

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
February 28, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:05 a.m. on Monday, February 28, 2005, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Mike McGinness

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Michael Archer, Committee Secretary

OTHERS PRESENT:

John P. Comeaux, Director, Department of Administration
Scott K. Sisco, Interim Director, Department of Cultural Affairs
Robert A. Ostrovsky, Chairman, Commission for Cultural Affairs, Department of Cultural Affairs
Robin V. Reedy, Deputy of Debt Management, Office of the State Treasurer
Ronald M. James, State Historic Preservation Officer, Office of Historic Preservation, Department of Cultural Affairs
Christine Fey, Arts and Culture Manager, City of Reno
Maureen McKissick, Grant and Fund Development Manager, Office of the City Manager, City of Reno
Gail Sande, Vice President, Capital Campaign Chair of the Lear Theater
Dan Rosenblatt, Executive Director, Lear Theater
Sara F. Jones, Administrator, Division of State Library and Archives, Department of Cultural Affairs
Susan Boskoff, Executive Director, Nevada Arts Council, Department of Cultural Affairs
Wallace Steffan, Administrator, Division of Museums and History, Department of Cultural Affairs
Peter L. Bandurraga, Ph.D, Museum Director, Nevada Historical Society, Department of Cultural Affairs
Jeff Fontaine, P.E., Director, Director's Office, Department of Transportation

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Julie A. Keller, Representative, Strieter Corporation Wild Animal Highway
Warning Reflector System

CHAIR RAGGIO:

We will now hear a status report on the bills we have in Committee.

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Analyst Division, Legislative
Counsel Bureau):

There are 422 budgets within the *Executive Budget*. By week's end the Committee and Subcommittees will have heard 303, or approximately 72 percent of the budgets. There are 31 bills in Committee. We have already heard two, and are going to hear one today. There are 92 Capital Improvement Programs (CIPs) to be reviewed which will begin in Subcommittee next Thursday or Friday.

CHAIR RAGGIO:

Though the Subcommittees will be hearing these budgets more than once, we are making good progress. We will now hear an overview on the new *Executive Budget* amendments.

JOHN P. COMEAUX (Director, Department of Administration):

I will cover each of the proposed budget adjustments ([Exhibit C](#)). This is a cumulative list. We have already presented this Committee with the first two items. Item number 3, in [Exhibit C](#), is for proposed adjustments to add additional funding for the Millennium Scholarship Program. This is in lieu of the bonding program originally proposed. It would require an appropriation from the General Fund in fiscal year (FY) 2006 of \$13,275,000 and in FY 2007 of \$20,270,000.

CHAIR RAGGIO:

Does this reflect the \$8 million annually required from the Abandoned Property Trust Fund?

MR. COMEAUX:

No, that is not part of this budget adjustment. That money, in the Governor's original budget proposal, was intended to service the debt. Now it will be deposited directly into the Millennium Scholarship Fund.

CHAIR RAGGIO:

Will there be a bill draft request (BDR) to cover the Millennium Scholarship Program? Will it include the \$8 million as part of a General Fund appropriation, rather than for debt service?

MR. COMEAUX:

That is correct.

MR. COMEAUX:

Item 4 concerns the Public Employees Benefit Program (PEBP). Based on the latest actuarial information, the PEBP is recommending the state contribution to this program now be reduced. This reduces the General Fund money required in FY 2006 by \$13,647,875, and by \$15,081,250 in FY 2007. Reductions in funding from other sources will amount to \$919,514 in FY 2006 and \$9,341,827 in FY 2007.

CHAIR RAGGIO:

Will this restore benefits that were cut earlier?

MR. COMEAUX:

That is correct. In addition, their Incurred But Not Reported (IBNR) claim liability is projected to be fully funded by the end of the next biennium and they will have a contingency reserve of about \$24 million.

CHAIR RAGGIO:

Does this have any connection with a proposal to provide decreased benefits for new employees?

MR. COMEAUX:

No, it does not.

SENATOR MATHEWS:

Does this change have any impact on those who use PEBP health insurance as a secondary provider? Will this cause their premiums to increase?

MR. COMEAUX:

The premiums continue to be based on the same actuarial information that was used as a basis for this recommendation; however, this adjustment will not have any affect on employee premiums.

SENATOR MATHEWS:

Could the premiums still rise as a result of this adjustment? Can we do anything to help people pay their premiums?

MR. COMEAUX:

Yes, the premiums could still rise. Funding for the PEBP comes from a combination of state contributions and premiums paid by employees. The higher the state contributions, the lower the premiums employees pay. This is a difficult adjustment because it affects every budget that has a position included in it.

Items 5 and 6 of [Exhibit C](#) will make \$8 million available in FY 2005 for advanced funding of two CIPs.

CHAIR RAGGIO:

Is part of this FY 2005 funding for replacement of tiles on the Grant Sawyer State Office Building in Las Vegas?

MR. COMEAUX:

Yes, the other project is to provide a new pod for the psychiatric hospital in Las Vegas.

SENATOR RHOADS:

We will be submitting a new cost figure to you for the White Pine County Courthouse.

CHAIR RAGGIO:

Other advanced funding projects are the renovation of a computer facility, the Las Vegas Readiness Center and the Emergency Operations Center.

MR. COMEAUX:

Many of these projects had bids which came in significantly higher than we anticipated or for which we were budgeted.

MR. GHIGGERI:

We have scheduled that for review by the CIP Subcommittee on March 10, 2005.

CHAIR RAGGIO:

Will you adjust the budget to move the White Pine County Courthouse facility funds to FY 2006?

MR. COMEAUX:

I have already submitted the changes to our original BDR to accommodate those items.

