

**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 Morse Arberry, Jr., on December 4, 2000, at 8 a.m., in Room 1214 of the Legislative Building, in Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry, Jr., Chairman
Senator Raymond D. Rawson, Vice Chairman
Senator Lawrence E. Jacobsen
Senator Bernice Mathews
Senator Joseph M. Neal, Jr.
Senator William R. O'Donnell
Assemblyman Bob Beers
Assemblywoman Barbara K. Cegavske
Assemblywoman Vonne Chowning
Assemblyman Joseph E. Dini, Jr.
Assemblywoman Christina R. Giunchigliani
Assemblyman Lynn Hettrick
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblyman David R. Parks
Assemblyman Richard D. Perkins
Assemblyman Bob Price

COMMITTEE MEMBERS ABSENT:

Senator William J. Raggio, Excused
Senator Bob Coffin, Excused
Assemblywoman Marcia de Braga, Excused
Assemblyman David E. Goldwater, Excused

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne J. Malkiewich, Director
Scott Wasserman, Chief Deputy 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. Malkiewich called the roll and announced that a quorum of each committee was present.

Chairman Arberry apprised the committee that Senator Rawson would be sitting as Vice Chairman today in Senator Raggio's absence. Chairman Arberry said it was his understanding that Senator Raggio was doing very well after having open-heart surgery and that he planned to return to work prior to the convening of the 2001 Legislative Session. Speaking for the entire committee and legislative staff, Chairman Arberry wished Senator Raggio a speedy recovery. Chairman Arberry also extended his congratulations to the members of the Interim Finance Committee who were returning after successfully winning their election.

B. APPROVAL OF MINUTES FROM THE SEPTEMBER 12, 2000, MEETING.

MR. MARVEL MOVED TO APPROVE THE MINUTES OF THE INTERIM FINANCE COMMITTEE'S MEETING OF SEPTEMBER 12, 2000. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

C. APPROVAL OF WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(c) - INFORMATIONAL ONLY. REQUIRED ACTION WITHIN 45 DAYS.

Chairman Arberry directed the committee's attention to Volume I of the meeting packets for copies of revised Items C and D.

- 1. Department of Education – Child Nutrition (2691) – FY 01** – Addition of \$50,391 in Team Nutrition Training Grant to enable NDE “to deliver new and innovative training programs on the Dietary Guideline for Americans 2000 to schools and child care decision makers, including teachers, school food service personnel, principals, superintendents, board members, parents, and leaders of children’s organizations.”
- 2. Department of Education – Child Nutrition – FY 01** – Transfer of \$5,000 from the Reserve category to the Out-of-State Travel category, \$25,000 from the Reserve category to the In-State Travel category, \$12,000 from the Reserve category to the Operating category and \$16,000 from the Reserve category to the Indirect Cost category to allocate the United States Department of Agriculture (USDA) reallocation grant to accomplish goals defined and meet USDA integrity concerns.
- 3. Department of Education – Continuing Education – FY 01** – Addition of \$506,484 in Federal Adult Basic Education to allow for receipt of the full grant award, increase personnel costs to cover anticipated shortfall and adjusts for new indirect cost rate.
- 4. Department of Museum Library and Arts – Division of Museums and History, Lost City Museum – FY 01** – Addition of \$9,542 in Gifts and Donations to increase position number 00008 from 38 percent to 60 percent and position number 00009 from 25 percent to 45 percent. This revenue is generated from Museum Store and the increase will allow the two positions to cover the Museum Store during normal business hours.
- 5. Department of Administration – Risk Management Division – Insurance & Loss Prevention – FY 01** – Transfer of \$33,000 from the Reserve category to the Information Services category to allow for costs associated with purchase of computer hardware, installation of a TI circuit, printing supplies and the Department of Information Technology technical services to better serve the business requirements of the Risk Management Division.
- 6. Department of Personnel – FY 01** – Addition of \$1,103,227 in Unemployment Assessments to fund unemployment benefit payments.
- 7. Department of Business and Industry – Insurance Education & Research – FY 01** – Transfer of \$49,305 from the Reserve category to the Research & Education category to pay contract costs supporting the educational videotape “Hitting the Road: Your Rights and Responsibilities as a Driver.”
- 8. Department of Business and Industry – Taxicab Authority – FY 01** – Addition of \$64,000 in Assessments, \$27,000 in Certificates, \$450,000 in Trip Charges, \$24,452 in Fines; a deletion of \$1,721 in Copy Charges, and \$49,983 in Interest to increase revenue authority and to provide additional funding for the Senior Ride Program and to fund the lease/purchase and installation of the new mobile radio system.
- 9. Department of Tourism & Economic Development – Motion Picture – FY 01** – Addition of \$ 30,000 in the Miscellaneous revenue to increase authority as a result of increased ad sales for the Nevada 2001 Production Directory and allow for increased scouting, related travel and contract expenses.
- 10. Department of Tourism & Economic Development – Rural Community Development – FY 01** – Addition of \$333,635 in the Disaster Recovery Initiative Grant to establish authority for reimbursements to sub-recipients.
- 11. Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 01** – Addition of \$1,794,175 in Balance Forward State Cash, \$890,261 in Federal Title XIX, Deletion of \$929,302 in County Reimbursement and \$4,104 in County Fees to continue expenditure authority for the Nursing Facility Resident Protection Program and the MOMS Program and to reduce funding approved to be balanced forward from Fiscal Year 2000 to Fiscal Year 2001 by the June 14, 2000, Interim Finance Committee to expenditures related to the Medicaid Management Information System as these

funds were not reduced from the Division's Cash Reconciliation Report and were inadvertently expanded in Fiscal Year 2000.

12. **Department of Human Resources – Aging Services – Older Americans Act – FY 01** - Addition of \$29,934 in Ride Charges and \$60,000 in Transfer from Taxicab Authority to routinely adjust expenditures for the ride coupons sold to senior citizens for taxicab transportation.
13. **Department of Human Resources – Child and Family Services – FY 01** – Addition of \$250,000 in Federal Adoption Now Grant and a Transfer of \$33,401 from the Reserve category to the Adoption Now category to continue the program to identify qualities, conditions and services that have led to successful adoptions, remove barriers that discourage adoptions and establish and maintain an adoption buddy system.
14. **Department of Human Resources – Child and Family Services – FY 01** – Addition of \$12,250 in the Gifts and Donations for the continuation of the Nevada Adoption Promotion project sponsored by the Dave Thomas Foundation.
15. **Department of Human Resources – Child and Family Services – FY 01** – Addition of \$236,379 in Community Based Family Resource Grant to continue program of a comprehensive statewide system of community based family resource and support services.
16. **Department of Human Resources – Child and Family Services – Children, Youth and Family Administration – FY 01** – Addition of \$373,861 in Title IV-B Subpart 2 Grant to continue the program to provide community-based family support services and family preservation services that serve families at risk or in crisis.
17. **Department of Human Resources – Child and Family Services – Children, Youth and Family Administration – FY 01** – Addition of \$136,802 in Federal Family Violence Grant to continue the program to provide shelter and related services for victims of family violence.
18. **Department of Human Resources – Child and Family Services – Children, Youth, and Family Administration – FY 01** – Addition of \$3,037,293 in Victims of Crime Act Federal Grant and Deletion of \$35,000 in County Participation Funds to continue the program to enhance the development and expansion to victims of crime in the areas of domestic violence, sexual assault and child abuse.
19. **Department of Human Resources – Child and Family Services – Children, Youth and Family Administration – FY 01** – Addition of \$18,798 in the Title IV-E Chafee Foster Care Independence Program Grant for the continuation of services to youth who are aging out of foster care.
20. **Department of Human Resources – Child and Family Services – Child Care Services – FY 01** – Addition of \$100,000 in Child Care Development Funds, and a Transfer of \$54,723 from the Reserve category to the Salaries category to continue the program to license and monitor child care facilities.

Chairman Arberry opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Arberry closed the public hearing.

21. **Department of Human Resources - Child and Family Services – Youth Community Services – FY 01** – Addition of \$406,801 in the Title IV-E Chafee Foster Care Independence Program Grant for the continuation of services to youth who are aging out of foster care, to extend those services to Native American youth who are in a foster placement through tribal social service agencies and to pay for transition living for youth who have attained the age of 18 and are no longer in foster care.
22. **Department of Human Resources – Child and Family Services – Youth Community Services – FY 01** – Addition of \$420,000 in Federal Title IV-E Funds to pass through federal funds to Washoe County for children who are in country custody that are eligible for IV-E funds.
23. **Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 01** – Addition of \$45,776 in the Federal Challenge Grant and a transfer of \$10,000 from Challenge Grant A to Challenge Grant B and \$50,000 from Challenge Grant A to Challenge Female Delinquents for the continuation of aftercare education to paroled youth and to pass through funds to counties and non-profits to address the needs of female delinquent offenders.
24. **Department of Human Resources – Child and Family Services – Child Abuse and Neglect – FY 01** – Addition of \$90,199 in Federal Child Abuse and Neglect Grant, \$47,871 in Federal Children's Justice Grant and Deletion of \$104 in Title

IV-B Subpart 2 to continue programs to improve the child protective service system and the handling, investigation and prosecution of child abuse and neglect cases.

25. **Department of Human Resources – Child and Family Services – Juvenile Accountability Block Grant – FY 01** – Transfer of \$83,378 from the Administration Reserve category to the Salaries category, \$7,000 from the Administration Reserve category to the Out-of-State Travel category, \$5,000 from the Administration Reserve category to the In-State Travel category and \$17,000 from the Administration Reserve category to the Operating category for the continuation of the program to promote greater accountability in the juvenile justice system.

Chairman Arberry opened the meeting to a public hearing. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Arberry closed the public hearing.

26. **Department of Employment, Training and Rehabilitation – Employment Security – FY 01** – Acceptance of \$1,454,943 in the Federal Administrative Cost Allowance for the enhancement of the telephonic initial claims filing system and for the implementation of an Internet claim filing system.
27. **Department of Prisons – Director’s Office – FY 01** – Addition of \$107,309 in Federal Grant to request authority to receive a Federal Grant Award for Workplace and Community Transition Training for Incarcerated Youth Offenders and to increase authority in category 21 to monitor corresponding expenditures.
28. **Department of Conservation and Natural Resources – Bureau of Water Management, Corrective Actions, Federal Facilities – FY 01** – Transfer of \$204,792 from the Reserve category to the Operating category, \$276,490 from the Reserve category to the Transfer category and \$57,665 from the Reserve category to the Grants category to provide for operating increases to cover obligated Fiscal Year 2000 contract, transfer increase for 4th Quarter Fiscal Year 2000 Clark County allocation, adjust for 4th quarter Fiscal Year 2001 Clark County transfer, recycling contracts increase for Fiscal Year 2000 unobligated contracts.
29. **Conservation and Natural Resources – DEP Interim Fluid Management – FY 01** – Addition of \$1,000,000 in Interim Fluid Management Assessment and \$75,000 in Treasurer’s Interest to establish a new budget account for the provision of short-term fluid management at bankrupt or abandoned Nevada mine sites.

There were no comments or questions from the committee on the above items.

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

Refer to work programs on list entitled “Revised 11-27-00.” Chairman Arberry requested testimony on the following work programs included in Volume II of the meeting packets: items 10, 11, 14, 24, 28, 29, 30, and 42. Volume III: items 51, 54, 55, 57, 58, 59, 60, 61, 62, 65 and 70. Volume IV: items 75, 76, 80, 86, 88, 92, and 96. Volume V: items 108, 119 and 120.

MR. DINI MOVED TO APPROVE ALL ITEMS NOT PREVIOUSLY ENUMERATED ABOVE. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Disclaimer: Mr. Price indicated that his wife, Nancy, was a member of the Nevada Air National Guard, but it was his intention to vote on any work programs pertaining to that agency as he did not have a conflict of interest.

1. **Office of the Attorney General – Medicaid Fraud Control Unit – FY 00** – Addition of \$199,557 in a Transfer from Budget Account, Same Fund to continue the Senior Nevada Advocates on Guard (SNAG) Project.

Refer to motion for approval under item D.

2. **Department of Education – Discretionary Grants, Restricted – FY 01** – Addition of \$17,212 in Homeless Children, \$159,543 in Emergency Immigrant Education and \$256,508 in Teacher Enhancement Grants to align the federal grant with the current award.

Refer to motion for approval under item D.

3. **Department of Education – Improving America’s Schools Act (IASA), Title I – FY 01** – Addition of \$1,517,441 in Title II, \$153,874 in Migrant, \$65,397 in Neglected & Delinquent, \$245,518 in Even Start and \$366,018 in School Reform to align the federal grant with the current award.

Refer to motion for approval under item D.

4. **Department of Education – IASA Titles VI & II – FY 01** – Addition of \$590,761 in Title VI IASA Grant and \$136,972 in Title II Eisenhower Grant to align the federal grants with the current award.

Refer to motion for approval under item D.

5. **Department of Education – Education for the Handicapped – FY 01** – Addition of \$12,328,549 in Federal IDEA and \$269,433 in Federal Early Childhood to align the federal grant with the current award and to return to the Federal Government unspent grant funds.

Refer to motion for approval under item D.

6. **Department of Education – Occupational Education – FY 01** – Addition of \$25,577 in Federal Technology Prep Grant and \$955,672 in Federal Carl Perkins Grant to align the federal grant with the current award.

Refer to motion for approval under item D.

7. **Department of Education – School to Careers – FY 01** – Addition of \$1,591,798 in Federal School to Careers and \$5,000 in Federal Small State Reserve to align the federal grant with the current award.

Refer to motion for approval under item D.

8. **Department of Administration – Risk Management Division – Insurance and Loss Prevention – FY 01** – Transfer of \$38,000 from Reserve Workers Compensation category to Information Services category to increase funding to cover Department of Information Technology charges associated with development and implementation of the first phase, Phase 1A, of the Risk Management Audit Reporting Sub-system (RMARS) Project.

Refer to motion for approval under item D.

9. **Department of Administration – Purchasing Division – Commodity Food Program – FY 01** – Addition of \$1,491,380 in Direct Sales, Processing to allow for an increase in both revenue and expenditures related to food processing of the United States Dairy Association commodities received and converted to complete food products to be used in schools and child care centers.

Refer to motion for approval under item D.

10. **Department of Information Technology – Mobile Communications – FY 01** – Transfer of \$43,054 from Reserve category to Emergency Medical Services Maintenance category to provide additional authority for maintenance of Emergency Medical Services’ communications equipment.

Mr. Terry Savage, Director, DoIT, introduced Ms. Shelly Person, Chief of Administration, DoIT, and Mr. Richard Brooks, Telecommunications Unit, DoIT. Mr. Savage explained that the purpose of this request was to replace “some dying radios” for the Health Division’s Emergency Medical Services (EMS). In providing historical information, Mr. Savage noted that the Health Division originally provided funding for DoIT in FY 1998 for the purchase of replacement EMS repeaters. He said, however, since that time, the vendor, Ericksen, had experienced a number of reorganizations and had been unable to respond to the Request for Proposal (RFP). DoIT submitted an order to Ericksen in June of 2000, but Ericksen could not deliver the equipment before the end of the fiscal year; thus, the order was withdrawn. According to Mr. Savage, Ericksen has been holding the order and, if the committee approves the request today, DoIT is prepared to activate the order.

Since the funding was approved in FY 1998, Chairman Arberry wanted to know when the project would be completed. Mr. Brooks responded that the project was scheduled to be completed during the current fiscal year.

It was Senator Rawson’s assumption that the project would be completed within the original budget and Mr. Brooks responded that it would.

SENATOR RAWSON MOVED TO APPROVE THE REQUEST. SECONDED BY MR.

PARKS.

Chairman Arberry recognized Mr. Beers who had a question on the request.

Since this project would involve partially computer driven technology, Mr. Beers suggested that DoIT could install the same features, or even some enhanced features, for less money than was originally approved. Mr. Brooks indicated that DoIT plans to complete this project with newer technology that would be capable of expansion in the future.

Chairman Arberry called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 11. Department of Information Technology – Computing Division – FY 01 – Addition of \$89,308 in Mainframe Charges to support the increased demands on the Web Development Unit.**

Mr. Savage apprised the committee that this request represents a significant change in DoIT's strategic plan for the State of Nevada. Originally, DoIT was forecasting two additional mainframe upgrades and one new machine during the next biennium, with very little change in the open systems environment. He said, however, after an additional detailed review, DoIT does not anticipate requesting new mainframe capability for the next biennium, but it does anticipate requesting significant increased server capability and the staffing to support that capability. According to Mr. Savage, the trend in the industry was clearly moving in that direction and accelerating faster than expected. Mr. Savage said he was proposing to hire a full-time position to serve as the UNIX System Administrator for those agencies, as well as the Integrated Financial System (IFS), using the mid-size systems for their Web servers. In addition, Mr. Savage maintained that security in the past had been given inadequate attention. While he thought that significant improvements had already been made in the security area, Mr. Savage pointed out that the number of attacks on the state's network had been growing and he suggested that the time had come to hire a person with specific responsibility for security in the open systems' environment. Mr. Savage indicated that the full-time position would serve both needs.

Chairman Arberry asked Mr. Savage to explain why DoIT does not plan to bill the state agencies directly for agency-specific services. Mr. Savage noted that the new position initially would be serving several agencies; however, DoIT does not currently have a billing mechanism in place for the open systems environment at this time. Mr. Savage indicated that DoIT proposes to fund the new position for the remainder of this fiscal year from vacancy savings and that, prior to the beginning of the next biennium, DoIT anticipates having a fully developed cost pool for the open systems environment.

Chairman Arberry wanted to know how DoIT proposes to maintain two Web sites for the Office of the Attorney General. Mr. Savage indicated that the Office of the Attorney General had requested a full-time position to maintain two Web sites. He said, however, DoIT would need to charge for such dedicated usage and the Office of the Attorney General does not currently have funding to support a full-time position.

Since the work program shows the position being funded as a mainframe charge, Senator Rawson said that he would assume the work program would need to be amended to show that the position was being funded from vacancy savings. Mr. Brian Spencer, Chief Accountant, DoIT, agreed with Senator Rawson that the work program would need to be changed to reflect that the position was being funded from vacancy savings.

Mr. Mark Stevens, Assembly Fiscal Analyst, pointed out that a work program change would not be required if the committee decides to approve this request since the new UNIX position primarily involves IFS and would be paid for out of vacancy savings.

It was Senator O'Donnell's understanding that DoIT does not have a billing mechanism in place at the present time for the agencies using the open systems server. Mr. Spencer noted that DoIT currently has a cost pool setup to bill for server support. DoIT provides the maintenance for approximately 10 or 11 servers that are being hosted at the Computer Facility. Mr. Spencer apprised the committee that DoIT was in the process of developing a billing system that would bill based upon the amount of staff time required to maintain a Web site.

Senator O'Donnell said he had heard complaints in the past from a number of state agency department heads because they do not have a clear understanding of DoIT's billing charges. Since it was disconcerting to him to hear that DoIT does not yet have a billing mechanism in place, Senator O'Donnell said he would like to hear from DoIT as to when it expects to have a billing mechanism in place. Mr. Savage indicated that DoIT was committed to having a refined billing mechanism in place prior to the 2001 Legislative Session and he and the DoIT staff had been working with the Budget Division toward this goal so that agency heads would have a clear understanding of DoIT's billing charges. Mr. Spencer added that DoIT would be

scheduling meetings with state agencies over the next two weeks to explain the different services provided by DoIT and to determine the level of support required by the state agencies.

Since there was some confusion about whether a work program change was needed for the new position, Senator Rawson suggested that the Fiscal Analysis Division meet with the DoIT staff to ensure that the appropriate documentation was submitted.

Since there were no further comments or questions from the committee on this item, Chairman Arberry said he would entertain a motion for approval.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST SUBJECT TO WORK PROGRAM REVIEW BY THE LEGISLATIVE FISCAL ANALYSIS DIVISION. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 12. Department of Information Technology – Telecommunications – FY 01** – Addition of \$176,597 in Telephone Watts and Tolls to add a PBX exchange at the Sawyer Building in Las Vegas.

Refer to motion for approval under item D.

- 13. Gaming Control Board – Federal Forfeiture Fund – FY 01** – Transfer of \$225,619 from Reserve category to Law Enforcement category to allow the conversion of the intelligence and regulatory filing systems in Las Vegas to a more secure intelligence computerized data center.

Refer to motion for approval under item D.

- 14. Department of Agriculture – Plant Industry – FY 01** – Addition of \$74,641 in Pest Control Licenses, \$36,726 in Nursery License and \$9,009 in Book and Pamphlet Sales to increase staff for the Las Vegas Office for the increasing need for nursery inspections and the expansion of Pesticide Control Operators Program.

Mr. Paul Iverson, Director, Department of Agriculture, introduced Mr. Rick Gimlin, Administrative Services Officer. Mr. Iverson requested the authority to receive additional revenue in budget account 4540 as a result of an increase in fees in pest control licenses, nursery licenses, and the sale of books, brochures, and pamphlets to pest control and nursery operators. Mr. Iverson indicated that the Department of Agriculture proposes to use a percentage of these funds to hire two new positions. The Management Assistant I position for the Las Vegas office would provide assistance to the pest control businesses. According to Mr. Iverson, the fees were increased with the approval of the pest control industry. Since that time, the Department of Agriculture has implemented a new Continuing Education program so that the 1,500 pest control operators statewide would be required to take at least six Continuing Education classes each year in order to keep current on constantly changing chemicals and environmental issues. Since the technology of the pest control business had been changing dramatically, Mr. Iverson said the workload in the Las Vegas office had been increasing correspondingly and one more clerical position needs to be dedicated to the pest control industry to help implement the Continuing Education program.

Continuing his testimony, Mr. Iverson said that the second new position being requested was an Agricultural Inspector II position for the Las Vegas office primarily to assist with the nursery programs. In addition, Mr. Iverson pointed out that over the past several years invasive species have become a major issue not only in Nevada, but nationwide and worldwide as well. Mr. Iverson recalled that the importance of increasing the Department of Agriculture's surveillance on the highways and nurseries was discussed at budget hearings during the 1999 Legislative Session. The Interim Finance Committee, at its September 12, 2000, meeting, approved an Agriculturist position that would have police power to stop nursery trucks on the highways coming into Nevada from out-of-state destinations. The new Agricultural Inspector would assist the Agriculturist in inspecting approximately 720 businesses selling nursery stock; i.e., grocery stores, Home Depot, K-Mart, Wal-Mart, and other similar stores, as well as regular nurseries and landscaping businesses, in order to better protect the public in Las Vegas. According to Mr. Iverson, all landscapers who sell nursery stock must be registered as nurserymen. Although not a new law, Mr. Iverson indicated that the Department of Agriculture had only recently begun enforcing it. Mr. Iverson told the committee that the rat, ant, and scorpion problem in Las Vegas was a direct result of nursery stock coming into Nevada without being inspected. In particular, he noted that scorpions were extremely difficult to eradicate once they become established in an area. There have also been incidences of Japanese beetle.

