

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON PUBLIC SAFETY/NATURAL
RESOURCES/TRANSPORTATION**

**Seventy-Third Session
April 8, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Public Safety/Natural Resources/Transportation, was called to order at 8:05 a.m., on Friday, April 8, 2005. Chairwoman Kathy 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 COMMITTEE MEMBERS PRESENT:

Ms. Kathy McClain, Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Joseph M. Hogan
Mrs. Ellen Koivisto
Ms. Sheila Leslie

SENATE COMMITTEE MEMBERS PRESENT:

Senator Dean A. Rhoads, Chairman
Senator Bob Beers
Senator Dina Titus

COMMITTEE MEMBERS ABSENT:

None

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Mike Chapman, Program Analyst
Leslie Johnstone, Program Analyst
Linda Smith, Committee Secretary
Lila Clark, Committee Secretary

Chairwoman McClain called the meeting to order and said there would be a budget presentation by the Nevada Department of Transportation, a work session on the Department of Corrections, and three budgets would be closed.

TRANSPORTATION ADMINISTRATION (201-4660)
BUDGET PAGE: NDOT-1 – VOLUME III

Jeff Fontaine, Director, Nevada Department of Transportation (NDOT), said the Department was responsible for maintaining 5,500 miles of centerline highways, including 560 miles of interstate highways, which represented 21 percent of all the 20,500 miles of improved roads. Nevada's roads carried 59 percent of all traffic in the state and 89 percent of all heavy truck traffic. The Department also had responsibility for maintaining 1,015 of the 1,679 bridges in the state. Nevada was a bridge state and Interstate 15 and Interstate 80 were two of the heaviest freight corridors in the nation. Between 1990 and 2003, Nevada's population grew by approximately 85 percent, the fastest in the nation, and during the same time period vehicle miles in Nevada increased by 91 percent.

Mr. Fontaine referred to the Department's budget and said the major resources in the base budget included the State Highway Fund authorization, federal aid, and proceeds from the sale of bonds; no state General Funds were included. The Highway Fund authorization requests were based on close coordination with the Department of Motor Vehicles (DMV) on revenue projections as well as other highway funded agencies on their biennium requests. The State Highway Fund included motor vehicle fuel taxes, registration fees, and the other fees collected by the DMV. The federal aid portion of the proposed budget was based on what was known about the federal highway and transit reauthorization bill, also known as TEA-21, the Transportation Equity Act for the 21st Century. TEA-21 expired September 30, 2003, but had since been extended five times. The extension would expire the end of May 2005. Both the House of Representatives and the Senate Environment and Public Works Committee had passed out bills, with mark up in the full Senate due in the next few weeks. The overall funding level included in the transit bill for the program at the national level was \$284 billion, a number President Bush indicated he could support. Mr. Fontaine explained that the remaining issue in regard to the overall funding level appeared to be how to appropriate the funds among the states. The "donor states" wanted to raise their minimum rate of return from the current 90.5 cents per dollar forwarded to Washington to 95 cents per dollar. Mr. Fontaine said he did not think the change would be possible under the \$284 billion level and still hold the rest of the states harmless. He indicated that there was also some interest in the Senate to increase the \$284 billion funding level. Mr. Fontaine stressed that there was no guarantee there would be a reauthorization bill this year or what the funding levels would be, and he believed that the Department's projection of a 9.2 percent increase over the biennium included in the budget request was conservative. He noted that even if the transit bill was not authorized in 2005, it was highly unlikely that Congress would not do something as a stopgap measure to keep the federal funds flowing to the states.

Mr. Fontaine said bonds were also an important part of the Department's program, the current capital program. The bonds were being used to advance the construction of the Department's super projects. The Department had received approval of the Interim Finance Committee (IFC) to issue \$200 million in bonds in FY2006, and wanted to make sure the Legislature approved the issuance of the bonds prior to bidding out the projects. The estimate for FY2007 was to issue another \$200 million in bonds.

Mr. Fontaine said the expenditures in the base budget included land and building improvements and NDOT's highway construction program, which was by far the largest expenditure item. The NDOT was currently underway with its

largest highway construction program ever with approximately \$700 million in projects under construction. The Department passed through federal funding and some state funding to local entities for off-system projects such as sidewalks, landscaping, and other enhancement projects. There was currently \$85 million in the off-system stewardship projects with the local entities. Mr. Fontaine referred to the super projects, which included the U.S. Highway 95 widening in northwest Las Vegas, the Interstate 15 beltway interchange in Henderson, the Hoover Dam bypass, the extension of the Reno-Carson freeway, and the Carson bypass. Mr. Fontaine explained that the projects would have taken the Department many years to complete on a pay-as-you-go financing system. The \$487 million in bonds that had been issued for the projects since FY2000 had been sold at very good interest rates. The Department estimated that another \$535 million in new bonds needed to be sold to complete the projects, in addition to the \$400 million included in The Executive Budget. There was no doubt that the bonding program was a positive benefit cost ratio because of the low interest rates and accelerated user benefits compared to the overall interest payments. The land and building improvement category included not only the construction contracts, but also the engineering consulting costs, as well as the right-of-way acquisition costs.

Mr. Fontaine referred to salaries and operating categories and said the NDOT was the largest employer of engineers in Nevada; 333 of the Department's 1,721 employees were engineers. Another 763 employees, or over 40 percent of the workforce, were involved in highway maintenance activities. Mr. Fontaine said the operating category included office supplies, asphalt, pavement repairs, and salt and sand for winter operations. The largest line items in the operating category were utilities, maintenance contracts, replacement parts, and other various traffic supplies. Categories such as travel, Transportation Board expenses, and various assessments in the base budget totaled about \$15 million, or 2.4 percent of the overall budget request.

Mr. Fontaine addressed the Decision Units:

- M-101, requested inflationary items that were agency specific, including road maintenance materials.
- M-300, reflected the salary adjustments for retirement, group insurance, and other assessments.
- M-304 and M-305, reflected the recommended cost-of-living adjustments (COLAs) for classified and unclassified employees.
- M-502, a federal program that balanced the revenues and expenditures for bike path planning.
- E-250, represented a request for 22 new positions and associated equipment, travel, and operating costs. Of the 22 new positions, 11 would be located in Las Vegas, 9 in Carson City, 1 in Reno, and 1 in Tonopah. Of the 11 positions located in Las Vegas, 9 would be devoted primarily to project development. E-250 represented a 1.3 percent increase in staffing over the biennium.
- E-275, included a request for a new Storage Area Network System (SANS), internet connections, and computers to allow the Department to connect to the 39 maintenance stations.
- E-325, requested funds to allow the Department to participate in and maintain a freeway and arterial management system, specifically the Traffic Management Center (TMC) in Las Vegas, scheduled to open in June or July of 2005. The Freeway and Arterial System of Transportation (FAST) was a multi-million dollar investment by the NDOT to improve the traffic flow along major highways in Las Vegas through

technology to maximize the efficiency of the existing system and to collect and disseminate information. All the information and the local traffic signals in the Las Vegas valley would be managed at the TMC. Mr. Fontaine said the integrated freeway and arterial street system that would be operated under an agreement with the Regional Transportation Commission (RTC) of Southern Nevada. The TMC would also house the entire southern command of the Nevada Highway Patrol (NHP), which should improve incident response. The revenues in the enhancement category included Highway Fund authorization, rent from the RTC, and transfers from the NHP. The expenses would primarily be for building management as well as paying the Department's proportionate share of the actual operations of the FAST.

- E-710, included replacement equipment, primarily the NDOT's licensed mobile and fleet equipment. The replacement schedule was based on mileage, hours of use, cost of repair, and overall life-cycle costs for the various types of equipment.
- E-720, requested new vehicles and equipment or additions to the fleet. \$1.5 million was included in each year of the biennium for operational equipment, computer safety equipment, and also included a request for \$823,000 in FY2006 for additional equipment for the Las Vegas maintenance operations.
- E-730, provided for construction and maintenance of NDOT buildings, including the grounds, administrative buildings, maintenance stations, and rest areas. The request also included funding for construction of an addition to the headquarters building located in Carson City to accommodate the existing overcrowded conditions and to accommodate staff currently located in other buildings. The request also included funding for a new Las Vegas office to accommodate new staff as well as having the project managers and permitting coordinators all housed in one building.
- E-735, provided funding for the operation and maintenance of NDOT's two airplanes.
- E-811, recommended changes to the unclassified service proposed by the Governor which would affect a total of 9 positions within the NDOT.
- E-850, requested funding for the final two phases of the Integrated Right-of-Way Information Network (IRWIN) which was an automation of the entire right-of-way activities within the NDOT.
- E-851, represented an increase over the base budget for the bonds the NDOT proposed to issue during the 2005-2007 biennium to complete the capital program.

Mr. Fontaine said the remainder of the enhancements covered various interagency transfers for technology.

