

**MINUTES OF THE MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada**

A regular meeting of the Interim Finance Committee was called to order by Chairman William J. Raggio, on March 19, 2001, at 9:30 a.m., in Room 4100 of the Legislative Building, in Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chairman
Senator Bob Coffin
Senator Lawrence E. Jacobsen
Senator Bernice Mathews
Senator Joseph M. Neal, Jr.
Senator William R. O'Donnell
Senator Raymond D. Rawson
Assemblyman Bob Beers
Assemblywoman Barbara K. Cegavske
Assemblywoman Vonne Chowning
Assemblywoman Marcia de Braga
Assemblyman Joseph E. Dini, Jr.
Assemblywoman Christina R. Giunchigliani
Assemblyman David E. Goldwater
Assemblyman Lynn Hettrick
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblyman David R. Parks
Assemblywoman Sandra J. Tiffany

COMMITTEE MEMBERS ABSENT:

Assemblyman Morse Arberry, Jr., Vice Chairman, Excused
Assemblyman Richard D. Perkins

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne J. Malkiewich, Director
Brenda J. Erdoes, Legislative Counsel
Gary Crews, Legislative Auditor
Gary Ghiggeri, Fiscal Analyst, Senate
Mark W. Stevens, Fiscal Analyst, Assembly
Robert Guernsey, Principal Deputy Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Yhvona Martin, Secretary

A. ROLL CALL.

Mr. Lorne Malkiewich, Director, Legislative Counsel Bureau (LCB), called the roll and announced that a quorum of each committee was present.

B. APPROVAL OF MINUTES FROM THE FEBRUARY 8, 2001, MEETING.

MR. DINI MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 8, 2001, MEETING. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

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

Chairman Raggio requested testimony on the following work programs included in Volume I of the meeting packets: items 8, 11, 12, and 16. Volume II: items 26, 30 and 31.

MRS. CEGAVSKE MOVED TO APPROVE ALL ITEMS NOT PREVIOUSLY ENUMERATED ABOVE. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 1. Office of the Attorney General – Administration – FY 01 – Addition of \$70,500 in the Revenue for Services Rendered to continue compliance checks for youth access to tobacco products for Synar Compliance.**

Refer to motion for approval under item C.

- 2. Office of the Attorney General – Administration – FY 01 – Transfer of \$15,000 from the Information Services category to the High Tech Crime category to meet projected expenses for the fiscal year.**

Refer to motion for approval under item C.

- 3. Office of the Attorney General – Administration – FY 01 – Addition of \$3,780 in the Registration Fees to meet projected conference expenses for the High Tech Crime Board.**

Refer to motion for approval under item C.

- 4. Office of the Treasurer – Higher Education Tuition Trust – FY 01 – Transfer of \$50,000 from the Reserve category to the Contract Cancellation Refunds category to provide sufficient authority for payment of contract cancellation refunds.**

Refer to motion for approval under item C.

- 5. Department of Museums, Library and Arts – Historic Preservation – FY 01 – Acceptance of \$50,482 in the Federal Historic Preservation Grant and \$316,670 in the Federal Historic Preservation Survey and Planning Grant to continue the program to assist federal and State agencies, local governments, non-profit organizations and private citizens in preserving historic buildings and archaeological sites.**

Refer to motion for approval under item C.

- 6. Department of Museums, Library and Arts – Micrographics and Imaging – FY 01 – Transfer of \$12,000 from the Vendor Services category to the Operating category and \$23,000 from the Reserve category to the Operating category to provide authority for temporary staffing and Department of Prison Inmate Services expenses to complete special microfilming and imaging project requests for various client agencies.**

Refer to motion for approval under item C.

- 7. Department of Administration – Motor Pool – FY 01 – Transfer of \$102,000 from the Reserve category to the Vehicle Operations category to meet projected vehicle operating expenses for the fiscal year.**

Refer to motion for approval under item C.

