MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY SUBCOMMITTEE ON WAYS AND MEANS
AND THE
SENATE SUBCOMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT

Seventy-Third Session
February 17, 2005

The Assembly Subcommittee on Ways and Means and the Senate Subcommittee on Finance, Joint Subcommittee on General Government, was called to order at 8:02 a.m., on Thursday, February 17, 2005. Chairwoman Kathy A. McClain presided in Room 2134 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Ms. Kathy A. McClain, Chairwoman
Mr. Morse Arberry Jr.
Mr. Lynn Hettrick
Mr. Joseph M. Hogan
Mrs. Ellen Koivisto
Mr. Bob Seale

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Bob Beers, Chairman
Senator Bob Coffin
Senator Dean A. Rhoads

STAFF MEMBERS PRESENT:

Steve Abba, Principal Deputy Fiscal Analyst (Assembly)
Bob Guernsey, Principal Deputy Fiscal Analyst (Senate)
Laura Freed, Program Analyst
Anne Bowen, Committee Secretary
Lila Clark, Committee Secretary

Chairwoman McClain called the Joint Subcommittee on General Government to order.

DEPARTMENT OF ADMINISTRATION
BUDGET AND PLANNING (101-1340) – BUDGET PAGE ADMIN – 1

John P. Comeaux, Director, Department of Administration, presented a budget overview for the Department.

Mr. Comeaux stated that the Budget and Planning Division of the Department of Administration was responsible for several tasks; chief among those was preparing and presenting The Executive Budget. When the legislative session was finished it was the Division's responsibility to manage the implementation of the budget over the biennium. The planning portion of the Division also provided training to various state agencies in performance measurement, something of particular interest to the Subcommittee. The Division also employed an economist who forecast and monitored state revenues. Mr. Comeaux noted that the economist was one of the individuals who provided the Economic Forum with some of the data used to make the forecast all agencies had to work with. There were currently 24 positions in the Budget and Planning Division.

The two main enhancements included in the budget were new positions. The first was a request for a public service intern position in Decision Unit E-250. The Division had had a public service intern in the past; however, during the 2003 budget cuts that position was eliminated. Mr. Comeaux was requesting that position be restored, as it was used for research projects and to aid in the completion of the many surveys the Department was requested to perform for the State of Nevada. Many of those survey requests came from the National Association of State Budget Officers, graduate schools, *Governing* magazine, and a number of other sources. Most of those surveys were worth doing because the Division then received the results of the completed surveys.

Chairwoman McClain asked who had been doing this work since the position had been vacant for two years. Mr. Comeaux replied that employees of the Planning Division had been performing those tasks; however, because of staff shortages, they had declined to participate in some surveys.

Mr. Comeaux continued with his presentation. The position of public service intern also helped complete some of the publications the Division was responsible for, the annual report of all the state agencies, and the statistical abstract. Reinstating the position would allow the planning staff more time for performance measurement work with state agencies. It would also provide more time for work on projects, such as the long-term capital improvement program. Mr. Comeaux stated he believed this position was very important and three or four different individuals would probably be utilized in that position during the course of the biennium.

Regarding Decision Unit E-251, Senator Beers asked if it would be possible, as well as beneficial, to directly allocate some of the cost of training to the agencies before the statewide cost allocation. Mr. Comeaux responded that the Department could look at that, as obviously it was possible. The training position was in Decision Unit E-251 and Mr. Comeaux said it would be allocated anyway, so the General Fund would recover the cost, but the benefit to doing it initially was recovering the money initially and not having to wait for two years. Mr. Comeaux noted that was not part of the proposal, but the Department could consider it.

Chairwoman McClain asked Mr. Comeaux to comment on the training position in Decision Unit E-251, the specific tasks involved, and why the position would be unclassified. Mr. Comeaux replied that the position was going to be responsible for curriculum development of the training program, both for external and internal training. The position would also coordinate training and physically provide much of the training. The budget analysts in the Division would also continue to provide training; however, during the past biennium, approximately six analysts spent a great deal of their time developing and delivering the training program. While the analysts would continue to devote time to the training program, the new training position would allow the analysts more time to develop the financial information that was ultimately used to make decisions. The training position would also carry a small caseload of accounts, but the main responsibility would be to develop the curriculum.

Mr. Comeaux stated that the reason it was being recommended that the position be unclassified was that most of the budget analysts were classified;

however, there was one position that was unclassified. Keeping one position unclassified gave the Division a lot of flexibility in terms of candidates for the job. It would provide the same flexibility in hiring for the new proposed position. The new position would receive approximately the same salary, according to Mr. Comeaux.

Chairwoman McClain said she had some concern over all the proposals to make positions unclassified that had previously been classified. A new governor would be elected before the next session who could remove anyone in an unclassified position. She wondered what happened to institutional memory when people could be replaced for any reason. Mr. Comeaux stated that one of the characteristics of most of those positions that were recommended for unclassified service was that they were in management. When a new governor was elected, Mr. Comeaux did not believe anyone would argue with the fact that he or she should have the ability to appoint their own cabinet. He would argue the point that those cabinet members should have the ability to appoint individuals who assisted them in managing their departments.

Mr. Comeaux pointed out that when Governor Guinn took office, his approach had been to give everyone a chance, and as a result he had made very few changes. Traditionally, agency heads did not make that many changes. Mr. Comeaux acknowledged that people in unclassified positions could indeed be in jeopardy when there was a change. Chairwoman McClain said that was her point; there was a big chance of political whim, which would result in political appointments not based on qualifications. Mr. Comeaux addressed the institutional memory concern by stating that there were still many, many positions that remained in classified service. In the Budget and Planning Division, all but one budget analyst position was classified. The only three positions in the Budget and Planning Division that were unclassified were the director, the deputy director, and one budget analyst with the title of chief assistant.

