

**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-fourth Session
March 9, 2007**

The Joint Subcommittee on Public Safety/Natural Resources/Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:07 a.m. on Friday, March 9, 2007. Chair Dean A. Rhoads presided in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4406, 555 East Washington Avenue, Las Vegas, 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.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

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

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman David R. Parks, Chair
Assemblyman Tom Grady
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblywoman Valerie E. Weber

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Eric King, Program Analyst
Sarah Coffman, Program Analyst
Michael Bohling, Committee Secretary

OTHERS PRESENT:

Tim Tetz, Executive Director, Office of Veterans' Services
Carole Turner, Deputy Executive Director, Office of Veterans' Services
Gary Bermeosolo, Administrator, Nevada State Veterans' Home, Office of Veterans' Services
Chuck Fulkerson, Veterans' Advocate
Donald D. Iddings, Director, Veterans Affairs Regional Office, Reno, Nevada
Kenneth E. Mayer, M.S., Director, Department of Wildlife
Doug Hunt, Deputy Director, Department of Wildlife
Daralyn F. Dobson, Administrative Services Officer, Department of Wildlife
Richard L. Haskins II, Chief of Fisheries, Department of Wildlife
Rob Buonamici, Chief Game Warden, Department of Wildlife
Jerry Wells, Deputy Executive Director, Tahoe Regional Planning Agency

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Jim Feeney, Finance Director, Tahoe Regional Planning Agency

CHAIR RHOADS:

We will open the hearing on the Commissioner for Veterans' Affairs.

Commissioner for Veterans' Affairs – Budget Page VETERANS-1 (Volume III)
Budget Account 101-2560

TIM TETZ (Executive Director, Office of Veterans' Services):

With me today are Deputy Executive Director Carole Turner and Nevada State Veterans Home (NSVH) Administrator Gary Bermeosolo. Also among our many advocates here today is Veterans' Affairs Regional Office Director Don Iddings.

One of the unique aspects we have as an agency is a close involvement with our stakeholders. The veterans and veteran advocates who assembled here today continually provide us with the sage advice and wisdom necessary to meet the needs of an ever-expanding veteran population. They are quick to support, but equally as efficient to tell me when we stray from our values and mission. Most importantly, it is these veterans who were those American heroes that upheld and defended the very freedoms Nevada's citizens, this Legislature, and America holds true today. They represent every war and conflict since World War II. In their faces, it is not hard to see the resolve and determination that enabled victory on the battlefields and oceans throughout our globe. These heroes are but a small cross-section of Nevada's 300,000 veterans who rely so greatly on the programs of the Office of Veteran Services. I want to thank them for their service to our country and continued service to our State through their attendance today.

I'd like to draw a parallel with Winston Churchill's speech titled "The Few" delivered on August 20, 1940, to the House of Commons. The gratitude of every home in Nevada, in our country, and indeed throughout the world, except in the abodes of the guilty goes out to the American soldier who, undaunted by the odds, unwearied in the constant challenge and mortal danger, is undertaking their duty with prowess and devotion. Never in the field of human conflict has so much been owed by so many to so few.

During our general review, we outlined the current status of veterans within Nevada and discussed the impact these veterans are having on our resources. Today, I would like to summarize the portrait of Nevada's veterans and our programs addressing those veterans' needs.

There are approximately 300,000 veterans in the State of Nevada. Based on the 2000 census, their average age is 58 years old. Approximately 19,000 of those veterans are women. Per capita, Nevada has more veterans than 47 other states. Unfortunately, per capita, we rank 42nd in the number of veterans receiving compensation or pension and 43rd in the per capita average dollar amount of compensation and pension. These benefits are earned by proud service to our country and must merely be requested. That is the challenge we have before us today.

The Office of Veterans' Services maintains three general programs. We have our State Cemetery program, Veterans' Service program, and the Nevada State

Veterans Home. Briefly, we would like to highlight the accomplishments and activities of these programs before reviewing those budgets.

Nevada's two veterans' cemeteries were opened in 1990 in a cooperative partnership between the National Cemetery Administration and the State. Through this ongoing agreement, original development and ongoing expansion of the cemeteries are entirely funded by the U.S. Department of Veterans Affairs (VA) through the National Cemetery Administration. One such \$6 million expansion is being completed this year at the facility in Boulder City. Combined, these two cemeteries interred more than 2,000 veterans and their family members last year.

The Northern Nevada Veterans' Memorial Cemetery in Fernley is serving northern Nevada. The Southern Nevada Veterans' Memorial Cemetery, in Boulder City, is the second busiest State cemetery in the nation. Both will suffer challenges in the coming year in meeting the obligations of the duty we have in preparing and maintaining the final resting place of our American heroes.

The Veterans' Service program is comprised of three activities: the guardianship program, the service officer program, and our newest addition, the women veterans' coordinator. The veterans' guardianship program was started following World War II when the states and the VA determined a need to assist those veterans incompetent to care for their own financial needs. In this program, the VA asks our office to assist a veteran they have deemed unable to manage his or her own finances. A Nevada Office of Veterans' Services (NOVS) staff member cares for their every need, pays their bills, deposits their checks, gives them spending money and negotiates contracts and leases.

Our Veterans' Service Officer program consists of administrative staff and veteran service officers combined together in "trinity teams." With two service officers and an administrative assistant, we believe each trinity team can provide more services to more veterans in an expedited manner. They can rely upon each other to provide expertise and support, and use a team approach to administer the overwhelming need for services. Together, our seven service officers assisted Nevada's veterans in receiving more than \$20 million in new compensation and pension grants in 2006. This was in addition to previous years' grants which now exceed \$200 million in tax-exempt compensation and pension benefits paid by the VA to Nevada's veterans each year. This number could be greatly increased if we overcame the odds; 1 service officer to 30,000 veterans in Nevada compared to the national average of 1 service officer to 10,000 veterans.

We currently have trinity teams in Las Vegas and Reno. Through a cooperative agreement with Churchill County, we provide a service officer to the county and they provide the office and utilities. It is a partnership I hope to expand and I recently met with the county commissioners in Elko to establish a similar office. Hopefully, through their support and additional staff, we can help bring services to the northeast region of Nevada which is far below the State and national averages in veteran care.

To highlight the status of our women veterans' coordinator, I will defer to our new Deputy Executive Director Carole Turner.

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CAROLE TURNER (Deputy Executive Director, Office of Veterans' Services):

As a recently-appointed deputy executive director for the Nevada Office of Veterans' Services, I come with considerable experience in the area of women veterans' health care from my previous position as the national director for the women veterans' health program in the VA's Veterans' Health Administration.

This expertise will allow me the opportunity to continue my passion and pursue our commitment for the delivery of quality and equitable health care services for the 19,000 women veterans in the State of Nevada. I would like to formally acknowledge the actions of Senator Titus for creating the Nevada women veterans' coordinator position two years ago.

Today, over 20 percent of our military are women. Approximately 11 percent are directly serving in the global war on terrorism. As a result, the number of women veterans seeking benefits and services will increase proportionately.

We are seeing a new breed of women veterans who are seeking benefits and services. Women returning from Iraq and Afghanistan resemble their male counterparts who have served in combat. Women are seeking services with similar combat-related injuries as men, such as traumatic brain injury (TBI), blast injuries, blindness, amputations and the emotional and social injuries of personal trauma.

By working with the NOVS women veterans' coordinator in creating and implementing new data systems, and through aggressive outreach and advocacy, within one year I will be able to come before the Joint Subcommittees and provide data which will demonstrate successes in our efforts to serve women veterans.

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

The NSVH is filled to capacity, we are building a waiting list and throughout the year we have had 94-percent occupancy. Nearly 20 percent of our veterans' home population is female. The national average is between 5 and 8 percent.

We have maintained our pricing levels since increasing rates four years ago. We hope to maintain those levels through proposed VA per diem increases.

Our staff is stable. Turnover among our staff is one-third of the national rate and it is my intention to reduce it further. Our licensed practical nurse (LPN) and registered nurse (RN) positions are filled. Most of our turnover is with certified nursing assistants (CNA).

When we opened the facility 5 years ago, we had 80 deficiencies in a field of 158 areas surveyed. Our last five federal surveys have been outstanding, in fact, three were perfect, with no deficiencies.

Financially, we are healthy. Last year, we had a \$1.8 million appropriation from the State and returned \$2 million. We offer quality care, a great staff and a nice building all for a reasonable cost to our veteran population.

There are still 80,000 veterans in northern Nevada who are not being served by NSVH. With the successes we have realized in the south, it is time to concentrate on our second veterans' home in the Reno area. The VA has approved of participating in the cost to build a northern Nevada veterans' home and I am hopeful to make it happen.