- 8. Department of Agriculture – Veterinary Medical Services – FY 01 – Addition of \$16,419 in the Transfer from Livestock Inspection and \$33,750 in the Agricultural Quarantine Inspection to provide for the addition of five**

intermittent positions, pest survey (3) and quarantine (2) and operating expenses for USDA Quarantine and Pest Survey Programs.

Mr. Paul Iverson, Director, Department of Agriculture, introduced Mr. Rick Gimlin, Administrative Services Officer. Mr. Gimlin said that he wished to make a correction to the narrative prepared by the state Budget Division to describe the purpose of the work program. He noted that the name of the budget account should be Plant Industry (budget account 4540) instead of Veterinary Medical Services (budget account 4541). Mr. Gimlin also indicated that approval of this work program would authorize the Department of Agriculture to accept federal funding from the United States Department of Agriculture (USDA) for two cooperative agreements in the Plant Industry budget account. The request also includes the addition of five intermittent positions to conduct the Department's activities pursuant to the cooperative agreements.

In providing historical information, Mr. Iverson apprised the Committee that for the last number of years the funding from two special federal grants, which deal with quarantine, pest control, pest survey, and a survey for biological control, had been administered out of budget account 4541 (Veterinary Medical), which is a fund used primarily for fees and grants. Prior to the submittal of the Department's biennial budget, Mr. Iverson indicated that the Department had consolidated eight programs into Plant Industry so that all programs dealing with Plant Industry would be in one budget account. He said, however, during a hearing before the Joint Subcommittee on General Government on March 13, 2001, Mrs. Chowning had expressed concern about the proposed consolidation. In order to address Mrs. Chowning's concerns, Mr. Iverson said that he and his staff plan to meet with staff from the Budget Division, as well as the legislative Fiscal Analysis Division, to discuss the proposed consolidation plan. Although he would be amenable to deferring the request at this time, Mr. Iverson told the Committee that the Department was currently experiencing a cash flow problem in budget account 4541 as a result of production losses and a decline in the agricultural economy. According to Mr. Iverson, the current reserve in budget account 4541 was approximately \$300; whereas, in previous years the reserve had been between \$40,000 to \$50,000. Mr. Iverson said that he had full confidence that budget account 4541 would be solvent again within the next two months.

Since he did not believe it would be appropriate to preempt the Joint Subcommittee on General Government from analyzing the Department's proposal to combine the two budgets, Chairman Raggio wondered what the Committee could do at this point in time to help the Department. Mr. Gimlin said that it would be helpful if the Committee were to authorize the receipt of the federal funds, which would then be deposited into budget account 4540.

Chairman Raggio wanted to know whether General Fund monies had been deposited in budget account 4540 and Mr. Gimlin responded affirmatively. Chairman Raggio expressed concern about the commingling of federal and General Fund monies in budget account 4540.

It was Mr. Iverson's recollection that the legislative Fiscal Analysis Division staff was concerned about the use of state General Fund monies to get programs started. Mr. Iverson said he had discussed the issue with federal representatives and he was advised that the Department would be able to receive the federal grant funds in three separate payments; thus, no General Fund monies would be used for the programs.

Chairman Raggio suggested that the Committee authorize the receipt of the federal grant funds conditioned upon the Department using that money expressly for the purpose of hiring seasonal positions. In addition, Chairman Raggio said he hoped Mr. Iverson understood that the Joint Subcommittee on General Government might develop different recommendations.

Since there were no additional comments or questions from the Committee, Chairman Raggio said he would entertain a motion.

MR. DINI MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED TO RECEIVE THE FEDERAL GRANT FUNDS TO BE DEPOSITED INTO BUDGET ACCOUNT 4540 UPON THE EXPRESS CONDITION THAT THESE FEDERAL FUNDS BE USED FOR THE HIRING OF SEASONAL POSITIONS. SECONDED BY MRS. CHOWNING.