Senator Rhoads asked what percentage of the \$700 million requested for new construction for FY2006 was state funding. Mr. Fontaine said the NDOT received about \$200 million each year in federal funding and he recalled that in the next biennium the amount would be increased to \$225 million in each year. The numbers were assuming what the base formula funding would be from the Federal Highway Administration. Every year in the Appropriations Act, Congress typically earmarked funding for various projects and the NDOT might receive some additional funding for various projects. Senator Rhoads asked if any state used General Fund money for highway construction. Mr. Fontaine said he believed there were some states that used General Fund money for highway construction and said the Department would be happy to conduct research and return with the information. Senator Rhoads recalled that the last

gasoline tax increase adopted by the voters was in 1992 and noted that at sometime in the future an increase in the tax would have to be addressed.

Chairwoman McClain noted that the NDOT appeared confident that the federal funding would continue, and Mr. Fontaine said he thought there would be widespread revolt in the nation if federal funding was not given to the states for continuation of the highway construction program. Mr. Fontaine pointed out that the funding also provided for transit operations around the country and supported a large number of jobs. He indicated that there might be some slight interruptions in the flow of federal funding, but it would be highly unlikely that Congress would not do something to maintain the federal funding flow at least at the current levels. Mr. Fontaine said it was possible if Congress did not reauthorize the Highway and Transit Bill by the end of May 2005, there might be a short-term, one-month extension. There had been discussion of a one- or two-year extension. Chairwoman McClain asked if the uncertainty affected the bonding, and Mr. Fontaine said he did not believe it did. The money was in the Highway Trust Fund at the federal level, but more importantly, Nevada's bonding was secured by State gas tax and motor vehicle fuel taxes. There was sufficient coverage at the state level.

Chairwoman McClain requested additional information on the donor states and the rate of return referenced earlier in the meeting by Mr. Fontaine.

Mr. Fontaine explained that for many years there were winners and losers in the federal funding program; the winners, or donee states, received more funding from Washington than what they forwarded to Washington in gas taxes and registration fees. The donor states were on the other side of the equation and received less from Washington. During the last reauthorization of TEA-21 in 1998, an agreement was reached that the minimum rate of return for any state would be 90.5 cents on the dollar. The donor states proposed increasing the minimum rate of return to 95 cents on the dollar. Mr. Fontaine commented that at the current funding level of the bill that had been passed out of the House of Representatives and the Senate, the increase would not be possible without reducing the base level funding to the other states. He did not believe that would occur and said the other states needed to be held harmless. Mr. Fontaine thought a compromise needed to be reached that would provide perhaps 92 cents on the dollar, rather than the proposed 95 cents, which might or might not work.

Chairwoman McClain asked if Nevada was a donee state or a donor state, and Mr. Fontaine replied that Nevada was right on the border, about dollar for dollar. In response to a question posed by the Chair on the past funding Nevada had received, Mr. Fontaine said Nevada had done pretty well in recent history in the formula funding. Based on the House bill, preliminary indications were that the State would see about a 25 percent increase in federal funding, slightly less than the national average. The Department thought Nevada deserved more because of significant growth, the large amount of federal lands, and the heavy freight corridors. The State might see more than a 25 percent increase through the Senate bill. Mr. Fontaine said the Department worked very closely with Nevada's congressional delegation. In addition to the formula funding, the Department also looked forward to receiving "earmarked" funds that were included in the bill. In the House bill that was passed out, Nevada's members were able to secure \$108 million in funds that were earmarked for specific highway projects.

Senator Rhoads pointed out that Nevada's Washington Office was extremely vital to the NDOT. He asked if the Department provided any funding to support the Office. Mr. Fontaine said the Department did contribute some funding to the Washington Office and agreed that the Office was very helpful to the Department. Mr. Fontaine said the NDOT was in constant communication with the Office. Over the next six years, \$1.5 billion would be available in funding and it took a great deal of work and effort on the part of a lot of people to "make that happen." Senator Rhoads recognized that the funding that was returned to the states was not automatic and required a great deal of lobbying to obtain. Mr. Fontaine explained that the reauthorization debate taking place in Washington set the funding levels for six years and it was important that Nevada present its issues and make arguments now. In addition to the funding set in the formula, there was also funding available every year through the appropriations process in Congress. Nevada worked very hard with the Washington Office, as well as the Congressional staff, to try to get the additional funds. Senator Rhoads asked if there continued to be "demo projects," and Mr. Fontaine replied that the demo projects were currently called high priority projects.

Chairwoman McClain said that over the years the Department had used \$100 million as the target to meet cash flow needs and she asked if, because of some of the large projects, the NDOT thought a greater balance was needed. Mr. Fontaine said through 2009 the Department was showing a much higher cash reserve, closer to \$200 million. After 2009, the reserve was projected to drop to \$159 million and back down to \$110 million. The bulk of the construction would take place between 2005 and 2009. The Department had increased the reserve to cover the construction period.

Senator Rhoads asked for additional information on the lawsuit with the Sierra Club. Mr. Fontaine said the NDOT was still awaiting a decision from the Ninth Circuit Court of Appeals. The lawsuit brought by the Sierra Club was based on their concerns about the impacts of the widening project on U.S. Highway 95 and the impacts on the health of nearby residents from emissions and toxics that might be emitted into the air. The Sierra Club also had concerns about the inadequacy of the environmental impact statement in addressing other transportation modes, primarily transit and the light-rail system. The lawsuit was filed almost two years after the Record of Decision was received on the project. The Department moved forward on the top priority project for the most congested freeway in the State and was on schedule to complete the project sometime in 2007 on a fast-track basis. The federal district court judge in Las Vegas dismissed the lawsuit, the Sierra Club filed an appeal with the Ninth Circuit, and in July or August of 2004 the Ninth Circuit issued a stay on the project that halted capacity construction of the project. The NDOT was able to continue moving on the project to build interchanges, to move utilities, and the other pertinences, but could not add the lanes on that freeway segment. The Ninth Circuit heard the case in January 2005, and the Department was awaiting a decision. The Department had discussions with the Sierra Club on an ongoing basis to try to resolve their concerns. Mr. Fontaine stated that the Department was attempting to keep the project moving and not bring it to a dead stop.

Chairwoman McClain asked if Mr. Fontaine had any feeling on what the Ninth Circuit's decision might be. Mr. Fontaine replied that he did not. The main concern was the potential health impacts, particularly on children. There were a couple of schools adjacent to the freeway. Mr. Fontaine emphasized that the decision reached by the Ninth Circuit would ripple across the country. If the ruling recommended further study, or if some mitigation was required because

there really was a problem, every city in the country would face the same problem.

Mr. Denis asked how the delay caused by the Sierra Club lawsuit would impact the cost of the project. Mr. Fontaine said there had already been a fiscal impact to the project. The cost of materials in the construction industry was rising much higher than general inflation. For example, the cost of asphalt had increased 30 percent in the last ten months, steel costs had increased over 20 percent, and concrete costs had increased over 15 percent. The project to reconstruct the Rancho interchange, but not include the actual widening from the spaghetti bowl to just east of Valley View, went out to bid in June of 2005. The engineer's estimate at the time the stay was issued was approximately \$55 million; the bid was recently awarded at a cost close to \$61 million. The final phase of the project, to widen the freeway from Valley View all the way to the Rainbow-Summerlin interchange, had already increased by \$10 million. Mr. Fontaine said the Department was still evaluating the numbers, but there was no doubt that inflation alone had caused the cost of the project to increase.

Senator Beers noted there were cost overruns in the capital projects due to steel and concrete and asked if those were part of the increased costs the NDOT was seeing. Mr. Fontaine said steel in particular had increased significantly. Approximately one year ago the Department experienced a near crisis in steel. China and other developing countries were taking all the steel that they could. There were production problems within the United States and the price of steel was going out of sight. Mr. Fontaine said he hoped that as the developing countries attained the ability to produce their own steel and stockpiled the materials that could be used and recycled there would be a leveling off in steel prices. He predicted that the next major increase would be in concrete.

Senator Beers asked the name of the judge who granted the Sierra Club an injunction against the construction. Mr. Fontaine replied that a two- or three-member panel of the Ninth Circuit granted the injunction and said he would forward the names of the judges. The Senator said he thought the names of the judges should be well publicized. Senator Beers pointed out that the Sierra Club was harming Las Vegas far worse since the lack of additional lanes would slow traffic to 10 miles per hour for the bulk of the corridor at least three to five days a week. Mr. Fontaine agreed with the Senator's assessment. The notion that if freeway capacity was not increased somehow people would not come to Las Vegas or drive on the freeways was not reality. Mr. Fontaine stressed the fact that people were driving on U.S. Highway 95, people were continuing to move to Las Vegas and would be driving their cars on the freeway, and the increased traffic would be moving at much slower speeds, resulting in inefficient operation of the freeway, factors which the Department believed would potentially cause more harm than not.

