centers for Medicare and Medicaid Services (CMS) for prescriptions that the program paid for Part D enrollees, who could not obtain their prescriptions.

- Senior Rx Part D Enrollment

Enrollment figures provided in the report were based on a file transmitted by the CMS to the Senior Rx Program Manager on May 11, 2006. A new file dated May 28, 2006 provided updated enrollment information that indicated there were 6,404 Medicare eligible Senior Rx members enrolled in the Part D Plan. The response file included 7,225 open and active Senior Rx members, and 821 members, who were eligible but not enrolled in Part D plans. Part D eligibility start dates indicated that only 113 of the 821 Senior Rx members were eligible for Part D, but not enrolled in plans. "The best case scenario" indicated hat 98.2 percent of Medicare-eligible Senior Rx members were enrolled in Part D plans on the date the file was processed, and the "worst case scenario" was 88.6 percent.

- Senior Rx Premium Benefit

The Senior Rx program originally intended to administer the premium benefit through a third-party administrator, but when attempts to do so failed, program staff and a temporary assistant worked together to develop contracts and coordinate the premium benefit with the plans. Twenty companies representing 44 stand-alone Medicare Part D prescription drug plans and six managed care plans were signed and approved by the Nevada Board of Examiners.

Updated figures for estimated premium subsidies for January through May 2006 were projected at $280,818.53 for 6,404 members enrolled in Part D plans, and the per member, per month administrative fees were projected at $20,868.20 for a total of estimated payments to plans at $301,686.73. Approximately 70 percent of members were enrolled in either stand-alone prescription drug plans or managed care plans that had premiums below the benchmark for Nevada.

- Senior Rx Part D Coverage Gap

The coverage gap was identified as an annual suspension of benefits at the point at which the member and members' Part D plan had expended a combined total of $2,250 on covered prescription medications. By the close of March 2006, coverage gap claims had been processed for 23 Senior Rx members with one member entering and exiting the gap on the same day upon the expenditure of $2,900 for one prescription. Some coordination issues related to claims coding had been encountered with the administration of the coverage gap, and it was anticipated that more members were expected to encounter the coverage gap in the last six months of the year.

- Co-Payments for Medicare/Medicaid Dual-Eligibles

"Nevada Medicaid's co-payment billing system was operational in early March, and until that time many pharmacies agreed to hold the co-payments until they could be billed to the State. Some required beneficiaries to pay the $1 co-payment for generic drugs and $3 for brand drugs, while others waived the co-payments." An unanticipated problem

occurred when it was learned that about 2,035 participants in the Medicare waiver programs were not eligible for the expected $1 and $3 co-payments. The co-payment for those beneficiaries, whose incomes were at or above 100 percent of the federal poverty level, were $2 for generic drugs and $5 for brand drugs, which had not made a difference until Medicare Part D plans went into effect.

The state's obligation for co-payments for dual-eligibles was less than anticipated since the program was not operational until March. After consideration by representatives from the Division of Health Care Finance and Policy, the Division of Welfare and Supportive Services, and the Director's Office, a decision was made to continue to cover co-payments at an additional cost of approximately $59,000 for fiscal year 2006.

- Transitioning Members off the Senior Rx Program

In the Senior Rx program's Medicare Part D wrap-around plan, there were no benefits or subsidies included for members, who qualified for the maximum amount of low-income subsidy. Federal low-income subsidy recipients would begin to be transitioned from the program since they were receiving more assistance from Medicare than could be provided by the Senior Rx program. As of May 28, there were 912 individuals identified as low-income subsidy participants, who remained on the rolls.

- Disability Rx

The transitional problems associated with the implementation of Medicare Part D did not affect Disability Rx members to the same degree as Senior Rx members. Since Disability Rx "rolled out" on the same date as Medicare Part D, members did not have to struggle with the transition from an existing cost-sharing program to a new insurance benefit. As of June 12, there were 250 individuals on the waiting list for Disability Rx with enrollment capped at 147.

