

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

**Seventy-third Session  
March 24, 2005**

The Joint Subcommittee on Public Safety, Natural Resources, and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means, was called to order at 8:06 a.m. on Thursday, March 24, 2005. Chair Dean A. Rhoads presided 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.

**SENATE COMMITTEE MEMBERS PRESENT:**

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

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Ms. Kathy A. McClain, Chair  
Mr. Mo Denis  
Mrs. Heidi S. Gansert  
Mr. Joseph M. Hogan  
Ms. Ellen M. Koivisto  
Ms. Valerie E. Weber

**STAFF MEMBERS PRESENT:**

Steve J. Abba, Principal Deputy Fiscal Analyst  
Michael J. Chapman, Program Analyst  
Bob Guernsey, Principal Deputy Fiscal Analyst  
Leslie Johnstone, Program Analyst  
Cindy Clampitt, Committee Secretary

**OTHERS PRESENT:**

George Togliatti, Director, Department of Public Safety  
Phillip H. Brown, Chief, Investigation Division, Department of Public Safety  
Gary Bermeosolo, Administrator, Nevada State Veterans' Home, Office of Veterans' Services  
Darrell Hansen, Administrative Services Officer, Veterans' Home, Office of Veterans' Services  
Allen Biaggi, Director, Department of Conservation and Natural Resources  
Catherine Barcomb, Administrator, Commission for the Preservation of Wild Horses  
Glenn Clemmer, Ph.D, Program Manager, Nevada Natural Heritage Program  
Hugh Ricci, P.E., State Engineer, Division of Water Resources, Department of Conservation and Natural Resources

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*Terry R. Crawforth, Director, Department of Wildlife*  
*James M. Nolan, Budget Analyst, Budget Division, Department of Administration*

CHAIR RHOADS:

I will open the meeting with the hearing on the Department of Public Safety.

## PUBLIC SAFETY

Public Safety, Division of Investigations – Budget Page PS-96 (Volume III)  
Budget Account 101-3743

GEORGE TOGLIATTI (Director, Department of Public Safety):

We are excited about the Investigation Division (ID). Future plans include integration of the Division into a true detective agency. The Division services and responsibilities are varied and include both urban and rural portions of the state. Its mission has become more important than ever with the advent of homeland security issues. State law enforcement agencies integrate with federal and local entities.

PHILLIP H. BROWN (Chief, Investigation Division, Department of Public Safety):

I have been employed in law enforcement for 27 years. I was employed by two police agencies in Nevada before joining ID. I have been the division chief for three years.

We have provided the Subcommittee with a PowerPoint presentation handout ([Exhibit C](#), original is on file at the Research Library). The Division employs Category I peace officers and support staff who conduct investigations in primary support of rural counties prompted by requests from local law enforcement. That service is considered reactive law enforcement.

The ID also operates in a proactive mode through statewide narcotic task force operations. The ID is designated in the Governor's State Comprehensive Emergency Management Plan as the lead state agency in crisis management for any actual or potential terrorist activity in conjunction with the Federal Bureau of Investigation (FBI).

Other functions include polygraph examinations, the Repeat Sexual Offenders' Program, state point of contact for international incidents via the International Criminal Police Organization (INTERPOL) and conducts educational programs in a variety of settings.

The Division's authorized staffing in budget accounts (B/A) 101-3743 and 101-3744 are 71 positions. Forty-one of those are Category I peace officers. Twenty-two are civilian support staff. The Division works with and supervises, 24 contributing personnel. Page 3 of [Exhibit C](#) reflects the Governor's recommendations and the percentage breakouts between the budgets. The four sources of funding are the General Fund, Highway Fund, grant funding and forfeiture funding.

Page 5 of [Exhibit C](#) shows the breakdown in costs within B/A 101-3743 with respect to General Fund and Highway Fund revenues. It includes the federal

reimbursement funds and gives the Division the authority to take in additional funds directed primarily at overtime costs. Page 5 also breaks down the operational and personnel costs.

The Division has operated with federal grant and forfeiture funds for many years. We were recently informed by the Office of Criminal Justice Assistance that the available funding for the Edward Byrne Memorial Grant Program, currently in the form of a justice assistance grant (JAG), has been decreased dramatically.

When the Division budget was drafted, we relied on past practices expecting the availability of Byrne Grant funding. We also needed enough forfeiture funds to match the 25-percent requirement of the federal grant program.

Public Safety, Narcotics Control — Budget Page PS-106 (Volume III)  
Budget Account 101-3744

The necessary funding to continue B/A 101-3744 is \$1,924,074 in fiscal year (FY) 2006 and \$1,972,144 in FY 2007. Personnel and operational costs are also broken out for that budget account in [Exhibit C](#). Note that the federal forfeiture matching funds are currently in the Governor's recommended budget, but are not useable under the new JAG guidelines. There is an additional \$100 in the appropriation control category in the event the Division is without funds and needs to request a hearing before the Interim Finance Committee (IFC).

The Governor's recommendations for task force distribution in B/A 101-3744 are shown on page 7 of [Exhibit C](#). The total revenue necessary to fund the recommendations is \$1,897,974. A \$26,000 amount is missing from this chart because it is placed in the federal authorizations account. The chart illustrates the percentage of funding distributed to each task force operation.

CHAIR RHOADS:

Why is Winnemucca's funding so much more than Elko or Ely?

MR. BROWN:

The Winnemucca task force is completely funded from the grant, but no area has a difference in the level of service provided.

Page 8 of [Exhibit C](#) shows the total of JAG funds available to Nevada in FY 2006 is \$2,900,724, most of which is made available to local government agencies. The available funds for state agencies are \$701,133. In the past, ten other state agencies have applied for use of the grant funds. All state agencies that elect to apply this year will compete for a portion of the \$701,133. No match is required for this grant. Although that sounds like it would be helpful, it is not. Under federal rules, the Division would not be allowed to use federal forfeiture funds since no match is required for the current JAG grant. The forfeiture funds may not be used to pay the salary of a narcotics officer because it is considered a supplanting issue.

The funding required to maintain the current level of operation in B/A 101-3744 is \$1.9 million in FY 2006. The \$701,133 is available to at least 11 state

agencies. Budget account 101-3744 authorizes 18 positions, of which 12 are sworn officers. As an example, if the Division's proposed application for JAG funds is awarded, the amount requested would be \$606,562. In the example, such an award would allow the Elko and Ely task force offices to remain open with two support positions in Carson City. Keeping in mind this is a one-year fix, the remaining task force offices are lost and the JAG grant is slated for elimination in FY 2007.

There are different operational possibilities depending on the amount of grant funding awarded and the individual costs unique to each task force office. We would need to consider whether a task force could operate in a safe and effective manner given the location of the task force and the number of authorized personnel.

If the task forces are unable to obtain funding, the offices in Winnemucca, Fallon, Tri-NET and the South Lake Tahoe, El Dorado County and Douglas County Narcotic Enforcement Team (SLEDNET) would be eliminated. Twelve positions would be eliminated, including eight sworn positions.

The funding necessary to support the second year of the biennium is \$1,972,144. No funding will be available in the second year of the biennium and the task force offices will be closed.

Page 12 of [Exhibit C](#) indicates the areas in which the task forces operate and the area populations. Most of the task force operations assist local law enforcement in rural areas of the state.

The organization chart on page 13 of [Exhibit C](#) has three colors. Blue rectangles are positions funded by General Funds in B/A 101-3743. Orange or yellow colors represent the 18 positions that rely on grant and forfeiture funding in B/A 101-3744. The green rectangles represent the city and county law enforcement personnel currently supervised by ID. There are 71 state personnel and 24 city and county personnel for a total of 95 positions in the organization. The 18 positions in orange represent the personnel exclusively assigned to the proactive narcotic task force mission. The 11 positions in the General Fund within B/A 101-3743, who support the 18 positions in orange, total 29 positions contributing to the narcotic task force operations.

Page 14 of [Exhibit C](#) illustrates the current volume of work productivity. In 2004 the narcotics task force investigated 415 cases and 400 subjects were arrested for a variety of controlled substance violations. Drug seizures are also listed.

Page 15 of [Exhibit C](#) highlights Washoe and Clark County operations. The director has redirected some of the IDs resources in areas of the proposed Joint Terrorism Task Force and a successful commercial interdiction program in Clark County. The pharmaceutical Narcotic Enforcement Team (Pharm Net) is the name of the drug diversion unit in Clark County.

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SENATOR TITUS:

Referring to page 14 of [Exhibit C](#), I have read that production of methamphetamines is increasing in rural areas. Is that also happening in Nevada?

MR. BROWN:

Methamphetamine is the single-most prevalent and damaging drug in the country. We are finding that super laboratories from Mexico and the valley area of California produce high volumes of methamphetamine cheaply. Nevada has fewer laboratories, but the state has become a distribution point. Organized crime and activity with large amounts of distribution points affect not only the large counties but rural counties as well.

SENATOR TITUS:

Can they hide out in the rural areas of the state?

MR. BROWN:

Yes, that is why covering the state in a uniform way is an excellent way to combat the situation.

SENATOR BEERS:

There was recently a large drug case in Gabbs, Nevada. From the presentation in [Exhibit C](#), it does not appear ID has a task force in Nye County.