To respond to Senator Neal's concerns, Mr. Iverson said that two species of rats were coming into the Las Vegas area when palm trees were delivered to nurseries.

Senator McGinness wanted to know whether all pest control operators were aware of the Department of Agriculture's new requirement for six hours of Continuing Education each year and also whether correspondence courses would be available, especially in the rural areas. Mr. Iverson apprised the committee that all pest control operators had been notified of the Continuing Education requirement and the Department of Agriculture had received excellent cooperation from the nurserymen. He said that the Continuing Education program has been on line for one year and that the Cooperative Extension in the rural areas would provide assistance and the courses could be taken via a video series.

Chairman Arberry recalled that the 1999 Legislature had approved funding for two new Agriculturist II positions. One of the positions was to be used to address the Africanized honeybee problem in southern Nevada and the other position to inspect nurseries and to monitor pest control companies. It was Chairman Arberry's understanding that the Department of Agriculture had indicated that the request for these two additional positions could not wait until the 2001-2003 biennium because the Board of Agriculture and the Department of Agriculture had promised to provide increased services to the pest control industry within one year of the fees being increased. Chairman Arberry expressed concern that a promise had been made without the Department of Agriculture knowing whether the Interim Finance Committee would authorize the additional two positions to be paid from the fee increase.

In responding to Chairman Arberry's concerns, Mr. Iverson denied that he had promised to provide increased services to the pest control industry within one year of the fees being increased. It was Mr. Iverson's recollection that when he and the Department of Agriculture staff had met with the nurserymen in Las Vegas, a number of nurserymen were opposed to an initial fee increase, but there were no objections to the inspections. He also recalled that he had made a commitment during the 1999 Legislative Session to attempt to get a fee increase to hire a position to inspect nurseries. The Department of Agriculture has increased the fees not only to regular nurserymen, but landscapers as well. According to Mr. Iverson, one of the Department of Agriculture's major concerns is the large number of landscapers in Las Vegas who buy nursery stock from out-of-state companies. Mr. Iverson stated further:

We did not promise them we would hire new positions in either case. What we promised we would do is improve their program that they are paying for. And we did indicate to them that we would come back to them, once the program was up and running and we had the opportunity to operate, and give a report to that industry and, if they were satisfied, we would maintain the fees and if they were not satisfied with our performance, then we would reduce the fees and go back and start over. Our commitment to them is that we would give them an opportunity to review our program.

If the committee approves this request, Chairman Arberry wanted to know whether the two new positions would be built into the Department of Agriculture's base budget and Mr. Iverson responded that the two new positions would require an adjustment to the base budget.

Chairman Arberry expressed concern that if the committee were to approve the two positions it would establish a precedent. He also characterized such an action as a "back door" approval since the 2001 Legislative Session would be convening in only two months. Chairman Arberry suggested that if the committee decides to approve this request, consideration be given to including the two positions in an enhancement decision unit in the 2001-2003 Executive Budget.

Mr. Iverson told the committee that the two positions would be included in the Department of Agriculture's biennial budget request in an enhancement decision unit.

It was Chairman Arberry's understanding that the airfare costs for two out-of-state trips to attend conferences was \$438 less than the amount being requested in the work program under consideration. Mr. Gimlin indicated that the work program would be amended to reflect the actual cost for the two trips.

Chairman Arberry said he would entertain a motion to approve the request as amended.

MRS. CHOWNING MOVED TO AMEND THE REQUEST AND APPROVE AS AMENDED WITH THE PROVISIO THAT THE TWO NEW POSITIONS BE INCLUDED IN AN ENHANCEMENT DECISION UNIT IN THE DEPARTMENT OF AGRICULTURE'S BIENNIAL BUDGET REQUEST. SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 15. Department of Business and Industry – Division of Industrial Relations – Occupational Safety and Health Enforcement Section – FY 01 – Addition of \$24,000 in the Allocation from fund to roll forward Fiscal Year 2000 expenditure authority approved for the design and development of the Department of Industrial Relations, Occupational Safety and Health**

Enforcement Section, Mechanical Units Inspection Tracking system. Project was budgeted for \$24,000 in Fiscal Year 2000; however, due to the length of the planning process, actual programming is unable to commence until Fiscal Year 2001.

Refer to motion for approval under item D.

16. **Department of Business and Industry – Transportation Services Authority – FY 01** – Transfer of \$49,000 from the Reserve category to the Equipment category and \$4,250 from the Reserve category to the Information Services category to purchase two replacement vehicles and three desktop PCs for the TSA enforcement staff.

Refer to motion for approval under item D.

17. **Department of Business and Industry – Petroleum Overcharge Rebate – FY 01** – Addition of \$105,052 in the Settlement Income to allocate additional Department of Energy Oil Overcharge Funds already received and to transfer \$50,000 to Energy Conservation to be used for energy subgrants.

Refer to motion for approval under item D.

18. **Department of Business and Industry – Energy Conservation – FY 01** – Addition of \$50,000 in the Transfer from Other Budget Accounts to increase authority of Petroleum Overcharge Funds to be used for energy subgrants.

Refer to motion for approval under item D.

19. **Commission on Economic Development – Rural Community Development – FY 01** – Addition of \$87,000 in Federal HUD Contract to reflect the actual Fiscal Year 2001 funds awarded and allow for additional Community Development Block Grant operating and training costs.

Refer to motion for approval under item D.

20. **Commission on Economic Development – Rural Community Development – FY 01** – Addition of \$2,808,215 in Federal Housing and Urban Development Contract to continue the Community Development Block Grant Program for future reimbursement to sub-recipients.

Refer to motion for approval under item D.

21. **Department of Human Resources – Health Care Financing and Policy – Nevada Medicaid – FY 01** – Addition of \$128,130 in Federal Title XIX and \$126,298 in Transfer from the Intergovernmental Transfer Program to provide contractual services needed to incorporate dental services into the Medicaid managed care benefits package.

Refer to motion for approval under item D.

22. **Department of Human Resources – Health Care Financing and Policy – Nevada Check-Up Program – FY 01** – Addition of \$53,696 in Federal Title XXI Receipts and \$28,596 in Transfer from Intergovernmental Transfer Program to cover additional information systems requirements for programming needs of the Nevada Check-Up database and MSA programmer costs for the implementation of a Nevada Check-Up/NOMADS interface that will ensure the State is compliant with SCHIP – Medicaid cross eligibility policies.

Refer to motion for approval under item D.

23. **Department of Human Resources – Health Care Financing and Policy – Nevada Check-Up Program – FY 01** – Addition of \$25,956 in Federal Title XXI Receipts and \$13,824 in Transfer from the Intergovernmental Transfer Program to cover projected Department of Information Technology facility and programmer charges for FY 01 needed due to the rapid enrollment growth from FY 00 to FY 01.

Refer to motion for approval under item D.

24. **Department of Human Resources – Health Care Financing and Policy – Nevada Check-Up – FY 01** – Addition of \$13,237 in Federal Title XXI and \$7,050 in Transfer from Intergovernmental Transfer Program to fund a pilot program through an Interlocal Agreement with Clark County Social Services (CCSS) and the University Medical Center (UMC) of southern Nevada for the front-end processing of Nevada Check-Up applications, includes additional in-state travel for Check-Up staff to train CCSS and UMC staff.

Speaking to items 24 and 28, Mr. Charles Duarte, Administrator, Division of Health Care Financing and Policy, introduced Dr. John Yacenda, Program Chief, Nevada Check-Up Program, and Mr. Michael Galbraith, Management Analyst. Mr. Duarte explained that the work program requests additional revenue and expenditure authority to enable the Division of Health Care Financing and Policy to enter into an interlocal agreement with Clark County Social Services (CCSS) and University Medical Center (UMC) to assist in the Division's outreach efforts in providing applications to low-income families with uninsured children in Clark County. A pilot project will commence upon approval of this work program and terminate at the end of the current fiscal year. Mr. Duarte said that the Division hopes the pilot project would serve as a model for not only check-up outreach, but also for Medicaid outreach as well. Mr. Duarte said that Dr. Yacenda would provide definitive information on the pilot project and respond to any questions the committee might have.

Chairman Arberry recognized Dr. Yacenda, who told the committee that CCSS and UMC had approached the Division of Health Care Financing and Policy regarding the number of children being seen who need to be enrolled in the Nevada Check-Up Program. CCSS and UMC expressed a willingness to assist the Division with the eligibility determination based upon submittal of an application. Subsequently, the Division determined that over a six-month period, approximately 71 applications per month were being referred to the Division from CCSS and UMC. After calculating that it would cost approximately \$21.56 to process a successfully enrolled application, the Division submitted this information to a subcommittee of the Governor's Fundamental Review Committee and a decision was made to initiate a pilot program. The numbers included in this work program request were developed by using projections based on current activity as well as increased activity in the future. According to Dr. Yacenda, approximately 20 percent of the applications the Division receives every month were referred by CCSS and UMC. Dr. Yacenda indicated that although 57 percent of the 14,246 children currently enrolled in the Nevada Check-Up Program in Clark County come from sources other than CCSS and UMC, CCSS and UMC serve a very likely eligible population. He noted that it would be necessary for the Division to provide training to the staff at CCSS and UMC that are involved in the pilot project, as well as monthly on-site review. Dr. Yacenda said he would be pleased to respond to questions from the committee.

Ms. Giunchigliani wanted to know when the discussions had commenced between the Division and CCSS and UMC. Dr. Yacenda indicated that the discussions started in late-May of 2000 and continued through July of 2000. A contract was drafted sometime in August after which time it was reviewed by legal counsel from both state and county.

Since it was her belief that the interlocal agreement had been a work in progress for a number of months, Ms. Giunchigliani expressed concern that the Interim Finance Committee was not briefed about it at the September 12, 2000, meeting. Dr. Yacenda indicated that one of the bulleted items in the original proposal that he planned to present to the September 12, 2000, meeting, but did not do so because of time constraints, indicated that the Division was involved in an innovative outreach activity based on discussions with the Fundamental Review Committee, CCSS and UMC. Dr. Yacenda added that the interlocal agreement was not in effect when the last Interim Finance Committee meeting was held.

Ms. Giunchigliani pointed out that school districts provide numerous forms for students to complete when they register for school and she wondered whether there was a prohibition to providing students with enrollment applications to the Nevada Check-Up Program. Dr. Yacenda indicated that enrollment applications for the Nevada Check-Up Program were not routinely provided to the school districts. He said, however, enrollment applications were provided to the school districts in March of 1998, but a large percentage of the applications never reached the parents; thus, this practice was discontinued.

Ms. Giunchigliani wanted to know if enrollment applications were being provided by CCSS when children were being immunized. Dr. Yacenda explained that the Division had found more success in providing a flyer that describes the Nevada Check-Up Program, explains eligibility for the program, and how to get an application. Although the Division has printed over 500,000 applications, the Division has received only 34,000 to date. Since handing out applications does not appear to be a successful way to motivate people to enroll in the program, Dr. Yacenda indicated that the Division was seeking trained people who understand the program for one-to-one contact.

Ms. Giunchigliani asked Dr. Yacenda if the Division had hired any of the 5.5 new eligibility staff that were approved at the last Interim Finance Committee meeting. Dr. Yacenda responded that the Division had hired 4 of the 5.5 new positions. According to Dr. Yacenda, the fifth position should be filled by the middle of December and the remaining half-time position filled by February 2001. Upon the advice of the Interim Finance Committee, the Division readjusted the hiring schedule, hiring the lowest paid positions first.

Ms. Giunchigliani wondered if it would be possible for the Division to defer hiring the remaining new positions until the pilot project could be evaluated. It was Dr. Yacenda's belief that the pilot project would require additional staff time if it were successful in enrolling 20 percent of Clark County's low-income population. In addition, Dr. Yacenda pointed out that a number of activities in Clark County were increasing in productivity. As an example, teams were being sent to schools in the evening to assist parents in completing applications.

In addressing Ms. Giunchigliani's previous statements, Mr. Duarte acknowledged that the Division needs to do a better job of informing the Interim Finance Committee as well as the community of the Division's ongoing efforts to reach children and it would do so in the future. With respect to the concerns expressed by Ms. Giunchigliani relative to the use of additional staff, Mr. Duarte said he had the opportunity over the past several months to observe the types of activities with which staff were involved. Although the new staff positions may not be as involved in the front end in processing applications, he expects them to be more involved in the control processes that need to be adopted and in updating the database. According to Mr. Duarte, the Division was currently working on a management plan that will look at various methods of outsourcing, particularly the eligibility process. Mr. Duarte said, however, he wanted some of the control processes to remain in house. In addition, he noted that the Division was considering the use of a "lock box service" in order to reduce the number of checks handled by staff. He also indicated that the premium billing process was continuing to grow each month as more applications are received and he wanted to ensure that this process was adequately controlled. In summary, Mr. Duarte told the committee that all of the 5.5 new positions were needed and the positions would be utilized to the fullest extent possible.

**MR. MARVEL MOVED TO APPROVE ITEMS 24 AND 28. SECONDED BY
SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE
VOTE.**

- 25. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Program – FY 01**
– Transfer of \$126,298 from the Reserve category to Transfer of Medicaid category to provide funding to the Medicaid program needed to incorporate dental services into the managed care benefit package.

Refer to motion for approval under item D.

- 26. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Program – FY 01**
– Transfer of \$28,596 from Reserve category to Nevada Check-Up category to provide State share of additional information systems programming costs required for the Nevada Check-Up Program.

Refer to motion for approval under item D.

- 27. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Program – FY 01**
– Transfer of \$13,824 from Reserve category to Nevada Check-Up category to provide State share of projected Department of Information Technology facility and programmer charges for FY 01 needed due to the rapid enrollment growth from FY 00 to FY 01 within the Nevada Check-Up Program.

Refer to motion for approval under item D.

- 28. Department of Human Resources – Health Care Financing and Policy – Intergovernmental Transfer Program – FY 01**
– Transfer from Reserve category to Nevada Check-Up category to provide State share of costs needed for the Nevada Check-Up Program to enter into a pilot project with Clark County Social Services and University Medical Center of southern Nevada for the front-end processing of Nevada Check-Up applications.

Refer to testimony and motion for approval under item 24.

- 29. Department of Human Resources – Mental Health – Mental Health Institute – FY 01** – Transfer of \$6,300 from Salary category to Federal Grant category to fund a personal service coordinator conference in Las Vegas and purchase a printer.

Dr. Carlos Brandenburg, Administrator, Division of Mental Health and Developmental Services, introduced Mr. Michael Torvinen, Administrative Services Officer. Dr. Brandenburg explained that the reason for the request to transfer funds from the salary category to the Federal Grant category in items 29 and 30 was because the Division has experienced difficulty recruiting a Bureau of Alcohol and Drug Agency (BADA) certified Clinical Social Worker. In order to expand the pool of applicants, Dr. Brandenburg said it was the Division's intention to recruit BADA certified mental health counselors. He also noted that the personal service coordinator conference in Las Vegas had already taken place, but approval of this request would allow state dollars to be used for other training purposes.

It was Ms. Leslie's understanding that because of recruitment difficulties the Division intends to hire a BADA certified Substance Abuse Counselor in lieu of a BADA certified Clinical Social Worker. Dr. Brandenburg pointed out that the key component was to have a staff with BADA certification to work with the PACT Program. He also indicated that the recruitment problem was the result of salary issues as well as the present job market.

Ms. Leslie inquired as to whether the PACT Program was fully staffed at this time. Dr. Brandenburg said that the PACT

Program was fully staffed except for the half-time positions and those positions would be hired as soon as the paperwork could be processed through the Department of Personnel.

Ms. Leslie questioned why the Division was requesting approval to transfer funds from the salary category for a personal service coordinator conference in Las Vegas when the conference had already been held. Dr. Brandenburg indicated that the conference had been paid for with salary savings and the Division was requesting committee approval to free-up state dollars for other training activities.

Chairman Arberry opened the meeting to a public hearing on items 29 and 30. He inquired as to whether anyone in the audience wished to testify. After hearing no response, Chairman Arberry closed the public hearing and said he would entertain a motion for approval of the two requests.

MR. MARVEL MOVED TO APPROVE ITEMS 29 AND 30. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 30. Department of Human Resources – Mental Health – Southern Nevada Adult Mental Health – FY 01 –** Transfer of \$6,300 from Salary category to Federal Grant category to fund a personal service coordinator conference in Las Vegas.

Refer to item 29 for public hearing, testimony, and motion to approve the request.

- 31. Department of Human Resources – Health Division – FY 01 –** Transfer of \$74,841 from Nevada Wonder category to Salary category to fund four existing positions.

Refer to motion for approval under item D.

- 32. Department of Human Resources – Health Division – Health Administration – FY 01 –** Addition of \$77,513 in Federal Water Fluoridation Grant to provide financial assistance to City of Henderson for the purchase of fluoridation equipment.

Refer to motion for approval under item D.

- 33. Department of Human Resources – Health Division – Health Administration – FY 01 –** Addition of \$55,650 in Federal Grant for Data Utilization to provide a new Computer Network Technician position plus operating and equipment costs to resolve communication problems.

Refer to motion for approval under item D.

- 34. Department of Human Resources – Health Division – Sexually Transmitted Diseases – FY 01 –** Addition of \$120,040 in Federal Aids Grant to continue the existing support to county health districts for AIDS surveillance.

Refer to motion for approval under item D.

- 35. Department of Human Resources – Health Division – Alcohol and Drug Rehabilitation – FY 01 –** Addition of \$151,958 in Federal Substance Abuse Prevention Grant to conduct a new program of substance abuse prevention by flow-through grants to various local projects.

Refer to motion for approval under item D.

- 36. Department of Human Resources – Health Division – Health Alert Network – FY 01 –** Addition of \$407,466 in Federal Health Alert Grant to provide one new Health Program Specialist position to conduct surveillance for terrorist events and fund the remaining program costs.

Refer to motion for approval under item D.

- 37. Department of Human Resources – Health Division – Maternal Child Health – FY 01 -** Addition of \$117,882 in National Health Service Federal Funds to fund an existing position and encourage Nevada medical students to practice in primary care and in medically underserved areas.

Refer to motion for approval under item D.

- 38. Department of Human Resources – Welfare Division – Energy Assistance – FY 01 –** Addition of \$1,200,735 in LIHEA Grant to implement a new residential energy assistance program, called the REACH Project for low-income home energy

assistance and Head Start eligible families throughout northern Nevada; provide additional grant authority to cover operating and LIHEA payment obligations for FY 01.

Refer to motion for approval under item D.

39. **Department of Human Resources – Aging Services – Older Americans Act – FY 01** – Addition of \$42,522 in Medicare Choice Federal Grant to continue a program of Medicare information dissemination to the elderly and Medicare eligible.

Refer to motion for approval under item D.

40. **Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 01** – Addition of \$397,725 in Federal New Wish Grant to continue to support the integration of mental health and substance abuse prevention and treatment services with primary health care service settings or with early childhood service settings for children birth to 7 and their families and care givers.

Refer to motion for approval under item D.

41. **Department of Human Resources – Child and Family Services – Southern Nevada Child and Adolescent Services – FY 01** – Addition of \$1,465,225 in Neighborhood Care Center Project Grant to continue the program to enhance the existing local interagency service system for Clark County children with severe emotional disturbances through the development of multi-disciplinary case management teams located at neighborhood sites.

Refer to motion for approval under item D.

42. **Department of Human Resources – Child and Family Services – Youth Community Services – FY 01** - Transfer of \$1,098,225 from Child Welfare category to Adoption Subsidy category, \$255,296 from Child Welfare category to Non-XIX Medical category, \$7,495 from Child Welfare category to Respite category, \$6,275 from Child Welfare category to Drug Testing category and \$652,051 from Child Welfare category to Washoe County Pilot category to cover anticipated expenditures, projected through March 31, 2001, to allow time for a supplemental appropriation to be submitted to the 2001 Legislature to cover a projected shortfall and to provide for the pilot project with Washoe County pursuant to S.B. 508 (1999 Legislature).

Mr. Bruce Alder, Deputy Administrator, Division of Child and Family Services (DCFS), introduced Mr. Jim Baumann, Administrative Services Officer, and Ms. Teri Sulli, Administrative Services Officer. Mr. Alder indicated that this work program request involves several financial adjustments and he asked Mr. Baumann to explain those specific adjustments.

Mr. Baumann apprised the committee that this work program request transfers authority from category 13 (Child Welfare) to the categories described in the narrative above. Mr. Baumann said he would be happy to address questions from the committee.

It was Senator Rawson's understanding that DCFS would need a supplemental appropriation early in the 2001 Legislative Session. Mr. Baumann indicated that it was DCFS' hope that the requested transfers would provide sufficient funding until March of 2001; thus, allowing time for DCFS to address the shortfall.

To respond to a question from Chairman Arberry, Mr. Baumann apprised the committee that the draft supplemental that was submitted with DCFS' biennial budget request indicates a General Fund impact of \$2.7 million.

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

43. **Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 01** – Addition of \$207,000 in Federal Local Prevention Grant to continue to support the development of more effective prevention programs to improve the juvenile justice system through risk and protective factor focused programming approach.

Refer to motion for approval under item D.

44. **Department of Human Resources – Child and Family Services – Youth Corrections Services – FY 01** – Addition of \$185,202 in Office of the Juvenile Justice Delinquency Prevention Grant to continue programs that design, test and demonstrate effective approaches, techniques and methods for preventing and controlling juvenile delinquency.

Refer to motion for approval under item D.

45. **Department of Human Resources – Child and Family Services – Community Juvenile Justice Program – FY 01 –** Addition of \$203,253 in Office of Juvenile Justice Delinquency Prevention Grant to continue programs that design, test and demonstrate effective approaches, techniques and methods for preventing and controlling juvenile delinquency.

Refer to motion for approval under item D.

46. **Department of Employment, Training and Rehabilitation – Vocational Rehabilitation – FY 01 –** Addition of \$683,418 in Federal Section 110 to increase funding for client services; authorize a study on the agency's Legacy management information system; and provide additional funds for co-location expense, staff training and staff Americans with Disabilities Act (ADA).

Refer to motion for approval under item D.

47. **Department of Employment, Training and Rehabilitation – Services to the Blind – FY 01 –** Addition of \$242,782 in Federal Older American Independent Living to align the level of authority for Older Blind Independent Living (OBIL) Program with the amount of funding made available in the grant awards.