Chairman Raggio recognized Ms. Giunchigliani who said it was her understanding that the Joint Subcommittee on General Government might make a recommendation not to place the federal grant funds into budget account

4540. Mr. Iverson said he understood clearly that the federal grant funds might need to be transferred to budget account 4541.

Chairman Raggio called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

9. **Department of Business and Industry – Manufactured Housing Division – Mobile Home Lot Rent Fund – FY 01** – Transfer of \$111,000 from the Reserve category to the L.R. Subsidy Payment category to allow the division to meet subsidy payments for April through June 2001.

Refer to motion for approval under item C.

10. **Department of Business & Industry – Housing Division – FY 01** – Addition of \$1,200,000 in the Federal Grant Funds to cover increase in sub-recipient HUD Home draws associated with the Home Investment Partnership Program.

Refer to motion for approval under item C.

11. **Commission on Economic Development – FY 01** – Addition of \$24,300 in the OSET/NEEPC to establish authority to accept transfer of funds from the UNS, Office of Science, Engineering & Technology for the Nevada Electric Energy Policy Committee (NEEPC) project.

Mr. Robert Shriver, Executive Director, Commission on Economic Development (CED), introduced Ms. Nancy Dunn, Business Manager, who indicated that the work program represents a transfer of funds from the University and Community College System of Nevada (UCCSN), Office of Science, Engineering and Technology, to CED to cover the expenses related to the Nevada Electric Energy Policy Committee (NEEPC) project. The transfer will be made on the basis of an interlocal agreement between the two agencies. Ms. Dunn said she wished to bring a technical error to the Committee's attention. The revenue general ledger number shown on the work program on page 11.1 of Volume I of the meeting packets should be 4867 instead of 2511.

**MR. DINI MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED.
SECONDED BY MR. BEERS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

12. **Department of Human Resources – Healthy Nevada Administration – FY 01** – Transfer of \$15,000 from the Salary category to the Operating category to publicize the Senior Rx Program by providing additional printing and postage costs.

Prior to commencing her testimony, Ms. Debbra King, Chief Financial Officer, Director's Office, Department of Human Resources, distributed a handout to the Committee, a copy of which is included in the minutes as Exhibit A. Ms. King explained that the handout was a copy of a letter addressed to Governor Guinn, dated March 10, 2001, from Anthony Weber. A snapshot of Mr. Weber was also included with the letter. According to Ms. King, Mr. Weber, an 82-year old man who resides in Las Vegas, was a participant in the Senior Rx Program who has saved so far this year \$1,700 in prescription drug costs. Mr. Weber wrote in his letter that this saving had allowed him to pay for his 24-hour fitness fees and take square dancing classes. Ms. King read into the record an excerpt from Mr. Weber's letter as follows:

The program really makes things easier for me financially. I don't have to ask my children for help. It is important for me to maintain my independence. Thank you for making all of this possible.

Since the legislation for the Senior Rx Program was passed unanimously during the 1997 Legislative Session, it was Ms. King's belief that the members of the 2001 Legislature were deserving of a thank you as well.

To respond to a question from Chairman Raggio, Ms. King said that the purpose of this request was to transfer \$15,000 in projected salary savings from category 01 (Personnel) in budget account 3261 (Healthy Nevada Fund Administration) into category 04 (Operating) to allow for additional postage and printing costs related to mailing applications and

brochures to senior citizens in order to increase participation in the Senior Rx Program.

Ms. Giunchigliani wanted to know how much had been spent to date on marketing for the Senior Rx Program. She also wanted to know the current number of active participants. Ms. King explained that as of March 4, 2001, approximately \$20,000 had been spent for advertising, approximately \$8,500 for postage, and approximately \$3,000 for reproduction costs for the Senior Rx Program. Ms. King indicated that most of the marketing had been done through having one of the Department's staff or a volunteer provide presentations at Senior Citizens' Centers. As of March 1, 2001, 205 people are receiving benefits and 75 people have applied for benefits and are awaiting the results of Senate Bill 239, which was passed unanimously by the Senate on March 15, 2001. Since S.B. 239 raises the maximum subsidies that the state can pay on behalf of senior citizens, Ms. King suggested that passage of S.B. 239 would make the program more affordable to senior citizens.

