

**MINUTES OF THE  
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL  
PROGRAMS  
(NRS 209.4817)  
JUNE 22, 2006**

A meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 10:00 a.m. on Thursday, June 22, 2006, in Room 2135 of the Legislative Building in Carson City, Nevada. The meeting was simultaneously videoconferenced to Room 4412 of the Grant Sawyer Building in Las Vegas, Nevada.

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**COMMITTEE MEMBERS PRESENT IN CARSON CITY:**

Assemblyman John Marvel, Chairman

Senator Bob Beers

Al Puliz, Chairman, Puliz Moving and Storage

Howard Skolnik, Deputy Director, Prison Industries, Department of Corrections, (non-voting member)

Greg Smith, Administrator, Purchasing Division

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Bruce Aguilera, Vice President/General Counsel, Bellagio

**COMMITTEE MEMBERS ABSENT:**

Senator Maurice Washington

Assemblyman Morse Arberry, Jr., Vice Chairman

Michael Mackenzie, Principal, Operations Improvement Company

Mike Magnani, Labor Union Representative

Glen Whorton, Director, Department of Corrections

**STAFF MEMBERS PRESENT:**

Yvonne Goodson, Deputy Legislative Counsel, Legal Division

Mark Krmpotic, Senior Program Analyst, LCB Fiscal Analysis Division

Tracy Raxter, Program Analyst, LCB Fiscal Analysis Division

Denise Larsen, Secretary, LCB Fiscal Analysis Division

**OTHERS PRESENT:**

A. R. (Bob) Fairman, Nevada Transportation Coalition, Carson City, Nevada

Wayne Howle, Deputy Attorney General, Office of the Attorney General

John McCuin, Chief of Financial Services for Prison Industries, Carson City, Nevada

Suzanne Pardee, Prison Industries, Department of Corrections  
Deborah Reed, Budget Analyst IV, Department of Administration, Carson City, Nevada  
Beverly Williams, Teamsters 995, Las Vegas, Nevada

**EXHIBITS:**

Exhibit A - Agenda

Exhibit B - Attendance Rosters

Exhibit C - Copy of the June 22, 2006, meeting packet prepared and distributed by the Legislative  
Counsel Bureau (LCB) staff

Because of their size, the exhibits are not attached to these minutes; however, upon request, they may be reviewed in the Fiscal Analysis Division of the Legislative Counsel Bureau, Carson City, Nevada. You may contact Denise Larsen at (775) 684-6821.

**I. CALL TO ORDER AND OPENING REMARKS BY CHAIRMAN MARVEL.**

A meeting of the Interim Finance Committee's Committee on Industrial Programs was called to order by Chairman Marvel at 10:00 a.m., Thursday, June 22, 2006, in Room 2135 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was simultaneously videoconferenced to Room 4412 of the Grant Sawyer State Office Building, Las Vegas, Nevada.

Chairman Marvel welcomed committee members and introduced Wayne Howle, Deputy Attorney General and counsel for Prison Industries. Chairman Marvel noted agenda items would be taken out of order since a quorum of committee members was not yet present.

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

**A. ALLWIRE CABLE (CABLE SHEATHING) – SOUTHERN NEVADA WOMEN'S CORRECTIONAL FACILITY.**

Mr. Skolnik advised the committee that Prison Industries had not heard from Allwire Cable, the company who had planned to construct a building at the Southern Nevada Women's Correctional Facility (SNWCF). He reported that due to increases in pricing, the new building planned by Allwire Cable would be prohibitive. Mr. Skolnik said Jacobs Trading Company had planned to construct a 20,000 square-foot building to be located in front of the facility across from the sallyport at the SNWCF and had abandoned their plans for the building due to rising costs. Mr. Skolnik said the original estimated price for the building planned by Jacobs Trading Company was \$700,000; however, requirements of North Las Vegas Planning Commission and the State Public Works Board (SPWB) escalated the price of the building to over \$1.8 million.