Refer to motion for approval under item D.

48. **Department of Employment, Training and Rehabilitation – Blind Business Enterprise Program – FY 01 –** Addition of \$120,000 in Loan Repayments and a Transfer of \$8,000 from Reserve category to Health Insurance Benefits category to accept anticipated loan repayments from the blind vendors and fund an increase in health benefits for blind vendors and their families.

Refer to motion for approval under item D.

49. **Department of Employment, Training and Rehabilitation – Technical Assistance and Monitoring – FY 01 –** Addition of \$36,772 in Charges for Services to accept reimbursement from the Career Enhancement Program for compliance monitoring; thereby, increasing funds for the Workforce Investment Act Administration.

Refer to motion for approval under item D.

50. **Department of Prisons – Office of the Director – FY 01 –** Addition of \$138,009 in Budgetary Transfer to accept the transfer of funds from Prison Medical to the Director's Office to cover the anticipated/projected expenditures to relocate staff and equipment to Building 17 at the Stewart Facility.

This item was withdrawn.

51. **Department of Prisons – Office of the Director – FY 01 –** Addition of \$29,500 in Budgetary Transfer to accept the transfer of funds from the Medical Care Division to the Director's Office to increase travel authority in Budget Account 3710.

Speaking to items 51 and 57, Mr. Darrel Rexwinkel, Chief/Fiscal Services, NDOP, explained that NDOP was requesting an additional \$29,500 in in-state travel authority for FY 01. Mr. Rexwinkel indicated that since October 25, 2000, NDOP either had spent or encumbered over 50 percent of the total authority of \$42,757 in the in-state travel category. Since NDOP has a new Director with a more open and participatory management style that involves more in-state travel both on her part as well as staff, Mr. Rexwinkel suggested that NDOP could no longer continue to operate in a "vacuum from Building 89 at the Stewart Complex." According to Mr. Rexwinkel, the new Director wants managers and supervisors to have more hands on management and be actively involved in the supervision of their areas of responsibility. As an example, approximately \$13,000 of the total request would provide in-state travel for the rural camp warden to travel to the various conservation camps to ensure that operations and fiscal matters at each camp remain on track. Mr. Rexwinkel indicated that there had been a number of problems at the rural camps and the Director was anxious to correct those problems.

Ms. Giunchigliani asked for a clarification as to whether NDOP had withdrawn items 50, 52, 53, and 55. Mr. Rexwinkel noted that item 50 had been withdrawn and that items 53 and 55 were related and had been withdrawn as well.

It was Ms. Giunchigliani's understanding that a small portion of the request for increased in-state travel funding was tied to American Correctional Association (ACA) accreditation of NDOP facilities, which was neither requested nor funded by the 1999 Legislature. Mr. Rexwinkel agreed with Ms. Giunchigliani that some of the travel was considered to be part of NDOP's

education of staff.

Since the Legislature had not yet made a decision on accreditation and it could have a large fiscal impact on NDOP's budget, Ms. Giunchigliani expressed concern about policy matters that might be contained within this request. Mr. Rexwinkel indicated that there was no specific funding in NDOP's current budget for accreditation and that this request would provide for preliminary travel to familiarize staff with NDOP policies and facility operations.

Ms. Giunchigliani said that it would be her suggestion that if the committee decides to approve the two requests in items 51 and 57, the motion should clearly indicate that approval of the work programs does not constitute the inclusion of the augmented amount in the base budget, and that this funding be set aside in an enhancement decision unit in the 2001-03 Executive Budget.

Before entertaining a motion, Chairman Arberry said he wished to state for the record that the base budget disclaimer would be used if the committee approves similar requests today because he did not want to give the state agencies the impression that the committee was bypassing the Budget Office.

SENATOR O'DONNELL MOVED TO APPROVE ITEMS 51 AND 57 WITH THE PROVISIO THAT APPROVAL OF THE WORK PROGRAMS DOES NOT CONSTITUTE THE INCLUSION OF THE AUGMENTED AMOUNT IN THE BASE BUDGET, AND THAT THIS FUNDING WILL BE SET ASIDE IN AN ENHANCEMENT DECISION UNIT IN THE 2001-03 EXECUTIVE BUDGET. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

It was Ms. Giunchigliani's understanding that Correctional Medical Services (CMS) has adopted an action plan and she wondered if she might get a copy of that plan. Mr. Rexwinkel indicated that NDOP had not yet received a copy of CMS' action plan, but when it becomes available he would be sure that she receives a copy.

- 52. Department of Prisons – Office of the Director – FY 01 – Addition of \$386,908 in Federal Grant and \$127,862 in Transfer from Inmate Welfare Fund to request funding authority for the new grant award received from the United States Department of Education entitled Life Skills for State and Local Prisoners. This grant will fund 50% of the literacy coordinator position, four academic teacher positions and a management assistant, which are currently budgeted in the Inmate Welfare fund.**

This item was withdrawn.

Since item 52 was erroneously withdrawn earlier in the meeting, Chairman Arberry called for a motion to reconsider item 52.

MR. HETTRICK MOVED TO RECONSIDER ITEM 52. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Chairman Arberry asked Mr. Rexwinkel to address item 52. Mr. Rexwinkel pointed out that item 52 was related to item 58. Mr. Rexwinkel explained that NDOP was awarded a three-year grant from the U.S. Department of Education in the total amount of \$1,172,254, but funding beyond the first year was not assured because the U.S. Department of Education was not obligated to award funds in the second and third year of a grant. According to Mr. Rexwinkel, the first year of the grant, which provided \$386,908, and began on September 1, 2000, provided funds for four academic teacher positions, a management assistant position, and one literacy coordinator position. The current plan calls for the grant to fund 50 percent of the literacy coordinator position because of other duties currently being performed by this position. Mr. Rexwinkel said he anticipates amending the grant to allow for the expenditure of the other 50 percent on supplies and other expenditures related to the literacy program. In addition, Mr. Rexwinkel pointed out that the positions previously identified were existing positions within the budget that were already performing in a Literacy Program, but they would be providing an expanded function as a result of the grant award.

Based upon discussions with representatives of NDOP, it was Senator Rawson's understanding that the legislative Fiscal Analysis Division staff was recommending the following changes to the two work programs:

- (1) Item 52 should not be approved with the grant funding being accounted for in the Inmate Welfare Fund; thus, not co-mingling the cost of this program in the Director's Office budget, which is funded primarily with General Fund appropriations; and

(2) Item 58 should be revised so that the total requested expenditures in the amount of \$386,908 would be reduced to \$105,666.

Mr. Rexwinkel pointed out that NDOP had originally requested that the Literacy Program be budgeted in budget account 3710 in the next biennial budget; however, after many discussions with the legislative Fiscal Analysis Division staff, it was decided that the Literacy Program should remain in budget account 3763. Since two work programs had been submitted for the committee's review; namely: C14797 for budget account 3710 (item 52) and C14798 (item 58) for budget account 3763, Mr. Rexwinkel said that a decision was made to withdraw the work program for budget account 3710 (item 52) and fund the program in budget account 3763 (item 58).

It was Mr. Ghiggeri's understanding that item 52 should be withdrawn and item 58 amended to reflect the receipt of \$386,908 in federal funds. He recommended placing \$79,978 in category 22 (Federal Grant Life Skills for Prisoners), \$226,042 in category 60 (Reserve – Inmate Welfare Fund), and \$80,888 in category 82 (Reserve – Federal Grant Life Skills for Prisoners).

Mr. Rexwinkel said he would suggest that \$79,978 be placed in category 27 rather than category 22, but he agreed with Mr. Ghiggeri that item 52 should be withdrawn.

MR. MARVEL MOVED TO WITHDRAW ITEM 52 AND AMEND ITEM 58 AND APPROVE AS RECOMMENDED BY THE LEGISLATIVE FISCAL ANALYSIS DIVISION STAFF. SECONDED BY SENATOR RAWSON AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 53. Department of Prisons – Offenders' Store Fund – FY 01** – Transfer of \$24,543 from Retained Earnings category to Operating category and \$2,896 from Retained Earnings category to Special Projects category to fund estimated expenditures to relocate Inmate Services staff from Building 89 to Building 6 and to fund Inmate Services' share of the non-state owned building rent for the Maryland Parkway offices.

This item was withdrawn.

- 54. Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$10,100 in Budgetary Transfer to transfer funds from Prison Medical Care to Silver Springs Conservation Camp to offset the projected shortfalls in the Maintenance of Buildings and Grounds category.

Mr. Rexwinkel apprised the committee that item 55 had been withdrawn and he would address items 54 and 59 together as they were related. Mr. Rexwinkel noted that the work program for item 54 requests an augmentation in authority to offset projected shortfalls in the Maintenance of Buildings and Grounds category for the Silver Springs Conservation Camp (SSCC). According to Mr. Rexwinkel, the current authority of \$8,072 would be insufficient to cover the maintenance contracts, which total \$12,681, and projected non-contracted maintenance costs totaling approximately \$4,700. It was Mr. Rexwinkel's belief that some of the contracts for routine maintenance activities such as septic system pumping, cleaning grease traps, and other similar activities, were underestimated when the budget was originally crafted in 1998. Mr. Rexwinkel maintained that it was imperative maintenance activities be kept current because otherwise it could result in costly repairs later on.

Chairman Arberry said he would entertain a motion to approve item 54. He noted that item 59 had been approved earlier in the blanket motion.

MR. DINI MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 55. Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$138,009 in Budgetary Transfers to transfer funds from Prison Medical to the Director's Office to cover the anticipated/projected expenditures to relocate staff and equipment to Building 17 at the Stewart Facility.

This item was withdrawn.

- 56. Department of Prisons – Prison Medical Care – FY 01** – Addition of \$120,837 in Transfer from Department of Motor Vehicles, a Transfer of \$40,279 from Transfer from Prison Store category to Residential Substance Abuse Treatment State Cash Match category and \$50,693 from First-Time Offenders category to Substance Abuse Grant category to increase Federal Revenue authority for the newest award for the Residential Substance Abuse Treatment (RSAT) program; to segregate

RSAT State cash match funds, and to transfer funds from First-Time Offender Program to RSAT due to the elimination of therapeutic communities for first-time offenders as the RSAT program is available to all offenders.

Mr. Rexwinkel requested additional authority to pass through a federal grant as well as the cash match from a non-General Fund budget to the Department of Motor Vehicles and Public Safety (DMV&PS) for the Residential Substance Abuse Treatment (RSAT) Program. He indicated that this was the third year of a three-year grant.

Since the legislative Fiscal Analysis Division staff had recommended a number of revisions to this work program, Senator Rawson thought it would be helpful to list in the record the categories with the revised amounts, which are as follows:

<u>Revenue GL/Description:</u>	<u>As Submitted</u>	<u>As Revised</u>
4669 - RSAT State Match	\$ 40,279	\$ 40,279
4697 - Transfer from Inmate Store	\$ (40,279)	\$ (40,279)
4721 - Transfer from DMV/PS-Federal Grant		<u>\$ 120,837</u>
Total Revenues	\$ 120,837	\$ 120,837

<u>Expenditure Cat./Description:</u>		
01 – Personnel Services	\$ 16,517	
12 – Substance Abuse Grant	\$ 171,530	\$ 155,013
21 – Therapeutic Community	<u>\$ (50,693)</u>	<u>\$ (50,693)</u>
Total Expenditures	\$ 120,837	\$ 120,837

After Mr. Rexwinkel agreed with the revisions to this work program, Chairman Arberry said he would entertain a motion to approve the request as amended.

SENATOR O'DONNELL MOVED TO AMEND THE REQUEST AS RECOMMENDED BY THE LEGISLATIVE FISCAL ANALYSIS STAFF AND APPROVE THE REQUEST AS AMENDED. SECONDED BY MS. GIUNCHIGLIANI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 57. Department of Prisons – Prison Medical Care – FY 01** – Deletion of \$29,500 in Budgetary transfer to transfer funds from the Medical Care Division to the Director's Office to increase travel authority in Budget Account 3710.

Refer to testimony and motion for approval under item 51.

- 58. Department of Prisons – Inmate Welfare Fund – FY 01** – Transfer of \$28,559 from the Personnel Costs category to the transfer to Directors Office category and \$252,683 from the Personnel Costs category to the Retained Earnings category to request a transfer of funds to the Director's Office and to Retained Earnings due to a grant received from the United States Department of Education entitled Life Skills for State and Local Prisoners. 50% of the Literacy Coordinator position, four academic teachers positions and the management assistant are being transferred. Requires Interim Finance approval per Section 41, Chapter 571, of the 1999 Legislative Session.

Refer to testimony and motion for approval under item 52.

- 59. Department of Prisons – Silver Springs Conservation Camp – FY 01** – Addition of \$10,100 in Budgetary Transfer to accept funds transferred from Prison Medical Care to Silver Springs Conservation Camp to offset the projected shortfalls in the Maintenance of Buildings and Grounds category.

Refer to motion for approval under item D. (See item 54 for testimony on this request.)

- 60. Department of Motor Vehicles and Public Safety – Administrative Services – FY 01** – Addition of \$112,929 in Privilege Tax Penalties to fund armed security guards at the Donovan office in North Las Vegas, the Reno and Sparks Express locations, and to fund a variety of building maintenance repairs.

This item was withdrawn.

Chairman Arberry requested a motion to reconsider item 60.

MR. DINI MOVED TO RESCIND THE PREVIOUS ACTION TO WITHDRAW ITEM 60 AND MOVED TO RECONSIDER ITEM 60. SECONDED BY SENATOR

JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Chairman Arberry recognized Mr. Richard Kirkland, Director, DMV&PS, who introduced Mr. Dennis Colling, Chief, Administrative Services Division, DMV&PS. Mr. Colling explained that an expenditure item in the amount of \$10,021 for an alarm system for a communications building in Elko was included in the list of proposed expenditures in this request. Since a number of state agencies use this facility for communication purposes, Mr. Colling indicated that a determination needs to be made on an appropriate distribution of funding associated with the repairs and that DMV&PS would be willing to submit a request for this item at a later date. If this is acceptable to the committee, the amount being requested in item 60 should be reduced by \$10,021, reducing the amount of this request to \$102,908.

Chairman Arberry wanted to know what was the driving force for hiring armed guards at DMV&PS offices. Mr. Colling told the committee that the driving force was the security of DMV&PS' employees and customers. Mr. Colling pointed out that there was currently no security presence at the Donovan office in North Las Vegas, and the two express locations in Sparks and Reno, which are very busy facilities. For those committee members from Las Vegas, Mr. Colling recalled a recent newspaper article last Friday concerning the increased frequency with which violent attacks in casinos and violent robberies in business locations were occurring in Las Vegas; therefore, DMV&PS was very concerned about the security of its employees and customers.

Ms. Giunchigliani wanted to know specifically what had occurred in DMV&PS offices that would warrant armed security. Director Kirkland responded that DMV&PS had experienced a significant increase in threats toward employees in those branch offices that do not currently have armed security. Director Kirkland said that all of the other offices in Las Vegas and the Galletti Way office in Reno currently have armed security. Director Kirkland also indicated that DMV&PS employees had observed people going to express locations to avoid the long lines and then becoming very angry if they were not served quickly. According to Director Kirkland, there have been incidents of employees being threatened and grabbed and occasions when employees have had to be escorted to the parking lot because they were fearful of being harmed by disgruntled customers. Director Kirkland told the committee that DMV&PS employees at the Donovan office in North Las Vegas and the two express locations in Sparks and Reno had initiated the request for armed guards because they thought they were entitled to the same protection that was being provided at the other branch offices.

It was Ms. Giunchigliani's understanding that DMV&PS had not experienced security issues at the Donovan office in North Las Vegas and the two express locations in Sparks and Reno until recently. Director Kirkland said that there had been security issues at the three locations in the past, but not to the extent that had been experienced recently, especially at the express locations in Sparks and Reno. He also noted that the number of calls for assistance to local police departments had increased significantly.

Ms. Giunchigliani could not recall when armed security guards were added to DMV&PS branch offices.

Chairman Arberry recognized Ms. Donna West, Administrator, Field Services Division, DMV&PS, who apprised the committee that security guards had been provided at DMV&PS branch offices for a number of years. She said, however, during the 1999 Legislature, DMV&PS had upgraded the security guards to armed security guards because of the increase in security issues at the branch offices.

Ms. Giunchigliani questioned whether there was a funding differentiation between security guards versus armed security guards. Ms. Giunchigliani thought it would be more appropriate for DMV&PS to hire security guards initially and then if that did not deal with the security issues, return to the committee with a request for armed security guards at a later time. Since armed security guards had been hired for four of the five DMV&PS offices in Las Vegas and the Galletti Way office in Reno, Mr. Colling thought it would be a consistent approach to hire armed security guards at the Donovan office in North Las Vegas, as well as the two satellite offices in Reno and in Sparks.

To respond to Ms. Giunchigliani's previous question, Director Kirkland said that there was a difference dollar-wise between armed and unarmed security guards, but he could not explain why a decision had been made during the 1999 Legislature to hire armed security guards. Director Kirkland said he would be glad to review the situation if it were the committee's desire that he do so. During his first tour of DMV&PS' branch offices, Director Kirkland said that he was surprised at the amount of cash being handled by the employees. While he would hope that it would not be necessary to use armed guards at each of the branch offices, Director Kirkland thought armed guards would provide a presence or deterrence to burglaries and other crimes.

Ms. Giunchigliani said that although she certainly wanted the employees and customers at DMV&PS branch offices to feel safe, she thought it might be appropriate to wait until the 2001 Legislature convenes so the money committees could review what the standard care and protection of employees and customers at DMV&PS branch offices needs to be.

It was Senator Rawson's belief that DMV&PS' move to armed security guards in a public service agency represents a failure in policy. While security issues may need to be addressed, Senator Rawson thought the use of armed security guards should be looked upon as an interim or short-term solution. Senator Rawson recommended that the committee charge Director Kirkland with the responsibility of finding a way to deescalate the level of tension at DMV&PS branch offices so that ultimately service could be provided to reasonable people in a reasonable way without the need for armed security guards.

Director Kirkland agreed with Senator Rawson's statement and he told the committee it was his intention to follow his recommendation. Director Kirkland thanked the Interim Finance Committee for its previous support and he also thanked DMV&PS employees for their hard work because the wait times had been reduced from an approximate 5- to 6-hour wait eight to ten months ago to an hour or an hour and 15 minutes wait. Director Kirkland said he had seen significant improvements across the board, including the attitude of the customers. Director Kirkland said he had planned to speak to a report that had been provided for the committee's information, but he was unable to do so due to time constraints. According to Director Kirkland, DMV&PS was doing some unique things in the security area. As an example, for an investment of \$300 the Henderson branch office had been placed on the Internet and people are now able to access the Internet and observe the customers waiting to be served and the employees working at their counters inside the Henderson office. It was Director Kirkland's belief that this small investment had provided a subtle statement and a calming influence on both the customers and the employees. He also indicated that he hoped at some time in the near future DMV&PS would be able to back away from the necessity of having armed security guards at the branch offices.

Mrs. Chowning said she also hoped that DMV&PS would view the armed security guards as an interim solution rather than a permanent solution. Mrs. Chowning noted that she had looked for the documentation to which Director Kirkland had previously referred on pages 60.4 and 60.5 in Volume III of the meeting packets, but she had been unable to locate it.

To address Mrs. Chowning's concern about the missing documentation in the meeting packets, Mr. Stevens apprised the committee that DMV&PS may have provided the documentation with the work program request, but it was retained on file in the legislative Fiscal Analysis Division in order to reduce the large volume of material submitted by state agencies for inclusion in the meeting packets. Mr. Stevens said he would be happy to provide the missing documentation to Mrs. Chowning and he apologized for not including it in the meeting packets.

Mrs. Chowning said she would be interested in reading the documentation because it "shows the hostility that disgruntled customers have shown resulting in threats of physical harm."

Speaking from an opposite viewpoint, it was Senator O'Donnell's belief that one of the best deterrents to any type of criminal activity was to have a facility staffed by armed security guards. He thought the last thing that anyone needs to read in a newspaper was that a DMV&PS office was robbed or a disgruntled customer had attacked a DMV&PS employee. While it would be nice to live in a perfect world where people live in harmony with each other, Senator O'Donnell said that realistically many people do not live harmoniously. When a public agency is required by law to provide certain services to every new person who moves into the state, Senator O'Donnell said that it was impossible to predict the type of person that would walk into a DMV&PS branch office or whether they were armed or not. Because of the large number of people that walk into DMV&PS branch offices each day, Senator O'Donnell thought it was imperative to protect not only the DMV&PS employees, but the public as well. Senator O'Donnell said he would rather error on the side of having an armed security guard rather than an unarmed security guard.

If the committee were to approve this request, Chairman Arberry wanted to know how long it would take DMV&PS to hire the armed security guards. Director Kirkland apprised the committee that the armed security guards could be hired within one week because DMV&PS has existing contracts with a number of security companies.

Since he was concerned about building this expenditure into the base budget, Chairman Arberry wondered whether the armed security guards could be hired on a temporary basis until the 2001 Legislature convenes. Director Kirkland said that there were two answers to Chairman Arberry's question: first, DMV&PS needs the authority to hire the armed security guards and secondly this expenditure would not be built into the base budget because the hiring would be based on demand. While DMV&PS has existing contracts with various security companies to supply security guards, Director Kirkland said that no specific number was required in the contracts.

It was Mr. Hettrick's understanding that DMV&PS could hire security guards as needed for the three locations; thus, the number could fluctuate up or down. He agreed with Chairman Arberry that DMV&PS ought to come back later during budget hearings to justify future expenditures for security.

Since she was in agreement with Senator Rawson that DMV&PS needs to find ways to deescalate problems rather than escalating problems, Ms. Giunchigliani said that a policy decision would be discussed during the 2001 Legislative Session. In

the meantime, she wanted assurances that DMV&PS would have the flexibility either to hire or not to hire armed security guards at particular locations. Director Kirkland assured Ms. Giunchigliani that DMV&PS would have the flexibility to hire or not to hire armed security guards.

MS. GIUNCHIGLIANI MOVED TO AMEND THE REQUEST, REDUCING THE AMOUNT OF THE REQUEST FROM \$112,929 TO \$102,908, AND TO APPROVE AS AMENDED WITH THE UNDERSTANDING THAT THE EXPENDITURE FOR THE ARMED SECURITY GUARDS WILL NOT BE INCLUDED IN THE BASE BUDGET, BUT RATHER WILL BE REVIEWED AS A POLICY DECISION DURING THE 2001 LEGISLATIVE SESSION. SECONDED BY MR. DINI.

