MINUTES OF THE NOVEMBER 9, 2005
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 Wednesday, November 9, 2005, at 8:43 a.m. in Room 4100 of the Legislative Building. Exhibit A is the agenda. Exhibit B is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Ellen Koivisto
Assemblyman Richard Perkins

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, 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 Secretary
Donna Thomas, 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 SEPTEMBER 15, 2005.

SENATOR BEERS MOVED APPROVAL OF THE SEPTEMBER 15, 2005 MEETING MINUTES.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry, Assemblyman Denis, Assemblywoman Giunchigliani, Senator Cegavske, Senator Mathews, and Senator Titus were not present for the vote.)

*C. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES in accordance with Chapter 353, *Nevada Revised Statutes*.

Chairman Raggio announced that Item 8 had been revised and Item 11 required a revision, but those items would not be called for testimony. Refer to Items 8 and 11 for narrative on the revision.

The Chairman announced that Items 12, 14, 15 would be called for testimony, and Item 23, which related to Item 73 required a revision. Refer to Item 23 for narrative on the revision. Chairman Raggio indicated that Items 23 and 73 would not be called for testimony.

Chairman Raggio announced that Item 25 would be called for testimony; 27 required a revision and would be called for testimony; 43 required a public hearing; 48 would be called for testimony; 51 required a public hearing; 66 required a revision, but would not be called for testimony. Refer to Item 66 for narrative on the revision. Item 80 would be called for testimony.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ALL GIFTS, GRANTS, WORK PROGRAM REVISIONS,

ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES THAT HAD NOT BEEN ENUMERATED BY THE CHAIRMAN.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED.

1. **Nuclear Projects – High Level Nuclear Waste – FY 06 –** Addition of $50,000.00 in revenue received from Clark County to accept reimbursement for the costs of conducting research and development activities related to Yucca Mountain that are carried out on behalf of Clark County under an existing contract. Requires Interim Finance approval since the amount added to the Clark County category is $50,000.00.

   Refer to motion for approval under Item C.

2. **Office of the Attorney General – Department of Justice – Administrative Account – FY 06** Transfer of $8,156.00 from the Equipment category to the Operating category to fund projected expenditures relating to 18 existing copy machines utilized by the department throughout the state. Requires Interim Finance approval since the amount transferred from the Equipment category exceeds 10% of the legislatively approved level for that category.

   Refer to motion for approval under Item C.

3. **Office of the Attorney General – Department of Justice – Victims of Domestic Violence – FY 06 –** Transfer of $7,143.00 from the Reserve category to the Ombudsman Expenses category and $57,158.00 from the Reserve category to the Committee Expenses category to continue the programs to standardize and oversee the treatment of domestic violence offenders and assist in the statewide coordination of domestic violence services and training. Requires Interim Finance approval since the amount transferred to the Committee Expenses category exceeds $50,000.00.

   Refer to motion for approval under Item C.

4. **Office of the Attorney General – Department of Justice – Violence Against Women Grants FY 06 –** Addition of $107,994.00 in Federal Stop Violence Against Women Formula grant funds, $357,898.00 in Federal Encourage Arrest Policies and Enforcement of Protection Order grant funds, $60,154.00 in Federal Rural Domestic Violence and Child Victimization Enforcement grant funds, and $89,370.00 in Federal Training Grants to Stop Abuse and Sexual Assault of Older Individuals grant funds to align the actual grant awards with the legislative approved budget to fund these programs for the remainder of the fiscal year.

Requires Interim Finance approval since the amount added to the Arrest Policies category exceeds $50,000.00.

Refer to motion for approval under Item C.

5. **Department of Administration – Supplemental Fund-Indigents – FY 06 –** Transfer of $29,150.00 from the Reserve category to the Operating category to pay a stale claim to the Nevada Association of Counties for program administration services provided through June 30, 2005. 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 C.

6. **Department of Administration – Supplemental Fund-Indigents – FY 06 –** Transfer of $206,838.00 from the Reserve category to the Transfer to the Health Insurance Flexibility and Accountability (HIFA) Holding Account category to allow for a transfer of funds pursuant to subsection 2 of section 13 of Assembly Bill 493, 2005 Legislative Session. Requires Interim Finance approval since the amount transferred to the HIFA Holding Account category exceeds $50,000.00.

   Refer to motion for approval under Item C.

7. **Department of Administration – Indigent Accident Account – FY 06 –** Transfer of $77,302.00 from the Reserve category to the Operating category to pay a stale claim to the Nevada Association of Counties for program administration services provided through June 30, 2005. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

   Refer to motion for approval under Item C.

8. **Department of Administration – Indigent Accident Account – FY 06 –** Transfer of ~~$6,106,027.00~~ **$*18,844,097*** from the Reserve category to the Claims category to cover claim expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Claims category exceeds $50,000.00. **REVISED 10-20-05**

   Refer to motion for approval under Item C.

9. **Department of Information Technology – Mobile Communications Division – Network Transport Services – FY 06 –** Transfer of $22,050.00 from the Reserve category to the Land and Building Improvements category to cover increased costs to house, operate and maintain telecommunications equipment at the Rocky Point (Pequop Summit) mountain top site near Wells (Elko County), Nevada. Requires Interim Finance approval since the amount transferred to the

Land and Building Improvements category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

10. Department of Education – Other State Education Programs – FY 06 – Addition of $55,400.00 in Charter School Fees to allow for the reimbursement of administrative costs related to state-sponsored charter schools. Requires Interim Finance approval since the amount added to the Charter School Administration category exceeds $50,000.00.

Refer to motion for approval under Item C.

11. Department of Education – Drug Abuse Education – FY 06 – Addition of $154,391.00 in Federal Safe and Drug-Free Schools grant funds to continue funding programs in school districts that encourage students to stay away from drugs. Requires Interim Finance approval since the amount added to the Aid to Schools category exceeds $50,000.00. **REVISED**

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau advised that the Item 11 work program, provided to the Committee, requested approval to augment Budget Account 2605 by $154,391 divided between Categories 03, 12 and 27. The work program was revised to place the entire $154,391 in Category 27.

Refer to motion for approval under Item C.

12. Department of Education – Discretionary Grants – Unrestricted - FY 06 – Addition of $2,500,000.00 in Federal Charter Schools grant funds to support charter school committees that are planning new charter schools, and to support existing charter schools that have not received prior federal funding so they may initiate implementation programs. Requires Interim Finance approval since the amount added to the Charter Schools Aid to Schools category exceeds $50,000.00 and since the work program includes a request for a new position.

Keith Rheault, Ph.D., Superintendent of Public Instruction, appeared before the Committee to request approval to establish authority for the addition of $2,500,000 in Federal Charter Schools grant funds, for which he indicated 95 percent would be used to support charter schools and 5 percent would be used for administration of the grant.

Dr. Rheault requested approval for a Grants and Projects Analyst position to provide oversight for the federal grant program and to monitor and work with the members of the charter school committees planning new charter schools. Dr. Rheault explained that members of the charter school committees were normally non-educators with no previous grant experience and needed assistance writing grant requests as well as administering and reporting the use of funds. Dr. Rheault advised that if the grant was

not continued after the two-year period, the federally-funded Grants and Project Analyst position would be eliminated.

Chairman Raggio noted that the existing fulltime Charter School Consultant position was currently supported 100 percent by the General Fund and asked if the Consultant position could be funded by the federal grant rather than to fund a new position.

Dr. Rheault responded that the new Grants and Projects Analyst position was needed to provide oversight for a projected 20 or more sub-grants, and the Education Consultant position, funded during the 2005 Legislative Session, worked directly with the 14 district-sponsored and 4 state-sponsored charter schools and could not provide the time to administer the grants.

Chairman Raggio asked for information on the additional Education Consultant position authorized by the 2005 Legislature with duties distributed 25 percent Charter School Consultant and 75 percent Social Studies Consultant.

Dr. Rheault advised that the Education Consultant position had been advertised for a month and a half, and the three applicants that responded would be interviewed in the near future.

In response to questions Chairman Raggio asked regarding the need for the .25 Charter School Consultant if the Grants and Project Analyst position was approved, Dr. Rheault explained that the .25 position was needed to provide technical assistance to eligible charter school applicants. Currently, Dr. Rheault said there were 4 state-sponsored schools, 2 that would be considered at the December state board meeting and a possibility of 4 additional state-sponsored schools.

In response to questions Chairman Raggio asked comparing the duties for a .25 Charter School Consultant and a Grants and Projects Analyst, Dr. Rheault advised that the Grade 33 Grants and Projects Analyst position would be required to have the technical expertise to coordinate sub-grant applications and budgets, monitor funding, and submit federal reports, while the .25 Education Consultant position would be required to have a masters degree and would work with state-sponsored charter schools.

In response to questions Chairman Raggio asked regarding the availability of applicants, Dr. Rheault advised that the Grade 33 Grants and Projects Analyst position was listed as a standard job specification for which many applicants were available.

In response to Chairman Raggio, who asked for the salary level of the Grants and Projects Analysts position, Bill Arensdorf, Director, Fiscal Accountability, Department of Education, advised that the financial obligation for the remainder of fiscal year 2006 was $30,600.

ASSEMBLYMAN ARBERRY MOVED APPROVAL OF AGENDA ITEM C.12.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED.

13. **Department of Education – Discretionary Grants - Restricted – FY 06 –** Addition of $2,153,982.00 in Federal Twenty-first Century Community Learning Centers grant funds, $2,641,538.00 in Federal English Language Acquisition grant funds, $120,827.00 in Federal Byrd Scholarship grant funds, $342,495.00 in Federal Homeless Children grant funds, $620,394.00 in Federal Partnerships in Character Education grant funds, $51,407.00 in Federal Advanced Placement Fee Payment grant funds, and a deletion of $2,144,954.00 in Federal Limited English Proficient grant funds, and $25,000.00 in Federal Refugee Children School Impact grant funds to align state FY 2006 authority with the actual grant awards for these programs. Requires Interim Finance approval since the amount added to the English Language Acquisition Aid to Schools category exceeds $50,000.00.

    Refer to motion for approval under Item C.

14. **Department of Education – Improving America's Schools – Title I Grants – FY 06 –** Addition of $10,536,170.00 in Federal Title I Basic grant funds, $270,657.00 in Federal Migrant Aid grant funds, $35,184.00 in Federal Neglected and Delinquent Child grant funds, $2,774,395.00 in Federal Reading First State grant funds, $895,345.00 in Federal Even Start grant funds, and $491,834.00 in Federal Comprehensive School Reform Demonstration grant funds to align state FY 2006 authority with the actual grant awards for several Title I programs. Requires Interim Finance approval since the amount added to the Chapter/Basic Aid to Schools category exceeds $50,000.00.

Chairman Raggio advised that Items 14 and 15 would be considered simultaneously.

Doug Thunder, Deputy Superintendent, Administrative and Fiscal Services, Department of Education, identified himself for the record, and advised that the title of the grant identified in Item 14, Improving America's Schools, should be corrected to Elementary and Secondary Education.

Mr. Thunder appeared before the Committee to request approval to carry forward unused authority in the amount of $15,003,585 for federal Title I programs and $8,192,943 for federal Title II, V and VI grants to align authority to current funding levels.

Mr. Thunder advised that although federal grant awards had increased, the actual current year grants were slightly less than the amount the Department had built into the budget. Mr. Thunder explained that only current year grants were used in constructing the budget, and in almost all cases, the actual amount awarded was slightly less than the budgeted amount. Additionally, Mr. Thunder advised that revenue and expenditure authority was adjusted to reflect total federal funding available for the No Child Left Behind programs.

In response to Chairman Raggio's questions regarding the request to increase authority for the Title I Part A program, Mr. Thunder explained that the $10.5 million requested represented the unused Title I funding from fiscal year 2005 to be carried forward to fiscal year 2006.

Chairman Raggio questioned how the Department determined which schools received Title I funding.

Mr. Thunder advised that Title I funding allocations were determined at the federal level. While a large portion of the revenue increase had already been obligated to the school districts, Mr. Thunder said it had not yet been drawn and still appeared on the books.

Chairman Raggio questioned how the increased funding for the Title VI State Assessment Grant would be used.

Mr. Thunder advised that the $5.2 million represented the unused funding from fiscal year 2005 that would be carried forward to fiscal year 2006. Additionally, he said the funding would be used for test development and to assist school districts in meeting testing requirements.

Noting that the Title VI State Assessment Grant was one that did not require the Department to allocate funds to school districts or other organizations, Chairman Raggio asked how the funds were allocated.

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, advised that a large portion of the funding was used to pay for the new fourth, sixth, and seventh-grade Criterion Referenced Test (CRT). Additionally, Mr. Rheault advised that the funding supported three Assessment Department positions as well as several other support staff.

In response to questions Chairman Raggio asked regarding whether the Department would be able to effectively expend the funding prior to the close of the fiscal year, Mr. Thunder reported that with the exception of one grant that closed in September 2005, less than $15,000 in unexpended funds remained. Mr. Thunder advised that difficulty had been experienced in the Reading Excellence Act program, and approximately $800,000 out of a $26 million grant was not expended.

Assemblywoman Smith noted that the Title VI State Assessment Grant provided the state with funds to support the development of additional state standards and assessments. Assemblywoman Smith asked if any of the funding had been used in the review process for the Standards Writing Teams created by the Nevada Council to Establish Academic Standards for Public Schools.

Dr. Rheault advised that some funding had been used to support revisions to the math standards. Funding set aside by the Legislative Committee on Education was also used for those purposes.

Assemblywoman Smith indicated there had been a great deal of discussion regarding the inability to provide information on testing to parents and to the public and questioned whether any of the funding could be used for Proficiency Testing other than test development.

Dr. Rheault advised that funding had been used to develop accountability reports, which included testing information.

Assemblywoman Giunchigliani disclosed she was employed as a Special Education Facilitator at a Title I school and asked for clarification on whether the additional revenue would be provided to cover a wider group of Title I schools, or just to those currently identified.

Mr. Thunder advised that the decision on whether the funding was to be distributed on a broader basis, or to fewer schools was determined by the districts.

In response to additional questions Assemblywoman Giunchigliani asked in regard to the distribution of funding, Dr. Rheault advised that the allocation each school district received was predetermined by the federal government.

Assemblywoman Giunchigliani questioned whether an increase in test scores or other benefits were achieved as a result of the funding and whether the districts were held accountable.

Dr. Rheault indicated that although the school districts had to meet certain requirements of the federal grant, the districts had been permitted some leeway in determining the population they could serve with the available funding.

Assemblywoman Giunchigliani questioned whether funding could be used to allow the high school proficiency examinations to be designed to allow students to retake only the portions of the exam they did not pass.

Dr. Rheault advised that he had reviewed proposals from several companies that could provide an electronic version of the high school proficiency examination and indicated that a portion of the grant funds could be used to at least test an electronic version of the examination.

Assemblywoman Giunchigliani indicated she believed redesigning the high school proficiency examination in order for students to retake only the portion of the test they had not passed would be beneficial to students and teachers alike.

Dr. Rheault advised that the current contract for the state high school proficiency examination would expire in several years.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF ITEMS 14 AND 15.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED.

15. Department of Education – Elementary and Secondary Education – Titles II, V and VI – FY 06 – Addition of $24,136.00 in Federal State Grants for Innovative Programs grant funds, $1,931,781.00 in Federal Improving Teacher Quality grant funds, $5,150,019.00 in Federal State Assessments grant funds, $582,010.00 in Federal Math and Science Partnerships grant funds, and $504,997.00 in Federal Technology Grants grant funds to align state FY 2006 authority with the actual grant awards for several No Child Left Behind programs. Requires Interim Finance approval since the amount added to the State Assessments – Contracts category exceeds $50,000.00.

Refer to narrative and motion for approval under Item 14.

16. Department of Education – Continuing Education – FY 06 – Addition of $541,907.00 in Federal Adult Basic Education grant funds to continue to fund local programs of adult education and literacy services provided primarily by community colleges. Requires Interim Finance approval since the amount added to the Adult Basic Education Aid to Schools category exceeds $50,000.00.

Refer to motion for approval under Item C.

17. Department of Education – Nutrition Education Programs – FY 06 – Addition of $100,000.00 in Federal Milk Program for Children grant funds, $132,226.00 in Federal Summer Food Service Program grant funds, $50,500.00 in Federal Administrative Cost Allowance grant funds, and the deletion of $100,000.00 in Federal Child and Adult Care Food Program grant funds, and $932.00 in Federal Team Nutrition Training grant funds to continue the Summer Food and Nutrition Programs and to fund a maintenance agreement for the existing Kyran software system contract. Requires Interim Finance approval since the amount added to the Summer Food category exceeds $50,000.00.

Refer to motion for approval under Item C.

18. **Department of Cultural Affairs – Nevada Arts Council – FY 06 –** Addition of $105,271.00 in Federal National Endowment for the Arts Partnership Grant funds to align the actual grant award with the Legislative approved budget and to fund various programs with one-time Challenge America funds. Requires Interim Finance approval since the amount added to the Arts in Education category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

19. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 06 –** Addition of $53,290.00 in Environmental Public Health Tracking System (EPHTS) Program grant funds transferred from the Health Division to continue the program to develop an EPHTS. Requires Interim Finance approval since the work program includes a request to increase an existing part-time position to a full-time position.

Refer to motion for approval under Item C.

20. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 06** Transfer of $142,965.00 from the Reserve category to the Equipment category to purchase an Inductively Coupled Plasma-Atomic Emission Spectrometer, related peripheral equipment, and installation costs to completely automate fertilizer analysis. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds $50,000.00.

Refer to motion for approval under Item C.

21. **Department of Agriculture – Animal Industry – Veterinary Medical Services – FY 06 –** Addition of $45,750.00 in United States Department of Agriculture (USDA) Foreign Animal Disease Survey and Emergency Management Cooperative Agreement grant funds to continue the program to detect, control and eradicate diseases and pests of animals, and to provide awareness and educate target audiences in these areas. Requires Interim Finance approval since the amount added to the USDA Foreign Animal Disease category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

22. **Department of Agriculture – Animal Industry – Veterinary Medical Services – FY 06 –** Transfer of $29,314.00 from the United States Department of Agriculture National Animal Identification System category to the Personnel Services category to allow a temporary Computer Network Specialist position to expand the current state Geographic Information System for foreign animal disease response and emergency planning. Requires Interim Finance approval

since the cumulative amount transferred to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item C.

23. Department of Agriculture – Predatory Animal and Rodent Control – FY 06 – Addition of $340,196.00 in funds transferred from the Department of Wildlife to complete various predator management projects approved by the Board of Wildlife Commissioners and contained in their annual Nevada Predator Management Plan. Requires Interim Finance approval since the amount added to the Nevada Department of Wildlife Predatory Reduction category exceeds $50,000.00. **REVISED to increase $340,196 to $367,429.**

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that Item 23 related to Item 73 and both work program requests were for the Department of Agriculture, Predatory Animal and Rodent Control. Mr. Ghiggeri advised that the Item 23 work program request for the addition of $340,196 should be increased to $367,429.

Refer to motion for approval under Item C.

24. Commission on Mineral Resources – Division of Minerals - FY 06 – Transfer of $40,000.00 from the Reserve category to the Abandoned Mine Land Enhancement category to hire two independent contractors for a period of ten weeks to identify and log abandoned mine hazards primarily in Nye and Esmeralda Counties. Requires Interim Finance approval since the amount transferred to the Abandoned Mine Land Enhancement category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

25. Department of Business and Industry – Division of Mortgage Lending – FY 06 – Addition of $19,000.00 in Certified Public Accountant Assessment receipts, $195,000.00 in Initial License Fees, $260,000.00 in Mortgage Broker Renewal Fees, $26,000.00 in Agent Change Fees, and $1,100,000.00 in Application Fees to cover projected out-of-state travel, training and investigative expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Investigative Expense category exceeds $50,000.00.

Bill Maier, Administrative Services Officer, Director's Office, Department of Business and Industry, appeared before the Committee to request approval to increase fiscal year 2006 revenue authority for the Division of Mortgage Lending by $1.6 million. Mr. Maier advised that the request to increase revenue authority was based primarily on the revenue posted for fiscal year 2005.

Chairman Raggio expressed concern regarding the large projected Reserve balance and asked why such a large Reserve was necessary and whether an adjustment or reduction in fees should be considered.

Audrey Brooks-Scott, Management Analyst, Department of Business and Industry, Division of Mortgage Lending, advised that Commissioner Scott E. Bice had provided information on ways to utilize the Reserve balance in an October 2005 report to the Interim Finance Committee (Exhibit G).