Item 7 in [Exhibit C](#) is related to the decrease in the funding for the PEBP. This adjustment would reduce the funding included in the Distributive School Account (DSA) for group insurance costs. If the costs for our group insurance program increase 10-percent, we provide a 10 percent increase over the cost of group insurance provided in the DSA. We are now proposing to take that out since it is not necessary.

Item 8 is for a recommended increase in the General Fund for Nevada Medicaid. This would amount to \$1,536,113 in FY 2006 and \$1,624,838 in FY 2007. Funding from Title XIX of Medicaid would be \$1,881,269 in FY 2006 and \$1,983,507 in FY 2007. The Governor's budget recommended an increase in the provider rate for personal assistant services from \$17.00 per hour to \$18.50 per hour. While we included funding for that in the Division of Child and Family Services budget, we neglected to put it in the Medicaid and Aging Services budgets.

CHAIR RAGGIO:

Are these amounts consistent with those other budgets?

MR. COMEAUX:

Yes, we must do all three of them together, or none of them at all.

Item 9 in [Exhibit C](#) corrects our failure to budget for 18 correctional officers for the unit which houses out-of-state inmates at High Desert State Prison. These temporary positions are now funded through contracts that will soon expire and we must add 18 permanent positions. The cost will be \$939,667 in FY 2006 and \$993,917 in FY 2007.

Item 10 is recommended to increase funds to the DSA for new space in school districts and to cover the projected inflationary increases in electricity and natural gas. This would cost \$196,218 in FY 2006 and \$637,831 in FY 2007.

Item 11 is for various adjustments the Office of the Secretary of State has recommended. Originally thought to be cost-neutral, we now find it will require an increase of \$362,986 in FY 2006 and a decrease of \$341,724 in FY 2007.

Item 12 covers Information Technology Projects we had recommended in the *Executive Budget* funding for an electronic application project for the state

Welfare Division. The Welfare Division has since advised us they will not have the other resources necessary to implement this project and asked this be removed from the budget. This change would decrease the amount of our General Fund request by \$401,321 in FY 2006 and \$187,772 in FY 2007. Additionally, it will decrease federal funding in FY 2006 by \$710,778 and in FY 2007 by \$333,554. The Welfare Division will readdress this problem in a future biennium.

Item 13 is another adjustment to the DSA as a result of a formula error in the inflation adjustment. This will require funding of another \$558,541 in FY 2007.

Item 14 is intended to cover a replacement equipment request made by the Department of Taxation which we inadvertently left out of our original budget recommendation. The figure is reduced by an item erroneously included in the *Executive Budget* that would have resulted in using General Funds to pay a share of the statewide cost allocation and the Office of the Attorney General (AG) cost allocation. This was incorrect because we should use cost allocation plans only to recover non-General Funds. The request now comes to \$333,009 in FY 2006 and \$179,158 in FY 2007.

Item 15 is needed as a result of the Welfare Division withdrawing their request for 11 new positions associated with the Medicare Modernization Act. The Social Security Administration has now agreed to perform much of the eligibility application work, so the state Welfare Division no longer needs these positions.

Items 16, 17 and 18 are all related. We want to eliminate a recommendation that we made on the original budget to fund deferred maintenance projects. We should not have recommended this since we will not be able to complete these by the end of the biennium.

Item 19 is a correction in the funded mechanism for the Health Insurance Flexibility and Accountability (HIFA) waiver. This will reduce the General Fund and increase the transfer from Medicaid.

Item 20 is intended to eliminate an error made by adding a new position when all we wanted to do was reclassify the position. This reduces the General Fund need by \$100,632 in FY 2006 and \$100,650 in FY 2007.

Item 21 in [Exhibit C](#) would add two additional staff for the Nevada Board of Parole Commissioners. We had originally recommended four new staff positions, but now are asking for an additional two.

Item 22 would add \$100,000 per each year of the biennium for the Division of State Library and Archives for continued staffing to microfilm the many records they will receive from our constitutional officers who will be leaving office in the next two years.

Item 23 is another correction on the statewide and AG cost allocation plans. We inadvertently included General Fund money in the budget to pay for that. This will decrease the General Fund requirement by \$90,846 in each year of the biennium for the State Gaming Control Board.

Item 24 is necessary because we incorrectly calculated federal funding for the Department of Public Safety. We now recommend increasing the General Fund

appropriation by \$90,472 in FY 2006 and \$79,988 in FY 2007, with federal funding decreasing by these same amounts.

Item 25 is for the recommended increase in personal assistant services for the Aging Services Division. It would increase the budget by \$80,347 in FY 2006 and \$79,988 in FY 2007.

SENATOR BEERS:

Is there a federal remedy for those increases in rates?

MR. COMEAUX:

There may be; I will check and let you know.

Item 26 in [Exhibit C](#) is for an adjustment necessary to correct an error we made by not including six family service specialist positions for the Welfare Division. These positions were approved by the 2003 Legislature and were to be implemented in FY 2005. This proposal will add \$78,091 in FY 2006 and a decrease in cost of \$80,094 in FY 2007. Federal funds will be added in the amount of \$219,159 in FY 2006 and \$395,521 in FY 2007.

Item 27 is another instance where we inadvertently included General Fund money in the budget to pay for the statewide and AG cost allocation plans. This budget amendment will reduce the General Fund appropriation by \$78,804 in each year of the biennium for the Department of Veterans' Affairs.

Item 28 is a supplemental appropriation for the Department of Education to cover costs for out-of-state or out-of-district special needs students. This adjustment will increase the requested amount by \$116,316 for FY 2005. We are submitting a BDR on that.