MR. BROWN:

We have been invited to participate by the Nye County sheriff's office. We have not joined because we do not have adequate staffing levels to support another task force. We share resources and communications with that office and assist to the extent possible.

The graphs on page 16 of [Exhibit C](#) indicate the authorized staffing levels of ID. The top graph reflects the staffing levels since 1986, and the increased state population is shown in the bottom graph. The red bar in the staffing graph for 2006 indicates the loss of the 29 unfunded positions. The 53 reflected by the red bar for 2007 is the number of staff remaining. Those figures are projections at this time.

In the bottom graph, the shaded bottom portions of the population bars indicate the increase in rural population. There has been an 80-percent increase in rural population and a 178-percent increase in urban population in that time frame. Nevada has been the fastest growing state in the past 15 years and continues to hold that position. We are concerned about staffing levels.

CHAIR RHOADS:

The program was removed by the Governor in the 2003-2005 biennium and the Legislature placed it back in the budget. What would it cost to continue the program over the next biennium?

MR. BROWN:

The cost would be \$1.9 million in each fiscal year.

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CHAIR RHOADS:

Would the total cost be approximately \$4 million over the biennium?

MR. BROWN:

That is correct, less any grant funding received. We will apply for the JAG grant funding, but the total available to the state has been dramatically reduced.

CHAIR RHOADS:

The Byrne Grant is no longer available. If the Legislature decided to fund the program at current levels, would the cost to the state be approximately \$4 million for two years?

MR. BROWN:

That is correct.

CHAIR RHOADS:

Please explain the proposed unclassified positions.

MR. BROWN:

Are you referring to my position and that of the deputy chief being unclassified?

CHAIR RHOADS:

Yes, the 2-percent cost-of-living (COLA) increase being recommended by the Governor.

MR. BROWN:

I can live with whatever the state decides is appropriate for my position and that of the deputy chief.

CHAIR MCCLAIN:

We are asking all agencies that question. Our concern is that when there is a change in Governor, the new person could fire all the administrative staff. All of the institutional knowledge would be lost.

MR. BROWN:

Those are valid points. From my law enforcement background, it would be in the form of when a new sheriff is elected there are certain organizational positions they can replace. The risks include "good ole boy syndromes" and a variety of situations not healthy for the organization. There is an acceptable level and the director can comment on that. Some individuals may not be willing to take the risks.

MR. TOGLIATTI:

In my one-year tenure, those lines were blurred for me. Within the Department of Public Safety (DPS) some chief positions are classified and some are not. The chief of the Division of Parole and Probation is an unclassified position, yet the chief of the Nevada Highway Patrol (NHP) is classified. In a perfect world you would like to think management would judge people on their performance and ability to do the job.

The proposal gives management certain flexibility and there needs to be parity between the positions of division chief.

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CHAIR RHOADS:

What will the federal forfeiture funds be used for?

Public Safety, Forfeitures – Law Enforcement — Budget Page PS-93 (Volume III)  
Budget Account 101-4703

MR. BROWN:

Budget account 101-4703 is the unobligated federal forfeiture funds of \$63,954.72. The federal budget account 6018 has a balance of \$1,181,734.52. The state forfeiture cash is \$398,577.77. The total amount currently in the state forfeiture account is \$1,646,268.01. An amount of \$961,078 is shown in [Exhibit C](#) as a minus figure because it was set aside to use as a match over the biennium until it was learned the federal funds were no longer available. The remaining \$398,577.77 is still obligated to the NHP radio system. Approximately \$1.2 million is available in forfeiture funds currently.

We have held discussions with the director's office and the Legislative Counsel Bureau and are putting training plans together. We are somewhat at the mercy of the federal rules as to how forfeiture funds may be spent. In some cases it provides freedom for training, equipment or operating expenses. Those funds have been used in the past to offset use of the General Fund. Training, operating or equipment is available to all department personnel through the forfeiture funds. We have not had time to complete the spending plan yet since learning of the Byrne Grant situation.

CHAIR RHOADS:

Is the bottom line that if the Legislature adopts the Governor's budget recommendations, the only task force would be in Elko and Ely?

MR. BROWN:

That is an example of what JAG grant funds would be used for if our application was successful. If no funding is provided beyond whatever is received in JAG grant funding we would be down to six personnel in the task force.

CHAIR RHOADS:

Would there be six staff in each task force or would there only be three?

MR. BROWN:

The example on page 9 of [Exhibit C](#) would allow two positions in the Records section in Carson City, three staff in Elko and one in Ely. The remaining task forces would be eliminated. The example assumes IDs' plan would be awarded the majority of available funding, cutting out the other ten agencies eligible to apply for those funds.

CHAIR MCCLAIN:

Is the JAG fund reduction to \$701,133 a certainty?

MR. BROWN:

That is a definite figure.



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CHAIR McCLAIN:

Would that funding only be available for one year of the biennium?

MR. BROWN:

There is a law enforcement crisis nationwide because of the President's proposed budget. There are policemen and attorneys general nationwide continually working on the issue.

CHAIR McCLAIN:

The President's proposed budget seems to have every state agency in a panic. Is there a budget amendment allowing the \$100 annual allocation permitting the agency to appear before the IFC if something changes?

MR. BROWN:

The \$100 is in the Governor's recommendations. The ID is pressed for time because the application process for the JAG grant is not due until April 15, 2005. We will not know the final figures until the last moment.

CHAIR McCLAIN:

Please get with staff as quickly as possible.

(Written testimony [\[Exhibit D\]](#) was provided by Ms. Linda Lang, Nevada Statewide Coalition Partnership, with no verbal testimony).

CHAIR RHOADS:

I will close the hearing on the DPS and open the hearing on the Office of Veterans' Services.

## VETERANS' SERVICES

Veterans' Home Account – Budget Page VETERANS-7 (Volume III)  
Budget Account 101-2561

GARY BERMEOSOLO (Administrator, Nevada State Veterans' Home, Office of Veterans' Services):

A budget overview was presented previously. I would like to outline four major challenges for which we will need assistance and four major accomplishments made within the past two years.

Our largest challenge is the one which is most difficult to overcome. That is how to attract quality nurses to Boulder City. There is an acute nursing shortage in southern Nevada. I have reminded the Subcommittee previously that on any given Sunday, the *Las Vegas Review-Journal* will carry four to five pages of advertisements for nursing staff. The challenge is how to attract nurses to drive 40 to 60 miles round-trip, each day, with gas prices at \$2.30 a gallon and still increasing, when they could "walk out their back door" and get a job nearby making more money.

I do not have all the solutions. The real solution is to train more nurses and I am aware the Legislature is making an effort to do that. The state needs to be more competitive in the area of salary and fringe benefits for nurses. One week ago



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I used 385 hours in contract nursing services. There is a shortage and we are having a difficult time in recruitment efforts.

The second challenge is the lack of adequate dining spaces. We currently have miniature dining rooms.

CHAIR RHOADS:

Before we leave the challenge of hiring nursing staff, will the 2 pay-grade salary increase approved for nurses help with your shortage?

MR. BERMEOSOLO:

I asked the director of nursing services the same question and her answer was that it would not resolve the situation, but it would certainly help.

CHAIR RHOADS:

I am amazed by your comment concerning the number of pages in the newspaper recruiting nurses.

MR. BERMEOSOLO:

Last Sunday there were four and a half pages of advertisements for nurses. Some of the advertisements offered nurses \$100 to appear for an interview. Some are offering \$5,000 bonuses payable over a 2-year period.

CHAIR RHOADS:

How many nursing vacancies are there currently at the State Veterans' Home?

MR. BERMEOSOLO:

There are currently five vacancies in licensed practical nurses and four in registered nurse staff.

SENATOR TITUS:

The Nevada nursing shortage is acute, but it is a nationwide problem. We provide scholarships and the universities are urging students into that program. Perhaps the Legislature should pass a requirement that if a person receives a free ride to nursing school, they must give back two years of service in needful areas of the state. This need would be a great example of that benefit.

CHAIR RHOADS:

Great Basin College in Elko, Nevada, now has a four-year nursing program and it has been popular.

MR. BERMEOSOLO:

One effort we have tried was a recruitment advertisement at \$450 each week, but that was a waste of money within the maze of nursing recruitment advertisements in the *Las Vegas Review-Journal*. I will be working with a local advertising agency to define a progressive program in an attempt to attract nurses. The reality is that once we hire a nurse, we are stealing them from someone else.

CHAIR RHOADS:

What percentage increase does the 2 pay-grade increase provide?

MR. BERMEOSOLO:

We already hire nurses at the top of the grade. We hire at a step 8 and promote to the top of the grade, step 9, when they become permanent. The 2 pay-grade increase will provide an additional 10 percent.

CHAIR MCCLAIN:

Are you experiencing difficulty in recruiting contract nurses?

MR. BERMEOSOLO:

Yes, we are. Some shifts have had to remain vacant. Because we have three wings at the facility, we move people around and cover the best we can. We try not to go under a 1:12 nurse to patient ratio. There was one day, on a weekend, where we called the registry and there was no one available.

The second area of challenge is the lack of dining space. We inherited some of these problems. We have a miniature dining room on each wing. The challenge is that each wing houses 60 residents. The dining rooms only hold approximately 30 individuals; therefore, everyone cannot be fed at the same time. We rotate between dining rooms, but the lack of adequate space has led us to provide meals in eight different locations at one time.