Chairman Raggio pointed out that the Legislature had approved a Reserve level of $2,457,078, while the request before the Committee, if approved, would increase the Reserve level by $1,149,769 and would result in a Reserve category budgeted at $4,699,907 in fiscal year 2006. The Chairman again questioned why such a large Reserve was necessary.

Ms. Brooks-Scott attributed a part of the problem to identifying and attempting to meet industry needs.

Chairman Raggio reiterated that perhaps a reduction of fees was necessary.

Ms. Brooks-Scott indicated that reduced fees could be reviewed by Division representatives and said that if the Committee had additional suggestions, she would provide them to Commissioner Bice, who could respond in greater detail.

In response to additional questions Chairman Raggio asked regarding the budget augmentation, Ms. Brooks-Scott advised that the Division had no prior two-year budget activity on which to base the fiscal year 2006-07 budget. Additionally, Ms. Brooks-Scott said it had been assumed the mortgage industry would “flatten out” and revenue activity would slow down, which had not occurred.

Chairman Raggio questioned whether the proposed augmentation of $437,948 in investigative expenses was realistic.

Ms. Brooks-Scott advised that the Investigations Account related to the applications received by the Division and each application required, for example, a Federal Bureau of Investigation (FBI) fingerprint check and credit report, which were funded from the Investigations Account. Ms. Brooks-Scott indicated that higher investigative expenses would continue as long as there was strong applicant activity.

In response to Chairman Raggio, who asked what action needed to be taken to reduce Division of Mortgage Lending fees, Mr. Maier indicated he believed the fees were set in statute.

Chairman Raggio asked that the Division of Mortgage Lending representatives return to the following Committee meeting with recommendations to reduce the Reserve level.

Assemblyman Seale disclosed he was a certified public accountant (CPA) and questioned the $19,000 CPA Assessment itemized on the work program.

Ms. Brooks-Scott responded that although the Division currently employed an unclassified CPA, formerly the position was filled with a contract employee.

Senator Beers questioned whether the Division's CPA assessment was set in statute and if costs being assessed to licensees were, in turn, being passed on to home buyers.

Ms. Brooks-Scott expressed uncertainty regarding whether the licensees were passing on the cost, but indicated she believed the line-item assessment was set in statute.

Senator Cegavske disclosed she was in the process of becoming licensed under the Division of Mortgage Lending and would abstain from voting on Item 25.

Chairman Raggio indicated he would entertain a motion to approve the request with the understanding that Division representatives would return to the Committee with recommendations that would adjust fees to a more realistic level.

> ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM 25.
>
> ASSEMBLYMAN HOGAN SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Assemblyman Arberry and Senator Cegavske abstained.)

Senator Beers was advised by staff that some Division of Mortgage Lending fees were set in Nevada Administrative Code (NAC). Senator Beers requested that agency representatives provide the Committee, at the following Interim Finance Committee meeting, a list of fees that could be changed during the interim and those that could not.

Mr. Maier agreed to provide the information Senator Beers requested.

Assemblyman Arberry, CEO of a Las Vegas mortgage company, abstained from the vote but expressed agreement that fees should be adjusted to a more realistic level.

26. Department of Business and Industry – Housing Division – Department of Energy Weatherization – FY 06 – Addition of $634,100.00 in Universal Energy Charge receipts and $31,500.00 in Excess Property Sales receipts to continue funding energy efficiency improvements for low-income housing units and to purchase a replacement vehicle for weatherization inspections and training. Requires Interim Finance approval since the amount added to the Universal Energy Charge category exceeds $50,000.00.

Refer to motion for approval under Item C.

27. Department of Business and Industry – Taxicab Authority – FY 06 – Transfer of $24,074.00 from the Reserve category to the Operating category to provide uniforms for the agency's category II peace officers and vehicle inspectors. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds 10% of the legislatively approved level for that category. **REVISED**

Brock Croy, Management Analyst, Taxicab Authority, Department of Business and Industry, appeared before the Committee to request approval to transfer $27,074 from the Reserve category to the Operating category to provide for the purchase of agency-issued uniforms for Taxicab Authority officers and vehicle inspectors.

Chairman Raggio noted that the request included "money for laundry expense reimbursement for the cleaning of uniforms," which he said was not an allowable expense and one that was not budgeted in similar agencies.

Mr. Croy advised that an adjustment was made to remove the laundry expense after being advised it was a non-allowable cost.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, recommended that if the Committee approved the request, the category designation be revised from category 04 to category 29 to reflect the Uniform Allowance category, a revision received from the Budget Division on November 3, 2005.

> ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM 27 WITH STAFF RECOMMENDATION TO REVISE THE CATEGORY DESIGNATION FROM CATEGORY 04 TO CATEGORY 29.
>
> ASSEMBLYWOMAN WEBER SECONDED THE MOTION.
>
> THE MOTION CARRIED

28. Department of Health and Human Services – Division of Health Care Financing and Policy – Intergovernmental Transfer Account – FY 06 – Transfer of $1,456,329.00 from the Reserve category to the Transfer to Medicaid Program category to revert funds in the Medicaid budget for the retroactive certification of the Medicaid Management Information System. 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 C.

29. Department of Health and Human Services – Division of Mental Health and Developmental Services – Administration – FY 06 – Addition of $68,146.00 in

Health Resources and Services Administration (HRSA) National Bioterrorism Hospital Preparedness grant funds transferred from the Health Division, and a transfer of $75,253.00 from the Bioterrorism HRSA Grant category to the Personnel Services category to continue to provide a responder network for mental health services in the event of a disaster in Nevada. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00 and since the work program includes a request for a new position.

Refer to motion for approval under Item C.

30. Department of Health and Human Services – Division of Mental Health and Developmental Services – Administration – FY 06 – Addition of $416,042.00 in Federal Projects for Assistance in Transition from Homelessness (PATH) grant funds to continue to provide subgrants to providers of shelter for homeless clients. Requires Interim Finance approval since the amount added to the PATH Grant category exceeds $50,000.00.

Refer to motion for approval under Item C.

31. Department of Health and Human Services – Division of Mental Health and Developmental Services – Rural Clinics – FY 06 – Transfer of $90,818.00 from the Personnel Services category to the Operating category to provide critically needed services utilizing contract clinicians. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item C.

32. Department of Health and Human Services – Division of Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 06 – Addition of $485,038.00 in Federal Housing and Urban Development (HUD) Shelter Plus Care grant funds to place additional clients in HUD residential housing. Requires Interim Finance approval since the amount added to the Shelter Plus Care Grant category exceeds $50,000.00.

Refer to motion for approval under Item C.

33. Department of Health and Human Services – Health Division – Vital Statistics – FY 06 – Addition of $371,080.00 in Social Security Administration Electronic Death Registration contractual funds to develop an electronic death registration process. Requires Interim Finance approval since the amount added to the Electronic Death Registration category exceeds $50,000.00.

Refer to motion for approval under Item C.

34. **Department of Health and Human Services – Health Division – Cancer Control Registry – FY 06 –** Addition of $34,949.00 in National Cancer Prevention and Control Program grant funds to continue the program for gathering complete, timely and accurate data on the occurrence of cancer in Nevada. Requires Interim Finance approval since the amount added to the National Cancer Prevention and Control category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

35. **Department of Health and Human Services – Health Division – Radiological Health – FY 06 –** Addition of $38,000.00 in Agency for Nuclear Projects, Waste Isolation Pilot Plant (WIPP), contract funds to continue the program related to the planning, preparation and shipments of transuranic waste from the Nevada Test Site to the WIPP in New Mexico. Requires Interim Finance approval since the amount added to the WIPP Contract category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

36. **Department of Health and Human Services – Health Division – Radiological Health – FY 06 –** Transfer of $8,675.00 from the Reserve category to the Out-of-State Travel category, $7,444.00 from the Reserve category to the In-State Travel category, $88,130.00 from the Reserve category to the Operating category, $18,600.00 from the Reserve category to the Equipment category, $30,443.00 from the Reserve category to the Information Services category, and $15,892.00 from the Reserve category to the Training category to provide training and equipment for newly hired staff and to provide for other program-related costs. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00.

Refer to motion for approval under Item C.

37. **Department of Health and Human Services – Health Division – Health Facilities – FY 06 –** Transfer of $201,380.00 from the Personnel Services category to the Background Check Grant category to convert four state positions to contract employees for conducting background checks on prospective employees of long-term care facilities under the Criminal Background Check pilot program. Requires Interim Finance approval since the amount transferred to the Background Check Grant category exceeds $50,000.00.

Refer to motion for approval under Item C.

38. **Department of Health and Human Services – Health Division – Health Facilities – FY 06 –** Transfer of $134,674.00 from the Reserve category to the Personnel Services category, $26,995.00 from the Reserve category to the

In-State Travel category, $184,253.00 from the Reserve category to the Operating category, and $110,012.00 from the Reserve category to the Medical Lab Inspection category to cover the costs of the tenth step for thirty staff, costs for travel to Las Vegas for coverage due to employees on extended sick leave, and costs for temporary contract staff. Requires Interim Finance approval since the amount transferred to the Operating category exceeds $50,000.00 and since the work program includes a request for a new position.

Refer to motion for approval under Item C.

39. Department of Health and Human Services – Health Division – Community Health Services – FY 06 – Addition of $178,000.00 in Federal Family Planning Program grant funds, and a transfer of $55,517.00 from the Operating category to the Family Planning category and $764.00 from the Training category to the Family Planning category to continue the program to address community family planning needs in the rural and frontier counties of the state. Requires Interim Finance approval since the amount added to the Family Planning category exceeds $50,000.00.

Refer to motion for approval under Item C.

40. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 06 – Addition of $27,796.00 in Federal Comprehensive Cancer grant funds, and a transfer of $41,875.00 from the Personnel Services category to the AIDS Surveillance/Seroprevalence category, $62,838.00 from the Aid to Counties category to the AIDS Surveillance/Seroprevalence category, and $16,610.00 from the Aid to Counties category to the AIDS Education/Risk Reduction category to accurately reflect the time and effort of personnel working on various grants. Requires Interim Finance approval since the amount transferred to the AIDS Surveillance/Seroprevalence category exceeds $50,000.00.

Refer to motion for approval under Item C.

41. Department of Health and Human Services – Health Division – Public Health Preparedness – FY 06 – Addition of $470,926.00 in Federal Public Health Preparedness and Response for Bioterrorism grant funds, and $145,691.00 in Federal Epidemiology and Laboratory Capacity for Infectious Diseases grant funds, and a transfer of $56,158.00 from the Health Resources and Services Administration (HRSA) Hospital Preparedness category to the Epidemiology and Laboratory Capacity category and $21,245.00 from the HRSA Hospital Preparedness category to the Center for Disease Control (CDC) Bioterrorism category to continue the West Nile Virus program, the development of a comprehensive plan for the Cities Readiness Initiative in the Las Vegas Metropolitan area, and to align salary costs to the correct funding source.

Requires Interim Finance approval since the amount added to the CDC Bioterrorism category exceeds $50,000.00.

Refer to motion for approval under Item C.

42. Department of Health and Human Services – Welfare Division – Administration – FY 06 – Addition of $487,729.00 in United States Department of Agriculture Food Stamp Program grant funds to initiate a Food Stamp Access and Participation Project that will employ new technology to simplify the food stamp application process. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00.

Refer to motion for approval under Item C.

43. Department of Health and Human Services – Welfare Division – Field Services – FY 06 – Addition of $19,472.00 in United States Department of Agriculture Food Stamp Program grant funds, $174.00 in Federal Child Support Program grant funds, $39,608.00 in Federal Temporary Assistance for Needy Families Block Grant funds, $429.00 in Federal Child Care Development grant funds, $25,165.00 in Federal Title XIX funds transferred from Medicaid, $4.00 in Intra-Agency Administration Costs, and $46,888.00 in funds transferred from the Child Support Enforcement Program budget for telephone system upgrades that include replacing the unsupported voicemail system used by Southern Nevada Welfare staff, and acquiring new telephone switches at the Owens and Charleston offices to prevent system outages. **Requires Interim Finance approval since the amount added to the Equipment category exceeds $50,000.00 and since this action involves the allocation of block grant funds and requires a public hearing.**

Chairman Raggio noted that Item 43 required a public hearing.

Roger Mowbray, Administrative Services Officer, Welfare Division, appeared before the Committee to request approval to increase authority in the Equipment category to upgrade the phone system in the Welfare Division Field Services budget account 3233. Mr. Mowbray advised that a public hearing was required since a portion of the funding was provided through the Temporary Assistance for Needy Families Block Grant funds.

There was no response to the Chairman's request for public testimony, and there were no questions from the members of the Committee.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM 43.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED.

44. Department of Health and Human Services – Welfare Division – Child Support Enforcement – FY 06 – Transfer of $177,000.00 from the Reserve category to the Hearings category to cover projected increases for child support obligations and paternity determinations in order to comply with federal guidelines and avoid penalties. Requires Interim Finance approval since the amount transferred to the Hearings category exceeds $50,000.00.

Refer to motion for approval under Item C.

45. Department of Health and Human Services – Welfare Division – Child Support Federal Reimbursement – FY 06 – Addition of $68,085.00 in Unclaimed Property Receipts to identify undistributed child support collections considered program income by the federal government (66%) which must be reflected in this budget account, while the state share (34%) will remain in the State Treasurer's account until the rightful recipient is located. Requires Interim Finance approval since the amount added to the Unclaimed Property Reimbursements category exceeds $50,000.00.

Refer to motion for approval under Item C.

46. Department of Health and Human Services – Division for Aging Services – Older Americans Act – FY 06 – Addition of $750,000.00 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 available in their community. Requires Interim Finance approval since the amount of the grant exceeds $100,000.00 and since the work program requests a new position.

Refer to motion for approval under Item C.

47. Department of Health and Human Services – Division of Child and Family Services – Administration – FY 06 – Addition of $340,868.00 in Federal Family Violence grant funds to continue to fund community level programs to address issues relative to domestic violence and assuring safety for victims of domestic violence. Requires Interim Finance approval since the amount added to the Family Violence category exceeds $50,000.00.

Refer to motion for approval under Item C.

48. Department of Health and Human Services – Division of Child and Family Services – Child Welfare Integration – FY 06 – Addition of $13,983,705.00 in Federal Title IV-E funds to reimburse the Clark County Department of Family Services for eligible Title IV-E expenditures and to pass through funding for

eligible expenditures for FY 2006. Requires Interim Finance approval since the amount added to the Retroactive Claims category exceeds $50,000.00.

Diane Comeaux, Deputy Administrator, Division of Child and Family Services, introduced Danette Kluever, Administrative Services Officer, Division of Child and Family Services. Ms. Comeaux appeared before the Committee to request approval to augment the Clark County Integration budget by $13,983,705 in federal Child Welfare Title IV-E revenue in fiscal year 2006.

Chairman Raggio noted that there appeared to be no guarantee that the total amount claimed or the methodology used to claim the funds would be approved by the federal Department of Health and Human Services Administration on Children and Families and asked Division representatives for their comments.

Ms. Comeaux agreed there was no guarantee that the funding would be awarded, but indicated the $13,983,705 represented pending claims with the federal government, and the applicable cost allocation plan was in the process of being negotiated. Ms. Comeaux advised that if the funds were not collected, there would be no pass through of funds to Clark County.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF ITEM 48.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION CARRIED.

Assemblywoman Giunchigliani acknowledged the sudden passing of Jane Horner, Founder of Grandparents as Parents of Nevada, who she indicated had worked with state legislators on the Grandparents Kinship Care program and would be greatly missed.

49. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Programs – FY 06 – Addition of $142,778.00 in Federal Title V Incentive Grants for Local Delinquency Prevention Program grant funds to continue providing sub grants to local governments to support juvenile delinquency prevention programs. Requires Interim Finance approval since the amount added to the Local Prevention Program category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

50. Department of Health and Human Services – Division of Child and Family Services – Community Juvenile Justice Programs – FY 06 – Addition of $215,011.00 in Federal Office of Juvenile Justice and Delinquency Prevention

(OJJDP) formula grant funds and a transfer of $98,010.00 from the Innovative Local Law Enforcement and Community Policing category to the OJJDP Grant category to continue providing subgrants to local governments to support juvenile delinquency prevention programs, intervention efforts, and juvenile justice system improvements. Requires Interim Finance approval since the amount added to the OJJDP Grant category exceeds $50,000.00.

Refer to motion for approval under Item C.

51. Department of Health and Human Services – Division of Child and Family Services – Juvenile Accountability Block Grant – FY 06 – Deletion of $46,274.00 in Federal Juvenile Accountability Block Grant funds and a transfer of $185,215.00 from the Reserve category to the Local Government category to continue the program to reduce juvenile crime. **Requires Interim Finance approval since this action involves the allocation of block grant funds and requires a public hearing.**

Chairman Raggio noted that Item 51 required a public hearing and received no response to a request for public comments.

SENATOR COFFIN MOVED APPROVAL OF ITEM 51.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

52. Department of Health and Human Services – Division of Child and Family Services - Youth Community Services - FY 06 – Addition of $58,658.00 in Federal Education and Training Voucher grant funds to continue the program to assist the youth aging out of foster care in furthering their education. Requires Interim Finance approval since the amount added to the Education and Training Vouchers category exceeds $50,000.00.

Refer to motion for approval under Item C.

53. Department of Employment, Training and Rehabilitation – Rehabilitation Division – Vocational Rehabilitation – FY 06 – Addition of $93,512.00 in Federal Independent Living grant funds, $2,124.00 in Federal Rehabilitation Training In-Service grant funds, $1,451,342.00 in Federal Section 110 grant funds, and $223,689.00 in Federal Supported Employment grant funds to continue programs that promote the empowerment of individuals with disabilities to maximize employment, economic self-sufficiency and independence with inclusion and integration into society. Requires Interim Finance approval since the amount added to the Client Services category exceeds $50,000.00.

Refer to motion for approval under Item C.

54. **Department of Employment, Training and Rehabilitation – Rehabilitation Division – Services to the Blind and Visually Impaired – FY 06 –** Addition of $75,212.00 in Federal Older Blind Independent Living grant funds, $463,610.00 in Federal Section 110 grant funds, and $30,000.00 in Federal Supported Employment grant funds to continue programs that provide services to persons who are blind, deaf/blind, or severely visually impaired. Requires Interim Finance approval since the amount added to the Client Services category exceeds $50,000.00.

Refer to motion for approval under Item C.

55. **Department of Employment, Training and Rehabilitation – Employment Security Division - FY 06 –** Addition of $184,985.00 in Federal Administrative Cost Allowance funds, $876,606.00 in Federal Workforce Investment Act grant funds, and $33,162.00 in Filing Fees to align the Federal Workforce Investment Act grant authority, Trade Act grant authority, and current Displaced Homemaker Program contract authority with FY 2006 budget authority. Requires Interim Finance approval since the amount added to the Workforce Investment Act Program category exceeds $50,000.00.

Refer to motion for approval under Item C.

56. **Department of Corrections – Offenders' Store Fund – FY 06 –** Transfer of $40,690.00 from the Retained Earnings category to the Personnel Services category, $5,820.00 from the Retained Earnings category to the Operating category, and $2,449.00 from the Retained Earnings category to the Information Services category to request two new retail storekeeper positions, one to operate the store at Casa Grande and the other to enhance the staffing of store operations at High Desert State Prison due to increases in sales and in the inmate population. Requires Interim Finance approval since the work program includes a request for two new positions. **RELATES TO ITEM 57.**

Refer to motion for approval under Item C.

57. **Department of Corrections – Offenders' Store Fund – FY 07 –** Transfer of $89,624.00 from the Retained Earnings category to the Personnel Services category and $4,416.00 from the Retained Earnings category to the Operating category to fund the two retail storekeeper positions requested in FY 2006 companion work program C30006. Requires Interim Finance approval since the work program includes a request for two new positions. **RELATES TO ITEM 56.**

Refer to motion for approval under Item C.

58. **Department of Public Safety – Justice Assistance – FY 06 –** Addition of $83,122.00 in Federal Project Safe Neighborhoods grant funds and $340,298.00

in Federal Prescription Drug Monitoring (PDM) Intervention Program grant funds to aid the fight against prescription drug abuse and proliferation of guns. Requires Interim Finance approval since the amount added to the PDM Grant category exceeds $50,000.00.

Refer to motion for approval under Item C.