In response to Senator Beers' request for more details on the increase in cost for the buildings, Mr. Skolnik related that Prison Industries had originally planned to construct a soft-shelled building, which had a 15-year warranty similar to the sprung building at High Desert State Prison (HDSP) to accommodate warehouse work. He explained that North Las Vegas required a rigid building, which would have been affordable. Later, a stone facade was required; other state and local requirements had to be met, which escalated the costs. Mr. Skolnik explained the contractor's estimates went from \$700,000 to \$1.8 million, which was unreasonable. Therefore, Prison Industries had developed an alternate plan for Jacobs Trading Company. Based on the estimates for the building for Jacobs Trading Company, Mr. Skolnik

opined that Allwire Cable would not want to pursue a building. He noted there was no additional space at SNWCF to accommodate Allwire Cable's industrial program without the building.

In response to Chairman Marvel, who asked if another industrial program would be taking Allwire Cable's place, Mr. Skolnik related that due to the increase in inmate population and crowding, there was no space for an industrial program at SNWCF.

## **B. JACOBS TRADING COMPANY (RETAIL PRODUCT REPACKAGING) – SOUTHERN NEVADA WOMEN'S CORRECTIONAL FACILITY.**

Mr. Skolnik informed the committee that Prison Industries was discussing a move of the Jacobs Trading Company's industrial program to the Southern Nevada Correctional Center (SNCC). Due to overcrowding, the Nevada Department of Corrections (NDOC) planned to relocate a portion of the female inmate population to Unit 7 at Jean. Jacobs Trading Company would be the only industrial program at SNCC for the female inmates. Should the move occur, the two spaces that Jacobs Trading Company occupied at SNWCF could become dormitories.

In response to Chairman Marvel, who questioned whether there would be any industrial program for the female inmates at SNWCF, Mr. Skolnik advised a card-sorting program would remain at SNWCF, which could be expanded. In order to expand the card-sorting program at SNWCF, which presently employed 20 female inmates, the card-sorting program at another facility might have to be cut. Mr. Skolnik pointed out a card-sorting program took up less room and employed more inmates than other industrial programs.

Responding to Chairman Marvel's question regarding overcrowding and the inmate population, Mr. Skolnik advised that as of June 21, 2006, the inmate population was 614 at SNWCF, 282 at the Jean Conservation Camp (capacity 240), and approximately 140 at the Silver Springs Conservation Camp (capacity 120). Mr. Skolnik explained that consideration for moving Jacobs Trading Company's industrial program was an attempt to deal with the increased population and overcrowding.

Mr. Skolnik informed the committee there would be costs involved in moving the Jacobs Trading Company to SNCC, such as installation of bathrooms and an additional concrete pad. Prison Industries hoped the relocation would provide an increase in employment from 12 to approximately 100 inmates.

Senator Beers indicated he did not understand why the civic planner would require a stone façade at a facility that had a long stretch of cyclone fencing.

With respect to Senator Beer's remark, Mr. Skolnik explained the issue might have been that the building for Allwire would have been located outside the fencing. He further explained the Legislature passed a bill allowing local government control over zoning and building requirements concerning state construction on state land within their jurisdiction.

In response to Senator Beers' request for a copy of the statute, Yvonne Goodson, Deputy Legislative Counsel, Legal Division, offered to research and provide a copy of the statute for Senator Beers.

Chairman Marvel asked Mr. Skolnik to keep staff informed on the progression of the relocation of the Jacobs Trading Company industrial program; Mr. Skolnik agreed to do so.

## **C. THOMSON EQUIPMENT COMPANY (WATER TRUCK PRODUCTION) – HIGH DESERT STATE PRISON.**

Mr. Skolnik apprised the committee that Thomson Equipment Company of Nevada had expanded its operation at SDCC and had increased employment to two shifts, seven days a week.

Noting that Thomson Equipment Company had committed to refurbishing 500 water trucks within the year, Mr. Skolnik indicated the company had been paying rent on two bays at HDSP in anticipation of their move. Thomson Equipment Company had requested a list of inmates from Prison Industries to interview inmates for employment for their industry program that would soon start at HDSP.