Mr. Fontaine noted that his background was in public health and he said he would be the first to report if there was evidence that there were problems associated with vehicle emissions and toxics and impacts on people, specifically school age children. It was the Sierra Club's contention that the air toxics issue for the U.S. Highway 95 project had not been adequately addressed or studied. Mr. Fontaine said the Department's position was that air quality impact studies were a federal issue because vehicle emissions were occurring throughout the nation and needed to be addressed at the national level. If the studies indicated there was conclusive evidence that there was an air toxics problem, the Department would address the issue and would mitigate whatever needed to be done or would find other ways to move traffic. The Department did not believe

it was appropriate at the project level for the NDOT to have to deal with the issues. Mr. Fontaine pointed out that the NDOT was not the defendant in the case; the Federal Highway Administration and the U.S. Department of Transportation were being sued by the Sierra Club.

Senator Beers asked if there had been similar lawsuits, and Mr. Fontaine replied that the Sierra Club and other organizations had been successful in stopping projects around the country. The closest project in size to the U.S. Highway 95 project was in Utah, Project Legacy. Interested groups were able to get that project stopped because of environmental impacts on wetlands. Mr. Fontaine thought the U.S. Highway 95 project was the first lawsuit related to air toxics and was probably a test case. He added that the NDOT in a short time was able to get nine other very diverse states to join Nevada in filing an amicus brief to defend the case against the Sierra Club.

Chairwoman McClain asked if the Department continued to view the \$1 billion amount as its maximum threshold for bonding capacity. Mr. Fontaine said the Department's overall plan included closer to \$1.1 billion for the entire program. The request for the 2005-2007 biennium was \$200 million in each year and there was a final \$135 million request in FY2008. Based on the current schedule, the last bonding request would come in the first year of the 2007-2009 biennium and that would satisfy the funding needs for the super projects just discussed. The Chair asked if there were any more super projects on the horizon. Mr. Fontaine said there would continue to be more projects. The Boulder City bypass project was one of the Department's original super projects and was currently not funded for full construction. The cost for the bypass project was estimated between \$340 million and \$350 million. The Department was waiting for the final Record of Decision on the Environmental Impact Statement (EIS) for the bypass project and hoped to receive the decision within the next few months. Mr. Fontaine said the Department was beginning to look at the next generation of super projects, including widening the Eastlake freeway in Las Vegas from the spaghetti bowl to Henderson. Interstate 515 would probably need a capacity of 12 lanes and Interstate 15 from Sahara north of the spaghetti bowl had a similar situation. U.S. Highway 95 from Craig Road to Kyle Canyon needed widening as did Interstate 15 from the spaghetti bowl to Apex. In southern Nevada virtually every freeway corridor was under review for either the environmental phase or the design phase. In northern Nevada, there were similar projects, including widening portions of U.S. Highway 395 and Interstate 80.

Mr. Hogan asked about the transportation facilities to serve the new Ivanpah Airport project. Mr. Fontaine said the Airport Authority was currently in the EIS process, which would be a long process since there were so many issues that needed to be addressed. The NDOT had met with the Airport Authority and their consultants and had looked at preliminary traffic numbers. Mr. Fontaine said, in addition to the airport, the Department was currently studying Interstate 15 from Blue Diamond to the south and looking at a number of interchange and capacity improvements. Commercial growth and residential development in Las Vegas was projected to be along the Interstate 15 south corridor which, combined with the new Ivanpah Airport, would require some major improvements in the future.

Chairwoman McClain asked if there were any plans to enhance some of the rural transportation issues, specifically for senior citizens and the disabled. Mr. Fontaine replied that the NDOT's Rural Transit Program received funding for acquisition of buses for the elderly and disabled and more routine fixed-route

bus service. The NDOT had secured additional funds, over and above the formula funds, through Job Access and Reverse Commute, a year-to-year program. Nevada did not receive funds from the Job Access and Reverse Commute program each year. Mr. Fontaine referred to reauthorization and said the Department was attempting to reduce the match requirement. The problem in the rural areas was not getting the equipment but rather being able to meet the 50 percent match for the federal funds. The Department wanted the federal match reduced to 5 percent based on the fact that 86 percent of Nevada's lands were owned by the federal government. Mr. Fontaine said, "People need to get across those lands, therefore, the federal government ought to step up and at least reduce the match requirement on those federal grants." Chairwoman McClain asked how the match reduction had been received and Mr. Fontaine said he did not believe it was included in the House bill, but hoped it would be included in the Senate bill.

Mr. Fontaine referred to the 800 MHz radio system and said the conversion had been completed and was within budget. The Federal Communications Commission (FCC) indicated they were not going to assess penalties or fine the state of Nevada. The system was at least as good as the previous 150 MHz system. Improvements still needed to be made to the system. NDOT staff was reviewing complaints generated by system users. Mr. Fontaine said because Nevada was so large and mountainous there would never be 100 percent radio coverage within the state. It was important that there be coverage in the areas that absolutely needed coverage.

Robert Chisel, Assistant Director for Administration, NDOT, said the Department had transitioned the Highway Patrol and the other Department of Public Safety (DPS) users onto the 800 MHz system in the Reno command area and also the Las Vegas command, areas where there had been trouble getting the 150 frequencies. The rural areas, mainly in the region north of Elko, had not yet transitioned to the 800 MHz system primarily due to the lack of mountaintop facilities. The Department of Information Technology (DoIT) had responsibility for building the mountaintop facilities and had experienced difficulty with permitting with the U.S. Forest Service and the Bureau of Land Management. The DoIT was unable to get the sites completed in 2004, but hoped to have them completed in the summer of 2005. Once the mountaintops sites were completed there would be adequate coverage at least equal to or above what the Department of Public Safety had before and the Elko command could be converted to the 800 MHz system.

Chairwoman McClain asked when the Department anticipated the sites would be completed. Mr. Chisel indicated that delays in permitting resulted in the sites not being completed by June 2005. Most of the permits had been received, with the exception of a permit for utility AC power. Mr. Chisel said the Department did have a permit for solar power but preferred to have commercial power, which was much more reliable. The completion of the sites depended on when the snow melted.

Chairwoman McClain asked if the \$2.6 million would be sufficient to complete the mountaintop sites. Mr. Chisel replied that the \$2.6 million budgeted for the mountaintop sites was not sufficient, however, the Department saved over \$1 million through negotiations with the vendor for the other part of the network and radio upgrades purchased for the DPS. Mr. Chisel said savings also resulted from using state forces for some items; the Metro Police installed radios in Highway Patrol vehicles in Las Vegas. The Department projected \$3.5 million would be required to build the mountaintop sites. Mr. Chisel said

probably 8 out of the 11 original radio mountaintop sites recommended to be built would be completed. Chairwoman McClain asked if the \$3.5 million was included in The Executive Budget. Mr. Fontaine answered affirmatively and said the funding was included in the appropriation under category 22 to the Department of Transportation for the Highway Patrol transition.

Assemblyman Denis asked if the delay in completing the sites resulted in increased costs. Mr. Fontaine said construction costs for the radio sites on the mountaintops had increased. However, the Department had a contract with a vendor to complete the networking, radio infrastructure, and the dispatch equipment for the sites and those costs were not increasing. Mr. Denis asked if the Department would be requesting additional funding to complete the radio system. Mr. Fontaine said he personally had no intention of returning to request additional funding for radios in the near future.

Chairwoman McClain referenced the Department's request for increased staffing and asked why the 3 professional engineering positions would administer and oversee consultant work. Mr. Fontaine explained that the size of the NDOT's program had increased significantly over the years and the Department attempted to respond to the growth by using consultants rather than hiring additional engineers. The Department wanted to make certain that when the program was not at the current peak level, employees would not have to be terminated or would not have sufficient work. The Department had been using more consultants for project designs and was now moving toward using consultants for other activities, including right-of-way acquisition and permitting. Mr. Fontaine explained that an engineer was still required to oversee the various consultants completing the work and said if the Department did not use consultants, many more engineers would have to be hired.

Chairwoman McClain asked if the new Management Analyst position would also oversee consultant work. Mr. Fontaine said the analyst position would be used for fiscal management, and, more importantly, to evaluate requests from within the Department for future information technology projects. He pointed out that the Department was large and was trying to move ahead with technology. There were numerous requests within the NDOT for various applications. Currently, the IT staff was very busy doing program maintenance. The Department wanted to conduct a fair evaluation of the project requests. In response to a question asked by the Chair, Mr. Fontaine said the Department was not required to go through DoIT, but did go through the agency on some of the major projects.

Chairwoman McClain requested information on the Program Officer-Security Manager position. Mr. Fontaine said the NDOT had responsibility for many facilities in Nevada, including 39 maintenance stations, heavy equipment, hazardous materials, and fueling stations. Currently the Department did not have a full-time person devoted to the security of the facilities. The Department had recently instituted a card access system to certain facilities and there were numerous people in and out of those facilities, particularly in the rural areas, who fueled up at the maintenance stations. Mr. Fontaine said the Department felt it was important to have a person devoted full time to assure the facilities were secure and safe.