59. Department of Public Safety – Justice Assistance – FY 06 – Addition of $50,000.00 in Treasurer's Interest Distribution to receive interest earned on the Justice Assistance Grant for distribution to subgrantees to aid in the effort of reducing and preventing crime, violence and drug abuse, and improving the functioning of the criminal justice system. Requires Interim Finance approval since the amount added to the Law Enforcement Block Grant category is $50,000.00.

Refer to motion for approval under Item C.

60. Department of Public Safety – Emergency Management Assistance – FY 06 – Addition of $60,064.00 in Federal Emergency Management Agency Pre-Disaster Mitigation grant funds to aid the University of Nevada, Reno (UNR) in updating a database, which is a component of the state's Multi-Hazard Mitigation Plan. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation – UNR category exceeds $50,000.00.

Refer to motion for approval under Item C.

61. Department of Public Safety - Emergency Management Assistance – FY 06 – Addition of $542,043.00 in Federal Office of Domestic Preparedness Emergency Management Performance Grant (EMPG) funds to cover operational costs of the division and to provide funds to local governments. Requires Interim Finance approval since the amount added to the EMPG category exceeds $50,000.00.

Refer to motion for approval under Item C.

62. Department of Public Safety - Emergency Management Assistance – FY 06 – Addition of $500,000.00 in Federal Office of Domestic Preparedness Transit Security Grant Program (TSGP) grant funds to aid local governments in developing and implementing protective actions for transportation systems to prevent loss of life and severe disruption of service. Requires Interim Finance approval since the amount added to the TSGP category exceeds $50,000.00.

Refer to motion for approval under Item C.

63. Department of Public Safety - Emergency Management Assistance – FY 06 – Addition of $950,000.00 in Federal Office of Domestic Preparedness Buffer

Zone Protection Program (BZPP) grant funds to aid local governments in enhancing, developing and implementing protective actions at critical infrastructure and key resource sites. Requires Interim Finance approval since the amount added to the BZPP category exceeds $50,000.00.

Refer to motion for approval under Item C.

64. Department of Public Safety - Emergency Management Assistance – FY 06 – Addition of $463,500.00 in Federal Department of Energy Aid in Process grant funds to fund Emergency Management's operational costs including salaries and equipment. Requires Interim Finance approval since the amount added to the Department of Energy Grant category exceeds $50,000.00.

Refer to motion for approval under Item C.

65. Department of Public Safety – Criminal History Repository – FY 06 – Transfer of $3,627.00 from the Reserve category to the Operating category and $298,301.00 from the Reserve category to the Information Services category to implement changes to the Sex Offender Website as outlined in Senate Bill 341 of the 2005 Legislature. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds $50,000.00.

Refer to motion for approval under Item C.

66. Department of Public Safety – Highway Patrol – FY 06 – Transfer of $31,150.00 from the Communication High Band System category to the Out-of-State Travel category to cover costs associated with sending officers to the Gulf Coast in response to Hurricane Katrina. Requires Interim Finance approval since the amount transferred to the Out-of-State Travel category exceeds 10% of the legislatively approved level for that category.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that the work program request in Item 66 should be reduced from $31,150 to $10,298 with corresponding augmentation of $2,867 to the In-state travel category and $7,431 to the Out-of-state travel category.

Refer to motion for approval under Item C.

67. Department of Public Safety – Forfeitures – FY 06 – Transfer of $89,000.00 from the Reserve category to the Training – Emergency Vehicle Operations Training Center (EVOC) Study category to contract with a consulting firm to develop a strategic plan, including a feasibility study, for the construction and operation of an EVOC in the Las Vegas area. Requires Interim Finance approval since the amount transferred to the Training – EVOC Study category exceeds $50,000.00.

Refer to motion for approval under Item C.

68. Department of Public Safety – State Emergency Response Commission – FY 06 – Addition of $19,774.00 in United States Department of Transportation (US DOT) Hazardous Materials Emergency Preparedness, Planning and Training Activities grant funds to provide local agencies with funding for hazardous material emergency preparedness, planning and training activities. Requires Interim Finance approval since the amount added to the US DOT Hazardous Material Emergency Planning Grants category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

69. Department of Conservation and Natural Resources – Division of State Parks – FY 06 – Addition of $50,000.00 in United States Bureau of Reclamation Wildlife Enhancement grant funds, $1,800.00 in funds transferred from Nevada Magazine, and $32,462.00 in funds transferred from the Division of Emergency Management to enhance recreation, and fish and wildlife habitat, at Lahontan State Recreation Area and to repair flood damage in Lincoln County state parks due to flooding that occurred during the winter of 2005. Requires Interim Finance approval since the amount added to the Federal Emergency Management Agency Claim-Lincoln County category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item C.

70. Department of Conservation and Natural Resources – Division of Forestry – FY 06 – Transfer of $36,370.00 from the Fuels Reduction Grant category to the Personnel Services category and $88,905.00 from the State Fire Assistance category to the Personnel Services category to continue funding for eight existing seasonal positions and to provide funding for eight new seasonal positions for ongoing and planned fuel reduction projects. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds $50,000.00.

Refer to motion for approval under Item C.

71. Department of Conservation and Natural Resources – Division of Forestry – FY 06 – Addition of $150,000.00 in United States Forest Service (USFS) Forest Land Enhancement Program (FLEP) grant funds to continue the program to further fuel reduction and improve forest health through grants to private landowners. Requires Interim Finance approval since the amount added to the USFS FLEP category exceeds $50,000.00.

Refer to motion for approval under Item C.

72. **Department of Wildlife – Wildlife Administration – FY 06 –** Addition of $197,520.00 in Question 1 bond funds transferred from the Division of State Lands to develop Phase II of Nevada's Comprehensive Wildlife Conservation Plan. Requires Interim Finance approval since the amount added to the Wildlife Diversity category exceeds $50,000.00.

Refer to motion for approval under Item C.

73. **Department of Wildlife – Wildlife Administration – FY 06 –** Transfer of $367,429.00 from the Reserve category to the Predator Management Projects category to fund various predator management projects in the Department of Agriculture's Predatory Animal and Rodent Control budget. Requires Interim Finance approval since the amount transferred to the Predator Management Projects category exceeds $50,000.00.

Refer to motion for approval under Item C.

74. **Department of Wildlife – Habitat Mitigation – FY 06 –** Transfer of $200,000.00 from the Reserve category to the Transfer to Budget Account 1511 Izzenhood category to transfer Question 1 bond funds to the Capital Improvement Project Wildlife Department budget to assist in the purchase of 9,278 acres located in the Izzenhood Range. Requires Interim Finance approval since the amount transferred to the Transfer to Budget Account 1511 Izzenhood category exceeds $50,000.00. **RELATES TO ITEM 75.**

Refer to motion for approval under Item C.

75. **Department of Wildlife – CIP Wildlife Department – FY 06 –** Addition of $200,000.00 in funds transferred from the Wildlife Habitat Mitigation budget to allow for the acquisition of 9,278 acres located in the southern portion of the Izzenhood Range in Lander and Elko Counties. Requires Interim Finance approval since the amount added to the Question 1 Bond Projects category exceeds $50,000.00. **RELATES TO ITEM 74.**

Refer to motion for approval under Item C.

76. **Department of Wildlife – Wildlife Obligated Reserve – FY 06 –** Transfer of $10,016.00 from the Reserve category to the Transfer to Wildlife category and $188,849.00 from the Reserve category to the Habitat Rehabilitation and Restoration category to complete Level B projects including pond rehabilitation, forage production, fire restoration, and native seed collection. Requires Interim Finance approval since the amount transferred to the Habitat Rehabilitation and Restoration category exceeds $50,000.00.

Refer to motion for approval under Item C.

77. **Department of Wildlife – Wildlife Obligated Reserve – FY 06 –** Addition of $41,861.00 in Federal Pittman Robertson Aid grant funds and a transfer of $5,175.00 from the Reserve category to the Transfer to Wildlife category and $46,686.00 from the Reserve category to the Duck Stamps category to complete Level B projects approved by the Wildlife Commission including prescribed burning, mandatory well pumping, and herbicides for vegetation control at several wildlife management areas. Requires Interim Finance approval since the amount added to the Duck Stamps category exceeds $50,000.00.

Refer to motion for approval under Item C.

78. **Department of Wildlife – CIP Wildlife Department – FY 06 –** Addition of $225,000.00 in Federal Landowner Incentive Program Sage Grouse grant funds to create conservation easements on 1,736 acres of private land used by sage grouse along the California/Nevada border through an interlocal agreement with the California Department of Fish and Game. Requires Interim Finance approval since the amount added to the Question 1 Bond Projects category exceeds $50,000.00.

Refer to motion for approval under Item C.

79. **Department of Wildlife – Wildlife Boating Program – FY 06 –** Addition of $100,000.00 in Federal Dingell Johnson grant funds to allow for boating infrastructure improvements to the Las Vegas Boat Harbor located at Horsepower Cove in the Boulder Basin of Lake Mead. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds $50,000.00.

Refer to motion for approval under Item C.

80. **Department of Transportation – Administration – FY 06 –** Addition of $50,000,000.00 in Highway Fund Authorization to ensure adequate funding is available to continue the current construction program and to fund unbudgeted increases for fuel and asphalt paid as part of the construction contracts. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds $50,000.00.

Robert Chisel, Assistant Director for Administration, Department of Transportation, appeared before the Committee to request a $50 million augmentation from the Highway Fund. Mr. Chisel testified that approval of the request would ensure the availability of adequate funds to continue NDOT's "fast-paced construction program" and unbudgeted fuel and asphalt cost increases paid to contractors in construction contracts. Mr. Chisel estimated the NDOT would expend approximately $416 million in contractor payments in fiscal year 2006 and $179 million for construction engineering, consultant work, and right-of-way activity, for a total of $595 million in the capital outlay category in fiscal year 2006.

Mr. Chisel noted that the Department sold $200 million in bonds in October 2005 and said it was projected that a total of $164 million in capital outlay expenditures would be transferred to the Bond Construction Budget Account 4663. Despite projections indicating the capital outlay category would experience a shortfall of almost $150 million, Mr. Chisel said that with nine more months remaining in fiscal year 2006, the Department was only requesting a $50 million augmentation and would continue to monitor the category. If necessary, an additional request for augmentation would be submitted to the Committee later in the fiscal year. Mr. Chisel said that with the $150 million, it was projected the Department would have ending cash balances of approximately $200 million on June 30, 2006, of which approximately $50 million would be bond cash.

Chairman Raggio asked if any of the Department's major construction projects would be impacted as a result of higher construction costs.

Although some contracts included escalation clauses for fuel and asphalt cost increases, Mr. Chisel said other contracts were let before there were escalation clauses for the cost of steel, which would not be affected by cost increases. Additionally, Mr. Chisel said a shortage of supplies had caused problems for contractors.

Chairman Raggio asked that the Committee be kept apprised of the impact increased costs had on the projects.

Assemblywoman Giunchigliani inquired about the status of a new asphalt product that provided for a lower level of road noise and reduced wear and tear on tires.

Although not specifically aware of the product, Mr. Chisel advised that NDOT and University of Nevada researchers worked together on a continual basis to develop and test new products and polymers that extended the life of asphalt. Mr. Chisel indicated he would provide additional information to Assemblywoman Giunchigliani.

In response to questions Assemblyman Seale asked regarding the request for the $50 million, Mr. Chisel advised that the augmentation was being requested from the Highway Fund, and that bond proceeds were in a separate account. Mr. Chisel reiterated that the NDOT was requesting an allocation of $50 million from the Highway Fund for the Transportation Administration Budget Account 4660. Additionally, Mr. Chisel advised that the Bond Construction Fund currently held approximately $200 million as a result of a recently sold $200 million bond from which approximately $164 million would be expended in fiscal year 2006.

In response to questions Senator Titus asked in regard to meeting NDOT shortfalls by increasing the gas tax or tying shortfalls to inflation, Mr. Chisel indicated that although he was unaware of any proposal to raise taxes, the Governor had commissioned a Blue Ribbon Task Force to study future highway projects in Nevada. The Task Force conducted their first meeting October 27, 2005, and another meeting was tentatively

scheduled for December 1. 2005. Mr. Chisel advised that the Task Force would review project funding from 2008 through 2015. Based on current funding, Mr. Chisel indicated the Task Force would review a projected $2.8 billion shortfall and alternatives that included projected revenue, whether to build or not to build, and recommendations to the Transportation Board.

Senator Titus requested that the Interim Finance Committee be provided with continuing information on the recommendations made by the Blue Ribbon Task Force.

Senator Beers referred to a spreadsheet (Exhibit H) that reflected a negative cash flow beginning in 2008 and asked if the negative cash flow included the $50 million augmentation the Department was requesting.

Mr. Chisel confirmed that the negative cash flow included the $50 million augmentation.

In response to a question Chairman Raggio asked about the 20-year projection of Highway Fund Receipts and Expenditures, Mr. Chisel advised that the projection was fiscally constrained and could be adequately funded

In response to a question from Senator Beers regarding revenue bond proceeds ending in 2008, Mr. Chisel advised that the U.S. 95 widening; I-580 Carson City Freeway; Hoover Dam I-15 widening; and the Henderson I-515-215 Interchange were earmarked as bond projects. Mr. Chisel anticipated approval of a work program in 2006 for $200 million and a last closing of $135 million to complete the projects in 2008.

Senator Beers asked if a decrease in total NDOT expenditures was anticipated in 2009 commensurate with the cessation of borrowing to fund capital projects.

Mr. Chisel advised that there were currently no plans for additional bonds but did not rule anything out depending on the Blue Ribbon Task Force recommendations.

ASSEMBLYMAN SEALE MOVED APPROVAL OF WORK PROGRAM ITEM 80.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

II. RECLASSIFICATIONS

Refer to motion for approval under Item C.

Agency	Agency/ Budget Account	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Cultural Affairs/Library and Archives	332/2891	0009	Administrative Assistant III, 2.211, grade 27, step 1, $29,607.84, Employer-Paid	Accountant Technician II, 7.141, grade 32, step 1, $36,352.08, Employer-Paid
Department of Business and Industry/Consumer Affairs	743/3811	0034	Administrative Assistant II, 2.303, grade 25, step 1, $24,909.84, Employer-Paid	Accountant Technician I, 7.143, grade 30, step 1, $30,463.92, Employer-Paid
Department of Business and Industry/Housing Division	744/3841	0011	Loan Officer, 7.175, grade 34, step 5, $47,000.88, Employee/Employer-Paid	Compliance/Audit Investigator II, 11.365, grade 33, step 5, 45,038.16, Employee/Employer-Paid (Employee will retain rate - $47,000.88)
Department of Business and Industry/Housing Division	744/3841	0025	Loan Officer, 7.175, grade 34, step 10, $53,390.16, Employer-Paid	Compliance/Audit Investigator II, 11.365, grade 33, step 10, $51,093.36, Employer-Paid (Employee will retain rate - $53,390.16)
Department of Business and Industry/Housing Division	744/3841	0017	Loan Officer, 7,175, Grade 34, step 9, $56,146.32, Employee/Employer-Paid	Compliance/Audit Investigator II, 11.365, grade 33, step 9, 53,661.60, Employer-Paid (Employee will retain rate - $56,146.32)
Department of Business and Industry/Labor Commission	752/3900	0023	Auditor II, 7.154, grade 34, step 1, $36,018.00, Employer-Paid	Compliance/Audit Investigator II, 11.365, grade 33, step 1, 34,577.28, Employer-Paid
Department of Health and Human Services/Mental Health and Developmental Services	408/3161	052	Administrative Assistant III, 2.211, grade 27, step 9, $37,584.00, Employer-Paid	Program Officer I, 7.649, grade 31, step 7, $40,987.44, Employer-Paid

Department of Health and Human Services/Health Division	406/3214	0016	Administrative Assistant I, 2.213, grade 23, step 1, $23,030.64, Employer-Paid	Computer System Technician II, 7.941, grade 27, step 1, $26,956.08, Employer-Paid
Department of Health and Human Services/Health Division	406/3208	0071	Administrative Assistant III, 2.211, grade 27, step 1, $26,956.08, Employer-Paid	Program Officer I, 7.649, grade 31, step 1, $31,779.36, Employer-Paid
Department of Employment, Training and Rehabilitation/ Rehabilitation Division	901/3265	0131	Accounting Assistant I, 2.306, grade 23, step 1, $25,306.56, Employer-Paid	Rehabilitation Technician II, 12.443, grade 27, step 1, $29,607.84 Employer-Paid
Department of Motor Vehicles/ Management Services	810/4742	CC4017	Environmental Scientist III, 10.525, grade 36, step 1, $39,254.40, Employer-Paid	Management Analyst II, 7.625, grade 35, step 1, $37,584.00, Employer-Paid
Department of Conservation and Natural Resources/ Environmental Protection/Bureau of Water Pollution Control	709/3186	0560	Environmental Scientist III, 10.525, grade 36, step 1, $39,254.40, Employer-Paid	Staff III, Regional Professional Engineer, 6.226, grade 40, step 1, $46,729.44, Employer-Paid
Department of Conservation and Natural Resources/ Environmental Protection/Bureau of Waste Management	709/3187	0611	Environmental Scientist IV, 10.545, grade 38, step 1, $42,783.12, Employer-Paid	Supervisor IV, Regional Professional Engineer, 6.207, grade 42, step 1, $51,093.36, Employer-Paid
Department of Transportation	800/4660	52005	Administrative Assistant IV, 2.210, grade 29, step 10, $42,783.12, Employer-Paid	Program Officer I, 7.649, grade 31, step 10, $46,729.44, Employer-Paid
Department of Transportation	800/4660	52282	Administrative Assistant IV, 2.210, grade 29, step 10, $42,783.12, Employer-Paid	Program Officer I, 7.649, grade 31, step 10, $46,729.44, Employer-Paid

III. APPROVAL OF ACCEPTANCE OF A GIFT – NRS 353.335 - Department of Transportation - Request for approval to accept a donated Cessna 210 single-engine aircraft valued at $164,356.18 and a hangar valued at $57,450.00.

Refer to motion for approval under Item C.

D. STATEMENT OF CONTINGENCY FUND BALANCE.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred to the Statement of Contingency Fund Balance (Exhibit I) and advised that the following requests for allocation from the Unrestricted General Fund were pending before the Committee:

- $3.6 million – for expenditures related to moving various offices from the Kinkead Building into commercially-leased office space was reduced by the Board Examiners on November 8, 2005, to $1.4 million

- $2.5 million - for new beds for offenders at the Lakes Crossing Center and the Northern Nevada Adult Mental Health Services Campus Building was reduced by the Board of Examiners on November 8, 2005, to $1.4 million.

The request for allocations from the Unrestricted General Fund totaled approximately $2.9 million, leaving a balance of $7 million.

Mr. Ghiggeri advised that the available balance in the Unrestricted Highway Fund was $2.1 million. A request from the Department of Motor Vehicles for $569,000, if approved, would leave a balance of approximately $1.5 million.

Assemblyman Marvel asked if reimbursement would be received for expenses incurred as a result of the services the state provided in fighting wildfires.

Although reimbursement would be received for a portion of the fire-related expenses, Mr. Ghiggeri indicated the dollar amount was currently not known and another fire season would occur prior to the start of the 2007 Legislative Session.

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

1. DEPARTMENT OF ADMINISTRATION AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIRECTOR'S OFFICE – Request for an allocation to cover expenditures related to moving various offices from the Kinkead Building into commercially leased office space $3,646,296.00

Chairman Raggio advised that relocating Department of Health and Human Services' staff from the Kinkead Building and Division of Child and Family Services'

(DCFS) cottages into leased office space was discussed and several options presented during the September 15, 2005 IFC meeting. Noting that the actions of the Board of Examiners on November 8, 2005, supported the proposal to vacate the Kinkead Building and DCFS' cottages, Chairman Raggio asked for comments from the Director of the Department of Health and Human Services.

Mike Willden, Director, Department of Health and Human Services, advised that, during his appearance before the Committee on September 15, 2005, he provided a history of problems at the Kinkead Building and options to relocate staff from the Kinkead Building, the DCFS' cottages, and the Welfare Division Administrative offices on College Parkway.

The options included:

- Move staff to leased space until a new building could be constructed.

- Remain in the Kinkead Building until a new building was constructed, and fund advance planning documents.

- Remain in the Kinkead Building, and request new building construction through the Capital Improvement Program process.

- Move to leased space permanently with the potential to purchase commercial buildings.

Additionally, Mr. Willden advised that he had provided cost estimates of up to $4 million depending on which option was agreed on at the September 15, 2005 hearing.