#### **D. ALPINE STEEL (STRUCTURAL STEEL FABRICATION) – HIGH DESERT STATE PRISON.**

Mr. Skolnik informed the committee that Alpine Steel had moved into HDSP and was operational. He related Alpine Steel had requested a second bay from Prison Industries for expansion. Mr. Skolnik explained that Prison Industries was considering moving the card sorting operation in order to give Alpine Steel two adjoining bays to double their operation. He added that Alpine Steel was considering a second shift for their operation.

Mr. Skolnik apprised the committee that Alpine Steel had purchased their existing facility in Las Vegas approximately 36 months ago and had already outgrown it. In response to Chairman Marvel, who questioned what Prison Industries charged for the rental of the bays, Mr. Skolnik related that Prison Industries charged 25 cents per foot at the HDSP location. Presently, Alpine Steel was leasing a 10,000 square-foot bay and would increase their space to a 20,000 square-foot area. He added that Thomson Equipment Company was leasing a 20,000 square-foot bay and Prison Industries occupied a 10,000 square-foot area for the card-sorting operation.

In response to Chairman Marvel's question regarding available bays, Mr. Skolnik indicated Prison Industries was full. The only way Prison Industries could vacate a bay would be to relocate the card-sorting program back to the main prison yard. He advised that Impact Design occupied one of the bays and varied between one or two shifts, as their business fluctuated seasonally since their primary market for their apparel was golf courses.

Chairman Marvel called for any further discussion regarding Alpine Steel. Hearing none, he requested Mr. Skolnik continue with the status report on industrial programs.

#### **E. ADCOR (CONCRETE CASTING, MANUFACTURING) – HIGH DESERT STATE PRISON.**

Mr. Skolnik reported that Prison Industries had still not been able to locate representatives from ADCOR, the company that owed Prison Industries approximately \$10,000. He related that ADCOR had claimed ownership of the Industrial building at HDSP. Mr. Skolnik advised the committee that Sedco, the prime contractor for ADCOR, also claimed they owned the industrial building at HDSP. Noting that Prison Industries would not get directly involved, Mr. Skolnik explained the issue of ownership had been referred to Prison Industries' counsel from the Office of the Attorney General.

Mr. Skolnik advised it was Prison Industries' hope that the ownership of the building at HDSP would be awarded to Sedco, as Sedco had indicated a willingness to donate the building to Prison Industries. If the donation of the building occurred, it would afford Prison Industries another 11,000 square-foot area for industrial programs. Mr. Skolnik explained the building would have to be moved since it was located at the site of the new cell house.

Responding to Chairman Marvel, who questioned what industrial program was planned for the building should Prison Industries obtain it, Mr. Skolnik advised the industrial program to occupy the building would be limited to some type of assembly work. He reported Prison Industries was in competition for a

potential industrial program with a major trucking company that was looking for a west coast location to assemble frames for vehicles.

Answering Chairman Marvel's questions regarding the ownership, Mr. Howle indicated he had not yet had the opportunity to evaluate the issue of the ownership; however, he would review it closely. Chairman Marvel called for further discussion or questions regarding ADCOR or the industrial building at HDSP.

Noting he assumed the building was block-wall construction, Senator Beers questioned how Prison Industries intended to move the 11,000 square-foot building.

Responding to Senator Beer's question, Mr. Skolnik explained the structure was a large balloon building, which was inflatable. Prison Industries would have to pour another pad for the structure if they obtained the building.

## **F. INDUSTRIAL PARK DEVELOPMENT – INDIAN SPRINGS.**

Mr. Skolnik reminded the committee that Prison Industries had been working through the Nevada State Purchasing Division with the Tamkin Development for development of the Industrial Park at Indian Springs. He related that after two years, Mr. Tamkin was unable to understand the concept on which he had bid.

Mr. Skolnik informed the committee that with the assistance of the Nevada State Purchasing Division, a letter had been sent to Tamkin Development eliminating all future obligations regarding Prison Industries' agreement with them. He advised that Prison Industries had entered into negotiations with David Holshof, who Tamkin had hired to find tenants for the Industrial Park. A meeting was scheduled for the following week to meet Mr. Holshof and investors for discussions regarding the project. Mr. Skolnik further advised the committee that Prison Industries received affirmation that they had the authority to proceed with the lease for the Industrial Park.