Senator Beers asked if participants in the budget trainings provided by the Division were pre-tested and post-tested.

Stephanie Phenix, Budget Analyst IV, stated that for the Nevada Executive Budget System (NEBS) training, Budget 101 was offered first, as it was a requirement to take Budget 101 prior to NEBS training unless the budget analyst said otherwise. People who had already been involved in the budget process and had working knowledge were not required to take Budget 101 before NEBS training. Ms. Phenix said that because employees did not have to be taught so much about the budget process while teaching NEBS, the plan had worked out quite well. A test had not been given prior to teaching those classes, but during Budget 101 and after NEBS training was complete, questions were asked of the students to determine if they were learning. Senator Beers noted that it was common to have a brief pre-test of participants and a post-test at the end of a class and maintain that data over time in order to measure changes in curriculum.

Senator Beers commented that one of his pet peeves this session was the advent of new performance indicators, which were fine, but he wanted to keep old ones on the budget sheets until data had been accumulated on the new ones.

Chairwoman McClain requested that Mr. Comeaux give the Subcommittee an overview of the Governor-Elect Expense and specifically how the recommended amount of $50,000 was developed. Mr. Comeaux explained that, historically, the amount in that category had been much smaller, approximately $5,000, with only $4,800 having been spent. When Governor Guinn and his team had taken office, began the transition process, and realized how little money was available for that purpose, they had elected to use their own funds. The amount of money for this category had been discussed with the Governor's Office and it had been decided that $50,000 would be a reasonable amount to cover transition costs. Mr. Comeaux said the Budget Division had recommended that amount from the standpoint that if covering transition costs was attempted, there should be a reasonable amount in the budget to do so. Mr. Comeaux noted that there really was no science involved in determining the $50,000 figure. The Budget Division decided that a realistic figure was probably closer to $50,000 than to $5,000. Chairwoman McClain asked if the figure was based upon what Governor Guinn had paid out of his own funds. Mr. Comeaux replied that the $50,000 figure was what the staff in the Governor's Office had submitted.

Chairwoman McClain closed the hearing on Budget Account 101-1340.

DEPARTMENT OF ADMINISTRATION – JUDICIAL COLLEGE/COLLEGE OF JUVENILE AND FAMILY JUSTICE (101-1302) – BUDGET PAGE ADMIN - 9

Chairwoman McClain opened the hearing on Budget Account 101-1302, Judicial College/College of Juvenile and Family Justice. Since there were several people prepared to testify before the Subcommittee, Chairwoman McClain decided to hear the Judicial College budget separately from the College of Juvenile and Family Justice and requested the Judicial College testify first.

Mr. Comeaux presented a brief overview of the Judicial College budget. Mr. Comeaux stated that some years ago the Governor had recommended, and the Legislature had approved, the establishment of a trust fund for both the National Judicial College (NJC) and the National College of Juvenile and Family Court Judges (NCJFCJ). There was a $5 million trust fund established for the NJC and a $2.5 million trust fund established for the NCJFCJ. The stipulation was that the corpus of the trust fund could not be touched, but that any interest earnings on the trust fund would be available to the two institutions to be seed money for any fund-raising efforts and to demonstrate the commitment of the state to help support both institutions. Mr. Comeaux said that in the early 1990s there had been some budget difficulties and those trust funds had been withdrawn and replaced by one-time appropriations given every biennium to the two institutions in place of the interest income that was no longer being earned. Budget Account 101-1302 was the Governor's recommendation that those appropriations be made a permanent part of the budget and be treated as a pass-through appropriation to the Department of Administration for the NJC and the NCJFCJ. Mr. Comeaux said the amount of the appropriation would be $250,000 per year for the NJC and $125,000 for the NCJFCJ. Those amounts would be approximately the equivalent of what interest could have been expected from the trust funds originally established.

Chairwoman McClain asked if Budget Account 101-1302 was a normal budget in that uncommitted amounts would revert to the General Fund at the end of the biennium. Mr. Comeaux stated that in all probability there would be nothing to revert.

Chairwoman McClain noted that the Interim Finance Committee (IFC) had approved $350,000 for the NJC and NCJFCJ, and she wondered if there was a need for the extra $25,000. Mr. Comeaux responded that because the budget situation had been so tenuous the last session, a direct appropriation had not been made to the two institutions, but, rather, a contingent appropriation had been made based upon how revenues came in. At the January IFC meeting it had been decided that there was enough revenue to make the appropriation and it was made. Mr. Comeaux stated he thought the contingent appropriations were in the same amounts, but the amounts included in The Executive Budget were the amounts traditionally provided. Chairwoman McClain requested that staff follow up on that information.

Senator Beers asked what the governing structure was for the NJC and the NCJFCJ and whether there was some responsible oversight in place.

William J. Brunson, Academic Director, National Judicial College, responded that the governing structure for the NJC was an 18-member board of trustees appointed by the American Bar Association Board of Governors and also by the National Judicial College. Mr. Brunson continued and said that a number of Nevadans served on the board, such as former Nevada Supreme Court Justice Deborah Agosti, along with a number of other prominent Nevadans. Mr. Brunson commented that there was a strong governing structure in place.