Chairwoman McClain asked for further information on the additional positions. Mr. Fontaine explained that not using consultants for a project design would require a new engineering squad. He said 5 additional people would be required for every engineer not hired to oversee consultants. Chairwoman McClain

asked where the Department found consultants, and Mr. Fontaine said there was no shortage of consultants in Nevada. Consultants were hired for all types of activities including everything from designing bridges and roads to overseeing hydraulics, to doing environmental bridges. Every two years the Department issued requests for proposals (RFPs) for consultants to be placed on the prequalification list. There were dozens of consultants in a number of different disciplines. The Chair asked where the new engineering positions would be located. Mr. Fontaine said the three engineers would be located in Las Vegas to oversee consultants. The U.S. Highway 95 project was divided into a number of phases and was being designed by a number of consultants. The project manager overseeing the consultants was located in Las Vegas. If NDOT were designing the project, there would be dozens of staff involved.

Chairwoman McClain referred to the Freeway and Arterial System of Transportation (FAST) center and asked if it was correct that a position had been added in error and should be removed from the budget. Mr. Fontaine said the Department was "currently utilizing an existing vacant position in Las Vegas to serve that function." Initially the position had been involved in getting the building ready for occupancy and, at least for the 2005-2007 biennium, the Department hoped to use that position on a full-time basis to manage the building, which was a large building. At some point the vacancy that had occurred as a result of filling the FAST manager position needed to be addressed; the vacancy was a bridge inspector position in Las Vegas. If at a later date it was determined that a FAST center manager was not required to be a full-time position, adjustments could be made internally, but if the manager position was needed full time for the building, the Department might return to the IFC to request a new position.

Mr. Denis asked about the new office space located in Las Vegas. Mr. Fontaine said originally the plan was to use some NDOT surplus property closer to the downtown area to serve as a place where the public and local entities could obtain permits, project approval, and so forth. However, the Department was currently looking at expanding the existing Washington Avenue location and was also planning to move six of the maintenance crews out of the North Las Vegas facility. A six-crew maintenance building was under construction adjacent to the FAST center, which would free up some office space.

Chairwoman McClain requested information on the Integrated Right-of-Way Information Network (IRWIN). Mr. Fontaine said a legislative audit reviewed the Department's right-of-way operations and recommended moving forward with automating all the right-of-way information. The Department had historical right-of-way information located throughout various files in the agency. Staff had to track down data when needed because the information was not automated. The Department was moving forward in the automation process to make the data accessible using off-the-shelf technology so the project engineers had immediate access through a database and the public could also query the files. The IRWIN was a six-phase project; the first two phases had been completed and the detail requirements phase, funded for the 2003-2005 biennium, was in progress. The consultant's report on the detail requirements was expected by the end of June or early July of 2005; the project was on schedule. Mr. Fontaine said he thought approximately \$680,000 would have to be rolled forward to the 2005-2007 biennium in order to keep the work rolling. The amount included in The Executive Budget was to complete the IRWIN, including scanning thousands of documents into the system. Mr. Fontaine said the Department hoped that by the end of the

2005-2007 biennium the IRWIN would be complete. He indicated that the Department had a good handle on the costs, however, if information was provided by the consultant working on the detail requirements that changed the cost estimates, the Department would return to the Legislature or Interim Finance Committee to request an adjustment to the budget request.

Chairwoman McClain asked about the ongoing program costs and Mr. Fontaine said the costs were expected to be approximately \$100,000 each year for licensing and maintenance of the system, or 15 percent of the total cost, which was a standard percentage for that type of project.

Mr. Hogan asked if the approach to resolving the right-of-way problem was tailored to the specific needs in Nevada or was the system borrowed from existing programs. He pointed out that every state had the need to keep up-to-date on right-of-way information. Mr. Fontaine said the Department was looking at systems in other states. He pointed out that Nevada had some specific needs, but the intention of the Department all along was to use some existing technology and perhaps tweak the system to meet the specific needs.

Mr. Denis noted that the IRWIN would provide more efficiency and asked how the new system would impact staffing needs. Mr. Fontaine said the purpose of the system was to provide for more efficiency within the Department and also to make the data more accessible to the public. For the last two or three biennia the Department had requested significant staff increases in the Right-of-Way Division, and virtually every aspect of the Department's business goes through that division. The Division was an integral part of the agency. Mr. Fontaine said he hoped when the system became operational, staffing would be stabilized and it would not be necessary to return to future Legislatures to request additional staff in the Right-of-Way Division. Mr. Fontaine said with the IRWIN there would probably be less reliance on consultants in the right-of-way area.

Senator Beers asked staff if there was a line item for the Freeway Service Patrol that provided more detail. Mr. Krmpotic said he had not seen a specific line item expenditure for the Freeway Service Patrol, but could provide the information. Senator Beers asked for additional information on the service patrol and Mr. Fontaine explained that the Freeway Service Patrol was accounted for in the Department's capital program and said he believed the patrol was funded through federal funds. The Freeway Service Patrol in both Las Vegas and Reno had been one of the most successful programs ever launched by the NDOT. The patrol served thousands of motorists each year and the Department received numerous cards and letters praising the Freeway Service Patrol. Mr. Fontaine said he would provide additional information on the program if the Senator desired. The program in Las Vegas would be a permanent program and in Reno the Department was considering extending the program after the completion of the spaghetti bowl project. Mr. Fontaine said one of the options the Department was considering for future funding of the program was to try to obtain private sponsorship for the patrol. In addition to providing assistance to motorists, the NDOT believed the service helped significantly in the freeway operations. Every minute there was a stalled vehicle on a freeway lane that caused an additional 6 minutes of traffic backup. At Senator Beer's request, Mr. Fontaine agreed to provide the Senator with additional information on the service patrol.

Mr. Denis referred to the SANS project and asked why the system would be leased rather than purchased. Jerry Ross, Chief of Financial Management,

NDOT, said the current plan for the system was for a lease/purchase over a two-year period. The vendor had indicated the costs would be the same whether through an outright purchase in the first year or spread over a two-year period. Mr. Denis noted that the vendor support on the existing system would end in May 2005 and the new system would not be purchased until July 2005. He asked if the Department would operate two months without support. Mr. Ross said the Department was working on an extension of the agreement to take the Department through until the new server was in place.

Chairwoman McClain closed the budget hearing on BA 4660 and said there would be a work session on the Department of Corrections.

Leslie Johnstone, Program Analyst, Fiscal Analysis Division, LCB, said updated population projections had been received from JFA Associates. The projections had changed slightly from the projections included in The Executive Budget. Ms. Johnstone said the Department of Corrections had completed an updated biennium housing plan, which indicated the Casa Grande Transitional Housing Facility would open in December 2005, rather than October 2005 as projected in the Governor's budget. During the last Subcommittee hearing there had been discussion of a phase-in of the inmates as opposed to the current housing plan that showed all the 400 inmates would be moved into the facility at once. Because the budget was highly dependent upon the room and board charges from the inmates, the change in the housing plan would have a financial impact on how the budget would be closed. Ms. Johnstone said there needed to be discussion on what the transition plan would be.

Darrel Rexwinkel, Assistant Director, Support Services, Department of Corrections, said the opening date of the Casa Grande facility had changed numerous times due to various issues including site location and the method of financing the facility. Early in the process, an opening of July 1, 2005, was projected, then the opening date was adjusted to October 1, 2005, in The Executive Budget, and the latest projected opening date was December 1, 2005, for the housing units. The Department anticipated the administrative building might be operational by November 1, 2005, which would allow for admission of the inmates by December 1, 2005. The facility would be fully occupied within four to five weeks. It was hoped that by January 1, 2006, all 400 inmates would be housed in the facility. Mr. Rexwinkel said the inmates would be programmed immediately upon arrival at the facility, which would allow some of the inmates to begin work by January 1st or within 30 days of arrival. The time frame was included in the client-income calculations. The Department had submitted a revised budget to the Budget Division and LCB staff. Mr. Rexwinkel pointed out that many line items had to be adjusted due to the time line changes, resulting in a reduction in General Fund need of approximately \$35,000 over the 2005-2007 biennium.

Chairwoman McClain asked if the Department was secure with the opening date of December 1, 2005. Mr. Rexwinkel said it was his understanding that the facility would be complete and ready for occupancy by December 1, 2005, but pointed out that he had not had any direct discussions with the contractor for a few weeks. Mr. Rexwinkel said Prison Industries was constructing the majority of the freestanding furniture for the facility; the built-in components were the responsibility of the contractor.