Ms. Giunchigliani wondered whether the Department was distributing application forms to local pharmacies and doctor's offices around the state. Ms. King indicated that the Pharmaceutical Research Manufacturing Association had paid the printing costs for the purple brochures that were distributed to legislators and which are currently available in pharmacies throughout the Las Vegas area.

Since there were no further comments or questions from the Committee, Chairman Raggio said he would entertain a motion to approve the request.

MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. CEGAVSKE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

13. **Department of Human Resources – Mental Health and Developmental Services – Rural Regional Center – FY 01** – Transfer of \$65,000 from the Jobs and Training category to the Jobs category to increase client referral to the Community Training Center job training.

Refer to motion for approval under item C.

14. **Department of Human Resources – Mental Health – Sierra Regional Center – FY 01** - Transfer of \$150,000 from the Community Training Center category to the Day Training category to provide training for mentally retarded clients.

Refer to motion for approval under item C.

15. **Department of Human Resources – Health Division – Maternal Child Health – FY 01** – Addition of \$33,333 in the Federal Search Grant to continue travel operating and grants-in-aid costs in the Search Program to support medical students working in under-served areas.

Refer to motion for approval under item C.

16. **Department of Human Resources – Welfare Division – Energy Assistance – FY 01** – Addition of \$3,418,118 in the LIHEA Federal Grant to provide additional grant authority for one-time supplemental payment of \$121.20 for the 8,600 clients identified in the Low Income Home Energy Assistance program and for additional operating supplies, contract services and telephone charges associated with the increased number of clients served. Establishment of a separate reserve category which will allow for obligations in future state fiscal years.

Mr. Roger Mowbray, Administrative Services Officer, Nevada State Welfare Division (NSWD), explained that the Committee's approval of this work program would augment federal revenue by \$3,418,118 in the Low-Income Home Energy Assistance (LIHEA) program. He noted that no General Fund match was required. The additional revenue would be used to provide a one-time payment of \$121.20 to the current participants in the LIHEA program. In addition, Mr. Mowbray requested approval to balance forward approximately \$2.2 million into next fiscal year for use as supplemental payments to participants in the LIHEA program.

Chairman Raggio wanted to know if the \$121.20 would be in addition to the amount the current participants in the LIHEA program were receiving in assistance and Mr. Mowbray responded affirmatively.

Chairman Raggio wondered if there were any proposals before Congress for additional grant funding for the LIHEA program. Mr. Michael Willden, Administrator, NSWDC, pointed out that Congress appropriates grant funding for the LIHEA program each year; however, the amount of the grant fluctuates from year to year. Mr. Willden indicated that the increased funding included in this work program was the result of two supplemental awards that were provided to every state to address high-energy costs across the nation and he hoped Congress would continue providing the supplemental awards for the next few years.

To respond to a number of questions from Chairman Raggio about the LIHEA program, Mr. Willden noted that NSWDC currently uses an eligibility criteria of 150 percent of poverty. Approximately 85 percent of the people who qualify for the LIHEA program are senior citizens. He said, however, there were other categorical eligible groups such as low-income families receiving Temporary Assistance to Needy Families (TANF) and Food Stamps. Those people who currently qualify for the LIHEA program receive a one-time energy credit on their heating or cooling bill. For those residents living in northern Nevada the payment is applied toward their heating bill and for those residents living in southern Nevada the payment is split between their heating bill in the winter and air conditioning bill in the summer. The payments are paid to a utility vendor on behalf of the client, except for about 2 percent of the population in rural Nevada whose primary heating source is wood or coal, in which case the payment goes directly to the client, who pays the utility bill. The payment varies according to the need. NSWDC uses a point system in determining the amount of payment. The lower income families get the highest payment depending upon the type of fuel they use. Currently, the highest points are given to clients who use propane. In addition, clients receive what he referred to as "vulnerability" points if they are elderly, or if they live in a single household dwelling versus an apartment complex, or if they live in Clark County because of extreme costs for air conditioning.

