

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Fourth Session
March 6, 2007**

The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:08 a.m., on Tuesday, March 6, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman Joseph P. (Joe) Hardy
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblyman John W. Marvel
Assemblywoman Kathy McClain
Assemblyman David R. Parks
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Barron Brooks, Committee Secretary
Patricia Adams, Committee Assistant



Chairmen Arberry asked the Committee to consider introduction of the following bill draft request:

- BDR S-748—Makes an appropriation to the Community College of Southern Nevada for the construction of and furniture, fixtures, and equipment for the Southern Desert Regional Police Academy.

ASSEMBLYMAN MARVEL MOVED FOR COMMITTEE INTRODUCTION OF BDR S-748.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

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Assembly Bill 198: Makes a supplemental appropriation to the Department of Health and Human Services, Administration, to fund leased office space and tenant office improvements. (BDR S-1251)

Mike Torvinen, Deputy Director for Financial Services, Department of Health and Human Services stated he was present to support A.B. 198 which would make an appropriation to the Director's Office of the Department of Health and Human Services (DHHS) to fund the completion of the Department's move out of the Kinkead Building and into leased space on Technology Way. The bill would provide a \$635,000 appropriation to the Department. The funds would be used to make final payments for tenant improvements, furniture, rent, and phone charges through the remainder of Fiscal Year (FY) 2007.

The estimated additional costs included:

- Rent and phone costs through June 2007—\$127,000
- Tenant improvement costs net of allowance—\$349,000
- Furniture and Fixture costs—\$398,400
- Additional offsets—\$(239,400)
- ✓ Total Estimated Need in October 2006—\$635,000

Mr. Torvinen stated the Department had been updating the analysis of the additional funds needed and working with LCB staff to determine whether the amount in the bill could be revised downward. The Department's analysis included identifying any additional resources that could be redirected toward the completion of the move. Mr. Torvinen noted that staff had asked him to provide the information by March 12. Mr. Torvinen had hoped to be able to provide the information on time but was still missing the final billing for the tenant improvements necessary to complete the analysis. Mr. Torvinen explained that he had been working with the Buildings and Grounds Division, the landlord, and the contractor to get the final billing amount as soon as possible. Mr. Torvinen stated he was provided a written cost estimate on August 17, 2006, which totaled \$813,643. He did not anticipate an increase in that amount. In the final analysis, the cost of the tenant improvements should end up being under \$10 per gross square foot of leased space. During the preparation of the request for a contingency allocation, some of the estimates were as high as \$50 per square foot. The initial estimate was \$506,000.

Mr. Torvinen stated he had the final numbers on the cost of the furniture included in the estimate. The estimate of \$3,000 per modular unit proved to be low. As the Department moved through the formal planning process, more furniture was needed than initially estimated. At one point the Department was faced with the prospect of not being able to move all staff into the building.

Space planning by the furniture vendor resulted in getting all agencies originally on the list into the building plus several other agencies as well.

Mr. Torvinen added that the Department had estimated it would cost about \$200 to require each existing modular unit to be moved from the Kinhead building and other locations to Technology Way. The Department had budgeted \$45,000 for the move of existing workstations, but the total cost to dismantle, move, and reassemble the workstations totaled \$79,600. Mr. Torvinen mentioned that the Department had used some surplus furniture.

Chairmen Arberry requested that the final analysis provided to the Committee be as detailed and specific as possible.

Chairman Arberry closed the hearing on A.B. 198.

Assembly Bill 200: Makes an appropriation to the Information Technology Division of the Department of Administration to add sites and enhancements to the 800 MHz radio system. (BDR S-1265)

Dave McTeer, Division Chief, Information Technology Division, Department of Administration, introduced Robert Chisel, Assistant Director, Administration, Department of Transportation; and Lt. William Bainter, Highway Patrol, Department of Public Safety. Mr. McTeer stated the bill could be found in The Executive Budget on page 25 [BA 1325] of the introduction section as a one-shot appropriation from the Highway Fund. This appropriation to the Information Technology Division of the Department of Administration would add sites and enhancements to the 800 MHz radio system.