Chairwoman McClain asked for information on the time lines for employment of all 400 inmates. Jackie Crawford, Director, Department of Corrections, said there would not be any difficulty finding employment for the inmates. The

majority of the inmate population worked in construction and there was a great deal of demand in the Las Vegas area for construction workers. Not all the 400 inmates would have a job upon arrival at the facility. The Department would hold a job fair, a new concept in Nevada, which would include employer interviews with the inmates, review of applications and resumes, and then a determination on hiring.

Assemblywoman Weber asked when the job fair would be held. Ms. Crawford said the job fair would be advertised and would probably be held in September 2005. The Department held a job fair a few years ago, but at that time did not have a facility for the inmates to transition to. Ms. Crawford noted that there continued to be a great deal of interest on the part of employers in hiring inmates. Culinary skills were sought in addition to construction skills. Individuals who employed the inmates were very pleased with their performance. Ms. Weber asked if the job fair would be held at the Casa Grande facility, and Ms. Crawford responded that the fair would be held at a designated institution.

Assemblyman Hogan said he thought the job fair was a terrific idea. He recognized that employers needed to be comfortable with hiring inmates and suggested it might be beneficial to hold the job fair at a facility such as Casa Grande. A positive location might have some impact on potential employer attitudes and acceptance of the inmates. Ms. Crawford said she would take Mr. Hogan's recommendation into consideration.

Ms. Johnstone continued her presentation and noted that the Southern Nevada Correctional Center (SNCC) was targeted to open as a youthful offender facility. There had been discussion at each of the Subcommittee hearings about the facility, but there was an additional question related to the overall population projection. The Subcommittee needed to consider if there was any reason to not house inmates other than youthful offenders at the SNCC if additional beds were needed that were not available at the other facilities.

Greg Cox, Assistant Director, Operations, Department of Corrections, said the Department could look at housing inmates other than youthful offenders. However, it was better to house the juveniles, or youthful offenders, in a location separate from adult offenders. Mr. Cox pointed out that there were adult and youthful offenders housed at the High Desert facility but the combination was extremely staff intensive because two separate facilities had to be operated within one large facility. Under the prison system, adult offenders were not commingled with the youthful offenders. Scheduling, from visitation to religious programming to everyday activities, was extremely difficult for staff.

Chairwoman McClain asked if the new youthful offender program would have a large impact on the conservation camps. Mr. Cox said the Department had a good relationship with the Division of Forestry (NDF). On any given day there were 900 plus inmates assigned to the conservation camps, a 60 to 70 percent utilization rate of those inmates. Mr. Cox said he did not see any impact on the camp population with the opening of the Casa Grande facility. The Department continued to have discussions with the NDF on how to better utilize the inmates.

Senator Rhoads asked if it was more expensive to operate the Casa Grande facility or the honor camps. Mr. Rexwinkel said it depended on how the numbers were viewed. Looking at the total cost per day, the honor camps

might be slightly less expensive. However, deducting client income from the Casa Grande budget reduced the cost per day of General Fund dollars. There was also a huge lease-purchase amount that had to be budgeted for the honor camps. Because Casa Grande was constructed with Capital Improvement Program money, there was no debt service built into the budget. Senator Rhoads asked for a definition of client income. Mr. Rexwinkel explained that client income included the amount inmates paid for room and board. It was expected that an inmate would be employed within 30 days after entry into the Casa Grande facility. The client income brought into the facility reduced the General Fund cost significantly. Senator Rhoads asked where individuals sentenced for driving under the influence (DUI) would be housed. Ms. Crawford said the DUI offenders would continue to be housed at the Indian Springs camp and some offenders "could even go into the camp area," depending upon the level of their program. She noted that the Department had requested planning money through the Public Works Board to evaluate the entire camp system.

Chairwoman McClain asked Ms. Crawford to explain the difference between the Casa Grande facility and the camp system. Ms. Crawford said the Casa Grande facility was recommended to the Governor and to the Legislature for the sole purpose of getting individuals out of prison. Individuals who were paroled were usually given parole for four to six months, or usually four months in advance. There were now parole stipulations that might require that the individual have a job, a place to stay, or be looking at some type of additional treatment. Those stipulations would not work in a camp environment where the individual was expected to go out and work on the highways or in a forestry area. Currently some inmates waived parole because of not being able to get a job, which resulted in a backlog of the prison population.

Ms. Johnstone referred to the impact of the conservation camp population. Staff had provided members with a summary of the minimum security facilities that detailed capacity versus projected populations in the most recent biennium plan. The summary showed that in FY2006 the overall population in the minimum-security facilities would be 139 inmates below capacity and that number increased to 170 inmates below capacity in FY2007. Ms. Johnstone said that the Subcommittee needed to determine if it would be cost-effective to continue all the conservation camps or to perhaps convert a camp to female population.

Ms. Crawford said the Department was in the process of planning the utilization of the conservation camps. Currently there were two camps devoted to women; the Jean Conservation Camp (JCC), which housed up to 240 women, and the Silver Springs Camp, which housed approximately 112 women and could increase to 125 or 130 with expansion of the camp. The Department wanted to make certain the NDF had ample workforces to continue their projects. The NDF also had to deliver a revenue stream, perhaps up to \$2 million, and had work projects that were part of their budget process. Ms. Crawford said the Department had a commitment to make certain the male camps were filled so the NDF could meet their commitment. Chairwoman McClain asked if individuals in the regular prisons would be moved to conservation camps to keep the numbers up. Ms. Crawford said there were so many individuals moving through the prison system and a non-violent type of person would be moved to a camp. She said the Department tried not to use the "hard beds for the lightweight offenders." Ms. Crawford commented that in her opinion the conservation camp program was the best thing that had happened to the prison program in Nevada in order to better manage the population for the lightweight offenders. The Department had an excellent

classification system in place, which had been validated by Dr. James Austin of JFA Associates.

Ms. Johnstone said the next important item to be discussed was the deferred maintenance projects included in the Director's Office budget. The Subcommittee needed to have discussion on the priorities of the deferred maintenance projects in a manner similar to that used by the Public Works Board in terms of facility analysis that categorized projects based on urgency. One item in particular was the Humboldt Conservation Camp where a budget amendment was received that reduced the size of the project that was to renovate the exterior of the buildings in order to address the sewage treatment ponds located at the Southern Nevada Correctional Center. The members needed to ask what would be accomplished with the \$100,000 remaining in the Humboldt project.

Thomas Glab, Chief of Plant Operations, Department of Corrections, said the Department initially thought funding for the sewer ponds would be provided by a private party, which did not work out. Within the last month the Department had to develop a new plan to fund the ponds in order to open the SNCC facility. Without the sewer expansion the facility could not be opened. Mr. Glab said \$500,000 was recommended to renovate the exterior of the Humboldt Conservation Camp. The camp consisted of three buildings; a housing unit, a multi-purpose building, and a culinary building. The housing unit had metal siding and was constructed in 1986. Mr. Glab said all the conservation camps needed more maintenance than the Department had been able to provide. The remaining funding for the Humboldt facility would be used to provide as much exterior renovation and improvements as possible. The Chair asked Mr. Glab to work with staff on a list prioritizing the work that would be completed with the remaining funding, and Mr. Glab said he would be happy to comply with the request.

Ms. Johnstone said it was recommended that 22.5 full-time equivalent (FTE) positions be added to the medical services budget for the SNCC. The members needed to know how the new positions interrelated with the 3 positions currently located at the Jean Conservation Camp, which was next door to the SNCC. The members might ask if the 3 FTE positions could be allocated to the SNCC in order to have all the services under the main facility.

Dr. Ted D'Amico, Medical Director, Department of Corrections, said when the Legislature approved the Jean Conservation Camp (JCC), the previous Department Director did not think additional medical staff would be required for the 240 inmates that would be housed in the new facility. There had to be an adjustment in medical staff in order to cover the camp appropriately. Some nursing staff was dedicated to the new facility. Dr. D'Amico said the camp population continued to be around 240 and the female population had increased. There were about 530 people at the Southern Nevada Women's Correctional Center (SNWCC). The rules and regulations of the Department did not allow people with certain medical problems to go to camps because there was not staff to attend to those in need of medical care. The women's camps had been designated as adjacent camps and, in order to medically cover the inmates, some medicines were placed at the camps in locked areas and nursing staff was added. There was a full-time nurse at the Silver Springs camp and there were two nursing positions at the Jean camp. Dr. D'Amico said staff had been added at the JCC without adding funding to the budget to support the staff. The gatekeeper for the JCC would be the SNWCC and nursing personnel needed to be retained at the camp. Dr. D'Amico noted that it did not appear

the inmate population would decrease. In planning the staffing for the SNCC, the Department planned for up to 600 bunk beds for inmates. Medical services included an infirmary, an x-ray machine, a clinic operation, and the facility was staffed specifically for male inmates; the Department did not consider coeducational services for the facility. Because the SNWCC was the gatekeeper, the Department retained a minimum amount of staff at the Jean camp.