C. Trace Robbers, Director of Communications, National Judicial College, stated that part of the reason for being before the Subcommittee was to highlight the importance the NJC played in the state, as well as nationally. The economic impact of the NJC was tremendous, according to Mr. Robbers. The NJC had been in existence for more than 40 years and was one of the nation's leading providers of judicial education. Mr. Robbers said that had been accomplished by building on programs and services right here in the state of Nevada. While funding changed from year to year, the NJC placed tremendous importance on being in the state and with having partners at the NCJFCJ and the University of Nevada, Reno. All of those elements played into a very strong program not found anywhere else in the nation. Mr. Robbers said the state's funding allowed the NJC to continue. The NJC brought in 2,700 judges per year, who in turn brought their families and spouses. They flew into Las Vegas and Reno airports, they dined and stayed in hotels, they used recreational activities, which produced an estimated economic impact of $30 million annually. Mr. Robbers said the NJC placed a lot of importance on building partnerships within the state. In Las Vegas, programs were offered through the Boyd School of Law. Programs were not offered just in Reno as the NJC strived for programs and services throughout Nevada. The NJC shared faculty and staff and did things that were good for the state.

Mr. Brunson stated that Nevada judges had the benefit of having the national judicial education opportunity, which was very valuable to the state. The NJC provided eight tuition waivers to the Nevada deputy attorneys general in order for them to participate in some of the programming. Every Nevada Supreme Court Justice had the opportunity to participate in the programs. The NJC facilities were provided for use to Nevada organizations such as the State Bar of Nevada and the Nevada Intertribal Court of Appeals. Mr. Brunson said the NJC had a state-of-the-art model courtroom at the facility. In closing, Mr. Brunson mentioned that the NJC provided education to judges about judicial outreach, which was a program to educate young people about the dangers of underage drinking and driving.

David Humke, Project Attorney, National Council of Juvenile and Family Court Judges, introduced himself and stated that he wanted to say hello to the

Subcommittee and welcome the members back to Carson City. He stated that he had been working for the National Council of Juvenile and Family Court Judges for three years, but it was a place he had wanted to work for about 30 years. Mr. Humke introduced Mary Mentaberry, Executive Director, National Council of Juvenile and Family Court Judges.

Ms. Mentaberry thanked the Subcommittee for inviting the National Council and said she was very happy to be there. She said she wanted to tell the Subcommittee a little bit about the National Council of Juvenile and Family Court Judges. The National Council had been on campus at the University of Nevada, Reno, since 1969. Thanks to a grant from the Max C. Fleischmann Foundation, the National Council had grown from a staff of 2 to a staff of 117 and presently had offices in Reno, Pittsburgh, and Washington, D.C. Ms. Mentaberry stated there were 80 people on the Reno staff and over 23 graduates from the University of Nevada, Reno (UNR). The National Council had become a placement for a number of UNR graduates with Ph.D.s and master's degrees, as well as a number of attorneys from outside the state. The National Council had provided service to the state of Nevada in a number of ways over the past several years. The National Council had developed satellite conferences for juvenile justice and family court judges and developed major national programs, such as the National Conference of Juvenile Justice, which was co-sponsored with the National District Attorney's Association and held in Las Vegas. Ms. Mentaberry stated that the National Council of Juvenile and Family Court Judges trained 25,000 people annually, including juvenile family court judges, juvenile court justice professionals, domestic violence professionals, and child welfare personnel.

Ms. Mentaberry stated that she traveled to Washington, D.C., quite often and was always happy to sit on a plane and tell someone she was from Reno and that the National Council headquarters were in Reno. She believed the national outreach had given a cachet to the state of Nevada and she enjoyed being on the University of Nevada, Reno campus. The National Council did a great deal of work with Jim Richardson at the Center for Justice Studies, which had subcontracted with the National Council on some evaluation work. Ms. Mentaberry said she had heard Senator Beers discussing outcomes, evaluation, and performance and noted that the National Council was very focused in that area. The National Council liked to know that the programs they provided, as well as the hands-on technical assistance provided, really made a difference. Part of the work the National Council did was to go out into communities and help them strategically plan programs for children and families and improve outcomes.

Ms. Mentaberry commented on the Model Courts program sponsored by the National Council of Juvenile and Family Court Judges. Judge Deborah Schumacher was the lead judge of the Model Court in Reno. The National Council had been working with the Model Court in Reno for quite some time in developing collaborations with Child Welfare, developing their data information system, and developing other programs for children and youth. Ms. Mentaberry said the support of the Legislature was very important even though the National Council operated with a fairly large budget of approximately $22 million per year. Most of that budget was program-focused and not focused on core operations of the organization. The money received from the State of Nevada helped support some of the basic work done at the Council. Ms. Mentaberry thanked the Subcommittee for their support.

Chairwoman McClain closed the hearing on Budget Account 101-1302.

DEPARTMENT OF ADMINISTRATION - DIVISION OF INTERNAL AUDIT (101-1342) – BUDGET PAGE ADMIN – 55

Chairwoman McClain opened the budget hearing on Budget Account 101-1342.

William Chisel, Chief, Division of Internal Audits, Department of Administration, presented a synopsis of the Division. Mr. Chisel stated the Division consisted of three sections: Internal Audits, Financial Management, and Post Review. The first section was Internal Audits and its goal was to improve the efficiency and effectiveness of state agencies. Mr. Chisel said this was achieved by going out to agencies and making solution-based recommendations presented in audit reports to the Executive Branch Audit Committee. The Executive Branch Audit Committee consisted of constitutional officers and one outside certified public accountant (CPA). According to Mr. Chisel, that program had been extremely successful, as 82 percent of the recommendations had been fully implemented. In FY2004, for every dollar spent on the Internal Audits section, Nevadans had benefited by $11.90. In addition to the benefits that could be quantified, there were many recommendations issued that were not quantifiable due to data not being readily available to make those calculations. For example, the Division recommended that an agency use indicators of non-compliance, instead of random selection, to improve the efficiency of audits. It was believed that the change had benefited the agency, but to what extent could not be determined.