It was Chairman Raggio's understanding that the average payment to clients for FY 2001 was about \$242 annually. Mr. Willden indicated that the average payment to clients last fiscal year was about \$212 annually and it is averaging \$242 this year because point adjustments were made for propane and electric users. At the end of this program year, Mr. Willden estimated that the average payment to each client would be around \$300 to \$304, depending on the client's fuel source.

Chairman Raggio wanted to know who specifically would receive the supplemental payment of \$121.20 and Mr. Willden said that the \$121.20 would be paid primarily to utility vendors on behalf of those clients using natural gas.

It was Chairman Raggio's recollection that the Governor was recommending a \$5-million General Fund appropriation in the Executive Budget to help seniors with their energy bills and he wondered whether this appropriation would be in addition to the augmentation of LIHEA grant funds. Mr. Willden responded that the Governor was requesting a \$5-million appropriation over the biennium to supplement the LIHEA grant funds.

Chairman Raggio wanted to know whether the Governor's \$5-million appropriation was requested prior to the availability of the \$3,418,118 in federal LIHEA grant funds. Mr. Willden said he would assume that the Governor's request was submitted by the August 15, 2000, deadline; whereas, the supplemental LIHEA grant funds were not released by Congress until December of 2000.

Chairman Raggio wondered if any consideration had been given to replacing some of the contemplated General Fund dollars with the federal LIHEA grant funds. Mr. Willden said he would not feel comfortable recommending replacing any dollars because the need would be based on the number of applicants.

Chairman Raggio thought it was important for the Committee to have a matrix of how the available federal funds and the anticipated state funds were going to be utilized for these programs. Mr. Willden said he would be happy to provide such a matrix for the Committee.

Instead of providing a one-time payment each year, Ms. Leslie wanted to know if it would be possible to use some of the LIHEA funds for weatherization of homes so people's energy bills could be reduced over time. Mr. Willden said it was possible to transfer 10 to 15 percent of the LIHEA funds to the Weatherization Program and that NSWDC had made such transfers in years past.

Ms. Leslie asked Mr. Willden if he anticipated using some of this grant award for weatherization projects. Mr. Willden responded that this particular grant award was targeted for supplemental energy credits.

Ms. Leslie wanted to know whether NSWDC had done an analysis to determine whether the clients who receive the energy credits live in the same place year after year; thus, could better benefit from weatherization to their homes. Mr. Willden apprised the Committee that NSWDC had done an analysis which determined that approximately 80 percent of the LIHEA clients were repeat clients who were low-income senior citizens. Mr. Willden acknowledged that most of the clients who receive the energy credits could benefit from weatherization to their homes and that NSWDC had applied for a low-income energy assistance REACH grant of about \$1.1 million and those funds would be used to weatherize homes through local contractors.

Since it was his understanding that NSWDC intends to reserve \$2,266,653 of the LIHEA funds for use in future fiscal years, Mr. Dini expressed an interest in learning how the augmentation of \$1,109,963 was arrived at. Mr. Willden indicated that the total LIHEA grant being work programmed was \$3,418,118. According to Mr. Willden, \$1,109,963 was needed to provide energy payments for the applications anticipated to be processed through the end of the program year (April 2001). This would increase the Client Payments category from a budgeted \$2 million to approximately \$3.1 million this fiscal year. The balance would then be balanced forward and added to the budget for the Client Payments category next fiscal year, which would provide a reserve of approximately \$3.7 million for Client Services. He characterized this action as “ramping up;” i.e.: \$2-million was spent last year, \$3.1 million will be spent this year, and \$3.7 million will be spent next year.