Chairwoman McClain asked Dr. D'Amico for clarification on the number of inmates Dr. D'Amico referred to at the SNCC. Dr. D'Amico said the SNCC would support 600 inmates. Staffing was based on approximately 450 inmates. The Chair asked if there would be 22.5 medical positions at the SNCC, 3 positions at the JCC, and 26 medical positions at the SNWCC. Dr. D'Amico replied yes. She asked where women housed at the JCC went for more extensive medical care. Dr. D'Amico said it was much easier to move people to the gatekeeper facility, SNWCC, now that the Department operated both of the facilities. There were many occasions where an inmate might be moved to the southern Nevada facility for a temporary period of time to allow for consultation, x-rays, laboratory work, or intensive care, and then the patient would be moved back into the camp.

Ms. Johnstone referred to the Correctional Programs budget and said the policy consideration for members was the three grant programs from two federal funding sources. She said federal funding for the Residential Substance Abuse Treatment program (RSAT) had gone down significantly. The proposal submitted by the Governor's Office and the amendments recently received recommended continuation of the WINGS program, without any increased General Fund, but there had been some internal movement in the General Fund to back-fill some of the grant funding loss for the WINGS program. In FY2007 the amount was approximately \$85,000 General Fund for WINGS, which was not an increase from the amount originally included in The Executive Budget, but it would be General Funds dedicated to WINGS where there was currently not any. The second area for the Residential Substance Abuse Treatment grant was the OASIS program fund at the Southern Desert Correctional Center and that was recommended in The Executive Budget to be back-filled with General Fund dollars of \$524,000 in FY2006 and \$550,000 in FY2007. Ms. Johnstone referenced the Going Home Prepared grant funding that was a three-year grant scheduled to terminate at the end of FY2006 and The Executive Budget recommended continuing that program with General Fund dollars of \$363,000 in FY2007. Ms. Johnstone asked the Subcommittee to consider the policy implications of back-filling a grant program with General Funds or to discuss the RSAT and the Going Home Prepared grant programs with the Department.

Chairwoman McClain said she wanted the members to voice their thoughts on the grant funding. Mrs. Gansert said she thought using General Funds was precedent setting and the Subcommittee might want to strongly consider the recommendation.

Senator Beers agreed with Mrs. Gansert and said the Subcommittee probably should not support the recommendation. He asked if the federal government indicated why the grant funding was reduced.

Dorothy Nash Holmes, Mental Health Programs Administrator, Department of Corrections, said the grant funding had fluctuated each year. President Bush had recommended \$78 million for the program and Congress reduced the

amount to \$25 million. Congress was considering increasing the funding. Ms. Holmes said the funding appeared to be based on federal politics and what was happening at the time. She stated that Congress had been trying to siphon money off all the federal grant programs to pay for the war in Iraq.

Senator Beers asked if the RSAT grant funding supported the WINGS and the OASIS programs, and Ms. Holmes responded affirmatively. Ms. Holmes said the RSAT grant funding was for residential substance abuse treatment and every prison in the nation having the grant was "doing a therapeutic community as we are." The grant specifically required that the individuals in treatment be segregated from the rest of the population and have a minimum of six to twelve months of treatment. Ms. Holmes stated that the requirements were very concrete and were basically being followed by the WINGS and OASIS programs. Senator Beers noted that dollars for federally funded programs were frequently reduced or eliminated. Nevada historically had not replaced federal dollars with State dollars and the Senator commented that it would be precedent setting for the State to take over a federally funded program. Chairwoman McClain pointed out that the Millennium Scholarship Program was also precedent-setting.

Mr. Rexwinkel said in the past when the RSAT funding had been reduced the Department made decisions on how best to utilize the federal funding that was available. The issue was not so much about continuing the OASIS program with General Fund dollars, but whether to continue the OASIS using program staff. If the program staff was removed, correctional staff needed to be added back in, which would cost more money than what was currently being expended for program staff. Mr. Rexwinkel said there continued to be a 25 percent match from the Inmate Welfare Account for both the OASIS and the WINGS programs. Mr. Rexwinkel pointed out that the small amount of General Fund component included in the WINGS program was to address the shortfall in the RSAT funding. Mr. Rexwinkel said the RSAT funding might be sufficient, but the amount of funding would not be known until the grant was received.

Ms. Holmes asked to address the policy issue and said the Department had determined by individual assessments, as well as the intake procedures, that 80 to 90 percent of the inmates coming into the Nevada Department of Corrections entered with drug and alcohol problems, regardless of the crime committed. Through the individual assessments, which determined the level of treatment needed, the Department actually documented addiction on 60 percent of the inmates. The OASIS program was the Department's only treatment program for southern Nevada, the highest area for inmate drug use and also the highest area for smuggling. The Department was working closely with the narcotics task forces in southern Nevada, drug dogs from the Metropolitan Police Department were utilized, and there was a more intensive effort in the area, which was one of the reasons that when there had been extra RSAT funding in the past, a second treatment program was initiated.

The WINGS program in northern Nevada increased from 85 beds to 104 and then to 172. Many more addicted people were entering the system. Ms. Holmes pointed out that the OASIS program in the south addressed a tremendous need, and she stressed that the need would not go away if treatment went away. She said the Department had a tremendous success rate with the OASIS program, which had been operational for two years, and currently there was a 4 percent recidivism rate, an unheard of rate. Even if the national average was met, which reduced the recidivism by 30 percent, Nevada

was still doing very well. Ms. Holmes said there was no reentry program two years ago, an inmate was placed on the street with a check in the amount of \$21 and a clean pair of blue jeans and nothing more. Through the Going Home Prepared program, processes began for obtaining identification cards and connecting with the community to obtain jobs for the inmates. Ms. Holmes stressed the need for staff to mobilize and coordinate those processes at the remainder of the prisons. She said the prerelease resource at the remainder of the prisons consisted of a case worker, called a prerelease officer, who filled out the paperwork to pass on to the Division of Parole and Probation. The Department planned to use the Going Home Prepared facility as a discharge unit in the south with full services and have existing staff train staff in the remainder of the state and in the reentry processes. Ms. Holmes said the WINGS and OASIS programs were absolutely critical for the Nevada Department of Corrections; two areas that the Department had previously been weak in. She noted that federal funding would be received for a program called the Second Change Act which continued reentry. A federal grant was recently issued to the Department of Labor to come up with reentry money for community-based and faith-based organizations to work with departments of corrections having reentry money. All the focus of community-based efforts, faith-based efforts, and federal government efforts was on reentry. Taking Nevada out of the running for the grant would set the State back on the gains made in the past four years and would result in the State being ineligible to receive any future reentry funds. Ms. Holmes said she thought as a policy decision it was critical that the OASIS and the WINGS programs be continued.

Chairwoman McClain asked how the programs were being integrated with the Casa Grande facility. Ms. Holmes said the program contract for Casa Grande would be let in a request for proposal (RFP) to a local nonprofit community organization, but the same sort of methods would be used. The individuals would be removed from expensive prison beds in the last four to six months and be placed in the Casa Grande facility to begin working and making outside connections. Ms. Holmes said there were 11,400 prisoners and 4,000 to 5,000 inmates were released each year that needed reentry assistance. At the present time no prerelease planning was provided, which meant individuals being released had to find a place to live and attempt to find employment.

Chairwoman McClain asked how many of the individuals released stayed in Nevada. Ms. Holmes replied that the numbers were being compiled and were part of the Department's evaluation. There were statistics that were put in place as goals for the project. Ms. Holmes said currently there were 168 inmates in the unit and 20 or 30 on the streets and 5 that had completed the project. She said all the inmates that had gone out of the facility were in Nevada.

Mrs. Gansert asked for a summary sheet that included data on the numbers transitioning out, numbers in the different programs, numbers that could be fed to Casa Grande, and other related numbers, in order to provide members with the big picture of where everyone was going. The report should include information on the people outside the established programs who were not being captured and the recidivism rates on the individuals who had completed the various programs. Mrs. Gansert said she would like to see everything in a snapshot to see what had been effective and she suggested including a row on the spreadsheet detailing the cost per inmate as they moved through the program. Mrs. Gansert said staff had mentioned there was an Inmate Welfare Fund that might be used to partially fund the programs and she asked for information on the amount available. Chairwoman McClain asked that the

report include information on similar programs offered by different agencies, such as the EVOLVE program operated by the City of Las Vegas, which helped ex-offenders in securing and retaining employment and how those programs fit into the reentry process.