The four activity rooms were converted to dining rooms and people are now eating in the living room. We are spreading staff out as much as possible in an attempt to provide coverage. This presents the severe threat of a choking hazard. It is only a matter of time before we have an incident because so many residents are eating in their rooms.

The solution is to create a larger centralized space in which we would encourage patients to eat. We are trying two shifts currently. Serving meals in half-wing increments separates staff even further because after eating, many residents like to go to the bathroom or lay down for a nap. Staff is needed with the resident for each of those functions.

If we were to resolve the problem by hiring additional part-time staff, our cost study indicates the cost would be approximately \$400,000 each year. That goes back to the issue of attracting staff to Boulder City to work two hours each day when we cannot get them to come for eight hours a day.

We considered three separate studies. One proposal was to create a new dining room, another to expand the miniature dining rooms or expand one activity area to a larger area. By far the cheapest is to expand the activity area to one large area capable of holding 150 individuals. We would still have to feed people who need assistance on the units and near the nursing stations.

The good news is we have applied and been accepted for a 65-percent matching grant from the Department of Veterans Affairs (VA) to build the dining room. The bad news is the Veterans' Home was only built three years ago.

CHAIR RHOADS:

What will the President's proposed budget do for the Veterans' Home?

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MR. BERMEOSOLO:

First let me make you aware, there is a separate budget item in the Capital Improvement Program budget at about \$400,000 to match the federal grant and build the dining room.

The third challenge is inadequate resident storage space. If you visited the Veterans' Home you would be appalled at the space allotted to each resident. Each room has one 12-inch closet with two 12-inch drawers below the closet. The bottom drawer is a locked drawer and most residents cannot bend low enough to open it. If they can bend to that level, they cannot see to find the keyhole.

CHAIR RHOADS:

Who designed that?

MR. BERMEOSOLO:

That is a good question. Apparently it was someone who was not familiar with veterans or nursing homes.

We are encouraged by Medicaid/Medicare to provide a home-like environment. We are supposed to encourage residents to bring belongings from home, but we have no place to put them. They have a nice open desk, although only about 5 out of the 150 residents use the desk. Most use the area for storage under the desk. Fire safety rules do not allow items to be stored on the floor. They must be on a pallet or off the floor.

We arrived at a solution to remove the desk units and replace them with modular units consisting of a blouse/shirt closet that is 3-feet wide and two 3-foot drawers underneath. The bids were recently received. The cost will be approximately \$250,000 to hire a company to make the replacements and match other existing furniture.

CHAIR McCLAIN:

Did you consider using Prison Industries to build the modular units?

MR. BERMEOSOLO:

The Veterans' Home issued a request for proposal (RFP) and bids were received. We used a local contractor.

CHAIR McCLAIN:

You might consider Prison Industries next time furniture is needed because they do beautiful work.

MR. BERMEOSOLO:

We will remember that.

DARRELL L. HANSEN (Administrative Services Officer, Veterans' Home, Office of Veterans' Services)

The initial bids for the closets were requested so we would know what to ask for in the budget. The project will have to go through the normal State Purchasing Division process to obtain bids and build the project.

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CHAIR RHOADS:

Does that mean you cannot go through the Prison Industries?

MR. HANSEN:

That is an avenue we will pursue.

MR. BERMEOSOLO:

Our fourth challenge is the need for an integrated software program that works. Two years ago the Legislature provided authorization to purchase a system. With the assistance of the Department of Information Technology (DoIT), we purchased a system, but it is not integrated. The vendor told us it was. Once it was installed, the clinical software would not communicate to the financial software. We told the vendor they had not met the specifications, and they agreed. They thought they could meet the specifications by purchasing a financial package and creating a gateway for the two software programs to integrate. One system was a disk operating system converted to Windows technology and the other was a Windows-based program. The software vendor agreed to return the purchase price; however, now a new system must be purchased. We will appear before the IFC to request assistance in this matter.

SENATOR BEERS:

Will the Subcommittee see a reversion of the original cost of the integrated software?

MR. BERMEOSOLO:

That is my understanding. There will likely be a reduction from the original cost based on the monthly maintenance, warranty and licensing fees. It is my understanding the vendor will return the cost of the software.

ASSEMBLYMAN DENIS:

If the software provided was incorrect, a portion of the maintenance costs should be returned as well.

MR. BERMEOSOLO:

I certainly agree and we will work to receive as large a return as possible. The vendor is not currently charging monthly support fees. They sent two technicians out for a week to attempt to fix the system. To make the system work we have turned off the gateway and are operating both software packages independently, but that is not what was bid. The software should have the ability to track financial and staffing data, inventory control, medical records and all components should be integrated.

SENATOR BEERS:

What was the cost of the integrated software package?

MR. HANSEN:

The initial purchase was approximately \$55,000 to \$60,000. The ongoing maintenance charges are approximately \$650 monthly. We initially estimated a return of approximately \$30,000. With Assemblyman Denis' comment concerning support money, that figure may change.

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SENATOR BEERS:  
Who is your legal counsel?

MR. HANSEN:  
We are working through our deputy attorney general.

SENATOR BEERS:  
Do they have any commercial experience?

MR. BERMEOSOLO:  
Ms. Rebecca Levine is our counsel and she is working closely with the DoIT deputy attorney general who has that experience. We will get back every penny we can. I was surprised when I laid out our case, and the vendor agreed.

SENATOR BEERS:  
The ability to get out of the liability by paying back less than half the purchase price is a sweet deal for the vendor.

MR. BERMEOSOLO:  
We will do the best we can.

ASSEMBLYMAN DENIS:  
Will the data from the old system be transferred directly into the new system when it is installed?

MR. BERMEOSOLO:  
That will be a requirement in the RFP. We were successful in transferring data from our old system into the current system. The DoIT is working with us on the project. The vendor is at fault, although it was supposedly an unintentional error.

ASSEMBLYMAN DENIS:  
Will you be allowed to test a new system before payment is made next time?

MR. BERMEOSOLO:  
Absolutely, the last time we were in an emergency situation was because the software we had at that time did not work. Although we are currently using a segregated system, we will have the ability to bring in vendors and observe demonstrations. Two demonstrations are currently planned. Clinical software has moved to Web-based programs and one demonstration will use that technology. There are Heath Insurance Portability and Accountability Act concerns with use of the Web to maintain medical records.

SENATOR BEERS:  
Why are you not using the state's Integrated Financial System (IFS) for your accounting needs?

MR. BERMEOSOLO:  
The financial component we need is used to produce billing statements.

CHAIR RHOADS:

The \$250,000 for storage is not included in the budget for this year. What is your proposal for payment of those costs?

MR. BERMEOSOLO:

We will have to look at the upcoming budget year. We are aware of the need to approach IFC after the Legislative Session. At that time we will know what the actual costs will be. Our estimate is the storage costs will be between \$100,000 and \$200,000. Once we know the exact amount needed, we will review the budget and determine how to generate the revenue to pay the costs.

CHAIR RHOADS:

Please work with staff on that point.

MR. BERMEOSOLO:

I am raising the issue now to alleviate a surprise when we come before the IFC.

CHAIR RHOADS:

Do you have any savings in the current budget that could be used?

MR. BERMEOSOLO:

We are establishing a work program to utilize savings in the current budget. That is part of the accomplishments I will speak to in a moment.

We have made significant headway in the past two years. We have instituted a collection system that works and satisfies state auditors. The collection process is ongoing and we are financially healthy as evidenced by the return of over \$1 million to the General Fund at the end of the budget year.

We have decreased our request for General Funds in the *Executive Budget*. We are hopeful we can hold our charges at the current level until the next fiscal year.

We have stabilized leadership staff positions in the last two years. That leads to better patient care. There are shortages in staff I have already addressed.

CHAIR RHOADS:

Please explain the potential loss of license plate revenues in the amount of approximately \$85,000. Senate Bill (S.B.) 14 apparently has an impact on this item.

**SENATE BILL 14:** Revises provisions relating to certain special license plates.  
(BDR 43-322)

MR. BERMEOSOLO:

The Veterans' Home has a gift account that is used for resident needs. The license plate funds placed in that account are utilized for that specific purpose. Currently, a number of requests are pending. They include the purchase of activity equipment, a big-screen television to be placed on the wall in the activity room and balls to use for exercising.

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Veterans donate the funds when purchasing a Veterans' license plate and we are hopeful we will not lose those funds.

CHAIR MCCLAIN:

Please provide the Subcommittee with the background on the increase in Medicaid funding and on the development of the cost-per-day fees for the patients paying privately.

MR. BERMEOSOLO:

Medicaid money we generate is done through a retrospective payment plan. We are the only nursing home in the state to receive actual cost-of-care funding through Medicaid. That was a wise Legislative decision because that retrospective payment plan generates federal matching funds. The plan also keeps the Veterans' Home from using 100-percent General Funds for support.

Recently the National Association of State Veterans' Homes passed a bill to exempt Medicaid funds from being offset by the per diem payment received from the Veterans Administration (VA). That will generate approximately \$800,000 in additional revenue for the Veterans' Home over the next year allowing us to reduce our budget request and rely on revenue not taken from the General Fund.