CHAIR RAGGIO:

If this is a supplemental appropriation, what adjustments, if any, have you made in FY 2006 or FY 2007?

MR. COMEAUX:

There are no adjustments at this point. The Department of Education requested \$116,316 to get them through FY 2005, but have not mentioned an adjustment request for FY 2006 or FY 2007.

CHAIR RAGGIO:

Please make sure there is not an adjustment required for those years.

MR. COMEAUX:

I will. Item 29 in [Exhibit C](#) adds 1 management analyst position and 0.25 of an administrative assistant position to manage the centralized billing system for the Division of Mental Health and Developmental Services. We failed to include this in the *Executive Budget*. This adjustment will require an additional \$47,590 for FY 2006 and \$61,109 in FY 2007. Federal funding will consist of \$7,703 in FY 2006 and \$ 9,890 in FY 2007.

Item 30 is to adjust an error we made by adding the same position twice in the Department of Human Resources (HR) budget for Rural Clinics. We are backing out one position from the budget.

Item 31 is another case where we inadvertently included General Fund money in the budget to pay for the statewide and AG cost allocation plans.

Item 32 is for 0.51 of a position that should have been added for an intake coordinator at the Southern Nevada Child and Adolescent Services. This will require an additional \$39,098 in FY 2006 and \$40,010 in FY 2007.

Item 33 in [Exhibit C](#) is intended to correct the budget request for the Nevada State Railroad Museum. They anticipate lower revenue from visitors and we are recommending an increase in General Funds for that museum. This change will require \$31,741 in FY 2006 and \$27,554 in FY 2007.

Item 34 would add two psychiatric caseworker positions and appoint 0.51 of an administrative assistant to convert from the current contract positions to permanent state positions. Because we are paying the contract positions less than it costs for the equivalent state positions, we would need an additional \$32,702 in FY 2006 and \$3,351 in FY 2007.

Item 35 corrects our error in not including in the *Executive Budget* the Division of Consumer Affairs statutorily authorized revolving account. This will require us to request an additional \$7,208 in each year of the biennium.

Item 36 is necessary to change the existing supplemental appropriation from the Nevada Athletic Commission. They now require an additional \$10,631 in FY 2005 over what was requested in the Governor's budget for the reclassification of positions.

CHAIR RAGGIO:

We will amend that part of the budget when the bill comes to committee.

MR. COMEAUX:

Item 37 is a correction in the funding source of two enhancement items in the HR budget. We overstated the non-General Fund funding and understated the General Fund appropriation.

Item 38 eliminates the Commission on Ethics request for a supplemental appropriation. They now have sufficient funding to cover their needs.

Item 39 in [Exhibit C](#) is to allow the Department of Public Safety the small amount of \$100 in each year of the biennium to allow them access to the IFC in the event they require additional funds for their narcotics control budget in case a federal grant does not materialize.

Item 40, the State Public Works Board has now concluded that they are six project management and building inspector positions short of what is required to manage the CIP for the next biennium. There are sufficient inspection and project management fees built into those projects to support these additional positions, so there is no General Fund impact.

Item 41 is necessary to correct a technical error we made. It will increase other revenues for the State Dairy Commission and add positions that we had unintentionally eliminated in the Governor's budget. There is no General Fund impact.

Item 42 is necessary to correct our failure to include authorization of anticipated inflationary increases in utilities for the Department of Transportation (NDOT).

Items 43 and 44 directly offset one another. They are needed to straighten out a transfer of funds involved in moving the Head Start program from Child Assistance and Development budget to the HR Director's Office budget.

Item 45 is for an additional position and operating cost requested by the AG for the Bureau of Protection. This will be funded out of the mill assessment in the amount of \$94,898 in FY 2006 and \$121,414 in FY 2007.

Item 46 would add a position to the Department of Transportation that was approved by the IFC, but inadvertently excluded from the *Executive Budget*.

Item 47 is to allow the Nevada Attorney for Injured Workers to contract security guard services for their building. We inadvertently left this out of the *Executive Budget*.

Item 48 is to add authorization for the anticipated inflationary increases in utilities costs for the Department of Employment, Training and Rehabilitation which we left out of the *Executive Budget*.

Item 49 is needed to remove the reclassification of some airport control officers with the Taxicab Authority which we inadvertently put in the *Executive Budget*.

Item 50 is an adjustment necessary to correct an error in the reclassification of a health program specialist position in the HR Maternal Child Health Services budget. There is no General Fund impact.

CHAIR RAGGIO:

What is the total impact of these amendments to the *Executive Budget*?

MR. COMEAUX:

In FY 2005 the total amount required for the supplemental appropriation would be \$122,497. In FY 2006 it would be \$1,198,037; in FY 2007 it would be \$1,678,206. Page 4 of [Exhibit C](#) illustrates these adjustments will fit and give a balanced budget.

CHAIR RAGGIO:

Do these amendments include concerns expressed by the Department of Education for a sizeable budget request based on other obligations?

MR. COMEAUX:

We are looking into that. Within the last two weeks we have received a request from the Department to increase the appropriation in the DSA by about \$34 million a year. We billed the DSA based on their actual FY 2004 expenditures. They are now stating they understated their expenditures, particularly a line item in their budget called "Other Obligations." We have concerns over the nature of those "Other Obligations" and are not convinced that an adjustment needs to be made.

CHAIR RAGGIO:

The Committee should be aware that the memorandum in question was presented to the Department of Administration by the Department of Education on February 17, 2005. It has been several weeks and we would like to get that issue resolved soon because it represents a significant amendment to the budget.

We will now open the hearing on Senate Bill (S.B.) 4.