In response to Chairman Marvel, who questioned whether Prison Industries could negotiate a lease, Mr. Howle indicated he had confirmed with Pam Wilcox, from the Division of State Lands that the NDOC had its own authority to enter into a lease agreement in this area.

Responding to questions from Chairman Marvel concerning whether the project for the Industrial Park could come to fruition with Mr. Holshof and investors, Mr. Skolnik related that as long as the project could be constructed as a traditional, privately-funded project similar to any other on land in Clark County, it could be completed within six months. The project would not work if restrictions similar to those imposed on the Jacobs Trading Company occurred. Mr. Skolnik advised the committee a substantial contractor had expressed interest in the project if Prison Industries could provide assurance that the bureaucracy would be avoided on the Industrial Park that was imposed on many government projects.

Responding to Chairman Marvel's question regarding the type of industries that would comprise the proposed Industrial Park, Mr. Skolnik said a variety of industries expressed interest in the Industrial Park, including a laundry facility, manufacturing programs and assembly programs. Pointing out there was a shortage of entry-level labor, Mr. Skolnik related there were advantages of having "made in the U.S.A." on a product while still keeping the cost of an operation reasonable. He opined the Industrial Park could provide such opportunities to potential tenants.

Noting it was not part of Agenda Item III, Chairman Marvel requested an update on the industrial program at the Lovelock Correctional Center (LCC).

Mr. Skolnik advised he first wanted to update the committee on the development of the program for motorcycles in general. Prison Industries had completed the first two prototype motorcycles. In May 2006, Prison Industries revealed the prototypes at a Chamber of Commerce Business Expo in Las Vegas. He informed the committee the response to the motorcycles was extremely positive; last week, a complimentary article on the Prison Industries' motorcycle program was written up in the business section of the *Review Journal*. Since the expenditure authority for the motorcycles was limited, Prison Industries had only three standard motorcycles under construction. Mr. Skolnik explained the manufacturing for the motorcycles would increase after July 2006.

Mr. Skolnik apprised the committee that Prison Industries was finalizing the manuals for the motorcycles and working with a law firm referred by the Office of the Attorney General for Prison Industries' trademarks.

With respect to Chairman Marvel's update on the industrial program at LCC, Mr. Skolnik reported that Prison Industries had entered into a contract with Jan Rousseaux from the House of Rousseaux to design motorcycle apparel for production at the Garment Factory at LCC that would compliment the Big House Choppers. Mr. Skolnik reported there was an underserved market for larger women, who were the fastest growing bike-purchasing population in the country.

Responding to Chairman Marvel who questioned whether the apparel would be leather goods, Mr. Skolnik explained that Ms. Rousseaux was putting together an entire clothing line complementing the bikes that would be manufactured at LCC. Prison Industries had been working with a distributor who expressed interest in the clothing and motorcycles. It was Prison Industries plan to introduce the clothing line in Sturgis, South Dakota.

Chairman Marvel questioned whether Prison Industries had received many orders for the motorcycles. Mr. Skolnik explained that until the manuals for the motorcycles and trademarks were completed, and service and production were refined, Prison Industries would not be selling the motorcycles. Prison Industries did not want to take orders and have customers waiting 18 months for their motorcycles; the plan was to accumulate some inventory prior to any sales of the bikes.

Responding to Bruce Aguilera, Vice President/General Counsel, Bellagio, who questioned whether Prison Industries had a local dealership for the motorcycles, Mr. Skolnik indicated Prison Industries was licensed as the manufacturer of the bikes and as the dealer. He advised there was a sign over his office on West Russell Road that read "Silver State Industries, Big House Choppers." Mr. Skolnik added they had been contacted by an individual from Pahrump, Nevada, who indicated he was willing to construct a building for the Big House Choppers in order to become a dealer for Prison Industries' bikes. Mr. Skolnik explained Prison Industries needed to explore the various types of licensing, dealers, terms of agreements and consignments in order to decide whether to sell the motorcycles on floor-planning consignment or sell the motorcycles for resale.