Chairman Raggio expressed his appreciation to Ms. Olson for a comprehensive and interesting report and to the Committee's staff for an excellent analysis.

G. Division of Mental Health and Developmental Services – Report on the status of the Medicaid billings and collections.

Jeff Mohlenkamp, Administrative Services Officer, Division of Mental Health and Developmental Services, Department of Health and Human Services, identified himself for the record and introduced Martin Hefner, Management Analyst, Division of Mental Health and Developmental Services, Department of Health and Human Services. Mr. Mohlenkamp advised the members of the Committee that both he and Mr. Hefner were relatively new to the Division having recently completed six months of employment.

Mr. Mohlenkamp indicated that a written report on the status of the Medicaid billings and collections was not provided as a result of various difficulties encountered with the billing process. Mr. Mohlenkamp said that reports were just beginning to be produced

through the Avatar system, and accurate and verifiable monthly reports were expected to be issued going forward.

Mr. Mohlenkamp provided the following verbal report:

- Most services were billed through February 2006 and some through March 2006.

- A problem was encountered with waiver services billings in May when First Health Services began denying claims for lack of prior authorization. First Health Services admitted they were in error, and billings were currently being processed in a timely manner.

- A Legislative Counsel Bureau audit discovered Medicaid revenue that could be collected by increasing some rates. Additionally, the Audit also revealed, to the Division's credit, that Medicaid was billed for 98 percent of the total amount available.

- Currently, 100 percent of billing and revenue for Developmental Services was being processed electronically, and efforts were currently being concentrated on Mental Health Services.

- Time and effort had been spent on the changes associated with "Behavioral Health Redesign" and its impact on the Medicaid billing activities. All rates and codes had been entered into the Avatar system, and First Health Services was making necessary adjustments to their system in order for billing to begin.

- Many services from January forward had not been billed as a result of needed adjustments to the Avatar system. Representatives of the Division of Health Care Financing and Policy had taken note, and corrective action was to be initiated.

- 70 percent of services were electronically billed, which allowed staff to spend less time posting payments and more time investigating unpaid bills.

- Problems continued to be encountered insofar as outstanding Medicaid advances at both Southern Nevada Adult Mental Health Services (SNAMHS) and Rural Clinics, with approximately $1.7 million in advances at SNAMNS remaining unpaid. An analysis was being conducted with the intention to meet with representatives of the Division of Health Care Financing and Policy in the near future to discuss reconciliation. The $1.7 million in outstanding advances appeared high, and it was believed that some of the payments reflected in the Avatar system might not be reflected in the Medicaid Management Information System (MMIS), or possibly not posted against the advances.

Mr. Hefner advised that the outstanding advances had been reduced from approximately $4.4 million in July 2005 to about $1.7 million in June 2006.

Mr. Mohlenkamp indicated that monthly reports from the Avatar system would be processed beginning by mid-July.

In response to Chairman Raggio's request to remove excessive complexities or red tape in order to expeditiously pay provider claims, Mr. Mohlenkamp advised that he and Mr. Hefner were working with representatives of the Division of Health Care Financing and Policy, who could act as intermediaries in removing red tape issues and complexities.

Chairman Raggio asked representatives of the Division of Mental Health and Development Services to provide a written report on the current status of Medicaid billings and collections for presentation at the September meeting of the Interim Finance Committee and to provide the information on a current basis to the Committee's staff.

11. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

B. Division of Forestry – Report on expenditure activity and billing for reimbursement of the $2.5 million allocation fro the Contingency Fund on September 15, 2005, as amended on January 26, 2006, for fire suppression, emergency response and flood activity. ***REVISED JUNE 3, 2006.***

Pete Anderson, State Forester Firewarden, Nevada Division of Forestry, Department of Conservation and Natural Resources, introduced Jennifer Byers, Administrative Services Officer, Nevada Division of Forestry, Department of Conservation and Natural Resources.