SENATE BILL 4: Makes various changes relating to Commission for Cultural Affairs. (BDR 18-398)

SCOTT K. SISCO (Interim Director, Department of Cultural Affairs):

The S. B. 4 authorizes the Commission for Cultural Affairs to continue for the next ten-year period. It also increases the grant amount on the Commission for Cultural Affairs from \$2 million each year to \$3 million each year. Money for Commission members' travel expenses is provided from the interest earned on the bonds we issue.

ROBERT A. OSTROVSKY (Chairman, Commission for Cultural Affairs, Department of Cultural Affairs):

Please refer to the handout, "The Commission for Cultural Affairs, A Ten-Year Overview, 1993–2002" ([Exhibit D](#), original is on file at the Research Library). This provides an overview of projects we have funded to date. The Commission was originally funded for ten years. That ten-year cycle has been completed and, including the bonds and the interest generated from the bonds, we have been able to award \$23,226,997 to the 72 statewide projects listed on pages 18 through 20 of [Exhibit D](#).

CHAIR RAGGIO:

What will the authority in this bill cost?

MR. SISCO:

The bill increases the grant from \$2 million to \$3 million a year.

ROBIN V. REEDY (Deputy of Debt Management, Office of the State Treasurer):

The increase is \$1 million a year over the next 10 years. This will increase the debt service. The debt service comes from the 16-cent revenue assessment which has been included in our affordability report and in the *Executive Budget*.

CHAIR RAGGIO:

Since the state gets the 16 cents, does the increase being asked for here fit within the assessment?

MS. REEDY:

It does currently fit within the affordability.

CHAIR RAGGIO:

We have a debt capacity and future bonding capacity report attached to the fiscal note. Is that from your office?

MS. REEDY:

Yes, we prepared it in coordination with the Department of Administration.

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SENATOR CEGAVSKE:

Why do only two out of the six museums in Clark County receive funding?

RONALD M. JAMES (State Historic Preservation Officer, Office of Historic Preservation, Department of Cultural Affairs):

This is due to the nature of the legislation. This grant program offers funding to rehabilitate historic structures which will be used as cultural centers. In order to qualify, a building must be both historic and used as a cultural center. Therefore, newer museums do not receive funding through this program.

SENATOR CEGAVSKE:

The Las Vegas Natural History Museum has been there 14 years. The Mormon Fort is located on that property. Why is it not considered historic?

MR. JAMES:

The term "historic" is generally defined as 50 years or older. The Mormon Fort may be eligible for this status if it applied and qualified for the State or National Register of Historic Places.

SENATOR BEERS:

Your board has six members. Who breaks a tie in voting?

MR. OSTROVSKY:

Our grant hearing process will begin on March 17, 2005. After hearing from the applicants, each Commission member creates a proposed budget. These budgets are then opened to public discussion. We then take a final vote on the total package rather than individual projects. We generally get from \$6 million to \$10 million in requests for the \$2 million we have available.

SENATOR TITUS:

Regarding the poster ([Exhibit E](#), original is on file at the Research Library), what is the meaning of the accent mark over the first "a" in the word Nevada?

MR. SISCO:

The U.S. Department of State asked us to develop a poster that can be placed in every embassy and State Department office around the world. The accent mark is an attempt to get people to pronounce the word "Nevada" correctly.

SENATOR TITUS:

We do not want to make fun of the way people pronounce it.

MR. OSTROVSKY:

The historic buildings we rehabilitate are not just museums. Some have art, dance, theater and community meeting components. These buildings bring together people in both rural and urban communities. The grant dollars are often matched by private funds which involve great effort by community groups.

CHRISTINE FEY (Arts and Culture Manager, City of Reno):

These programs are important to cities like Reno. They help us keep up with the increases in building costs. The McKinley Arts and Culture Center, to which the Commission on Cultural Affairs granted about \$1 million, now houses nine arts and culture organizations, including the Philharmonic and Reno Chamber Orchestra. They have helped with other projects like the Glendale School,

Riverside Artists' Lofts and Lake Mansion to name a few. We plan to improve the Pioneer Center for Performing Arts and the Southside School.

MAUREEN MCKISSICK (Grant and Fund Development Manager, Office of the City Manager, City of Reno):
Reno Mayor Bob Cashell asked me to hand-deliver a letter ([Exhibit F](#)) in support of S.B. 4.

CHAIR RAGGIO:
It will be made part of the record.

SENATOR MCGINNIS:
I am here to testify in support of S.B. 4. Before we established the Department of Cultural Affairs, we spent much time at the end of each session discussing which old buildings to save. Now the Commission on Cultural Affairs does that and it has been a great tool for saving many important structures. Communities that would not be able to afford projects like this on their own, can now come to the Commission for funding.

MR. OSTROVSKY:
The Commission members do not receive compensation in any way. We only ask that travel expenses be paid.

CHAIR RAGGIO:
Going back to the grant applications process, is there a cutoff date for applying?

MR. OSTROVSKY:
The cutoff date for the next round of grant money was October 1, 2004. We will begin making decisions on those applications in our March 17, 2005, meeting. Only those who applied by October 1, 2004, will be eligible for consideration.

CHAIR RAGGIO:
We will now close the hearing on S.B. 4. I now invite the representatives from the Lear Theater to testify.

GAIL SANDE (Vice President, Capital Campaign Chair of the Lear Theater):
I would like to introduce our new executive director.

DAN ROSENBLATT (Executive Director, Lear Theater):
I began as executive director in January 2005. Reno's Lear Theater was a project first conceived nine years ago to convert the old Christian Science Church designed by Paul Revere Williams into a theater that will service the community. We have raised \$8.2 million and need about \$5 million more which we plan to raise within the next two years

CHAIR RAGGIO:
Have you received a grant from the National Park Service?