Chairman Arberry recognized Senator Neal, who had a question on the request. It was Senator Neal's belief that DMV&PS has law enforcement officers on staff that could deal with the security problems at the branch offices. Although he thought the Nevada Highway Patrol (NHP) officers were underpaid when compared to those law enforcement officers working for city and county governments, Director Kirkland maintained that DMV&PS could save money by contracting for security guards.

To respond to a question from Senator Neal, Director Kirkland said he had sent a letter to all legislators indicating that DMV&PS had reached the point where it was 90 percent in compliance with the wishes and directives of the Governor, as well as some of the members of the Interim Finance Committee, to serve customers within one hour. Director Kirkland said, however, that DMV&PS still needs to address the issue of an additional 7,000 to 8,000 new customers each month.

It was Senator Neal's belief that an additional 7,000 to 8,000 new customers each month would suggest a corresponding decrease in the number of security guards needed. Director Kirkland disagreed with Senator Neal's analogy, indicating that the security problems were increasing each year rather than decreasing because DMV&PS was serving 100,000 additional customers each year.

Senator Neal asked Director Kirkland to provide a specific example of a problem that might arise at one of the branch offices that would require security. Director Kirkland indicated that there had been incidents at the Reno and Sparks express locations when the police had to be summoned. In particular, one of the employees was physically grabbed around the throat by a disgruntled customer and threatened bodily harm when they left the facility and went to their car in the outside parking lot at the end of the workday.

Senator Neal opined that the increased tension was the result of DMV&PS not serving the customers in a satisfactory manner in an express office. Director Kirkland maintained that the problem had occurred because of DMV&PS having to serve an additional 100,000 customers each year in the same number of facilities.

Chairman Arberry recognized Governor Kenny Guinn, who thanked the committee for the opportunity to speak to some of the issues at DMV&PS. Governor Guinn also commended Director Kirkland and the DMV&PS staff for making tremendous progress. Governor Guinn explained that the purpose of DMV&PS' request was to provide more services to the people doing business at its facilities within existing funding. Governor Guinn pointed out that there were a number of laws in place that cause tremendous stress on DMV&PS employees. As an example, if an individual receives a traffic ticket and chooses to ignore that ticket, the judge issues a bench warrant for their arrest. There is no mechanism at the present time to catch that individual unless they receive a citation for a traffic violation or other infraction of the law. He said, however, if that individual needs to register their car, the law requires DMV&PS to impound the vehicle because of the existing bench warrant and the DMV&PS employee must advise the individual that the bench warrant must be taken care of before DMV&PS can release their vehicle. According to Governor Guinn, this particular scenario had occurred recently and had created a serious problem for the employees at one of DMV&PS' branch offices. When he was involved in the banking business, Governor Guinn recalled that he had ordered the removal of guns from the security guards at the bank because he did not want anyone injured or killed as a result of a robbery involving an insignificant amount of money.

Continuing his testimony, Governor Guinn noted that he had visited the Carey Street branch office in Las Vegas last Thursday. He thanked the committee for approving funding to remodel and upgrade the office because it was now clean, colorful, and there were places for people to sit down. Governor Guinn said he had spent about an hour with staff and another hour talking with the customers. He observed that most of the customers had recently moved to Nevada from other states. He told those customers that next time they could conduct their business via the Internet as approximately 37,000 people have done to date. Many of the customers were from California and were astonished to see the Governor of Nevada in a DMV&PS branch office visiting with the customers and listening to their comments. In concluding his remarks, Governor Guinn thanked the committee for allowing him to address some of the issues at DMV&PS and he remembered that Senator Neal had made the motion at a previous meeting to approve the addition of 58 new positions for DMV&PS.

Senator Mathews thought there should be some way to minimize the aggravation being experienced by DMV&PS employees at the branch offices. Governor Guinn apprised the committee that some of the DMV&PS employees who work at the windows have a higher rate of sick leave than other employees not only because of the stress related to their job duties, but also because they come in contact with all types of viruses as a result of handling paperwork and money. In addition, many of the customers who register their vehicles for the first time in Nevada are charged a large amount of money for privilege tax; i.e., \$400 to \$1,000, and it takes the DMV&PS technician longer to explain that DMV&PS only collects the privilege tax and forwards the money to the county of origin at the end of the month.

While he realized that the Legislature gets blamed for many things, Governor Guinn said he thought that the Internal Audit team that was approved last year to work in conjunction with the legislative Audit Division, would be able to make worthwhile changes in many areas. As an example, Governor Guinn pointed out that if an individual writes a check to pay for a transaction at a DMV&PS branch office on a Monday and the individual has insufficient funds in their bank account to cover that check, DMV&PS would not be notified by the bank until approximately 10 days later. Although the individual has their license and registration, DMV&PS must go through the collection process to collect its money, which can take up to 90 days or longer, or sometimes the money is never collected because the individual moves out-of-state. On the other hand, if this same individual has two vehicles and registers the second vehicle, say, on the following Friday, the current policy does not allow DMV&PS to deny the individual their license and registration until the insufficient check was paid on the first vehicle. He said, however, a recent ruling by the Office of the Attorney General has determined that it was not the intent of the Legislature to allow that to happen. Now, if an individual gives DMV&PS a "hot check" to register the first vehicle on Monday, they should not expect to get the second vehicle registered on the following Friday because DMV&PS will not register it.

Chairman Arberry asked Governor Guinn if he wished to testify on any other agenda items. Governor Guinn asked for the committee's support in approving the 64 part-time employees requested in item 75 to address the issues of sick leave and employee turnover at DMV&PS. Governor Guinn cautioned that DMV&PS could no longer afford to train people for 40 weeks in backroom functions when they need to be at the windows serving customers. Governor Guinn urged the committee to approve this request to keep the momentum going to improve all services. Governor Guinn said, however, that DMV&PS would expect to go through the normal budget process for anything needed on a permanent basis.

Chairman Arberry thanked Governor Guinn for taking the time to address the committee today. Since there were no further questions from the committee, Chairman Arberry called for a vote on Ms. Giunchigliani's motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

61. Department of Motor Vehicles and Public Safety – Administrative Services – FY 01 – Addition of \$607,866 in Privilege Tax Penalties to fund increased credit card company charges based on the increased use of credit cards by customers.

Mr. Colling pointed out that credit card usage had increased significantly as a result of DMV&PS encouraging the public to use enhanced technologies over the Internet; thus, additional funds were needed to pay for credit card company charges. If credit card usage continues to increase, Mr. Colling indicated that he would more than likely be returning to the committee next spring to request additional funding. Director Kirkland added that DMV&PS had anticipated that approximately 1 percent of its customers would use the Internet; however, as Governor Guinn stated earlier, approximately 37,000 customers, or about 3 percent, have used the Internet. He said, however, since the figure quoted by Governor Guinn was 10 days ago, he indicated that approximately 40,000 customers have used the Internet with their credit cards to date. Although he acknowledged that the additional credit card usage requires additional funding, Director Kirkland said that it also means that 40,000 customers were able to conduct their business with DMV&PS over the Internet in about 3 to 5 minutes without having to visit one of the branch offices. Director Kirkland said it would be wonderful if 5 to 6 percent of DMV&PS' customers would use the Internet.

Ms. Giunchigliani wondered if it would be possible to renegotiate with the current vendor or negotiate with another vendor. Since he was appointed only a short time ago, Director Kirkland said he was not sure why a decision had been made for DMV&PS to pay approximately 1.8 percent of the amount of each transaction conducted with a credit card. Director Kirkland said it was his intention to explore alternatives because it did not make sense to him to take money out of one taxpayer's pocket so that another taxpayer does not have to pay that money.

Although she thought it had taken a long time for DMV&PS to implement enhanced technology that would accommodate credit cards, and she thought this accommodation needs to be maintained, Ms. Giunchigliani maintained that the current arrangement needs to be reviewed and changed. It was Ms. Giunchigliani's recollection that the cost of the credit cards was not supposed to be passed down because of using taxpayers' dollars; thus, some statutory changes may need to be made in order to allow a different approach.

Mr. Colling said that Ms. Giunchigliani's recollection was correct and that the Legislature had provided an appropriation to defray this cost. Mr. Colling said, however, that the enhanced technologies currently available over the Internet had been so successful the funding had been depleted.

Ms. Giunchigliani suggested that DMV&PS check with other states to determine the manner in which they have negotiated contracts to deal with credit card usage and, if necessary, submit Bill Draft Requests (BDR) to effectuate changes to the Nevada Revised Statutes (NRS).

**SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY
MRS. CHOWNING AND MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

- 62. Department of Motor Vehicles and Public Safety – Nevada Highway Patrol – FY 01 – Addition of \$120,332 in Transfers from the Nevada Department of Transportation to fund fuel tax evasion enforcement efforts by Motor Carrier and Nevada Highway Patrol including enhancements to a computerized fuel tracking system, equipment, supplies, travel, and training expenses.**

Chairman Arberry called for a 5-minute break.

After reconvening the meeting, Chairman Arberry asked Mr. Colling to address item 62.

Mr. Colling requested that the amount of this request be reduced from \$120,332 to \$115,000. It was Mr. Colling's understanding that the legislative Fiscal Analysis Division staff had suggested that the \$115,000 be divided into two amounts; namely: \$62,537 for Nevada Highway Patrol (NHP) and \$52,463 for Motor Carrier Section of the Motor Vehicle Compliance Enforcement Division, and DMV&PS would have no objections to that change. He also called the committee's attention to the fact that the interlocal agreement associated with this transfer of funds has not yet been approved by the Board of Examiners; however, a hearing before the Board of Examiners has been scheduled for December 13, 2000. DMV&PS recognizes that under normal circumstances Board of Examiners' approval on agency work programs is required prior to Interim Finance Committee approval; thus, DMV&PS requests that an exception be made for this request and approval granted by the Interim Finance Committee contingent upon approval by the Board of Examiners. If not approved, Mr. Colling told the committee that DMV&PS would be unable to continue its Dyed Fuel Enforcement Program until the next Interim Finance Committee meeting, which he understood would not be scheduled until some time in February or March of 2001, resulting in the loss of millions of dollars in Highway Fund tax revenues. Since this request represents a large revenue source for DMV&PS, Mr. Colling indicated that the Motor Carrier and NHP staff needs to be out in the field checking to ensure that proper taxes were being paid on diesel fuel.

Chairman Arberry wanted to know why this request had been submitted in reverse order and he also expressed concern about the possibility of legal ramifications if the Interim Finance Committee were to approve this request prior to Board of Examiners' review and approval.

Mr. Colling pointed out that the State Administrative Manual (SAM) had recently been changed requiring Board of Examiners' approval on interlocal agreements and DMV&PS had been unable to get this item on the Board of Examiners' meeting agenda prior to today's Interim Finance Committee meeting. If DMV&PS were to be required to wait until the next Board of Examiners' meeting that has been scheduled for December 13, 2000, it would be February or March of 2001 before the request could be considered by the Interim Finance Committee.

Senator Rawson asked Mr. Perry Comeaux, Director, Department of Administration, if he thought it would be appropriate for the Interim Finance Committee to approve this request prior to Board of Examiners' approval. It was Mr. Comeaux's opinion that approval of this request by the Interim Finance Committee prior to approval by the Board of Examiners was appropriate if the item were approved contingent upon Board of Examiners' approval. As Mr. Colling previously pointed out, Mr. Comeaux said that the requirement for interlocal agreements to receive Board of Examiners' approval was a new requirement approved by the Board of Examiners within the last couple of months. In addition, Mr. Comeaux indicated that a number of unusual instances had occurred during the transition to a new way of handling interlocal agreements, but he did not believe there would be any more. He acknowledged that the interlocal agreement for DMV&PS was on the agenda for the Board of Examiners' meeting on December 13, 2000, and he had no reason to believe that it would not be approved at that time.

In response to a request by Senator Rawson for his opinion, Mr. Scott Wasserman, Chief Deputy Legislative Counsel, said he would like to first clarify whether the work program change had been approved by the executive branch or whether a question has occurred because the Board of Examiners had not yet approved the interlocal agreement.

Mr. Colling indicated that the enforcement of dyed fuel laws and regulations was an ongoing two-year program, but that the interlocal agreement had not yet been approved by the Board of Examiners due to a recent change to SAM requiring Board of Examiners' approval for interlocal agreements.

Since it was his understanding that the original work program had been approved by the executive branch, Mr. Wasserman opined that the Interim Finance Committee could go ahead and approve the work program change with the proviso that the motion for approval was contingent upon Board of Examiners' approval of the interlocal agreement.

Ms. Giunchigliani asked for a clarification on whether the contents of the interlocal agreement had been changed. Mr. Colling apprised the committee that the dyed fuel program was an ongoing two-year program for which funding was derived from the Nevada Department of Transportation (NDOT). As a result of a recent change to SAM, Mr. Colling reiterated that interlocal agreements must be approved by the Board of Examiners. Director Kirkland pointed out that the recent change to SAM had required DMV&PS to take expeditious steps to continue the two-year program in order to ensure the proper collection of fuel taxes because otherwise there would have been a two to three month delay in obtaining Interim Finance Committee approval, which would have jeopardized the continuation of this program and result in a significant loss of revenue.

MR. MARVEL MOVED TO AMEND THE REQUEST FROM \$120,332 TO \$115,000 AND APPROVE AS AMENDED, CONTINGENT UPON BOARD OF EXAMINERS' APPROVAL OF THE INTERLOCAL AGREEMENT. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

63. **Department of Motor Vehicles and Public Safety – Records Search – FY 01** – Transfer of \$45,436 from Reversion category to Modular Units category to fund the continued modular unit rental costs while the east wing of the building at 555 Wright Way is being renovated.

Refer to motion for approval under item D.

64. **Department of Motor Vehicles and Public Safety – Motor Vehicle Technology Division – FY 01** – Addition of \$103,014 in Penalties to fund a second phase of memory and software upgrades to Windows 2000 including related training and travel costs to improve performance of the Genesis software.

Refer to motion for approval under item D.

65. **Department of Motor Vehicles and Public Safety – Motor Vehicle Information Technology – FY 01** – Addition of \$42,000 in Privilege Tax Penalties to fund a new Computer Systems Programmer III position, operating, and equipment to serve as a dedicated Web Master responsible for updating and enhancing Motor Vehicle web pages.

Ms. Ginny Lewis, Deputy Director, DMV&PS, explained that the purpose of this request was to accelerate the hiring of a Web Master to enhance the services available on DMV&PS' Internet Web site. Ms. Lewis told the committee that DMV&PS had experienced a successful six months on the Internet providing renewal services for registrations and drivers' licenses. Although approximately 40,000 records have been renewed through this means, Ms. Lewis said it was time to take the Internet to the next level; that is, to provide alternatives to customers who are still coming into branch offices. DMV&PS proposes to focus on three areas:

- (1) Allow customers to change their address on the Internet.
- (2) Allow customers to access a copy of their driving record for employment and insurance; and
- (3) To place the personalized license plate database on the Internet so a customer can sit down at home and determine whether a personalized plate is available and also allow for an interactive application process.

According to Ms. Lewis, most of the other states have implemented these three transactions once the renewal process had been brought on line. Ms. Lewis indicated that the Web Master position had been included in DMV&PS' 2002-03 biennial budget request and this work program requests the authority to use Privilege Tax Penalties to accelerate the hiring of this position because it may take time to hire a qualified person to fill this position.

It was Chairman Arberry's understanding that DMV&PS had accomplished initial development of existing Internet capabilities in five months from the date the contract was executed. Ms. Lewis noted that the contractor who

developed the Genesis application had remained after Genesis was completed to develop and implement the Internet services that are available at this time. Although DMV&PS has been maintaining the Web site, it does not have the staff to enhance the features on the Internet.

Chairman Arberry wondered whether DMV&PS had previously used funds derived from Privilege Tax Penalties for a new position and Ms. Lewis said that it had not.

Ms. Giunchigliani thought it might be appropriate for DMV&PS to use a contract employee to move to the next level of technology and then in two months deal with permanent positions during the budget process. Since approximately 80 percent of DMV&PS' customers would still need to do their business transactions at a branch office because they live paycheck to paycheck, Ms. Giunchigliani suggested that it would make sense not to use Privilege Tax dollars to fund this new position.

Ms. Giunchigliani wanted to know whether Privilege Tax dollars could be used for contracting the three proposed enhancements. Ms. Lewis said her question would be that if DMV&PS were to pursue contract services for the three proposed enhancements, the amount requested in the work program for a position for the remainder of FY 01 would be different than if the work were to be contracted and she did not have those figures readily available. While she could appreciate the committee's concern about the use of Privilege Tax dollars to hire a position, it was Ms. Lewis' belief that the Internet was an integral part of today's world and something over which in-house state staff needs to have the skills to enhance the Internet.

Since she did not believe there was a crushing need to enhance the Internet two months before the 2001 Legislature convenes, Ms. Giunchigliani said she would like to see cost estimates for contract staff as well as in-house staff to do this work so a determination could be made as to what the long-term impact would be to maintain and expand the Internet.

Chairman Arberry agreed with Ms. Giunchigliani because he thought this was another mechanism to increase DMV&PS' base budget.

It was Senator Neal's understanding that DMV&PS currently has a Web site and it wants to enhance that site so customers could purchase personalized license plates, change their address, and access a copy of their driving record. Senator Neal wanted to know who had developed the original Web site. Ms. Lewis indicated that the original Web site that was developed for the provision of renewal services was completed by Deloitte and Touche, but was being maintained by DMV&PS staff.

Senator Neal contended that a Web site that was going to be accessed by thousands of people needs to be maintained and updated on a routine basis.

While he was not disputing the need for a position to maintain and update the Web site, Chairman Arberry said he disagreed with the mechanism for funding that position from Privilege Tax Penalties, which had never been done before. Also, DMV&PS would be building this new position into the base budget prior to the 2001 Legislative Session, circumventing the normal budget process.

Senator Neal wanted to know whether the new position could be placed into a decision unit for consideration by the 2001 Legislature and Chairman Arberry responded affirmatively.

Senator O'Donnell said he was under the impression that if this particular position were to be deferred until the 2001 Legislature, it could not be filled until June or July of 2001. Since the Legislature only meets every other year and DMV&PS has indicated that this position was needed to facilitate a faster through put to address an inordinate number of people moving into the Las Vegas area, Senator O'Donnell thought that it was incumbent upon the committee to approve this position now instead of waiting until June or July of 2001. While he was sensitive to state agencies trying to "back door" their requests through the Interim Finance Committee prior to a legislative session, Senator O'Donnell said he did not believe this request was one of those issues because he was convinced of the importance and urgent need to hire this new position.

Although he was not disagreeing with the importance and need for this new position, Chairman Arberry said he was concerned about building new positions into base budgets when the Governor was projecting a shortfall.

It was Senator O'Donnell's recollection that the Privilege Tax Penalties accrue when people do not register their car on time. According to Senator O'Donnell, people are now getting penalized for not registering their cars on time as a result of the Legislature passing a bill that provides for an expiration date to be affixed on the license plates. Since the revenue derived from those penalties flows through to the local counties to pay for schools, Senator O'Donnell urged the

committee to approve this request with the proviso that the position be placed in an enhancement decision unit in the 2001-03 Executive Budget.

Senator Neal wanted to know whether people would be able to use their credit cards to change their address, purchase personalized license plates, and obtain their driving record over the Internet and Director Kirkland responded affirmatively.

Senator Neal contended that this new position would make money. Director Kirkland agreed with Senator Neal that this new position would make money, but more importantly it would reduce the impact on the branch offices. In addition, Director Kirkland told the committee that DMV&PS would be willing to use salary savings to fund this new position until such time as the Legislature convenes and a final decision could be made.

Ms. Giunchigliani asked Director Kirkland to clarify how the new position would generate money by allowing people to use their credit cards for enhanced Internet transactions when the committee had approved an earlier request for additional funds as a result of the credit card surcharge costing DMV&PS money because it could not be passed on. Director Kirkland pointed out that the usage of credit cards would continue to cost DMV&PS about \$2 per transaction until the law was changed, but he maintained that DMV&PS would make a profit on the sales of personalized license plates over the Internet.

Mr. Beers thought that people would be more inclined to purchase personalized license plates over the Internet in the comfort of their homes. Mr. Beers expressed an interest in how DMV&PS plans to execute the improvements to the Web site. It was Mr. Beers' belief that there were two broad sets of skills involved in enhancing any Web site. He indicated that probably any individual within DMV&PS' Information Services unit with less than a week's training could successfully handle the maintenance of the text, the pictures, and the HTML for the Web site. He said, however, it would require an advanced set of skills to integrate a Web site to a backend database. Since that set of skills would be expensive to purchase in today's marketplace, Mr. Beers thought that DMV&PS might want to consider consulting out that phase, as well as developing or enhancing DMV&PS' internal ability to do ongoing maintenance, which would not encompass creating new links to the backend database. Mr. Beers suggested that a combination of training for existing staff and contract expenses was the approach to take to enhance DMV&PS' Web site.

SENATOR NEAL MOVED TO APPROVE THE REQUEST WITH THE PROVISIO THAT THE NEW POSITION BE PLACED IN AN ENHANCEMENT DECISION UNIT IN THE 2001-03 EXECUTIVE BUDGET. SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED BY VOICE VOTE WITH MS. GIUNCHIGLIANI AND MR. BEERS VOTING NO.

- 66. Department of Motor Vehicles and Public Safety – Justice Assistance Act – FY 01** – Addition of \$110,000 in the National Crime History Improvement Program to align funding to the actual federal grant for the National Crime History Improvement Program (NCHIP) which will fund Phase II of the Multi-County Integrated Criminal Justice Information System involving Carson City, Storey, Lyon, and Churchill counties for the Administrative Office of the Courts (AOC) and to fund computer system upgrades for the Public Safety Technology Division.

Refer to motion for approval under item D.

- 67. Department of Motor Vehicles and Public Safety – Justice Assistance Act – FY 01** – Addition of \$33,936 in the Bulletproof Vest Program to augment federal grant funding for the Bulletproof Vest Program which reimburses State law enforcement agencies for 50% of the cost of vests.

Refer to motion for approval under item D.

- 68. Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 01** – Addition of \$549,000 in the Department of Justice, Domestic Preparedness Program to provide funds to local jurisdictions and State emergency response agencies to increase the preparedness of first responders through the purchase of equipment and the development of response plans.

Refer to motion for approval under item D.

- 69. Department of Motor Vehicles and Public Safety – Emergency Management Division – FY 01** – Addition of \$2,500,000 in the Federal Department of Energy, Nuclear Projects Office to provide federal pass-through funds to the Office of Nuclear Projects to continue scientific oversight activities at Yucca Mountain.

Refer to motion for approval under item D.

