

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-fourth Session  
February 9, 2007**

The Senate Committee on Finance was called to order by Vice Chair Bob Beers at 8:05 a.m. on Friday, February 9, 2007, 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 in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Bob Beers, Vice Chair  
Senator Dean A. Rhoads  
Senator Barbara K. Cegavske  
Senator Bob Coffin  
Senator Bernice Mathews

**COMMITTEE MEMBERS ABSENT:**

Chair William J. Raggio (Excused)  
Senator Dina Titus (Excused)

**GUEST LEGISLATORS PRESENT:**

Senator Mark E. Amodei, Capital Senatorial District

**STAFF MEMBERS PRESENT:**

Gary L. Ghiggeri, Senate Fiscal Analyst  
Larry L. Peri, Principal Deputy Fiscal Analyst  
Michael Archer, Committee Secretary

**OTHERS PRESENT:**

Paul V. Townsend, Legislative Auditor, Audit Division, Legislative Counsel Bureau  
Michael Fischer, Director, Department of Cultural Affairs  
Peter Barton, Acting Administrator, Division of Museums and History, Department of Cultural Affairs  
Scott K. Sisco, Deputy Director, Chief Fiscal and Administrative Officer, Department of Cultural Affairs  
Ronald M. James, State Historic Preservation Officer, Office of Historic Preservation, Department of Cultural Affairs  
Guy Louis Rocha, Acting Administrator, Division of State Library and Archives, Department of Cultural Affairs  
Susan Boskoff, Executive Director, Nevada Arts Council, Department of Cultural Affairs  
Britt Curtis, Executive Director, The Holland Project  
David Branson, Vice President North, Nevada Arts Advocates  
Tim Jones, Chair, Nevada Arts Council, Department of Cultural Affairs

**VICE CHAIR BEERS:**

We will begin with a review of the Legislative Audit Summaries.

PAUL V. TOWNSEND (Legislative Auditor, Audit Division, Legislative Counsel Bureau):

Please refer to the handout entitled "Legislative Counsel Bureau Audit Division, Audit Report Summaries, Seventy Fourth Nevada Legislature" ([Exhibit C](#), original is on file in the Research Library).

We have identified \$32 million in savings or revenue enhancements over the last two years based upon our prior audit recommendations. I will provide some examples of how the audit report summary can be used. On Page 8 of [Exhibit C](#), you will see our report on the Department of Taxation. Our auditors focused on insurance premium and real estate property-transfer taxes. We found the current processes and controls utilized by the Department for administering those taxes did not always ensure they were collected accurately, equitably and in accordance with all applicable laws and regulations. This resulted in the Department failing to collect approximately \$16 million in taxes for tax years 2000 through 2004 and allowed \$1.1 million to be inappropriately refunded, or lost, due to the statute of limitations.

On page 9 of [Exhibit C](#) is the Department's 60-day plan of corrective action describing steps they intend to take to remedy the weaknesses we found. These steps include more detailed policies and procedures, more training and guidance for their staff and the revision of certain forms they currently use. The Department will provide a report after six months and return to a future audit subcommittee meeting to discuss that report.

On Page 88 of [Exhibit C](#) are the results of an audit of the Division of Mental Health and Developmental Services. The purpose of this audit was to determine whether the Division maximized federal reimbursements for the cost of developmental services. The Division could obtain additional federal funds by improving its rate-setting and billing procedures for these services and could have collected about \$1.2 million in additional federal funds if case-management services had been billed at the appropriate rate. On page 89 of [Exhibit C](#) is a letter describing the Division's 60-day plan for corrective action. One of the proposals, located on page 90 of [Exhibit C](#), is to work with State Medicaid Services representatives to resubmit bills to Medicaid at the actual costs. Under the "Progress to Date" heading on that page is a description of how the successful implementation of this element of the 60-day plan has already resulted in the receipt of \$1.1 million.

SENATOR CEGAVSKE:

The Clark County School District made a \$5.5 million error in billing Medicaid which the State now has to repay. Was this uncovered by your audit?

MR. TOWNSEND:

This was discovered in a report made by the U.S. Department of Health and Human Services, Office of the Inspector General. We are currently performing an audit of the Division of Health Care Financing and Policy.

SENATOR CEGAVSKE:

Both the school district and Maximus were involved in that process. Who is responsible for that problem?

MR. TOWNSEND:

It is under investigation, and it is still unclear who is responsible for the error. Legal action may be considered once the results of the investigation are known.

On page 99 of [Exhibit C](#) is an audit of pharmacy operations at the Department of Corrections inmate medical services. The audit found the Department had significant weaknesses in its pharmacy operation, including controlling drug inventories, accounting for the distribution of controlled substances to institutions and medication rooms and monitoring operations. The central pharmacy did not maintain adequate records and could not account for nearly one-third of the controlled substances it distributed. This was particularly evident at the Southern Nevada Women's Correctional Center where 40 percent of the substance control forms we requested could not be located.

As a result of this finding, we notified each member of the Legislature, the Governor and the Office of the Attorney General. It was later determined the forms had been misfiled and all were eventually located. Despite this, an investigation was undertaken by the Department of Public Safety and the Department of Corrections. Their final report has not been submitted; however, preliminary information indicates the substance control process is flawed, though there is no evidence illegal drugs were diverted elsewhere. The Department of Corrections has assured us that the problem will be remedied soon.

SENATOR MATHEWS:

Was the person distributing the controlled substances a licensed nurse or other qualified professional? If not, could that have contributed to the problem?

MR. TOWNSEND:

I do not know but will find out for you.

VICE CHAIR BEERS:

We will now discuss the budget for the Department of Cultural Affairs. I would like to disclose that I am a member of the American Mining History Foundation and the Tonopah Historic Mining Park Foundation.