MR. ROSENBLATT:
Of the \$8.2 million, \$400,000 is from the Save America's Treasure program, a matching federal grant. Our matching funds must be available by the end of this year, and we have a campaign underway to raise that money.

CHAIR RAGGIO:

Did the Lear Theater miss the October 1, 2004, deadline for filing for a grant from the Commission for Cultural Affairs?

MR. ROSENBLATT:

Yes, the reason we did not apply on time is because the Lear Theater was without an executive director at that time.

CHAIR RAGGIO:

I understand you are here to request this Committee to authorize a BDR for federal matching funds since you are not otherwise eligible. Do you understand that if the Committee submits a BDR, it is not necessarily a guarantee that the bill will be funded?

MR. ROSENBLATT:

I understand.

SENATOR CEGAVSKE MOVED TO INTRODUCE A BILL DRAFT REQUEST TO MATCH FEDERAL FUNDING FOR THE LEAR THEATER.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR COFFIN WAS ABSENT FOR THE VOTE).

* * * * *

CHAIR RAGGIO:

We will now open the hearing on the budget for the Department of Cultural Affairs.

CULTURAL AFFAIRS

Cultural Affairs Administration – Budget Page CULTURAL-1 (Volume I)
Budget Account 101-2892

MR. SISCO:

Please refer to the handout titled "Budget Presentation to the 2005 Legislature" ([Exhibit G](#), original is on file at the Research Library). Our Department is comprised of four divisions and eight boards or commissions. We have several major initiatives for FY 2006 and FY 2007. Reauthorization of the Commission for Cultural Affairs has already been discussed.

In 2001 the Legislature supported the documenting and filming of various cultural services and resources that are available to the citizens and visitors of this state in a video series called Exploring Nevada. These 30-minute-long shows are provided free-of-charge to various public access, governmental access and commercial television stations. Currently 14 stations run the weekly series, exposing 650,000 households and almost 1.1 million citizens and visitors in Nevada and Northern California to what Nevada has to offer. We have been able to produce this series with our annual budget and get a federal grant to duplicate the videos and put them in public libraries throughout the state.

CHAIR RAGGIO:

It is unfortunate we did not have the Department of Cultural Affairs when the V&T Railroad was still running between Carson City and Reno. Today it would be a great tourist attraction and illustrates how important your work is in preserving these sites. I hope we will see restoration of part of that railroad line between Carson City and Virginia City.

MR. SISCO:

The Sarah Winnemucca statue will be installed in the U.S. Capitol on March 9, 2005. We owe the Nevada Women's History Project a debt of gratitude for raising funding for that statue. Due to fund-raising efforts by Nevada's First Lady, an additional \$100,000 was raised to purchase a second full-sized statue to be placed in the state Capitol on April 6, 2005. A smaller size statue will be placed in the Sawyer Building in June 2005.

The new State Museum in Las Vegas is unique due to its archeologically and environmentally sensitive site. The Department has contracted with the Las Vegas Valley Water District to manage the planning and, most likely, the construction of this building. We are paying the Public Works Board a minimum fee to represent us during the design and plan review stages. This three-way relationship is working well. In addition to the museum, there will be a visitors' center. We estimate the building to be completed in late 2007. Building costs have escalated, especially in the price of steel and concrete. The building is currently designed to last 100 years so we should not cut back on the quality of its construction. We may need to request more funding in the 2007 Legislative Session to fund the museum exhibits.

The Department receives approximately .46 percent of the state's General Fund budget. We are struggling to maintain the same level of services we provided six to eight years ago. In FY 2004, 9,071,270 citizens participated in Department-sponsored functions. We affect many people despite our relatively small budget. Approximately 74 percent of our funding comes from the General Fund. The remainder comes from federal funding, fees, charges and agency transfers. The department has 162 positions, down from 174 in FY 2003.

E-250 Working Environment and Wage – Page CULTURAL-3

Decision unit E-250 requests funding for a management analyst to handle contracts for the Department. We are also requesting a computer support position for the Department. We now have only one person responsible for over 300 servers, personal computers, printers, long-range planning, budgeting, purchasing and keeping up with Department of Information Technology (DoIT) requirements.

CHAIR RAGGIO:

Do you need both positions?

MR. SISCO:

Yes, we need both of them.

CHAIR RAGGIO:

Please explain the change in the funding for the Nevada Humanities Committee.

MR. COMEAUX:

That appropriation will be sent to the Department of Administration for distribution. There is no particular reason for having it go through us instead of the Department of Cultural Affairs.

CHAIR RAGGIO:

Was the \$75,000 appropriation, proposed for the Governor's Advisory Council on Education Relating to the Holocaust, traditionally a Department of Education budget item?

MR. SISCO:

It was the Governor's intent that this become a Base Budget item. The Governor placed it in our Department's budget because the Advisory Council works closely with public libraries that are their fiscal agency. We would like to insert proper language in the appropriations bill that carries the unspent amount from the FY 2006 year forward to FY 2007.

SENATOR TITUS:

Why does not the Humanities Committee have a permanent line item in the budget?

MR. SISCO:

Six years ago they had a permanent line item. When Governor Guinn became Governor, he increased the amount and made it a one-shot appropriation rather than a Base Budget item.

MR. COMEAUX:

That is just the way we do it.

SENATOR TITUS:

I suggest it be done differently.

CHAIR RAGGIO:

We will address that issue when we close the budget. We will now hear the budget for the Comstock Historic District.