The second section was Financial Management. Mr. Chisel stated the goal of Financial Management was to aid agencies in maintaining good fiscal internal controls. This was accomplished through training, review of written policies and procedures, and hands-on assistance.

The third section was Post Review. Post Review reported to the State Board of Examiners. Mr. Chisel said with the decentralization of the Integrated Financial System (IFS) process, Post Review went out to the agencies and reviewed their expenditures for compliance with state guidelines.

Mr. Chisel said Budget Account 101-1342 contained Decision Unit E-710, which requested replacement of computer equipment in the amount of $38,000 based upon the DoIT replacement schedule.

Assemblyman Hogan asked Mr. Chisel to comment on the role of the Internal Audits section in bringing some of the newer developments in management techniques and accountability techniques to the attention of agencies. Mr. Hogan felt that was a very important contribution to the effectiveness and efficiency of large agencies.

Mr. Chisel responded that in various ways the Internal Audit section observed methods of management, reporting structures, and use of information technology, but in the Financial Management section the use of communication, management, strategic planning, and risk analysis were emphasized.

Chairwoman McClain thanked Mr. Chisel for his presentation and closed the hearing on Budget Account 101-1342.

DEPARTMENT OF ADMINISTRATION – MOTOR POOL (711-1354) – BUDGET PAGE ADMIN – 59

Chairwoman McClain opened the hearing on Budget Account 711-1354.

Keith Wells, Administrator, State Motor Pool, Department of Administration, introduced himself and stated that the Motor Pool Division operated under the authority of NRS 336. The State Motor Pool had facilities in Carson City, Reno, and Las Vegas, managed a fleet of 744 vehicles, and maintained 15.51 full-time equivalent positions.

Mr. Wells noted that Decision Unit E-250 requested funding for an inmate position for the Las Vegas Motor Pool and would cost $2,000 for each year of the biennium. Decision Unit E-251 provided for demolition of the existing Las Vegas Motor Pool facility at a cost of $60,172 in FY2006. Mr. Wells said that Decision Unit E-710 recommended the replacement of the phone system for the Reno Motor Pool, three Ethernet port hubs, and some computer software, at a cost of $6,678 over the biennium. Decision Unit E-711 recommended depreciation associated with funding for the replacement of 74 vehicles in FY2006 and 77 vehicles in FY2007. The total replacement cost of all 151 replacement vehicles would be $2,662,262. Mr. Wells said Decision Unit E-720 dealt with depreciation allowance and vehicle operating costs associated with the purchase of 41 new vehicles in FY2006, all of which had been requested by agencies. The vehicles would have cost $718,957. In Decision Unit E-721, the agency was requesting $5,574 to purchase automotive carpet cleaners for each Motor Pool facility. Decision Unit E-811 requested an increase in the administrator's salary from $64,304 annually to $72,500 annually. Mr. Wells stated that Decision Unit E-888 was a one-shot appropriation for vehicle operating costs and depreciation associated with 49 additional one-shot vehicles in FY2006 and 5 additional vehicles in FY2007.

Mr. Wells said in addition to the enhancements contained in Budget Account 1354, rates needed to be increased by $13.00 per month and 2 cents per mile on monthly assigned vehicles. The daily rate would increase $2.00 per day, per vehicle, and 2 cents per mile.

Mr. Arberry asked if State Motor Pool was attempting to be competitive with private rental car agencies. Mr. Wells replied that they were. Mr. Arberry commented that private rental car agencies would provide unlimited miles with their daily rate and State Motor Pool wanted to charge 2 cents per mile. Mr. Wells stated that State Motor Pool had always charged a mileage rate, just to cover the operating costs of the vehicle. Private rental companies did not charge mileage, but the base daily rate was higher and they did not provide insurance or fuel.

Chairwoman McClain inquired as to when the present Motor Pool facility in Las Vegas would have to be moved and what the long-term plan was. Mr. Wells replied that the lease expired at the end of calendar year 2005. The goal was to be out of the facility by the end of FY2005. Mr. Wells stated he had submitted a request to the Las Vegas Airport Authority for written instructions as to whether the facility had to be demolished. According to the Airport Authority, the person in the position to make that decision had been on leave, but Mr. Wells relayed the urgency of the need for instructions and was informed it would be handled as soon as possible. Mr. Wells said he had four sites under consideration at the present time. One site was the Sahara Complex, currently occupied by the Nevada Highway Patrol and due to be vacated in the summer of 2005. Cost proposals from three different contractors were to be submitted within the next 15 to 20 days. Another site was located in the southern corridor off Warm Springs by the new airport rental car facility, another was located on Russell Road, and another was located two blocks from the current facility on Paradise Boulevard.

Chairwoman McClain asked about the site on Paradise and commented that it seemed rather close. Mr. Wells responded that the site was not on airport property and was privately-held land.

Chairwoman McClain asked the location of the property on Russell Road. Mr. Wells stated it was at 5055 Russell Road. The Russell Road location was close to Interstate 515 and was a good location because it was a straight route from the airport down Russell Road, which was being enhanced. After leaving the proposed facility it was a ten-minute drive to North Las Vegas by freeway.

Chairwoman McClain commented that the Warm Springs site was close as well, and that was where many of the car rental agencies were moving. Mr. Wells stated the possible Warm Springs site was directly adjacent to the new rental car facility.

Chairwoman McClain asked what the costs would be for the proposed sites. Mr. Wells responded that he did not have the costs yet, but had made it very clear that he had to have those costs within the next two to three weeks.