## CULTURAL AFFAIRS

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

MICHAEL FISCHER (Director, Department of Cultural Affairs):

I would like to show a short film about the new Nevada State Museum being built in Las Vegas ([Exhibit D](#), original is on file in the Research Library). This film was prepared by the Las Vegas Springs Preserve at no cost to our Department.

Please refer to the "Introduction" section of my handout entitled "State of Nevada Department of Cultural Affairs Budget Presentation to the 2007 Legislature, State Fiscal Years 2008 & 2009" ([Exhibit E](#), original is on file in the Research Library). The charts included in this section provide a brief overview of our major undertakings and initiatives in fiscal years (FY) 2007-2008 and 2008-2009. This includes the public's use of Department services and our sources of funding in the coming 2007-2009 biennium.

Under the "Director's Office" section in [Exhibit E](#) is a description of the proposed construction of a connecting structure between the north and south buildings of the Nevada State Museum in Carson City in compliance with the Americans with Disabilities Act (ADA). This is the primary project on the Nevada State Public Works Board Capital Improvement Projects (CIP) list.

#### E-805 Classified Positions Reclassification – CULTURAL AFFAIRS-3

We are recommending a General Fund appropriation of \$16,876 over the biennium for reclassification of an information technology (IT) technician III position to an IT professional I.

SENATOR COFFIN:

This Committee wants to help the Department of Cultural Affairs meet its needs. We are aware of the ephemeral nature of artifacts in Nevada and want to care for them. Please provide us with all your budget requests early in this Legislative Session so we have time to consider them.

MR. FISCHER:

Historically, Nevada has had a small population and relatively few known artifacts exist. We will develop a list of these items for the Committee's consideration.

VICE CHAIR BEERS:

In your performance indicators, why was attendance far below your projections? This resulted in about \$350,000 in lost-gate revenue that must now be made up out of the General Fund.

MR. FISCHER:

Discretionary income, and thus the number of visitors, was adversely affected by the increase in fuel prices. In addition, we did not effectively advertise our museum collections. We now have, for the first time, money from the Division of Tourism to properly market the museums to the public to enhance visitor counts.

SENATOR CEGAVSKE:

What have you done to increase the number of school field trips to museums and libraries? Can anything be done to encourage parents to bring their children to these places after school or on weekends, such as provide free or discounted passes?

MR. FISCHER:

The high cost of fuel for the school buses has adversely affected the number of field trips to our facilities. We now send traveling museum displays out to schools to generate interest. We will work on developing new ways to encourage parents to bring their children to our museums and libraries.

SENATOR CEGAVSKE:

You should consider assisting with the transportation of those children to your museums. If we do not get them interested in the history and culture of the State early in life, they will probably be lost as future visitors when they are adults.

SENATOR MARK E. AMODEI (Capital Senatorial District):

The Department of Cultural Affairs is moving in the right direction in terms of improving their marketing campaign and "piggy backing" on special events such as coin shows at the Old Mint Building. We should consider how each of these line items in the *Executive Budget* for the Department of Cultural Affairs will be used to best appeal to the public.

VICE CHAIR BEERS:

What is the status of the McKeen Motor Car Restoration? Will the Department be restoring the Nevada Copper Belt Hall-Scott Motor Car after the McKeen Motor Car is completed?

SENATOR AMODEI:

If the funds recommended in the *Executive Budget* for McKeen Motor Car Restoration are approved, it should be completed with no problems.

This appropriation includes funding for a feasibility study to determine how much it would cost to restore the Nevada Copper Belt Hall-Scott Motor Car. If, after the study is completed, the Department of Cultural Affairs decides not to conduct the restoration, the car will be returned to the donor.

VICE CHAIR BEERS:

A Legislative audit in October 2005 recommended development of new written policies and procedures for the director's office of the Department of Cultural Affairs. The auditor found a need for you to strengthen your internal controls. Have you read those policies and procedures?

MR. FISCHER:

No, I do not recall seeing them.

VICE CHAIR BEERS:

Please review those policies and procedures. I hope there is not a correlation between the auditor's concern about strengthening the internal controls and the fact that your attendance and gate receipts are falling below projections.

MR. FISCHER:

I will review it this afternoon and report back to you.

VICE CHAIR BEERS:

With regard to the Division of Tourism marketing funds, will they be marketing for you or will you have some input on the content?

MR. FISCHER:

We will be working together to target the proper audiences.

VICE CHAIR BEERS:

Does your Department have a full-time public information officer?

MR. FISCHER:

Yes, we do. The full-time public information officer is located within the Director's office in the northern Nevada office.

VICE CHAIR BEERS:

Please provide this Committee with the number of press releases issued in the last biennium, categorized by the entity being marketed.

MR. FISCHER:

I will do that.

I am submitting a handout entitled "State of Nevada, Department of Cultural Affairs, Biennial Report 2005-2006" ([Exhibit F](#), original is on file in the Research Library). This includes a report on Nevada Humanities.

PETER BARTON (Acting Administrator, Division of Museums and History, Department of Cultural Affairs):

The proposed State Museum at the Las Vegas Springs Preserve will set a new standard for collaboration and interpretation of the unique history, heritage and culture that defines Nevada.

Museums & History – Budget Page CULTURAL AFFAIRS-8 (Volume I)  
Budget Account 101-2941

In the "Museums & History" section in [Exhibit C](#), you will find highlights of our acquisitions, including a unique and historic locomotive from the Nevada Test Site and the Fey collection of antique slot machines. This collection is currently on a one-year loan to the Nevada State Museum in Carson City. We are seeking appropriations to make it a permanent part of the State's collection. Also in that section, you will see a photograph of the 1876 Dellenbaugh painting, the first known depiction of the Las Vegas Valley.

SENATOR MATHEWS:

How many slot machines are left in the Fey collection?