Comstock Historic District – Budget Page CULTURAL-7 (Volume I)

Budget Account 101-5030

MR. JAMES:

The new Comstock Historic District office will be open this summer. We will be showing one of the V&T Railroad's engines there. We may substitute the No. 27 engine for the Dayton. The Dayton is more appropriate, because it is a nineteenth century engine and once ran to Virginia City. The No. 27 engine will be displayed at the Nevada Railroad Museum in Carson City.

CHAIR RAGGIO:

If the Comstock Historic District office is not opening until this summer, do you still need the supplemental appropriation?

MR. JAMES:

We will be requesting you delete the supplemental appropriation for the Comstock Historic District office. We will be requesting a 0.50 museum attendant, and, with the help of local docents, we are hoping the office can

stay open seven days a week from 10 a.m. to 4 p.m. I will now discuss the State Historic Preservation Office budget.

State Historic Preservation Office – Budget Page CULTURAL-11 (Volume I)
Budget Account 101-4205

We are asking for a new position to help manage the Geographic Information System (GIS) database. This database is helping federal agencies and developers get speedy access to inventory records so they can comply with the National Historic Preservation Act as efficiently as possible. We have received federal funding to digitize and place this information online. We are negotiating for another federal grant to augment this and are requesting a change in the way we support the Correctional Corporation of America General Obligation Bonds. We have generated less interest over the past few years because interest rates have been low; therefore, we will be paying for the difference from federal grant money rather than interest. Additionally, we are requesting funding to begin digitizing and microfilming records.

SENATOR RAGGIO:

Does your office issue permits for new mines, roads and land transfers?

MR. JAMES:

The federal government permits them under the National Historic Preservation Act. However, when they issue a permit, they have our office evaluate the effect of the permit.

CHAIR RAGGIO:

Do you charge a fee for that service?

MR. JAMES:

We do not charge fees, and do not have statutory authority to charge fees.

CHAIR RAGGIO:

If you could charge fees, how much revenue would that produce?

MR. JAMES:

I doubt it would raise much money, and it would be unpopular with the business community. We are, however, considering charging a fee for the services provided by the GIS database.

CHAIR RAGGIO:

What are you doing about historic markers around the state that are defaced or broken?

MR. JAMES:

We are being cautious to avoid vehicle damage when we put up markers. If the public sees a marker that is broken or defaced, they should contact our office and we will send our contractor out to fix it.

CHAIR RAGGIO:

Do you still get \$25,000 from NDOT for the maintenance of historic markers? Are there any private funds available for that?

MR. JAMES:

Yes, we do receive money from NDOT, but we get no private funds for this purpose. We are asking \$34,909 for this maintenance in our budget request.

SENATOR BEERS:

Do you get a transfer of funds from the Division of Tourism to support this marker program?

MR. JAMES:

We did until the last biennium. That transfer now goes to the Railroad Museum budget.

CHAIR RAGGIO:

We will now hear the Nevada State Library budget account.

Nevada State Library – Budget Page CULTURAL-18 (Volume I)
Budget Account 101-2891

SARA F. JONES (Administrator, Division of State Library and Archives,
Department of Cultural Affairs):

No community in Nevada has had to close its libraries, but there are several, like those in Beatty, Pahrump and North Las Vegas, that struggle to keep their doors open each day.

SENATOR COFFIN:

Was the Salinas, California library crisis the result of property tax cuts?

MS. JONES:

Salinas asked for a local tax override because of an \$8 million funding cut by the state of California. The voters rejected it.

SENATOR COFFIN:

Was it a property tax or a sales tax increase they voted down?

MS. JONES:

I think it was a property tax increase.

CHAIR RAGGIO:

Do you still receive \$1.2 million a year from the federal Library Services and Technology Act of 1996?

MS. JONES:

The Institute of Museums and Library Services is one of the few federal agencies that may experience an increase under the current budget. Therefore, we could see an increase in our award of perhaps \$1.8 million per year.

CHAIR RAGGIO:

You requested \$1.2 million in funding support for public libraries that was not included in the budget this year.

MS. JONES:

It would help our struggling libraries.

SENATOR CEGAVSKE:

How is the Nevada Riches history compact disk (CD) program doing?

Ms. JONES:

This program, and the teacher's guide, is now online, as well as on CD.

SENATOR CEGAVSKE:

Are you able to enhance the program?

Ms. JONES:

Yes, we can add material and make adjustments.

CHAIR RAGGIO:

Do you still operate three Bookmobiles? Are they still providing full service?

Ms. JONES:

Yes, the new Northeastern Nevada Regional Bookmobile, that replaced an older vehicle, travels 55,000 miles a year and serves 4 counties in northeastern Nevada. The State Library budget account contains a request for \$77,953 to support the three bookmobile routes.

SENATOR BEERS:

The populations of the counties served seem to be out of date. Has this been studied recently?

Ms. JONES:

Washoe County runs an urban bookmobile, but we have not recently evaluated counties served by bookmobiles.

SENATOR BEERS:

Given recent population changes, more bookmobile service in western Nevada would seem a more efficient use of this service. Can you provide more service there?

Ms. JONES:

In order to expand service, we would either have to provide another vehicle or stretch the existing to cover the new areas. Bookmobile service is an efficient use of funds since it is much less expensive than building a branch library in each small community.

CHAIR RAGGIO:

We will now hear the Archives and Records budget.

Archives and Records – Budget Page CULTURAL-24 (Volume I)
Budget Account 101-1052

E-225 Eliminate Duplicate Effort – Page CULTURAL-26

E-226 Eliminate Duplicate Effort – Page CULTURAL-27

E-717 Replacement Equipment – Page CULTURAL-27

Ms. JONES:

Decision unit E-225 asks for an additional 26 hours of Buildings and Grounds Division services for the destruction of nonconfidential records.