MR. TETZ:

Unless, there are specific questions from the committee, the only portion of the Base Budget and maintenance budgets I would like to discuss is the revenue stream, specifically, our cemetery and administrative fee resources. Due to a recent reorganization, the budget was scrutinized in detail in early January by Mr. Darnell Bennett. Operationally, we were not meeting the interment fees projected for 2007 and therefore would be unlikely to meet them in 2008 and 2009. I would request you decrease the interment fees by \$54,000 in FY 2007-2008 and \$54,600 in FY 2008-2009.

Furthermore, we are attempting to phase out of our duties in the veteran guardianship program. In the last year, we reduced our caseload of 40 veterans to 30. Likewise, the revenue stream should be decreased by \$17,800 and \$26,000 in FY 2007-2008 and FY 2008-2009 respectively. Both of these were brought to the attention of the Budget Office, but neither made it into the final budget presented by the Governor.

Another change which did not make the final version of the Governor's budget was a reorganization of our office. Originally, we submitted a budget which included an additional 12 employees. Almost all would be directed to meet the shortcomings within our veterans' service program and increase services to Nevada's veterans. When the budget was approved, none of these positions made the final version and we were challenged with meeting the ongoing needs of our constituency with existing resources. I reorganized to take advantage of duplication between the NOVS and the NSVH and push employees to the most direct level of access with the veterans. This reorganization was reviewed by the Budget Office and Director Andrew Clinger, Department of Administration, agreed with the direction we were taking. To accomplish this, we would seek the authority to move and combine our accounting staff within the NSVH and move an unnecessary Boulder City accountant position to Reno to serve a much-needed role within the personnel-services and agency-planning operations. With no overall budget impact, this would alleviate some of the greatest challenges we experience on an administrative side. It would enable us to pursue funding for the additional seven veteran service staff positions to meet the needs of Nevada's veterans in the future.

CHAIR RHOADS:

I would like to welcome the veterans in Las Vegas and thank all of the veterans for making America so great, particularly our troops who are overseas.

Will you explain the unclassified salary increases? The director's and deputy director's salaries would increase 31 percent and 32.5 percent respectively in FY 2007-2008.

MR. TETZ:

This enhancement was submitted by the Budget Office and the Department of Personnel to meet the guidelines and regulations addressed in *Nevada Administrative Code* 284.204. This directs us to "maintain an equitable relationship in the status of steps among the employees of the appointing authority where a disparity exists." It continues to direct us to "maintain an appropriate differential between the base rate of pay of a supervisor and the base rate of pay of an employee." Currently, two NOVS employees earn more than the executive director and eight employees earn more than the deputy executive director. The Department of Personnel reviewed the situation and the Budget Office agreed to rectify it by adjusting the disparity through submittal of this enhancement unit.

CHAIR RHOADS:

Will you explain to the Committee the water-rate increase at the Boulder City cemetery? It went from \$16,203 in FY 2005-2006 to a projected cost of \$147,703 in FY 2007-2008, an 811-percent increase.

MR. TETZ:

Ten years ago, the Office of Veterans' Services signed a Memorandum of Understanding with Boulder City agreeing to pay 25 cents for each 1,000 gallons of water in exchange for \$200,000 in funding for their wastewater-treatment plant which we would utilize for the cemetery. That agreement expired last year and they have increased the rate to \$1.74 for each 1,000 gallons.

CHAIR RHOADS:

Has any water been delivered at the new rate?

MR. TETZ:

We started the new rate on July 1, 2006.

CHAIR RHOADS:

Are you getting water?

MR. TETZ:

Yes.

CHAIR PARKS:

Are you receiving any reclaimed water?

MR. TETZ:

They have not completed the reclamation program; therefore, we are not receiving reclaimed water. We receive raw water from Lake Mead.

CHAIR PARKS:

Are you receiving untreated water?

MR. TETZ:

Yes.

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CHAIR PARKS:

Staff has informed us your water rate is typical for a commercial customer. To the best of your knowledge, is this correct?

MR. TETZ:

Yes.

CHAIR PARKS:

Do you know what rate the golf course on the other side of Buchanan Boulevard pays for water?

MR. TETZ:

The golf course is owned by Boulder City and I do not know what rate they pay.

ASSEMBLYWOMAN MCCLAIN:

Will you be able to place a trinity team in Elko through this budget request?

MR. TETZ:

The current Governor's recommended budget does not include any new staff for the Office of Veterans' Services which will eliminate the possibility of any trinity teams in northeast Nevada or expansion of existing trinity teams.

ASSEMBLYWOMAN MCCLAIN:

What will it take to install a trinity team in Elko?

MR. TETZ:

We have outlined a cooperative agreement with Elko County in hopes they would host a trinity team. Installing a trinity team in Elko, filling our trinity team in Las Vegas and adding a staff member, for a total of seven staff members, has an overall price of \$700,000 as outlined in a package Mr. Bennett has put together.

CHAIR RHOADS:

Please supply the Committee a copy of Mr. Bennett's package.

MR. TETZ:

I will.

ASSEMBLYWOMAN MCCLAIN:

Has Nye County followed through with their trinity team plans?

MR. TETZ:

In the 73rd Legislative Session, \$300,000 was funded for a county Veterans' Service Office in Nye County. Esmeralda and Nye Counties promised they would continue funding for two years. Their grant expires June 30, 2007 and we do not know if funding will continue. We encourage them to continue with funding as it has allowed us to better serve veterans in the area.

ASSEMBLYWOMAN MCCLAIN:

The money obtained by veterans receiving their benefits, due to Office of Veterans' Services programs, goes directly into Nevada's economy.

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SENATOR BEERS:

Is it within Legislative power to mandate a water-rate reduction received from Boulder City? Essentially, they have reneged on their agreement, and they are a political subdivision of the State. It is something staff should investigate.

ASSEMBLYMAN GRADY:

I should disclose I am on the advisory committee for the Fernley Veterans' Cemetery. In the 73rd Legislative Session there was a commitment given for a roving officer to cover White Pine and Eureka Counties. Can you explain why this has not happened?

MR. TETZ:

The commitment was made to utilize a roving team in those areas and we attempted to enhance our travel budget to accomplish the task. We have sent our senior service officer on one rural outreach trip and service officers in Las Vegas have made similar trips. The Las Vegas trips are more economical, and we have made one in each of the last three quarters since I became director. We made a trip in July 2006 to Winnemucca, Elko, Ely and Austin. Over 4 days, at a cost of \$1,200, we met with 30 veterans. We do not have an exhaustive budget to accomplish these trips on a quarterly basis.

The nature of a veterans' service officer's work is meeting with veterans and going through their records, asking questions and putting together a case to present to the VA. The service officer then explains the veteran's malady and the malady's cause to the VA to gain compensation. This must be an ongoing discussion and cannot be accomplished in a one-hour meeting.

ASSEMBLYWOMAN WEBER:

Are Nevada's 19,000 women veterans in a database? Do you know where all of these women are?

MR. TETZ:

One of our priorities is to put together a database and contact as many women veterans as possible. There is not an exhaustive list of women veterans within the State of Nevada through the Department of Motor Vehicles (DMV) or the VA. Our ultimate goal is to generate a list of as many women veterans as possible. We are building a database and revising our Website in effort to attract women veterans to take advantage of the services we offer.

ASSEMBLYWOMAN WEBER:

Is there an outreach campaign to inform women veterans of the agency?

MR. TETZ:

There is no focused outreach campaign targeting women veterans. Part of the problem, as shown in the 2000 census, is women do not perceive themselves as veterans. They changed the question in the 2000 census to ask, "Have you ever served in the military?" since women often would not report their veteran status. By changing the question, they now have more accurate figures regarding the number of women veterans in Nevada. We are doing everything we can within our budget limitations to attract those veterans through marketing.

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ASSEMBLYWOMAN WEBER:

How many women veterans have received assistance from the Division since the women's coordinator position has been filled?

MR. TETZ:

Previously, we did not have mechanisms in place to track the veterans we were serving. We now have a database, which has been in operation for three months, telling us gender, where the veteran lives, what they applied for, what was granted and our overall success rate. We now have the measurements to evaluate staff and the office to ensure we are meeting the needs of veterans. At this time, the amount of data we have accumulated is insufficient to analyze.

ASSEMBLYWOMAN MCCLAIN:

How successful is the program of veterans identifying themselves when renewing driver's licenses?

MR. TETZ:

In my opinion, the success of the program is marginal. Some veterans do not want to answer the question. The program is giving us some figures, but I believe the figures and projections from the 2000 census and the State demographer are more accurate. With implementation of the Real ID Act of 2005, we might see a significant increase in the knowledge of how many veterans live in Nevada.