Mr. Dini wondered how NSWDC’s funding proposal would tie into the Governor’s proposal for a \$5-million appropriation to help seniors with their energy bills. Although he was not prepared to respond to such a question, Mr. Willden explained that the NSWDC normally processes about 10,000 applications each year. He said, however, NSWDC had seen a 64 percent increase in the number of applications for low-income energy services in the last 6 weeks. It was his recollection that in prior energy crisis years, primarily in 1990 and 1991, NSWDC had processed approximately 16,000 applications each year. Mr. Willden told the Committee that the Governor’s \$5-million appropriation would address that increasing caseload and the federal LIHEA grant funds would address only a caseload of approximately 10,000 clients at an average payment per client of \$304.

Since she thought that NSWDC needed funding for staff to audit buildings to determine whether weatherization would be helpful in reducing utility costs, Ms. Giunchigliani suggested that Mr. Willden include this information in the matrix he was preparing for Chairman Raggio.

There being no further comments or questions from the Committee, Chairman Raggio said he would entertain a motion.

MS. GIUNCHIGLIANI MOVED TO APPROVE THE REQUEST. SECONDED BY MRS. CEGAVSKE AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

17. **Department of Human Resources – Aging Services – Older Americans Act – FY 01** – Addition of \$72,766 in the Federal Ombudsman Funds to increase grants to a variety of entities which provide social services to the elderly and allow added travel for ombudsman training.

Refer to motion for approval under item C.

18. **Department of Human Resources – Aging Services – FY 01** – Acceptance of \$603,803 in the Federal Caregiver Grant to establish the National Family Caregiver Support Program which provides grants to area organizations to provide support services, access, counseling, and respite care for caregivers of the elderly and disabled.

Refer to motion for approval under item C.

19. **Department of Human Resources – Child and Family Services – Youth Community Services – FY 01** – Addition of \$354,000 in the Adoption Incentive Grants to pay monthly adoption subsidies to parents of children with special needs.

Refer to motion for approval under item C.

20. **Department of Human Resources – Child and Family Services – Community Juvenile Justice Program – FY 01** – Addition of \$360,000 in the Enforcing the Underage Drinking Law Grant to continue the program to design and implement innovative community specific underage drinking prevention strategies and education techniques to lower

tolerance of underage drinking and curtail purchase of alcohol by minors.

Refer to motion for approval under item C.

21. **Department of Human Resources – Child and Family Services – Community Juvenile Justice Programs – FY 01** – Addition of \$395,400 in the Federal Enforcing the Underage Drinking Law Discretionary Grant to continue program to reduce underage drinking with a special emphasis on increasing law enforcement activity with regard to the sale of alcohol to minors and coordinating State level planning and program activity with community programs.

Refer to motion for approval under item C.

22. **Department of Human Resources – Child and Family Services – Youth Alternative Placement – FY 01** – Transfer of \$23,349 from the Out-of-State Placement category to the Contract Correctional Placement category and \$103,676 from the Reserve category to the Contract Correctional Placement category to meet projected expenditures for juveniles in contracted facilities.

Refer to motion for approval under item C.

23. **Department of Prisons – Prison Industry – FY 01** – Addition of \$300,000 in the Private Grants to accept funding from Nevada Business Services of the Southern Nevada Workforce Investment Board and establish expenditure authority for Nevada Department of Prisons' Project REACH. The goal of Project REACH is to reduce recidivism by implementing a community work program.

Refer to motion for approval under item C.

24. **Department of Motor Vehicles and Public Safety – Public Safety Information Technology – FY 01** – Transfer of \$3,100 from the Switcher Operations category to the Training category to fund travel costs for staff to attend Microsoft Windows 2000 training held in Las Vegas.

Refer to motion for approval under item C.

25. **Department of Motor Vehicles and Public Safety – Public Safety Information Technology – FY 01** – Transfer of \$4,500 from the Switcher category to the In-State Travel category to fund travel costs for staff working with the Las Vegas Justice Court on electronic warrants.

Refer to motion for approval under item C.