Mr. Chisel referred to Exhibit C, a report on the radio system enhancement. The Nevada Shared Radio System (NSRS) was the state's 800 MHz public safety radio system that was operated in partnership with Sierra Pacific Power Company, the Nevada System of Higher Education, and Washoe County's regional communication system. The primary users of the system were the Nevada Highway Patrol and the Department of Transportation. The intent of the enhancement was to provide improved operability of the system by adding ten sites. Six of the sites were existing sites utilized by other entities or cellular providers. Mr. Chisel explained that increased channel capacity was especially needed in the urban areas of Las Vegas, Reno, and Elko. Other items included over-the-air programming to ensure users were operating with the most current program and portable repeaters for emergency and special events.

Mr. Chisel stated that the system currently had 95 percent coverage of state routes. The enhancement would improve coverage for first responders, primarily the Highway Patrol.

In response to a question from Assemblywoman McClain, Mr. Chisel stated four of the sites were new, because they could not be identified as being current communication sites. There were 11 sites that the Department was building as part of the DPS transition: five had been completed and the rest were under construction. Mr. Chisel explained that the Department believed the coverage was needed in the rural areas and to delay the building of the additional new sites would be unwise.

Assemblywoman McClain reiterated that she did not believe the Committee should approve new sites before all of the others currently under construction were completed.

In response to a question from Assemblyman Denis, Mr. Chisel referenced page 4 of [Exhibit C](#) which showed the status of each of the 11 sites in the DPS transition. On page 5, Mr. Chisel noted that the new sites were Pahrnagat, TRE [U.S. 395 south of Gardnerville], Garden Pass [SR 278 north of Eureka], and Yerington and added that some of the work on the sites was contingent upon the completion of certain environmental studies.

In response to inquiries from Dr. Hardy, Mr. Chisel stated that various systems were 800 MHz with common channels, but were not linked together. The interoperability of the systems was being undertaken by the office of Homeland Security. Mr. Chisel noted that currently there was 100 percent interoperability with the Washoe County regional communication systems. The Clark County interoperability was being developed. Mr. Chisel added that the 150 MHz systems and 800 MHz systems could be cross-banded [transmitted on one band and received on another].

Dr. Hardy questioned what the bill's ultimate result would be on overall state coverage. Mr. Chisel estimated that of the 300 miles of roads without coverage, 100 miles would receive new coverage. Mr. Chisel added that it was not possible to get 100 percent coverage because of the topography of the State.

Assemblyman Hogan questioned the high site costs. Mr. Chisel replied that the costs associated with new sites included environmental assessments and the construction of roads, buildings, power lines, and towers. Mr. Chisel added that there was only one bidder for the construction of four sites. The bid was high, but the Department accepted the bid.

In response to an additional question from Assemblyman Hogan, Mr. Chisel replied that prioritization was based upon whether a location was urban or rural, provided interstate coverage, and covered U.S. Highways 6, 93, 95, and 395 or state routes based upon coverage attained and car counts. The Mesquite, Mt. Montgomery (Mt. Schader) [S.R. 160 north of Pahrump], and Mercury sites had been identified as high-need areas.

Mr. Chisel explained the need for over-the-air programming. It allowed radios to be programmed over the air in the same way mobile phones were programmed.

Assemblywoman McClain requested a priority list. Mr. Chisel stated he would provide one to the Committee.

In response to a question from Assemblyman Denis, Mr. Chisel stated that satellite phones were unreliable because of a number of variables including cloud cover, snow cover, and slow response times.

In response to a question from Assemblyman Parks, Lt. Bainter replied that the 150 MHz system was used in a number of areas including Pioche, Alamo, and Beatty. Once the 800 MHz system issues were addressed, the older equipment could be surplussed. Mr. Chisel added that the older equipment might be used for system interoperability in the future. It would not be surplussed until deemed unusable.

Chairmen Arberry requested to hear the opinion of the Highway Patrol in regard to the bill.

Lt. Bainter stated that the Highway Patrol supported the bill because the current radio coverage for the 800 MHz system was limited. There were dead spots in

both rural and urban areas. Areas without coverage included parts of Pahrump, Laughlin, Alamo, and the spaghetti bowl at the intersection of U.S. 95 and I-15 in Las Vegas. Lt. Bainter added that the Highway Patrol was excited about the bidirectional amplifiers and the over-the-air programming. The manual reprogramming of 2,500 radios was a lengthy process. Lt. Bainter added that there was a staff position at DPS that dealt specifically with the radios.