SENATOR TITUS:

When I look into the audience, I never see any women veterans. They are the silent veterans. This is why we needed a women's veterans' coordinator, since women veterans do not take advantage of the programs offered through the NOVS and do not have information available for their unique health and educational needs. This office should be in Las Vegas where it would be better able to provide outreach programs.

This coordinator should not be stuck in an office every day. She needs to be out talking to women veterans. Can you assure me this will happen?

MS. TURNER:

My passion is identifying women veterans and insuring they receive quality services. My commitment is to work closely with Ms. Kelly D. Awtrey to ensure her role as women veterans' coordinator is as effective and optimally delivered as possible.

ASSEMBLYMAN HOGAN:

With the new staff and reorganizations you have implemented, it might be a good time to revisit your performance indicators. Many agencies use performance indicators as a way to track actions which have occurred to anticipate future actions. I think the term "performance indicator" means how well you perform your duties. I would encourage you to set performance targets. They can be a strong influence if you hold yourself to your objectives. It is a good way to continually improve, and recognize areas which need improvement.

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CHAIR RHOADS:

The agency is currently authorized for 32 full-time employees, yet you have 33 positions in the system. You need to discuss this with Legislative Counsel Bureau (LCB) staff to correct the situation.

Tell the Committee more about the Veterans' Service Offices in Nye and Esmeralda Counties.

MR. TETZ:

Our office took part in the training of county staff, and the counties were solely responsible for hiring and providing a benefits package for the personnel in Tonopah and Pahrump. They have an outstanding individual in Pahrump. Last month, they finally filled the full-time position in Tonopah. Until then, they were unable to utilize the grant money. After July 1, 2007, the office and mission will be county supported.

CHAIR RHOADS:

Will they pay all operating costs after the \$300,000 is expended?

MR. TETZ:

It is my understanding the unused portion of the \$300,000 will revert to the General Fund after June 30, 2007.

ASSEMBLYWOMAN MCCLAIN:

Do you know what amount will not be expended?

MR. TETZ:

In the most recent projection, approximately \$70,000 will be unexpended. They are working within the Legislative process attempting to extend the June 30 deadline.

ASSEMBLYWOMAN MCCLAIN:

Please provide a report on this issue to staff.

CHAIR PARKS:

You commented on wanting to decrease interment fees. Can you explain further?

MR. TETZ:

We want to decrease what we have budgeted for interment since we are not meeting the number of burials anticipated.

CHAIR PARKS:

Do you use volunteer services?

MR. TETZ:

Our agency relies upon volunteers in every aspect of our mission. The administrative assistant at the Veterans Services Office in Fallon is a volunteer. We have used Nevada Conservation Corps at the northern and southern Nevada Veterans' Cemeteries. There was a disparity in how they viewed the use of those teams. They wanted to charge us for use of the team at the northern cemetery which we were unable to afford. We still have a team working at the

southern cemetery, but if they start charging us for service, we will come to the Interim Finance Committee seeking funds.

Currently, our staff at the southern Nevada Veterans' Cemetery is staffed at 50 percent of the national requirement, and we meet the remainder of the requirement through volunteer work.

ASSEMBLYWOMAN MCCLAIN:

Be sure to put in a budget amendment for your revenue changes.

CHAIR RHOADS:

We will close the hearing on this budget and discuss the Veterans' Home Account. Will you explain the new positions in this budget?

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

MR. BERMESOLO:

We are requesting a total of five positions for the Nevada State Veterans' Home. Four years ago, I cut 26 positions with the caveat I might return requesting to refill some of those positions.

The position requested in decision unit E-250 is an occupational therapist. This person will help veterans' independence through fashioning prosthetics and one-on-one patient involvement. We are currently contracting occupational therapy services and last year our costs were \$125,000. We can hire a full-time occupational therapist for \$72,000.

E-250 Working Environment and Wage – Page VETERANS-10

Decision unit E-254 is to fill two LPN positions. Two years ago, after we ran our budget, the Centers for Medicare and Medicaid Services (CMS) mandated all nursing homes have an in-house wound-care program. We were forced to cover the wound-care requirement with existing staff. To begin a dedicated wound-care program, we pulled two LPNs from staff rotation. We then covered the two LPN positions with contract LPNs until we could make changes to the budget. The LPNs we are requesting will allow us to reduce our contract expenditures, so it is cost neutral.

E-254 Working Environment and Wage – Page VETERANS-11

In decision unit E-251, the activities therapy technician positions are not cost neutral, they are new positions. We are required to provide an increased level of care to our residents in terms of activities. When we discuss quality of life in a nursing home, it goes beyond quality nursing care and nutritious meals. We need to keep our residents occupied. Two years ago, this Committee helped the NSVH procure mini-buses to take residents out for activities. We now have so many residents I no longer have enough staff to take all of the people who wish to go out for activities. I can think of nothing which will improve the quality of life at NSVH more than these two positions.

E-251 Working Environment and Wage – Page VETERANS-10

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CHAIR RHOADS:

Can you define the increased federal standards which support the need for these two positions?

MR. BERMEOSOLO:

The CMS is looking at activity charts and making sure we are providing activities. We are on a rotation basis now, and the CMS sees we are turning people away due to lack of resources. We do not have enough staff to provide for the existing interest level in activity participation.

CHAIR PARKS:

Will contract nursing costs disappear with approval of these various positions?

MR. BERMEOSOLO:

It will be reduced. We will shift those funds, dollar-for-dollar, to the salaries for new positions. We will always have need for contract hours to cover for staff when they become ill.

CHAIR PARKS:

The occupational therapist II you are requesting is a step 8 position, at the top of the salary range. Do you feel this is required to attract a qualified applicant?

MR. BERMEOSOLO:

Our physical and occupational therapists are currently, by community standards, underpaid by 48 percent. We have to hire these positions at the top of the pay scale to attract applicants. We asked the Department of Personnel (DOP) why they are not correcting these salary inequities through Legislation and were told they had larger issues to resolve since there are only three physical therapists employed by the State.

CHAIR RHOADS:

Will there be a bill draft regarding the General Fund supplemental appropriation of \$224,196 you are requesting to cover shortfalls in salaries and utilities?

MR. TETZ:

This budget shortfall will be coming before Legislature in the upcoming Interim Finance Committee (IFC) meeting.

MR. BERMEOSOLO:

Decision unit E-805 is to create a CNA career ladder. We are experiencing about a 35-percent turnover rate with CNA positions. We have many CNAs, and we pay them well, but we do not have any enticement for them to remain in their professions. Instead, we encourage them to go to school for LPN classification. We are asking for additional funds to create a career ladder commensurate with responsibilities and education. This will enable us to retain people in these positions.

SENATOR TITUS:

In some budgets we have heard, we found the Governor did not include inflation for utilities. Do you have enough money in your budget to cover any anticipated utility-rate increases?

MR. TETZ:

We have received notice of a 25-percent increase in our electrical utilities and requested it in our budget. I was informed the State policy is to ask the Public Utilities Commission (PUC) about upcoming electrical-rate increases. The PUC responded there would be no increases for the next two years; therefore, no agencies received increases to their budgets for electrical utilities. This was contrary to our belief, as we have received a notice of an increase in rates. We will absorb the costs through other operational expenses.

SENATOR TITUS:

I understand there will be a letter going to the PUC asking if their statement of "no electrical-rate increases for the next two years" is accurate. I do not believe it is accurate, as I have been reading about anticipated rate increases in the newspapers.

I believe this is an irresponsible way of cutting money from the budget to give the false impression of saving money. When agencies come to the IFC seeking funds for utilities, the money will be granted though it was not originally budgeted.

I would like to see the letter from the PUC and share it with my constituents to ensure them their power bills will not increase.

CHAIR PARKS:

I was not on this Committee in the 73rd Legislative Session, but I recall discussion about license plate revenue. Do you have any comments on license plate gift-account revenue?

MR. TETZ:

In the 73rd Legislative Session, it was enacted that the first \$100,000 in revenue would go toward the NSVH gift account and the remainder would revert back to the General Fund. By our calculations, the money for two of every three plates sold never makes it to NSVH.

We have introduced a bill seeking to place all veterans' license plate revenues into a gift account for the care of veterans in the State of Nevada. Should this bill be passed, it is our intention to direct the first \$100,000 to NSVH and utilize the remaining amount, \$225,000 at this stage, for statewide veterans' outreach programs. We will look for ways to help veterans across the State.

Money gifted by veterans, through the purchase of these license plates, should stay with veterans and not be used to supplement the General Fund.