26. **Department of Motor Vehicles and Public Safety – Justice Grant – FY 01** – Addition of \$1,000,000 in the Transfer from Programs to enable state and local law enforcement agencies to purchase equipment through the Federal Supply system.

Mr. Richard Kirkland, Director, Department of Motor Vehicles and Public Safety (DMV&PS), introduced Mr. Gary Dean White, Administrator, Office of Criminal Justice Assistance. Mr. Kirkland said he was requesting authority to pass through up to \$1 million to implement a new Law Enforcement Equipment Purchase Program (Section 1122). The Office of Criminal Justice Assistance has been designated by the Governor as the coordinating agency for the Law Enforcement Purchase Program. According to Mr. Kirkland, this program, which would be done in conjunction with the State Purchasing Division, enables state and local agencies to purchase equipment through the Federal Supply System by ordering equipment through the Office of Criminal Justice Assistance.

It was Chairman Raggio's understanding that the Governor was recommending the addition of two positions and associated operating expenses to administer this program over the next biennium. Mr. Kirkland said this work program relates specifically to the authority to implement the program and that he was scheduled to make a presentation tomorrow before the Joint Subcommittee (Senate Committee on Finance and Assembly Committee on Ways and Means) on Public Safety, Natural Resources, and Transportation at which time he would request the positions to administer the program.

To address several questions from Chairman Raggio, Mr. White explained that the \$1 million being requested was to

accommodate the acceptance of funds from state and local law enforcement agencies for equipment purchases for the current year and that there would be no expenditure on behalf of the DMV&PS. In addition, Mr. White said he had provided a handout to the Committee, a copy of which is included in the meeting minutes as Exhibit B, which shows that the states of Arizona and Colorado have saved an average of 21 percent on their law enforcement equipment purchases through this program during calendar year 2000. In particular, Mr. White pointed out that Arizona had saved over \$416,932 in purchases totaling \$1.8 million and Colorado had saved \$451,317 in purchases totaling \$2.4 million. Chairman Raggio wanted to know if it would impact the efforts of the Joint Subcommittee at this point if the Committee were to approve DMV&PS' request for additional authority. Mr. Kirkland indicated that the Committee's approval of this request represents only one-half of the program and that the Joint Subcommittee would need to approve the grant positions to administer the program.

Since it was her understanding that General Fund monies would be used to match the federal Byrne grant funds, Ms. Giunchigliani agreed with Chairman Raggio that the Joint Subcommittee would need to consider the second half of DMV&PS' request.

SENATOR COFFIN MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

27. **Department of Motor Vehicles and Public Safety – Emergency Management – FY 01** – Addition of \$125,183 in the Federal Department of Energy Grant to purchase 8 laptop computers, an alpha card system, video CD Recorder, software and to provide additional funds for training and travel and pass through to locals for related training and programs.

Refer to motion for approval under item C.

28. **Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 01** – Addition of \$108,081 in the Non-Terrorism Grant and \$203,110 in the Terrorism Grant to fund the State's efforts to prevent, prepare for and manage emergencies by passing EMPG Funds through to local entities to fund their emergency response programs.

Refer to motion for approval under item C.

29. **Department of Motor Vehicles and Public Safety – FEMA #1153 DR – NV – FY 01** – Addition of \$285,415 in the Prior Year Refunds to allow for receipt of refunds of project funds granted in prior years related to the flood of 1997 expenses and make funds available to local eligible recipients of public assistance for outstanding claims.

Refer to motion for approval under item C.

30. **Colorado River Commission – Power Marketing Fund – FY 01** – Addition of \$127,000,000 in the Power Sales Revenue to increase authorization for power purchases and sales to accommodate the increase in activity and purchased costs over the authorized FY 01 budget.

In speaking to items 30 and 31, Mr. George Caan, Director, the Colorado River Commission (CRC), told the Committee that the two requests were identical except for the customers that were being served. Item 30 represents the electric service that the CRC provides to the Basic Management Industries (BMI) Complex in Henderson and item 31 represents the supplies that the CRC provides to the Southern Nevada Water Authority (SNWA). Mr. Caan said that the CRC was not requesting state funding, but rather the authority to spend money from the existing contracts with these customers.