Dr. Hardy questioned whether some of the current dead spots were covered by mobile phone carriers. Lt. Bainter responded that he was not sure about the coverage areas for each specific provider, but added that troopers attempted to use mobile phones when the radios were not working. Mr. Chisel added that many of the mobile phone providers use the same infrastructure and shared the same dead spots.

Dr. Hardy questioned whether a map existed which showed the total state coverage by mobile phone companies. Mr. Chisel responded that he did not have that information. Dr. Hardy suggested doing a study to see which areas were not covered by any mobile phone carrier.

Chairmen Arberry stressed the importance of having a fully functional radio system.

Jeanette Belz, Associated General Contractors (AGC), Nevada Chapter, stated that approximately \$37 million over the years had gone into the radio systems. She appreciated the fact that the Committee was looking at ways to make the system as effective as possible while scrutinizing its costs.

Chairman Arberry closed the hearing on A.B. 200.

Assembly Bill 201: Makes a supplemental appropriation to the Budget Division of the Department of Administration for overtime and increased costs. (BDR S-1246)

Elizabeth Barber, Deputy Budget Director, Department of Administration, stated that the bill was a supplemental appropriation for the Budget Division to cover overtime costs and a single audit report cost. Ms. Barber noted [Exhibit D](#), which provided FY 2007 projections as of March 7, 2007.

Chairmen Arberry asked what the costs were in addition to the overtime. Ms. Barber noted \$58,000 for terminal leave payments, \$53,314 for the single audit cost, and \$4,620 for an increase in the National Association of Budget Officials membership costs.

Chairmen Arberry questioned what the special studies covered. Ms. Barber explained the special studies line showed the single audit report cost.

Chairmen Arberry asked for an explanation of personnel services costs. Ms. Barber stated that \$2,503,891 was budgeted for salaries; year-to-date \$1,862,694.62 was spent on salaries and benefits with roughly \$853,000 more expected for the rest of the fiscal year. Total costs for personnel services would be approximately \$2.7 million, leaving an overage in personnel services of \$212,000. The Department was able to use salary adjustment money, Step 10 money, and \$24,000 from the statutory contingency fund for the terminal leaves and held two positions vacant for the rest of the fiscal year to reduce the personnel services shortfall to approximately \$78,000. With the two other shortages the Department needed \$135,000 that could not be covered without a supplemental appropriation.

In response to a question from Dr. Hardy, Ms. Barber stated that overtime would be used to cover the two vacant positions until they could be filled in July.

Chairmen Arberry informed Ms. Barber that she needed to work with staff to define what made up the large costs.

Assemblywoman McClain stated she wanted to know how much overtime could be attributed to the new administration and the budget amendments that the Committee never seemed to receive.

Chairman Arberry closed the hearing on A.B. 201.

Assembly Bill 202: Makes an appropriation to the State Gaming Control Board for implementation of security measures and replacement of equipment. (BDR S-1220)

Todd Westergard, Chief, Administration Division, Gaming Control Board introduced Joe Bertolone, Chief, Technology Division, Gaming Control Board. Mr. Westergard stated through A.B. 202, the Gaming Control Board was seeking an appropriation of just over \$1 million for replacement equipment and implementation of security measures for three Board programs. The request included the electronic eavesdropping countermeasures, radio communications for the Enforcement Division, and equipment for the agency-wide information technology functions. Mr. Westergard referenced Exhibit E, which identified the costs of the requests.

In regard to countermeasures, Mr. Westergard stated that any organization involved with money, regulatory power, international influence, and which had access to sensitive, confidential information was at risk for electronic eavesdropping. Targets specifically identified by security advisers include marketing plans, merger and acquisition data, and technology development. The State Gaming Control Board fits the stereotype for an organization that should take effective measures to guard against eavesdropping and loss of information. At the Board, not only are regulatory strategies and operational plans at risk, but also a wealth of proprietary gaming industry information.

With respect to radios, Mr. Westergard stated that funding would be used to acquire radios that were compatible with the Southern Nevada Area Communications Council System (SNACC). The Board was able to acquire radios which were compatible with SNACC by exchanging incompatible radios, but needed additional radios to ensure its enforcement agents were properly equipped. The Board initiated a contract with SNACC in FY 2007. Mr. Westergard explained that the radio system was designed for public safety officers who were frequently away from their vehicles and inside buildings.

Chairmen Arberry asked what had happened to the mobile phones that had been previously purchased for the Board. Mr. Westergard replied that those mobile phones were still being used.