As previously indicated, Mr. Willden said the Board of Examiners voted on November 8, 2005, to approve $1.4 million reducing the $3.6 million proposal by $2.2 million for the demolition costs of the Kinkead Building and cottages. Rather than demolition, Mr. Willden said the budget included $100,000 to "mothball and secure" the Kinkead Building and cottages.

Approval of the request for $1.4 million from the Contingency Fund would relocate staff from the Kinkead Building and DCFS' cottages to 102,000 square feet of space in two buildings on Technology Way, formerly occupied by Harley-Davidson Financial Services.

Since the September 15, 2005 IFC hearing, Mr. Willden advised that leasing terms and parking problems had been tentatively resolved, which allowed the Welfare Division Administrative staff to remain in their current location on College Parkway. Additionally, Mr. Willden advised that Department of Information Technology (DoIT) staff would be relocated to a building on West King Street, and Division of

Rehabilitation staff, currently housed in the Kinkead Building, would be relocated to office space on Curry Street.

After working with the Committee's staff, Mr. Willden advised that the Department's final work program request was adjusted to $1,028,934.

In response to a question Chairman Raggio asked regarding the timetable to relocate staff, Mr. Willden said that it would be April or May 2006 before staff could be relocated. Mr. Willden explained that time had to be provided to lease the building, address electrical data issues, and implement the "build-out" or finishing the space to meet specific needs of the tenants.

In response to a question from Chairman Raggio, Mr. Willden advised that the arrangement with the proposed landlord was firm.

Chairman Raggio indicated it was his understanding that the Board of Examiners had expressed some concern that approval of the initial request for $3.6 million would reduce the Contingency Fund balance to a level below what was necessary to provide for any other emergencies prior to the 2007 Legislative Session.

Andrew Clinger, Deputy Director, Department of Administration, confirmed that the Board of Examiners had expressed concern that the current level of the Contingency Fund could not support the $2.2 million needed for demolition of the buildings. Mr. Clinger said the members of the Board of Examiners indicated that a request for funding to demolish the buildings should be addressed by the 2007 Legislature.

In response to a request from Chairman Raggio for an opinion from staff, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, recommended that the Committee approve the Department of Health and Human Services' allocation request for $1,028,934.

Additionally, Mr. Clinger indicated that the Department of Information Technology (DoIT) staff would move to a building on West King Street. Mr. Clinger also advised that in an effort to reduce the project cost for the Department of Health and Human Services in fiscal year 2007, $330,000 of increased rent and telephone service costs for the final three months of fiscal year 2007 should be deferred. If the Department determined the $330,000 could not be funded through savings or other budget means, Mr. Clinger indicated the Department could request a supplemental appropriation from the 2007 Legislature.

Chairman Raggio said there was no disagreement on the part of the Committee to approve moving the employees out of the Kinkead Building and the DCFS' cottages. At issue, he said, was whether the Committee was willing to approve an expenditure of $1,028,934 from the Contingency Fund with the understanding that demolition of the building as soon as practical would be an issue addressed by the members of the 2007 Legislature.

Assemblywoman Giunchigliani asked if the intent was to construct a new building on the same property.

Mr. Clinger explained that the intent was to enter a four-year lease agreement, and to approach the 2007 Legislature to request funding for a replacement building.

Assemblywoman Giunchigliani expressed appreciation to the employees housed in the Kinkead Building for their patience and to the members of the Administration, who worked with the Employees' Association regarding the relocation effort.

> ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL TO ALLOCATE $1,028,934 FROM THE CONTINGENCY FUND TO RELOCATE VARIOUS OFFICES FROM THE KINKEAD BUILDING TO COMMERCIALLY LEASED OFFICE SPACE WITH THE STIPULATION THAT ANY WORK PROGRAMS REQUIRED TO IMPLEMENT THE PLAN BE REVIEWED AND APPROVED BY THE FISCAL DIVISION STAFF PRIOR TO PROCESSING.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Assemblyman Tom Grady, Assembly District 38, expressed his support for the request.

Senator Coffin requested that, in memory of Assemblyman Marvin Sedway, consideration also be given to replacing the Blasdel Building "sooner, rather than later." Additionally, Senator Coffin requested construction of a new building to provide space to accommodate the future displacement of employees from other buildings, such as the Blasdel Building. Senator Coffin pointed out that the Blasdel Building was over 40 years old, and he and Assemblyman Sedway had pledged 24 years ago, in their freshman year as legislators, to do everything they could to remove the Blasdel Building.

Chairman Raggio expressed agreement with Senator Coffin's statement.

A letter (Exhibit J), from Assemblywoman Bonnie Parnell, expressing her support for the request was provided to the members of the Committee and made a part of the record.

> THE MOTION CARRIED.

2. DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES – Request for an allocation to open 28 new beds for offenders at Lake's

Crossing Center (8 beds) and the Northern Nevada Adult Mental Health Services Campus Building #25 (20 beds) .....~~$2,500,000.00~~
REVISED 11-3-05 .....$1,438,064.00

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, introduced Cynthia Pyzel, Chief Deputy Attorney General, Office of the Attorney General; Elizabeth Neighbors, Ph.D., Agency Director, Lakes Crossing Center; and Elizabeth O'Brien, Administrative Services Officer, (ASO), Division of Mental Health and Developmental Services.

Dr. Brandenburg appeared before the Committee to request an allocation from the Contingency Fund in response to a lawsuit filed in district court on June 29 2005, by the Nevada Disability Advocacy and Law Center (NDALC) against the Department of Health and Human Services, the Division of Mental Health and Developmental Services, and the Lakes Crossing Center. Dr. Brandenburg said the lawsuit specified due-process violations had occurred with delays that occurred in receiving individuals committed to Lakes Crossing Center for competency evaluations and treatment for competency. On November 3, 2005, representatives from the Department, Division and Office of the Attorney General met with U. S. Magistrate Robert Johnston, who issued an interim order to hold the case in abeyance until an allocation could be requested from the Contingency Fund to increase the number of beds at the Lakes Crossing Center and the Dini-Townsend Hospital. A follow-up meeting to present the state's position to the judge was scheduled for November 15, 2005.

Chairman Raggio noted that the number of inmates being admitted to the Lakes Crossing Center had increased from 3 to 4 a month early in 2005 to 12 to 18 a month as time progressed.

Dr. Brandenburg provided the following information on the number of individuals that were waiting for admittance to the Lakes Crossing Center in fiscal year 2003 and 2005:

- 9 in fiscal year 2003
- 17 in March 2005
- 26 in April 2005
- 33 in May 2005
- 35 in June 2005

A majority of the individuals admitted to the Lakes Crossing Center were committed by the Clark County District Court, and Dr. Brandenburg attributed the increase to more individuals being arrested, adjudicated, and sent to the state facility as a result of an influx of new judges and an increased number of law enforcement officers.

In response to questions Chairman Raggio asked regarding the funding request and, if approved, how it would be used, Dr. Brandenburg advised that the funding would be used to open 20 beds at the Dini-Townsend Hospital and 8 beds at the Lakes Crossing

Center, which would increase the census from 48 to 76. Dr. Brandenburg provided the following accounting:

- $1,371,554 - to open 20 beds at the Dini-Townsend Hospital
- $384,000 – for the Public Works Board to provide minor renovation to the Dini-Townsend Hospital
- $66,510 - meals and medication for 8 additional beds at the Lakes Crossing Center

Additionally, Dr. Brandenburg explained that a classification system was being developed to provide that violent offenders, or individuals arrested for a capital offense, would be maintained at the Lakes Crossing Center. Those individuals who were classified as less violent or dangerous would be moved to the Dini-Townsend Hospital.

In response to questions Chairman Raggio asked about timing, Dr. Brandenburg advised that if the request for an allocation from the Contingency Fund was approved, the additional 20 beds would be ready by April 1, 2006.

Dr. Brandenburg also explained that the 8 beds requested for the Lakes Crossing Center had been available for a month and had increased the number of beds available at the Lakes Crossing Center to 56.

Chairman Raggio asked for comments on whether the remedies recommended in the request for funding would satisfy the concerns of the court and plaintiff.

Cynthia Pyzel, Chief Deputy Attorney General, Office of the Attorney General, advised that although she did not know that the remedies would totally satisfy the court, “abundant good faith” evidence of the intention of the state to move forward to address and correct the situation would be provided. Ms. Pyzel further advised that a part of what was brought forward at the time of the settlement conference were the additional efforts, beyond increasing bed capacity at Lakes Crossing Center, to try to resolve the waiting time of detainees in the Clark County jail.

In response to questions Chairman Raggio asked about the delay issue, Ms. Pyzel advised that a part of the issue was the delay between commitment and transfer, but it was also the inability to move individuals out of the Lakes Crossing Center when they were ready to be returned to Clark County. Ms. Pyzel explained that there were logistical issues since intake and outflow was provided through court order and was not controlled by the Lakes Crossing Center staff. Ms. Pyzel advised that since April 2005, aggressive measures had been taken by the Division staff to streamline the process, and it was assumed that the plaintiffs were sympathetic to avoiding an outcome that would inundate the Lakes Crossing Center with commitments rendering it unable to provide restorative treatment. Ms. Pyzel said that approval of the funding request would provide for additional beds in a timely fashion.

Notwithstanding the cost and the court order, Assemblyman Seale asked if providing additional beds was something that needed to be done.

Dr. Brandenburg advised that, under the provisions of the *Nevada Revised Statutes* (NRS), the state was legally mandated to provide treatment for competency.

In response to questions Assemblywoman Giunchigliani asked regarding the number of commitments to Lakes Crossing from the Reno area versus the remainder of the state, Dr. Brandenburg provided the following information:

- Fiscal Year 2003
  52.59 percent - Clark County,
  27.59 percent - Washoe County
  19.82 percent - rural Nevada.

- Fiscal Year 2004
  43.69 percent - Clark County
  29.13 percent - Washoe County
  27.19 percent - rural Nevada.

Dr. Brandenburg advised that Clark County admissions had increased over the past five years in relation to the population and with the addition of new judges and an increased number of law enforcement officers.

Assemblywoman Giunchigliani advised that while the additional beds could be used as a temporary stopgap measure, a past feasibility study should be reviewed and used to begin working toward constructing a facility in southern Nevada similar to the Lakes Crossing Center. Assemblywoman Giunchigliani pointed out that transportation costs, staff time, and having families in close proximity to patients would be beneficial to all concerned.

Dr. Brandenburg agreed and indicated that during the 2005 Legislative Session, the Department of Health and Human Services proposed options to expand the Lakes Crossing Center, or to build a new facility in Clark County. Dr. Brandenburg advised that the Public Works Board preferred to expand the Lakes Crossing Center in view of the costs involved.

Assemblywoman Giunchigliani suggested applying for a Homeland Security Grant pointing out that mental health illness could contribute some factors that might qualify for assistance at the local level.

Chairman Raggio asked that Division representatives comment on the request for an additional 1.51 full-time equivalent (FTE) senior psychiatrist and 1 FTE senior physician position.

Dr. Elizabeth Neighbors, Director, Lakes Crossing Center, advised that after carefully reviewing the need for the positions, the senior psychiatrist would be brought on December 1, 2005. Dr. Neighbors explained that the current psychiatrist on staff served the entire facility with some additional assistance from a contract psychiatrist. After a review of the approved ratios for the new hospital in southern Nevada, Dr. Neighbors said it was determined to bring the ratio for caseloads in line with the national standard and what the remainder of the state proposed for psychiatrists. Additionally, Dr. Neighbors said the Lakes Crossing Center shared one physician with Northern Nevada Adult Mental Health Services.

In response to questions Chairman Raggio asked regarding whether all 31.02 new FTE positions would be hired by December 1, 2005, Dr. Neighbors advised that the 3 positions proposed to be hired on December 1, 2005 would have an immediate impact on the waiting list.

In response to Chairman Raggio, who indicated staff had recommended an additional reduction in the amount being requested from the Contingency Fund, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recommended that the request be further reduced from $1,438,064 to $1,406,623 to reflect a three-month delay in funding of health insurance premiums for the new positions and a reduction of $1,432 to the Information Services category to reflect computer software and hardware pricing approved by the 2005 Legislature.

Dr. Brandenburg agreed with the cost adjustments proposed by the Committee's staff.

In response to Chairman Raggio, who asked if a supplemental appropriation would be requested from the 2007 Legislature, Dr. Brandenburg advised that a supplemental appropriation would be requested. Dr. Brandenburg indicated that additional options and information on the status of inmate commitments as well as a plan of operation prior to the time a new facility could be constructed would be provided.

Expressing a concern for staff safety, Assemblywoman Leslie noted that no correctional positions were requested for the 20 beds in the Dini-Townsend Hospital. Assemblywoman Leslie questioned whether the administration was satisfied that both staff and patients would be safe.

Dr. Neighbors indicated that custody officers and forensic specialists shared much of the same training, and custody officers transported patients and were used for other security functions. Dr. Neighbors explained that transports would be out of the Lakes Crossing Center as opposed to the Dini-Townsend Hospital annex, which she indicated was a reasonable distribution of security staff, since individuals classified as medium security would be housed at the Dini-Townsend Hospital.

Assemblywoman Leslie commented on forensic specialists being paid at one step below correctional officers.

Dr. Brandenburg advised that although forensic specialists were paid at perhaps 5 percent below correctional officers, their salary had been increased during the 2005 Legislative Session. Dr. Brandenburg explained that when the Lakes Crossing Center was first established 1976, some correctional officer positions were placed in the budget. Through the years Dr. Brandenburg said it had been determined that the forensic specialists were required to be Peace Officers' Standards and Training (POST) certified since they shared the same duties and responsibilities as correctional officers.

Assemblywoman Leslie also expressed concern that the Dini-Townsend Hospital was being converted into a forensic facility and that the changes would be permanent.

Dr. Brandenburg provided assurance that the renovations being made at the Dini-Townsend Hospital would not be permanent with the exception of a sally port area near the bay windows. Dr. Brandenburg indicated that although the Dini-Townsend Hospital had to be secured, Public Works Board representatives were aware that after construction of a new facility in four to five years, renovations to the Dini-Townsend Hospital were to be reversed.

Assemblywoman Leslie expressed agreement with Assemblywoman Giunchigliani's statements that plans should be reviewed during the 2007 Legislative Session to construct a facility in Las Vegas similar to the Lakes Crossing Center.

Senator Beers indicated he was not satisfied with the explanation that delays in receiving commitments from Clark County could be attributed to more judges and an increased number of police officers arresting and adjudicating offenders. Senator Beers requested that statistics be provided on the number of cases referred each month and the name of the referring judge beginning January 2004 to the present.

Dr. Brandenburg agreed to provide the information broken down by judges and district court. Dr. Brandenburg also advised that orders were accepted from counties throughout Nevada for individuals adjudicated incompetent to stand trial and who were to be treated for restoration of competency. Since rural Nevada counties lacked both resources and staffing to provide orders, individuals from the rural counties were committed under the provisions of *Nevada Revised Statutes* (NRS) 178.415, the initial evaluation of competency to stand trial.

Senator Beers asked whether the situation had been discussed with judges and whether there was any thought regarding whether a revision to NRS by the Legislature might have increased the number of referrals.

Dr. Brandenburg advised that at one time a Sanity Commission, comprised of three independent doctors outside the state system, determined competency to stand trial, which increased the length of time individuals had to wait for treatment. Dr. Brandenburg indicated that under provisions enacted by the 2003 Legislature that allowed the Lakes Crossing Center staff to provide the evaluation of competency to stand trial, the length of time individuals waited for treatment decreased.

In response to a question Senator Beers asked regarding the outcome of a similar lawsuit in Oregon, Ms. Pyzel advised that the court in an Oregon case ordered that the facility for "treatment to competency" receive 7 individuals who were awaiting transportation within 7 days, and the process from there on took 7 days between the time the court entered the order to the time the person was transported into the facility whether or not the facility had the resources.

Assemblyman Hettrick indicated that nothing he had heard thus far addressed the cost of the lawsuit and how the cost would be paid.

Ms. Pyzel advised that although attorney fees had been requested as a part of the complaint that had been filed, the cost issue had not been addressed. Ms. Pyzel further advised that by talking about the issue and attempting to resolve the problem attorney fees would be reduced if full-scale litigation could be prevented. Although currently in the very early phases of litigation, Ms. Pyzel hoped to maintain a "low-key environment." Additionally, Ms. Pyzel advised that typically attorneys were paid out of the Tort Claims Fund managed by the Office of the Attorney General.

Assemblywoman Gansert asked if a decline in the number of sexual offenders was expected as a result of a 2005 legislative change to classify offenders on a tier system based on convictions and types of offenses.

Dr. Brandenburg advised that under the provisions of NRS, Division staff were required to be part of the panel that evaluated sexual offenders to determine if they were a danger to the health, safety, and morals of others before they actually appeared before the Parole Board. During the 2005 Legislative Session, Dr. Brandenburg said that the role of Lakes Crossing staff in the evaluation process was expanded.

ASSEMBLYMAN MARVEL MOVED APPROVAL TO ALLOCATE $1,406,623 FROM THE CONTINGNECY FUND TO THE DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED.

3. DEPARTMENT OF MOTOR VEHICLES

   a. Field Services – Request for an allocation to cover costs associated with acquiring 31 new positions for the Galletti Way office in Reno to reduce customer service wait lines to at or below the desired 60 minutes .....~~$1,054,879.00~~
   REVISED 11-02-05.....$546,704.00

b. Administrative Services – Request for an allocation to cover costs associated with acquiring an additional position for the Galletti Way office in Reno to collect revenue and provide administrative and fiscal support to field service technicians. Relates to the request for an IFC Contingency Fund (Highway Fund) allocation by the Department of Motor Vehicles' Field Services ..... ~~$36,091.00~~
REVISED 11-02-05 ..... $22,274.00

Ginny Lewis, Director, Department of Motor Vehicles, introduced Tom Fronapfel, Administrator, Field Services Division, and Dennis Colling, Chief of Administrative Services, Department of Motor Vehicles. Ms. Lewis appeared before the Committee to request an allocation from the Highway Contingency Fund that would allow the Department of Motor Vehicles (DMV) to bring the Reno Galletti Way office up to 100 percent staffing to meet customer service needs and to reduce the wait time to an acceptable level.

Ms. Lewis advised that approval of the request would fund 27 DMV technicians, 3 DMV supervisors to maintain the 10:1 ratio, and 1 account clerk, for Administrative Services, to handle the additional revenue workload created by the new staff.

Ms. Lewis advised that the 2003 Legislature authorized 100 percent staffing at the five metropolitan DMV offices throughout the state. Although the budget for Field Services was closed with funding for 100 percent staffing at the Carey and Sahara offices in Las Vegas, funding for the remaining metropolitan offices, including the Galletti Way office, was placed in Reserve with direction from the Legislature to appear before the Interim Finance Committee (IFC) with justification if the wait times began to reach unacceptable levels.

Ms. Lewis advised that, during the 2004-2005 biennium, the DMV provided justification to the IFC and was approved to hire staff for the Flamingo and Henderson offices in southern Nevada. However, the wait time at the Galletti Way office did not reach a level to justify additional staff, which resulted in a reversion of the allocated funding to the Highway Fund at the close of fiscal year 2004.

After close evaluation and "many process changes" at the Galletti Way office, Ms. Lewis said a clear picture could be provided that demonstrated the need for 100 percent staff coverage. Wait times averaged 108 minutes in July 2005, 106 minutes in August, and 93 minutes in September. After meeting with the Governor, Ms. Lewis advised that the DMV began an eight-week new hire academy with 9 vacant positions borrowed from Las Vegas, and 5 vacancies from the Galletti Way office. The newly hired staff concluded their training and began work at the Galletti office the first week of October, and the average wait time in October was reduced to 77 minutes compared with 93 minutes in September.

Ms. Lewis advised that 100 percent staff coverage had proven to be a key solution with a reduction of wait times in the following Las Vegas area offices:

- Carey office - reduced wait times from 92 minutes to 45 minutes
- Sahara office - reduced wait times from 85 minutes to 35 minutes
- Flamingo office - reduced wait times from 88 minutes to 44 minutes
- Henderson office - reduced wait times from 82 minutes to 37 minutes

In conjunction with the kiosks and other alternative services, Ms. Lewis said additional staffing had allowed the DMV to "just barely" stay on top of the state's population growth, but for the moment Las Vegas area DMV offices were stable.