Mr. Aguilera informed Mr. Skolnik that he had two contacts, Mr. Tobin and Mr. Finley, who both had dealerships in Las Vegas. Mr. Aguilera offered his assistance should Prison Industries be interested in the contacts. Expressing interest, Mr. Skolnik thanked Mr. Aguilera for the offer.

Beverly Williams, Teamsters 995, Las Vegas, Nevada, introduced herself to the committee members and informed them she was sitting in for Mike Magnani, who was unable to attend.

In response to Chairman Marvel's request, Ms. Goodson informed the committee that while Ms. Williams was sitting in for Mr. Magnani, she did not have voting authority on the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs. Therefore, there was not a quorum of committee members.

Continuing his report, Mr. Skolnik informed the committee that Prison Industries had been contacted by the Discovery Channel, who expressed interest in doing a one-time documentary regarding Prison Industries' motorcycle manufacturing. Although it could not be accomplished with the crowding problems the NDOC was experiencing, there was still interest from the TV reality show (R. C. Entertainment, Inc. - "InCARcerated"). Based on the kind of public information created at the time Prison Industries was producing limousines, Mr. Skolnik opined it would not take a lot of hard work to market the motorcycles.

In response to Chairman Marvel's question concerning Prison Industries returning to the production of limousines, Mr. Skolnik indicated they would not, as Prison Industries would have to produce approximately 1,500 limousines per year to be competitive. He added Prison Industries would be in conflict with public jobs should they return to the production of limousines. Mr. Skolnik related that he had not had an industry complaint regarding unfair competition against Prison Industries in over 15 years. At that time, there was a complaint from a stained glass company in Las Vegas that opened shop after Prison Industries' stained glass program had been in operation.

Answering Chairman Marvel, who questioned the status of the industrial program for stained glass, Mr. Skolnik indicated the industrial program was doing well. The program had steadily grown and had been a stable operation for Prison Industries. He noted that 100 percent of the inmates who worked in the stained glass industrial program attained employment upon release from incarceration.

Chairman Marvel asked whether Prison Industries tracked employment for inmates who were trained in industrial programs after they were released. Mr. Skolnik indicated no such tracking was in place. He explained that the only reason he was sure of the success rate of employment with regard to the stained glass program was that a glass company in the area had hired the majority of the released inmates that were trained in the program.

Chairman Marvel informed committee members that he recently attended a sale for the adoption of horses at the Warm Springs Correctional Center (WSCC). Relating that he was skeptical of the program at one time, Chairman Marvel commended Tim Bryant and his staff on the job they had done in the horse adoption program. He noted the amount of money attained by the sale of the horses was substantial.

Mr. Skolnik advised the committee that Prison Industries had been approached by the Bureau of Land Management (BLM) with regard to replicating the horse-gentling program in southern Nevada. Prison Industries informed the BLM they would be interested in considering the horse-gentling program as long as the BLM was willing to pay for it.

Chairman Marvel mentioned many of the inmates who had worked in the horse-gentling program at WSCC obtained lucrative jobs as horse trainers upon release.

Mr. Skolnik affirmed he had heard of inmates obtaining horse-training jobs. He related that should the BLM put the horse-gentling program in southern Nevada, it was his hope it would be placed with the youthful offenders as a tool to help control the population.

Chairman Marvel encouraged Mr. Skolnik to keep working on the potential project as he thought the program would be worthwhile.

Responding to Senator Beers' question, whether Prison Industries would be working with the BLM horses, Mr. Skolnik said that if the BLM were to pay for the program in southern Nevada, the industrial program would be for the BLM horses. He added that Prison Industries had the capacity in Northern Nevada for stray horses that had not been fully utilized.

Senator Beers reported there were a number of horses in the Virginia Range that were the responsibility of the state.

Chairman Marvel apprised committee members that some of the horses at the sale at the Prison Farm had come from the Owyhee Desert. He noted there was a mixture of both BLM and state horses. Chairman Marvel pointed out there was a distinction between the estray horses and the wild horses (feral horses). He said the horses at the recent sale were BLM horses.