MR. BARTON:

Most of the collection was auctioned off. We have 29 historic machines on display at the State Museum.

VICE CHAIR BEERS:

Are you satisfied with the price being asked for the collection?

MR. BARTON:

The Fey family priced, and has offered, the collection of 29 machines at \$374,100. An independent appraisal was conducted last year and determined the value to be \$549,000. We are getting them considerably below market value.

VICE CHAIR BEERS:

Can we buy more?

MR. BARTON:

There are only 29 machines available. If we acquired the collection permanently, we would consider making it a Smithsonian Institute traveling exhibit. This would create broad exposure for Nevada.

VICE CHAIR BEERS:

Does the Smithsonian Institute pay the entire cost of these traveling exhibits?

MR. BARTON:

The Smithsonian charges a fee to those institutions wanting to display the collection. A portion of that fee would go to the Nevada State Museum.

VICE CHAIR BEERS:

Is there any cost to the State of Nevada for participating in the Smithsonian Institute's traveling exhibit program?

MR. BARTON:

Just the initial cost of putting the exhibit together.

#### M-750 Building Construction Outside CAP – CULTURAL AFFAIRS-10

VICE CHAIR BEERS:

What will you do with the \$64,624 you are requesting for the Division of Museums and History building on Curry Street in Carson City?

MR. BARTON:

The building was a residence constructed in 1910. It has suffered neglect over the years. It is time for a structural assessment and significant repairs.

VICE CHAIR BEERS:

How long has the Department of Cultural Affairs owned that building?

MR. BARTON:

We purchased that building about 10 or 15 years ago.

#### Lost City Museum – Budget Page CULTURAL AFFAIRS-13 (Volume I) Budget Account 101-1350

VICE CHAIR BEERS:

We will now discuss the budget for the Lost City Museum. How is the adobe holding up?

MR. BARTON:

In this budget there is \$15,000 a year for repair of the adobe. It is a specialized material which requires constant maintenance.

VICE CHAIR BEERS:

What is the status of the deferred maintenance projects for FY 2005-2006 and FY 2006-2007?

MR. BARTON:

With the exception of a final inspection on the work at Lost City, all deferred maintenance projects then be completed.

VICE CHAIR BEERS:

We will now review the budget of the Nevada Historical Society.

#### Nevada Historical Society – Budget Page CULTURAL AFFAIRS-17 (Volume I) Budget Account 101-2870

MR. BARTON:

M-425 Deferred Facilities Maintenance – CULTURAL AFFAIRS-19

The compact shelving system used to house many of the research collections at the Nevada Historical Society has failed. This will adversely affect the time in which we will be able to respond to research requests.

M-750 Building Construction Outside Cap – CULTURAL AFFAIRS-19

Two buildings are in need of significant repairs due to exterior damage to the stucco on one and unusual settlement of the foundation on the other causing structural concerns.

VICE CHAIR BEERS:

The State Public Works Board has given us one price for repairing those buildings, if the construction does not impact visitation by the public, and another price if it does. Will this repair work impede visitor access to the buildings? I am seeking assurance that you have discussed this with them. If they must design that project around maintaining access, it may have a different cost. And we would like to fund this out prior to the end of the current Legislative Session.

MR. BARTON:

No, it should not. There is always the chance the public will perceive scaffolding and construction trucks as an indication the building is closed. I will check on this and get back to the Committee.

M-325 Service At Level Closest To People – CULTURAL AFFAIRS-20

Last Session, funding was cut for the purchase and microfilming of Nevada newspapers. This is an important part of our research and is frequently used by the public. This appropriation request would allow us to purchase the back issues missing for FY 2005-2006 and establish this as an ongoing cost.

VICE CHAIR BEERS:

The many research inquiries and visits to the Historical Society Website, shown in your performance indicators, would point toward a trend by the public to an online approach to history.

MR. BARTON:

Museum attendance is a complex problem. What we are seeing in terms of stagnant or eroding visitation is not unique to Nevada. The Web, video gaming and theme parks are affecting our ability to attract audiences. The Walt Disney Company spends \$1,000 a square foot on a visitor experience. Most museums, in our system, are spending \$25, or less, a square foot. On the new Nevada State Museum at the Las Vegas Springs Preserve we will be spending over \$200 a square foot.

Because the Nevada Historical Society caters more to research, there is a growing tendency for the public to do that online. Where museums will succeed is in the knowledge we house the real artifacts, not re-creations of history. The effort by the Division of Tourism to provide marketing funds will help us target specific audiences and, hopefully, reverse the trend of declining visitation.



MR. FISCHER:

The online visitation to our Website may help increase museum attendance by providing information about our exhibits.

VICE CHAIR BEERS:

How does the Historical Society maintain its online presence?

MR. BARTON:

The online presence is a joint effort between our staff and our public information officer.

VICE CHAIR BEERS:

You have requested a one-shot appropriation in the director's office Base Budget for the purchase of computers. Will any of those come to the Historical Society?

SCOTT K. SISCO (Deputy Director, Chief Fiscal and Administrative Officer, Department of Cultural Affairs):

The one-shot appropriation within the director's office Base Budget will cover the replacement schedule for all of the General Fund agencies within the Department of Cultural Affairs. Agencies with federal funds, or federal and State-split funds, are requesting a one-shot appropriation for computer replacement in their own budget accounts.

The Nevada Historical Society pays the Department of Information Technology (DoIT) an assessment. However, the Historical Society maintains its own computer equipment.

VICE CHAIR BEERS:

Please explain the Nevada Historical Society Base Budget appropriation request of \$2,786 for an unanticipated shortfall in utility costs. Can the Museums and History Trust Fund pay for that shortfall?

MR. BARTON:

The shortfall was caused because we had some programs in the museums that did not materialize and the Statutory Contingency Fund had no funds available to help.