In regard to IT equipment, Mr. Westergard stated the normal computer replacement cycle would continue and new equipment would be purchased for the security of information systems and networks.

Assemblywoman McClain questioned why the equipment was not in the Board's budget. Mr. Westergard responded that the Budget Division requested that the equipment be removed from the budget and presented as a one-shot request.

Mark Stevens, Assembly Fiscal Analyst, stated that there were a number of items recommended to be funded by one-shot appropriations because there was surplus funding available. Because the items were nonrecurring, those items could be funded by surplus dollars. Mr. Stevens noted that the projected surplus was not as large as first believed by staff and the Governor.

Mr. Westergard said he would provide more information on the IT equipment to the staff.

Chairman Arberry closed the hearing on A.B. 202.

Assembly Bill 203: Makes an appropriation to the Grants Management Unit of the Department of Health and Human Services for the benefit of Family Resource Centers. (BDR S-1212)

Laura Hale, Social Services Chief 3, Grants Management Unit, Department of Health and Human Services, Director's Office, stated she would be presenting A.B. 203. The bill was one-shot funding to expand the capacity of the Family Resource Centers (FRC) to provide differential response, also known as alternative response. Differential response was a collaborative approach to provide services to at-risk families within the community. A steering committee had been created comprised of members of various FRCs to put forth a proposal to provide differential response throughout the State. Ms. Hale noted that the publicity in regard to child fatalities in Clark County spurred the Department to continue a pilot program that had been mandated by the federal Administration for Children and Families. The Department had utilized federal funds from the Community Services Block Grant and community-based child abuse prevention funds to support two pilot projects in Clark County. Ms. Hale noted that since the inception of the FRCs 10 years ago, there had not been increases in FRC funding. The bill would make available \$380,000 to the FRCs across the State to purchase vehicles and expand services. Ms. Hale added that the bill needed to be amended to read "up to" 20 vehicles, because it was possible fewer vehicles would be purchased.

Assemblywoman Leslie recommended that the money be used for providing services and not for vehicles.

Ms. Hale stated that the FRCs had been surveyed and 13 of them indicated they would like to have a vehicle. Ms. Hale would provide the results of the survey to the Committee.

Assemblywoman Smith agreed that funding needed to be increased and reiterated that basic support needed to be focused on the services provided by the FRCs.

Dr. Hardy spoke about the financial problems of the FRC in the Logandale, Overton, and Mesquite area and stated he understood the importance of the FRCs. He agreed with Assemblywoman Smith's concerns.

Chairman Arberry closed the hearing on A.B. 203.

Assembly Bill 204: Makes an appropriation to the Department of Education for video and computer equipment. (BDR S-1210)

Keith Rheault, Ph.D., Superintendent of Public Instruction, Department of Education, stated A.B. 204 would provide funding to upgrade teleconferencing equipment. There was a need to teleconference between Carson City and Las Vegas for the meetings held throughout the year. Mr. Rheault expressed the need to teleconference with a number of different groups and said the current equipment was obsolete and unreliable. The teleconferencing equipment would especially aid communication with the rural areas.

In response to a question from Assemblyman Denis, Mr. Rheault stated that the current equipment was approximately 12 years old. He added that there was a T1 connection available to be used for the teleconferencing.

In response to an additional question from Assemblyman Denis, Jim Wells, Deputy Superintendent, Fiscal and Administrative Services, Department of Education, stated that the computers were pulled out of the budget and identified as a critical need eligible for a one-shot appropriation.

Chairman Arberry closed the hearing on A.B. 204.

Assembly Bill 205: Makes an appropriation to the Department of Administration for the purchase of motor pool vehicles. (BDR S-1208)

Keith Wells, Division Administrator, Motor Pool, Department of Administration, explained that A.B. 205 would fund 77 vehicles that had been requested by agencies at a cost of \$1,300,784. The majority of the vehicles would be going to the Division of Parole and Probation and the Youth Parole Bureau.

Chairmen Arberry requested that additional information be provided to staff.

Chairman Arberry closed the hearing on A.B. 205.

Chairmen Arberry stated the Committee would review the Governor's recommended budget amendments for the upcoming biennium.