- 70. Office of Nuclear Projects – FY 01 –** Addition of \$2,500,000 in Transfer from Other Budget Account Same Fund, a Transfer of \$1,000 from Operating category to Training category, \$407,507 from State Contracts category to Transportation Contracts category and \$133,968 from Reserve category to Federal Contracts category to continue scientific oversight activities at Yucca Mountain including the separation of the single “contracts” category into three separate categories to programmatically tract contracts funded by federal, general and highway funds.

Mr. Robert Loux, Director, Agency for Nuclear Projects, requested an augmentation of \$2,500,000 in a transfer from the Division of Emergency Management. In providing background information, Mr. Loux noted that the Agency for Nuclear Projects had experienced difficulty continuing to acquire federal funds for the Agency for Nuclear Projects’ oversight efforts at Yucca Mountain. Earlier this year, Governor Guinn met with the Chairman of the House Appropriations Subcommittee, Mr. Packard, who agreed to provide funding this year to the Agency for Nuclear Projects. He said, however, during subsequent deliberations the subcommittee decided not to provide the funding to the Agency for Nuclear Projects or to the Governor’s Office. As an alternative, Governor Guinn suggested that the Division of Emergency Management receive the funding.

Mr. Loux apprised the committee that the Division of Emergency Management had been designated as the recipient of the federal funds from the U.S. Department of Energy (DOE) for the Yucca Mountain oversight. He indicated that an interlocal agreement between the Agency for Nuclear Projects and the Division of Emergency Management had been executed and approved by the Board of Examiners to facilitate the transfer of the federal funds to the Agency for Nuclear Projects. In addition, since there are currently three sources of funds for contracts; i.e., federal funds, state General Funds, and state Highway Funds, the contracting categories have been reorganized to provide a clear audit trail of the expenditures. He explained that the three sources of funding were required because DOE has stipulated that the federal funds could not be used to pay for salaries and expenses of state employees, but rather must be used only for scientific research and analysis at Yucca Mountain. If the Agency for Nuclear Projects wishes to look at transportation issues and socioeconomic impact issues at Yucca Mountain, Mr. Loux indicated that those activities would have to be funded out of another source and that the Nevada Legislature had provided funding for such activities in the past

Senator O’Donnell inquired as to whether there was any prohibition against using the federal funds to pay back the Highway Fund. Mr. Loux reiterated that the federal funds could not be used for salaries and expenses for state employees nor could the funds be used for transportation or socioeconomic studies.

Senator O’Donnell wanted to know if Mr. Loux had submitted a budget requesting funds from the Highway Fund. Mr. Loux indicated that a request for funds from the Highway Fund was included in the Agency for Nuclear Projects’ biennial budget request.

In responding to a question from Senator Neal, it was Mr. Loux’s belief that approximately \$400,000 had been requested from the Highway Fund.

Senator Neal wanted to know whether a portion of the \$2,500,000 grant could be used to payback the General Fund money that had been loaned to the Agency for Nuclear Projects pending receipt of the federal funds. Mr. Loux stated that the Energy and Water Development Appropriation Act prohibits the use of the federal funds for any expenditure other than those to conduct scientific oversight responsibilities pursuant to the Nuclear Waste Policy Act of 1982, Public Law 97-425, as amended. In addition, Mr. Loux pointed out that this request is related to item 69 that was approved on the consent agenda at the beginning of the meeting, which allowed the Division of Emergency Management to bring forward the \$2,500,000 in federal funds. Mr. Loux said that approval of this request would allow the Agency for Nuclear Projects to receive \$2,500,000 in federal funds from the Division of Emergency Management.

It was Senator Neal’s understanding that if the committee does not approve this request, the federal funding would remain with the Division of Emergency Management.

Chairman Arberry said he would entertain a motion from the committee.

**MR. DINI MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PARKS AND
MOTION CARRIED BY VOICE VOTE WITH SENATOR O’DONNELL AND
SENATOR NEAL VOTING NO.**

- 71. Department of Motor Vehicles and Public Safety – State Emergency Response Commission (SERC) – FY 01 –** Addition of \$58,307 in Federal Department of Transportation grant funds to fund the federal Hazardous Materials Emergency

Preparedness Program which encourages emergency planning and training by incorporating the unique challenges to transportation situations.

Refer to motion for approval under item D.

72. **Department of Motor Vehicles and Public Safety – Forfeitures – FY 01** – Transfer of \$18,402 from Reserve category to Federal Nevada Highway Patrol category and \$37,200 from Reserve category to State of Nevada Highway Patrol category to fund Millennium Training for rural Nevada Highway Patrol troopers, sergeants, and commercial officers and to provide funding for three electric sign trailers to reduce the risk to drivers on dangerous roadways.

Refer to motion for approval under item D.

73. **Department of Motor Vehicles and Public Safety – Forfeitures – FY 01** – Transfer of \$12,296 from Reserve category to Federal NDI category and \$12,296 from Reserve category to Federal Nevada Highway Patrol category to fund the purchase of a Computerized Voice Stress Analyzer and to cover training costs for two certified examiners. The examiners will perform pre-employment examinations for Nevada Highway Patrol, Parole and Probation, and Nevada Division of Investigations.

Refer to motion for approval under item D.

74. **Department of Motor Vehicles and Public Safety – Public Safety Technology Division – FY 01** – Addition of \$311,724 in Transfer from Justice Assistance to fund the upgrade of the Law Enforcement Message Switch to comply with the Federal Law Enforcement Computer Mandated Requirements and to provide a network interface to allow local agencies to receive data.

This item was withdrawn.

75. **Department of Motor Vehicles and Public Safety – Field Services – FY 01** – Addition of \$21,000 in Privilege Tax Penalties to fund 64 new part-time positions including salary, benefits, and operating expenses which will ensure windows will be staffed consistently during the day including during lunch and breaks.

In a continuing effort to do everything possible to “plug the holes” in the daily operations at DMV&PS’ branch offices, Director Kirkland said an extensive study had been conducted over the past several months to determine why there was as much as a 45 percent daily absenteeism rate in some of the branch offices. He indicated that the absenteeism rate at the Sahara branch office, for example, was approximately 45 percent, and many other branch offices were experiencing an approximate 30 to 35 percent daily absenteeism rate. To exacerbate this problem, 35 to 50 customers show up at every window every day and expect to receive speedy and courteous service. He said, however, that when an employee is absent, 35 to 50 customers move to the next window. Director Kirkland said he had provided documentation for the committee regarding the results of the study, which is included in Volume IV of the meeting packets.

While he was pleased to report that 90 percent of the customers were currently being served within an hour, Director Kirkland pointed out that if part-time staff were available to keep windows open when employees call in sick or during mandated lunch breaks and coffee breaks, DMV&PS could come closer to keeping up with the growth of the state. He indicated that a number of innovative approaches had been used to address this issue one of which was implementation of a 4-10 pilot program, which provided a full staffing complement when the office opens at 8 a.m. to serve as many as 150 customers waiting for the office to open. According to Director Kirkland, this pilot program had resulted in a reduction in wait times from about an hour and 20 minutes to about 53 minutes. Subsequently, a team was put together to determine the best approach to take so that all of the windows would be open 8 hours each day, Monday through Saturday. A concept was agreed upon to hire 64 temporary part-time employees to “plug” that daily 35 to 45 percent absenteeism rate. Although he did not believe it would be possible for DMV&PS to hire 64 temporary part-time employees, since it had not be able to hire all of the authorized 875 employees, Director Kirkland maintained that the wait time would be reduced proportionately with each temporary part-time employee that was hired and the additional 7,000 customers each month would be served better and faster as well. Director Kirkland said that the temporary part-time employees would be paid from salary savings. The request to add \$21,000 in Privilege Tax Penalties would pay for operating and equipment expenses for these part-time positions. In concluding his testimony, Director Kirkland said he would be glad to respond to questions from the committee.

Senator Rawson wondered if it would be more feasible to implement a pilot program at, say, the branch office on West Flamingo in Las Vegas rather than implementing one on a statewide basis. Director Kirkland recalled that he had tried a similar approach when he was Washoe County Sheriff, but he was able to hire only about 10 percent of the authorized part-time employees because of the 3.9 percent unemployment rate in the area at that time. Director Kirkland said, however, he would welcome the committee’s direction.

Senator Rawson suggested having a pilot program in one of the branch offices with the understanding that the results of the pilot program would be a decision-making issue during the 2001 Legislative Session. Senator Rawson also suggested that DMV&PS consider looking at the issue of paying employees for sick time either at the end of the year or at the end of their employment with the state. While he thought some of the sick leave was legitimate, he also thought some people use their sick leave to avoid losing it.

Senator O'Donnell said he was not an advocate of a pilot program because in Las Vegas it takes less time to drive from the Carey office to the West Flamingo office than it does to wait in line for registration; therefore, if a few more employees were to be added at the West Flamingo office any of the customers at the Carey office who had to stand in line more than an hour would leave that office and go to the West Flamingo office in order to get served faster. Senator O'Donnell wanted to know what type of action by the committee would solve a major problem; i.e., authorizing 64 temporary part-time employees or 10 positions for a pilot program. Director Kirkland said that he could provide a more definitive response to Senator O'Donnell's question if DMV&PS were able to hire all of the positions that were authorized and if it could keep employees long enough to get them fully trained and proficient in their job duties. During the past 16 months, Director Kirkland apprised the committee that DMV&PS had hired 239 employees. Director Kirkland contended that being as fully staffed as possible, along with having the option to hire part-time employees, would allow DMV&PS to come closer to keeping up with the growth. Even with maximum staffing, Director Kirkland said there would be times when windows would be closed due to breaks and the turnover rate.

Chairman Arberry recalled that at the September 12, 2000, Interim Finance Committee meeting, the committee approved the use of Privilege Tax Penalties totaling \$356,489. DMV&PS has submitted requests in items 60, 61, 64, 65, 75 and 76 for the committee's consideration today to use an additional \$1,127,281 in Privilege Tax Penalties. It was his understanding that DMV&PS was projecting \$2,272,407 in Privilege Tax Penalty collections in FY 01, which would leave \$788,637 unobligated for other purposes. Chairman Arberry also indicated that the total Motor Vehicle budget was \$40,356,663 for FY 2000 and \$40,775,466 for FY 2001. Since DMV&PS was projecting a salary shortfall of approximately \$1.1 million in the Field Services account, inclusive of the part-time positions, Chairman Arberry wanted to know how DMV&PS expects to address that shortfall. While he realized that services need to be provided to DMV&PS' customers, Chairman Arberry expressed concern that DMV&PS was enhancing its budget before the 2001 Legislature has had a chance to review it.

In addressing Chairman Arberry's concerns, Ms. Lewis indicated that it was DMV&PS' plan to fund the 64 temporary part-time staff with available vacancy savings in Field Services for this fiscal year. Ms. Lewis acknowledged that DMV&PS would experience a shortfall if the salaries of those 64 temporary part-time positions were to be added to the 48 positions already funded by the committee in February of 2000, and projected out for the remainder of this fiscal year. Ms. Lewis indicated that it was DMV&PS' plan to augment salaries next spring by utilizing remaining Privilege Tax Penalties as well as Privilege Tax Commissions overage. Since DMV&PS reverted well over \$1 million last fiscal year in Privilege Tax Commissions, there should be adequate unobligated funds in those two revenue sources to offset the shortfall in the salary budget. Ms. Lewis also acknowledged that DMV&PS was requesting to enhance its budget prior to the 2001 Legislature convening because it wants to make some improvements now. Ms. Lewis also agreed with Director Kirkland that DMV&PS would never be able to hire 64 temporary part-time employees at one time; thus, the possibility of using \$1.1 million in Privilege Tax Penalties in the work program requests before the committee today would be the worst case scenario. Director Kirkland said he wished to assure the committee that DMV&PS would not hire all of the temporary part-time employees if it would jeopardize the budget. Director Kirkland emphasized that DMV&PS, at the Governor's direction, was trying to do everything possible to solve the problem of having to provide service to an additional 100,000 customers each year.

While he would agree with Director Kirkland's action plan, Chairman Arberry contended that DMV&PS has an advantage over many other state agencies because it was able to increase the FY 2000 budget by 5.5 percent and the FY 2001 budget by 3.9 percent. If the committee decides to approve this request, Chairman Arberry said it would be his hope that the motion contains a proviso that the additional positions would be revisited by the 2001 Legislature.

It was Mr. Beers' recollection that when DMV&PS' budget for FY 2000 was approved during the 1999 Legislative Session, it was based on the belief that Genesis would actually reduce transaction times. Mr. Beers said it was amazing to learn that DMV&PS' budget had been increased only by 5.5 percent in FY 2000 in order to address all of the problems "the bungled implementation of Genesis generated."

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST WITH THE PROVISIO THAT THIS ITEM BE INCLUDED IN AN ENHANCEMENT DECISION UNIT IN THE 2001-03 EXECUTIVE BUDGET. SECONDED BY MR. HETTRICK.

Chairman Arberry recognized Senator O'Donnell who said he had been a long-time opponent of using Privilege Tax Penalties for positions in any state agency. It was Senator O'Donnell's belief that the Tahoe Regional Planning Agency (TRPA) was

the only state agency that could legally use penalties for salaries. Although he had made a motion to approve this request, Senator O'Donnell said he agreed with Chairman Arberry that the money committees ought to change this funding arrangement during the 2001 Legislative Session because he was opposed to having a quid pro quo relationship between penalties that are assessed to people for Privilege Tax violations and staff.

It was Mr. Dini's understanding that the Privilege Tax Penalties were deposited into the Highway Fund and then transferred from the Highway Fund into DMV&PS' budget; thus, the funds were the same.

Chairman Arberry called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 76. Department of Motor Vehicles and Public Safety – Field Services – FY 01** – Addition of \$240,472 in the Privilege Tax Penalties to fund employee training, pagers for branch managers, customer survey, employee name tags, license plate display cases, TV/VCR brackets to improve customer communications and a media campaign to continue the promotion of emerging technologies.

Ms. Lewis explained that this work program would address a request to implement a customer service, communications, and an image plan for DMV&PS. It was her belief that the committee's approval of this request would provide DMV&PS with the opportunity to be aggressive in communicating with customers, doing another massive media campaign about alternative services, and improving DMV&PS' image overall. Ms. Lewis said that she and Director Kirkland had visited the field offices on a number of occasions and asked customers standing in line if they were aware of an alternative to renew and the overwhelming response had been no. Although DMV&PS has been telling the public about the availability of the Internet, telephone and mail to renew, Ms. Lewis contended that customers need to be reminded.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. DINI AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 77. Department of Peace Officer's Standards and Training – Commission – FY 01** – Addition of \$312,899 in the Federal Police Corps to augment authority for the Police Corps program which is designed to address violent crime by increasing the number of officers with advanced education and training assigned to community patrol in areas of great need.

Refer to motion for approval under item D.

- 78. Colorado River Commission – FY 01** – Transfer of \$20,000 from Reserve category to Personnel Services category, \$14,995 from Reserve category to Attorney General Cost Allocation category and \$35,000 from Out-of-State Travel category to Attorney General Cost Allocation category to add one full time Accountant I position needed due to additional accounting workload caused by increased activity in CRC projects and to continue the half-time Deputy Attorney General position approved by the Interim Finance Committee on November 17, 1999.

Refer to motion for approval under item D.

- 79. Colorado River Commission – Power Delivery Project – FY 01** – Transfer of \$35,000 from Reserve category to Out-of-State Travel category and \$10,000 from Reserve category to In-State Travel category to direct charge power delivery and related out-of-state travel to the Power Delivery Project budget and increase in-state travel for anticipated requirements based on increased staff and legislative session.

Refer to motion for approval under item D.

- 80. Colorado River Commission – Power Marketing Fund – FY 01** – Addition of \$27,000,000 in Power Sales to provide for projected increase in power purchases due to increased supplemental energy sales.

Representing the Director of the CRC, who was unable to attend the meeting due to a meeting in Phoenix, Arizona, dealing with power issues, Mr. Douglas Beatty, Administrative Services Officer, CRC, requested approval to increase power sales and power purchases in the amount of \$27 million in the Power Marketing Fund primarily as a result of increased power purchases and power sales for the Southern Nevada Water Authority (SNWA) for its water pumping loads. Although the request was necessitated primarily as the result of market force issues, Mr. Beatty said there were operational issues involved as well, which he would address briefly. According to Mr. Beatty, the SNWA was pumping more water than it had originally anticipated when this budget was crafted. Since the CRC purchases power on the open market, the cost is dependent on the market price. The CRC buys power for SNWA to use in its pumping activities and the CRC passes that cost, plus an administrative fee, to the customers.

It was Mr. Beatty's belief that most people are aware of the issues confronting California as a result of deregulation; i.e., the cost to purchase power had skyrocketed. Speaking from an operational standpoint, Mr. Beatty explained that there had been a significant increase in the use of the CRC's power to pump loads for the old Southern Nevada Water System (SNWS). As a result of the CRC assuming the responsibility for the power substations and the facilities that supply the old SNWS, SNWA has now switched a major portion of SNWS' load to the CRC's load. In addition, he indicated that there had been a significant increase in the use of the east lateral by SNWA's purveyor members. Since greater-than-expected growth in the valley had been along the east lateral, the SNWA is pumping more water over the east lateral than it had anticipated. Mr. Beatty said that as a result, SNWA's cost of pumping water for that section of the valley had increased dramatically. It was Mr. Beatty's understanding that once the water has been pumped to the reservoirs, the higher elevation at the east end would serve as a natural gravity feed; thus, SNWA's east valley water purveyors should experience some savings in electric costs on their end. He said, however, at this point in time, the CRC was taking the brunt of the costs for the use of the east lateral.

Continuing, Mr. Beatty apprised the committee that a power committee consisting of the SNWA and the CRC staff was formed and it has been meeting at least monthly to try to get a handle on the costs going into the future. In providing historical information, Mr. Beatty explained that the Power Delivery Project (PDP) came on line approximately one year ago and, at that time, the CRC was paying about \$30 per megawatt for power. Now it is paying in excess of \$40 per megawatt. Looking forward to 2001, the CRC is estimating that market costs will reach from \$70 to \$80 per megawatt and will exceed \$100 per megawatt by 2002. Because costs continue to escalate, Mr. Beatty added that it has become increasingly more difficult for the CRC to develop meaningful cost projections.

To respond to a question from Senator O'Donnell, Mr. Beatty indicated that the CRC was currently paying slightly higher than \$40 per megawatt; however, some of the contracts that were entered into about 18 months ago had locked in a cost of about \$30 per megawatt.

Senator O'Donnell wondered what was driving the costs upward. Mr. Beatty said that there were a number of market forces driving the costs upward other than deregulation. As an example, fuel costs have skyrocketed, particularly gas costs. According to the CRC operational staff, escalating fuel costs are more a capacity problem than a natural gas reserve problem. Gas costs to drive gas-fired turbines have more than doubled. A number of the generating plants, particularly in California, Oregon and Washington, have encountered problems with regard to pollution credits. In addition, Mr. Beatty pointed out that a number of oil-fired plants have also experienced operational shutdowns because of not meeting emission standards, and utility deregulation in California, skyrocketing fuel prices, fuel capacity issues, and regulatory controls on plant emissions have all combined to create the current situation.

It was Mr. Perkins' understanding that the CRC was requesting \$27 million to purchase and sell additional power and he wondered how many megawatts the \$27 million would purchase. Mr. Beatty indicated that the CRC plans to purchase approximately 75 megawatts. He said, however, that the CRC engineers were projecting the demand for power may exceed 100 megawatts by mid-2001 when the SNWA's new ozone water treatment system comes on line.

To respond to several questions from Mr. Perkins, Mr. Beatty said that it was the CRC's intention to sell the power to SNWA and if the CRC did not sell the power to SNWA, it would have to purchase the power from Nevada Power Company.

It was Mr. Perkins' opinion that the CRC was essentially entering into competition with other power retailers. Mr. Beatty stated that pursuant to the Nevada Revised Statutes (NRS), SNWA was the CRC's sole customer. While he would not want to speculate what the impact would be on Nevada Power Company as a result of the CRC selling additional power to SNWA, Mr. Beatty said it was his belief that the CRC's increased market activities could affect Nevada Power Company's short-term market activities.

Although he was aware that the CRC has the authority to sell power only to SNWA, it was Mr. Perkins' belief that selling additional power to SNWA has the potential of cutting into the business base of other power companies. Mr. Perkins questioned whether it was legislative intent for the CRC to be competitive with existing power companies at least on the retail end.

Mr. Beatty said he wished to clarify that the CRC was selling power to SNWA who then pumps and sells water to its purveyor members and the power costs are reflected in the water rates. Mr. Perkins said his interpretation of the differentiation between retail and wholesale was that the CRC has the authority to buy power wholesale and then sell it, which creates a retail market, and if the CRC did not sell the power to SNWA, SNWA would purchase the power from Nevada Power Company. Mr. Perkins expressed concern about the impact on Nevada Power Company, especially in the existing volatile electrical industry.

To follow up on the discussion, Mr. Hettrick said he was concerned that if Nevada Power Company were able to buy the additional \$27 million in power, it would be able to have a rate that would not require incremental increases from the retail customers in Clark County. Mr. Hettrick also wondered whether the committee would be going in the right direction if it were to approve this request because he could not understand why the CRC wants to pass through \$27 million merely to collect the administrative costs when Nevada Power Company could do the same thing. Mr. Beatty indicated that SNWA had approached the CRC to build the Power Delivery Project (PDP) and to service SNWA because of a mutual belief that the CRC could service SNWA's loads for a cheaper cost and be more responsive to SNWA's needs. In addition, Mr. Beatty pointed out that the CRC and the SNWA had designed the system together and they operate the system together.

Since it was his opinion that the CRC was providing power to the SNWA through the same grid that Nevada Power Company would provide power, Mr. Hettrick expressed concern that if the committee were to approve this request, it might be doing something that could be construed as negative to Nevada Power Company and negative to the ratepayers in the end. Mr. Hettrick also wondered whether there was any guarantee that the SNWA would pass on savings to the end user that were accrued from the CRC.

As a point of clarification, Senator O'Donnell indicated that the SNWA was owned by the people who reside in the Las Vegas area and the operating costs were passed on to the consumers. Senator O'Donnell said that the SNWA had been in existence for a number of years and the only thing new was the additional power needed to pump water to the east end of the valley. It was Senator O'Donnell's belief that the SNWA could buy the power at a cheaper rate from the CRC; thus, saving the consumers money.