Money in the trust fund is generated by special events and donations from the public. Interest earned on this money is used by museums in the system for special programming. Last year we used about \$5,700 in trust fund money to cover the utility shortfall driven by the fact that the Statutory Contingency Fund had no available monies last year. This year we will not be able to do that.

VICE CHAIR BEERS:

We will now discuss the budget for the State Museum in Carson City.

State Museum, Carson City – Budget Page CULTURAL AFFAIRS-22 (Volume I)  
Budget Account 101-2940

M-425 Deferred Facilities Maintenance – CULTURAL AFFAIRS-24

MR. BARTON:

We are requesting funding for heating, ventilating and air-conditioning (HVAC) and emergency-exit-door hardware at the Marjorie Russell Clothing and Textile Research Center in Las Vegas.

#### M-750 Building Construction Outside Cap – CULTURAL AFFAIRS-25

Decision unit M-750 is a request for several construction items, including seismic gas shut-off valves recommended by the Department of Administration, Risk Management Division and our insurance carriers.

VICE CHAIR BEERS:

The Base Budget for the State Museum in Carson City contains a General Fund appropriation for an unanticipated shortfall in utility costs. Can the Museums and History Trust Fund pay for that shortfall?

MR. BARTON:

No, the trust fund cannot pay for that shortfall.

VICE CHAIR BEERS:

#### E-250 Working Environment and Wage – CULTURAL AFFAIRS-25

The 2005 CIP provided \$3.5 million for the proposed construction of a connecting structure between the north and south buildings of the Nevada State Museum in Carson City to comply with the ADA; however, the estimate of construction costs came in significantly higher than anticipated. How are you going to accomplish this construction project?

MR. BARTON:

We met with both the architect and the State Public Works Board and have come back with a CIP request for \$2.94 million to allow that construction to move forward. It is the C-01 project and No. 1 priority identified by the State Public Works Board. This is largely a glass and steel structure and the cost of those materials increased dramatically before we were able to bid on the project. We anticipate it will be completed 12 to 14 months after the funding is available and we are able to get it on the bidding schedule. It would go to bid possibly by September of this year and open to the public by September or December of 2008.

VICE CHAIR BEERS:

Will you be removing the \$2,700 for HVAC maintenance in that structure for FY 2007-2008?

MR. BARTON:

Yes, we may be able to remove that request from the budget for both years of the coming biennium. We will work with your Fiscal staff to correct that.

#### M-251 Working Environment and Wage – CULTURAL AFFAIRS-25

We are requesting the elimination of an administrative assistant III position which supports the Anthropology Department at the State Museum in Carson City. This position had been supported, in the past, by dedicated private

trust funds. Sufficient funding has not been generated over the last two bienniums to continue support of the position.

Museum & Historical Society – LV Budget Page CULTURAL AFFAIRS-28  
(Volume I)  
Budget Account 101-2943

E-325 Service at Level Closest to the People – Page CULTURAL AFFAIRS-30

We are requesting additional staff for visitor services at the new State Museum now under construction. In partnership with the Las Vegas Springs Preserve, we intend to expand our hours of operation from 56 hours a week to 84 hours a week for 8 months a year, March 1, through the end of October.

SENATOR CEGAVKSE:

Your school children attendance in FY 2005-2006 was 6,128. You now project 8,400 for FY 2006-2007 and 6,500 in FY 2008-2009.

The number of people who viewed exhibits, attended programs and used outreach materials was projected to be 145,000 in FY 2006. The actual attendance was 42,579. In FY 2007, you project 137,500; yet these projections go down to 40,000 in FY 2008 and 80,000 in FY 2009. Please explain these fluctuations.

MR. BARTON:

The outreach programs represented in those performance indicators included visitors to the Red Rock Canyon Visitor Center which will be closing soon. This closure required us to project lower figures for attendance.

The number of school children attending our museums fluctuates. The No Child Left Behind Act does not emphasize history, and this has caused decreased interest in that subject. There is also reluctance by schools to approve bus transportation in these times of high-fuel costs.

SENATOR CEGAVSKE:

Why is the Red Rock Canyon Visitor Center closed, and when will it be reopened?

MR. BARTON:

I do not know. It is not our facility, but rather a State Public Works project.

VICE CHAIR BEERS:

Do you have artifacts that will not be on display at the new museum?

MR. BARTON:

We have an extensive collection. There will be 800 artifacts on display at the new museum, yet this represents less than 10 percent of the total collection. Museums typically rotate artifacts or use artifacts to create temporary exhibitions which will help bring local visitors back again.

VICE CHAIR BEERS:

Have you looked into providing exhibits to private entities like casinos or hotels?

MR. FISCHER:

I will try to maximize public and private cooperation. In Elko, the local museum has placed exhibit boxes in the lobbies of certain hotels to stimulate interest in the history of northeastern Nevada.

VICE CHAIR BEERS:

Do you have operating agreements with the Las Vegas Springs Preserve?

MR. BARTON:

We have operating agreements with the Las Vegas Springs Preserve. They will be providing the museum there with a number of services.

VICE CHAIR BEERS:

We want to be sure the operating agreements are clear so you will not need to come before the Interim Finance Committee (IFC) for the funding of services you thought were covered.

MR. BARTON:

We have reviewed the details of reimbursement rates to the Las Vegas Springs Preserve and are confident all service agreements are correct. When visitors to the museum exceed 129,000 a year, there will be no reimbursement back to the Springs Preserve. There are incentives built along the way to exceed our performance indicators for attendance.

SENATOR CEGAVSKE:

Do you offer senior discounts for visitors?

MR. BARTON:

Yes, all our museums offer a discounted rate for those over age 65.

VICE CHAIR BEERS:

Are you on target for a July 2008 opening of the museum?

MR. BARTON:

Yes, we are on target.