Chairwoman McClain asked why Mr. Wells was waiting for a response from the airport before the facility was moved. Mr. Wells stated the Las Vegas Motor Pool facility could be moved as soon as another facility was located, but it had been difficult because of costs, and because the size of the project was considered small, it had been difficult to find a qualified and interested contractor.

Chairwoman McClain commented that the possible site on Sahara was obviously farther from the airport, but was not too far. Mr. Wells responded that it was an average of 18 to 20 minutes from the airport.

Senator Beers questioned Mr. Wells' previous estimate of ten minutes to North Las Vegas from the Russell Road location. Mr. Wells admitted it was just an average estimate, but the location was down the road from the on-ramp to the I-515 freeway, making possible freeway travel all the way. Senator Beers asked Mr. Wells how and when he would decide between the four options. Mr. Wells stated he would decide as soon as possible, which would be as soon as he received the three proposals back from the contractors.

Chairwoman McClain asked if it was decided to move the facility to the Sahara Complex, for instance, and some of the rentals would have to be farmed out to private rental agencies, would the Motor Pool need all of the proposed replacement vehicles. Mr. Wells responded that in the current budget there were very few vehicles actually needed for the Motor Pool Division, and those replacement vehicles could be eliminated if the Subcommittee so desired, but he would like to replace some older vehicles that needed to be replaced. Chairwoman McClain asked if those were agency vehicles. Mr. Wells said that was correct.

Chairwoman McClain commented that she utilized a Motor Pool car a couple of days a week in Carson City and was very happy with Chevrolets. She wondered if all the major manufacturers submitted bids for the purchase of those vehicles and the lowest bid was the one accepted. Mr. Wells responded that the State Motor Pool did not necessarily accept the lowest bid vehicle, as there were several factors involved. State Purchasing had price agreements with several vendors. Mr. Wells said customer service from the vendor, longevity of the vehicle, and customer opinion of the vehicle were all taken into consideration when the type of vehicle was chosen. The State Motor Pool also attempted to have a variety of vehicles available.

Senator Beers asked why State Motor Pool had to vacate the premises at the Las Vegas airport. Mr. Wells replied that the airport was expanding, but he had never received a definitive answer as to what was planned for the property. All rental car agencies on airport property were being relocated. Senator Beers asked if other agencies had already been relocated. Mr. Wells responded that major car rental agencies, such as Hertz and Avis, would be relocated to the rental car facility on airport property in order to serve customers from the airport. The majority of agencies were also attempting to locate a second facility away from the airport in order to serve local people and high-end customers, and to avoid airport fees.

Senator Beers asked how the State Motor Pool planned to pay for building a new facility and then moving into it. Mr. Wells explained that if the Las Vegas Motor Pool moved to the Sahara Complex, it was a state-owned facility; the Russell Road facility would provide a cost proposal for a lease/purchase and a cost proposal for a long-term lease; the facility at 4920 Paradise Boulevard was strictly for long-term lease of 20 years; and the facility off of Warm Springs was for lease/purchase.

Senator Beers inquired about the bids that Mr. Wells was waiting for, and said it appeared as though there was going to be some remodeling. Mr. Wells stated that all Motor Pool had requested was a small, 2,000 square-foot building with approximately 1 acre of parking. Senator Beers asked if that building would cost $75,000. Mr. Wells responded that the $75,000 allocated in The Executive Budget was to be used as a "retainer" to secure land. The Division of State Lands had requested those monies because of the difficulty encountered from developers who were reluctant to "tie up" land without receiving a deposit from the prospective buyer.

Chairwoman McClain asked if the Las Vegas airport was going to move the major rental agencies and their vehicles onto airport property. Mr. Wells stated the airport was building what was called a consolidated rental car facility, located off of Warm Springs Road in the southern corridor of Las Vegas. The airport wanted every rental car agency to operate out of their rental car facility. The Las Vegas Airport would operate their own shuttle service and there would be no private carriers. Mr. Wells clarified that a customer would get on an airport shuttle and be driven to the consolidated rental car facility. Rental car counters in the airport facility were being phased out in Las Vegas just as they had been in other airports, such as Denver.

Senator Beers asked if the major car rental agencies were going to have their fleets at the consolidated rental car facility or if customers would then be required to take another shuttle further off-site to pick up the vehicle. Mr. Wells replied that all vehicles would be on-site at the consolidated rental car facility. Senator Beers inquired as to why the Las Vegas Motor Pool was not acquiring space at the consolidated rental car facility. Mr. Wells replied that he believed it would be a mistake to operate on airport property because the costs were prohibitive. In addition, the facility was designed to cater to customers flying in and out of the airport. It would be difficult for customers of Motor Pool who rented on a monthly basis to access services. Mr. Wells stated that 300 customers in the Las Vegas area currently rented on a monthly basis, and if all the requested vehicles in The Executive Budget were approved, that number would increase by 65 vehicles.

Chairwoman McClain commented that she had tried to find the consolidated rental car facility and found it very difficult to locate.

Chairwoman McClain asked if the new rates had been reflected in agency budgets. Mr. Wells stated that it was his understanding that the daily rates were reflected in the budgets, but not the monthly rates. Chairwoman McClain asked what the monthly rate was. Mr. Wells replied that the proposed monthly rate for a compact sedan was $238 per month plus 19 cents per mile. Chairwoman McClain commented that rate was much less expensive than for a standard rental car.