Mr. Skolnik affirmed that most of the horses at the sale were BLM horses. He said the majority of the horses sold at auction were bringing in approximately \$2,000 each. The base price for these horses was \$125. Mr. Skolnik pointed out there were two separate operations at the Stewart Conservation Camp; one for the BLM wild horses and one for the state horses. Mr. Skolnik explained Prison Industries started with the state horses and expanded the program to accommodate the BLM horses.

Senator Beers informed the committee that the state was spending funds on experimental birth control for the state horses in the Virginia Range. He wondered how the animals could be transferred to fill the Prison Industries facility to its capacity.

Mr. Skolnik informed the committee that Prison Industries did not recruit horses for the program; they simply accepted the horses that were sent to the facility.

Noting the loss on the Statements of Operations for March 2006 for the industrial program at Ely State Prison (ESP), Chairman Marvel questioned information on the status of ESP's Drapery program.

Mr. Skolnik explained that as a result of the escape of an inmate in the summer of 2005, the industrial program at ESP suffered the most. Policy changes required Prison Industries to remove all individuals with a history of escape from their programs. As most inmates were sent to ESP after attempting escape, the proportion of individuals with a history of escape was higher at that facility. Ten of the experienced workers on the Drapery program were pulled off the industrial program due to their escape history. Mr. Skolnik advised the skill level of the Drapery program was improving.

Noting the industrial area at ESP seemed secure, Chairman Marvel said he doubted an inmate could escape from that area.

Agreeing with Chairman Marvel on the security at ESP, Mr. Skolnik advised it was Director Whorton's responsibility when an escape occurs and, accordingly, his decision with regard to rules after an escape.

Mr. Skolnik advised the committee that Prison Industries had been working on installation for the rooms at the mental health facility in Las Vegas. Mr. Skolnik noted he had received positive news regarding the inmates' work on the project and the job should be profitable for Prison Industries.

#### **IV. REVIEW OF WORK PROGRAMS SUBMITTED BY PRISON INDUSTRIES TO THE INTERIM FINANCE COMMITTEE.**

Directing the committee to page 23 under tab IV of the meeting packet (Exhibit C), John McCuin, Chief of Financial Services for Prison Industries, advised the committee that the two work programs were for expenditure authority in the operating category. He further explained the work program request for the Prison Dairy was to replace the boiler, which was not repairable. Mr. McCuin noted that although the



boiler was due to be replaced within the fiscal year, it went out prior to the scheduled replacement time. While Prison Industries awaited replacement of the boiler, Prison Industries was forced to purchase approximately \$4,000 worth of milk twice a week from Model Dairy.

Responding to Chairman Marvel, who questioned what Prison Industries did with the milk they were getting, yet were unable to process, Mr. McCuin explained that Prison Industries sold the raw milk to a co-op in California and purchased milk from Model Dairy at a price slightly under the cost at which they sold it. Thus, their loss on the purchase of \$8,000 per week, which was not budgeted, would be minimized.

Mr. McCuin noted the other work program stemmed from revenue. He explained there were a few large projects where Prison Industries paid the inmate labor and billed the customer for the labor plus administrative fees. Mr. McCuin apprised the committee the cost of labor was higher than anticipated.

Chairman Marvel noted both work programs were approved at the Interim Finance Committee on June 13, 2006.

## **V. REVIEW OF FINANCIAL STATEMENTS FOR QUARTER ENDING MARCH 31, 2006.**

Directing the committee to the financial statements for the quarter ending March 31, 2006, beginning on page 35 under tab V of the meeting packet (Exhibit C), Mr. McCuin said it was a pleasure to present the financial statements for this period. He noted the Prison Dairy's loss was due to the accrual of Administrative Fees from the Prison Dairy for staff support. However, if the financial statements for the Prison Dairy still depicted a loss at the end of the year, Prison Industries decided the Administrative Fees would be waived.

In reference to Chairman Marvel's comment on the improvement in earnings for the Furniture and Metal Shop, Mr. McCuin attributed part of the gain to the work at the mental health hospital, which was about to be completed. He added part of the improvement was due to the manufacturing of trusses for construction in the Lake Tahoe area, which required metal trusses to accommodate heavy snow. Mr. McCuin explained the manufacturing of such trusses was high dollar work.