Although funding for additional staff was a difficult request during the interim, Ms. Lewis said she would not have come forward unless the situation was critical. Ms. Lewis explained that the DMV budget request for the 2005-2007 biennium did not include a request to increase the staff at the Galletti office as wait time data did not reflect the need. However, Ms. Lewis advised that waiting until the 2007 Legislature to address the issue would have created "a huge delay" in meeting the increasing demand for DMV services in Washoe County. Concluding her remarks, Ms. Lewis told the members of the Committee that the employees of the Galletti Way office had been taxed to the limit, and she had a responsibility to obtain the resources and the relief for them to do their jobs efficiently and effectively.

Chairman Raggio noted that the Budget Division had revised the original requests reducing the requested allocation and asked the Director to address the reason for the reduced request.

Ms. Lewis advised that the DMV's original package contained an error in the calculation of benefits and retirement, which when corrected reduced the allocation request for Field Services from $1,054,879 to $546,704 and the allocation request for Administrative Services from $36,091 to $22,274.

Assemblywoman Smith commented that she had received complaints from constituents regarding above average wait times of between 6 and 7 hours and asked if the staffing level at the Galletti Way office was commensurate with the staffing levels in Las Vegas insofar as efficiency in the number of people being served.

Ms. Lewis advised that the same formula to increase staffing to 100 percent was applied to the Galletti Way office as had been applied to the Las Vegas offices.

Senator Cegavske indicated that she had received complaints regarding the wait time for learning permits and drivers license examinations and asked if anything was being done to reduce the wait time for those services.

Tom Fronapfel, Administrator, Field Services Division, advised that changes to the law applicable to teen driving effective October 1, 2005, prompted “a huge influx” of applicants, who wanted to test prior to October 1. Post October 1, 2005, applicants were required to have a minimum of 50 hours driving experience, 10 of which had to be at night, and a driving permit for a minimum of 6 months before obtaining a drivers license. Consequently, Mr. Fronapfel advised that a number of individuals, originally scheduled to take the driving examination could not be tested since they did not meet the minimum requirements. Currently, driving examinations were being scheduled two months in advance, which he said was fairly standard statewide.

Assemblywoman Gansert discussed a recent personal experience at the Galletti Way office that involved a long wait for a new vehicle registration and a complaint from a constituent, who had a 5 or 6 hour wait. Assemblywoman Gansert asked if moving the registration process out of the central offices into satellite offices or to automobile dealer locations had been investigated.

Ms. Lewis advised that a pilot program to register new vehicles with some automobile dealers demonstrated that the dealers would rather not be involved in the decal and license plates process. Ms. Lewis said that currently staff was attempting to determine the feasibility of computer software the DMV could use to interface with a dealer’s report of sale. The report of sale, which contained data fields required by the DMV, would be electronically transmitted to the DMV after a sale, and the buyer would complete the registration process on a home computer followed by a mailing of license plates, decal and registration by the DMV.

Assemblyman Seale complimented the work being done by the DMV and advised he had just renewed a drivers’ license in a minimum length of time at the Henderson office in southern Nevada.

In response to additional questions Assemblywoman Giunchigliani asked regarding operational changes to increase efficiency in the Reno office compared with other DMV offices, Mr. Fronapfel provided the following recently completed analysis based on the number of transactions performed rather than on the number of customers.

- Henderson office – from January 1, 2004 through October 1, 2004, the average wait was approximately 71 minutes with 2.3 transactions per customer and an average of 857 monthly transactions per technician

- Galletti Way office – from January 1, 2004 through October 1, 2005, prior to the addition of 14 positions, the average wait was 85 minutes with an average of 854 monthly transactions per technician

Although the efficiencies were comparably similar, Mr. Fronapfel reiterated that staffing, scheduling, and improvement of window management and customer flow had been implemented at the Galletti office, which had increased efficiency.

Assemblywoman Giunchigliani questioned whether the DMV staff had explored registering vehicles at places of business, or, for example, at a gathering of a large group of new teachers that were being hired.

While a good idea in theory, Ms. Lewis advised that attempting to take license plates and decals to a mass registration would be logistically difficult and out-of-state vehicles required inspection at a DMV facility.

> ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF THE DEPARTMENT OF MOTOR VEHICLES' IITEM 3.a and 3.b CONTINGENCY FUND REQUEST, AS REVISED.
>
> ASSEMBLYMAN PARKS SECONDED THE MOTION.
>
> THE MOTION CARRIED.

*F. DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. DIRECTOR'S OFFICE – Community Services Block Grant (CSBG) state plan for federal fiscal years 2006 and 2007, October 1, 2005 through September 30, 2007. Requires a public hearing pursuant to Section 676(a)(3) of the CSBG Act and NRS 428.375(3).

Chairman Raggio noted that Item F.1 Community Services Block Grant (CSBG) state plan for federal fiscal years 2006 and 2007, October 1, 2005 through September 30, 2007 required a public hearing to approve the statewide use and distribution of funding.

Gary Gobelman, Social Services Program Specialist, Department of Health and Human Services, appeared before the Committee to request approval for the state plan.

There were no questions from the members of the Committee and no comment from members of the public.

> ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEM F.1.
>
> ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.
>
> THE MOTION CARRIED

2. DIRECTOR'S OFFICE – Request for IFC approval of the department's proposal to pay no more than 100 percent of the low-income benchmark Medicare Part D premium for Senior Rx and Disability Rx members who

are not eligible for full subsidy of this expense (A.B. 495 and A.B. 524, 2005 Legislative Session).

Laurie Olson, Program Manager, Senior Rx, appeared before the Committee to request approval to pay the premiums for Medicare Part D beneficiaries. Ms. Olson reported that at the September 15, 2005, Interim Finance Committee (IFC) meeting, Department of Health and Human Services' representatives requested approval to pay monthly premiums for Medicare Part D beneficiaries not to exceed $32.20 per month, the average estimated by the Centers for Medicare and Medicaid Services (CMS) for low-income beneficiaries at that time. The Committee approved the plan to coordinate Senior Rx and Disability Rx with the Medicare Part D prescription drug benefit with one exception. The Committee deferred action on the monthly premiums for beneficiaries until it could be determined how much it would cost to pay for the premiums and administration of the benefit. Ms. Olson advised that since that time, information was received that the CMS had calculated a low-income benchmark premium of $23.46 per month using "weighted" values.

Ms. Olson said that Benefit Planners' expenses to administer the premium benefit and Department of Information Technology (DoIT) programming expenses totaled $82,223, and the estimated cost for Senior Rx was $140,663 less than originally projected.

Ms. Olson requested the Committee's approval to pay no more than 100 percent of the low-income benchmark for seniors who did not qualify for the full Medicare subsidy.

Chairman Raggio asked why Senior Rx and Disability Rx members were limited to only 7 of the 44 plans approved for Nevada.

Ms. Olson explained that the CMS had identified 7 of the 44 plans as the most appropriate to enroll Medicare/Medicaid dual eligibles. While the Department would prefer to follow suit, Ms. Olson said it had not actually been determined that enrollment would be limited to the 7 plans.

In response to Chairman Raggio, who questioned whether the 7 plans provided sufficient options for Senior Rx and Disability Rx members, Ms. Olson indicated she believed sufficient options were provided. Additionally, Ms. Olson explained that 44 plans would be confusing to Senior Rx members and would prove difficult to administer. Ms. Olson reiterated, however, that Department representatives were not proposing to limit enrollment to the 7 plans.

Ms. Olson discussed "running" a test case on the Medicare website to determine the best plan for a Senior Rx member, who had been prescribed five medications. Ms. Olson advised that the test provided information on two companies under the low-income benchmark premium; one offered a basic plan and one offered an enhanced plan. The test determined that $1,000 in out-of-pocket costs would be expended over the course of a year for the enhanced plan and $540 for the basic plan. Ms. Olson explained that while the enhanced plan offered zero deductible, the cost of

the deductible was actually distributed over the course of the year. Additionally, the enhanced plan offered "generic coverage during the coverage gap," but since the Senior Rx program was authorized to pay during the coverage gap, Ms. Olson indicated there was no point in the member paying for that enhancement. Ms. Olson also pointed out that the test revealed that a more expensive plan was not necessarily better for the individual.

In response to Chairman Raggio, who asked for the total cost to the state, Ms. Olson advised that the current projection was $626,921 compared with the original projection of $767,584.

In response to Assemblywoman Leslie, who asked for additional information on the proposal for the 7 plans, Ms. Olson reiterated that the proposal was not to limit the number of plans. Ms. Olson explained that the 7 plans had been determined as the most appropriate in which to enroll Medicare/Medicaid dual eligibles. Additionally, Ms. Olson indicated she had spoken to many Senior Rx members who could not afford to pay premiums, who she said could enroll in one of the 7 basic plans that provided premiums that were below the low-income premium benchmark.

Assemblywoman Leslie questioned if there was a need for individual enrollees to run a test on the Medicare website in order to determine whether plan 8, 9, or 10 out of the 44 was best for their situation.

Mary Liveratti, Deputy Director, Department of Health and Human Services, indicated that Department representatives were advising all enrollees to go to the Medicare website and enter all medications currently being utilized. Ms. Liveratti advised that the website provided plan comparisons on which to base a decision on the best plan.

Assemblywoman Leslie questioned whether counselors would need to provide assistance to help enrollees determine hidden costs.

Ms. Olson advised that after entering the information on the medications being utilized, the computer program would provide side-by-side comparison of the plans and out-of-pocket costs over the course of a year.

In response to Assemblywoman Leslie, who requested telephone numbers that could be provided to constituents, Ms. Olson provided the following information:

- Individuals who were not enrolled in the Senior Rx Program should call 1-800-MEDICARE

- Individuals enrolled in the Senior Rx Program should call toll free 866-323-5953

Chairman Raggio asked that staff provide the telephone numbers to all members of the Legislature.

Ms. Liveratti also advised that the website address: www.medicare.gov, would provide access to the plan finder and comparison of the plans. Ms. Liveratti expressed some concern regarding the number of individuals seeking assistance and suggested that perhaps family members could help their senior family member by contacting Senior Rx representatives.

Assemblywoman McClain also advised that counselors for the Nevada Division for Aging Services' Senior Health Insurance Advisory Program (SHIP) were conducting statewide events to explain the intricacies of plans.

Ms. Liveratti expressed a concern that projections indicated 140,000 seniors would be eligible for the federal subsidy, and currently only about 21,000 had actually applied for the subsidy.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF THE DEPARTMENT'S PROPOSAL TO PAY NO MORE THAN 100 PERCENT OF THE LOW-INCOME BENCHMARK MEDICARE PART D PREMIUM FOR SENIOR RX AND DISABILITY RX MEMBERS NOT ELIGIBLE FOR FULL SUBSIDY OF THE EXPENSE.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

*G. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

1. DIVISION OF STATE LANDS – Request for approval of issuance of bonds in the amount of $9,500,000 to fund eligible projects in the Question 1 program approved by Nevada voters on November 5, 2002 and pursuant to A.B. 9 from the 17th Special Session of the Nevada Legislature.

Jim Lawrence, Deputy Administrator, Division of State Lands, introduced Kevin Hill, Question 1 Program Coordinator, Division of State Lands. Mr. Lawrence appeared before the Committee to request approval for the issuance of $8 million in bonds, revised from the original $9.5 million request to fund eligible projects in the Question 1 program.

Mr. Lawrence advised that Question 1 was a $200 million Conservation Bond Program, approved by Nevada voters in 2002, of which $65.5 million was earmarked as Question 1 general obligation bonds for a grant program to local governments, municipalities, and non-profit organizations. The grants would be used to fund projects for the construction of recreation trails, acquisition of land and water for conservation purposes, creation of a Lake Tahoe path system, habitat conservation, and open space

plans. The legislation required Interim Finance Committee (IFC) approval to issue the bonds.

Mr. Lawrence advised that since the inception of the program, Division of State Lands' representatives had coordinated with eligible grantees regarding eligible projects and received IFC approval on two previous occasions to issue bonds that totaled approximately $15.5 million.

The request, before the Committee, for approval to issue bonds for the third round of grant projects, as previously indicated, had been revised to $8.0 million. Mr. Lawrence explained that in early October 2005, Division of State Lands' representatives anticipated the need for $9.5 million in bond proceeds, but subsequently refined the request based on applications that were submitted rather than on potential grantees. After reviewing the request with Legislative Counsel Bureau (LCB) and Department of Administration Budget Division staff, Mr. Lawrence indicated agreement was reached that the request to issue bonds in the amount of $8.0 million reflected the Round 3 applications. Mr. Lawrence advised that future IFC requests to issue bonds would coincide with the application closing deadline in order to ensure that the request matched the need of each grant round.

Chairman Raggio asked how the grant requests were determined and prioritized.

Mr. Lawrence advised that State Lands' representatives worked with eligible grantees through a pre-application round to determine eligibility. Technical committees that included representatives from other state agencies, Nevada Association of Counties (NACO), private citizens, and federal agencies reviewed the grant applications and forwarded recommendations to Pam Wilcox, Administrator, Division of State Lands.

Assemblywoman Giunchigliani questioned the need for IFC approval to issue $1.5 million in bonds for urban parks and greenbelts considering there were no pending applications for grants associated with that portion of the program.

Mr. Hill advised that there were two projects related to urban parks and greenbelts in the first round of applications. However, it was determined that funding was being requested for improvements, and the Question 1 grant funds were restricted to acquisition of urban parks and greenbelts and could not be used for improvements.

In response to Assemblywoman Giunchigliani, who asked if the state could initiate and promote ideas for urban parks and greenbelt areas, Mr. Hill advised that Division representatives engaged in statewide outreach activities to identify potential projects for urban parks. In the next month or so, Mr. Hill indicated that Division representatives would be visiting Elko County and Lincoln County to discuss potential projects.

In response to Assemblywoman Giunchigliani, who asked for a definition of greenbelt areas, Mr. Hill defined urban parks and greenbelts as areas that varied in size, were not

restricted to population, and designed for passive use, such as hiking, walking, and interpretative signage

In response to questions Assemblywoman Giunchigliani asked regarding whether the $1.5 million revision would limit the Division's authority to seek potential projects, Mr. Hill advised that the Division had IFC authority remaining from previous IFC approvals to issue bonds totaling $1.87 million

In response to Assemblyman Seale, who asked if the Lake Tahoe path system was included in the revised grant request, Mr. Hill advised that the grant request for the construction of recreational trails and the Lake Tahoe path system was included in the request and was based on two applications received for Round 3.

Assemblyman Seale asked whether there was any coordination by Division of State Lands' representatives for the Tahoe Rim Trail and the Lake Tahoe path system projects.

Mr. Hill advised that coordination existed between the Division of State Lands, the Tahoe Rim Trail Association, the Tahoe Regional Planning Agency (TRPA), Washoe County, Carson City, and Douglas County. Mr. Hill advised that currently $5 million in bond authority was proposed for the development of the Lake Tahoe path system, designed for the east side of Lake Tahoe's Nevada shore. Mr. Hill indicated that approval of the request would provide "seed" money to begin construction of the path in segments rather than one continuous path.

In response to questions Assemblyman Seale asked regarding the timing for the issuance of bonds, Robin Reedy, Deputy State Treasurer, Treasurer's Office, advised that issuance was based on cash flow and bonds would not be issued before the end of winter or beginning of spring.

ASSEMBLYMAN SEALE MOVED TO APPROVE ITEM G.1, AS REVISED, FOR THE AUTHORITY TO ISSUE $8.0 MILLION IN BONDS TO FUND ELIGIBLE QUESTION 1 PROJECTS.

SENATOR COFFIN SECOND THE MOTION.

THE MOTION CARRIED.

2. DIVISION OF STATE LANDS AND DIVISION OF STATE PARKS – Pursuant to subsection 3 of section 3 of A.B. 458 from the 2005 Legislature, request for approval to add the Lake Tahoe Nevada State Park Wastewater Improvement Project to the list of projects of the Environmental Improvement Program found in subsection 1 of section 2 of A.B. 458 from the 2005 Legislature.

Jim Lawrence, Deputy Administrator, Division of State Lands, requested the Committee's approval to add the Lake Tahoe Nevada State Park Wastewater Improvement Project to the list of Environmental Improvement Program (EIP) projects approved under the provisions of A.B. 458, 2005 Legislature. Assembly Bill 458 also authorized that a project could be added to the list during the interim with approval of the Interim Finance Committee.

Mr. Lawrence advised that approval of the request would permit the Division of State Parks and the EIP team to partner with the Incline Village General Improvement District and the Army Corps of Engineers to upgrade the sewer line at Lake Tahoe Nevada State Park and along State Route 28. Additionally, approval would "significantly" reduce the potential for a catastrophic sewage spill along the shore of Lake Tahoe and within the state park. Mr. Lawrence said that in the past many breaks in the line had occurred along State Route 28 resulting in effluent reaching Lake Tahoe. Mr. Lawrence said the project would allow the Division of State Parks to convert their existing wastewater treatment facility to a pumping only operation. As a part of the project, the Incline Village General Improvement District would provide the treatment for the wastewater coming from the Park saving the Division of State Parks approximately $14,675 annually and would avoid an estimated $60,000 in immediately needed system maintenance costs.

Mr. Lawrence clarified that the request to add the project did not include a request for additional funds. Mr. Lawrence said that as planning progressed and after costs were more accurately identified, a work program would be submitted to move funds from an existing project, or from the EIP contingency fund to cover the expenses of the wastewater line project. Mr. Lawrence estimated Nevada's share of the cost would be approximately $308,000, or about 25 percent of the entire project cost. The remaining costs would be paid for by the Army Corps of Engineers and the Incline Village General Improvement District.

ASSEBMLYWOMAN MCCLAIN MOVED APPROVAL OF ITEM G.2 TO ADD THE LAKE TAHOE NEVADA STATE PARK WASTEWATER IMPROVEMENT PROJECT TO THE LIST OF ENVIRONMENTAL IMPROVEMENT PROJECTS THAT WERE APPROVED IN A.B. 458, 2005 LEGISLATURE.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

3. DIVISION OF STATE LANDS – Pursuant to section 1 of chapter 391, Statutes of Nevada 2003 – Request for approval of an agreement to transfer to the city of Las Vegas all interest of the state of Nevada in the real property known as Floyd Lamb State Park.

Steve Weaver, Chief of Planning and Development, Division of State Parks, appeared before the Committee to request approval of an agreement to transfer to the city of Las Vegas all interest of the state of Nevada in the real property identified as Floyd Lamb State Park.

Mr. Weaver advised that during the September 15, 2005 meeting of the Interim Finance Committee (IFC), the Division of State Parks was directed to report to the Committee subsequent to action by the Las Vegas City Council regarding revisions to the transfer agreement requested by the IFC.

Mr. Weaver reported that the city of Las Vegas accepted by a 7 to 0 vote the changes regarding restrictions for the use of the property, namely passive recreation, conservation, and critical infrastructure. In addition, Mr. Weaver advised that the Division of State Parks would actively participate with the city of Las Vegas in developing a comprehensive master plan that met the criteria for the entire property including that portion leased from the federal government.

Assemblywoman Giunchigliani advised that Assemblyman Parks, Assemblywoman Kirkpatrick, several constituents, other legislators, and herself had expressed an interest to participate in the master plan process.

Mr. Weaver indicated assistance provided by legislators and constituents would be appreciated.

> ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF ITEM G.3 TO TRANSFER TO THE CITY OF LAS VEGAS ALL INTEREST OF THE STATE OF NEVADA IN THE REAL PROPERTY KNOWN AS FLOYD LAMB STATE PARK.
>
> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
>
> THE MOTION CARRIED.

*H. STATE PUBLIC WORKS BOARD

1. Project 05-C20c, New classroom building on West Charleston Campus of CCSN. Request to use Construction Manager at Risk, (NRS 341.161) and to clarify project scope to include a library and reduce project funding to eliminate $5,000,000, which was to be provided by the Nevada System of Higher Education.

Gustavo Nunez, Deputy Manager, Professional Services, Public Works Board (PWB), appeared before the Committee to request approval to use a Construction Manager at Risk (CMAR) for design and construction of a new classroom building on the West Charleston Campus of the Community College of Southern Nevada (CCSN).

Additionally, Mr. Nunez requested project scope clarification to ensure the intent of the Legislature was to include a library within the project. Mr. Nunez also requested that the project funding be reduced to eliminate $5 million, which was to be provided by the Nevada System of Higher Education (NSHE).

Mr. Nunez referred to revised project cost estimates (Exhibit K) provided to the Committee by the PWB and an October 13, 2005 letter (Exhibit L) from Harry Neel, Vice Chancellor for Finance & Facilities Planning, NSHE, requesting that the project scope be reduced by $5 million. The eight revised project scope/project cost estimates (Exhibit K) included scenarios for the design and construction of a new classroom building with and without a library facility and with and without the cost of furniture, fixtures and equipment (FF&E). Additionally, Mr. Nunez advised that the revised estimates reflected total funding of $25 million as well as the requested deletion of $5 million in other funding contributions.