Mr. Rexwinkel said the Inmate Welfare Account was part of the Inmate Store Fund. The Inmate Store Fund received funding from canteen sales and other sales and there was some profit. The biggest profit resulted from the inmate telephone system that generated approximately \$3 million annually. The profits went to the Inmate Welfare Account, which was established by A.B. 389 passed by the 1995 Legislature, and was supplemented by A.B. 533 passed by the 1997 Legislature. Inmates were required to pay for incidents such as physical damage, medical care, property claims, property damage, recreational injuries, and other areas inmates were responsible for. If an inmate could not pay for the incidents then the Inmate Welfare Account covered the costs. He noted that the Inmate Store Fund, a self-supporting fund that did not receive any General Fund money, needed an operating balance. The Inmate Welfare Account might have a \$1 million balance. A few years ago an inmate was hit in the head with a bat, a recreational injury, and the Inmate Welfare Account paid the medical costs, a very expensive item. Mr. Rexwinkel pointed out that there might be a large balance in the account, but there was a great deal of money that went out and sometimes very unexpectedly.

Mrs. Gansert requested a five-year snapshot of income and expenses for the Inmate Welfare Account. Mr. Rexwinkel agreed with the request.

Senator Beers said Dr. James Austin, JFA Associates, mentioned in an earlier meeting that a large number of the prisoners housed in Nevada's prisons were not from Nevada and often returned to their home states upon release. The Senator asked if the Department intended to analyze the likelihood of those prisoners returning to their home states before placing the inmates in the Casa Grande facility.

Ms. Holmes said the Department's computer system, which was extremely old, was never set up to capture the kind of data Senator Beers referenced. The statistics had been maintained "on paper" for the last few years. Seven pages of additional intake data was prepared by the Department for use in grant applications and reports and other uses. Ms. Holmes said the Department did not have a firm count of the number of inmates coming into the system from Nevada. The Department was presently requesting information from those entering the system on the length of time in Nevada, last place of residence, and citizenship status; all of the data was maintained on paper. The Department did not have the ability to capture the information system wide. Ms. Holmes stressed that the Department did not intend to waste time and resources to place people into Casa Grande who intended to go to another state. Casa Grande was for "homegrown people" because they were the ones returning to the streets of Las Vegas. She noted that southern Nevada was targeted for the Going Home Prepared program because 65 percent of Nevada's inmates went to Las Vegas. Ms. Holmes said the Department was targeting its limited resources to the high-risk offenders and to the appropriate levels; some offenders received no programming because they would not benefit much from programming.

Ms. Johnstone referred to Decision Unit E-251 which recommended 17 Correctional Officer positions that would be dedicated to increased security and custody supervision in each of the housing units at the High Desert State

Prison at a cost of \$522,000 in FY2006 and \$1,063,000 in FY2007. The recommendation was potentially another precedent-setting item. There were other similarly designed facilities that were also medium security facilities.

Ms. Crawford said High Desert was the first very large facility with 2,300 inmates. When the facility was designed the traditional staffing pattern was used and that pattern was used for a 1,000-bed or a 1,500-bed facility. She emphasized that the High Desert State Prison was a step down from the Ely Prison; a hard, high-medium facility that required maximum security. In the summer of 2004 there was insufficient staff at the facility and there was a major fatality. The facility was locked down. Ms. Crawford emphasized that High Desert was a dangerous place to work without the additional staff. She said the unit management appeared to be distorted. Unit management was a high-level, sophisticated way of saying that security would be focused on the units. There were approximately 20 acres in the center of the large facility, and the facility was not designed for a traditional staffing pattern normally used in the other facilities. Ms. Crawford emphasized that the facilities had to be staffed to ensure the safety of both the inmates and Department staff. There was not sufficient staff at High Desert.

Ms. Crawford said the budget for the facility was a no-frills, conservative budget that had been carefully reviewed by the Governor. Ms. Crawford said the budget requested enough staff and sufficient programming to ensure that the agency was constitutional and, more importantly, that "care, custody, and control is implemented in the facilities." The Department had been understaffed for many years and Ms. Crawford thought understaffing played a part in the loss of staff. She noted that her preference would have been to request 70 additional staff. Ms. Crawford said, "This is the bare minimum, and if this is a policy decision then please remember do not place our people at risk, because I can't afford it nor can the state of Nevada."

Chairwoman McClain asked if the unit management concept would be specific to the High Desert facility. Ms. Crawford said she could not promise anyone what would happen in the future, but if that population continued to increase and another facility similar to High Desert had to be built she said she would hope whomever was Director would come back before the Legislature. It was incumbent on the Department to advise the Legislature so the members could make the best decisions. Chairwoman McClain referred to the problems experienced with the High Desert Prison and said she hoped a similar facility would not be constructed in the future.

Mrs. Gansert asked, for the record, if Ms. Crawford was satisfied with the current staffing levels at the facilities in Lovelock, Ely, and Warm Springs. Ms. Crawford indicated that Ely appeared to be well staffed and had adequate resources. The Lovelock facility also seemed to be doing relatively well, one new position had been requested for structured living, a special, self-discipline type program. Warm Springs was also fine at this point, however, if that facility moved to a medium security facility it would require a separate staffing pattern.

Ms. Johnstone referred to the last table included in the document LCB staff had provided to members ([Exhibit B](#)) and said the summary compared recommended SNCC staffing levels for 2005 to the 1999 legislatively approved staffing pattern; the information included in the binder provided to members by the Department of Corrections ([Exhibit C](#)) included a response to the issue. Ms. Johnstone said the Department's response addressed the recommendation,

but there needed to be further discussion on how the recommended staffing pattern compared to what existed in 1999 when the facility had a similar population of medium security inmates.

Mr. Cox referred to the handout ([Exhibit C](#)) and said it contained a great deal of information related to the staffing levels in facilities for youthful offenders in various states, including Nevada. The staffing requirements in Nevada and across the country indicated the level of the youthful offenders. Historically across systems in the country, youthful offenders, because they were young and prone to a high level of violence, needed to be kept busy and needed to have programs. The general rule of thumb for custody staffing was a ratio of 18:1 during daytime operations and 16:1 at night. Custody staff was required in order to control and monitor the offenders which resulted in successful programs. Mr. Cox said he believed the staffing request recommended was the bare minimum needed for the population. Chairwoman McClain asked Mr. Cox to provide members with a table that included more detail on the staffing ratios prior to budget closings. Ms. Crawford noted that the Department had provided LCB staff with a matrix detailing staffing/inmate ratios and said she would be happy to provide a copy of the matrix to members. The Chair indicated it would be helpful to have the information for the Southern Nevada Correctional Center.

Ms. Johnstone referenced the 13 new programming staff positions recommended for SNCC and said when the Southern Nevada Women's Correctional Facility (SNWCF) was converted to State operations there were 11 programming positions for a population similar to SNCC. She thought it would be helpful to have discussion on the additional staff. Ms. Holmes said the Department had requested 11 program positions for a population between 450 and 500 and the population had increased to 550. The SNWCF was a closed-in facility, built more like a jail that did not have multiple levels or multiple pods or various buildings. Ms. Holmes indicated that the Department was being conservative by only requesting 11 positions and said she had not requested additional positions for the next biennium and had asked her staff to make do without additional staff. The 13 positions requested for SNCC would manage as many as 500 to 600 young males ages 14 to 22. The inmates had numerous issues and questions on paternity suits, custody, child support, and the case workers were not equipped to handle the issues. The 13 new positions requested for the SNCC included:

- Psychologist III (1 FTE)
- Psychologist II (2 FTE)
- Mental Health Counselor II (1 FTE)
- Mental Health Counselor I (1 FTE)
- Social Worker II (2 FTE)
- Substance Abuse Counselor II (1 FTE)
- Substance Abuse Counselor I (1 FTE)
- Program Officer II (1 FTE)
- Administrative Assistant I (2 FTE)
- Institutional Chaplain (1 FTE)

Ms. Holmes said that given the high-maintenance population within the SNCC the Department did not believe any of the positions requested were excessive. She noted that many of the inmates entered the prison system with drug addiction and mental health issues.

Chairwoman McClain referenced the new Warden position requested for SNCC and noted there was currently a Warden position allocated to the Director's

Office. She asked if the existing Warden and Administrative Assistant positions could be transferred from the Director's Office into BA 3710.

Mr. Rexwinkel confirmed that BA 3710 funded a Warden position that formerly had oversight responsibility for the rural camps. However, each facility Warden now had oversight for specific camps in their geographic area. In the last few years, the existing Warden position had been involved in planning related to the new facilities such as Casa Grande and the SNCC. Mr. Rexwinkel said because of the significant growth in southern Nevada, the position of Assistant Director of Operations was located in southern Nevada. The Department planned to have the existing Warden position provide management support for operations in northern Nevada.