In response to Chairman Marvel, who wondered whether the Furniture and Metal Shop would be able to maintain such profits, Mr. Skolnik explained it would not be possible to maintain such earnings. He explained that Prison Industries had a large job in Reno for the animal shelter, which attributed to the increase in revenue. With the conclusion of that job and the mental health hospital, work should decrease. Mr. Skolnik advised Prison Industries hoped to maintain 70 percent of the level of recent workload.

Greg Smith, Administrator, Purchasing Division, advised the committee that his department received comments on the quality of the work done by Prison Industries and of the value of their products. He pointed out that the furniture located in the annex to the Capitol Building that was manufactured by Prison Industries displayed Prison Industries' outstanding work.

Mr. Skolnik thanked Mr. Smith for his comments and indicated he would pass the compliment on to Prison Industries staff.

Continuing his report on the financial statements, Mr. McCuin pointed out that Mr. Skolnik had already addressed the loss of experienced inmates on the ESP Drapery program due to the changes in procedures implemented connected to the inmate escape. Mr. McCuin concurred this attributed to the loss in revenue at the Ely Drapery Shop.

Mr. McCuin noted that although the industrial program for SDCC still depicted a loss, it had improved. It was Mr. McCuin's hope that SDCC would break even by year-end.

In response to Chairman Marvel's question concerning the need to eliminate any of the industrial programs, Mr. Skolnik opined all industrial programs were performing adequately. He indicated the production of motorcycles at SDCC would generate a turnaround for SDCC. Mr. Skolnik said staff at the shop at SDCC was reduced to two inmates. He added the shop produced \$37,000 in the prior month.

Chairman Marvel welcomed and introduced Deborah Reed, Budget Analyst IV, Department of Administration, to committee members.

In response to Senator Beers, who questioned the significant dip in the cost of sales in the SDCC Auto and Upholstery Shop, Mr. McCuin explained that he had added in the prior year's Net Proceeds for Manpower Operations that were not segregated in FY 2005. He further explained the costs depicted were part of cost of sales in the preceding year.

With regard to Senator Beers' observation on the cost of sales in the SDCC Auto and Upholstery Shop, Mr. Skolnik noted an increase in inventory due to the manufacturing of motorcycles.

Chairman Marvel called for further questions for Mr. McCuin regarding the financial statements. Hearing none, he directed the committee to Agenda Item VI.

## **VI. REVIEW OF NUMBER OF INMATES EMPLOYED JULY 2003 THROUGH MARCH 2006. [10:42:49 AM](#)**

Mr. Skolnik reported that as of May 2006, Prison Industries employed over 800 inmates.

Tracy Raxter, Program Analyst, LCB Fiscal Analysis Division, questioned why the report depicted 29 and 38 inmates working in December and January 2006 respectively and showed nothing for the months of February and March for the Opportunity Village Program.

Responding to Mr. Raxter's question, Mr. Skolnik explained that Opportunity Village had been contracted by Harrah's Club, who had a promotional program where guests were given treasure chests with the opportunity to win prizes ranging from t-shirts and watches to a certificate for \$1 million in cash. He explained Opportunity Village subcontracted with Prison Industries to put 600,000 treasure chests together. Once the treasure chests were completed, the industrial program for Opportunity Village was gone. Although Prison Industries made a profit on the contract, due to the difficulty in timing and control, they would not repeat the program. Mr. Skolnik advised the space that the industrial program for Opportunity Village occupied would go to Alpine Steel for their second bay.

Mr. Skolnik informed the committee that Impact Design was an industrial program for garment manufacturing. In order for Prison Industries to accommodate all industrial programs going into the available bays, part of the operation for Alpine Steel had to go next to Impact Design. As smoke from Alpine Steel would have an adverse effect on the Impact Design's manufactured product, installation of a ventilating system would be required. Mr. Skolnik advised that Prison Industries was waiting for approval on the design from the Public Works Board regarding the ventilating system, which would be paid for by Alpine Steel.