Chairman Raggio recalled that the concern expressed during the September 15, 2005 Interim Finance Committee meeting was related to the inclusion of a library in the project, and the PWB representatives were directed to return to the Committee with a revised cost estimate that included a library facility.

Mr. Nunez responded that the PWB provided cost estimates for both a new classroom building and a new classroom building with a library facility. Mr. Nunez reiterated that the October 13, 2005 letter (Exhibit K) received from Harry Neel, Vice Chancellor for Finance and Facilities Planning, advised that the System could not provide the $5 million that was included in the approved budget and requested that the scope of the project be reduced from $25 million to $20 million. Mr. Nunez advised that Richard Carpenter, Ph.D., President, Community College of Southern Nevada (CCSN) and Bob Gilbert, CCSN, were present and available to answer questions.

In response to a question Chairman Raggio asked about the need for the Committee's authorization of a Construction Manager at Risk (CMAR) for Project 05-C20c, Mr. Nunez explained that the CMAR was requested again since it appeared, after reviewing the meeting minutes, approval for the CMAR was not received during the September 15, 2005 meeting.

Chairman Raggio recalled that issues of concern were related to constructing a new classroom building within the authorized funding, whether to include a library facility in the project, and whether the authorized funding included FF&E. Aside from the FF&E, Chairman Raggio asked for the project cost estimate for a new classroom building including a library within the authorized funding.

Dan Klaich, Executive Vice Chancellor, Nevada System of Higher Education (NSHE), apologized for the confusion. Mr. Klaich indicated it was his understanding that Legislative Counsel had opined that, under the provisions of *Nevada Revised Statutes* (NRS), the scope of the funding could not be reduced. Mr. Klaich requested the Committee's approval to authorize the expenditure of $25 million to construct a

classroom building and learning center on the campus of the Community College of Southern Nevada with a deposit of $5 million from the NSHE.

Assemblywoman Giunchigliani indicated confusion regarding the term, “other funds” occurred at the end of the 2005 Legislative Session. Assemblywoman Giunchigliani expressed her understanding of the request proposed by Mr. Klaich was for Committee approval to construct a new 65,000 to 70,000 square-foot classroom building and learning center, with the addition of $5 million through a loan or additional estate tax proceeds, and to use cost savings, if the project was delivered under budget, to reduce the cost of the loan.

Mr. Klaich said that he planned to advise the Chancellor and the Board of Regents to secure an emergency loan of $5 million to move forward with the project, which was “critical to southern Nevada and the Community College of Southern Nevada.” Mr. Klaich indicated that if, during the biennium, estate tax deposits exceeded the budgeted amount and if the project could be brought in under budget, representatives of the NHSE would return to the Committee to request that the additional estate tax proceeds and savings be applied to the retirement of the loan.

In response to a request for clarification from Mr. Nunez regarding the NHSE request to reduce the scope of the project to $20 million, Chairman Raggio indicated the need for a project cost estimate for a classroom and library facility that reflected a total $25 million construction cost without FF&E.

Mr. Nunez referred the Chairman to the project cost estimate identified as 05-C20c (a) (Exhibit K, page 103), which reflected a 65,000 to 70,000 square-foot classroom-library facility for $25 million, excluding FF&E.

Chairman Raggio noted that 05-C20c (a) reflected an FF&E future request of $3.7 million and included $10 million in Other Funding Contributions.

Evan Dale, Deputy Manger, Administration and Finance, Public Works Board, explained the $10 million in Other Funding Contributions reflected funding from estate tax proceeds as well as the other funding from the NSHE.

In response to questions Chairman Raggio asked regarding the proposal to use estate tax proceeds and other savings to repay a $5 million emergency loan, Mr. Klaich explained that estate tax collections would be used to cover the additional $5 million only if the amount encumbered during the 2005 Legislature was exceeded.

In response to Chairman Raggio, who questioned whether an adjustment needed to be made on the project cost estimate, Mr. Nunez advised that no adjustments were required if the Committee approved the project cost estimate identified as 05-C20c (a). Mr. Nunez noted, however, that the PWB was required to have the $10 million in Other Funding Contributions in hand before proceeding to construction.

In response to a request from Chairman Raggio on how the $10 million would be generated, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that $5 million would be provided from estate tax proceeds, and NSHE representatives would attempt to secure a loan from an outside source for the additional $5 million. Any estate tax proceeds exceeding the $29 million authorized by the 2005 Legislature would be utilized to repay the loan. Additionally, Mr. Ghiggeri said that any savings incurred as a result of construction would be utilized to reduce the amount of the loan.

Mr. Klaich agreed with Mr. Ghiggeri's explanation that a portion of the estate tax was encumbered during the 2005 Legislative Session and included within the $25 million for the project. Mr. Klaich reiterated that if estate tax proceeds exceeded the budgeted amount, the excess would be applied to the retirement of the $5 million loan.

Senator Titus chided NSHE representatives for the number of times they had appeared before the Legislature indicating their ability to raise private-sector funds for a capital improvement project, only to discover funds that were promised could not be provided. Senator Titus indicated that NSHE officials should provide factual cost information rather than return to the Legislature with "creative bookkeeping" to cover the lack of funding.

Mr. Klaich indicated he did not believe that NSHE representatives appeared before the 2005 Legislature to say they would raise the $5 million.

Mr. Klaich recalled that in the closing days of the 2005 Legislative Session, the funding request for the new classroom-library facility increased from $10 million, $5 million of which was to be provided by state funding and $5 million from estate tax proceeds, to $25 million recommended by the Legislature. Mr. Klaich indicated a miscommunication had occurred between NSHE representatives and staff and that neither President Carpenter nor anyone associated with the University testified that $5 million in private funds would be raised for the project. Although unintentional, Mr. Klaich admitted a mistake had occurred but said the classroom-library facility was so critical to the Community College of Southern Nevada, the NSHE was prepared "to undertake extraordinary measures" to save it.

> ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF THE COST ESTIMATE FOR PROJECT 05-C20c AS PROVIDED ON PAGE 103 (EXHIBIT K) AND THAT ESTATE TAX PROCEEDS THAT EXCEEDED THE BUDGETED AMOUNT COULD BE USED TO REDUCE A $5 MILLION EMERGENCY LOAN TO BE SECURED BY THE NSHE. ANY SAVINGS THAT RESULTED FROM THE PROJECT DELIVERED UNDER BUDGET COULD ALSO BE USED TO RETIRE THE EMERGENCY LOAN.
>
> ASSEMBLYMAN HOGAN SECONDED THE MOTION.

Dan O'Brien, P.E., Manager, Public Works Board, requested clarification on approval of the CMAR.

ASSEMBLYWOMAN GIUNCHIGLIANI AMENDED HER MOTION TO APPROVE THE COST ESTIMATE IDENTIFIED AS 05-C20C (a) TO INCLUDE AUTHORIZATION FOR THE PWB TO EMPLOY A CMAR.

ASSEMBLYMAN HOGAN SECONDED THE AMENDED MOTION.

THE MOTION CARRIED.

2. Project 05-C67L, Construction of student services building addition and renovation of Frazier Hall at UNLV. Request to change scope of project to remove renovation of Frazier Hall from the project scope.

Gustavo Nunez, Deputy Manager, Professional Services, Public Works Board (PWB), appeared before the Committee to request approval to change the scope of CIP 05-C67L, the University of Nevada, Las Vegas (UNLV) Student Services Building Addition and Renovation of Frazier Hall. If approved, the change in scope would remove renovation of Frazier Hall from the project

Additionally, Mr. Nunez requested authorization to reallocate $354,162 of funding for furniture, fixtures, and equipment (FF&E) to the construction line item of the project budget. Mr. Nunez referenced an October 7, 2005, letter (Exhibit M) from Thomas M. Hagge, Associate Vice President, Facilities and Management, UNLV indicating agreement to reallocate FF&E funding and acknowledging that UNLV representatives would not approach the Legislature, in the future, to request additional FF&E funds for Project 05-C67L.

Although it was understood that the UNLV did not plan to request funds to demolish Frazier Hall during the 2007 Legislative Session, Chairman Raggio asked for information on the long-term plans for the building.

Gerry Bomotti, Vice President for Finance and Business, UNLV, advised that once the construction of the Student Services Building Addition, Project 05-C67L, was completed, Frazier Hall would be vacated. All, but the portion of the building in which the "phone switch" was located, which was not financially feasible to relocate, would be demolished.

In response to Chairman Raggio, who asked for information regarding the historical significance of Frazier Hall, Mr. Bomotti advised that Frazier Hall was the first building constructed on the UNLV campus. Although the building had "fully depreciated," Mr. Bomotti said that Maude Frazier's name was important, and agreement had been

reached that an area of the UNLV campus would be dedicated to honoring her memory. Additionally, Mr. Bomotti advised that given its condition, it made more sense to retire and eventually demolish the building than to renovate or reuse it.

Senator Coffin agreed that although there was no “architectural value” attached to the building, Maude Frazier’s name would be prominently displayed on the campus.

In response to Chairman Raggio, who questioned the University’s intent not to approach the Legislature for additional FF&E funds for the Student Services Building, Dan Klaich Executive Vice Chancellor, Nevada System of Higher Education (NSHE), acknowledged that UNLV representatives would not return to any session of the Legislature to request FF&E money for the project. Mr. Klaich pointed out that during the September 15, 2005 IFC committee meeting, there was a request to reallocate $500,000 of planning money to construction, which the Committee declined to do. Mr. Klaich requested instead that the planning money be held for the time being since the possibility existed that construction bids would arrive over the budget cost, and the building might require a redesign for which the funds would be required.

ASSEMBLYMAN PARKS MOVED TO APPROVE THE REQUEST FOR A CHANGE OF SCOPE THAT REMOVED FRAZIER HALL FROM THE RENOVATION PLAN AND TO REALLOCATE $354,162 OF FF&E FUNDING TO THE CONSTRUCTION OF THE STUDENT SERVICES BUILDING PROJECT WITH THE UNDERSTANDING THAT NO ADDITIONAL FUNDING WOULD BE REQUESTED FOR FF&E.

In response to a request from Assemblywoman Giunchigliani for clarification regarding the use of the $500,000 in planning funds, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, advised that the $500,000, referenced by Mr. Klaich, had actually been provided by the 2003 Legislature for planning purposes under a separate project number.

Mr. Nunez indicated that it was his understanding the PWB had the authority, if necessary, to use the $500,000 in planning funds for redesign and that it would not be necessary to request approval from the Interim Finance Committee.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED.

3. Project 01-C25, Academic and student services building, NSC, and project 05-C64L, Academic and student services building, NSC. Request to change scope of projects to reduce building square footage from 100,000 to approximately 55,000 square feet.

Chairman Raggio announced that Item H.3 was withdrawn.

4. Project 01-M13, Replace doors and locks on housing units at Caliente Youth Center. Request to use Construction Manager at Risk (NRS 341.161).

Chairman Raggio announced that unless there were questions from members of the Committee, Items H.4, 5, 6, 7, 8, and 9 would be considered simultaneously.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF ITEMS. H.4, 5, 6, 7, 8, and 9.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED.

5. Project 03-M26, Renovate swimming pool at the Caliente Youth Center. Request to use Construction Manager at Risk (NRS 341.161).

Refer to motion for approval under Item H.4.

6. Project 03-M27, Renovate heating systems in cottages at Caliente Youth Center. Request to use Construction Manager at Risk (NRS 341.161).

Refer to motion for approval under Item H.4.

7. Project 03-M27A, Replace hot water tanks in cottages at Caliente Youth Center. Request to use Construction Manager at Risk (NRS 341.161).

Refer to motion for approval under Item H.4.

8. Project 03-C17, New metal building for recreational use at Caliente Youth Center. Request to use Construction Manager at Risk (NRS 341.161).

Refer to motion for approval under Item H.4.

9. Project 03-S03, Statewide Fire Sprinkler Program (detection and sprinkler at Caliente Youth Center). Request to use Construction Manager at Risk (NRS 341.161).

Refer to motion for approval under Item H.4.

10. Project 05-S04, Statewide Advance Planning Program. Request to accept and spend $12,000 of federal grant funds through the State Historic

Preservation Office and $8,000 of advance planning funds to develop construction documents for the seismic rehabilitation of the historic elevated water tank at the Stewart Facility.

Gustavo Nunez, Deputy Manager, Professional Services, Public Works Board, appeared before the Committee to request approval to receive and expend $12,000 in State Historic Preservation Office grant funds for the design of a seismic retrofit of the elevated water tank at the Stewart Complex in Carson City. Mr. Nunez also requested approval for $8,000 of advance planning funds to meet the 40 percent minimum matching requirement of the grant.

Chairman Raggio asked PWB representatives to indicate why funding for a new Capital Improvement Program (CIP) project for design of the seismic retrofit was not being requested as a part of the 2007 CIP.

Mr. Nunez advised that a timing issue existed that required matching funds in order to comply with the 40 percent minimum matching requirement of the $12,000 State Historic Preservation Office grant. Additionally, Mr. Nunez explained that Division of Buildings and Grounds representatives intended to request construction of the actual retrofit through a 2007 Capital Improvement Program (CIP) project.

Chairman Raggio expressed concern that approval of the request to expend funds from the 2005 Statewide Advance Planning Program to meet the matching requirement for the grant would set a precedent whereby funds approved for development of future CIP programs were utilized for full design work of a specific CIP project.

Mr. Nunez advised that past feasibility programming had provided better cost estimates from which to prepare for a future Capital Improvement Program, but in the request before the Committee, the PWB was going beyond feasibility in providing a design to develop a future project.

In response to questions Chairman Raggio asked regarding the concern about the water tank, Mr. Nunez advised that the tank could not withstand a “lateral load” in the event of an earthquake.

In response to questions Chairman Raggio asked regarding the historical significance of the elevated water tank, Mr. Nunez advised that he was not prepared to address the historical significance of the project. Mr. Nunez advised, however, that the water tank served a function with respect to providing water storage for fire suppression.

SENATOR COFFIN MOVED APPROVAL OF ITEM H.10, PROJECT 05-S04.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

11. Status Report of the tile repair at the Grant Sawyer Building (Information only).

In response to Chairman Raggio, who asked if additional information was available on the repair of the tile at the Grant Sawyer Office, Building, Mr. Nunez advised that the most up-to-date information was provided in a November 9, 2005, letter (Exhibit N) to the Committee.

12. Project Status Report (Information only).

With no questions from the members of the Committee, Chairman Raggio accepted the PWB Project Status Report.

*I. COMMISSION TOURISM – Approval of Commission's plan to allocate lodging tax revenues as payments for programs funded in S.B. 314 (2005 Legislative Session).

Bruce Bommarito, Executive Director, Nevada Commission on Tourism (NCOT), appeared before the Committee to provide information on the NCOT plan to allocate lodging tax revenues as payment for programs funded under the provisions of S.B. 314, 2005 Legislature. Mr. Bommarito advised that the plan was based on similar past legislation for which funding was allocated quarterly contingent upon revenue collections. He said payments had been allocated for the first two quarters of the fiscal year, and the balance of payments were planned to be made in two equal installments.

Chairman Raggio indicated the members of the Committee had received the plan (Exhibit O) and asked if any problems had been experienced regarding the allocations.

Mr. Bommarito advised that notification regarding the procedure for payment had been provided to program recipients, and no problems had been experienced.

Senator Rhoads recalled that S.B. 314 authorized $300,000 for the Division of State Parks "to provide for and display historical interpretive signs for the California Trail Wayside Sites to be located in eight northern Nevada counties." Senator Rhoads indicated that although the Wayside Sites were to be constructed in 2006, the funding was not available until the second year of the biennium. Senator Rhoads asked Mr. Bommarito to comment on whether the funding could be released earlier.

Mr. Bommarito advised that although fiscal year 2006 room tax revenue was "slightly" above projections, recent Travel Industry Association of America (TIA) projections indicated that "leisure travel volume" was expected to decline by 2 percent. Mr. Bommarito indicated that language contained in S.B. 314 specifically indicated that payments to state and local government entities were to be made without depleting the funds necessary for the NCOT's day-to-day operations. Mr. Bommarito advised that with concerns regarding reduced travel, increased energy costs, and the possibility of

an impending flu pandemic that could adversely affect the state's economy, the NCOT had provided a conservative payment plan for the programs identified in S.B. 314. Mr. Bommarito also advised that more up-to-date information regarding room tax revenue would be available in the next several months since there was an approximate two-month delay in compiling the data.

Chairman Raggio questioned why funding had not been provided for the Lear Theater in Reno, the Elgin Schoolhouse, and the Truckee River Recreational Master Plan.

Mr. Bommarito advised that although the Lear Theater and the Elgin Schoolhouse had been notified, the NCOT had not yet received the invoices required for the payments. Additionally, Mr. Bommarito said that funding to the Reno-Sparks Convention and Visitors Authority to implement the Truckee River Recreational Master Plan had to be allocated by the Interim Finance Committee upon notification that the City of Reno, the City of Sparks, and Washoe County had provided the required matching funds.

In response to questions from Assemblywoman Giunchigliani regarding IFC approval of the plan, Mr. Bommarito advised that a misinterpretation had occurred regarding the cover letter, which said that implementation of the plan would proceed as described unless otherwise advised.

Assemblywoman Giunchigliani could not recall that quarterly payments were made in the past and expressed concern that projects, such as the California Trail Wayside Sites Senator Rhoads mentioned would be delayed. Assemblywoman Giunchigliani noted that passenger volume at the McCarran International Airport showed a 7.3 percent overall increase through August 2005 over the previous year and recalled that a large funding reserve was held by the NCOT. Assemblywoman Giunchigliani advised that the members of the Assembly had supported S.B. 314 and said that funding should not be delayed based on quarterly payments.

Mr. Bommarito explained that payments from room tax revenue to program recipients had "always" been made on a quarterly basis, and the funding for the California Trail Wayside Sites Senator Rhoads spoke of was to be provided as stated in S.B. 314 in fiscal year 2007, not 2006. Mr. Bommarito advised that the total pass through of funds amounted to about $8.5 million over the biennium based on projections of revenue, and while NCOT representatives were optimistic that the revenue would be collected, unpredictable events over which there was no control could occur, such as the September 11, 2001 terrorist attack.

In response to Assemblywoman Giunchigliani, who asked for information on recent unpredictable incidents, Mr. Bommarito said projections indicated that a combination of the increased cost of gasoline, airfare, and home heating could quell the desire to travel domestically in the next year. Additionally, Mr. Bommarito reiterated that a 4 percent increase in tourism, previously projected by the Travel Industry Association of America, had been reduced to 2 percent.

In response to Assemblywoman Giunchigliani, who asked if the NCOT had a policy in writing regarding the quarterly allocation of payments from the room tax revenue, Mr. Bommarito advised that, to the best of his knowledge, pass-through payments had "always" been made on a quarterly basis, although there was no written policy to that effect.

In response to questions Assemblywoman Giunchigliani asked regarding lump sum payments versus quarterly payments, Mr. Bommarito explained that he had not interpreted the legislation as authorizing lump sum payments. Additionally, he said the bill stated that payments would be made "without depleting the funds necessary for day-to-day operations." Mr. Bommarito reiterated that one-half of the amount due had been paid ahead of schedule, and as revenues became available, the payments would be made on a quarterly basis.

In response to a question Assemblywoman Giunchigliani asked regarding the Commission's funding reserve, Mr. Bommarito advised that the funding in reserve was approximately $2 million and was required to be maintained at a $1.4 million level.

Assemblywoman Giunchigliani pointed out that releasing $600,000 for payments to the S.B. 314 programs would leave the NCOT with a reserve level of $1.4 million.

Mr. Bommarito advised that $600,000 was being requested for the Truckee River Recreational Master Plan alone in addition to the funding required for the other projects, which would take the reserve below the $1.4 million level.

In response to Assemblywoman Giunchigliani, who asked for the amount that would be released on a quarterly basis, Mr. Bommarito advised that NCOT, upon receipt of invoices from the Lear Theater and the Elgin Schoolhouse and approval by the Interim Finance Committee for the Truckee River Recreational Master Plan request, would immediately release the $600,000.

In response to Assemblywoman Giunchigliani, who asked what the Committee was being asked to vote on, Chairman Raggio indicated that NCOT representatives had been requested to appear before the Committee to provide information on a plan for implementation of funding for the S.B. 314 programs.