The private rates were set after conducting a survey of the 26 other nursing homes in Clark County and developed using an average cost per day for nursing home care. We reduced that by the VA monthly subsidy of slightly more than \$57.78. When the survey was completed, the average cost of nursing home care in Clark County was \$160 each day and our charges were developed after reducing that amount by the VA subsidy resulting in a charge of \$101 each day. Since that time, the *Las Vegas Review-Journal* has reported Clark County nursing home costs have risen to an average of \$180 each day. We are hopeful to maintain our current rate structure until the next fiscal year. At that point, we will survey again and increase rates as necessary. The plan is to generate as much revenue as possible without relying on the General Fund.

CHAIR MCCLAIN:

How many of the residents are private pay patients?

MR. HANSEN:

Between 65- and 70-percent of the residents are paying privately and that number is gradually decreasing as a result of additional Medicaid patients.

CHAIR MCCLAIN:

I hope the rates are not prohibitive to private-pay residents and that they have money left over for other needs.

MR. BERMEOSOLO:

We hope the residents have discretionary funds remaining. Currently, the Medicaid allowance for resident use is \$35 per month.

CHAIR MCCLAIN:

That is atrocious. I was referring to the private-pay residents, not the Medicaid residents.



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MR. BERMEOSOLO:

The private-pay patients pay \$101 each day and keep whatever is left. That is dependent upon their income. Our concern is for the Medicaid residents who only have \$35 each month. The person in the next bed may have \$300 or \$400 left after their expenses are paid.

CHAIR MCCLAIN:

Is that a federal guideline?

MR. BERMEOSOLO:

That is a Medicaid guideline. The VA guideline allows the same veteran, if he were in a private home, to retain \$90 in discretionary funds each month. The difference is the veteran is not eligible for the attendance payment when they are in a private home, but they get to keep \$90 each month which must go into their patient fund. When the same individual is in a state veterans' home, they get the full attendance payment and are only allowed \$35 each month under Medicaid.

In discussions with staff in the state of Colorado, they have developed a way to give veterans' home Medicaid residents \$100 each month. It is a transfer of funds on ledger where they use General Funds to replenish the patient account to \$100 after they have collected the amounts allowed by Medicaid.

CHAIR MCCLAIN:

Is that a methodology that management of the Veterans' Home can use, or is it something that must be approved through the Legislature?

MR. BERMEOSOLO:

We are investigating the exact methodology used in Colorado at this time. It appears to be a way to legally sidestep the Medicaid procedures. I propose that we are already spending General Funds in support of those residents who cannot pay regardless. Why not use those funds for a spending allowance? I would like to see all residents have \$100 each month. That would be \$10 more each month than if they were residents in the private sector.

SENATOR TITUS:

Your testimony indicates you have approximately 180 beds available and approximately 150 residents. With the number of veterans in southern Nevada, you would think all the beds would be full. Do you have a waiting list? Are some veterans unaware of the facility? Is it so bad they do not want to be there?

MR. BERMEOSOLO:

I hope so and I hope not.

SENATOR TITUS:

I am not maligning the administration; I was referring to the problems you described.

MR. BERMEOSOLO:

It is a little bit of both. We have not done an exceptional job of advertising. We have recently entered into an agreement with a producer who will make public

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service announcements for the Veterans' Home. They will be on the radio soon. The contract is reasonable at \$500 per quarter or \$2,000 a year. The cost is for development of the announcements. The advertisements will run on the air, free of charge.

We have placed advertisements in senior citizen magazines. We send staff to job fairs. There are currently 59 applications in process. It is not that we are not receiving applications for residency. One reason the population is not increasing is that we are losing veterans as fast as new residents arrive. When patients go to a nursing home, unless they are there for rehabilitation, it is their last stop. During the winter months, losses are higher. In the past week there were five admissions and there were five deaths.

SENATOR TITUS:

Do you feel, with the 59 applications you are processing, the facility will reach capacity soon?

MR. BERMEOSOLO:

Capacity is 177, but there are always a few residents out on pass, home on a trial basis, in the hospital or undergoing an acute care procedure. We have budgeted for 162 residents in the facility at any given time.

SENATOR TITUS:

Please remind the Subcommittee why the Veterans' Home was placed in Boulder City.

MR. BERMEOSOLO:

The availability of land was a major factor. Boulder City is a great community. The city has embraced the home, but there is a commute. In my review of the *Nevada Revised Statutes*, it speaks of a second veterans' home in northern Nevada. I encourage the Legislature to place that home in Reno where there are amenities such as a nursing school, an airport and a large university. If the facility is placed in small rural areas, the problems experienced in southern Nevada will be duplicated.

CHAIR RHOADS:

Please review your educational program for the Subcommittee.

MR. BERMEOSOLO:

We have a budget request for 0.5 percent of the budget to be used for in-service training. We are the most regulated service industry in the United States, even more so than the nuclear industry. There are multiple agency auditors and multiple agency regulations for which we must remain in compliance every day for every veteran. Staff must be made aware of the ever-changing rules and regulations.

We asked each of the 22 team leaders to provide a proposal in terms of how they would remain current in their licensing and the knowledge base necessary to provide good care. We allowed one out-of-state trip each year, per staff member, at approximately \$1,500 each year per person. In addition, we anticipate in-state training.

Earlier discussion centered on incentives to entice nursing students. Why not enter into a program of tuition reimbursement helping people get through college if their course of study is beneficial to the Veterans' Home. We have devised a program to assist certified nursing assistants or licensed practical nurses who want to become registered nurses to attend college. It will benefit the Home immediately because they are learning about nursing, but it will also help them receive a higher degree of certification. The request of 0.5 percent of the budget is a reasonable request for in-service training. The staff deserves the consideration.

CHAIR RHOADS:

Please explain the \$50,000 annual request for contract services.

MR. BERMEOSOLO:

The contract services represent anticipated increases to existing contracts. This is a particular situation where we are asking the contractor to perform beyond the functions specified in the contract.

There is an ongoing problem in the laundry with lost clothing. Families become upset. It is less costly to ask the contractor to hire an additional person to monitor and mark the clothing, work with families, hang up the clothes or remove them for laundering. One person would have responsibility to track clothing issues. It is less costly to pay the contractor than for the state to hire an individual and pay salary and fringe benefits. I have contacted the contractor for a contract amendment to add one person. The contractor rebutted that they would need two people because we are a seven-day-a-week facility. Weekends are most important because that is when families visit. The contractor also has three shifts at the current staffing ratio which he cannot fill which further justifies two new positions. The cost of those two positions is approximately \$45,000 with fringe benefits. The contractor is also asking for an inflationary increase. The overall contract is approximately \$80,000, but I am only requesting \$45,000 in the budget.

CHAIR RHOADS:

Would it be better to eliminate that request from the budget and take the request to the IFC?

MR. BERMEOSOLO:

That is at the discretion of the Subcommittee.

CHAIR RHOADS:

Please explain the request for the cooling towers in decision unit M-425.

M-425 Deferred Facilities Maintenance – Page VETERANS-9

MR. BERMEOSOLO:

The cooling towers are approximately three years old and they are rusting through. The warranty is expired. It is our opinion the problem is a manufacturing flaw; however, the manufacturer will not fix the problem because of the expired warranty. One tower is leaking and signs of rust have been detected on the other one. We are trying to find a spray-in fiberglass or vinyl liner for temporary repair in order to use the towers for a longer period of time.

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We are hoping a vinyl liner will provide up to five years of extended use. At that time, either the liner would need replacing or new towers would be needed. The cost should be substantially lower than the replacement figure requested in the budget.

MR. HANSEN:

We have received two bids for vinyl liners at a cost of approximately \$10,000 which could be allocated from the current budget year.

CHAIR RHOADS:

Could the request in the *Executive Budget* possibly be removed?

MR. HANSEN:

Yes, sir.

CHAIR MCCLAIN:

Please explain the requested concrete sidewalks.

E-731 Maintenance of Buildings and Grounds – Page VETERANS-11

MR. BERMEOSOLO:

If the building should have to be evacuated, although that should never happen because the building is a “defend in place” metal building, wheelchairs must be pushed out emergency exits, across dirt paths and 50 feet away from the building. If it is raining, the wheelchairs will sink in the mud. We have tried numerous solutions including a type of dirt gunite which is a sand and gravel mixture that is laid down and hardens. That was not successful. We are working with State Public Works Board (SPWB) to arrive at a solution where at least a part of the path is either asphalt or concrete for a distance of 50 feet.

We are investigating whether or not the sidewalks should have been done as part of the original contract. If it should have been part of the original contract, it will be added to the damage litigation.

Wheelchair gardens are in place. These are raised gardens where residents can grow flowers or vegetables while seated in their wheelchairs. One of the wheelchair gardens has concrete around it for ease in rolling the wheelchairs. The other does not, although installation of water and sewer lines was done in a manner to indicate the anticipation of concrete being poured. Mr. Dan O’Brien, Manager, SPWB, was recently at the facility inspecting the garden site.

CHAIR MCCLAIN:

I appreciate your service and attention to the previous problems experienced at the Veterans’ Home.

CHAIR RHOADS:

You have certainly turned things around at the facility. You might need to delegate some authority to others so you do not have to do it all.

I will close the hearing on the Veterans’ Home budget and open the hearing on the Department of Conservation and Natural Resources budgets.