CHAIR PARKS:

When the bill comes up before the Legislature, I would like to testify on its behalf. I do not believe fellow veterans who purchase these license plates

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realize only a minimal amount of the money is going toward its intended purposes. Do you know the status of the bill?

MR. TETZ:

The bill is coming up for hearing in the next two weeks. I will be certain to notify the Committee members before it does.

MR. BERMEOSOLO:

We will be requesting a onetime supplemental appropriation for a water-softener system which was inadvertently excluded from our budget. We are having difficulty with the hard water in Boulder City. Due to the hard water, we are replacing appliances at an accelerated rate and having problems with the plumbing. It has also created an infection-control issue; residents are getting extremely dry skin which leads to rashes, scratching and open wounds.

CHAIR RHOADS:

We will have staff look into the issue.

Can you explain why you budgeted \$7,700, in B/A 101-2561, for travel in FY 2005-2006 and only expended \$2,500, with no expenditures recorded in FY 2006-2007?

MR. TETZ:

This budget is for travel to the National Association of State Veterans' Homes (NASVH) conferences. I just returned from a Washington, D.C., conference. I am currently the western regional director, and as long as I retain this position, they will pay the expenses for these trips. We continue to include this expense in the budget in the event I am not reinstated to this position.

ASSEMBLYWOMAN MCCLAIN:

I see the VA has appropriated funds for the central dining room; when do you expect it to be completed?

MR. TETZ:

This project is three years old, and when we originally requested funding, the VA approved matching funds of \$1.4 million.

In the 73rd Legislative Session, the Public Works Board was asked to review their costs. They subsequently reduced the State match to the point where we cannot generate the \$1.4 million from the VA. The VA held the \$1.4 million for the project, but due to today's increased construction rates, the cost has risen to over \$2 million.

If the Legislature funds the difference in matching funds, we will collect the VA match of \$1.4 million and approach the VA with a supplemental appropriation request to receive a reimbursement, of up to 65 percent of the cost, at a later date.

ASSEMBLYWOMAN WEBER:

Will the new VA hospital change the dynamics of your budgeting process?

MR. TETZ:

Construction on the VA hospital began last fall. It is scheduled for completion in 2010 and opening in 2011. All of our offices are hosted through a cooperative agreement with the VA and the hospital will host the majority of staff from our southern Nevada office. Our operations will change as we move to the facility and have increased access to more veterans. I cannot speculate on the effect it will have on our budget. There may be a small increase.

CHAIR PARKS:

Are you currently serving veterans of the conflicts in Afghanistan or Iraq at your facility?

MR. TETZ:

There are none at the Veterans Home in Boulder City. The VA tells us there are currently no significantly injured veterans returning to Nevada who served in those conflicts. We are closely monitoring the situation with Director Iddings of the Veterans Affairs Regional Office to ensure we accommodate those veterans when they return.

MR. BERMEOSOLO:

The average age of our veterans currently at NSVH is 84. Our youngest resident at NSVH is a 56-year-old Vietnam veteran.

CHAIR PARKS:

Will the expansion of the dining hall be on the south end of the building?

MR. BERMEOSOLO:

We are expanding the existing activities room.

CHUCK FULKERSON (Veterans' Advocate):

I am thrilled to see the team Mr. Tetz has assembled. My concern is every Legislative Session we are given increased requirements but rarely given enough resources to accomplish them. There will continue to be unserved veterans in Nevada since we do not have the resources to serve them. The veterans in rural areas have as much right to receive benefits as a veteran who lives in Las Vegas or Reno. I am hoping, with the team Mr. Tetz has put together, we will do a better job in increasing our resources and provide outreach to all veterans in Nevada.

Our veterans returning from current conflicts will require far more intensive assistance than we are currently able to provide. We have seen examples of veterans returning from current conflict being turned away from the VA, due to our lack of resources, and committing suicide. Our veterans deserve better.

DONALD D. IDDINGS (Director, Veterans Affairs Regional Office, Reno, Nevada):

I have a staff of 79 employees, consisting of 64 employees in Reno and 15 in Las Vegas. We currently have over 27,000 veterans and their beneficiaries on our rolls, collecting an annual benefit amount of over \$264 million. We interview over 15,000 veterans, make over 52,000 telephone contacts and in excess of 120,000 postal contacts during the course of each year.

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We process over 18,000 different types of claims during the year, 5,000 of which are first-time claims. Currently, we have a backlog of over 5,000 cases and, of those, 4,388 are disability claims awaiting a decision. The average numbers of days pending for each case is 147 days. It is now taking over 240 days, on average, to complete a claim.

Recently, Vice Admiral Daniel L. Cooper, Under Secretary for Benefits in the Department of Veterans Affairs, issued an edict stating we are to priority process all identified Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) veterans. We have identified eight veterans in Nevada who are seriously disabled and must case manage each of these cases with our OIF and OEF coordinator. We have identified 850 OIF and OEF veterans who have filed claims which we are now processing, constituting about 20 percent of our current workload.

I previously worked with the Department of Veterans' Affairs in the states of Iowa and Arkansas. Iowa has 99 counties and about 256,000 veterans in the state. The Iowa Department of Veterans' Affairs has a veterans' service officer in each of those counties. Arkansas has 75 counties with over 278,000 veterans, and they too have county veterans' service officers operating under the umbrella of the Arkansas Department of Veterans' Affairs.

One of the things we read about in the newspaper is the lack of services from the VA to our nation's veterans. In our outreach programs, we are mandated by law to get information to veterans. With the demographics we have in Nevada, I do not have enough staff to relay information in rural areas. If members of accredited service organizations could get out into the local communities and prepare claims for veterans and present completed claims to the VA, it would not take over 240 days to process them.

If a service officer from NOVS presents a completed claim to the VA, we can work the claim within a matter of days. If we are missing any of the medical evidence before we file the application, we must ask the veteran to identify their sources of treatment and collect the evidence from his medical providers, which can take up to 60 days.

ASSEMBLYMAN HOGAN:

As we are seeing on the news, veterans with serious health problems are not being handled effectively while receiving services from the military departments. There are news reports referencing the VA and its state of readiness as veterans are returning home. Do you hear any news from the national Office of Veterans' Affairs of a renewed effort on the part of the federal government to increase funding and improve veterans' services?

MR. TETZ:

Our Office has signed a Memorandum of Understanding with the VA to promote a smooth and seamless transition between the Department of Defense or the VA care units and NOVS. Prior to a veteran's release from federal care facilities, we will be notified of the nature of the individual's injuries and needs. It is then incumbent upon our Office to coordinate with veterans' groups and communities to make certain when veterans return home, they receive the care and welcome they deserve.

CHAIR RHOADS:

We will now hear the budget for the Department of Wildlife (DOW). Mr. Mayer, welcome to Nevada and to your new job. Would you like to make an opening comment about your background?

KENNETH E. MAYER, M.S. (Director, Department of Wildlife):

I spent 26 years with the California Department of Fish and Game and had the opportunity to manage game management programs as well as nongame programs. In my most recent five years, I was chief scientist for the Office of Spill Prevention and Response and worked with the DOW on the Walker River spill.

I have experience with issues which seem to be coming to Nevada. With 37 million people in California, you face all sorts of challenges and I hope to utilize my experience with the DOW.

You have received our handout titled "Nevada Department of Wildlife Fiscal Year 2007-2009 Budget Review" ([Exhibit C](#), original is on file in the Research Library) and a single-sheet handout titled "Audit Highlights" ([Exhibit D](#)).

First, I would like to discuss the audit. I know it is on the minds of many people. I will share my perspective of the audit; what happened and things we are doing in response.

Second, I will take a few minutes going through the budget review you have received. You can read the review in detail at your leisure. I thought it would be to your benefit to briefly discuss the Department's programs and policies.

Lastly, I will ask Deputy Director Hunt to go through the budget. There are also a number of bureau chiefs here to answer any technical questions you may have about ongoing projects.

In my career, I have been through a number of audits and I have always welcomed them since they take an independent look at what direction you are going and the things you need to change. I would like to take my independent assessment of the situation and briefly explain what we are doing to correct the problems.

The problems identified by the auditors were a result of a unique set of events and circumstances where proper fiscal management controls were not in place. This created an atmosphere in which it was easy to make poor management decisions.

First and foremost, the Department was one of the last to implement the new State accounting system. Administration personnel had to come to Carson City to perform time sheet data entry. At times, there were three- and four-month periods in which the balance sheet was out of date.

Secondly, the chief financial officer was called to active duty and the staff member in the federal grants position moved from the DOW. We had two key positions which were not providing the director with fiscal oversight and real-time information.

What resulted was inappropriate expenditure of dedicated funds. Some dedicated funds were spent, which should not have been spent, and the auditor aptly pointed this out.