In response to Chairman Marvel, who questioned how Casa Grande was working as the new location for Prison Industries, Mr. Skolnik indicated he originally did not want to move Prison Industries to Casa Grande; however, it had turned out to be a great location for Prison Industries. He reported to date, the transitional program for Casa Grande had 240 successfully on parole working in the community. He reported 24 inmates

walked away. Of the “walk-aways,” 22 were captured and back in custody. Mr. Skolnik advised the committee that most inmates were pleased to have the opportunities presented to them at Casa Grande.

In response to Senator Beers, who questioned whether Prison Industries helped find work for Casa Grande inmates, Mr. Skolnik answered that presently he was not formally involved with recruiting jobs for Casa Grande. However, he referred parties interested in hiring Casa Grande inmates to Choices Group Inc., the company that had the contract with Casa Grande for job placement.

Senator Beers noted that while traveling in the area of Elko and northeastern Nevada, he had learned that skilled construction workers or workers in skilled trades were nearly impossible to find. Senator Beers said if Prison Industries could incorporate training for such trade skills into their industrial programs, it would benefit inmates upon their release.

Mr. Skolnik advised that Prison Industries was involved in such a program in Carson City through the Northern Nevada Trade Council; however, funding for the program ceased. He said he would speak with Mike Magnani, Labor Union Representative, to see if the unions would be interested in developing formal programs for inmates in industrial programs.

Noting that he had not heard about it lately, Chairman Marvel pointed out that, at one time, the community colleges were involved with NDOC for such training programs. He advised some of the industries were helping to subsidize the training. Chairman Marvel agreed there was a need for technical schools related to trades.

Mr. Skolnik said presently the average age of construction workers in the United States was 50 or 60. He pointed out that skilled training programs for inmates through Prison Industries could be the solution to a critical shortage. Mr. Skolnik added he had knowledge this was being done successfully in other parts of the country.

Chairman Marvel said a similar concept was utilized in Elko at the Great Basin College for the diesel program training. Chairman Marvel advised the classes were subsidized by the surrounding mines. He further advised that students were employed by the mines before they even obtained their degrees, as the mines would hire the students with just a year or two of training. Chairman Marvel agreed this was a critical item and suggested Prison Industries and the Legislature may want to explore the possibilities.

## **VII. INFORMATIONAL ITEM: ARTICLE FROM THE *LAS VEGAS SUN* DATED FEBRUARY 25, 2006, ENTITLED ‘LOVELOCK INMATES ENTER THE WORLD OF DESIGNER LEISURE WEAR.’**

Referring to the article from the *Las Vegas Sun* regarding the apparel manufactured at LCC under tab VII on page 63 of the meeting packet (Exhibit C), Chairman Marvel opined the article was good public relations for Prison Industries.

Chairman Marvel called for any further questions or discussion from committee members to come before the committee.

Recalling for the committee that at the last meeting discussions had ensued regarding the elimination of license-plate manufacturing and fees from Prison Industries, Mr. Aguilera questioned whether a decision had been made regarding the license-plate manufacturing program.

Responding to Mr. Aguilera’s questions, Mr. Skolnik advised that Prison Industries had been informed by the Department of Motor Vehicles (DMV) that the industrial program for license-plate manufacturing would

remain with Prison Industries.

Mr. Aguilera commented that was good news.

Agreeing, Chairman Marvel informed the committee he had received assurance from the Governor's Office that the industrial program would remain. Chairman Marvel opined it would be devastating to Prison Industries to lose the program for the production of license plates and he would be regretful had Prison Industries lost the industrial program.

## **VIII. PUBLIC COMMENT.**

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

## **II. APPROVAL OF MINUTES OF THE MARCH 13, 2006, MEETING.**

Chairman Marvel announced the approval for the minutes of the March 13, 2006, meeting would be deferred until the next meeting with a quorum of committee members present.

## **IX. ADJOURNMENT.**

Chairman Marvel asked if there was any further business to come before the committee. Hearing none, he thanked committee members for their attendance and adjourned the meeting at 10:56 a.m.

Respectfully submitted,

\_\_\_\_\_  
Denise Larsen, Committee Secretary

APPROVED:

\_\_\_\_\_  
Assemblyman John Marvel, Chairman

Date:\_\_\_\_\_