VICE CHAIR BEERS:

We will now discuss the budget for the State Railroad Museum.

State Railroad Museums – Budget Page CULTURAL AFFAIRS-33 (Volume I)  
Budget Account 101-4216

We are close to meeting the performance indicators for visitors at the railroad museums in Carson City and East Ely. The number of visitors to the Boulder City Railroad Museum is significantly lower than projected. The operating plan we adopted two years ago proved to be unrealistic. After revising the plan, we are now slightly ahead of our new projection.

M-750 Building Construction Outside Cap – Page CULTURAL AFFAIRS-35

We are requesting construction maintenance for the East Ely Depot and V&T Interpretive Center in Carson City. This will include public safety issues such as the replacement of broken-track-crossing structures.

VICE CHAIR BEERS:

Are most of these funds earmarked for the East Ely Depot?

MR. BARTON:

The majority of the funds are for the V&T Interpretive Center in Carson City.

VICE CHAIR BEERS:

Will the \$120,000 one-shot appropriation you are requesting for the McKeen Motor Car Restoration be sufficient to complete the job?

MR. BARTON:

We will probably complete the restoration under the estimated cost. Much of this is due to an individual who has donated the motor for the McKeen Motor Car.

VICE CHAIR BEERS:

Have we procured a governmental proclamation thanking that donor?

MR. BARTON:

No, we have not.

VICE CHAIR BEERS:

Please see me later and we will work on that.

Of the \$120,000 requested, \$20,000 is being set aside for a feasibility study to determine the cost of restoring the Nevada Copper Belt Hall-Scott Motor Car. Does this mean only \$100,000 of this request will be potentially used for the McKeen Motor car?

MR. BARTON:

Yes, that is correct.

Vice Chair Beers:

The city of Ely is currently experiencing problems with their water and sewer connections. This may impact the East Ely Depot. Please contact them about this potential problem.

MR. BARTON:

I will do that.

Vice Chair Beers:

Will the funds you are requesting for advertising the Boulder City Railroad Museum make it more profitable?

E-343 Service at Level closest to the People – Page CULTURAL AFFAIRS-36

MR. SISCO:

As a result of spending \$32,779 a year on advertising the Boulder City Railroad Museum, we are able to supplant \$12,000 in General Fund money from their existing budget. By approving that budget request, you will be reducing the operation costs.

VICE CHAIR BEERS:  
Are you projecting a \$12,000 profit?

MR. SISCO:  
We are projecting a \$12,000 return to the General Fund.

VICE CHAIR BEERS:  
Of the \$32,779, how much of that is designated for marketing?

MR. SISCO:  
All \$32,779 is for marketing.

VICE CHAIR BEERS:  
Why is this not included in considering your increase in the cost of a ride on this train?

MR. SISCO:  
We adjusted the budget to annualize the cost for a full year. This was the only item in our budget that had a substantial increase, and the Fiscal analyst recommended we include it in this decision unit. The existing budget has requested enough to cover fuel costs for a year. We need this marketing money, in addition to the increase in ride charges, to meet our performance-indicator projections.

VICE CHAIR BEERS:  
Will you be able to manage this plan and identify if it is working?

MR. SISCO:  
Yes, we will. This particular marketing is local; specific to the Boulder City, Henderson and Las Vegas areas.

MR. BARTON:  
The last three pages of the "Museums & History" section in [Exhibit E](#) contain statutorily-required reports on the Division of Museums and History Dedicated Trust Fund.

VICE CHAIR BEERS:  
We will now review the budget for the State Historic Preservation Office.

State Historic Preservation Office – Budget Page CULTURAL AFFAIRS-38  
(Volume I)  
Budget Account 101-4205

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

Please refer to the "State Historic Preservation Office" section in [Exhibit E](#). We now have an office in Southern Nevada which is necessary for historic-site stewardship. We are seeing an increase in vandalism at many of our historic sites. To help prevent this, we now have over 460 trained and certified volunteer-site stewards throughout the State. Please refer to my handout entitled "Nevada Archeological Site Stewardship Program – Protecting Nevada's Heritage" ([Exhibit G](#)).

E-710 Replacement Equipment – Page CULTURAL AFFAIRS-40

We are requesting replacement of some computer hardware and software.

VICE CHAIR BEERS:

To what do you attribute the FY 2006-2007 increase in federal funds for the State Office of Historic Preservation?

MR. JAMES:

We receive funds through the Southern Nevada Public Land Management Act for participating in the Geographic Information System (GIS). The GIS puts our archeological survey data information online. One practical use for GIS is for developers requiring federal permits who can now more easily learn if a site has been already been subject to a required archeological survey.

Under the budget performance indicator entitled "Number of sites surveyed following intensive surveys," you will see our FY 2005-2006 projection of 900 surveys actually resulted in only 497. However, this is a positive result because it shows the GIS program is being utilized.

We recently acquired National Historic Landmark status for the Nevada Northern Railway Complex. We intend to nominate the McKeen Motor Car as a National Historic Landmark as well. If approved, it will be the first individual piece of railroad equipment to be listed as a National Historic Landmark.

VICE CHAIR BEERS:

Does the Committee have any questions regarding the budget for the Comstock Historic District?

Comstock Historic District – Budget Page CULTURAL AFFAIRS-43 (Volume I)  
Budget Account 101-5030

Hearing none, we will now discuss the budget of the Nevada State Library.

Nevada State Library – Budget Page CULTURAL AFFAIRS-47 (Volume I)  
Budget Account 101-2891

GUY LOUIS ROCHA (Acting Administrator, Division of State Library and Archives, Department of Cultural Affairs):

I would like to submit a handout entitled "Nevada State Public Libraries Collection Development Grant Program, Fiscal Years 2006-2007 – Reports From Participants" ([Exhibit H](#), original is on file in the Research Library).