Mr. Perkins said he found himself in somewhat of a quandary over this issue because if the SNWA has to buy power on the grid and it buys it more expensively, then the end user would pay a higher power rate any way. Mr. Perkins said the question that begs to be answered is at what point would the CRC cease to be a retail power provider. He also wanted to know whether the CRC anticipates having to return to the committee at some future date requesting an augmentation to provide an additional 100 megawatt load. Although he was in agreement that it was important to protect the ratepayers, Mr. Perkins thought it was equally important to allow the market to thrive in the deregulation mode. He said, however, that he did not believe that could happen while the CRC, a governmental entity, was allowed to actually compete with private industry.

Senator Neal said he was also concerned about this issue. Speaking in support of the CRC's request, Senator Neal characterized the CRC as a public power company that had been purchasing and selling power for years. Boulder City is also a public power entity. Senator Neal warned the committee that if it were to stop the CRC from purchasing power, it would work to the disadvantage of the citizens of Nevada because the cost of power would continue to escalate. If the Nevada Legislature allowed deregulation to take place in this state without the generating capacity to support it, Senator Neal maintained that the cost of power would skyrocket. According to Senator Neal, the Governor recently renegotiated with the utility companies to purchase power because fuel was cheaper when the contracts were originally executed. He also noted that since Sierra Pacific Power and Nevada Power Company had been forced to sell their generating facilities as a part of the deregulation process, they were purchasing power from Oregon in order to serve the residents of Nevada. It was Senator Neal's belief that Nevada would wind up in deep trouble if a decision were to be made to privatize the procurement of power.

Mrs. Cegavske said she appreciated Mr. Perkins' and Mr. Hettrick's earlier comments. Since she had received telephone calls from several of her constituents about this issue. Mrs. Cegavske questioned why it was necessary for the CRC to bring forward a request involving \$27 million at this time when the Legislative Session would be convening in February 2001. Mrs. Cegavske said she was prepared to make a motion to hold this request in abeyance until the 2001 Legislative Session convenes.

Mr. Beatty told the committee that if it decides to defer this request until the 2001 Legislative Session convenes, the CRC would need to tell SNWA to find another supplier. Mr. Beatty pointed out that the primary purpose of this request was to continue the current operating year.

Senator Neal thought it would be interesting to know exactly how much the CRC was paying for power at the present time. Mr. Beatty indicated that the CRC was currently paying approximately \$40 to \$50 per megawatt. He also noted that the CRC was projecting a cost of approximately \$80 per megawatt in 2001 and approximately \$100-plus per megawatt in 2002.

To respond to a question from Senator Neal, Mr. Beatty said that due to the volatile market at this time it would be difficult for him to provide a realistic estimate of what the rate would be if the committee were to decide to defer this request for two or three months until it could be reviewed by the money committees during the 2001 Legislative Session.

Senator Neal maintained that the CRC was operating in a fluctuating market at the present time and since Nevada does not have its own generating capacity, it must buy that power from generating sources that set the price; thus, the CRC has no

control over the cost and must pay whatever price the market supports for that power. It was Senator Neal's belief that if this request were to be deferred two or three months, it would adversely affect the ratepayers in southern Nevada and he could not support such an action.

Mr. Beatty said that approval of this request would allow the CRC to continue operating for the remainder of this fiscal year and then the deregulation issue could be addressed during the 2001 Legislative Session. He also pointed out that since the CRC's biennial budget did not anticipate the additional cost for power, this cost would need to be included in an enhancement decision unit in the 2001-03 Executive Budget.

Senator Neal told the committee that he thought the current rate for power was probably the cheapest in the country because utility companies were charging on average \$900 per megawatt hour, with some areas in the east charging as much as \$1,400 per megawatt hour. Senator Neal suggested that Nevada was getting a bargain if the CRC were buying the power for \$40 per megawatt.

It was Senator Rawson's belief that the CRC would need approximately \$75 million to \$100 million in authority next fiscal year and approval of this request would allow the CRC to continue to do business for the remainder of the current fiscal year. Senator Rawson thought it would be prudent to allow the CRC to continue to do business until the 2001 Legislative Session has a chance to revisit the issue. Mr. Beatty said that since SNWA was predicting a need of 250 megawatts by FY 2004, he doubted that \$100 million in authority would be sufficient unless there was a downturn in power rates. In discussions both internally and with the SNWA, Mr. Beatty said the consensus was that the market was inflated and "too hot" and it would come down, but no one was willing to predict when that would occur. He also noted that none of the people who supply power were willing to lock in rates for 5 years because of the uncertain marketplace.

Senator Neal thought it would be wise to draw upon the experience of Nevada's next-door neighbor, California, where power rates in San Diego, for an example, have escalated over 170 percent. Also, utility companies have had to spend over one-half of their net costs in approximately a two-month period in purchasing power on the open market. Since he views the CRC as being in the position to effectively countervail the deregulation process, Senator Neal said he was opposed to the committee interfering with the operation of the CRC at this point in time.

Mr. Hettrick wanted to know whether the CRC had already contracted for the power and Mr. Beatty responded that the CRC had entered into enabling contracts to buy power on an as-needed basis.

Mr. Hettrick asked Mr. Beatty if he thought Nevada Power Company could purchase the power at the same price and Mr. Beatty said he did not know whether it had that capability or not.

Mr. Hettrick said he was not sure that the committee had been provided with enough information to make an informed decision and he did not believe the committee had a clear understanding of what the net effect of approving this request would be.

Since there were a number of items on the agenda requiring action, Chairman Arberry said he did not want to turn the meeting into a deregulation hearing; thus, he would entertain a motion.

MRS. CEGAVSKE MOVED TO DEFER ACTION ON THIS REQUEST.

MOTION DIED FOR THE LACK OF A SECOND.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR NEAL AND MOTION CARRIED BY VOICE VOTE WITH MRS. CEGAVSKE VOTING NO.

- 81. Department of Conservation and Natural Resources – Bureau of Waste Management, Corrective Action, Federal Facilities – FY 01 – Transfer of \$45,640 from Reserve category to Operating category to augment operating category to cover anticipated expenses based on FY 00 actuals and additional tasks for FY 01. This work program adds back from M200 that were reserved due to lack of detail and justifications.**

Refer to motion for approval under item D.

- 82. Department of Conservation and Natural Resources – Bureau of Waste Management, Corrective Action, Federal Facilities – FY 01 – Addition of \$170,892 in Superfund Grant – Federal to provide additional contract funding for acquisition**

of Hazardous Materials Emergency Response Vehicle – Washoe County, additional hardware/software for enhancement of Voluntary Cleanup Program System (EQUAL) and additional computer training for staff.

Refer to motion for approval under item D.

83. **Department of Conservation and Natural Resources – Bureau of Water Quality/Pollution – FY 01** – Addition of \$1,136,547 in Non-Point Source – 3119 Federal to support efforts to curtail polluted runoff from non-point sources including streets, highways, parking lots, farms, forests and rangeland and to support local initiatives for the protection and improvement of quality of lakes, rivers and streams through interlocal contracts with the various jurisdictions.

Refer to motion for approval under item D.

84. **Department of Conservation and Natural Resources – Intergovernmental Forestry – FY 01** – Addition of \$20,000 in Federal Humboldt National Forest Reimbursement, \$961,682 in Washoe County, 184,656 in Storey County, \$71,935 in Clark County, \$36,082 in Douglas County, \$24,519 in Carson City, \$2,331 in White Pine County, a Deletion of \$1,904 in Elko County, \$60,136 in Eureka County and \$19 in Transfer from other Budget Account to reconcile the legislatively approved fire district budget with county commissioners' approved budgets.

Refer to motion for approval under item D.

85. **Department of Conservation and Natural Resources – Wildlife CIP – FY 01** – Transfer of \$50,000 from Reserve category to Conservation Easement category to create a conservation easement for the Parker Ranch in Nye County that is to be acquired by Nature Conservancy. The amount is Nevada's Department of Wildlife's contribution to the multi-agency effort to create a conservation easement for protection of habitat for the Amargosa Toad, Oasis Valley Speckled Dace and Springsnail.

Refer to motion for approval under item D.

86. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Addition of \$83,333 in a Transfer from other Budget Account same fund and a Transfer of \$166,667 from Reserve category to Licensing System category to develop the design, functional requirements and a Request for Proposal (RFP) for a new license inventory sales and accounting system (hunting, fishing and boat registration).

Speaking to items 86 and 96, Mr. Terry Crawford, Administrator, NDOW, introduced Mr. Steven Bremer, Chief, Administrative Services. Mr. Crawford requested authorization to begin a new accounting system for hunting and fishing licensing and boat registration. The current system, which is a hard copy, batch system with limited capability for people to buy licenses over the Internet, is about 40 years old. There are approximately 170 licensing agents located throughout the state. NDOW has worked extensively with the Department of Information Technology (DoIT) on this project and \$250,000 is being requested in the two work programs to hire one of DoIT's master service contractors to do a functional requirements analysis and a Request for Proposals (RFP). According to Mr. Crawford, funding to develop the new system has been included in NDOW's biennial budget request.

It was Chairman Arberry's understanding that the 1999 Legislature had authorized NDOW to spend \$85,000 on an RFP for a new licensing system; thus, this funding request would exceed the original budgeted expense for this effort by \$165,000.

Mr. Crawford pointed out that he was the Deputy Administrator of NDOW when the current budget was crafted and the estimate for the RFP was based on the Big Game Application process, which cost \$85,000, but was significantly less complicated than the proposed licensing and registration system. Mr. Crawford indicated that the \$250,000 cost estimate for this project was developed by Mr. Bremer in conjunction with DoIT.

MR. MARVEL MOVED TO APPROVE ITEMS 86 AND 96. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

87. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Addition of \$39,743 in Pittman-Robinson Federal Aid, \$6,470 in Dingell-Johnson Federal Aid and a Transfer of \$15,405 from Reserve category to Buildings and Grounds category to perform various maintenance functions including the cap and seal retired wells at Bingeman Ranch, change water rights permit 27411 at Overton Wildlife Management Area, change decreed water rights at Mason Valley Wildlife Management Area, environmental clean-up (under tanks) at Steptoe Wildlife Management Area and minor building maintenance at Steptoe Wildlife Management Area (3-C Ranch).

Refer to motion for approval under item D.

88. **Department of Conservation and Natural Resources – Division of Wildlife – FY 01** – Addition of \$103,267 in Federal Hunter Safety Aid and a Transfer of \$696,733 from Reserve category to Capital Improvement Projects category to provide the remaining funds necessary for the Elko Regional Office CIP project 99-C18.

Mr. Crawforth apprised the committee that this request involves CIP Project No. 99-C18, a combination shop and office facility in Elko for NDOW and the Division of State Parks, which was approved by the 1999 Legislature. Since several adjustments needed to be made in NDOW's portion of the project, Mr. Crawforth said he had been working with staff from the Budget Division and the legislative Fiscal Analysis Division in this regard. He said that he had been advised by federal representatives the federal Hunter Safety Aid funding in the amount of \$103,267, which is included in this request, would need to be reduced to \$89,178. Mr. Crawforth indicated that NDOW would make up the difference between \$103,267 and \$89,178, or \$14,089, from the reserve account and the allocation from reserve would be increased from \$696,733 to \$710,822.

Mr. Dini wanted to know what the total cost of the project was going to be. Mr. Crawforth said he was not sure of the exact amount because of General Fund money for the Division of Park's share, but he estimated the total cost of the project would be approximately \$2.5 million. Mr. Crawforth added that the facility would be constructed on the lower end of the Nevada Youth Training Center (NYTC) in Elko. In addition, Mr. Crawforth said that the project had been designed by State Public Works Board (SPWB) and bids were expected to go out in early spring so that construction could be started soon after the contract was let.

Mr. Dini wondered why the original appropriation for this project had been exceeded by approximately \$800,000. Mr. Crawforth indicated that NDOW's share of the project was not included when the funding was transferred to SPWB and after SPWB had completed the design work, the project was \$300,000 over budget. NDOW submitted a request to the Interim Finance Committee's September 12, 2000, meeting to address the \$300,000 shortfall and the committee approved the request. Subsequently, NDOW discovered that the original \$700,000 had been omitted from the request.

MR. PERKINS MOVED TO AMEND THE REQUEST REDUCING THE FEDERAL HUNTER SAFETY AID FUNDS FROM \$103,267 TO \$89,178 AND INCREASING THE RESERVE TRANSFER FROM \$696,733 TO \$710,822 AND TO APPROVE AS AMENDED. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

89. **Department of Conservation and Natural Resources – Division of Wildlife – FY 01** – Addition of \$40,000 in Federal Wildlife Restoration and \$160,000 in Federal Sport fish Restoration to construct an aquatic education and wildlife resources center at the Verdi Elementary School which is a joint venture between the Division of Wildlife and Washoe County School District.

Refer to motion for approval under item D.

90. **Department of Conservation and Natural Resources – Wildlife Division – FY 01** – Addition of \$221,820 in Wildlife Restoration Federal Aid and Transfer of \$73,940 from Reserve category to Sage Grouse Conservation category to establish a special use category to track expenses associated with Nevada Division of Wildlife and Governor's Sage Grouse Task Force activities including flight operations, contracts, supplies, software and equipment.

Refer to motion for approval under item D.

91. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Transfer of \$24,000 from Reserve category to Information Services category to replace various computers and printers for staff habitat biologist, agency planner, all fish hatcheries (3) business management staff (2) and volunteer coordinator.

Refer to motion for approval under item D.

92. **Department of Conservation and Natural Resources – Wildlife – FY 01** – Transfer of \$250,000 from Reserve category to Operating category to cover operating costs that increased such as vehicle fuel, postage, facility maintenance, upgrade security alarm system and convert to new uniform colors and participate in a pilot program for agency issued wear-and-tear uniform policy.

Since NDOW operates its vehicles approximately 2.5 million miles each year, Mr. Crawforth indicated that increased fuel costs have had a significant impact on NDOW's operating budget. Also, postal costs have increased substantially as a result of NDOW's planning program to distribute additional and better quality information to the public. In addition, long-term

maintenance costs are higher than anticipated because many of NDOW's facilities are 30-plus years old. He also noted that a security alarm system was being upgraded at NDOW's Reno office. Mr. Crawford indicated that NDOW had been working with the Budget Division and the Purchasing Division in developing a pilot program to provide uniforms to approximately 100 employees that would incorporate the use of a voucher system; thus, eliminating the payment of sales tax.

Because employees in a number of state agencies wear uniforms, Senator Rawson thought it would be more reasonable to address this issue during the 2001 Legislative Session and he suggested deferring this portion of NDOW's request until that time. Mr. Crawford pointed out that the coat worn as part of the existing uniform was no longer available and NDOW had recently experienced difficulty in obtaining the pants as well, which was creating a problem in outfitting current and especially new employees. Mr. Crawford said that the Purchasing Division was currently working on bids from several companies that would not only benefit NDOW, but other state agencies as well.

It was Senator Rawson's belief that the committee should consider funding the new uniform policy as a one-shot with the proviso that the funding being requested to institute new uniform standards be included in an enhancement decision unit in the 2001-03 Executive Budget. Mr. Crawford was in agreement with this arrangement.

Ms. Giunchigliani voiced her agreement with Senator Rawson's previous suggestion.

SENATOR RAWSON MOVED TO APPROVE THE REQUEST WITH THE PROVISIO THAT THE FUNDING BEING REQUESTED TO INSTITUTE NEW UNIFORM STANDARDS BE INCLUDED IN AN ENHANCEMENT DECISION UNIT IN THE 2001-03 EXECUTIVE BUDGET. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

93. **Department of Conservation and Natural Resources – Wildlife Obligated Reserve – FY 01** – Transfer of \$15,000 from Reserve category to Gifts and Donations category to fund research in green stripping on fire damaged range lands specifically related to the control of cheat grass.

Refer to motion for approval under item D.

94. **Department of Conservation and Natural Resources – Wildlife Obligated Reserve – FY 01** – Transfer of \$32,813 from Reserve category to Upland Game and Water Development category to replace water development crew's flatbed truck due to the unreliability of the existing vehicles.

Refer to motion for approval under item D.

95. **Department of Conservation and Natural Resources – Wildlife Obligated Reserve – FY 01** – Addition of \$34,795 in Pittman-Robinson Federal Aid and Transfer of \$11,598 from Reserve category to Duck Stamps category for herbicide spraying at Kirch, Key-Pittman, Overton and Mason Valley Wildlife Management Areas to improve habitat for ducks.

Refer to motion for approval under item D.

96. **Department of Conservation and Natural Resources – Wildlife Boat Program – FY 01** – Transfer of \$83,333 from Reserve category to Wildlife category to develop the design, functional requirements and a Request for Proposal for a new license inventory sales and accounting system (hunting, fishing and boat registration).

Refer to testimony and motion for approval under item 86.

97. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Addition of \$34,100 in Gifts & Donations to acquire various items in concert with the cooperative agreement between Nevada Division of Wildlife and Clark County including officers survival equipment, loaner life jacker program, night vision scopes, thermal imaging camera, marine video camera system, brochures and safety equipment.

Refer to motion for approval under item D.

98. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Addition of \$243,750 in Dingell-Johnson Federal Aid and a Transfer of \$81,250 from Reserve category to Capital Improvement Projects category to initiate Phase 2 of North Pond Project including the upgrade of 3 miles of access road and construction of boater access restroom facilities.

Refer to motion for approval under item D.

99. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Addition of \$250,000 in Dingell-Johnson Federal Aid and a Transfer of \$300,000 from Reserve category to Capital Improvement Projects category to complete boating access projects for Lake Mead including three floating restrooms, porta-potty, boat pump out stations and barge for servicing floating facilities.
- Refer to motion for approval under item D.
100. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Transfer of \$322,220 from Reserve category to Capital Improvements category to provide funding for construction of breakwater and fishing structure at the Echo Bay Resort Marina.
- Refer to motion for approval under item D.
101. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Addition of \$22,500 in Federal Dingell-Johnson and Transfer of \$7,500 from Reserve category to Capital Improvements to fund the Lake Mead Resort Pump out Renovation.
- Refer to motion for approval under item D.
102. **Department of Conservation and Natural Resources – Boating Program – FY 01** – Transfer of \$200,000 from Reserve category to Capital Improvements category to provide boating program's share of construction cost of Elko Regional Office, CIP No. 99C-18.
- Refer to motion for approval under item D.
103. **Department of Conservation and Natural Resources – Park Improvements – FY 01** – Transfer of \$736 from Floyd Lamb State Park category to Ward Charcoal Ovens State Park and \$3,171 from Fort Churchill State Park category to Kershaw-Ryan State Park category to provide well and water system improvements at Ward Charcoal Owens State Park and to provide campground improvements at Kershaw-Ryan State Park.
- Refer to motion for approval under item D.
104. **Office of the Military – Adjutant General – FY 01** – Addition of \$55,000 in Federal Funds to accept funds for one Environmental Scientist II position to meet District Board of Health of Clark County Air Pollution Control Regulations and Nevada Underground Injection Control Regulations.
- Refer to motion for approval under item D.
105. **Office of the Military – Adjutant General – FY 01** – Addition of \$240,000 in Federal Funds to expend Master Cooperative Agreement funds for a vault monitoring station at Stead and Best Access Systems installations.
- Refer to motion for approval under item D.
106. **Office of the Military – Adjutant General – FY 01** – Addition of \$135,000 in Federal Funds to fund three additional positions for the Nevada National Guard Construction and Facilities Office.
- Refer to motion for approval under item D.
107. **Office of Veterans Services – Gifts and Donations – FY 01** – Acceptance of \$98,000 in Gifts and Donations to provide for future enhancements and special projects at the Chapel and adjacent fountain area at the Boulder City Veterans Cemetery.
- Refer to motion for approval under item D.
108. **Office of Veterans Services – Veterans Home – FY 01** – Transfer of \$74,487 from Personnel Services category to Operating category to provide food service at the Veterans Home through an independent contractor instead of state employees.

Mr. Chuck Fulkerson, Deputy Director, Office of Veterans Services, introduced Mr. Jon Sias, Director, Nevada Veterans' Nursing Home, currently under construction, and Mr. Larry Berry, Executive Assistant to the Director. Mr. Fulkerson asked Mr. Sias to address the request. Mr. Sias requested the transfer of \$74,487 from personnel services category to operating category to allow the Nevada Veterans' Nursing Home to execute a contract with HDS Food Services to provide food services to the Nevada Veterans' Nursing Home for approximately 10 weeks, from April 15, 2001 to June 30, 2001, for a fee of

\$74,487.

It was Senator Rawson's understanding that the legislative Fiscal Analysis Division staff had recommended the work program be amended as follows:

Category 01 - Personnel Services – should be deaugmented by \$104,877.

Category 04 - Operating – should be deaugmented by \$21,239.

A special expenditure category should be augmented by \$74,487, for the food services contract.

Category 86 should be augmented by \$51,629.

Chairman Arberry asked Mr. Sias if action on this work program could be deferred until the 2001 Legislative Session. Mr. Sias pointed out that this was not an issue of new money, but rather funding that was included in the existing budget that would be transferred from the personnel services and the operating categories to fund a contract with HDS Food Services.

If the committee chooses to approve this work program, Chairman Arberry advised that the request would need to be amended as recommended by the legislative Fiscal Analysis Division staff.

Since completion of the Nevada Veterans' Nursing Home is currently behind schedule, Senator Jacobsen thought it was imperative to do everything possible to expedite the opening of the facility. Senator Jacobsen urged the southern Nevada committee members to visit the site to observe the progress being made. Senator Jacobsen noted that Mr. Fulkerson was replacing the former Executive Director of the Office of Veterans' Affairs, Ray Alcorn, who was forced to retire due to medical reasons, and also that the former Manager of SPWB had left state service. It was Senator Jacobsen's belief that those two staff changes had slowed the progress substantially. Senator Jacobsen reminded the committee that the Legislature had made a commitment to provide a Veterans' Nursing Home in southern Nevada. Although it was his understanding that the Veterans' Nursing Home would open some time during the first part of next year, Senator Jacobsen said that a number of veterans had already signed up to stay there, which had created a logistics problem, and the delay in opening the facility had caused financial problems as well. Senator Jacobsen said he thought Mr. Sias had done an excellent job in keeping the Nevada Veterans' Nursing Home on course and he urged the committee to approve this request.

SENATOR JACOBSEN MOVED TO AMEND THE REQUEST AS RECOMMENDED BY THE LEGISLATIVE FISCAL ANALYSIS DIVISION AND APPROVE AS AMENDED. SECONDED BY MR. HETTRICK AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

- 109. Office of the Attorney General – Special Fund – FY 01** – Transfer of \$1,348 from Reserve category to Nuclear Projects category to continue to address the issue of high level waste storage in Nevada.

Refer to motion for approval under item D.

- 119. Department of Education – Proficiency Testing – FY 01** – Transfer of \$715,655 from Reserve category to High School Proficiency Contract category to move the reserve to high school proficiency per S.B. 555, section 21.7 and Interim Finance Committee approval.