Decision unit E-226 is a request for \$32,736 in FY 2006 and \$1,300 in FY 2007 to supply equipment and furnishings for a new storage facility.

Decision unit E-717 is for the replacement of a shredder to destroy confidential records.

MR. SISCO:

Though we will be vacating the current Nevada State Museum in Las Vegas to move into the new facility, we intend to keep a small museum component in the existing building. If we do not, we will lose the building due to a clause in the lease.

CHAIR RAGGIO:

Keep us informed about that issue. We will now hear the Micrographics and Imaging budget account. Your reserve is contemplated to decrease to \$36,537 in FY 2007. Will that present a problem?

Micrographics and Imaging – Budget Page CULTURAL-30 (Volume I)
Budget Account 101-1055

MR. SISCO:

Our reserve is down because several years ago we made a bad bid estimate for the Department of Motor Vehicles (DMV) project. In order to honor that bid, we had to deplete our reserve. We will be careful not to allow Micrographics and Imaging to make purchases unless we have the funds.

Ms. JONES:

Micrographics and Imaging is an enterprise fund and they want to replace equipment on the software servers and personal computers. They will do this only if they can raise enough funds for the purchase.

CHAIR RAGGIO:

We will now hear the Nevada State Library Literacy budget.

Nevada State Library- Literacy – Budget Page CULTURAL-35 (Volume I)
Budget Account 101-2893

Ms. JONES:

This budget provides for the operation of a resource center to provide assistance for literacy needs in Nevada. There are no enhancement units in this budget.

CHAIR RAGGIO:

We will now hear the Nevada Arts Council budget.

Nevada Arts Council – Budget Page CULTURAL-43 (Volume I)
Budget Account 101-2979

E-332 Services at Level Closest to People – Page CULTURAL-46

SUSAN BOSKOFF (Executive Director, Nevada Arts Council, Department of Cultural Affairs):

We serve a broad and diverse clientele. Decision unit E-332 is intended to restore the budget cuts we sustained in 2003 and increased funding for statewide arts programming.

CHAIR RAGGIO:

Are you anticipating proposed cuts in federal funds?

MS. BOSKOFF:

There is already a cut to the Challenge America program in the amount of \$7 million.

CHAIR RAGGIO:

Is the special automobile license plate producing revenue for you?

MS. BOSKOFF:

We receive \$50,000 to \$60,000 a year from our "arts" license plates. We split that revenue with Very Special Arts Nevada, a statewide program that serves children and people with disabilities.

CHAIR RAGGIO:

We will now hear the Museums and History budget.

Museums and History – Budget Page CULTURAL-49 (Volume I)
Budget Account 101-2941

WALLACE STEFFAN: (Administrator, Division of Museums and History, Department of Cultural Affairs):

There are no enhancements for this budget.

SENATOR BEERS:

Why does this budget recommend the museum director positions remain classified?

MR. COMEAUX:

I am not certain, but I will find out and get back to you.

SENATOR CEGAVSKE:

Why is the Las Vegas Natural History Museum not included in the Museums and History budget account?

MR. SISCO:

We do not have the funds.

SENATOR CEGAVSKE:

Do you assist this museum in any way?

MR. SISCO:

The Nevada State Museum provides counsel, guidance and training for museums across the state.

SENATOR MATHEWS:

Why are you still an interim director, rather than a permanent one?

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MR. SISCO:
I act in this capacity at the Governor's request.

MR. STEFFAN:
I will now discuss the Lost City Museum.

Lost City Museum – Budget Page CULTURAL-53 (Volume I)
Budget Account 101-1350

SENATOR BEERS:
What are you doing about the declining number of visitors to this museum?

MR. STEFFAN:
We are targeting the Las Vegas family market in our media campaign. A large number of our current visitors are from foreign countries.

MR. SISCO:
We also suffer from a lack of advertising dollars to promote these sites.

SENATOR BEERS:
Are the museum's adobe walls being repaired in your deferred maintenance requests, or is it just the concrete and stucco walls?

MR. SISCO:
The adobe maintenance is ongoing. This particular request is for the stucco and concrete work.

SENATOR BEERS:
Why are you requesting \$390,306 for electrical work and high-efficiency lighting?

MR. STEFFAN:
The system is old and dangerous, particularly when it is wet. It is also subject to frequent outages.

CHAIR RAGGIO:
We will now hear the Nevada Historical Society budget.

Nevada Historical Society – Budget Page CULTURAL-57 (Volume I)
Budget Account 101-2870

MR. STEFFAN:
Two air-conditioning units in the Nevada Historical Society building need to be replaced. The garage construction nearby has reduced the number of visitors lately.

PETER L. BANDURRAGA (PH.D, Museum Director, Nevada Historical Society,
Department of Cultural Affairs):
The garage is nearly finished and more visitors are returning.

SENATOR COFFIN:
Are you making any purchases of historical documents? Were you able to acquire the collection of letters written by the Grosh brothers, an early Comstock family?

DR. BANDURRAGA:

We had a fund-raising effort which bogged down about two years ago and do not have the \$200,000 to move forward on that purchase. This week we will be taking possession of a donation from the Doc Kaminski collection of 50,000 negatives.

SENATOR COFFIN:

What other items are available for purchase?

DR. BANDURRAGA:

We have been able to acquire small lots of books for our libraries. We do not pursue larger items because we do not have the money to purchase them.

CHAIR RAGGIO:

We will now hear the State Museum of Carson City budget. What is the reason for the decline in visitors?

State Museum, Carson City – Budget Page CULTURAL-61 (Volume I)
Budget Account 101-2940

MR. STEFFAN:

There has been extensive construction and remodeling going on in the main facility. This will be completed by summer and should bring visitors back.