M-101 Inflation - Agency Specific – Page CULTURAL AFFAIRS-49

We are requesting a 7-percent increase to offset the effects of inflation on the cost of books, periodicals and electronic products.

VICE CHAIR BEERS:

Please explain the funding shortfall in salaries shown in your Base Budget request. We are concerned that this problem may repeat itself. Also, how did you arrive at the amount of vacancy savings?

MR. SISCO:

The shortfall in salaries was caused by a funding-map error while closing the last budget in the last Legislative Session. More federal funding authority was

allocated toward salaries than there were federally-approved salaries. We are working to correct that through a supplemental appropriation request in the Nevada State Library budget account for this Session. We have no vacancies this year, with the exception of the recently-vacated administrator position. We show it in the budget as being open for two months while we recruit for a replacement.

VICE CHAIR BEERS:

By including this administrator position vacancy, can we reduce the amount of the supplemental appropriation request?

MR. SISCO:

No, we have already included two months, and there appears to be no immediate prospect to fill that position. If those vacancy savings do not materialize, we may need to request additional funds.

VICE CHAIR BEERS:

Please explain how you intend to use the \$1.27 million one-shot appropriation. Is this a one-shot or a Base Budget item?

MR. SISCO:

The one-shot appropriation is to purchase three Microfilm Remote Access Systems and rolling ladders for the library. There has been discussion to convert one-shot collections-development funding for public libraries to the Base Budget. If the collections-development fund does not materialize, federal funding from the Library Services and Technology Act funding (LSTA) might be jeopardized.

VICE CHAIR BEERS:

If it were in the Base Budget, would it meet the maintenance of effort (MOE) requirement? As a one-shot, does it also meet the MOE requirement?

MR. SISCO:

As a one-shot appropriation, it helps us with the MOE. In the 2002-2003 biennium, we did not receive any of the collection development funds. As a result, we had a problem meeting our MOE requirements for LSTA funding.

MR. ROCHA:

With the one-shot appropriation, we are never sure about sustainability. If it were in the Base Budget, we would be sure of sustainability.

VICE CHAIR BEERS:

Please explain what the Microfilm Remote Access System would offer the public.

MR. SISCO:

The \$60,000 request for three new Microfilm Remote Access Systems will allow people to remotely access online newspapers and other reference material.

VICE CHAIR BEERS:

If we approve this request, will you add a performance indicator for the utilization of that system?



MR. ROCHA:  
Yes, we will.

VICE CHAIR BEERS:  
Please provide a copy of the Legislative audit to the Committee that was done in August 2005 to your successor.

MR. ROCHA:  
Yes, I will.

SENATOR CEGAVKSE:  
The Department of Cultural Affairs has agreed to publicize a Nevada History compact disk (CD) we developed. A condition of the grant we received to produce the CD was we provide it, along with a user's guide, to every school. Will there be a second CD?

MR. ROCHA:  
This CD has been widely distributed. It is in all the public libraries and will soon be incorporated into the Nevada Humanities Online Encyclopedia. We will consider producing a second CD.

VICE CHAIR BEERS:  
We will now discuss the budget for the State Archives and Records.

Archives and Records – Budget Page CULTURAL AFFAIRS-54 (Volume I)  
Budget Account 101-1052

MR. ROCHA:

E-225 Eliminate Duplicate Effort – Page CULTURAL AFFAIRS-56

We are requesting \$363,984 to fund four positions to run the new Southern Nevada Records Center in Lorenzi Park, Las Vegas. Currently, that work is being done, informally, by untrained staff or by contracting private vendors to manage their noncurrent records.

VICE CHAIR BEERS:  
When will remodeling of the Lorenzi Park facility begin, and how long will it take to complete?

MR. SISCO:  
Remodeling will start in May 2008. The Nevada State Museum and State Historical Society now occupies the Lorenzi Park facility. They will move to the new Nevada State Museum at the Springs Preserve site when it is completed in July 2008. The Nevada Arts Council, the State Historic Preservation Office and the new Southern Nevada Records Center will move to the Lorenzi Park facility in July. After additional construction on the museum at Springs Preserve is completed in October 2008, the Southern Nevada Records Center will move back there permanently.

VICE CHAIR BEERS:  
Do you have a preliminary list of which agencies will have their records stored in the Southern Nevada Records Center?

MR. ROCHA:

We do not yet know which agencies will be involved.

VICE CHAIR BEERS:

How much space will be occupied by these records in the first year of occupancy?

MR. SISCO:

We could literally fill the entire records center immediately. However, we are going to be selective and first bring the records with the longest retention schedule which typically are records not requiring disposal within 12 to 18 months after arrival. These typically are scheduled for early disposal. The new Southern Nevada Records Center will free up expensive office space in the Las Vegas area now being used by State agencies to store their records.

MR. FISCHER:

As a condition of its lease with the city of Las Vegas, the Lorenzi Park facility is required to stay open during construction as "a normally functioning museum." Please refer to illustration C19-2 in the "Capital Improvement Projects" section of [Exhibit E](#) for the floor plan of that remodeled facility.

VICE CHAIR BEERS:

Have you read the lease agreement?

MR. FISCHER:

Yes, I have seen the lease agreement and we will be in compliance with it.

VICE CHAIR BEERS:

Will you need to do outreach to State agencies about the new Records Center?

MR. ROCHA:

No, they are all anxious to utilize the facility. Records officers for the various agencies are routinely advised about the new Records Center during training sessions with the Department of Personnel.

VICE CHAIR BEERS:

Will the four new positions you are requesting be located at the Lorenzi Park facility?

MR. ROCHA:

Yes, they will be engaged in the records management function at the Lorenzi Park building.

VICE CHAIR BEERS:

Will we be saving money by consolidating the services of the Nevada Arts Council, the Office of Historic Preservation, the Regional Library for the Blind and Physically Handicapped (RLBPH) and the new Southern Nevada Records Center?