Mr. Anderson provided the Committee with a brief update on the fire season and reported that drying grasses and shrubs had contributed to a dangerous fuels condition that he compared to the environment that triggered large fire years in 1999 and 2000. Mr. Anderson attributed the fire conditions in 1999 and 2000 to "fuel loading" and dry-lightening activity in July and August, and he said the similarity to current conditions had raised "red flag" warnings. Mr. Anderson advised that a fire weather watch was posted in the southern half of the state, and large fires were already occurring on the eastern side of the state.

In response to questions Chairman Raggio asked regarding the fire in Kings River Valley in northern Humboldt County, Mr. Anderson indicated the fire was expected to be under control that afternoon.

Mr. Anderson told the Committee that the fire activity to date and the increasing flammability of dry grasses and shrubs as the summer progressed was representative of the fire season to come.

Ms Byers distributed a document entitled, *"Report on State Fiscal Year 2006 Fire Reports and IFC Contingency Fund Allocation, Revision Number 3,"* (Exhibit S) and provided the following report:

- The Division of Forestry completed the audit of all fiscal year 2006 fire billings and mailed a total of $1,629,435.80 in billings to responsible agencies. The United States Forest Service and the Bureau of Land Management received the majority of the billings and were sent letters that explained the urgency of processing the fire billings in a timely manner. Reimbursements were anticipated to be received by the close of fiscal year 2006.

- Attachment C was a summary of year-to-date revenues and expenditures and projected revenue and expenditures through the end of fiscal year 2006. Estimations based on those projections indicated the Division of Forestry could return $341,146 to the Contingency Fund at the close of the fiscal year assuming reimbursement for all fire billings was collected and there was no fire activity before June 30, 2006.

In response to Chairman Raggio, who asked if billings were being more expeditiously generated than previously reported, Ms. Byers indicated that invoices were being generated through the "old billing system" as well as the "new billing system" until agency staff could be certain that all problems had been corrected with the new system. Ms. Byers provided assurance that the "old billing" system was producing accurate information and that fire billings would be generated in a timely manner.

Chairman Raggio noted in Attachment C a reference to retrofitting a new helicopter and expressed disagreement with the suggestion that reimbursements to the Contingency Fund should be utilized to retrofit the new helicopter. The Chairman suggested that the Governor's Emergency Fund would be a more appropriate source of funding the retrofit since the Interim Finance Committee's Contingency Fund was at a critically low point.

Andrew Clinger, Director, Department of Administration, identified the fund referred to as actually the Board of Examiners' Emergency Fund, which he said currently held a $470,000 balance. Mr. Clinger indicated the Board would be agreeable to paying for the helicopter retrofit from the Board of Examiners' Emergency Fund.

13. DEPARTMENT OF TRANSPORTATION

A. Aviation Trust Fund – Status report on the study and the expenditure of funds appropriated by S.B. 1 (Chapter 7), 22nd Special Session for enlargement/improvement/maintenance of rural airports; follow-up to testimony provided at the April 4, 2006, IFC meeting.

Charles Cerocke, Transportation Planning Analyst, Nevada Department of Transportation (NDOT), introduced Bill Thompson and Jim Mallery, Planning Analysts, NDOT.

In response to a request from the Committee at its April 4, 2006, meeting, Mr. Cerocke provided the following update to the status of the "study to identify sustaining funding sources for the Fund for Aviation," (Exhibit T)

- o A study committee identified as "The Working Group of Stakeholders for the Aviation Trust Fund" was created.

- o A consultant was hired to review options for sustaining the Aviation Trust Fund in the future.

- o Options were identified and presented to the study committee.

- o Consensus had not yet been reached, but another meeting would be scheduled in a month.

In response to questions Chairman Raggio asked regarding grant awards, Mr. Cerocke indicated that 15 projects had been identified and approved through the Federal Aviation Administration (FAA).