Chairwoman McClain inquired as to what facility the proposed inmate laborers would come from and what the proposed wages would be. Mr. Wells replied that inmates were paid $1.00 per hour to start and could work up to $2.50 per hour within six months to a year. Mr. Wells said he did not know what facility would be supplying the inmate labor but he could find out. Chairwoman McClain commented that the choices could only be Indian Springs for men and North Las Vegas for women. Mr. Wells said that approximately a year before he had been approached by someone at the Department of Corrections to take over their fleet and it had been suggested that the Motor Pool hire inmate labor. It was his understanding that the Department of Corrections had a facility somewhere in downtown Las Vegas that had inmates that could be hired. The Department of Corrections had suggested that Motor Pool fund one position in the proposed budget as a pilot program. Chairwoman McClain wondered if it was in anticipation of Casa Grande being opened. Mr. Wells commented that it very well could be but he did not know for sure.

Chairwoman McClain requested that when Mr. Wells received the contract proposals for the Motor Pool facilities, he notify the Subcommittee of a date when he could present his decision to them so the budgets could be closed in a timely manner. Mr. Wells assured the Subcommittee he would present the information as soon as possible.

Chairwoman McClain closed the hearing on Budget Account 711-1354.

DEPARTMENT OF ADMINISTRATION – MOTOR POOL (711-1356) – BUDGET PAGE ADMIN – 67

Keith Wells, Administrator, State Motor Pool, Department of Administration, presented Budget Account 711-1356. Mr. Wells stated Budget Account 711-1356 was the holding account for funds received from vehicle depreciation, one-shot appropriations, and insurance recoveries from vehicles totaled in accidents.

Mr. Wells stated that Decision Unit E-711 recommended funding for the replacement of 74 vehicles in FY2006 and 77 vehicles in FY2007, for a total biennium cost of $2,662,262. The funding was all for replacement vehicles, not additional vehicles.

Mr. Wells said Decision Unit E-720 recommended the purchase of 41 new vehicles in FY2006 at a cost of $718,957. All the new vehicles had been requested by agencies.

Mr. Wells addressed funding for a one-shot General Fund appropriation in the amount of $1,100,603 for the purchase of 49 additional vehicles in FY2006 and 5 additional vehicles in FY2007. All the one-shot vehicles had been requested by agencies.

Chairwoman McClain commented that if the Motor Pool was planning to outsource, why would they be purchasing new vehicles, but since it had not been decided to outsource that question could not be answered. Mr. Wells reiterated that there were only a few vehicles being requested for Motor Pool; most were already assigned to agencies.

Senator Beers asked Mr. Wells if Motor Pool would be submitting a large amendment to The Executive Budget in light of all the contingencies that had been discussed. Mr. Wells replied if the Motor Pool in Las Vegas was relocated to a new facility and it could continue to be operated as it was currently, nothing would change in the rate structure. Senator Beers asked if Mr. Wells had not said previously that the increased rates were not reflected in the agency's budgets. Mr. Wells replied that the increase for the daily rates was reflected, but not for the monthly assigned vehicle rates.

Stephanie Phenix, Budget Analyst IV, Department of Administration, interjected that the monthly assigned vehicles rate changes were reflected in the agency budgets, but the daily rate changes were not.

Chairwoman McClain asked what impact the daily vehicle rate change would have on the agency's budgets. Ms. Phenix replied that information would be submitted to the Subcommittee.

Assemblyman Hogan asked if Motor Pool had any role in determining what types of vehicles were purchased for individual agencies. Mr. Wells replied that Motor Pool provided agencies with a form to fill out before the budget was submitted. When the form was returned to Motor Pool, it outlined what the agencies wanted in their requested vehicle or vehicles. Mr. Wells stated he reviewed the forms with the agencies to determine if the vehicle requested not only fulfilled the agency's needs, but was in the best interest of the State.

Senator Beers asked if the State Motor Pool had any alternative fuel vehicles in the fleet. Mr. Wells replied that State Motor Pool had a variety of alternative fuel vehicles such as hybrid technology vehicles, natural gas vehicles, ethanol vehicles, propane vehicles, and biodiesel vehicles. Mr. Wells stated that from his experience he believed the future was in hybrid technology, hydrogen, ethanol, and biodiesel. The State Motor Pool currently had approximately ten hybrid vehicles in the fleet; however, those vehicles did not meet alternative fuel requirements established by the federal government. Mr. Wells stated that he had been informed that there was support in Washington, D.C., to approve hybrid technology as an alternative fueled vehicle. The problem was that hybrid vehicles were still gasoline fueled and the federal government was attempting to displace gasoline.

Senator Beers asked if the federal government changed or modified their standard would the State of Nevada follow suit automatically. Mr. Wells replied that the federal government required 75 percent of Motor Pool vehicles to use alternative fuel and that 75 percent could not be hybrid vehicles. The State of Nevada required 90 percent of Motor Pool vehicles to use alternative fuel. Within the 15 percent, from 75 percent to 90 percent, hybrid vehicles could be used because the State recognized hybrid vehicles as alternative fuel.

Chairwoman McClain closed the hearing on Budget Account 711-1356.

DEPARTMENT OF ADMINISTRATION – PURCHASING (718-1358) – BUDGET PAGE ADMIN - 70

Chairwoman McClain opened the hearing on Budget Account 718-1358.

Greg Smith, Administrator, Division of Purchasing, Department of Administration, introduced Lynda Kunter, Management Analyst II, and Mike Kuckenmeister, Chief, Materials Management Section.

Mr. Smith presented an overview of Budget Account 718-1358. Mr. Smith stated the Division of Purchasing operated primarily under NRS Chapter 333 and the primary purpose and mission of the Division was to obtain supplies, equipment, and services in a timely manner in order to secure the best possible value and give all vendors a fair and equal opportunity to do business with the State of Nevada.