Mrs. Gansert referred to the staffing and asked what the census was in 1999 versus 2005 for the SNCC. Mr. Rexwinkel said the numbers were probably the same. Mrs. Gansert referred to a chart in the Department's handout ([Exhibit C](#)) and said the staffing patterns seemed consistent with the exception of Unit 5. She asked if Unit 5 was a higher need area. Mrs. Gansert noted that there were seven units and she wondered if there was a way to group the inmates according to severity of crime and perhaps reduce some of the levels in the various units by clustering the higher-risk individuals together. Mr. Rexwinkel said the 1.6 figure included on the chart indicated there was one person every day, seven days per week, and that one person would be in control of a unit. The 4.8 figure included a control officer and an officer on the floor in each of the units. It was not possible to move from one wing to the other without going back through control through the gates. Mr. Rexwinkel said the inmates were youthful offenders and were not in prison because they were model children. The Department believed it was necessary to have a floor officer in each of the wings. Mrs. Gansert said she appreciated Mr. Rexwinkel's explanation, but she recognized that staffing was recommended to increase significantly and was concerned that it might be difficult to fund the new positions within the budget account. She said it was her understanding through a previous hearing that the inmates housed at the SNCC were lower-risk youth offenders.

Ms. Crawford said she hoped in the prior hearing she had not depicted the youthful offenders as being low-risk; the offenders were shorter term offenders but were not nice kids and could not be housed at the Summit View Youth Correctional Center and the judges had adjudicated them as adults. Ms. Crawford said the Department had to have the recommended staff to manage inmates in order for the program to be successful and understood approval of the staff would be a tough decision for the members. In conclusion, Ms. Crawford said, "I may withdraw. I may go to the Governor and say, I am not going to do this, because I don't want to jeopardize my staff."

Chairwoman McClain thought some of the members' concerns were due to the large volume of information and statistics that had been presented. She said the concept of SNCC was for those first-time hard core offenders who could possibly be saved through good programming.

Senator Beers said members should not lose sight of the fact that the offenders had been adjudicated as adults and probably had committed violent crimes. Currently the offenders were housed in a wing at the High Desert Correctional Facility, and the nature of the Jean facility required that that particular facility have heavy staff compared to an existing facility. The Senator asked what

would happen if the older medium security prisoners were moved into the SNCC and left the young population in the High Desert facility.

Ms. Crawford said the Senator's concept had been discussed with the Governor, but the youthful offender population was increasing rapidly and trying to keep all the offenders sequestered in the one unit at High Desert was not healthy and was discriminatory in some ways. Ms. Crawford said her number one priority had been to protect the young offenders. She referred to the Prison Rape Elimination Act passed by Congress in 2003, which looked at standards to remove the youthful offenders from an adult population. Ms. Crawford said Governor Guinn's first mandate to her was to take the youthful offenders off the yard because there had been two major events, which she could discuss individually with the members, resulting in a lawsuit against the State. Ms. Crawford said the State lost the lawsuit and "probably should have." Classification of the special need offenders was essential to the liability to the state of Nevada. It was important to put energy, time, and treatment into the youthful offenders because they were the ones who would continue, if nothing was done, to go back onto the streets and violate the laws.

Ms. Crawford said she thought the youthful offenders had the best opportunity to be rehabilitated or habilitated. She said it was time to address the issue and be ahead of the curve, rather than waiting for litigation, which could easily happen at some point. She recognized that it was the Legislature's prerogative to fund the budget and said she was only present as an advisor to share what she and the Governor decided to bring forward for approval. Senator Beers asked when the two cases Ms. Crawford referenced occurred, and Ms. Crawford said the cases occurred in 2000 and were settled within the past four or five months. Ms. Crawford commended the Department of Corrections and its staff; Department litigation had dropped from \$2.2 million to \$108,000 because of healthy classification, dedicated staff, and identifying institutions for specific classifications.

Mrs. Gansert said she wanted to make clear that she supported separating the youthful offenders from adults and completely agreed with what the Department was trying to accomplish, however, she did have concerns related to appropriate staffing.

Chairwoman McClain closed the hearing on the Department of Corrections.

CNR ADMINISTRATION (101-4150)
BUDGET PAGE DCNR-1 – VOLUME III

Mike Chapman, Program Analyst, Fiscal Analysis Division, LCB, said he would be presenting three budgets for consideration. The first budget, BA 4150, was the Director's Office of the Department of Conservation and Natural Resources. There were a number of adjustments identified and most related to the Winnemucca facility deferred maintenance. The Governor recommended \$786,000 for deferred maintenance at the Winnemucca Facility, a six-acre site utilized by the Division of Water Resources, the Nevada Department of Transportation, the Department of Wildlife, the Department of Public Safety, and Job Opportunities in Nevada (JOIN). The deferred maintenance item was discussed during budget hearings held in February 2005 and since then a number of amendments had been received by the Fiscal Division from the Budget Division, along with some additional information provided by the Department through the Division of State Lands. The first amendment reduced the recommended appropriations by \$269,080 in FY2007 and was associated

with items that were identified as long-term needs. It was determined that the items would not be able to be undertaken during the 2005-2007 biennium and were recommended to be removed from the budget.

The second item was an item that the Department provided through the Division of State Lands indicating that the ADA project on the Nevada Department of Wildlife office building was currently underway and should be completed during FY2005 and that item was eliminated from the budget.

The third item was an amendment recently received to eliminate a few of the projects associated with the JOIN office building totaling \$26,800.

Mr. Chapman said the table on page 3 of the closing document detailed the revisions; the amount was reduced from \$786,380 recommended by the Governor to a biennial total of \$472,000.

Mr. Chapman said budget amendment 70 was received by the Fiscal Division on April 1, 2005, and was a statewide request to move all the second year funding for deferred maintenance projects throughout the budgets from the second year into the first year. The change resulted from cash flow issues. There were a number of projects remaining in M-425 for agencies that typically did not receive General Fund appropriations, yet the decision unit recommended General Fund appropriations to support the projects. Mr. Chapman said the Subcommittee needed to consider whether to approve General Fund appropriations for the various projects. Mr. Chapman continued and said E-901 and E-902 would transfer the responsibility and associated funding for the facility from the Director's Office to the Division of State Lands.

Mr. Chapman said Decision Unit E-525 related to funding to purchase office supplies and furnishings associated with the move to the new building located on South Stewart Street on or about July 1, 2005. The budget included \$13,083 in FY2006 to purchase specialized file folders for the high density shelving system and filing systems and also some office stationery. Mr. Chapman said there had been discussion on a videoconferencing system, but the decision for the system would be decided in the technology improvement projects account (101-1325) by the General Government Subcommittee. Mr. Chapman said E-710 recommended office equipment, computer replacements, and printers. Staff suggested technical adjustments to adjust computer hardware and software for revised pricings. The Governor recommended three executive workstations and, through discussions with the Department, it was determined that only two workstations were required, resulting in the elimination of one workstation. In addition, a heavy-duty color printer was recommended in the budget, but after discussion with the agency and the response on the utilization of the existing printer, staff suggested a medium-duty color printer resulting in a savings of approximately \$4,000.

Mr. Chapman concluded his presentation on BA 4150 and said staff requested authority to make additional technical adjustments along with final adjustments for Attorney General costs, et cetera. He noted that with the new building there had been changes in rental costs and interest payments made to the Treasurer's Office associated with debt service on the building. Staff requested authority to make technical adjustments associated with the costs.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 4150
AS AMENDED WITH STAFF RECOMMENDATIONS, INCLUDING
TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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WATER RESOURCES (101-4171)
BUDGET PAGE DCNR-55

Mr. Chapman referred to BA 4171 and said there were no major issues in the account and staff recommended two technical adjustments, one to increase vacancy savings from \$30,000 per year to \$45,000 per year consistent with the amounts budgeted in the 2003-2005 biennium and to eliminate \$4,600 per year in local telephone company charges that were not needed. Staff also made some technical adjustments for furnishings associated with the move to the new building and computer and hardware price changes.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT
101-4171 AS RECOMMENDED BY THE GOVERNOR, INCLUDING
TECHNICAL ADJUSTMENTS.

SENATOR TITUS SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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HEIL WILD HORSE BEQUEST (607-4156)
BUDGET PAGE DCNR-23

Mr. Chapman referred to BA 4156, Heil Wild Horse Bequest, and said there were no major issues in the account. Staff recommended three technical adjustments; to reduce the Treasurer's interest from \$19,630 to \$13,907 consistent with the amount earned in FY2004. There was a decision unit to change the funding recommended for the cost allocation associated with the Director's Office that was eliminated and there were adjustments for computer pricing.

SENATOR RHOADS MOVED TO CLOSE BUDGET ACCOUNT 4156
AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL
ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chairwoman McClain closed the meeting at 11:00 a.m.

RESPECTFULLY SUBMITTED:

Linda Smith
Committee Secretary

APPROVED BY:

Assemblywoman Kathy McClain, Chairwoman

DATE: _____

Senator Dean A. Rhoads, Chairman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety/Natural Resources/Transportation</u>			
Date: <u>April 8, 2005</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B	Leslie Johnstone, LCB Fiscal	Handout titled "Supplemental Tables"
	C	Greg Cox, Department of Corrections	Binder titled "Supplemental Information to the Legislature"