## CONSERVATION AND NATURAL RESOURCES

### Heil Wild Horse Bequest — Budget Page – DCNR-23 (Volume III) Budget Account 607-4156

ALLEN BIAGGI (Director, Department of Conservation and Natural Resources):

The mission of this program is to serve as an advocacy for wild horses through funding of educational, promotional and habitat programs and projects. The advocate participates with federal agencies in the land use planning process to ensure sufficient habitat populations and serves as a clearinghouse for the general public and media on all aspects of wild horses.

This is a straightforward and simple budget account. Ms. Catherine Barcomb is the only employee within the budget account.

CATHERINE BARCOMB (Administrator, Commission for the Preservation of Wild Horses):

The Commission is entirely funded by the Heil Trust. There are no General Fund revenues allocated to the agency. The budget is status quo in spending and agency operation.

### E-200 Reward more Efficient Operations – Page DCNR-25

We have requested continuation of the inmate clerical assistant in decision unit E-200 of the *Executive Budget*.

In compliance with the state's equipment replacement schedule, we have requested replacement of a computer, if needed, in FY 2007.

Realignment, consistent with the Governor's unclassified pay recommendation, is included and we support the Governor's recommended budget.

CHAIR RHOADS:

Your budget is being reduced drastically. What will happen in the future when the reserves are depleted?

MS. BARCOMB:

We crafted a strategic plan in 2001, when the Legislature authorized a \$400,000 appropriation, to be matched by Bureau of Land Management (BLM) funds from the Heil Trust Foundation. We knew, at the time, it would buy down the trust beyond the ability of the Commission to survive. The tragedy of September 11, 2001, occurred after that decision, changing financial statuses throughout the nation. The tragedy accelerated the buy down because interest income is not what was anticipated when the Trust was created. The time frame for expiration of Commission funding is anticipated to be between mid-2010, or in 2011. That prediction is based on fluctuating interest income versus expenses.

CHAIR RHOADS:

Please describe the Wild Horse and Burro Foundation.

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Ms. BARCOMB:

The Wild Horse and Burro Foundation was created following the 71st Legislative Session. There is a line item in the Heil Wild Horse Bequest budget for the Foundation in the work program for FY 2004-2005. The reason the \$400,000 was not paid immediately is because we are keeping as much in the budget as possible to generate interest income.

The Foundation has been making requests for disbursement in \$50,000 increments from both the Commission budget and the BLM.

CHAIR RHOADS:

Has the BLM been matching your disbursements?

Ms. BARCOMB:

To date, we have paid over \$256,000 and the BLM has paid \$200,000.

CHAIR RHOADS:

What are the goals of the Foundation?

Ms. BARCOMB:

The Commission and the BLM assisted the Foundation in development of their business plan. The major goal is in marketing and enhancement of the BLM's wild horse adoption program.

Confusion is created when BLM takes wild horses off the range, but insufficient adoptions occur. They have been working with Ms. Gale Norton, Secretary of the Interior and Ms. Kathleen Clarke, Director, BLM, on a realignment plan for the BLM program. The group has worked with large companies like Wrangler, Jim Dreyer Gear and Purina to help reposition the mustang for promotional purposes.

CHAIR RHOADS:

Does the Wild Horse Foundation receive donations from other industries?

Ms. BARCOMB:

The Foundation has received numerous pass-through donations to help fund various projects.

CHAIR RHOADS:

Who is the chief officer of the Foundation?

Ms. BARCOMB:

The Foundation is completely separate from the Commission. Mr. Frank Cassis is the President of the Foundation. There are five board members including Mr. John Fallon.

CHAIR RHOADS:

Is this a national foundation?

Ms. BARCOMB:

Yes, sir.

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CHAIR RHOADS:

Is there still a National Wild Horse Advisory Committee?

Ms. BARCOMB:

Yes, there is. Ms. Robin Lohnes is the executive director. They meet quarterly. The BLM hired a national marketing director. The Foundation and the marketing director are working together to rewrite the BLM program.

CHAIR MCCLAIN:

Please explain the difference between an estray and a wild horse.

Ms. BARCOMB:

The Wild Horse and Burro Act was created in 1971. Congress mandated the BLM to designate herd management areas. The Virginia Range was never included in the management plan. Thus, the horses in that area are called estrays. Under state law, a domestic animal running loose, such as cats and dogs, are designated as stray animals. An agricultural animal is presumed to have an owner, but if the owner is unknown, the animal is called an estray. In the equestrian environment the terms differentiate between a BLM horse and one that is not.

ASSEMBLYMAN DENIS:

Your second performance indicator states, "The number of Commission meetings attended by commissioners and staff concerning wild horse issues." Is there a problem with commissioner attendance at the meetings resulting in a specific performance indicator?

Ms. BARCOMB:

The performance indicator reflects we are meeting the statutory requirement of four meetings each year. In addition, the commissioners actively attend various meetings related to wild horses on their own time.

CHAIR RHOADS:

I will close the budget on the Heil Wild Horse Bequest and open the hearing on the Nevada Natural Heritage.

Nevada Natural Heritage — Budget Page – DCNR-8 (Volume III)  
Budget Account 101-4101

GLENN CLEMMER, PH.D. (Program Manager, Nevada Natural Heritage Program):

The program is responsible for collecting information on the occurrences, distribution and population status of all sensitive species in Nevada. This includes data on all the plants, animals, vertebrates and invertebrates. We maintain the databases for planning purposes.

We serve as the clearinghouse for the public on all of these species. Our vegetation ecologist maps vegetation, habitats and is creating a cheat grass map using satellite imagery. The map will establish the extent of cheat grass throughout the state.

Other staff members include an environmental scientist and a wetlands planner who is creating a wetlands habitat database to be used in wetlands planning.



The Heritage has eight staff with no new staffing requests. Funding resources are 19 percent from General Funds, 48 percent from the Nevada Department of Transportation (NDOT), 27 percent from federal grants and 6 percent from database fees.

Several items in this budget have changed. We have requested support for three positions to assist with monitoring the funding from various federal grants. The grants programs fluctuate. We have requested General Funds for a 0.5 full-time equivalent (FTE) position to assist the wetlands planner and the environmental scientist. We have an agreement for the other 0.5 FTE to be funded through the Nevada State Parks, Land and Water Conservancy grant funds.

We are requesting additional support from the NDOT to maintain the one biologist II position. The remainder of funding for the position will be drawn from the U.S. Fish and Wildlife Service Grant.

We are asking for an increase in NDOT funds to assist with one biologist II position, responsible for providing data services and answering formal data requests.

There are other enhancements for replacement equipment and salary adjustments in the unclassified services.

CHAIR RHOADS:

Is the cheat grass mapping a new project?

DR. CLEMMER:

Yes, the ecologist has been working on that project for the past 1.5 years using funding from the U.S. Fish and Wildlife Service. He uses satellite imagery and field trips for verification purposes to predict cheat grass distribution. It is an accurate method to establish the density and distribution of cheat grass throughout the state. Approximately 40 percent of the state was mapped in the first effort. Currently, BLM grant funding will complete the remainder of the state. The grant requires matching funds.

CHAIR RHOADS:

How will the map be used?

DR. CLEMMER:

One of the first uses will be to identify the potential for fire and restoration needs. Areas with high-density cheat grass might be identified as an area where significant restoration efforts would not be used. Sage grouse habitat identification is another potential use of the map.

MR. RHOADS:

In my experience as a rancher, there are areas we could allow our cattle to graze earlier in the year to assist in fire prevention if prior authorization was obtained from the federal government.

What was your role in the sage grouse study in the past few years?

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DR. CLEMMER:

That was the impetus to create the cheat grass map. We served on that committee, at the request of the Governor, providing habitat data. One of the issues was to define the various types of sagebrush. Our ecologist has been working with a group from Boise, Idaho, on the definition and classification of sagebrush types and distributions across northern Nevada. We have been gathering data on other sagebrush-obligate species such as pigmy rabbits.

CHAIR MCCLAIN:

Please explain the logic used to place allocations such as database fees in reserves instead of under operating costs. How do you determine whether to use Highway Funds or BLM grant funds to fund certain positions? Why do we need a biologist for data entry?

DR. CLEMMER:

We determined a biologist was needed because the data being entered is first ecologically evaluated. It is not practicable to train an individual to understand scientific nomenclature and the broad nature of the biological information. Having a knowledgeable individual entering the data is essential. Accuracy and quality control are important elements to the data collection process.

The agency collects database fee revenues. We charge \$50 for a data inquiry. Purchase of the entire database is \$3,000. Four entities purchased the database in the past year, an increase of three from the prior year. Certain funds have been moved to the database revenue line item. The reserve has been important in the past year to prevent layoff of the environmental scientist. His funding was from a grant that is no longer authorized. We now have funding from "Question 1" funds and Land and Water Conservancy grant funds. The hope is to maintain the reserve to address shortfalls that sometime occur in operating costs or to preserve salary needs.

CHAIR MCCLAIN:

What information was used in development of certain funding changes? Why are database fees being placed in the reserve in the *Executive Budget* instead of being used for current operating costs?