CHAIR RAGGIO:

What new exhibits are you planning to display?

MR. STEFFAN:

The geology exhibit and the Old Mint are newly remodeled. We will soon have a new natural history and photographic exhibit.

CHAIR RAGGIO:

Next we will hear the State Railroad Museum budget. What will you do with the deferred maintenance funds at the East Ely Railroad Museum?

State Railroad Museums – Budget Page CULTURAL-71 (Volume I)
Budget Account 101-4216

MR. SISCO:

There are three railroad museums in the state. Our main request is to reinstate the two positions in Boulder City that had to be cut during the 2003 Legislative Session. We need to replace the electrical system at the East Ely Railroad Museum.

SENATOR COFFIN:

Is there any railroad equipment you are interested in purchasing?

MR. SISCO:

We are always looking for railroad equipment.

SENATOR COFFIN:

Has anyone made any offers of equipment?

MR. SISCO:

No, we are focused on keeping our facilities open and are not looking for more stock. Our report on the dedicated private trust fund is under the Museums & History tab of [Exhibit G](#).

CHAIR RAGGIO:

We will close the hearings on the Department of Cultural Affairs budget accounts and open the hearing on the NDOT budget.

TRANSPORTATION

Transportation Administration – Budget Page NDOT-1 (Volume III)
Budget Account 201-4660

JEFF FONTAINE (P.E., Director, Director's Office, Department of Transportation):

I have provided two booklets, the "Nevada Department of Transportation Statewide Construction Projects 2005 and Beyond" ([Exhibit H](#), original is on file at the Research Library) and the "State of Nevada Transportation Facts and Figures January 2005" ([Exhibit I](#), original is on file at the Research Library). The NDOT currently has \$640 million in projects under construction in 2005 and has plans for \$700 million in new projects. These construction projects have been funded, in part, by \$487 million in bonds. This allowed us to complete them faster than we would have been able to do on a pay as you go basis. We estimate the need to sell over \$535 million in bonds over the next 3 years to complete these projects. We have requested authority for \$400 million in bonds within this budget.

We tie our performance indicators to the core goals of delivering beneficial projects in a timely manner, improving safety, managing our assets and communicating with our stakeholders.

CHAIR RAGGIO:

What changes are about to be made in the makeup of the NDOT Board of Directors?

SENATOR TITUS:

It would remove the AG and the Controller from the Board of Directors and replace them with one person each from the southern and northern Nevada Regional Transportation Commissions who have more expertise in this field.

MR. FONTAINE:

The State Highway Fund revenues are administered and collected by the DMV, and includes fees they collect, in addition to the tax on gasoline. The State Highway Fund also received federal money for 2004 in the amount of \$215 million.

CHAIR RAGGIO:

Why is there a need for a new bond issue?

MR. FONTAINE:

We have a request for \$200 million in bonds in each year of the biennium. We have already received approval for that bond issue in FY 2006 by the IFC. The reason we took that bond approval to the IFC was to ensure we had the authority before agreeing to construction contracts funded by the bonds.

We pay the bond principal and interest for these projects out of the State Highway Fund. The NDOT carefully monitors cash flow through the State Highway Fund to ensure the projected revenues are sufficient to cover all our highway construction contracts and other obligations. There are no General Funds appropriated to NDOT. We anticipate receiving \$225 million in each year of the biennium in federal aid.

CHAIR RAGGIO:

Are you concerned that federal highway funds to Nevada will be cut?

MR. FONTAINE:

The federal transportation appropriation has passed through five extensions and is due to expire again in May 2005. Congress is making strong efforts to get a bill passed before that date in the amount of \$284 billion for the next 6 years. Until they pass a long-term appropriations bill, NDOT cannot accurately predict what the funding levels will be.

CHAIR RAGGIO:

Will the \$200 million in bonds for each year of the biennium be adequate for your needs?

MR. FONTAINE:

That will be adequate.

SENATOR COFFIN:

Will NDOT be constructing sound walls with the initial highway construction so we do not have to add them later?

MR. FONTAINE:

As we build or expand our highways, we will conduct noise studies. If the noise level exceeds the federal threshold, we will build a noise wall as part of that project. We need to work with local entities to know about proposed housing developments that are adjacent to these freeways.

SENATOR COFFIN:

What is the cost for building these sound walls?

MR. FONTAINE:

A 12-foot high sound wall costs approximately \$2 million a mile for one side of a freeway.

SENATOR COFFIN:

Is there less expensive material that can be used?

MR. FONTAINE:

We are constantly looking for less expensive sound walls that are equally efficient. We must strike a balance with the people in the surrounding neighborhoods who do not want a simple block wall that will fill up with graffiti. This is why we design the walls with various treatments.

SENATOR TITUS:

I understand you now put reflectors on the side of the road to help keep animals from being killed. The Blue Diamond Highway at Red Rock Canyon in southern

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Nevada has many accidents with burros. Can you put some reflectors along that roadway?

MR. FONTAINE:

The reflectors are proprietary. They are only being used now as an experiment along part of Highway 50.

CHAIR RAGGIO:

We are going to defer this budget to the Subcommittee meeting on March 30, 2005. They will have more time to hear this issue.

MR. FONTAINE:

That would be fine.

JULIE KELLER, (Representative, Stieter Corporation Wild Animal Highway Warning Reflector System):

Mr. John Strieter is unable to attend, but asks if the Subcommittee would have time to hear him during the March 30, 2005 meeting.

SENATOR RHOADS:

I am the Chair of that Committee meeting and will accommodate Mr. Strieter at that time.

CHAIR RAGGIO:

There being no further business to come before the Committee at this time, we stand adjourned at 10:51 a.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____