In response to a question regarding whether a Committee vote to approve the plan was actually necessary, Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that approval of the Commission's plan was indicated as an action item on the agenda, although it was up to the Committee as to whether a vote was necessary.

Chairman Raggio advised that the Committee would accept the plan without a vote but asked NCOT representatives to take note that the members of the Committee wanted to see the allocations provided to the proposed recipients as expeditiously as possible.

Mr. Bommarito expressed agreement with the Committee's directive and asked if authorization could be provided to release funds for the California Trail Wayside Sites, if funding became available prior to 2007.

Mr. Ghiggeri pointed out that in order for the Committee to take action on early release of funding, a request would be required to be placed on a future IFC agenda as an action item.

*J. DEPARTMENT OF PERSONNEL – Request for the department to conduct salary study for state firefighters and certain law enforcement officers.

Jeanne Greene, Director, Department of Personnel, indicated it was her understanding that the September 15, 2005 Interim Finance Committee agenda included informational items related to a two-grade salary increase for certain law-enforcement officers and firefighter positions, and the same issue was placed on the November 9, 2005, agenda as an action item to direct the Department of Personnel to conduct a salary survey.

Assemblywoman Giunchigliani recalled that the two-grade salary increase for firefighters surfaced near the end of the 2005 Legislative Session when it was recognized that firefighters were not included in the two-grade salary increase. Assemblywoman Giunchigliani indicated, however, that a two-grade salary increase for certain law-enforcement officers was not an issue discussed during the 2005 Legislative Session.

Ms. Greene indicated that she had not requested the salary survey for law-enforcement officers be placed on the agenda.

Assemblywoman Giunchigliani indicated that the firefighters in question were those who provided fire protection for Elko County, Washoe County, and Clark County, and the budgets had already been closed when the salary issue was brought to the attention of legislators. Assemblywoman Giunchigliani indicated a recommendation was made to request that the Department of Personnel conduct a salary survey that included firefighters, but could not recall discussion related to a two-grade salary increase for certain law-enforcement officers, such as brand inspectors.

Ms. Greene explained that the group of employees, who indicated they should have been entitled to the two-grade increase given to the majority of law-enforcement officers were Category II Peace Officers, or law-enforcement officials such as Parole and Probation officers, Gaming Control Board agents, and others who had arrest powers and might or might not carry a weapon. Ms. Greene asked if the Committee wanted to include Category II Peace Officers in the salary survey for consideration by the 2007 Legislature.

Assemblywoman Giunchigliani recalled that the two-grade pay increase was provided to employees, who were difficult to recruit and retain, such as Psychiatric Nurses, and

Ms. Greene confirmed that such positions were placed in The Executive Budget to receive the two-grade increase.

Chairman Raggio indicated the two-grade salary issue had come before the Committee because of a question regarding whether it had been the intent of the Legislature to provide the increase to those listed in The Executive Budget and others as well. An Attorney General's opinion, supported by Legislative Counsel, indicated that certain law-enforcement officers were not included in the salary increase, but the Chairman indicated some uncertainty as to whether the Committee had the authority to authorize a salary survey.

Ms. Greene advised that the Department of Personnel, under the provisions of *Nevada Revised Statute* (NRS), were required to conduct a salary survey every two years and to provide the results of the salary survey to the Legislature, and the next survey conducted would be delivered to the 2007 Legislature. Ms. Greene explained that benchmark classes, representative of large groups of employees, were selected, for inclusion in the survey, and if there were certain classes the Committee wanted to identify, those would be included as well.

Chairman Raggio indicated it was his opinion that the Committee should not begin to identify certain categories of employees to be included in salary surveys.

Assemblywoman Giunchigliani asked if a motion was in order to request the Department of Personnel to conduct a salary survey that included firefighters.

Chairman Raggio indicated a motion was not necessary and advised that the Department of Personnel should be permitted to conduct salary surveys on the benchmark categories they determined. The Chairman indicated that the issue had been brought before the Committee because of a contention that the Legislature had authorized salary increases for other than those employees designated in the bill.

Assemblywoman Smith asked if the survey would only focus on the three counties for which the firefighters provided protection services.

Ms. Greene explained that typically, the Department of Personnel collected salary survey data from the ten western states and all of the state governments and the large private entities within Nevada. Ms. Greene advised that while all local jurisdictions would be surveyed, some of those jurisdictions mith not have good matches, and, if so, the data not be used.

K. INFORMATION ITEMS – Reports on letters of intent and various reports from agencies.

Chairman Raggio announced that Information Items 2.B.; 3.B.; 6.D.7.; and 8.A. would be called for testimony. All other reports were accepted as presented. Refer to Exhibit C to view the entire list of Information Items.

2. DEPARTMENT OF ADMINISTRATION

B. Purchasing Division – Response to a request from the September 15, 2005 Interim Finance Committee for a report on how the division maintains fairness to all prospective vendors with respect to bid specifications.

Greg Smith, Administrator, Purchasing Division, and Kimberlee Tarter, Deputy Administrator, Purchasing Division, identified themselves for the record.

Mr. Smith appeared before the committee in response to the Interim Finance Committee's (IFC) request during the September 15, 2005, meeting to provide a report on how the Purchasing Division maintained fairness to all prospective vendors in relation to bid specifications.

Mr. Smith referred to documents (Exhibit D), provided to the Committee, that included an October 3, 2005 letter from the Purchasing Division to vendors regarding the issue of descriptive versus functional specifications for bid proposals. Mr. Smith indicated some disappointment in that only five responses were received to the letter, which was mailed to over 100 vendors.

Mr. Smith reported that Silver State International, the vendor that indicated they were treated unfairly through the specification process, said the specifications, as written, ruled out a product they thought was satisfactory. Mr. Smith advised that Silver State International chose not to file an appeal and while relations with them had improved over the past year, some excellent points regarding the specification process had been raised in their letter.

Additionally, Mr. Smith advised that the Nevada Department of Transportation (NDOT) had a committee that developed specifications and were considered by the Purchasing Division to be "the subject matter expert on the vehicles and products they needed." Once specifications were received from the NDOT, Mr. Smith said that Purchasing Division staff worked to attempt to rule out anything considered to be of a proprietary nature and to ensure that the agency was not writing specifications so closely tied to one particular product to eliminate competition. After initial "spirited" and "at times argumentative discussions," Mr. Smith said a professional relationship had developed between the Purchasing Division and the NDOT, which had been beneficial in arriving at specifications that fostered competition among vendors.

Mr. Smith advised that Rick Nelson, Assistant Director Operations, NDOT, and Robert Chisel, Assistant Director, Administration, NDOT would provide the Committee with additional information on the new specification writing process, which he said would go a long way toward addressing vendor concerns.

Chairman Raggio said the Committee's concern was that all requests for bid provided the same opportunity for vendors industry wide and to ensure that a situation did not

exist for a bid specification to be written to accommodate only one or two favored businesses. Chairman Raggio asked for comments on whether bid request concerns were applicable to state agencies in general, or only to the NDOT.

Mr. Smith indicated that vendor concerns were rather frequent and not specific to the NDOT. Providing an example, Mr. Smith said that after a bid request release for equipment that was specifically a certain length and color, vendors might call to ask for consideration of their product that was perhaps a different length and color but served the end purpose. Mr. Smith advised that the Purchasing Division took those kinds of inquiries and statements "very seriously" and oftentimes revised bid specifications.

In response to Chairman Raggio who questioned whether the Purchasing Division had the authority to point out to agencies that a specification was too specific, Mr. Smith advised that Purchasing Division staff frequently suggested specification changes.

Rick Nelson, Assistant Director, Operations, NDOT, advised that over the past several years, a productive relationship had developed between the NDOT and the State Purchasing Division. With the assistance of State Purchasing, Mr. Nelson said individual specifications for all classes of equipment, purchased by the NDOT, had been reviewed through a technical working group to ensure "significant" vendor competition. Additionally, Mr. Nelson said the opportunity was provided for specific vendors to provide the NDOT with information on new product lines and technology for future purchases.

Mr. Smith pointed out that under the provisions of *Nevada Revised Statutes* (NRS), the Purchasing Division did not have the authority to waive minor irregularities in order to deviate from a specification. For example, Mr. Smith explained there was no authority to deviate from a specification that required a vehicle to measure 119 inches from the front of the bumper to the rear of the cab versus a truck that measured 118.5 inches from the front of the bumper to the rear of the cab. Mr. Smith advised that other states provided some flexibility to waive minor specification changes and that perhaps he would forward language changes for consideration by the 2007 Legislature in order to provide the same flexibility.

Chairman Raggio requested comments by the NDOT representatives on the issue of vendors' concerns that specifications had been written so that their particular vehicle could not be purchased.

Mr. Nelson advised that the NDOT specifications had developed over a time span of forty years, and specific measurements and brake sizes, for example, had evolved during that time in an effort to solve problems that had occurred with equipment. Mr. Nelson said that minor deviations from specific requirements would provide the flexibility to evaluate, from a functional viewpoint, that, for example, 118 inches from the front of the bumper to the rear of the cab was as good as 119 inches or that 8 inch brakes were as good as 8.5 inch brakes. Mr. Nelson explained there was concern that "a purely functional specification" used in evaluating the equipment would become too

subjective, but he said it was important that the NDOT be provided with the ability to allow minor adjustments to specifications.

Chairman Raggio reiterated that the issue before the Committee was that fairness regarding bid specifications was maintained for all prospective vendors. The Chairman suggested that changes in the procedures be developed for future review by the Committee.

Senator Coffin asked if the Nevada Administrative Code (NAC) permitted agencies to draft de minimus regulation changes for minor modifications, such as the dimensions for the front of the bumper to the rear of the cab.

Mr. Smith advised that NRS provided that a product had to meet or exceed specification requirements. For example, a descriptive specification for a brake would provide a specific dimension versus a functional specification that required a vehicle of a certain weight to stop within a certain number of feet.

Senator Coffin requested that the Legislative Counsel provide the Committee with information regarding whether flexibility existed within the Nevada Administrative Code to draft de minimus regulation changes.

Assemblyman Hettrick pointed out that legislation would not be required if specifications were written to include the language *to meet or exceed* the required dimensions, or for a certain product or its equivalent. Assemblyman Hettrick pointed out that the Chairman had made it clear that specifications needed to be written to provide enough flexibility to be fair to vendors. Additionally, Assemblyman Hettrick said that if vendors could not prove their equipment was equivalent, their bid proposal could be eliminated from consideration.

Mr. Smith indicated that problems had been experienced using the word equivalent when vendors provided information that, from their standpoint and documentation, the product of another vendor was not equivalent. Mr. Smith indicated that perhaps the Purchasing Division needed to take a stand to use the information provided and allow an appeals and possible court process to take place until the issue could be resolved.

Chairman Raggio advised that the letters (Exhibit D) referred to earlier in the testimony by Mr. Smith would be made a part of the record. Chairman Raggio noted that the letters included those written by James Blaine of Blaine Equipment Company, Inc.; George Patow, Sierra Truck Body and Equipment; Dave Foulker, Flink Equipment; Rick Worthen, Worthen Kenworth Incorporated, and Mike Kelly, Silver State International Incorporated.

Assemblyman Hettrick indicated the letter from Mr. Kelly, Silver State International, referenced a specification for “dual batteries,” which created an exception since most manufacturers supplied more than two batteries. Assemblyman Hettrick said that perhaps equivalency needed to be defined in specifications to avoid exceptions.

Chairman Raggio asked that the Purchasing Division and NDOT representatives be mindful of the Committee's concerns.

3. DEPARTMENT OF TAXATION

B. Report on financial status of White Pine County.

Chuck Chinnock, Director, Department of Taxation, identified himself for the record and introduced Michael Griffin, Budget Analyst Supervisor, Locally Assessed Property, Department of Taxation.

Mr. Chinnock reported that in June 2005, the Nevada Tax Commission, under the provisions of *Nevada Revised Statutes* (NRS) 354.685, declared that White Pine County was under "severe financial emergency." As a result of that order, Mr. Chinnock said the Department of Taxation took control of the management of White Pine County's finances.

Financial controls were implemented and the accounting firm of Kafoury Armstrong and Company, Elko, Nevada, was selected to provide "a limited scope audit engagement." The audit engagement, which was recently completed, revealed that White Pine County began fiscal year 2005 with a beginning fund balance of $983,626 and ended the fiscal year with an ending fund balance of -$201,752, or that in fiscal year 2005, White Pine County spent $1.2 million more revenue than was generated. After reviewing other issues, Mr. Chinnock advised it was determined financial warning signs had appeared several years prior to fiscal year 2005, and since the beginning of fiscal year 2006, greater expenditures than revenue had continued. Mr. Chinnock said that if White Pine County continued to spend at that rate without implementation of the recovery plan recommended by the Department of Taxation, the county would become insolvent in May 2006.

A public meeting to discuss the current crisis and possible solutions was held in Ely on October 24, 2005, which Mr. Chinnock said was well attended. Public participation was encouraged, and the Department addressed requirements for short- and long-term solutions. Mr. Chinnock advised that the Department of Taxation had proposed implementation of financial controls, many of which had already been put into practice, as well as expense mitigation and revenue enhancements.

Mr. Chinnock provided the following proposed revenue enhancements:

- Increase the property tax rate up to a maximum of $4.50 adjusted under the provisions of A.B. 489 and S.B. 509, 73rd Legislature, which provided for the partial abatement of ad valorem taxes imposed on property.

- Increase the sales tax rate by one-quarter of 1 percent

- Increase the current 11 percent room tax in White Pine County by 1 percent.

- Increase the Governmental Services tax by 1 percent.

Mr. Chinnock advised that the proposed revenue enhancements would preclude the county from becoming insolvent and would be eliminated once the county was declared to be fiscally sound.

The recovery plan also addressed other fee increases, such as franchise fees, that would remain in place after the financial emergency was over and the County was operating under normal conditions.

Chairman Raggio indicated it was his understanding the city of Ely had a franchise fee and asked if the fees being proposed would be applicable only in the unincorporated area of the county.

Mr. Chinnock confirmed a 2 percent franchise fee on telecommunications within the city of Ely and said that the Department of Taxation was recommending franchise fees applicable only to the county if the city chose not to implement a proposed 5 percent fee. Implementation of a county/citywide franchise fee was discussed during the October 24 meeting, which Mr. Chinnock said the Department would pursue. In discussions with the community as a whole, Mr. Chinnock said interest was expressed to perhaps implement a lower franchise fee of 2 or 3 percent. Additionally, Mr. Chinnock advised there were specific agreements between the city and the county, such as the county providing police protection for the city and the city providing fire protection for the county.

Mr. Chinnock said that because White Pine County was declared to be under a severe financial emergency, the city of Ely had also been placed on the watch list. Although the city had managed their money well, Mr. Chinnock said there were indications that city expenses had also been growing at a rate greater than revenue was being generated. Additionally, Mr. Chinnock indicated the recovery plan would include short- and long-term solutions for the city as well as the county, and in the long term, expense mitigation would mean a reduction of services. Mr. Chinnock indicated that community involvement would be required to determine the services and rates the members of the community wanted to bring back to the county.

In response to Chairman Raggio, who asked about the community's reaction during the meeting, Mr. Chinnock advised that community members recognized a plan had to be implemented and were receptive to the recommendations. Additionally, Mr. Chinnock advised that there was a great deal of discussion about holding those responsible for the financial crisis accountable.

Mr. Chinnock also advised that during the October 24, 2005, public meeting, the Committee on Local Government Finance adopted a recovery plan, and three members each of the Committee on Local Government Finance and the Nevada Tax Commission

were appointed to a technical committee. An evening meeting had been scheduled for November 15, 2005 in White Pine County, and a recommendation for a final plan, based upon public input, would be forwarded to the newly appointed technical committee and then to the Nevada Tax Commission for adoption on November 28, 2005. After adoption of the plan, Mr. Chinnock said the Department of Taxation could begin implementation of financial controls, revenue enhancements, and expense mitigation. Revenue enhancements were projected to be implemented by July 1, 2007, although some might be executed as early as June 30, 2006.

Mr. Chinnock pointed out to the Committee that a "Severe Financial Emergency Fund" was created by the Legislature in 1999, and the $500,000 initially placed in that fund had increased to $627,000. Mr. Chinnock indicated he had access to the emergency fund and by creating an agreement between White Pine County and the Department, money from the fund could be loaned to the county interest free. Mr. Chinnock explained that the plan was to initially withdraw $200,000 followed by increments of $100,000 on an as-needed basis. Mr. Chinnock further explained that while expenses were "relatively stable and ongoing," revenue was generated in "peaks and valleys," and the Department wanted to ensure that the county had the ability to meet payroll and other necessary expenditures when revenue was at a low point. Additionally, Mr. Chinnock said that any loan from the Severe Financial Emergency Fund was required to be paid back within one year.

Assemblyman Seale questioned whether the $3 million invested by the White Pine County Treasurer, Beverly Cornutt, would be liquidated to help resolve the financial crisis.

Michael Griffin, Budget Analyst Supervisor, Locally Assessed Property, Department of Taxation, advised that the $3 million investment had been transferred to the Local Government Investment Pool under State Treasurer Brian Krolicki's guidance.

Assemblyman Seale expressed concern that an investment in the Local Government Investment Pool would produce a smaller revenue stream than under the original longer term investment by the White Pine County Treasurer.

Assemblyman Seale asked for information regarding the status of White Pine County's bond indebtedness and whether payments were current.

Mr. Griffin advised that the county currently had approximately $800,000 in General Obligation Bonds outstanding and was current with all interest and principal payments. Mr. Griffin said the most recent interest and principal payment was made on October 1, 2005, and the next payment of $24,000 was due April 1, 2006, followed by a payment in October 2006. Additionally, Mr. Griffin indicated he had contacted representatives of State Treasurer Brian Krolicki's office with Plan B if a cash flow problem occurred in the latter part of the third quarter, or the first part of the fourth quarter of fiscal year 2005-2006.

Assemblyman Seale pointed out that if a cash flow problem occurred, payments could also be covered from the $627,000 in the Severe Financial Emergency Fund.

Assemblywoman Leslie questioned the recommendation to structure an ambulance service rate that accounted for the true cost of service and the underfunding by Medicare and whether the increased cost would be shifted to non-Medicare patients.

Mr. Griffin responded that the increased ambulance service rates applied to White Pine County's emergency medical services was a separate special revenue fund within the county and not part of the General Fund, although substantially subsidized by the General Fund over the years. Mr. Griffin indicated the Department was proposing an increased rate so that the rates charged overall would make up the difference between the actual cost and the $175 per ride Medicare contributed.

Senator Rhoads questioned how White Pine County could afford to repay $100,000 loan increments to the Severe Financial Emergency Fund in a year, if their expenses were greater than their income.

Mr. Chinnock advised that the recovery plan's expense mitigation would provide a zero to slightly positive ending fund balance, and the revenue enhancements would begin the county's road to recovery while the loan or loans from the Severe Financial Emergency Fund would ensure the county could meet payroll. Mr. Chinnock reiterated that an initial $200,000 loan would be made, which would be repaid and additional loans, if needed, would be made in $100,000 increments.

Senator Titus asked about accountability and whether White Pine County's financial problems were attributable to a lack of resources, poor bookkeeping, or misbehavior on the part of some officials.

In response, Mr. Chinnock attributed the problems to poor management and indicated he did not believe that current office holders could be held specifically accountable, since, as previously indicated, there was some indicators several years prior to fiscal year 2005 that expenditures were increasing at a rate greater than revenue being generated. Mr. Chinnock reported that although recall efforts for county officials were underway, the Department of Taxation's goal was to resolve White Pine County's financial crisis and not to become immersed in politics.

Senator Beers questioned the need to loan $200,000 from the Severe Financial Emergency Fund with the availability of a $3 million investment.

Mr. Griffin explained that funds had been commingled over the years, and the Department of Taxation staff was in the process of segregating custodial funds being held by White Pine County from funds that were available through the General Fund. Current financial controls provided for a "careful monitoring of cash flow sources" and use of funds moving forward over fiscal year 2006 and subsequent fiscal years. Additionally, Mr. Griffin explained that some of the money, such as Regional

Transportation funds, funded by gasoline tax, were custodial in nature and other funds, which had been segregated had separate accounts within the Local Government Investment Pool under the administration of the State Treasurer, Brian Krolicki.

In response to Senator Beers, who requested information regarding the Department of Taxation' expenses in managing White Pine County's affairs, Mr. Chinnock indicated that although he was not aware of a dollar figure, reimbursement was expected from the County for travel costs of the three individuals traveling to and from White Pine County. Mr. Chinnock advised that the cost for staff time was not planned to be passed on to the county. With financial recovery projected to take up to four years, Mr. Chinnock said Department of Taxation staff would return to the Interim Finance Committee with recommendations to implement long-term financial oversight that could eventually be shifted to the county.