DR. CLEMMER:

For 19 years we have received funding from the BLM in support of the program. Each data point tracked includes a BLM district. The data is sorted by district and we provide the BLM with an annual report of our census data. We have been told their future funding is not guaranteed. We have asked for an appropriation of \$15,000 to cover a possible loss of funding from the BLM.

SENATOR BEERS:

Please describe the history of the Nevada Natural Heritage program.

DR. CLEMMER:

The program began in 1986, funded by the Nature Conservancy for several years. We then received a portion of funding through the "Question 5" bond issue. Appropriation from the U.S. Fish and Wildlife Service also funded the program. We began with two staff and have expanded to eight.

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SENATOR BEERS:

When the Legislature authorized funding from the federal grant for the biologist position, were you not told that when grant funding ceased, the position would no longer be authorized?

DR. CLEMMER:

That was probably a part of the conversation. We feel there is a need to maintain the programmatic aspects, particularly in regard to wetlands planning issues. That is the rationale for the enhancement request of a 0.5 FTE from the General Fund.

SENATOR BEERS:

That translates to a 63-percent increase in your General Fund use.

DR. CLEMMER:

Yes, sir. The General Fund has supported only my position through the years. The enhancement request is sizeable.

SENATOR BEERS:

When you decided to utilize reserves to support the position after grant funds were cut in the interim, did you appear before the IFC for authorization?

DR. CLEMMER:

Yes, the IFC authorized a portion of funding from the "Question 1" appropriation.

SENATOR BEERS:

Did this item slip through on the consent agenda?

DR. CLEMMER:

Yes, it did.

SENATOR BEERS:

One of the most insidious methods of budget creep is to replace a lost federal grant for a special purpose with General Fund revenue.

DR. CLEMMER:

I understand.

CHAIR RHOADS:

Will the statewide wetlands plan be an ongoing project?

DR. CLEMMER:

The plan will be a document, but the planning effort will be ongoing. The Land and Water Conservancy funds require updates every five years. Starting over with a plan every five years would not be efficient. The wetlands planning efforts are added to the database. We now have a geographic information system (GIS) coverage of wetlands that was not previously available. The wetland habitat development will be used for a simpler upgrade to a wetlands plan. The state has not had a wetlands plan since the late 1990s.

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CHAIR RHOADS:

Could "Question 1" funds be used for that position?

DR. CLEMMER:

"Question 1" funds are already being used to support the position.

SENATOR BEERS:

Could the "Question 1" funds be increased for this purpose?

DR. CLEMMER:

Yes, sir. We are hoping "Question 1" funds will help carry the position forward into the next year.

SENATOR BEERS:

Could we replace the General Fund request with a "Question 1" request?

DR. CLEMMER:

Timing would be difficult. General Fund allocations will begin July 1, 2005, and the next sequence for the "Question 1" grant will not occur until September 2005.

SENATOR BEERS:

"Question 1" funds are bond funds. Would they be used for retention of staff replacing grant funds?

DR. CLEMMER:

It would provide for continuation of the wetlands planning program.

CHAIR RHOADS:

Can FY 2005-2006 funds be used to support staff for the wetlands planning program?

DR. CLEMMER:

Yes, sir. "Question 1" funds are already funding 0.5 FTE of the environmental scientist who is the wetlands planner.

CHAIR RHOADS:

Please elaborate on the Land and Water Conservancy funds.

DR. CLEMMER:

Land and Water Conservancy funds are administered through the U.S. Park Service. They provide approximately \$1.1 million to the Nevada Division of State Parks for use in their efforts. Funding is derived from off-shore oil drilling fees and is disbursed to the states. From those funds received by the Division, we receive half of the salary costs for the wetlands planner. Land and Water Conservancy funding requires development of a wetlands plan to meet the requirements.

CHAIR RHOADS:

The funding is scheduled for elimination in the President's current budget. How will the funds be replaced?

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DR. CLEMMER:

That is a concern. I understand there is an extensive lobbying effort to reestablish the funds. It would impact the Division of State Parks as well as the Nevada Natural Heritage Program.

CHAIR RHOADS:

What amount of loss are you anticipating?

DR. CLEMMER:

The amount for our agency is approximately \$47,000. The Division of State Parks would lose \$1.1 million.

CHAIR RHOADS:

Is the conservancy funding for both agencies in the *Executive Budget*?

DR. CLEMMER:

The amount in our budget is approximately \$46,000 in the first year and \$47,000 in the second year. I would guess that the Division would be stable at approximately \$1 million from Land and Water Conservancy funds.

CHAIR RHOADS:

I will close the hearing on the Nevada Natural Heritage budget and open the hearing on the Water Resources budget.

Water Resources — Budget Page DCNR-55 (Volume III)  
Budget Account 101-4171

HUGH RICCI, P.E. (State Engineer, Division of Water Resources, Department of Conservation and Natural Resources):

Our budget is simple. We are requesting no new positions. There are no new programs. We have 62.5 FTE positions located in Carson City, Las Vegas, Elko and Winnemucca. The water commissioner positions are located in Elko and Winnemucca.

The Governor's recommended budget is \$5.4 million for FY 2006 and approximately \$5.6 million for FY 2007.

M-425 Deferred Facilities Maintenance – Page DCNR-59

We have requested approximately \$8,000 for maintenance work needed at the South Fork Dam. Construction of the South Fork Dam began in 1986 and was completed in 1989 at a cost of \$21 million. It is 16 years old and additional maintenance is needed. The cone valve heaters need to be replaced. The inside of a dam is very cold. As water passes through, the inside the spray turns to ice inside. These heaters function to ensure valves open and close when required. These heaters are critical at times of high runoff.

An appropriation of \$5,000 is requested for replacement of the relief well manholes. These manholes are at the base or "toe" of the dam to measure seepage coming through the embankment. It indicates the condition of the embankment to determine whether or not repairs are needed.

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CHAIR RHOADS:

When the dam was first built, there was a leakage problem. A large amount of concrete was poured into the dam to solve the problem. Have those cracks filled up?

MR. RICCI:

Those cracks were on the abutments.

CHAIR RHOADS:

Was that an engineering flaw?

MR. RICCI:

It was not an engineering flaw. The geologic site of the dam caused fractures in the material and large amounts of grout were required to fill the cracks.

The final deferred maintenance module is an appropriation request for repair of the Limitorque motor on the sluice gate. This was replaced in the late 1990s, but we retained the motor. We would like to have the motor repaired to use as a backup.

Those two items were not in the two times rule described in the budget development instructions received from the Budget Division. These were items for special consideration.

#### E-525 Office Relocation – Page DCNR-59

We have requested \$25,000 in this category for the new DCNR building. We are moving to a new filing cabinet system which requires a different type of file folder. All staff will need new business cards. Additional furniture is needed for the conference room and waiting areas. These items were not within the two times rule.

#### E-710 Replacement Equipment – Page DCNR-59

There are a number of items requested in replacement equipment that fit the replacement schedule and are within the two times rule. The new vehicle requested meets the replacement schedule by having over 80,000 miles on the odometer and being more than 3 years old. One vehicle in the fleet is a 1990 Jeep Cherokee.

The remaining equipment includes computers, software and printers that all meet or exceed DoIT's schedule for replacement. We have also requested replacement of five chairs. Replacement requests are \$45,000 in FY 2006 and \$50,000 in FY 2007.

CHAIR RHOADS:

I have heard complaints from developers, ranchers and others that your office needs to use more computer technology. These individuals have experienced long delays when contacting your office. I am sure you have been approached concerning the need to expedite your processes.

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MR. RICCI:

I am aware of several bills requesting additional funding. Assembly Bill (A.B.) 349 was introduced by Assemblywoman Gansert.

**ASSEMBLY BILL 349:** Makes appropriation for development and implementation of improvements in information technology and administrative capabilities of Division of Water Resources of State Department of Conservation and Natural Resources. (BDR S-1265)

We are still evaluating the bill and we will hold our comments until the formal hearing.

ASSEMBLYWOMAN GANSERT:

The bill discusses financing to increase the technology use within the Division of Water Resources.

CHAIR RHOADS:

What amount of funding is requested?

ASSEMBLYWOMAN GANSERT:

The bill proposes a study to determine the needs and requests an appropriation up to \$5 million. The request would need to go before the IFC when a final plan is determined.

CHAIR RHOADS:

Does the \$5 million only cover the cost of the study?

ASSEMBLYWOMAN GANSERT:

No, the \$5 million would be the maximum allowed to fund the study and necessary equipment and software.

ASSEMBLYMAN DENIS:

It appears you will replace 27 personal computers, plus a computer-aided design station over the next biennium. What is the total number of personal computers in your agency?

MR. RICCI:

We currently have 80 personal computers.

ASSEMBLYMAN DENIS:

Does your replacement request represent approximately one-third of your computers?

MR. RICCI:

Yes, sir.

ASSEMBLYMAN DENIS:

Are you replacing computers once every four years?

MR. RICCI:

If funding was available to adhere to the DoIT replacement schedule, we would have replaced 40 personal computers this year.



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CHAIR RHOADS:

Please explain A.B. 106 for the Subcommittee. The bill requests \$250,000 to replenish the Channel Clearance Account.

ASSEMBLY BILL 106: Makes appropriation to State Department of Conservation and Natural Resources. (BDR S-1224)

MR. RICCI:

The current balance in the Channel Clearance Account is \$40,000. Of that balance \$39,000 has been committed to one conservation group. However, they have not submitted invoices to our agency. We will confirm their continuing need for the funding request.