Mr. Smith said the three sections of Purchasing were the Contract Services Section, Materials Management Section, and Commodity Food Distribution Program. Mr. Smith noted that the Commodity Food Distribution Program would not be a part of the presentation, according to the agenda. Budget Account 718-1358 contained two requested enhancements. Decision Unit E-225 recommended reinstatement of a $5,000 line item for a buyer and a technical expert from the State for travel to make inspections of equipment for specification items.

Mr. Smith said that Decision Unit E-710 recommended equipment replacement in the amount of $22,603 in FY2006 and $36,080 in FY2007. Those replacements followed the Department of Information Technology (DoIT) standard replacement schedule.

Chairwoman McClain said her question was not directly related to the Division's budget, but she wondered what happened to old computer equipment when it was replaced by new equipment. Mr. Smith responded that Mr. Kuckenmeister handled excess and surplus property and deferred the question to him.

Mr. Kuckenmeister stated that there were a variety of options available for the disposal of old computer equipment. He said that for all the years he had been involved with disposal of computers, or any other state equipment, the State had promoted the reutilization of equipment in State agencies and local governments. To help contain costs and extend the useful life of assets over a longer period of time, the Legislature had given the Division of Purchasing the authorization to donate obsolete computer equipment and other State equipment to nonprofit organizations exempt from sales and use tax. Mr. Kuckenmeister said those donations had been very successful over the years. According to Mr. Kuckenmeister, the Division had worked very successfully with ComputerCorps, an organization in Carson City that refurbished obsolete computer equipment and in turn provided the equipment to low-income families with school-age children. ComputerCorps was also involved in the reclamation of electronic waste. Mr. Kuckenmeister said he had visited the ComputerCorps facility on many occasions and it utilized largely an all-volunteer staff. ComputerCorps had been investigating the possibility of opening a facility in the Las Vegas area. Mr. Kuckenmeister stated the other option available to the Division was to auction obsolete computer equipment at public auctions that were regularly scheduled in Las Vegas and Reno.

Mr. Smith commented that reallocation was the primary goal for obsolete equipment; auction was the secondary goal, with disposal almost never an option.

Chairwoman McClain commented that it was interesting that all of those parts were being recycled because there was a bill before the Legislature this session addressing the recycling of computer parts.

Senator Beers asked Mr. Kuckenmeister to relay to ComputerCorps his willingness and desire to assist them in any way regarding the opening of a facility in Las Vegas. Mr. Kuckenmeister responded that he would be happy to do so.

Assemblyman Arberry requested information regarding the recommendation in The Executive Budget to eliminate Budget Account 718-1364. Mr. Smith stated that Budget Account 718-1364 had been established a number of years ago and it had to do with depreciation of very high-dollar items.

Mary C. Keating, CPA, Administrator, Department of Administration, stated that the Equipment Purchase account had been carried over for years because the Purchasing Division had been in the warehousing business, but had stopped in recent years. It no longer made sense to have two accounts; therefore, Budget Account 718-1364 had been rolled into Budget Account 718-1358, and it was recommended that Budget Account 718-1364 be eliminated. Ms. Keating noted that this was basically an accounting simplification.

Mr. Hogan inquired as to the reason the Department of Personnel had recommended moving the administrator of the Purchasing Division from classified service to unclassified status.

Mr. Comeaux responded that the current Department of Administration was a combination of some agencies that remained from the defunct Department of General Services and the Department of Administration. At the present time, four or five of the division administrators in the Department of Administration were classified positions, basically the leftovers from the old Department of General Services. The other division administrators were unclassified positions. Mr. Comeaux commented that he believed all division administrators should be unclassified.

Mr. Hogan asked if it were more a matter of achieving uniformity within the Department of Administration than the responsibility of the individual positions. Mr. Comeaux replied that he believed it was both. All the division administrators were responsible for managing their divisions. They all operated with very little supervision and the consequence for error was much the same among the division administrators.

Mr. Arberry commented that he disagreed with making all the division administrators unclassified. He stated someone had to retain the institutional knowledge or the State would be on shaky ground.

Mr. Comeaux said he understood Mr. Arberry's concern and noted there was some level of mistrust when it came to people who would be in the position to "clean house." He pointed out that Governor Guinn did not do that when he took office, and he, personally, had never done that. Mr. Comeaux stated that when a division administrator in the Department of Administration decided to leave, he came close to "begging them to stay." Mr. Comeaux said he felt it was important that managers charged with the responsibility of running departments had the ability to select the people who would help them do that. At times there would be a very good reason to make a change. Mr. Comeaux acknowledged there would be room for abuse, but there always was when there was flexibility. He felt the advantages of unclassified division administrators outweighed the potential disadvantages.

Mr. Arberry commented that it was a concern to him, because not everyone was like Mr. Comeaux and Governor Guinn. He said he would not want people who had dedicated their lives to state service to be removed by a new authority because they were unclassified.

Assemblywoman Koivisto asked if employees who were classified earned overtime or compensatory time, and if they were changed to unclassified would they lose those privileges. Mr. Comeaux responded that not all classified employees were eligible for overtime pay; there were exempt and non-exempt classifications. To his knowledge, there were no unclassified employees entitled to overtime pay and compensatory time.

Chairwoman McClain said perhaps some of the positions should be made exempt instead of classified. Mr. Comeaux responded that there would probably be a lot of support for that in certain quarters.