Note: Due to a numbering error, this work program should be 110.

Mr. Douglas Thunder, Deputy Superintendent, Administrative and Fiscal Services, Department of Education, asked for a clarification of whether item 2 under Item C was the same as item 119 under Item D.

In addressing Mr. Thunder's question, Mr. Gary Ghiggeri, Senate Fiscal Analyst, said this request was originally item 2 under Item C, but it was changed to item 119 under Item D because it could not be automatically approved by lapse of time as specific approval is required pursuant to session laws.

Mr. Thunder indicated that the funding in this request could be used for the Proficiency Testing Program in either fiscal year of the biennium. According to Mr. Thunder, there were two components to this request. The first component does not require Interim Finance Committee approval in order for the funding to be carried forward to the second year, but the second component does. When the Department of Education prepared closing statements at the end of the fiscal year, staff was under the assumption that the same provision applied to both components and the funding was automatically carried forward. Subsequently, the Department of Education was advised that the second component required Interim Finance Committee approval. The funding will be used to fund the CTB McGraw/Hill contract to provide services for the High School Proficiency Testing Program and the contract was signed for the two-year period of the current biennium. Because of the

delay in getting the contract negotiated, Mr. Thunder pointed out that the Department of Education was initially unable to use McGraw/Hill's services for the October 1999 administration of the tests; therefore, WestEd was contracted to provide services for that administration.

Ms. Giunchigliani questioned why proficiency testing was being administered in grades 6, 7 and 8 in some of the counties. Mr. Keith Rheault, Deputy Superintendent, noted that the Department of Education requires proficiency testing in grades 4, 8 and 10. He said, however, it was the local counties' decision to use Terra-Nova testing in other grades.

Ms. Giunchigliani wanted to know what purpose it serves to test in other grades. It was Mr. Rheault's belief that the local counties test in other grades for their own internal progression of students moving through the system to determine their level of proficiency before they are required to take the proficiency tests in grades 4, 8 and 10.

Ms. Giunchigliani wondered who was paying for that internal discretion. Mr. Rheault said the funding would have to come out of the local school districts' operating budgets.

Since it was his understanding that the entire \$900,000 appropriation for the current fiscal year was available, Senator Rawson questioned why a transfer of \$715,655 from the reserve category was being requested at this time when McGraw/Hill did not perform services for the entire two-year period of the contract.

In responding to Senator Rawson's question, Mr. Thunder indicated that the contract called for \$900,000 each fiscal year for proficiency testing, plus \$300,000 for Terra-Nova testing for grades 3 and 5, for a total of approximately \$2 million for both fiscal years. Although the contract was for approximately \$2 million, Mr. Thunder said that approximately \$140,000 would not be paid to McGraw/Hill because they were not able to perform the services that were needed in the October 1999 test administration.

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

- 120. Department of Human Resources – Child and Family Services – Community Juvenile Justice Program – FY 01 –** Transfer of \$10,000 from Reserve category to Juvenile Corrections Needs Assessment category to complete contract for a juvenile corrections needs assessment.

Note: Due to a numbering error, this work program should be 111.

Mr. Alden introduced Ms. Willie Smith, Deputy Administrator, Youth Corrections, DCFS, who explained that this request involves a needs assessment study currently being conducted for Youth Corrections. Youth Corrections has contracted with the National Council of Juvenile and Family Court Judges who has subcontracted with the National Center for Juvenile Justice. The needs assessment study is currently in its final stages. The consultants completed their last on-site visit last week in Clark County and in Washoe County where they were examining Youth Corrections' data collection systems in order to do projections on what juvenile justice needs might be over the next several years. The final report is expected prior to the convening of the 2001 Legislative Session, or approximately the latter part of January 2001.

Ms. Leslie expressed concern about the anticipated completion timeframe of the needs assessment study during the latter part of January 2001, because she was unsure whether the Governor would have sufficient time to review the study and, if necessary, adjust the Executive Budget prior to the convening of the 2001 Legislature on February 5, 2001. Ms. Leslie also asked Ms. Smith if she expected to have any preliminary recommendations or an Executive Summary earlier than late-January of 2001. Although the consultants had not planned to provide a preliminary report, Ms. Smith said she would contact them to see if it would be possible for them to prepare a preliminary report. In addition, Ms. Smith pointed out that the contract was approved in January of 2000, and the consultants came to Nevada in February of 2000 to meet with her and DCFS Administrator, Steve Shaw, to be sure they understood the scope of work. The consultants made their first on-site visit in February of 2000, after which time they made several on-site visits across the state. Ms. Smith stated that: "I think that they have just been trying to hold off to give the state the final report without causing any undue alarm about anything."

Since she would rather know sooner than later if there was going to be "undue alarm about anything," Ms. Leslie said it would be helpful, especially to the Governor's Office, to have an idea of what the recommendations were going to be as early as possible so a determination could be made whether there would be budget implications.

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

121. REQUESTS FOR POSITION RECLASSIFICATIONS:

Note: Due to a numbering error, this item should be 112.

- (1) Office of the Secretary of State, reclassification of position number 0008, from Management Assistant III, grade 27-8, \$35,182, to Personnel Technician III, grade 29-8, \$38,335.
- (2) Department of Administration, Risk Management, reclassification of position number 0005, from Program Assistant III, grade 27-8, \$32,176, to Program Officer I, grade 31-6, \$35,057.
- (3) Department of Administration, Risk Management, reclassification of position number 0008, from Program Officer II, grade 33-8, \$41,729, to Safety Specialist III, Training, grade 35-8, \$45,601.
- (4) Department of Administration, Purchasing Division, position number 0009, from Program Assistant III, grade 27-5, \$31,027, to Program Officer I, grade 31-3, \$33,742.
- (5) Department of Information Technology (DoIT), Director's Office, position number 0052, from Management Assistant I, grade 23-1, \$22,487, to Personnel Technician I, grade 25-1, \$24,325.
- (6) DoIT, Communications Division, position number 0002, from Communication Systems Supervisor, grade 37-8, \$54,517, to Computer Network Specialist III, grade 40-7, \$59,675.
- (7) Department of Business and Industry, Real Estate Division, position number 0055, from Accounting Specialist, grade 27-5, \$28,375, to Compliance/Audit Investigator, grade 30-4, \$30,860.
- (8) Department of Human Resources, Division of Mental Health and Developmental Services, position number 520, from Medical Office Assistant II, grade 25-8, \$29,545, to Medical Records Technician I, grade 29-6, \$32,176.
- (9) Department of Human Resources, Division of Mental Health and Developmental Services, position number 817, from Medical Office Assistant I, grade 23-1, \$20,566, to Medical Records Technician II, grade 31-1, \$28,375.
- (10) Department of Human Resources, Health Division, position number 0014, from Program Officer I, grade 31-1, \$28,375, to Health Resource Analyst I, grade 32-1, \$29,545.
- (11) Department of Human Resources, Health Division, position number 0005, from Grants and Projects Analyst Supervisor, grade 37-8, \$54,517, to Health Program Manager I, grade 37-8, \$54,517.
- (12) Department of Human Resources, Division of Child and Family Services, position number 0010, from Mental Health Technician III (50%), grade 26-1, \$12,653, to Public Service Intern I (50%), grade 27-1, \$13,164.
- (13) Department of Employment, Training and Rehabilitation, position number 0231, from Accounting Specialist, grade 27-1, \$24,074, to Accountant Technician I, grade 30-1, \$27,206.

This item was withdrawn.

- (14) Department of Motor Vehicles and Public Safety, Compliance Enforcement Division, position number RE5522, from Emission Control Technician II, grade 30-1, \$27,206, to Program Assistant II, grade 25-1, \$22,237.
- (15) Nevada Department of Transportation, position number 067046, from Communications Systems Manager II, grade 39-8, \$54,559, to Information Systems Manager I, grade 41-8, \$59,779.

The previous position reclassification requests were approved in a blanket motion under Item D.

Chairman Arberry called for a 30-minute break.

After reconvening the meeting, Chairman Arberry said he would hear testimony on Item N.3 - California-Nevada Super Speed Train.

E. STATEMENT OF CONTINGENCY FUND BALANCE.

After directing the committee's attention to the schedule under Item E in Volume V of the meeting packets, Mr. Stevens

reported that the current balance in the Interim Finance Committee's Contingency Fund was \$583,070. If all of the requests before the committee today were to be approved, Mr. Stevens said the balance would be reduced to \$44,540.

Mr. Marvel wanted to know whether all of the allocations made for fire suppression had been repaid. While some of the fire suppression costs had been repaid, Mr. Stevens noted that the criteria for providing the Nevada Division of Forestry (NDF) with Contingency Fund allocations had been changed at the Interim Finance Committee's September 12, 2000, meeting and NDF was allowed to retain some of the funding to help defray fire suppression costs during the summer of 2000.

F. REQUESTS FOR ALLOCATION FROM THE CONTINGENCY FUND:

1. Department of Education.....\$ 53,530

Mr. Rheault explained that the request for \$53,530 would pay for additional costs for the TerraNova Testing Program in grades 4, 8, and 10 as a result of testing more students than were originally projected. Since the passage of Senate Bill 70 by the 1999 Legislative Session had modified the accountability reporting of students taking the exams, the Department of Education is now required to report all students who take the exams as well as all students who do not take the exams because if 90 percent of a school's students do not take the exams, then that school is required to provide a report to the Department of Education regarding the students' classification. In addition, the total contract cost of the TerraNova Testing Program was approximately \$6,000 more than was actually budgeted.

Senator Neal wanted to know the reason for testing children in grades 4, 8 and 10. Mr. Rheault indicated that the TerraNova test provides the Department of Education with a perspective as to how well students are scoring against all other students across the country that are taking the same test. Secondly, the results of the tests are used in the Department of Education's accountability system to identify schools needing improvement. If 40 percent of the students, as an example, in a particular school score in the bottom quarter of the students across the nation, in all four testing areas, then the Department of Education identifies those schools as schools needing improvement and those schools would qualify for school improvement funding. In addition, Mr. Rheault pointed out that the 1999 Legislative Session approved two new tests that were criterion referenced and based on standards and he thought those tests would give a more accurate picture of a student's general knowledge as far as curriculum-related questions.

Ms. Giunchigliani wanted to know how many schools in the state have been deemed as in need of improvement at the present time. It was Mr. Rheault's recollection that 23 schools out of a total of 420 had been deemed as in need of improvement during the current school year.

It was Ms. Giunchigliani's understanding that four schools were erroneously designated as being in need of improvement due to an error made in scoring by McGraw Hill (CTB). Mr. Rheault said the error occurred in FY 1999, but when CTB rescored the science piece, three out of the four schools were dropped from needing improvement.

Ms. Giunchigliani wondered if the Department of Education had made a comparison of the cost of remediation in those 23 schools deemed in need of improvement to the cost of providing adequate funding in the first place.

Mrs. Cegavske inquired as to whether there had been any improvement in the timeframe required for the tests to be scored and returned to the schools, especially those schools deemed as in need of improvement. Mrs. Cegavske also wanted to know whether parents were being advised of the test results and how they might help their children improve their scores. It was Mr. Rheault's understanding that the test results had been received within the specified timeframe during the last two years. While he could not speak for all of the school districts, Mr. Rheault said he had received his daughter's test results at his home address about a week and half ago for TerraNova testing, which included a clear summary of subjects where improvement could be made. According to Mr. Rheault, the TerraNova tests were given in October. It was Mr. Rheault's belief that improvements had been made in this area since he had not received any complaints.

To respond to Mrs. Cegavske's concerns, Mr. Rheault agreed that a random sampling was needed to determine whether additional improvements were needed because he thought the schools could always do more to improve their communication with the students and the parents.

SENATOR O'DONNELL MOVED TO APPROVE THE REQUEST. SECONDED BY MR. PARKS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

A copy of the resolution adopted by the committee is included in the meeting minutes as Exhibit A.

2. State Board of Examiners:

(a) Statutory Contingency Fund.....\$110,000

Mr. Perry Comeaux, Director, Department of Administration, apprised the committee that an allocation in the amount of \$110,000 was being requested to replenish the Statutory Contingency Fund. He directed the committee's attention to page 58 in Volume V of the meeting packets for a listing of expenditures from the Statutory Contingency Fund. It was Mr. Comeaux's belief that this allocation would keep the Statutory Contingency Fund solvent until about March 31, 2001, at which time a supplemental appropriation would be requested to provide the necessary funding for the remainder of this fiscal year. Mr. Comeaux said that the Statutory Contingency Fund had been an especially difficult account to estimate particularly because of the huge increase experienced in Post Convictions this fiscal year. He pointed out that a fiscal year expense history on page 59 in Volume V of the meeting packets shows that the expenditures for Post Convictions were much higher in FY 2000 than in any other year within the last 10 years. Since all of the payments were court ordered and must be paid, Mr. Comeaux said this request was necessary.

MR. MARVEL MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

A copy of the resolution adopted by the committee is included in the meeting minutes as Exhibit B.

(b) Stale Claims Fund.....\$375,000

After directing the committee's attention to a schedule for the Stale Claims Fund on pages 60 – 63 in Volume V of the meeting packets, Mr. Comeaux said he hoped that the allocation of \$375,000 from the Contingency Fund would be sufficient to pay stale claims through March 31, 2001, at which time a supplemental appropriation would be requested to provide the necessary funding for the remainder of this fiscal year. The current balance in the Stale Claims Fund is \$44,343 and he estimated that at the current rate of spending the fund would be in a deficit position by approximately \$375,000 by March 31, 2001.

It was Mr. Perkins' recollection that the Interim Finance Committee had approved several allocations from the Contingency Fund for the Stale Claims Fund during the current biennium and he wondered why expenditures had increased over past interims. After referring the committee to a history of stale claims over the past four fiscal years on pages 64 and 65 in Volume V of the meeting packets, Mr. Comeaux indicated that stale claims expenditures were higher in FY 2000 than in any of the three previous fiscal years. In addition, Mr. Comeaux said that he had intentionally been as conservative as possible in his estimates to prevent having to request allocations from the Contingency Fund because of the increased demand on that fund.

Mr. Perkins asked Mr. Comeaux if there was anything that could be done differently to address this problem. Mr. Comeaux thought one solution was to have a higher beginning balance in the Stale Claims Fund. While he thought it would be an insignificant amount in the total budget, Mr. Comeaux suggested budgeting for stale claims either in a separate line item or separate category in current operating budgets so they could be handled as current claims. Mr. Comeaux said he intended to present a proposal to the 2001 Legislative Session to address this issue.

Senator Neal wondered whether the name of the fund could be changed. Mr. Comeaux said he would assume the name could be changed. Senator Neal wanted to know what would be the Legislature's legal obligation if the name of the fund were to be changed.

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

A copy of the resolution adopted by the committee is included in the meeting minutes as Exhibit C.

G. STATE PUBLIC WORKS BOARD:

1. Request authority to accept federal funds for the construction of the United States Property and Fiscal Office on the site of the Nevada National Guard/State Command Complex.

Chairman Arberry recognized Mr. Dan O'Brien, the new Manager of SPWB replacing Eric Raecke. After he introduced Mr. Ward Patrick, Deputy Manager, Mr. O'Brien requested that item 3 be withdrawn from the agenda. He said Project No. 99-M08 would be addressed at a later date. Mr. O'Brien requested committee approval to increase the scope and spending authority by \$5,088,000 for the construction of a new United States Property and Fiscal Office at the Nevada National Guard State Command Complex, Project No. 99-C3. The Nevada National Guard has obtained 100 percent federal funding for this

addition to the Readiness Center currently under construction and the state has already funded the advanced planning. In order to meet federal requirements, Mr. O'Brien indicated that the design must be completed and the project bid by September 30, 2001; thus, it was imperative that SPWB move forward on this project. Mr. O'Brien directed the committee's attention to the letter from Lt. Colonel Wayne K. Dreyer on page 67 in Volume V of the meeting packets, which stated that \$396,351 had been approved for the design and \$4,471,600 had been approved for the construction, for a total of \$4,867,951, which is approximately \$220,000 short of the amount being requested. According to Mr. O'Brien, the Nevada Guard Bureau has determined that it will need to provide \$220,000 for the data and telecommunications, as well as the furnishings and equipment for this project.

MR. HETTRICK MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

2. Request a change of scope for Project No. 99-C-16, Student Development Center, Truckee Meadows Community College, Phase I.

Mr. O'Brien requested the committee's approval to use approximately \$700,000 from Phase I construction funds to fully design Phases II and III of the Student Development Center. The original project was supposed to create 55,000 square feet of shell space only. Since that time, Truckee Meadows Community College (TMCC) has requested that the square footage of the shell space be reduced to 45,000 square feet in order to meet the budget. The proposed 2001 CIP Project No. 01-C20 contains the remaining design costs and construction costs for Phases II and III, as well as a request to build a new Plant and Facilities/Central Receiving Warehouse structure, but it has not yet been approved by the Legislature. In order to have a better project and one in which SPWB would design all phases, Mr. O'Brien said there were two options, which are as follows:

Option 1 - reduce construction funds for the shell building. An early bid for earthwork and utilities could be let in the spring of 2001. This work would use a portion of the remaining Phase I construction funds to establish a building pad, resolve uncertainties of underground utilities, and prepare the construction site. If Option 1 were to be approved, SPWB anticipates completing the project in the fall of 2002.

Option 2 – the shell building drawings would continue, with bids commencing in August or September of 2001. Shell completion estimated in spring of 2002. When CIP Project No. 01-C20 is approved, SPWB would move forward with the construction phases and the project would be completed in the summer of 2003.

Mr. Perkins expressed concern that approval of this request would provide approval of design phases that have not yet been approved by the Legislature. In addition, it was Mr. Perkins' belief that approval of this request would obligate the 2001 Legislature because the preliminary work would have already been done. Mr. Perkins suggested deferring this request until the 2001 Legislature convenes so that the entire 2001 CIP could be discussed as one package and priorities could be set for each project. While he realized that the original project called for shell space only, Mr. O'Brien maintained that another project was anticipated to complete the shell space; otherwise, the building would not serve any useful purpose.

It was Mr. Perkins' recollection that this building was originally going to be built with funds from an outside grant, but the funding did not materialize. Mr. Perkins expressed concern that if the committee were to approve the request, this project would become a part of the 2001 CIP without prior approval and prioritization from the Legislature.

Senator O'Donnell asked for a clarification. He wanted to know whether the building was in the design phase or construction phase. Mr. Ward Patrick, Deputy Manager, SPWB, apprised the committee that SPWB was in the mid-point of designing the shell and that Mr. John Richardson, President, TMCC, was available to respond to questions.

Senator O'Donnell said he would agree with Mr. Perkins that this request should be deferred.

Chairman Arberry announced that this item was deferred.

3. Transfer funds from Project No. 99-M08, HVAC Systems Renovation for the Mental Health/Developmental Services, Desert Regional Center (Las Vegas), to Project No. 00-M25, Life Safety Upgrade, Southern Nevada Adult Mental Health Services, Building No. 3.

This item was withdrawn.

4. Request to use funds from Project No. 99-S4A, Advance Planning, for the design of the new State Motor Pool in Las Vegas.

Mr. O'Brien explained that the current lease agreement between the State of Nevada and Clark County Aviation (CCA) for the State Motor Pool in Las Vegas expires on May 31, 2002. The letter from CCA on page 76 in Volume V of the meeting

packets indicates that it has agreed to extend the lease by 6 months, or until May 31, 2002. Mr. O'Brien requested approval to transfer \$70,000 from Project No. 99-S4A Advance Planning, for the design of the new State Motor Pool on the University of Nevada, Las Vegas (UNLV) campus. The design will be done in-house and the funds used for civil engineering, survey, soils report, mechanical engineering, and drafting services. According to Mr. O'Brien, SPWB staff had met last week with the Vice President of Administration, UNLV, and SPWB has received a Letter of Commitment from UNLV for the site. Mr. O'Brien urged the committee to approve this request so that SPWB could move forward with the design in order to make sure that the Motor Pool would be off the property when the lease expires on May 31, 2002.

Since he thought UNLV was very pressed for space, Senator Rawson expressed an interest as to where the new State Motor Pool would be located. Mr. Patrick said the State Motor Pool was a 3,000 square foot project that was viewed as a shared facility where UNLV would use half of the facility for its motor pool. Mr. Patrick indicated that SPWB had received positive feedback from UNLV and UNLV had provided a Letter of Commitment for the land. The State Motor Pool will be located near the Central Services facility, which is a new building that was purchased by UNLV from Boeing Aircraft and which is located in the Thomas and Mack parking lot.

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

5. On behalf of the Department of Administration, a request for authorization to expand the scope of the Summit View Youth Correctional Center, Las Vegas, and to increase spending authority to include funds of approximately \$350,000 remaining from bond sale.

Mr. O'Brien requested committee approval to expand the scope of the Summit View Youth Correctional Center and increase the spending authority to include funds of approximately \$300,000 remaining from a bond sale. SPWB has received a request from Deputy Administrator Willie Smith, Division of Child and Family Services (DCFS), to utilize funds remaining from the bond sale for additional items necessary at the Summit View Youth Correctional Center. Mr. O'Brien referred the committee to a list of those items on pages 79 and 80 in Volume V of the meeting packets. It was Mr. O'Brien's understanding that the original project called for a gymnasium, but it was never completed. The additional funding will provide for appropriate floor covering, heating, insulation, fire sprinkler, and bleachers for the gymnasium, plus an air curtain, medical alcove camera, site signage, and landscaping.

Chairman Arberry wanted to know what had happened to the money that was originally placed in the budget to build the Summit View Youth Correctional Center. Mr. Patrick indicated that this project was originally intended to be included in the 1997 CIP; however, it was removed to be administered through the Department of Administration and the Purchasing Division. Mr. Patrick said that Ms. Smith was available to respond to questions.

Chairman Arberry expressed his dismay about SPWB's practice of taking money out of one project for another project. It was Mr. Patrick's belief that this project was within the scope of the original budget because \$350,000 was available in accrued interest from escrow.

Chairman Arberry said he wanted to be assured by SPWB that this money would not be moved to another project. Mr. O'Brien said he would guarantee that this money would not be moved to another project and that this facility would be completed.

**MRS. CHOWNING MOVED TO APPROVE THE REQUEST. SECONDED BY
SENATOR MCGINNESS AND MOTION CARRIED UNANIMOUSLY BY VOICE
VOTE.**

6. Transfer funds from certain 1999 CIP Prison maintenance projects to the High Desert State Prison, Project No. 99-C01, and increase the spending authority accordingly.