If A.B. 106 passes, there are requests for use of resources that fund, in the amount of \$305,000, for the period from 2003 to a few days ago.

CHAIR RHOADS:

I will close the hearing on the Division of Water Resources budget and open the hearing on the Department of Wildlife budget.

The reserves for the Department of Wildlife are low and the Subcommittee is most interested in emphasis on cost-cutting measures, rather than increasing revenues. Your agency is the most vulnerable agency in state government.

Many factors have contributed to the situation including drought, fires, increasing populations and increases in the number of wild horses.

WILDLIFE

Wildlife – Budget Page WILDLIFE-1 (Volume III)

Budget Account 101-4452

TERRY R. CRAWFORTH (Director, Department of Wildlife):

Wildlife management on this continent is a controversial business. When we appeared before the Joint Subcommittees at the beginning of the Legislative Session, we presented an agency program review that explained the agency, status of the agency, fiscal issues and accomplishments. I also provided charts on the revenue and expenditures, by category, in each of the four budget accounts.

There is considerable diversity of revenue. There are over 20 revenue sources in the Wildlife account alone. Those revenue sources bring with them numerous conditions, but the amount of diverse revenues indicate the agency has been searching for other funding sources.

The principal issue is that the historic model of wildlife conservation funding, not only in Nevada, but in the entire country, has been a user-paid base. Hunters and anglers have paid millions of dollars in this state for license fees, federal excise taxes and so forth. In addition, many of these enthusiasts donate their time for the protection of wildlife. It has been a “great ride” in the state for

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60 years and in the country for 100 years, but we appear to have reached the public's limit of endurance. We initiated substantial fee increases during the 72nd Legislative Session. Those have materialized in the manner forecast. We have tried to be responsible in development of an agency strategic plan with solicitation of public opinion. We have instituted programs as indicated by public interest. However, further fee increases have not been a popular subject.

We are finding our fiscal situation is not a result of revenue and expense, but an issue of the cost of doing business by not keeping up with traditional revenue sources.

When agency vehicles travel over 1 million miles each year and the cost of gas is raised by \$1 per gallon between what was budgeted to time of usage, those costs have significant impact on our budgets.

We are in a position in the current fiscal year of making substantial program cuts to remain within the Base Budget and our reserves. The Wildlife reserve, on paper, is just under \$400,000 at the end of the current fiscal year. We are making program cuts in an attempt to achieve twice that amount.

CHAIR RHOADS:

Is that in addition to what is in the budget? Your reserves in the second year are \$52,000.

MR. CRAWFORTH:

That is correct. We are holding over 20 positions vacant. We have not filled positions unless the funding is 100 percent from outside sources. Those vacant positions represent 10 percent of the workforce. We are at a point where trimming a little from each category will not balance the budgets. Any further cuts will leave the remaining employees unable to do their jobs. The only effort left is to cut services. I am aware that legislators have received calls from constituents saying the agency is not responding to calls such as a request to remove a duck that has flown into a swimming pool. It will only get worse.

Our staff typically works for us for 30 years and uses minimal amounts of sick and annual leave during that time. When they retire, their leave balance buyouts are typically \$50,000 to \$60,000 which causes us to leave a position vacant for up to a year to cover the cost.

CHAIR RHOADS:

Does our staff have the list of the latest cuts and reductions?

MR. CRAWFORTH:

They have seen some of the measures we have taken. We have not come to the Legislature with the work program reductions. Our goal is to increase the projected reserves at the end of FY 2005 from less than \$400,000 to greater than \$1 million.

There are cash flow problems because of our revenue sources. However, new license sales and hunting applications are being received.

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SENATOR RHOADS:

Do those functions occur during March and April each year?

MR. CRAWFORTH:

Those revenues should begin to climb. This year we were forced to borrow, interest free, from the General Fund to cover the tight cash flow at the beginning of the year. We should have the ability to repay that loan. I would be reluctant to borrow any more than that in future years.

The biennial budget presentation to the Joint Subcommittees is a balanced budget. As you mentioned, reserves are extremely low. While the budget is balanced, it is fraught with static funding, soaring costs of doing business and ever-increasing program demands. In the past, we have received funds from the Commission on Tourism. In tight budget times those funds are not available. Absent any new revenue sources, we will continue to trim programs.

In the Executive Budget, we have reduced staff by 11 positions. A number of items are listed as enhancements, but they are relatively small requests covering inflation needs. Nothing is being added to programs. We are attempting to cover the costs of mandated programs and existing obligations.

Other potential issues that would impact our budget must be considered as well. Several pieces of proposed legislation could have significant effects on our already ailing budget. The nonresident litigation concerning big game tags and hunting opportunities is a concern. Our agency is currently in the "hot seat" in that litigation. The plaintiffs are threatening injunctions that would stop the big game hunt this year. If that happens, the revenues anticipated and needed in April and May would not materialize.

CHAIR RHOADS:

Will S.B. 420 of the 72nd Legislative Session, the fee increase bill, increase the revenues from the previous year?

MR. CRAWFORTH:

The increases have started to take effect already. The fee increases have performed as was anticipated with a couple of exceptions. The first exception is that I do not know of another agency budget that is as climate driven as ours. Fishing license sales have decreased, but there are far less places to fish in Nevada after five years of drought. The second exception was a small percentage of buyer resistance when prices were increased. We projected our final budget on the old costs and with rising costs we must reduce expenditures.

CHAIR RHOADS:

Are you bound to abide by the judge's decision on the out-of-state hunters injunction for this year's hunt?

MR. CRAWFORTH:

That is big question at this time. The Board of Wildlife Commissioners is working on a tag drawing policy and setting big game tag quotas at their meeting this week and again in May. Currently, the Ninth Circuit Court of Appeal's decision is the law of the land.

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CHAIR RHOADS:  
Explain the lawsuit.

MR. CRAWFORTH:  
The plaintiffs are using the silence of the commerce clause in the U.S. Constitution to claim the states are being overly restrictive and not sharing within the percentages of big game tags allowed to residents and nonresidents. The impact is that we cannot establish quotas. There must only be one drawing which includes residents and nonresidents. The impact is on state residents who do not have opportunities to hunt big game except through a drawing process and that opportunity will be diminished.

CHAIR RHOADS:  
Are you saying that New York State residents have the same opportunity to be drawn for a tag as does a Nevada resident?

MR. CRAWFORTH:  
That is correct. In our review of the current system, a resident of Nevada has a probability of drawing a deer tag approximately once every 2.8 years. If we had a one-pot drawing that included both residents and nonresidents, residents would win a draw approximately every four years. There may be nothing we can do about the situation depending on the outcome of the litigation.

I was asked by Assemblyman Richard D. Perkins to update the Subcommittee on the status of Schroeder Dam. You have been provided a handout titled, "Nevada Department of Wildlife, Report on the Status of Schroeder Dam, Lincoln County, Nevada, Presented to the Nevada State Legislature, March 24, 2005 ([Exhibit E](#)). The dam is also known as Beaver Dam Wash in Lincoln County. Because of the remote location of the dam, the damage was not immediately noticed. When the area experienced flooding, in January 2005, water topped the dam and it is no longer a safe structure. We have made provisions to reduce the danger. Now we must determine what to do with the structure. Restoration of the dam to its original capacity is not possible. The drainage has been subject to situations of silt buildup and estimates to replace the dam are \$10 to \$15 million. It provides less than 1,000 angler days each year.

CHAIR RHOADS:  
Has the dam been destroyed yet?

MR. CRAWFORTH:  
The intention was never to destroy the dam. We were attempting to drill holes in the structure as a preventative measure if a rain on snow event occurred. The drainage is at 285 percent of average. If a rain on snow event occurred, there are some people and property downstream for which the state would not want to be liable.

Wildlife – Boating Program — Budget Page WILDLIFE-14 (Volume III)  
Budget Account 101-4456

The Boating Program account is much smaller but in a similar situation to the Wildlife account. Items affecting the revenue balance are decreases in

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user-funded revenues, drought issues and decreases in boat registration fees. We have performed considerable boat access work in the past and spent a large amount of our reserves on those projects. The Boating Program account is not in much better shape than the Wildlife account.

Wildlife Account – Trout Management – Budget Page 21 (Volume III)  
Budget Account 101-4454

Wildlife Obligated Reserve – Budget Page 23 (Volume III)  
Budget Account 101-4458

I would assert to the Subcommittee that B/As 101-4454 and 101-4458 are okay.

CHAIR McCLAIN:

Returning to the Boating Program budget enhancements, you are requesting four new boats. One, a Boston Whaler, appears to be reasonably priced. Please explain the request for a \$160,475 boat, 25 feet in length that is designated for Lake Tahoe. Also, discuss the 23-foot boat at a cost of \$124,548 designated for Lake Mead.

MR. CRAWFORTH:

We try to buy Boston Whalers for our boating fleet because they come with a long-term hull guarantee. We will normally retain the boats for a decade with one motor replacement. They are a good long-term investment. More importantly, we are expecting staff to go boating in extreme weather conditions to provide search and rescue efforts. These boat requests represent topnotch equipment needed to provide safety for our staff. The public expectations of the agency are the reason the equipment is needed.