In responding to a question from Chairman Raggio as to why additional authority was needed at this time, Mr. Caan stated:

The reason we are requesting this authority is that the power markets have become, as many know, very volatile. And in order to meet the requirements of our customers for the BMI Complex, in addition to the hydropower that they get, and for the SNWA, for the power they get in entirety from the CRC, the transactions that we need to engage in, in order to secure a delivered

product to them, require this increased authority. The actual delivered product to them does not cost \$127 million nor does it cost \$35 million, but in order for us to make transactions that result in a net delivered cost to the customer, we have to have the authority to be able to pay the suppliers.

Chairman Raggio asked Mr. Caan whether the CRC intends to purchase long-term power contracts. Mr. Caan responded by stating:

These are reflective of contracts that we have purchased in the long term; however, because we have purchased in the long term we have to manage our portfolio to meet either additional power needs because pumps are running longer, or to sell excess supplies if pumps are running shorter. So these costs are all part of existing power supply agreements we have, but in order to reduce the cost to both we have to manage their portfolio and, in order to manage it, we need to engage in transactions with these companies and this authority will allow us to complete those transactions for the current fiscal year.

Chairman Raggio asked Mr. Caan whether the CRC was currently selling power out of state. Mr. Caan noted that the CRC sells excess power, when it is available, to a variety of power marketers who then sell the excess power to customers both in state and out of state.

It was Chairman Raggio's belief that the initial authority of the CRC was to serve in-state users and, if when excess power is available, out-of-state users in proximity to Nevada were to be served. Chairman Raggio asked Mr. Caan if this policy had been changed and Mr. Caan responded that it had not been changed. For clarification, Mr. Caan stated:

What we are doing is, as an example, we will buy a certain amount of power, let us say 100 megawatts of power, to serve the SNWA because two years in advance we expect them to use 100 megawatts of power. When it comes to the date of delivery, when we actually have to schedule that power, they may not be running all of their facilities so we are left with an excess amount of power that, if we had to pay for, would go unused. So what we do is we try to get rid of that power; to sell it to someone either with existing contracts that we have, to Nevada Power Company, or to the enabling agreements that we currently have in order to lower the net cost to the customers, either the SNWA or the BMI Complex in Henderson. It is not an act of buying and selling role that we have, it is merely a mechanism that we need in order to be able to lower the costs to the customers that we have been authorized to serve.

Senator Neal told the Committee that when the customers are unable to use the amount of power for which they have contracted the CRC has to sell the excess power to outside entities because the power cannot be stored.

Mrs. Cegavske said she was curious whether the CRC anticipates an increase in water rates in the foreseeable future. Mr. Caan indicated that the CRC had not had to raise the wholesale water rate during the current year because it had been able to manage the loads. He said, however, in the future, the CRC would be looking for supplies on the open market and those supplies were almost double what the CRC was currently providing. Although he was hopeful there would be enough flexibility to prevent an increase in water rates, Mr. Caan acknowledged that there was a great deal of pressure on the energy rates that the SNWA and the purveyors have to pay and that cost represents about one-third to almost one-half of the cost of delivered water.

Chairman Raggio wanted to know why the CRC was requesting exemption from the State Budget Act. Mr. Douglas Beatty, Chief, Finance and Administration, apprised the Committee that the CRC's proposal was the result of a recommendation by the Governor's Steering Committee to Conduct a Fundamental Review of State Government. Mr. Beatty indicated that if the CRC's budget were not included in the Governor's Executive Budget, it would eliminate the need for a comprehensive review by the Governor's staff. Since there are no General Fund dollars in the CRC's budget, the CRC would then present its budget directly to the Legislature. According to Mr. Beatty, this would administratively streamline the budgetary process by eliminating one step.