Under certain normal circumstances, and under the situation we currently have, this would not have occurred. The auditors, on page 24 of their report, recommended the need to ensure adequate fiscal expertise exists. In our budget, we have a request for a new administrative services officer (ASO) and a position upgrade for an administrative assistant to an ASO III. Filling those two positions will ensure a similar situation does not recur.

Much was made public about the \$1.2 million lost in 2004. The Department could have brought in \$1.2 million of federal funds and did not. This happened because the director did not know how much money was in the Pittman-Robertson Restoration Act federal accounts. They took a conservative approach, deciding not to bring those dollars in, and spent sportsman's dollars to pay expenses.

Because federal funds have a three-year life, they were able to bring those dollars in the following year but had to use sportsman's money again to access the funds. In the auditor's mind, we left \$1.2 million on the table. The Pittman-Robertson fund looks like it is in the Dingall-Johnson fund.

With the help of the auditors identifying our shortcomings, we have put policies in place to ensure this will not happen again. Our response to the audit report is in final draft and will be submitted to the auditors on March 14.

Is there anything you would like to ask specifically on the audit?

CHAIR RHOADS:

We may have questions later.

MR. MAYER:

Pages 3 and 4 of the budget overview ([Exhibit C](#)) contain our mission statement and a short history of wildlife conservation in Nevada. The DOW was created in 1969. Page 8 shows economic benefits of wildlife-related activities in Nevada amount to over \$600 million annually.

Page 9 shows we have a Governor-appointed Board of Wildlife Commissioners, a number of County Advisory Boards to Manage Wildlife, 213 full-time employees and 8 program bureaus. The program bureaus include the director's office, operations, conservation education, fisheries, game, habitat, law enforcement and wildlife diversity.

Our Strategic Plan was reviewed and revised in 2003. We are well on our way to achieving the goals and objectives which were set for 2004 through 2009.

Pages 15, 16 and 17 list some of our accomplishments. Page 18 shows many of our ongoing initiatives. One of my major concerns is the loss of habitat through wildfires and development. We have predation and invasive species issues such as the quaga mussel.

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CHAIR RHOADS:

United States Senator Harry Reid was recently successful in obtaining millions of dollars in an appropriations bill for fire suppression and habitat restoration. Have you heard any details about where this money will be used?

MR. MAYER:

We have not heard any details. We have been working with the Senator's Office and made some projections on what will be needed for habitat restoration. The suppression of cheatgrass, and its growth cycle in burn areas, will require an ongoing program. We will need \$20 million to \$30 million each year to restore habitat.

CHAIR RHOADS:

We recently seeded several thousand acres of private land which had burned. It was costly.

MR. MAYER:

Yes, it is costly. We have a pilot project on private land to show the Bureau of Land Management (BLM) these burn areas can be restored. The entire winter range for deer in unit six is burned. We had to capture an entire herd of antelope because they had no food.

Pages 20 through 32 show our organizational charts. We added these charts to show how our programs are structured.

DOUG HUNT (Deputy Director, Department of Wildlife):

Page 34 shows a summary of federal grants the DOW receives, including Pittman-Robertson funds for wildlife restoration, Dingall-Johnson and Wallop-Breaux for fisheries restoration and U.S. Coast Guard funding for the boating program.

We also have the State Wildlife Grants program (SWG), an outgrowth of the Conservation and Reinvestment Act (CARA-lite) funding, which has been available in the past.

The Wildlife Administration account, B/A 101-4452, is funded by license fees, federal aid, balance forwards, gifts, General Fund, tourism transfers, industrial artificial pond permits and miscellaneous income.

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Wildlife - Administration – Budget Page WILDLIFE-1 (Volume III)
Budget Account 101-4452

The bottom of page 34 shows the budget summary. In FY 2007-2008, the revenue and expenditures of just over \$25 million will leave a reserve of \$2.2 million. In FY 2008-2009, we project a reserve balance of over \$1.4 million.

Decision unit E-250 is a request for supervisory staff training. This is a weeklong training event we hold every two years. The cost of \$29,362 is paid through Pittman-Robertson, Dingall-Johnson, SWG and licensing funds.

E-250 Working Environment and Wage – Page WILDLIFE-6

Decision unit E-350 is a request for \$251,959 in FY 2007-2008 and \$221,943 in FY 2008-2009 for two new biologist IV positions and associated expenses to assist in the implementation of the ten-year Wildlife Action Plan under the Wildlife Diversity Bureau. This would be funded with 50-percent SWG funds and 50-percent General Fund. The plan targets species for conservation need and their habitats for on-the-ground conservation actions. It includes not only spotted frogs, but also mule deer, bighorn sheep and other species and habitats we are concerned about.

E-350 Environmental Policies and Programs – Page WILDLIFE-6

Decision unit E-353 is an initiative for a one-day family-fishing permit to increase license sales and the number of individuals fishing. This enhancement is contingent upon approval of administrative Bill Draft Request (BDR) 45-1413. The cost in FY 2007-2008 is \$40,951 and \$43,554 in FY 2008-2009.

Bill Draft Request (BDR) 45-1413 Makes various changes regarding fishing and hunting licenses and other provisions regarding wildlife. (Later introduced as [Assembly Bill 573](#).)

E-353 Environmental Policies and Programs – Page WILDLIFE-7

Decision unit E-354 reduces the cost of nonresident antlerless elk tags from \$1,200 to \$500 to generate additional revenue through an increased purchase of tags. This enhancement is also contingent upon approval of administrative BDR 45-1413.

E-354 Environmental Policies and Programs – Page WILDLIFE-7

Decision unit E-355 requests \$74,370 in FY 2007-2008 and \$75,022 in FY 2008-2009 for an additional administrative services officer II fiscal position according to the recommendation of the recent Legislative audit. This includes salary, operating, equipment and information services costs.

E-355 Environmental Policies and Programs – Page WILDLIFE-7

Decision unit E-360 requests \$2,528 in FY 2007-2008 to host the National Wildlife Federation Aid Coordinator's Conference in Winnemucca this October.

E-360 Environmental Policies and Programs – Page WILDLIFE-8

Decision unit E-710 requests \$161,133 in FY 2007-2008 and \$122,251 in FY 2008-2009 to replace computer hardware and software in accordance with the Department of Information Technology's (DoIT) replacement schedule.

E-710 Replacement Equipment – Page WILDLIFE-8

Decision unit E-720 requests \$6,066 in FY 2007-2008 for the purchase of printers for two wildlife area technicians.

E-720 New Equipment – Page WILDLIFE-9

Decision unit E-730 requests \$54,009 in FY 2007-2008 for the continued maintenance, repairs and upgrades of Department facilities.

E-730 Maintenance of Buildings and Grounds – Page WILDLIFE-10

Decision unit E-805 requests \$50,363 in FY 2007-2008 and \$55,206 in FY 2008-2009 for reclassification of an administrative services officer II position to administrative services officer III in accordance with recommendations from the Legislative Audit.

E-805 Classified Position Reclassifications – Page WILDLIFE-10

Decision unit E-806 requests \$36,214 in FY 2007-2008 and \$34,437 in FY 2008-2009 to reclassify the chief pilot position to become more competitive in a limited job market and to reclassify the executive assistant to director in accordance with A.B. No. 577 of the 73rd Legislative Session.

E-806 Unclassified Position Salary Increases – Page WILDLIFE-10

Decision unit E-813 requests \$46,062 in FY 2007-2008 and \$47,455 in FY 2008-2009 for unclassified step adjustments.

E-813 Unclassified Step Adjustments – Page WILDLIFE-11

An item for special consideration, decision unit E-888, is a onetime appropriation requesting \$200,800 of General Funds for the implementation of sagebrush habitat projects which are included in Senate Bill (S.B.) 189, for total expenditures of just over \$400,000 in FY 2007-2008 and \$300,000 in FY 2008-2009.

SENATE BILL 189: Makes an appropriation to the Department of Wildlife for the implementation of sagebrush habitat projects. (BDR S-1224)

Page 37 of the budget overview ([Exhibit C](#)) is a description of funding sources the DOW receives which consists largely of licensing fees and federal aid of various types.

CHAIR RHOADS:

The two new biologist IV positions described in decision unit E-350 were originally 25-percent State funded and 75-percent federally funded; why are they now 50-percent State funded and 50-percent federally funded?

MR. HUNT:

The federal funding has changed from a tier 1 SWG to a tier 2 SWG. The tier 1 was a 25/75 split, and in tier 2 the federal government reduced it to a 50/50 split.

CHAIR RHOADS:

When will this take place?

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MR. HUNT:

It is occurring now, depending on the type of grant we receive. It will become fully effective next year.