CHAIR McCLAIN:

The \$160,475 cost of the boat for Lake Tahoe is high, considering it is replacing a boat just purchased in 1999.

MR. CRAWFORTH:

When we purchased the 1999 boat, we thought we had a better, more reasonably priced boat. We were attempting to provide staff outstanding equipment at less cost and it did not work. I would suggest that if we must reduce the requests, we purchase fewer boats but not reduce the quality.

CHAIR McCLAIN:

The Subcommittee's largest concern is the spend down of the reserves to dangerous levels. Will staff be receiving your budget revisions?

MR. CRAWFORTH:

We will provide staff copies of the revisions.

CHAIR McCLAIN:

Are the cuts you have already made reflected in the current budget?

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MR. CRAWFORTH:

No, we are making cuts in our current work program. We have made no adjustments to the Executive Budget. Instead of approximately \$400,000 in the Wildlife Account reserve, at the end of the current fiscal year, we anticipate the cuts we have made will bring the reserve closer to \$1 million. The agency is hurting. We do not have the people to perform the tasks required.

CHAIR RHOADS:

I am sure you got the message that if the agency does not propose cuts in the Executive Budget, the Legislature will likely make its own cuts. We would rather have the cuts proposed by the agency.

MR. CRAWFORTH:

We felt it was our responsibility to make cuts as needed.

CHAIR RHOADS:

The Governor has recommended deferred maintenance requests of over \$200,000 in both years of the biennium. Some of the money will come from "Question 1" funds. Why are "Question 1" funds not being used to fund all of the deferred maintenance requests?

MR. CRAWFORTH:

The deferred maintenance items are projects of the State Public Works Board that they determined needed to be done. The original request was higher but was trimmed. However, we felt some of the projects must be done for the safety of the facilities. The only revenue source we could identify was the "Question 1" bond funds. We could spend more from those funds. The expenditure of park and recreation bonds on Department of Wildlife facilities has been a sensitive area.

CHAIR RHOADS:

Who makes the decision of whether a request qualifies for "Question 1" funds?

MR. CRAWFORTH:

The statute contains broad language. Before using our portion of the bond funds, we go through a public process and ask for project suggestions. We rank those against criteria established in a public forum and, ultimately, I make the decision.

CHAIR RHOADS:

I wish to compliment you and your staff for your work in development of the sage grouse plan. If the sage grouse had become an endangered species, it would have made the spotted owl in the Northwest look like a minnow. You lead the West in sage grouse planning. Is the plan being monitored on an ongoing basis? Do you have funds to continue in that program?

MR. CRAWFORTH:

That program has been a gratifying experience. One of the points we were making in the West was there was a better way of doing business regarding the Federal Endangered Species Act. We demonstrated the principle of collaborative processes with local people. The information we collected in those local

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planning meetings was the reason the sage grouse was saved from being listed as an endangered species.

CHAIR RHOADS:  
Nevada led the way in that effort.

MR. CRAWFORTH:  
Yes, we did. We recognized the potential harm to the culture and economy. The current process required development of a range-wide strategy and implementation of the plan. We do not have funding to support implementation of the plan. Most of the projects are habitat projects that are expensive. We are implementing projects from local area plans and we are developing new monitoring protocols. We are requesting funds from multiple sources. Several federal agency budgets are set to provide portions of the necessary funding. The Governor has recommended \$300,000 in the Executive Budget for implementation of the plan locally. Our intention is to use the requested funding to match funds from other sources.

CHAIR RHOADS:  
Can upland game bird fees be used to fund some of the projects?

MR. CRAWFORTH:  
Yes, they can.

CHAIR RHOADS:  
Perhaps you or the Budget Division would comment on why the salary reduction for the director was not included in enhancement module E-811 in B/A 101-4452?

E-811 Unclassified Changes – Page WILDLIFE-10

MR. CRAWFORTH:  
In the evaluation of the unclassified service process performed by the Department of Personnel (DOP), a number of positions were proposed for movement from the classified to the unclassified service including the positions of all the program chiefs and the deputy director. I am currently the only unclassified position in the Department of Wildlife (DOW). It is my understanding the DOP reviewed large, medium-sized and small agencies. They considered the DOW to be a medium or small agency.

JAMES M. NOLAN (Budget Analyst, Budget Division, Department of Administration):  
The information from the DOP proposes a salary reduction, but it has been the administration's position that no employee would suffer a salary reduction. If the Subcommittee will look at decision unit M-305, you will see it reflects a 2-percent increase in each year of the biennium.

M-305 Unclassified and Non-classified 2 percent COLA – Page WILDLIFE-5  
Technically there is no decrease in salary.



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CHAIR RHOADS:

Work with staff to formulate use of a portion of the upland game bird fees to supplement the sage grouse issue.

CHAIR McCLAIN:

Could trout management funds be used to assist the other budgets?

MR. CRAWFORTH:

No, the trout stamp was originally designed to fund the construction of the Mason Valley Fish Hatchery. All of the hatcheries are 20 to 30 years old and in poor condition. We have acquired \$20 million in bonds under the hatchery refurbishment program. The Lake Mead Hatchery was reduced to rubble and is being reconstructed at this time. A combination of all funds from the trout stamp and federal funds are needed to pay the construction bond costs.

CHAIR McCLAIN:

When will the Lake Mead Hatchery be completed?

MR. CRAWFORTH:

Fish are supposed to be received at the hatchery in late spring and it will be in full operation by late summer. It takes one year in the production cycle for fish to reach a size that can be planted.

CHAIR McCLAIN:

Is a visitors' center part of the plan?

MR. CRAWFORTH:

Yes, Southern Nevada Lands Act money is helping fund that project.

CHAIR RHOADS:

The Boating Program, under decision unit E-350, requests \$403,000 for restoration projects. Can some of those projects be delayed?

E-350 Environmental Policies and Programs Page WILDLIFE-17

MR. CRAWFORTH:

Some of those projects have already been cut. We have contractual agreements with entities and counties. We are funding part of the boat ramp at Topaz Lake. There are a couple of projects being done independently that will not be completed this year and possibly not considered in the future.

CHAIR RHOADS:

Please explain the low-cost license reimbursements.

MR. CRAWFORTH:

The issue with the license reimbursement program is that the agency is funded from user-paid revenues. The number of low-cost licenses sold to Nevada residents for hunting and fishing cuts into that revenue. In the past, the Legislature has covered the fee reductions in the budget. The budget funding was cut during a time when agency revenues were acceptable, but state revenues were not, and the funding has not been restored.

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CHAIR RHOADS:  
How long have low-cost licenses been offered?

MR. CRAWFORTH:  
We have had that program for approximately 6 years within the last 12-year period.

CHAIR RHOADS:  
What is the cost to the agency each year compared to when the program began?

MR. CRAWFORTH:  
The program costs are approximately \$500,000 annually.

CHAIR RHOADS:  
Have the number of low-cost licenses been increasing each year?

MR. CRAWFORTH:  
They have not increased greatly. The first time the program was offered, the annual cost was approximately \$460,000.

The Wildlife Obligated Reserve Account is solid, but those funds cannot be used in other program areas. We can leverage other funding with obligated reserves and we take advantage of that.

CHAIR RHOADS:  
Please work with staff to identify other budget cuts that can be used to build the reserve.

MR. CRAWFORTH:  
We will be happy to work with your staff.

MICHAEL J. CHAPMAN (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):  
I recommend you make further budget cuts and bring them before the Subcommittee again.

MR. CRAWFORTH:  
I am unsure to what cuts you are referring. This is a balanced budget, but you want us to make further cuts?

MR. CHAPMAN:  
The Subcommittee's point is that the reserves in the Boating Program account and the Wildlife account are minimal. It is my understanding the Subcommittee's desire is to see a larger reserve in those accounts. I assume the agency has an optimal annual balance they would like to see in the reserve accounts. The agency is requested to work with staff to find areas where program, project, or equipment modifications can be made to the budget to enhance the reserves.

I understand the direction to be that staff and the agency work together on that directive and return to the Subcommittee with the results.

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CHAIR RHOADS:

I believe the Wildlife budgets are scheduled for closing in approximately three weeks.

MR. CRAWFORTH:

Ideally, a reserve for the Wildlife Account in today's environment would be in excess of \$3 million. That would position the agency to be free of the need to borrow annually from the General Fund. That amount of reserve would cover catastrophes such as the impending nonresident situation. To achieve a \$3 million reserve at the end of the upcoming biennium is disheartening for me. The agency has worked hard to identify the needs of our constituents and customers. If we cut programs further to achieve that reserve balance, complaints will increase dramatically.

CHAIR RHOADS:

The Subcommittee is not asking for the agency to make deep cuts, but do what you can and work with staff.

CHAIR McCLAIN:

Realistically, we understand \$3 million in reserve is not possible, but something higher than \$400,000 must be achieved.

CHAIR RHOADS:

Seeing no further questions or testimony, we are adjourned at 10:31 a.m.

RESPECTFULLY SUBMITTED:

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Cindy Clampitt,  
Committee Secretary

APPROVED BY:

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Senator Dean A. Rhoads, Chair

DATE: \_\_\_\_\_

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Assemblywoman Kathy A. McClain, Chair

DATE: \_\_\_\_\_