Laura Freed, Program Analyst, Fiscal Analysis Division, said The Executive Budget noted an increase in purchasing assessment revenue in Decision Unit M-100, and she wondered if that reflected a permanent increase in the purchasing assessment revenue paid by other budget accounts

Ms. Keating responded that the purchasing assessment was the main funding source for the Purchasing Division. Ms. Keating directed attention to page Admin-74 of The Executive Budget under Resources, where there were other line items such as Sale of Surplus Property, but those revenues were minor to the Division. Ms. Keating pointed out that reserve levels needed to be reestablished. Federal A87 guidelines allowed a 60-day reserve, and the Purchasing Division never went that high because it was a lot of cash to tie up. The Purchasing Division's funding stream was usually consistent as the money was drawn out of the other budget account. It was not a concern that the money would not be collected so the reserve could be somewhat lower as funding was not an issue. Ms. Keating summarized that the intent was that those who used the agency paid for those services.

Senator Beers asked if the Division liked the changes that had been made to the Nevada Executive Budget System (NEBS) that allowed them to make last minute changes. Ms. Keating replied that from her standpoint the changes were wonderful. The Division had to rely on spreadsheets in the past, and the analysts could only hope they had the latest version of those spreadsheets. Now, what was in the agency budget should be what the spreadsheet showed.

Chairwoman McClain closed the hearing on Budget Account 718-1358.
Chairwoman McClain opened the hearing on Budget Account 713-1346.

DEPARTMENT OF ADMINISTRATION – MAIL SERVICES (713-1346) – BUDGET PAGE ADMIN – 93

Cindy Edwards, Administrator, Division of Building and Grounds, Department of Administration, appeared on behalf of the Mail Services section, Budget Account 713-1346. Ms. Edwards stated that Mail Services provided mail services for most state agencies in the Reno, Carson City, and Las Vegas areas. Those services included all outgoing and incoming mail, certified mail, United Parcel Service (UPS), express mail, and interoffice mail delivery and pickup. The goal of Mail Services was to provide efficient, responsive, economical, and dependable mail service. Exhibit B, Amended Performance Indicators, was presented to the Subcommittee. Ms. Edwards stated that the indicators had been revised because the projected 2005 postage savings and number of pieces mailed that had been submitted in The Executive Budget were actual legislatively approved amounts as opposed to projected amounts. The revised postage savings was higher than originally projected because the proposed upgraded bar coding machine would process more pieces of mail in the same amount of time. Ms. Edwards noted that the projected number of pieces mailed had decreased because new technology had reduced the need for mailing different types of mail. For example, the Welfare Division used to mail medical cards and food stamps, but now clients were issued a universal card to be used for all services, and that card was provided at the Welfare office.

Chairwoman McClain said she was assuming that the $1.2 million projected to be saved on postage was based upon the new equipment that had been requested. Ms. Edwards said that would be a factor. Chairwoman McClain asked if the new equipment had to be totally new, or if there were upgrades available for existing equipment. Ms. Edwards stated the Criterion System letter sorter was the equipment requested, and it was also referred to as the bar coder. It was not a completely new piece of equipment; the front end was being replaced. The front end was basically the camera which read the mail and contained circuit board components. Chairwoman McClain asked if that upgrade cost approximately $350,000. Ms. Edwards stated that was correct.

Chairwoman McClain commented that she had no problem with the transfer of a Mail Services Clerk II position out of Budget Account 713-1346 and into DoIT Computing, Budget Account 1385, as requested in Decision Unit E-900. However, she said she was amazed at the volume of mail that went to DoIT alone, and asked if that mail was comprised mostly of printed computer reports instead of electronic transfer of that information.

Stephanie Phenix, Budget Analyst IV, Department of Administration, responded that the Mail Services Clerk II position had always been utilized solely for DoIT to deliver all the jobs that came from the computer facility, but it was not actually their mail. Chairwoman McClain asked if there were that many reports and jobs printed on paper that needed to be physically delivered. Ms. Phenix responded that it was her understanding there were.

Chairwoman McClain asked about converting the part-time student employee position, vacant since 2002, to a full-time permanent Mail Service Clerk II as requested in Decision Unit E-805. Ms. Edwards responded that a mail route could not be assigned to a student position because student workers under 18 were not allowed to drive State vehicles. Due to the increase in interdepartmental mail, that position was necessary for deliveries. Chairwoman McClain asked who had been making those deliveries in the meantime. Ms. Edwards stated the current staff had been making those deliveries, but it was becoming a problem because of overtime.

Mr. Hogan asked if he understood correctly that the age of the student was the problem and not the status as a student. If a student could be acquired who was 18 or over, the problem would be solved. Ms. Edwards replied that was correct. Mr. Hogan asked if that was a feasible alternative to creating a new full-time position. Ms. Edwards said she could investigate that alternative, but the students were from high school, working part-time, and not 18. Mr. Hogan asked if this was in Carson City, and Ms. Edwards informed him it was.

Senator Beers asked if there had been any recruiting done at the community college. Ms. Edwards replied that she did not know but would attempt to find out and provide the information to the Subcommittee. Senator Beers asked if Mail Services could provide performance indicators on volume of incoming mail in addition to volume of outgoing mail. Senator Beers also requested data on the most recent five years of overtime and compensatory time expense.

Chairwoman McClain closed the hearing on Budget Account 713-1346.

Chairwoman McClain adjourned the meeting at 9:37 a.m.

RESPECTFULLY SUBMITTED:

____
Anne Bowen
Committee Secretary

APPROVED BY:

____
Assemblywoman Kathy A. McClain, Chairwoman

DATE:______________________________

____
Senator Bob Beers, Chairman

DATE:______________________________

EXHIBITS

Subcommittee Name: General Government

Date: February 17, 2005 Time of Meeting: 8:02 A.M.

Bill #	Exhibit ID	Witness	Dept.	Description
	A			Agenda
	B	Cindy Edwards	Mail Service	Amended Performance Indicators