Senator Beers estimated that the cost, including transportation and lodging, for three staff members whose time was being spent on the recovery plan would amount to approximately $15,000 to $20,000 a month.

Mr. Chinnock agreed that the expenses were most likely in the $15,000 to $20,000 range and indicated that the long-term recovery plan would include the need for a comptroller and management staff. Mr. Chinnock advised that Department of Taxation representatives would appear before the Committee with additional recommendations in the near future.

Chairman Raggio requested that reports on White Pine County's financial status be provided to the Committee on a continuing basis.

6. DEPARTMENT OF HEALTH AND HUMAN SERVICES

D. Division of Child and Family Services
7. Update on Child Welfare Future Funding Plan.

Mike Willden, Director, Department of Health and Human Services, identified himself for the record and introduced Diane Comeaux, Deputy Administrator, Division of Child and Family Services.

Mr. Willden referred to an October 17, 2005, report titled "Update on Child Welfare Future Funding Plan," (Exhibit E) and provided a brief history on the development of a funding plan for the provision of child welfare services:

- Assembly Bill 1,17th Special Session, provided for the integration of state and local child welfare services and required the development of a future funding plan for the provision of services.

- During the 2003 Legislature, the committees were advised that agreement could not be reached on a proposed funding plan that called for the state's assumption

of responsibility for the entire cost of the Medicaid long-term care programs in Clark and Washoe Counties, and the counties' assumption of responsibility for all "backend" child welfare services costs. Reasons for non-agreement were based on unknown future costs and lack of experience by the counties in operating child welfare integration services.

- During the 2005 Legislative Session, the Governor committed to six principles for developing future-year integration that included certain caseload staffing ratios and costs per day for foster care, cost-of-living increases, and continuation of work to determine if a "fixed funding formula" could be agreed on in a future legislative session after each county had at least a full year of integration experience.

- The Division of Child and Family Services and the counties were currently in the process of determining how funding could be dealt with until the 2007 Legislative Session and how to construct the budgets for the next biennium.

Chairman Raggio pointed out that a newly elected Governor would have to deal with the cost of a funding plan and asked if the various options were being considered among the involved entities.

Mr. Willden advised that the counties continued to express an interest in the option for the state's assumption of responsibility for the costs of Medicaid long-term care programs and the counties' assumption of responsibility for all "backend" costs of child welfare services.

Chairman Raggio pointed out that the funding plan had been under discussion for four years, and the Legislature would ultimately make the funding determination. He said the options were clear and that all those involved in providing a recommendation should be aware the Legislature's concern was to determine the most equitable method to fund a worthwhile program.

Mr. Willden expressed some concern that national level discussions regarding the reduction of Medicaid funding targeting case management could potentially mean the loss of a significant revenue stream to Washoe and Clark Counties. Additionally, Mr. Willden said that if agreement on a funding plan was not reached, the Division of Child and Family Services would continue to build a budget based on the principles committed to by Governor Guinn, and those principles would be adhered to even if agreement was not reached.

Assemblywoman Leslie expressed concern that a new Governor might not want to follow the same principles and asked that the Committee be provided with an analysis of the long-term care option favored by the counties.

Mr. Willden advised that an analysis was being conducted that would be shared with the Committee.

8. DEPARTMENT OF PUBLIC SAFETY

A. Division of Emergency Management – Presentation on the status of Homeland Security programs in the state in response to a request from the Interim Finance Committee at its September 15, 2005 meeting.

Frank Siracusa, Chief, Department of Public Safety, Nevada Division of Emergency Management, identified himself for the record and introduced George Togliatti, Director, Department of Public Safety; Dr. Dale Carrison, Chairman, Homeland Security Commission; Giles Vanderhoof, Homeland Security Administrator, and the following state Emergency Services Directors:

Brent Jones, Nye County; Gary Hames, Storey County; Aaron R. Kenneston, Washoe County; Jeff Knudtson, West Wendover; Joe Curtis, Storey County Local Emergency Planning Committee; William Webb, Elko County; Michael Cyphers, Henderson; Patricia Lofft, North Las Vegas; Tim McAndrew, Las Vegas; David Peterson, Mesquite; Kathy Brady, Esmeralda County; Jim O'Brien, Clark County.

Mr. Siracusa advised that as a result of the disasters wrought by Hurricanes Katrina and Rita, state legislators as well as local and state officials across the country had questioned whether their states were prepared to deal with and manage emergencies of an equal nature.

In response to questions Assemblywoman Giunchigliani asked regarding how the state Emergency Services Directors were selected, Mr. Siracusa advised that they were appointed by local government officials based on their level of experience and expertise in the field of emergency response and emergency management.

Assemblywoman Giunchigliani pointed out what appeared to be a lack of minorities serving in the statewide emergency management positions and asked whether outreach methods were used in the selection process to ensure a balanced representation.

Mr. Siracusa reported that on the state level, the Deputy Chief for Emergency Management was a woman, who had extensive emergency management experience. Although he was not privy to local governments' hiring practices, Mr. Siracusa said that local government officials were encouraged to select the most qualified applicants.

Assemblywoman Giunchigliani asked that diversity not be neglected in hiring individuals to work in the area of Homeland Security.

In response to questions regarding the state's level of preparedness that arose during the September 15, 2005, Interim Finance Committee, Mr. Siracusa referred to a document entitled, "Is Nevada Prepared?" (Exhibit F) and using a PowerPoint presentation provided the following summary of the Emergency Management process.

- In the event of an emergency or disaster, the emergency management process began at the local government level. The local government assessed their needs, capabilities, risks, and hazards and developed an emergency operations plan that addressed evacuation, relocation, shelter, and sharing of resources.

- After a local government exceeded its capabilities during an emergency or disaster, assistance would be requested from state government. State government mobilized its resources in support of local government through activation of the State Emergency Operations Center and the State Comprehensive Emergency Plan.

- If the emergency or disaster exceeded the capabilities of state government, assistance would be requested through the Federal Emergency Management Agency (FEMA) and the President.

- The first revision of the "State Comprehensive Emergency Management Plan," would be delivered to all members of the Legislature and local governments on December 1, 2005.

- The "State Comprehensive Emergency Management Plan," included seven modules, among which were the Emergency Operations Module on how the state supported local government, the Financial Module on how state government paid for a major response, and the Recovery Module on how to recover from an emergency.

- An Executive Order, signed by the Governor in October 2005, required that each department, division, and agency in state government that was assigned a primary or secondary support role within the "State Comprehensive Emergency Management Plan" would develop or update its emergency operations plan to include provisions for the continuity of operations and compliance with the National Incident Management System (NIMS).

- The State Emergency Operation Center was the single point of coordination for state response to an emergency or disaster and coordinated all Emergency Support Function (ESF) agencies to assist during a disaster.

In response to questions Chairman Raggio asked about the State Emergency Operations Center, Mr. Siracusa said the Center would be activated dependent and contingent on the level of a declared emergency and was currently located within the National Guard facility. A new state-of-the-art Emergency Operations Center was under construction adjacent to the Nevada National Guard facility on Fairview Drive in Carson City and was scheduled to open in March 2006.

Mr. Siracusa discussed the Interstate Agreement and provided the following information:

- Nevada was one of the signatories on the Emergency Management Assistance Compact (EMAC) that provided for state-to-state assistance.

- All fifty states were signatories on the Compact, which established provisions relative to legal and financial liability and provided for the acquisition of resources from adjoining states throughout the country in the event of a major emergency.

- Nevada deployed over 500 professional first responders to Louisiana and Mississippi, through the EMAC process, following Hurricanes Katrina and Rita.

In response to questions Senator Rhoads asked about payment for the 500 first responders, Mr. Siracusa advised that Nevada would be reimbursed at 100 percent for all costs incurred.

In response to a question Assemblywoman Weber asked, Mr. Siracusa confirmed that the definition of a disaster included communicable diseases.

Assemblywoman Weber addressed the "impending flu pandemic," indicating that the obligation of first responders would be to their own state and asked if first responders deployed to other states could be recalled in the event a disaster, such as the flu pandemic reached Nevada.

Mr. Siracusa advised that the Emergency Management Assistance Compact was totally voluntary and when assistance was requested from participating states, it would be provided if the state was able to provide the support, which Nevada had the ability to do during the hurricane disasters. However, Mr. Siracusa indicated that each participating state would have to manage their own emergency situation before providing aid to another state.

In response to a question Assemblywoman Weber asked regarding whether Nevada was in the process of preparing for drills for an impending flu epidemic, Mr. Siracusa, advised that the Division of Emergency Management was working with the Health Division to develop several different types of exercises to address a flu pandemic.

Continuing his presentation, Mr. Siracusa discussed sustaining and enhancing preparedness, which he said was a continued ongoing collaboration between all levels of government. Additionally, Mr. Siracusa advised that Nevada's emergency management professionals worked together on a daily basis, and a workshop was scheduled on December 7, 2005, in Las Vegas, to review Nevada's existing emergency operations plans, lessons learned from the hurricane disasters, best practices, and improvement of current processes as well as support and fostering of emergency preparedness partnerships with California, Utah, and Arizona to develop plans and processes that tested the capability to share resources.

Mr. Siracusa advised that in addition to the emergency managers from all local jurisdictions, public officials and members of the Legislature would also be invited to participate in the workshop.

Senator Titus questioned the distribution of federal funding to states based on population rather than terrorist targets and asked if the state distributed money to the counties on the same basis, how the counties were spending that money, and whether oversight was provided.

Senator Titus also indicated being disturbed by an emergency management organization structure that appeared to have too many people in charge rather than one central authority. Additionally, in the event of a flood, Senator Titus asked about the availability of sandbags.

Mr. Siracusa advised that command and control in the state of Nevada was activated by the Governor through the State Emergency Operation Center, and when emergency requests or decisions relative to state government had to be made, they were made from one central point of coordination, the State Emergency Operation Center. Mr. Siracusa explained that the State Emergency Operation Center included emergency support functions representing each of the state agencies, the Governor, and as the Chief of Emergency Management, Mr. Siracusa said he was the Emergency Operations Center Manager and made recommendations in collaboration with George Togliatti, Director of the Department of Public Safety and Giles Vanderhoof, Homeland Security Administrator.

In response to Senator Titus' question regarding sandbags, Mr. Siracusa advised that the Division of Emergency Management was a clearinghouse and had the ability to acquire resources, such as sand bags from suppliers who could be immediately contacted. Additionally, caches of sandbags were strategically located throughout the state in various counties and could be quickly accessed.

In response to Senator Titus' question regarding the allocation of funding resources, Mr. Siracusa provided the following information regarding grant programs:

- The Division of Emergency Management was currently managing $162,537,855 in federal grants.

- Nevada had granted $93,163,738 in State Homeland Security Grant Program funds from federal fiscal year 1999 to federal fiscal year 2005 through the Office of Domestic Preparedness (ODP), Department of Homeland Security.

- The Governor appointed the Division of Emergency Management as the State Administrative Agency to manage and provide oversight of grant dollars.

- The Office of Domestic Preparedness funds were provided to each of the states and U. S. territories to assist with all-hazard disaster preparedness including equipment for emergency first responders, planning, training, and exercise.

- The Division of Emergency Management was provided federal notice of availability of funds.

- The Division of Emergency Management issued application packages to the Local Emergency Planning Committees (LEPC's) in each county and to state agencies based upon federal criteria and additional guidance established by the Nevada Homeland Security Commission.

- The Division of Emergency Management reviewed applications and ensured compliance with federal criteria and established Nevada Commission on Homeland Security guidance.

- The Nevada Homeland Security Commission provided final approval of sub-grant applications.

- Sub-grants were managed on a reimbursement basis only.

- Sub-grantees were required to submit quarterly financial requests for reimbursement with supporting documentation and program reports.

To date, Mr. Siracusa said the Homeland Security Commission had established a population funding formula to issue grants.

Mr. Siracusa turned the microphone over to Dr. Dale Carrison who explained the future funding distribution process.

Dr. Dale Carrison, Chairman, Nevada Homeland Security Commission, advised that the need for a statewide vulnerability assessment was recognized at the time the Commission was formed, but the allocation of resources had to be based on population since the assessment was in the process of being completed. While it was the Commission's charge to make intelligent funding allocation decisions, Dr. Carrison said the vulnerability assessment was needed for the protection of areas throughout the state where there were, for example, high-pressure gas lines, or security facilities that could not be addressed on a population-based formula. Additionally, Dr. Carrison advised that the Commission recognized even before the hurricane disasters that if Nevada citizens were to be protected, an "all hazards" approach had to be addressed.

Dr. Carrison also advised that Nevada's Congressional delegation had attempted to include tourism as a major part of the funding formula. Although funding for tourism did not become a part of the legislation that was approved, Dr. Carrison said assurance had been provided that the request would be considered in the allocation of federal resources because, as previously pointed out by Senator Titus, it made little sense that

some areas of the country received a similar allocation to Nevada without considering the population changes that resulted from tourism. Dr. Carrison also advised that a significant reduction in federal funding was currently being projected.

Additionally, Dr. Carrison indicated the Commission was concerned about testing the system and explained that equipment purchased by local governments throughout the state needed to be tested to determine if it worked to protect Nevada citizens. During the forthcoming recommendations for allocation of resources, Dr. Carrison advised that the Commission would prioritize the allocation of resources based on that testing.

Although in agreement with the need for a vulnerability assessment to determine funding allocations, Assemblywoman Giunchigliani questioned the expenditure of $67 million prior to determining what the vulnerabilities were. Assemblywoman Giunchigliani asked if any funding had been expended on establishing a statewide interoperability communication plan.

In response, Dr. Carrison indicated that when he became the Chairman of the Nevada Homeland Security Commission, his first priority was to conduct a vulnerability assessment. However, with respect to the federal government's grant application cycle, the funds would have been lost if they had not been allocated based on a formula.

Assemblywoman Giunchigliani indicated she would have preferred the funding to be lost rather than to waste taxpayers' money on what appeared to be a wish list of items prior to determining the state's need based on priorities. Assemblywoman Giunchigliani again questioned whether any of the funding was spent on an interoperability communication plan and whether a future or legislative funding request would be made for the plan.

In response, Dr. Carrison advised that although a communication plan had been established, it had not been completely funded.

Mr. Siracusa advised that during the 2003 Legislative Session, a bill was approved requiring the state to develop an interoperability plan of communication and to identify a communications system that would provide personal interoperability for all first responders within the state of Nevada, and a report was due from the Commission on Homeland Security in October 2005. Mr. Siracusa explained that funding for 2003, 2004, and 2005 was restricted to only the purchase of communication equipment within existing systems and not the purchase of communication systems until the state had a viable interoperability communication plan that set the direction for communications in Nevada.

Terry Savage, Director, Department of Information Technology (DoIT), and Chair, Nevada Communications Steering Committee, advised that a specific plan was being developed to request grant funding for the forthcoming funding cycle.

In response to Assemblywoman Giunchigliani's request for a specific amount, Mr. Savage advised that it would be in the millions of dollars, and the primary target would be for interoperability issues that could be quickly addressed.

Assemblywoman Giunchigliani questioned whether there were any restrictions on the federal funding to fully fund the interoperability communication plan.

In response, Mr. Siracusa explained that the federal government provided Homeland Security grants to each state based on certain standards and 80 percent of those grant dollars for each state were designated for local governments and 20 percent for the state government. In order to use those grant dollars for a statewide communication system or a statewide program, the state was required to enter into interlocal agreements with each local government eligible to receive funding. As previously indicated by Dr. Carrison, the vulnerability assessment was currently in the process of being conducted. Once the communications plan was clearly defined, Mr. Siracusa said it would be the purview of the Homeland Security Commission to work with local governments on how best to fund that process.

Assemblywoman Giunchigliani questioned whether funding the interoperability communication plan was included in the October 2005 Homeland Security Commission report. Additionally, Assemblywoman Giunchigliani asked if interlocal agreements had been pursued with sub-grantees in an effort to have them agree in writing that the 80 percent they were allocated would go to fund a statewide communication system.

Mr. Savage advised that the interlocal agreement process would not prove to be difficult based on the work that had already been done by the Division of Emergency Management.

Assemblywoman Giunchigliani pointed out that a timing issue would likely be encountered with the funding cycle and waiting for local entities to agree with the interoperability plan. Additionally, Assemblywoman Giunchigliani raised concerns that if the federal funding was reduced, the state would be requested to fund the communication plan. Assemblywoman Giunchigliani also reiterated her concern in regard to wasting taxpayers' money and requested an updated report on how $93 million in grant funding had been expended and the criteria used for allocating funds to each county.

Former Adjutant General Giles Vanderhoof, Homeland Security Administrator, testified that the federal government had determined critical infrastructure and key assets in every state that required protection, and the grants had a "strict" list of criteria for equipment that had to be adhered to by the counties. General Vanderhoof advised that the federal government had not been receptive to changes to the list in the past, but currently with a better idea of the state's critical infrastructure and key assets, the list could be more easily modified.

General Vanderhoof explained that under his direction as the former Adjutant General of Nevada, critical infrastructure and key assets had been reviewed by a team represented by an individual from the U. S. Attorney's Office and guardsmen. Under Dr. Carrison's direction, General Vanderhoof said that critical infrastructure and key assets had been reviewed to a greater degree of professional detail.

General Vanderhoof said it was important to note that Nevada first responders were provided with equipment needed to protect their lives and the lives of the public through allocations provided by the Commission based on criteria established by the federal government.

Senator Coffin discussed the potential for a flu pandemic as another emergency on the horizon and spoke of his grandfather, Santos Carrisosa, a 33-year old, who was one of the first people to die in Orange County, California during the 1918 flu pandemic.

After a personal investigation, Senator Coffin indicated he did not believe the state was prepared to handle a flu-related emergency. Although face masks were available on the local level for first responders, Senator Coffin reported that flu vaccine and face masks were in short supply on a national level. It was Senator Coffin's opinion that the populace should be alerted that rubber gloves and face masks would be their first line of defense in the event of a flu emergency. Since public health officials could not be expected to provide those supplies, Senator Coffin said that members of the public would need to purchase gloves and masks in advance of an emergency.

Although not as concerned about the avian flu as he was about the ordinary flu, Dr. Carrison said that media participation and involvement by health agencies in each of Nevada's counties was needed to educate the public in primary preventative procedures such as, covering one's mouth during a coughing or sneezing episode and washing hands.

Chairman Raggio asked that the Committee be kept informed of progress being made by the Nevada Homeland Security Commission.

L. PUBLIC COMMENT.

There was no public comment.

M. ADJOURNMENT.

Chairman Raggio adjourned the hearing at 1:51 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 NOVEMBER 9, 2005		
Exhibit	**Witness/Agency**	**Description**
A		Agenda November 9, 2005
B		Guest List
C		Item K. Informational Items
D	Greg Smith, Administrator, Purchasing Division	Documents in Response to Committee's Request for Information
E	Diane J. Comeaux, Deputy Administrator, Division of Child and Family Services	Update on Child Welfare Future Funding Plan"
F	Frank Siracusa, Chief, Division of Emergency Management	"Is Nevada Prepared?"
G	Scott E. Bice, Commissioner , Division of Mortgage Lending	FY 2006 First Quarter Report on Revenues and Expenditures Activity
H	Robert Chisel, Assistant Director, NDOT Administration	Twenty-Year Projection of Highway Fund Receipts and Expenditures
I	Gary Ghiggeri	Statement of Contingency Fund Balance
J	Assemblywoman Bonnie Parnell	November 6, 2005 letter in support of a request to relocate employees from the Kinkead Building and the Division of Child and Family cottages.
K	Gustavo Nunez, Deputy Director, Public Works Board	Project 05-C20c Cost Estimates
L	Gustavo Nunez, Deputy Director, Public Works Board	Letter dated October 13, 2005, from Vice Chancellor for Finance & Facilities Planning, Nevada System of Higher Education
M	Gustavo Nunez, Deputy Director, Public Works Board	Letter dated October 7, 2005 from Thomas M. Hagge, Associate Vice President, Facilities Management and Planning, University of Nevada, Las Vegas
N	Gustavo Nunez, Deputy Director, Public Works Board	November 9, 2005 letter on the status of the tile repair at the Grant Sawyer Building.
O	Bruce Bommarito, Executive Director, Nevada Commission on Tourism	Nevada Commission on Tourism Plan to allocate lodging tax revenues as payment for programs identified in S.B. 314