CHAIR RHOADS:

Do you have documentation showing licensing fee revenues cannot be used to match federal funds?

MR. HUNT:

State wildlife grants are a diversion of licensing fee funds from Dingall-Johnson and must be covered by other sources of State funds.

CHAIR RHOADS:

Will you give the Committee more information on the administrative services officer II position?

MR. HUNT:

The ASO II position is requested to assist the ASO III with the development and administration of the budget. We can provide the Committee with a matrix showing the division of duties between the ASO III and the proposed ASO II, the federal aid coordinator and our existing ASO I.

CHAIR RHOADS:

Is it true the department's fiscal staff will increase 22 percent, from 9 to 11 full-time employees?

MR. HUNT:

Yes.

CHAIR RHOADS:

What is the reason the overall financial responsibilities for the agency cannot be returned to the operations bureau chief instead of the addition of a reclassified ASO III position?

MR. HUNT:

Our original ASO III, who was called to active duty, was extremely overworked and required much overtime to fulfill responsibilities. We examined reorganizing this position to handle operations and placing fiscal responsibilities under the control of the director's office to more adequately monitor the fiscal activities of the Department.

CHAIR RHOADS:

Did the audit recommend this change?

MR. HUNT:

The audit recommended the review and increase of fiscal staffing.

CHAIR RHOADS:

The budget account reserve balances are recommended to decrease from \$4.4 million in FY 2006-2007 to \$1.5 million in FY 2008-2009. What is the appropriate reserve level for this account? Why was the estimated revenue decreased?

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DARALYN F. DOBSON (Administrative Services Officer, Department of Wildlife):
The problems we experienced with the ASO III position and our previous budgets resulted in the budgets not being entirely accurate. This time, we budgeted exactly what was requested by the bureau chiefs which decreased some of our revenue. Our tourism decreased by \$200,000. The reserves appear to be low, but our cash-flow statements look much better and we anticipate a higher reserve at the end of FY 2006-2007 than what is shown in the budget.

CHAIR RHOADS:
The sagebrush habitat project was funded \$200,800 for FY 2006-2007; will funding be requested to continue this project?

MR. HUNT:
We would like to continue the project. We have a dire need to rehabilitate sagebrush in the areas affected by range fires.

CHAIR RHOADS:
Have you asked for refunding in the budget?

MR. HUNT:
It was onetime funding for FY 2006-2007.

ASSEMBLYWOMAN MCCLAIN:
Was the onetime funding for sage grouse guzzlers?

MR. HUNT:
Yes. The indigenous grouse in the Great Basin have been proposed for listing as endangered species on a number of occasions. We have avoided this by management of the species by the Department.

ASSEMBLYWOMAN MCCLAIN:
Have we been successful with this species?

MR. HUNT:
Range wide, the population is down. We have recently discovered breeding areas as far south as Lincoln County.

MR. MAYER:
From our perspective, the sage grouse are an important species. If this species becomes listed as endangered, it will have a large effect on the livestock and mining industries.

CHAIR PARKS:
In decision unit E-806, how was the salary for the chief pilot determined? Has it been reviewed by the DOP?

MR. HUNT:
Yes, the salary has been reviewed by the DOP. We have consulted with the DOP and the Division of Forestry (DF). Several years ago, we were both located at the Minden hangar and had one chief pilot who has since left the service of the State. We have had difficulties finding applicants who fill the requirements

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of this position. We are seeking a pilot who can fly at low altitude, in difficult conditions, while being safe.

There are a limited number of people qualified to fill this position. We have one pilot and are desperately in need of a second. We are currently sharing some duties, when appropriate, with the DF.

CHAIR PARKS:
What grade level is this position?

MR. HUNT:
It is an unclassified position, Grade 43.

CHAIR PARKS:
The chief pilot at the Nevada Department of Transportation (NDOT) is a Grade 41, but the qualifications for your position appear to be more difficult.

MR. HUNT:
Qualifications for high-altitude takeoffs are also a requirement for this position. One of our key issues is to find a pilot who can safely get off the ground at 13,000 feet.

CHAIR PARKS:
We are rapidly running out of Vietnam-era pilots, from an age standpoint, which fill those qualifications.

CHAIR RHOADS:
The staff training requested in decision unit E-250, which takes place every two years, did not occur in FY 2005-2006. Was the training scheduled?

MR. HUNT:
At this time, I do not have the information with me. I will furnish it to staff as soon as possible.

CHAIR RHOADS:
Decision unit E-353 recommends an increase in one-day fishing licenses from \$20 to \$40 for a nonresident family; has this been endorsed by the Governor?

MR. HUNT:
This is not an increase, it is a new program. It is a one-day permit for a family of up to four members as opposed to a one-day permit for an individual. It is actually a savings for nonresident families fishing in Nevada.

CHAIR RHOADS:
Why have you reduced the fee for nonresident antlerless elk tags?

MR. HUNT:
Nonresident elk tags are currently \$1,200 and we were selling few of them. By reducing the price, we will increase the number tags sold. We had 130 and 110 antlerless elk tags available in 2005 and 2006, and sold 18 tags in each of those years. We anticipate an increase in sales by reducing the price.

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CHAIR RHOADS:

Will the National Wildlife Federation Aid Coordinator's Conference be held in Nevada?

MR. HUNT:

It will be held in Winnemucca the first week of October.

CHAIR RHOADS:

Will federal funds be used to host this event?

MR. HUNT:

Yes. It will be funded by Pittman-Robertson and Dingall-Johnson grants.

CHAIR RHOADS:

How many people do you expect will attend?

MR. HUNT:

There will be between 40 and 50 attendees.

ASSEMBLYWOMAN KOIVISTO:

If you reduce the cost of nonresident elk tags, how will it affect the cost of resident tags? How many resident tags do you sell? Do you sell resident tags by lottery?

MR. HUNT:

Elk tags for residents cost \$120 and are drawn randomly. There will be no impact on residents by the nonresident price reduction. I do not know how many resident tags are available and will respond with the information as soon as possible.

ASSEMBLYMAN GRADY:

I recently saw some information on northern Nevada reservoirs regarding mercury contamination in fish and a "Do not eat" recommendation; did this originate from your Department?

RICHARD L. HASKINS II (Chief of Fisheries, Department of Wildlife):

The health advisories come from the Health Division's State health officer, Dr. Bradford Lee. It is his responsibility to evaluate information we collect and, at his discretion, issue health advisories. Two years ago, we began collecting additional samples to make better-informed decisions regarding mercury contamination in Nevada's waters. We coordinated with the Division of Environmental Protection (DEP) who were able to provide funding through the Environmental Protection Agency (EPA) to process the samples we collected.

We have two years of data and additional samples from 2006 for which we have not received results. The health advisories are based upon the sampling we have collected and analyzed.

CHAIR RHOADS:

We will now open the budget on the wildlife boating program.

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Wildlife - Boating Program – Budget Page WILDLIFE-15 (Volume III)
Budget Account 101-4456

MR. HUNT:

The Department is responsible for the administration of the Nevada Boat Act, relating to the operation of recreational watercraft on all waters of the State. Elements of the program include boat registration and titling, boating safety law enforcement, boater education, navigational aids and boating facilities.

We show a revenue of over \$5.1 million and expenditures of \$4.5 million, leaving a reserve of \$673,179 in FY 2007-2008. The reserve for FY 2008-2009 is projected to be nearly \$1.4 million.

Decision unit E-250 requests \$27,852 in FY 2007-2008 and \$21,324 in FY 2008-2009 to increase out-of-state travel for boat warden training, basic and advanced boating accident investigations and fundamental training for boat wardens to address turnover.

E-250 Working Environment and Wage – Page WILDLIFE-17

Decision unit E-710 requests \$549,249 in FY 2007-2008 and \$407,186 in FY 2008-2009 to replace boat wardens' computers and related software, boats, trailers, motors and radios.

E-710 Replacement Equipment – Page WILDLIFE-17

Decision unit E-720 requests \$2,350 in FY 2007-2008 to purchase a geographic information systems data collector and geographic positioning system unit with software.

E-720 New Equipment – Page WILDLIFE-18

Page 40 of the budget overview shows the funding sources for the boating program.

CHAIR RHOADS:

In FY 2008-2009, the reserve is approximately \$1.4 million, and in FY 2005-2006 it was \$357,000; what amount is considered an appropriate reserve balance?

MS. DOBSON:

I am currently working on the cash-flow statement and estimate it will be \$300,000 more than what we see today. I will forward my projection to staff when it is completed.

CHAIR PARKS:

Does the Department have a boat replacement policy? What criteria are used to determine when and what types of boats are scheduled for replacement?