Mr. O'Brien requested committee approval to transfer funds from five 1999 CIP Prison maintenance projects to the High Desert State Prison (HDSP), Project No. 99-C01. According to Mr. O'Brien, the Nevada Department of Prisons (NDOP) anticipated receiving approximately \$3.7 million from a federal incentive grant. Mr. O'Brien directed attention to the information on page 83 in Volume V of the meeting packets which indicates that SPWB had been notified that the amount of the federal grant would be \$2,714,726, less 10 percent for aftercare, leaving \$2,443,253 for Project No. 99-C01 construction, or a shortfall of \$1,260,959. Mr. O'Brien said, however, that the amount necessary to cover the federal grant funding shortfall had been reduced from \$1,260,959 to \$1,013,095. Since the NDOP maintenance projects listed on page 83 would be deferred and requested at a later time, Mr. O'Brien requested approval of the transfer of funds.

Senator O'Donnell questioned the need to replace fire hydrants at Southern Nevada Correctional Center (SNCC). According to Mr. Patrick, CIP No. 99-M28 was approved by the 1999 Legislature. It was Mr. Patrick's understanding that there were a number of maintenance issues associated with the fire hydrants and also they did not meet current fire/life safety standards. Mr. O'Brien indicated that the work could be delayed because the prison was closed at this time.

Chairman Arberry asked the SPWB staff to provide legislative Fiscal Analysis Division staff with a revised project budget for each of the projects from which funds would be transferred, as well as a detailed description of the work that has been completed on each project, plus the work that would not be completed on each project as a result of the transfer of funds to CIP No. 99-C01.

To respond to a question from Senator O'Donnell, Mr. O'Brien noted that approximately \$327,904 out of a total of \$419,336 that had been dedicated for sewage plant improvements at institutions statewide, but had not yet been started, would be transferred to HDSP. In addition, approximately \$268,568 remaining from \$360,000 that was dedicated to repairing housing unit wing gates at Southern Desert Correctional Center (SDCC) would be transferred to HDSP. He noted that Phase II of HDSP would connect SDCC and HDSP from one generator; thus, the emergency generator replacement at SDCC would not be needed at this time.

It was Chairman Arberry's understanding that when the project management and inspection fees that were budgeted for the Lied Library construction project (CIP No. 97-C16) were combined with the project management and inspection fees that were budgeted for both phases of HDSP, SPWB was budgeted to receive over \$2 million in fees from those projects. He said, however, because of cost overruns in those projects, SPWB would collect only \$708,618 of that amount, which would represent a reduction in SPWB's revenue of almost \$1.3 million. Chairman Arberry wondered whether SPWB would be able to fund its operations during FY 2001 if it does not receive most of the management and inspection fees for three of its biggest projects.

In responding to Chairman Arberry's concerns, Mr. Patrick apprised the committee that SPWB had included a disclaimer, particularly on CIP No. 97-C16, CIP No. 97-C15, and CIP No. 99-C11, when the project cost estimates were submitted to the Legislature, indicating that SPWB, as part of this project, was requesting authorization to shift funds from various line items to create a successful project. Mr. Patrick indicated that SPWB was considering using approximately \$150,000 that had not been expended for the project management and inspection staff to finish those projects. He also pointed out that approximately \$800,000 was available for expenditure in project management and inspection fees in CIP No. 97-C01 as well as approximately \$450,000 in CIP No. 99-C01. Although SPWB provided project scheduling and budget sheets on those projects at the last Interim Finance Committee meeting, Mr. Patrick indicated that recent project schedule and budget sheets indicate that SPWB has either already obligated or intends to use all of the project management and inspection fees in CIP No. 99-C01 for completion of a successful project and that \$355,000 would be retained in CIP No. 97-C01 to complete that project.

Chairman Arberry said he wished to clarify whether SPWB does or does not intend to use the project management and inspection fees as an additional contingency for the Lied Library project. Although the disclaimer had been used as a decision-making tool in the project cost estimate, Mr. Patrick said that SPWB had not yet decided at this point in time whether to tap into that resource in order to complete the Lied Library project.

Chairman Arberry expressed concern that if the committee were to approve this request, SPWB would continue to use the project management and inspection fees as a contingency for overruns. Mr. Patrick said that SPWB had viewed the approval process for that particular item as being an executive branch decision because it was within the scope of work.

While it was not the function of the committee to micromanage SPWB, Chairman Arberry said he did not believe it was appropriate for the Legislature to approve funding for specific projects and then SPWB be allowed to use its own discretion to move the funding from one project to another. Mr. O'Brien said it was not his intent to continue this practice.

Chairman Arberry asked Mr. Wasserman if it was legal for SPWB to use project management and inspection fees that were authorized by the Legislature to address project overruns. Mr. Wasserman opined that historically the committee had interpreted Section 28 of the CIP bill as allowing the movement of money within a project to different phases of that project, upon approval of the Interim Finance Committee.

It was Senator Rawson's belief that without contingency money, SPWB would essentially build less than the Legislature approves. He also contended that by allowing SPWB to transfer funds from one project to another, one or more projects would eventually end up short changed. Senator Rawson thought it was appropriate for the committee to review and approve any fundamental changes in the scope of a project. Even though he realized that the committee had approved similar requests in the past, Senator Rawson said he was not comfortable continuing this policy. He also suggested that a contingency could be

approved at the time the project was approved by the Legislature so SPWB could build to the full extent of that project. Senator Rawson said he was prepared to make a motion to approve this request so the projects could be moved along, but with the proviso that it was a one-time action.

As Chairman of the Assembly Committee on Ways and Means, Chairman Arberry said it was his intention to tighten up the language in the CIP bill during the 2001 Legislative Session to prevent a similar recurrence in the future.

**SENATOR RAWSON MOVED TO APPROVE THE REQUEST WITH THE PROVISIO
THAT IN THE FUTURE THE COMMITTEE WOULD BE ALLOWED TO REVIEW
AND APPROVE ANY FUNDAMENTAL CHANGES IN THE SCOPE OF A PROJECT.
SECONDED BY SENATOR O'DONNELL AND MOTION CARRIED UNANIMOUSLY
BY VOICE VOTE.**

Mr. Patrick said he wished to clarify that the committee was making a one-time exception for the Lied Museum project and HDSP and Chairman Arberry answered affirmatively.

7. Request to enhance the scope of Project No. 99-C11, UNLV Lied Library Furnishings, to include certain additional construction costs and costs associated with a third-party financial/claims audit.

Mr. O'Brien requested the committee's approval to use funds from Project No. 99-C11 (UNLV Lied Library Furnishings) for construction costs incurred for Project No. 97-C15 (UNLV Lied Library Construction) and for costs associated with a third-party financial/claims audit. Mr. O'Brien said he toured the site last week and the Vice President for Administration at UNLV provided him with a list of furnishings that were required. During the past two weeks, SPWB staff has been meeting with the Office of the Attorney General's staff to review approximately \$4.3 million in claims that the subcontractor on this project has filed against the contractor. He noted that an additional \$1.3 million in claims was possible. In order to get a handle on the situation, SPWB staff has been doing some investigations, interviewing project inspectors and managers, and other people who were involved in this project. Since SPWB has requested a third-party financial/claims audit be done on this project, Mr. O'Brien said that \$135,000 from this request would be used for that purpose; \$10,000 for additional Americans with Disabilities Act (ADA) construction needs, \$2,500 for courtyard exits, \$25,000 to build a window wash ladder, and existing and anticipated construction proposal requests from Tibesar Construction for approximately \$260,000, for a total of \$432,500. According to Mr. O'Brien, SPWB had hired a firm to review the claims to try to determine SPWB's liability exposure.

It was Senator Rawson's understanding that there were insufficient funds remaining in the project budget to finish the project. Mr. O'Brien said that if the cost of the claims were to be added, there would not be sufficient funds to finish the project.

Senator Rawson wanted to know when the claims against the contractor were expected to be settled or adjudicated. Mr. O'Brien noted that an interview process had been setup with the general contractor and the subcontractors so they could explain their claims. Although he was not prepared to speak to why the claims had not been addressed during the past year, Mr. O'Brien said an analysis of the claims would need to be done before SPWB would be able to provide a cost estimate to finish the project.

Senator Rawson opined that the Legislature might need to provide additional funding to finish this project.

**MR. PARKS MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR
O'DONNELL.**

To respond to a question from Mr. Dini, Mr. O'Brien said that SPWB would be hiring a claims specialist as well as financial auditors to do the claims audit.

Mr. Dini thought it might be appropriate to have the Legislative Auditors conduct an audit of this project.

Chairman Arberry agreed with Mr. Dini of the need for a legislative audit and he asked Director Malkiewich if it would be possible to place this issue on the agenda for the next meeting of the Legislative Commission.

Although the meeting was posted today, Director Malkiewich said it would be possible to repost the meeting because it was not going to be held until Monday, December 11, 2000.

Chairman Arberry asked Mr. Malkiewich to place an item on the agenda for the December 11, 2000, meeting of the Legislative Commission to request a legislative audit of the Lied Library project.

Mrs. Chowning asked for an update on the gymnasium at HDSP. As discussed previously, Mr. Patrick said it was SPWB's

intention to use two of the four cafeterias for the gymnasium. At the current time, basketball and weight-lifting equipment have been setup in the cafeterias for exercise purposes.

Chairman Arberry called for a vote on the motion.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

8. Current Project Status Report.

There were no comments or questions from the committee on this item.

H. REQUEST BY KNPB CHANNEL 5 PUBLIC BROADCASTING FOR ALLOCATION FROM TOBACCO SETTLEMENT FUNDS (A.B. 474 – 1999) - \$611,796.

Mr. Rick Schneider, President and General Manager, Channel 5 Public Broadcasting, said he wished to provide an update on Channel 5's fund raising activities toward the digital television (DTV) conversion and to request an initial disbursement of funds from A.B. 474, which appropriated \$1 million to Channel 5 (KNPB) in Reno and \$1 million to Channel 10 (KLVX) in Las Vegas for the federally mandated DTV conversion. Pursuant to A.B. 474, each station is required to raise \$3 million to match the state's \$1-million appropriation. Since Channel 5 has received commitments of approximately \$1.8 million to date, Mr. Schneider requested an initial disbursement of \$611,796 from the state's \$1-million appropriation. According to Mr. Schneider, Channel 5 would continue its fund-raising efforts and it expects to reach the \$3 million match. Mr. Schneider thanked the committee for its support and he said that the 3-to-1 matching requirement in A.B. 474 had been very helpful when asking prospective donors for contributions.

Mr. Perkins said he wished to clarify whether Channel 5 had received \$1.8 million in commitments or whether \$1.8 million had been deposited in the bank. Mr. Schneider stated that Channel 5 had received \$1.8 million in firm commitments supported by written documentation.

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

A copy of the resolution adopted by the committee is included in the meeting minutes as Exhibit D.

I. DEPARTMENT OF HUMAN RESOURCES, DIRECTOR'S OFFICE – APPROVAL OF GRANT AWARDED TO THE DEPARTMENT OF EDUCATION AND NEVADA MEDICAID BY THE TASK FORCE FOR THE FUND FOR A HEALTHY NEVADA.

Ms. Debbra King, Chief Financial Officer, Director's Office, Department of Human Resources, introduced Ms. Chrystal Main, Grants Manager. Pursuant to A.B. 474 (1999 Legislature), Ms. King apprised the committee that 50 percent of the tobacco subsidy funds were deposited into the Trust Fund for a Healthy Nevada. Of that 50 percent, 20 percent was allocated to two grant funds; namely: Tobacco Cessation and Improve Health of Children and Disabled Persons. Since NRS 439.630 requires that grants from those funds that are allocated to state agencies be approved by the Interim Finance Committee, Ms. King said she was requesting approval of the two grants that were awarded by the Task Force for the Funds for a Healthy Nevada to the Nevada Medicaid's Maternal Obstetrical Management Service (MOMS) Program to provide smoking cessation counseling to pregnant women and to the Department of Education to conduct the Youth Tobacco Survey. Ms. King directed the committee's attention to pages 118 and 119 in Volume V of the meeting packets, which provides a listing of the grants approved by the Task Force.

MR. PERKINS MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR MATHEWS AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

J. DEPARTMENT OF HUMAN RESOURCES, WELFARE DIVISION - RECOMMENDATION CONCERNING SOCIAL SECURITY JANUARY 2001 COST-OF-LIVING ADJUSTMENT.

Mr. Michael Willden, Administrator, Nevada State Welfare Division (NSWD), requested the committee's approval of NSWD's recommendation to pass along the January 2001 Cost-of-Living Adjustment (COLA) increase of 3.5 percent, or approximately \$18, to Supplemental Security Income (SSI) recipients. He said the federal monthly SSI payments were increasing from \$512 to \$530, and with the state amount, the total payment to an Adult Group Care Facility would be \$880. NSWD is recommending to increase the Personal Needs Allowance (PNA) from \$81 to \$84, and to pass the remainder of the COLA increase of \$15 along to the Group Care Operators, increasing their monthly payment from \$781 to \$796, effective

calendar year 2001. According to Mr. Willden, the 1999 Legislature, by a Letter of Intent, required NSWDC to come back to the Interim Finance Committee each year for approval of NSWDC's proposal for passing along the COLA increases to SSI recipients.

It was Ms. Giunchigliani's understanding that the Group Care Operators claim their operating costs exceed their budgets and she wondered if Mr. Willden could speak to that issue. Mr. Willden said he had heard testimony in previous legislatures that some of the Group Care Operators were experiencing \$1,200 to \$1,400 shortfalls each month; however, he did not have any current information on that issue.

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

K. REQUEST FOR REIMBURSEMENT – CHINA SPRING YOUTH CAMP EXPANSION – (S.B. 570) - \$55,650.

Mr. Steven Thaler, Director, China Spring Youth Camp, requested reimbursement of \$55,650 for an expansion program at China Spring Youth Camp pursuant to Senate Bill 560, which appropriated \$2,800,000 for improvements to and the expansion of the China Spring Youth Camp.

To respond to a question from Senator Jacobsen, Mr. Thaler said that last summer's fire had not caused any damage to the Camp, but the fire had come within about one-quarter of a mile of reaching the Camp.

MR. HETTRICK MOVED TO APPROVE THE REQUEST. SECONDED BY SENATOR NEAL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

A copy of the resolution adopted by the committee is included in the meeting minutes as Exhibit E.

L. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF STATE LANDS.

1. Lease of two buildings at the Stewart Facility.

Ms. Pamela Wilcox, Administrator, Division of State Lands, requested committee approval to lease two residences at the Stewart Complex to a Carson City community service group known as Friends in Service Helping (FISH). The organization has a program called FISH Emergency Referral Services Program that provides services to the homeless. The homeless program has been in existence since Governor Bryan's administration. Building 62 is an old residence currently being used by FISH as a dormitory for the homeless. FISH wishes to renew its existing lease agreement with the state that was executed in 1992. FISH will be paying \$200 per month for Building 62.

In addition, Ms. Wilcox requested committee approval to lease Building 110, which is in need of renovation, at the Stewart Complex. FISH will renovate the building using privately contributed monies to bring the building up to code and fully operational. When the remodeling is completed, it will provide lodging for up to 16 men and a live-in staff person. FISH will be paying \$244 per month for Building 110.

Senator Rawson said he saw no documentation in the meeting packets that the lease agreements had been approved by the Board of Examiners. Ms. Wilcox acknowledged that the leases had been on the last Board of Examiners' meeting agenda, but they were deferred because additional information was requested about the history of FISH's homeless program. Since the information has been provided and the leases would be on the December 14, 2000, Board of Examiners' meeting agenda for approval, Ms. Wilcox said that the Interim Finance Committee's approval would be contingent upon the Board of Examiners' approval.

Senator Rawson asked Ms. Wilcox whether it would impede the programs if the committee were to defer approval of the leases until the leases were approved by the Board of Examiners. Ms. Wilcox indicated that the existing lease agreement for Building 62 could be continued on a month-to-month basis. She said, however, Building 110 was a new lease agreement and since grant funds were involved to do the building renovation, she would like to see this new lease move forward.

SENATOR JACOBSEN MOVED TO APPROVE THE TWO REQUESTS CONTINGENT UPON APPROVAL OF THE TWO LEASES BY THE BOARD OF EXAMINERS. SECONDED BY MR. MARVEL AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

2. Lease of Cottage No. 3 at Northern Nevada Children's Home Campus.

Ms. Wilcox said this was a continuing lease of Cottage 3 at the Northern Nevada Children's Home complex in Carson City. Cottage 3 is being leased to the Volunteers of America (VOA), which is a program operated in cooperation with DCFS. Cottage 3 will be used to operate a residential and treatment program for children unable to function in regular foster care due to behavioral/emotional problems. The VOA will be paying \$926.10 per month for this continuing lease. Ms. Wilcox noted that this lease agreement had been approved by the Board of Examiners.

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

M. STATUS REPORT ON THE IMPLEMENTATION OF INSITE FINANCIAL ANALYSIS MODEL – FOX RIVER LEARNING, INC.

Mr. Larry Maloney, Client Satisfaction Manager, Fox River Learning, Incorporated, as well as Manager in charge of the InSite Financial Analysis Model implementation for the State of Nevada, told the committee that the implementation of the InSite Financial Analysis Model would analyze \$2.6 billion in school district expenditures throughout the State of Nevada. With the assistance of an overhead projector, Mr. Maloney said he wished to walk through the process that has been undertaken to analyze the expenditures and the type of results that are now available to anyone in the entire state.

The first slide shows an example of a general ledger for a school district in the State of Nevada. The general ledger would contain such items as fund codes, function codes, and objects. Each of the line items would be analyzed from four filters. The first filter would examine 100 percent of the dollars spent by the education agency from one of five functions; i.e., instruction, instructional support, operations, other commitments, and leadership. Within each of those functions, there is a breakdown of detailed functions, which can give more detailed information on expenditures for the education agency. In looking at the breakdown of expenses for instruction, for example, there are five detailed functions within that category, which are as follows: instructional teachers, substitutes, paraprofessionals, pupil-use technology, and instructional supplies. Each of the five functional codes has this type of detailed breakdown available.

The second filter would examine all of the expenditures throughout the education agency by program. There are six basic program categories that comprise such areas as general education, vocational education, special education, and Title I. There are also subprograms available within the program breakdowns. Thus, each school district within the State of Nevada has the ability to track up to 590 educational programs in this specific feature of the software.

Due to time constraints, Ms. Giunchigliani suggested that it would be more meaningful if Mr. Maloney were to provide his presentation to the money committees during the 2001 Legislative Session. Since she had observed from the information contained in the pie charts on pages 8 and 9 in Volume VI of the meeting packets that most of the school districts were spending within 40 to 50 percent of per pupil cost on actual instructional support, except for Clark County, which was spending about 34 percent, Ms. Giunchigliani thought it might be helpful to the money committees if Mr. Maloney were to better segregate what each school district was actually spending. Mr. Maloney indicated that this information was currently available as a result of the process that had been undertaken.

Vice Chairman Rawson apologized for the abbreviated presentation. Vice Chairman Rawson told Mr. Maloney that the committee believes the implementation of a financial analysis program to track education expenditures to individual schools and provide for uniformity in financial reporting among school districts was a very good idea. Vice Chairman Rawson thought it was important for the money committees to review this program in depth during the 2001 Legislative Session prior to continuation of the program and/or approving additional funding. Mr. Maloney said he was available to respond to questions from members of the committee prior to the 2001 Legislative Session if they would call him at 888-297-8440.

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

N. INFORMATIONAL ITEMS:

1. Legislative Counsel Bureau – Six-Month Audit Reports.

There were no comments or questions on this item.

2. Office of the Governor – Agency for Nuclear Projects – Report on Nuclear Waste Disposal Issues.

Mr. Loux noted that there had been several questions posed at the committee's last meeting about low-level waste transportation and other related issues. Since that time, Mr. Loux indicated that Director Kirkland had provided the committee with a memorandum of clarification and, at the request of the Governor, he had provided a memorandum of clarification as well. Mr. Loux said he would be happy to respond to questions from the committee regarding low-level waste transportation.

3. Status Report – California-Nevada Super Speed Train.

Chairman Arberry recognized Mr. Jack Libby, Chairman, California-Nevada Super Speed Train Commission. Mr. Libby introduced Ms. Richann Johnson. After thanking the committee for its previous support, Mr. Libby told the committee that he and Ms. Johnson had started this project in 1982, and a by-state commission was formed in 1988 since the first 40 miles of the system would be in Nevada and the remaining 230 miles would be in California. Mr. Libby said he had provided a handout to the committee, a copy of which is included in the meeting minutes as Exhibit F. Mr. Libby indicated that the Executive Summary, which was the basis of the study and which cost over \$5 million this year, had been submitted to the Federal Railway Administration (FRA) to "keep Nevada in the hunt" along with six other corridors; i.e., Pennsylvania, Maryland, Georgia, Florida, Louisiana, and California, who are vying to build a demonstration project of the magnetic levitation (maglev) transportation system in the United States. As of September 30, 2000, the FRA was supposed to reduce the selection to two or three corridors. Since that time, the schedule has slipped and Mr. Libby said that no one in Washington, D.C. really wants to make a decision until the new administration has been sworn in. According to Mr. Libby, this indecision has delayed the project because the Commission had hoped to begin work on the Environmental Impact Statement (EIS), which takes about 12 to 15 months to complete and would cost approximately \$2 million for the first 40 miles, and then start preliminary engineering so that by January 1, 2002, the project would be ready to go out to bid to build the first 40 miles to the Nevada border, with the train up and running and ready to be tested for safety conditions by 2003, and with the fare box revenues commencing in 2005.

Continuing his testimony, Mr. Libby apprised the committee that the maglev deployment program was a federal program to address the ground transportation problem in the United States. It was Mr. Libby's opinion that the ground transportation system in the United States was non-existent at the present time. One of the things that the study revealed was that people will get out of their cars, but they will not get out of their cars unless they are provided with better transportation than their cars provide. The present rail system in Nevada was built in the late 1800's, it uses 19th century technology, and it covers about 360 miles. According to Mr. Libby, the grade level would not be a factor for the maglev transportation system. In fact, the Commission had originally considered taking the train along side the power lines, which is the shortest distance between Las Vegas and Los Angeles, but decided against doing so for safety reasons. In the meantime, the federal government has offered the use of the I-15 right-of-way. Since the I-15 right-of-way encompasses about 3,000 feet in some places and the high-speed train would need only 6 or 7 feet, it is currently scheduled to go down the eastside of the I-15 freeway to Primm where MGM plans to build a train station and a maintenance area to take care of the first 40 miles. Because the federal government wants the super speed train to work in conjunction with air transportation, it would prefer to have multi-transportation stations that offer a total package to the passengers coming into Las Vegas, Ontario, Anaheim, or any other location.