MR. SISCO:

Yes, the RLBPH and the Nevada Arts Council will have immediate reductions in rent from what they are currently paying.

VICE CHAIR BEERS:

How much will State agencies save in office space costs by moving their records to your facility?

MR. ROCHA:

We currently do not have an estimate of how much they will save. However, they will all experience more effective use of existing office space, and those paying vendors to store these records will realize immediate savings.

VICE CHAIR BEERS:

We will now review the budget for the literacy program.

Nevada State Library – Literacy Budget Page CULTURAL AFFAIRS-59  
(Volume I)

Budget Account 101-2893

Funding is being cut from the Adult Basic Education Leadership Training Program due to a reduction in federal grant support. Will this funding be available again in the future?

MR. SISCO:

There is no indication we will be receiving this grant again in the future. We are applying for other funds from the Department of Education. If those are approved, we will bring a work program before the IFC and, if approved for matching funds, will once again provide those services.

SENATOR CEGAVSKE:

How do the literacy programs, conducted by the State Library, differ from others offered by the Department of Education? How do these adults in need of these services learn about your program?

MR. ROCHA:

The State literacy programs are more comprehensive. We inform the public about the literacy programs through our library system.

SENATOR CEGAVSKE:

Are participants in the Adult Basic Education Leadership Training Program those needing to learn to read or those being trained to teach them?

MR. SISCO:

The Adult Basic Education leadership training program grant provides funds to train those who will provide the service as well as offer outreach programs to those in need of these services.

SENATOR CEGAVSKE:

Does the Department of Education regulate how you provide these services? Do you collect information about how many people you assisted and how successful they were in learning to read?

MR. SISCO:

We provide them with information during the application process and in subsequent reports they require from us.

We will provide your Fiscal staff with information about the number of those we assist and their success rates.

VICE CHAIR BEERS:

Please explain the decline in activity in FY 2005-2006 as reflected in the budget account performance indicators.

MR. SISCO:

We had an employee injured on the job and her position was vacant for over nine months. Once we were again able to recruit for that job, it was decided to reclassify the position which further delayed the process. We are developing a five-year strategic plan which will change these performance measurements with a greater emphasis on the availability of federal funding.

VICE CHAIR BEERS:

When will this strategic plan be completed?

MR. ROCHA:

I would like to read the following comments into the record.

After the submission of our budget, the discussion for a successful five-year strategic plan was laid out and the following was determined: the first stage will be completed in cooperation with the Northern Nevada Literacy Council. There will be a regional meeting held throughout the State to create A Draft Plan by June 2007. There will be pilot programs implemented throughout the State, based on a Draft Plan through April of FY 2008 and the programs will be evaluated and it is anticipated that the final five-year strategic plan for literacy will be completed by June 2008.

MR. FISCHER:

With regard to the literacy program, we need to learn what parts of the State are in the greatest need and address those needs.

SENATOR CEGAVSKE:

Please provide us with that information as soon as you can.

With regard to the format of your performance indicators, I prefer to know the numbers of people we are serving rather than percentages of people served. I find it easier to understand the information when it is presented that way.

MR. ROCHA:

We will correct the performance-indicator information and get back to you.

VICE CHAIR BEERS:

The Committee will now review the budget for the Cooperative Libraries Automation Network (CLAN). Please describe how CLAN benefits Nevadans.

Nevada State Library - CLAN – Budget Page CULTURAL AFFAIRS-63 (Volume I)  
Budget Account 101-2895

MR. ROCHA:

The Nevada Literacy Coalition is a consortium of public, special, academic and school libraries and related agencies sharing fundamental library and technological resources. The consortium uses group purchasing powers for

information databases, computer and telecommunications services, thus making it economically feasible to do more than a single member could on its own.

VICE CHAIR BEERS:  
Who pays for this?

MR. SISCO:  
Consortium members pay fees based on the types of services they require. The fees range from \$2,900 to over \$40,000.

VICE CHAIR BEERS:  
We will now discuss the Micrographics and Imaging budget.

Micrographics and Imaging – Budget Page CULTURAL AFFAIRS-67 (Volume I)  
Budget Account 101-1055

MR. ROCHA:  
We are requesting funds for the replacement computer equipment.

E-710 Replacement Equipment – Page CULTURAL AFFAIRS-69

VICE CHAIR BEERS:  
Is your reserve level adequate?

MR. SISCO:  
No, because many of the larger State agencies have purchased their own imaging and microfilming equipment. We still provide them with some services, like duplicating rolls of film. Smaller agencies still require our services which we must provide from a dwindling pool of resources. We use inmate services which helps keep the price of our services low enough for smaller State agencies to afford.

I understand your concern about the relatively small balance being carried forward on this account. We keep close oversight of this program so we will not have problems with our reserves. Expenses for travel and equipment, though authorized by the Legislature, are not taken from the reserve and are only available if revenues materialize. As a result of these efforts, our reserve is increasing.

VICE CHAIR BEERS:  
Why have your microfilming charges more than doubled from FY 2005-2006 to FY 2006-2007 while your imaging sales charges were reduced, by more than half, in the same period?

MR. SISCO:  
The reduction in our imaging sales resulted from larger agencies being appropriated funds during the last Legislative Session to buy their own imaging equipment.

VICE CHAIR BEERS:  
You are projecting revenue from your imaging sales at your FY 2005-2006 level instead of your FY 2006-2007 level. If the decrease in imaging sales is a permanent condition, why are you not reducing the projected revenue?

MR. SISCO:

In the past, we have budgeted for this particular budget by having revenues increase a certain percentage for each decision unit. In the current *Executive Budget* request, we did not do that. Each decision unit was funded with a reduction to the reserves. Thus, our Base Budget for FY 2007-2008 and FY 2008-2009 because we are not artificially increasing the revenues

VICE CHAIR BEERS:

Will you be postponing the request for computer equipment in decision unit E-710?