- o The air-local agreements were being reviewed by the NDOT Accounting Division and Programming staff and were expected to be signed by the close of the calendar year. The funding, currently held in the Aviation Trust Fund, was expected to be committed by June 2007.

- o The final report with recommendations would be finalized in time for presentation to the 2007 Legislative Session.

In response to Chairman Raggio, who indicated he wanted to see the funding utilized for worthy purposes, Mr. Cerocke indicated the 15 projects, approved through the FAA, would allow for the collection of $10 million in federal aviation funding.

U. PUBLIC COMMENT.

Lorne Malkiewich, Director of the Legislative Counsel Bureau and Secretary to the Committee, advised the members of the Committee they would be receiving a survey concerning the legislative process from Assemblywoman Barbara Buckley. The survey was posted and available on the Legislative Counsel Bureau's website.

Chairman Raggio extended his appreciation to the members of the Committee, who remained until the meeting was concluded and to the members of the staff whose efforts were appreciated.

V. ADJOURNMENT.

Chairman Raggio adjourned the hearing at 4:50 p.m.

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Senator William J. Raggio, Chairman
Interim Finance Committee

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

EXHIBITS INTERIM FINANCE COMMITTEE		
Exhibit	**Witness/Agency**	**Description**
A	Fiscal Analysis Division	Agenda
B	Fiscal Analysis Division	Guest List
C	Fiscal Analysis Division	Informational Items – Reports on Letters of Intent and Various Reports from Agencies.
D	Brenda Erdoes, Legislative Counsel	Installment-Purchase and Lease-Purchase Agreements
E	Terry Savage, Director, Department of Information Technology	Worksheet identifying DoIT Kinkead staff relocation costs.
F	Department of Cultural Affairs	Agreement by and between Bernard Family Trust and the Department of Cultural Affairs
G	Department of Education	Summary of Applications for Unexpected Expenses for Unexpected Expenses for Providing Health Insurance for Employees Program, S.B. 525, 2005 Legislative Session
H	Dennis Neilander, Chairman, Gaming Control Board	Letters from the Nevada Resort Association, American Gaming Association Manufacturers and IGT in support of fee increases to manufacturers.
I	Leo Drozdoff, P.E. Administrator, Division of Environmental Protection	Letters of Support from Utah, EPA Region 9, NMA, Barrick Gold, Newmont, Dianne Nielson
J	Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau	Revised Statement of Contingency Fund Balance
K	Brenda Erdoes	*Opinion on Truckee River Land Acreage*
L	Andrew Clinger, Director, Department of Administration	*Statutory Contingency Budget Account 4892 and Statutory Contingency Fund Contracts*
M	Evan Dale, Deputy Manager, State Public Works Board	*UNR Knowledge Center Project Schedule/ Budget Sheet 6-2-2006*
N	Ronald M. Zurek, Vice President, University of Nevada, Reno	*Letter dated May 16, 2006, re: University of Nevada Health Science Center Scope Change for Project 05-P29L*
O	Dino DiCianno, Executive Director, Department of Taxation	*White Pine County Financial Condition Status Report as of May 11, 2006.*

EXHIBITS INTERIM FINANCE COMMITTEE		
P	Nevada System of Higher Education	*Historical Perspective*
Q	Mike Willden, Director, Department of Health and Human Services	*Update on Nevada HIFA Waiver*
R	Laurie Olson, Program Manager Nevada Senior Rx program, , Department of Health and Human Services	*Nevada Senior Rx and Disability Rx Report to the Interim Finance Committee June 2006*
S	Jennifer Byers, Administrative Services Officer, Nevada Division of Forestry	*Report on State Fiscal Year 2006 Fire Reports and IFC Contingency Fund Allocation Revision Number 3*
T	Charlie Cerocke, Nevada Department of Transportation	*Progress Report on status of the Study to identify sustaining funding sources for the Fund for Aviation.*