MR. HUNT:

We do not have a specific policy and the primary reason is the diversity of waters on which we operate our boats. Large bodies of water, like Lake Mead

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and Lake Tahoe, can cause specific concerns regarding enforcement and the rescue of boaters. At Lake Lahontan, we may be only setting buoys and checking fishermen.

In our current fleet of boats, the average model year is 1995, the oldest boat we operate in law enforcement is a 1984 model and the newest is 2005. We have boats which have had five replacement motors and are still in use. One particular boat has 1,900 hours on its fifth motor. Extrapolated, this boat has been in service for nearly 10,000 hours. We anticipate the boats we have requested will last even longer.

CHAIR PARKS:

I had not noticed seven boats cost \$564,000. Does this include all of the required equipment?

ROB BUONAMICI (Chief Game Warden, Department of Wildlife):

The boats we intend to buy are called "safe boats." We used to purchase Boston Whalers, a fiberglass boat, which does not hold up well on rocky shorelines. The safe boats are designed specifically for law enforcement use and are more expensive. An added advantage to safe boats is a foam-based collar around the circumference of the boat which virtually eliminates damage to vessels we pull alongside of and board, some of which are extremely expensive.

Unlike other law enforcement agencies which can request an ambulance to the scene, we must transport the injured from the water to the boat ramp and the safe boat will accommodate this need. Overall, we view the safe boats as a cost-effective way to reduce liability to the State.

ASSEMBLYWOMAN MCCLAIN:

How many boats will be on Lake Mead and how many on Lake Tahoe? It seems with the low water level at Lake Mead, there would be an increased number of accidents.

MR. BUONAMICI:

We had 139 accidents last year, fewer than the previous year, involving 490 people. Due to increased education efforts, we are seeing a reduction in accidents.

In FY 2007-2008, we have one boat for Lake Mohave, one on the Colorado River and two for Lake Mead. In FY 2008-2009, we have one for Topaz Lake, two for Lake Lahontan and another one for Lake Mead. One of the boats for Lahontan is a pontoon boat used for setting buoys which is used on other lakes as well.

ASSEMBLYWOMAN MCCLAIN:

Our information is you are requesting seven boats and you listed eight; please double check this with staff.

CHAIR RHOADS:

The training cost for boat wardens has risen approximately 68 percent for FY 2007-2008 and 87 percent for FY 2008-2009 from FY 2005-2006 expenditures; can you explain the increase?

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MR. BUONAMICI:

One reason is the high turnover among wardens. Last month, we had a boat officer leave to join the Sitka, Alaska, police department. Our officers are highly marketable due to their operating under the influence (OUI) and drug-detection training. We are also providing training to update everyone on recent U.S. Supreme Court decisions and case law to minimize our liabilities.

CHAIR RHOADS:

We will now open the budget on trout management.

Wildlife - Trout Stamp Program – Budget Page WILDLIFE-20 (Volume III)
Budget Account 101-4454

MR. HUNT:

The DOW collects trout stamp fees from anglers pursuing trout and deposits them into this account with matching federal aid from sport fishing restoration funds and State bond sale proceeds for the hatchery refurbishment project and minor maintenance projects at various hatcheries.

The revenues are \$1.5 million with a reserve of \$4.3 million ending FY 2007-2008. The revenues are \$1.2 million with a reserve of \$4.1 million ending FY 2008-2009.

Decision unit E-351 requests \$76,020 in FY 2007-2008 for maintenance of the Lake Mead hatchery.

E-351 Environmental Policies and Programs – Page WILDLIFE-21

Decision unit E-352 requests \$91,500 in FY 2007-2008 for maintenance of the Mason Valley hatchery.

E-352 Environmental Policies and Programs – Page WILDLIFE-21

Decision unit E-894 requests a onetime appropriation of \$400,000 in FY 2007-2008 for the construction of the Lake Mead Hatchery power substation. The decision unit E-894 request is in error; if the substation is required, the funds will be requested from reserve.

E-894 One Shot Appropriation – Page WILDLIFE-22

CHAIR RHOADS:

Requested from reserve?

MR. HUNT:

We are working with Nevada Power Company and our current purveyor of water, Basic Management Incorporated (BMI). They have requested this facility be built. Nevada Power Company is examining the impacts of this substation and the ability to re-switch the current substation to alleviate the concerns of BMI.

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CHAIR RHOADS:

Have you consulted with the Governor on changing the funding source for decision unit E-894?

MR. HUNT:

Yes, the Budget Division has sent an amendment.

CHAIR RHOADS:

How is the fish hatchery refurbishment progressing?

MR. HASKINS:

We are 100-percent finished with the original design at the Lake Mead Hatchery. There are still some checklist items we are negotiating with the Public Works Board and the contractor.

We have completed Phase I at the Gallagher Hatchery and are part of the way through Phase II which involves the reconstruction of the cultural facilities there. We were able to pour the bottoms of the raceways but had to stop work for the year due to the climate in Ruby Valley.

Spring Creek rearing station was part of the refurbishment project we have put on hold due to insufficient funding. There have been several small projects completed at the Mason Valley Hatchery.

CHAIR RHOADS:

How much of the \$7.5 million is left in the budget?

MR. HASKINS:

A large portion of what is currently carried in reserve. We have a program in progress to move a portion into a budget category from which we can complete the project. I believe it is approximately \$3 million which is to be used primarily in completing the project at the Gallagher Hatcheries.

The Public Works Board has identified about \$500,000 remaining from some of the original projects, and the balance will be determined when we complete the projects in 2008.

CHAIR RHOADS:

We will open the budget on the wildlife obligated reserve.

Wildlife - Obligated Reserve – Budget Page WILDLIFE-24 (Volume III)
Budget Account 101-4458

MR. HUNT:

The wildlife obligated reserve was created by the 1995 Legislature to distinguish restricted program funding sources and expenditures. Funds placed in the account include; duck stamp, elk-damage compensation, mining assessments, gifts and donations and Operation Game Thief. The 2003 Legislature added the upland game stamp and the habitat conservation fee programs to the budget account.

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Expenditures are for wetland projects, elk damage payments and prevention, the biodiversity and operation game thief programs, habitat restoration and game water projects.

The expenditures requested in FY 2007-2008 are \$1.7 million, leaving a reserve of \$1.2 million. The expenditures requested in FY 2008-2009 are \$1.7 million, leaving a reserve of \$1 million.

Decision unit E-350 requests \$199,515 in FY 2007-2008 and \$213,905 in FY 2008-2009 for anticipated projects on a pro rata basis comparing desired biennial projects with costs of projects completed in FY 2005-2006. Project funding is requested in anticipation of Wildlife Commission approval for the specific projects.

E-350 Environmental Policies and Programs – Page WILDLIFE-26

Ms. DOBSON:

We took the bureau chiefs requested projects and based them on a pro rata basis for each line item. Some of the projects were considerably more expensive than in FY 2005-2006.

CHAIR RHOADS:

What type of projects are they?

MR. HUNT:

These are waterfowl enhancement projects, weed abatement and elk-damage compensation.

CHAIR RHOADS:

Is this same elk-damage compensation Legislature passed?

MR. HUNT:

Yes. Those funds are used to improve or fix elk-caused damage to ranchers' properties. The mining assessment fee, charged for industrial artificial ponds, provides funding for our mining program, guzzlers and habitat enhancement projects. The mining industry has been supportive of our range-rehabilitation programs by donating nearly \$100,000 to the Nevada Bighorns Unlimited fund.

ASSEMBLYWOMAN KOIVISTO:

Has the proliferation of all-terrain vehicles required increased habitat restoration?

MR. HUNT:

We see increased off-road usage, but it is mostly on the federally-managed lands of the Bureau of Land Management (BLM) and the U.S. Forest Service. There has not been a move by federal agencies to address the issue.

CHAIR RHOADS:

I would like to enter a letter from the Legislative Committee on Public Lands ([Exhibit E](#)). It is a letter to the chairmen of the Senate Finance Committee and the Assembly Committee on Ways and Means encouraging our support for funding the implementation of wildlife conservation efforts.

We will now hear the budget for the Tahoe Regional Planning Agency.

CONSERVATION AND NATURAL RESOURCES

DCNR - Tahoe Regional Planning Agency – Budget Page DCNR-184 (Volume III)
Budget Account 101-4204

JERRY WELLS (Deputy Executive Director, Tahoe Regional Planning Agency):

The Tahoe Regional Planning Agency (TRPA) was formed through an interstate compact between California and Nevada which resulted in its being ratified by the U.S. Congress in 1969 and later amended in 1980. The compact gives TRPA the authority and responsibility for all environmental and land-use planning throughout the Lake Tahoe region which included parts of California and Nevada, parts of five different counties and one incorporated city.