MR. SISCO:

Only if the revenues materialize in excess of what we projected.

VICE CHAIR BEERS:

We will discuss the budget for the Nevada Arts Council.

Nevada Arts Council – Budget Page CULTURAL AFFAIRS-71 (Volume I)  
Budget Account 101-2979

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

We are passing around a silver and gold piece of art to you created by Joanne Vuillemot of Las Vegas and another work, a drawing of Lake Tahoe, produced by Paul Ford of Carson City for this year's Governor's Arts Award. These are two examples of the quality of work done by our artists.

I wish to read the following comments into the record.

One of the responsibilities at the Arts Council is to support the creation, presentation and preservation of the results of creative expression. Art making, visual performing, architecture, literary folk art is contemporary art that, over time, becomes resources for our museums, our libraries and our schools and for historic preservation. It is this continuum of culture that teaches us about ourselves and about the world around us, and I believe the work of this Department ensures that this circle will be unbroken. The work of all the four Divisions connects very closely.

Senator Cegavske commented earlier in this meeting about losing a generation of students who do not have the opportunity to visit museums. We, too, have several generations of children missing an opportunity to experience the arts.

Please refer to page 5 of the handout entitled "Annual Report FY 2006, Nevada Arts Council" ([Exhibit I](#), original is on file in the Research Library). In FY 2005-2006, 22 artists conducted 30 residencies reaching 5,279 individuals across the State. These artists also taught educators how to teach art in their classrooms. The Folklife Education Initiative provided 36 lecture demonstrations and workshops throughout the State, primarily to fourth-grade classes who focus on Nevada history. We provided traveling exhibitions and reading workshops by Nevada writers and poets. A calendar poster entitled "LXS - The Legislative Exhibition Series" ([Exhibit J](#), original is on file in the Research Library) was designed by one of our young artists. Our services reached all 17 counties in FY 2005-2006.

VICE CHAIR BEERS:

Please update us on the measure you have taken to comply with the recommendations of the Legislative Audit.

Ms. BOSKOFF:

All but one of the audit findings have been fully implemented. This has to do with the grant procedures for special license plates. This has not been accomplished because we have not completed a full-grant cycle. The current cycle ends July 1, 2007. The audit team reviewed our grant application, narrative and requirements and has accepted it. The audit team will consider the recommendation fully implemented once one cycle of the awards is completed.

E-250 Working Environment and Wage – Page CULTURAL AFFAIRS-73

We are requesting an accountant technician I position. Currently, we only have one fiscal position at the Nevada Arts Council.

VICE CHAIR BEERS:

Why is your cost allocation for the Office of the Attorney General going up in the second year of the biennium?

MR. SISCO:

I am not sure, but it may have to do with consultations on contracting requirements for State government.

Vice Chair Beers:

Why is the amount of the grant funding for the National Endowment for the Arts (NEA) declining?

Ms. BOSKOFF:

There are competitive aspects to how the awards are granted. We will continue to compete for them.

VICE CHAIR BEERS:

Could the NEA funding amount increase again in the future?

Mr. Sisco:

There is no reason to believe the base grant will increase again.

SENATOR CEGAVSKE:

Do you have grant writers? Do you search for available grants on a regular basis?

Ms. BOSKOFF:

We do not have a grant writer. This work is done by my staff. They search for available grants on a regular basis rather than just when we have a need for funding.

VICE CHAIR BEERS:

Please explain why you are requesting funds to convert a contract employee to a State position.

E-251 Working Environment and Wage – Page CULTURAL AFFAIRS-74

Ms. BOSKOFF:

We are asking to convert a half-time contract clerical position to a full-time State classified administrative assistant I position. We need this position to assist the public visiting our Las Vegas office while our community arts development associate and a Folklife associate visit sites in the area. In the last three months, those 2 employees attended 61 site visits throughout southern Nevada. Once we move into the Lorenzi Park facility, this will be the primary administrative assistant and will be a shared position for that facility.

Please refer to the handout entitled "Enduring Traditions, The Culture and Heritage of Lake Tahoe, Nevada" ([Exhibit K](#), original is on file in the Research Library). This provides information resulting from a cultural survey done by the Folklife Program and funded by an NEA grant.

VICE CHAIR BEERS:

Please work with our Fiscal staff to see if we can use proceeds from the sale of this guide to fund another edition.

Ms. BOSKOFF:

I would like to submit a handout entitled "Guide to Programs & Services FY 2007 – Nevada Arts Council" ([Exhibit L](#), original is on file in the Research Library).

MR. FISCHER:

I have an answer to Senator Beers' earlier question about the number of press releases we produced. In calendar year 2006, we had 261 working press days and issued 209 press releases. We will provide you with a breakout of those releases by agency.

BRITT CURTIS (Executive Director, The Holland Project):

Please refer to my prepared written statement ([Exhibit M](#)). The Holland Project supports funding for the Nevada Arts Council.

DAVID BRANSON (Vice President North, Nevada Arts Advocates):

Please refer to my prepared written statement ([Exhibit N](#)). The Nevada Arts Advocates support funding for the Nevada Arts Council.

TIM JONES (Chair, Nevada Arts Council, Department of Cultural Affairs):

Please refer to my prepared written statement ([Exhibit O](#)). The nine-person Board of the Nevada Arts Council supports public funding for the arts in Nevada. I am submitting our advocacy platform ([Exhibit P](#)) which summarizes the benefits of having a strong culture and arts industry in this State.



VICE CHAIR BEERS:  
There being no further business or public comment before this Committee, we are adjourned at 11:23 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Michael Archer,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator Bob Beers, Vice Chair

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