Elizabeth Barber, Deputy Budget Director, Department of Administration, referenced Exhibit F and made the following comments on the amendments:

- Amendment 1 provided adjustments to the Governor's Office by way of staff position changes.
- Amendment 2 was the transfer of Dr. Hatice Gecol's position from the Governor's Office over to the Energy Conservation Office.
- Amendments 3 and 4 were in regard to the Governor's Mansion maintenance.
- Amendments 5 to 7 were changes to the Governor's Energy Office.
- Amendment 8 was for the wildlife trout stamp program where an incorrect revenue code had been used.
- Amendment 9 established the transfer of water to be used in BA 3186 to match BA 4149.
- Amendments 10 to 14 provided more training for the front-line child welfare caseworkers.
- Amendment number 15 provided for the addition of In-State Travel for the Indian Affairs Commission.
- Amendment 16 made a technical adjustment to correct the negative reserve due to moving object code 8648 funds from BASE via M150 to E0325 to isolate reallocations into a separate decision unit.

- Amendment 17 provided continued funding for the Women's Research Institute of Nevada.
- Amendment 18 adjusted revenues and reserves of the Public Utilities Commission.
- Amendment 19 provided for the costs associated with statewide fiber loop for three months in fiscal year 2008 for Real ID.
- Amendment 20 withdrew the request for a new assistant director of traffic safety for the Department of Transportation Administration.
- Amendment 21 supported the Electronic Dealers Report of Sale pilot program that was funded in error with licenses and fees: the total projected revenues for licenses and fees were included in the base budget leaving no money for enhancements.
- Amendment 22 revised the funding source and provided funds for Employment Security Division maintenance projects that had not been completed in the 2005-07 biennium.
- Amendment 23 provided an increase to the recommended supplemental appropriation for the Commission on Judicial Selection based on more accurate projections provided by the Supreme Court.
- Amendment 24 covered budgetary shortages primarily for overtime for troopers who guard the Governor and the Governor's Mansion. Ms. Barber noted the amount should have been \$62,773, not \$62,733.
- Amendments 25 and 26 provided funding for the Nevada Veterans Home for a water softener system and projected budget shortfalls.
- Amendment 27 adjusted maintenance costs for the Communications Division of the Department of Information Technology.
- Amendment 28 had been withdrawn.
- Amendment 29 updated the supplemental appropriation amounts for terminal leave in the Office of the Governor.
- Amendment 30 eliminated the Victims of Domestic Violence supplemental appropriations request.

In response to a question from Chairmen Arberry, Ms. Barber replied that if the Real ID were not to move forward, the money would remain in the Highway Fund.

Chairmen Arberry requested additional information on the personnel budget shortfall. Ms. Barber stated she would provide additional information to the Committee.

Chairmen Arberry asked how many more amendments the Committee should expect to see. Ms. Barber stated that she currently had five additional line items to provide to the Committee and others would follow.

Assemblywoman Leslie questioned the fee increases in the Health Division budget and the Gaming Control Board. Ms. Barber stated that the Gaming Control Board change would not come as a budget adjustment.

Michael J. Willden, Director, Department of Health and Human Resources, stated that four budget amendments for the Health Division were completed and transmitted to the Budget Division.

Assemblywoman Leslie expressed her displeasure with the budget amendments.

Chairmen Arberry explained that staff was going to have to start closing budgets regardless of whether the amendments had been received or not. Ms. Barber explained that she would put pressure on the agencies to provide the necessary responses.

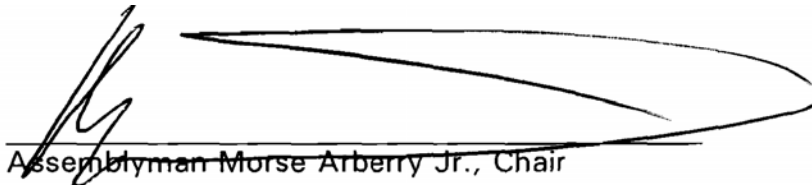
Assemblywoman Buckley commented on the Gaming Control Board changes. She stated that the end result would be the general public paying for those changes.

Chairmen Arberry adjourned the meeting at 10:08 a.m.

RESPECTFULLY SUBMITTED:

Barron Brooks
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Ways and Means</u>			
Date: <u>March 6, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
200	C	Robert Chisel / Department of Transportation	Radio system report
201	D	Elizabeth Barber / Department of Administration	FY 2007 projections
202	E	Todd Westergard / Gaming Control Board	Costs of requests
205	F	Elizabeth Barber / Department of Administration	Budget Amendments