The TRPA serves as the federally designated metropolitan planning organization which is a transportation designation for metropolitan areas as well as the regional transportation planning agency for the region under California state law.

When created, the purpose of the compact was to provide the enhancement of governmental effectiveness and efficiency, to establish environmental threshold standards for the Lake Tahoe Basin, to adopt and enforce a regional plan, design to attain established environmental thresholds and provide orderly growth and development consistent with those threshold standards.

The Agency's mission is to cooperatively lead the effort to preserve, restore and enhance the unique natural and human environment of the Lake Tahoe region.

The compact calls for a 15-member governing board; 7 members from each state and one presidential appointee. We also have a 19-member advisory planning commission. The compact also calls for the appointment by the governing board of an executive director, currently, Mr. John Singlaub.

The TRPA is organized into three branches. The Environmental Review Services branch, which is the permitting part of our operation, is responsible for environmental review, development applications, construction inspection and monitoring and customer service related to the permitting process.

The Planning and Evaluation branch is responsible for regional and community planning in the Tahoe Basin, threshold monitoring and administering the nine threshold programs. This branch of the organization is currently developing a new 20-year plan which is scheduled to be adopted in October 2008.

The third branch of the organization is the Environmental Improvement branch which is responsible for planning, permitting, coordinating and updating the environmental improvement program on a regular basis throughout the Basin.

Since TRPA is not a State or federal agency, we must provide our own internal support services. We have our own legal, human resources, information technology and finance staffs.

One of the funding sources the TRPA relies on is an appropriation of about \$150,000 each year from local jurisdictions. We also apply for, and receive, many federal grants which are usually project specific and make up a large share of our budget. We have some investment revenues from funds we collect and place into short-term investments.

The state appropriations, which make up the majority of the TRPA budget, are under the compact and set up on a one-third/two-thirds basis between California and Nevada, with Nevada providing one-third. The appropriations do not have to match the compact guidelines, but our requests are required to.

In the past year, we have significantly increased our filing fees which are passed on to the development community. This has allowed us to increase staff, when needed, to respond to the demands of processing permit applications.

Our understanding of the Governor's recommended budget is it is intended to continue our current level of baseline funding. We have examined the budget and have discovered a discrepancy in the one-third/two-thirds split between the states. We are working on the discrepancy with the fiscal staffs from the Governor's administration and the LCB.

CHAIR RHOADS:

Is this budget discrepancy between the budgets of California and Nevada?

MR. WELLS:

Yes. California's budget is in Legislature now, and the Nevada share of TRPA funds appears to be under the one-third amount by about \$100,000.

CHAIR RHOADS:

Does the Governor normally recommend the full one-third?

MR. WELLS:

Yes. It was our understanding one-third would be funded in the Governor's recommended budget, but the figures came out slightly differently. We are reexamining the process to learn if there was an entry error or oversight.

Decision unit E-351 will baseline Nevada's \$200,000 share of the Pathway 2007 plan funding. California baselined their \$400,000 share during the last biennium cycle. The primary reason to baseline funding is we will have ongoing monitoring and adaptive management processes which will require continued efforts in implementing the plan once the regional plan is adopted.

E-351 Environmental Policies and Programs – Page DCNR-185

In decision unit E-860, you will notice a transfer of \$25,000 in each year of the biennium from the DEP. Other partnering agencies are assisting us directly with staff time. The funds will terminate at the end of the biennium.

E-860 Tahoe EIP Program – Page DCNR-186

There is a maintenance item in the budget addressing cost-of-living adjustments (COLA) for the first and second years which is consistent with other State

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agencies. We still need a California match, but California does not deal with COLAs until the end of their budget cycle.

M-304 2% YR 1 and 4% YR 2 COLA – Page DCNR-185

In section G-02, which is not directly in this budget, is a maintenance request for \$80,000 for vehicle replacement during the second year of the biennium, which will also require matching funds from California.

In closing, we support the Governor's recommended budget on the basis we can successfully resolve the discrepancy I have mentioned. We look forward to working with your staff and the administrative staff and will be happy to answer any questions you may have.

CHAIR PARKS:

Why is the \$200,000 baseline funding for Pathway 2007 prudent when it is unclear what threshold efforts will be undertaken in the future?

MR. WELLS:

The plan is due to be adopted in the fall of 2008 and this plan is to be based more on science than the first plan. We have the Tahoe Science Consortium examining water and air quality. They are recommending we have a strong monitoring plan in place so we will know, at any point, how we are doing in respect to thresholds. The additional funding will allow us to implement the monitoring program, have the ability to adjust the regional plan as necessary and respond to those changes. The funding will enable us to go from a planning effort to an implementation effort.

CHAIR RHOADS:

Please give the Committee more detail on decision unit E-860, the \$50,000 transfer from the DEP.

MR. WELLS:

There are four agencies participating with us in the Pathway 2007 process; the U.S. Forest Service (USFS), TRPA, DEP and the Lahontan Water Quality Control Board (LWQCB) in California. Since we all have our own plans to develop, we are all attempting to devise a plan which is consistent with the plans of the other agencies involved. The USFS and the LWQCB provide an in-kind staff effort to support the process. The DEP has not been able to contribute staff and this is a way for them to contribute to the process.

CHAIR RHOADS:

Is this a one-shot appropriation?

MR. WELLS:

It is a one-shot appropriation of \$25,000 each year for two years which we will use for contract, or other staff, in coordinating DEP's part of the plan.

CHAIR RHOADS:

Has California agreed to their portion of the funding for eight new vehicles requested in your G-02 maintenance request?

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MR. WELLS:

We have not requested funding from California yet. The funding request is for the second year of the biennium and California is on an annual legislative cycle. We will make our request to them in the fall of 2007.

CHAIR RHOADS:

Has California cooperated with these types of requests in the past?

MR. WELLS:

Yes. We will represent to them the funding from Nevada is in place, but contingent on their match.

CHAIR RHOADS:

Tell the Committee about your 14 new full-time positions.

JIM FEENEY (Finance Director, Tahoe Regional Planning Agency):

The 14 new positions are primarily in our environmental review services branch. Funding for these positions comes from the increased filing fees.

CHAIR RHOADS:

There are no General Finds used for these positions?

MR. FEENEY:

Correct. There are also four positions which were funded by federal grants which also do not come from the General Fund request. We have two positions, previously contracted with consultants, which were determined to be more cost effective as direct hires.

CHAIR RHOADS:

Your geographic information system originally cost \$900,000 and it is in this budget for \$300,000. Is this \$300,000 in addition to the \$900,000?

MR. FEENEY:

This is a onetime item which was funded in the current fiscal year.

CHAIR RHOADS:

Will this system only serve the Nevada side of the Basin?

MR. FEENEY:

No. It will serve the whole Basin. Two-thirds of the funding is from California.

CHAIR RHOADS:

When will the project be fully implemented and functional?

MR. FEENEY:

We are currently on schedule for implementation in April 2007.

MR. WELLS:

There is also a component, to be phased in over the rest of this year, in which the public will be able to apply online for permit applications.

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ASSEMBLYWOMAN WEBER:

Did you say none of the 14 new positions were funded by General Fund?

MR. WELLS:

Two positions in our planning and evaluation branch, which were previously outsourced, were determined to be considerably more cost effective as direct hires. There were also two administrative positions added, paid from General Funds, which are funded by expense reductions in other areas.

ASSEMBLYWOMAN WEBER:

Of the 67 original positions, how many are paid from General Funds?

MR. WELLS:

I do not have the position schedule with me. I will supply staff with the information.

SENATOR TITUS:

How do you feel about the new convention center, hotels and shopping center being proposed on the border of California and Nevada? How is the project progressing?

MR. WELLS:

There have been changes in the design and the developers over the years. They completed a new supplement to their environmental impact statement to allow the changes. The changes have been approved; they have a permit and have begun some demolition. They are having issues with some of the properties which they do not have control over, but anticipate beginning construction this summer.

SENATOR TITUS:

When did they start planning this project?

MR. WELLS:

We refer to this as "Project 3," since it is the third major redevelopment project. The first was Embassy Suites Hotels and the next was the Park Avenue project. The original plan dated back to the mid-1990s. This is the most recent project and it finishes the core area of the casinos.

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CHAIR RHOADS:
There being no further business before the Subcommittee, the meeting is
adjourned at 10:55 a.m.

RESPECTFULLY SUBMITTED:

Michael Bohling,
Committee Secretary

APPROVED BY:

Senator Dean A. Rhoads, Chair

DATE:_____

Assemblyman David R. Parks, Chair

DATE:_____