

**MINUTES OF THE  
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT  
OF THE SENATE COMMITTEE ON FINANCE  
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Seventh Session  
March 15, 2013**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 8:07 a.m. on Friday, March 15, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 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 Joyce Woodhouse, Chair  
Senator Michael Roberson

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Lucy Flores, Chair  
Assemblyman Paul Aizley, Vice Chair  
Assemblyman Paul Anderson  
Assemblyman Andy Eisen  
Assemblyman Cresent Hardy  
Assemblyman Joseph M. Hogan

**SUBCOMMITTEE MEMBERS ABSENT:**

Senator Moises (Mo) Denis (Excused)

**STAFF MEMBERS PRESENT:**

Alex Haartz, Principal Deputy Fiscal Analyst  
Cindy Jones, Assembly Fiscal Analyst  
Adam Drost, Program Analyst  
Andrea McCalla, Program Analyst  
Leslie Sexton, Committee Secretary

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**OTHERS PRESENT:**

Ana Andrews, Administrator, Risk Management Division, Department of Administration  
Keith Wells, Administrator, Motor Pool Division, Department of Administration  
Evan Dale, Administrator, Administrative Services Division, Department of Administration  
Mike Torvinen, Deputy Director, Department of Administration  
Bryan A. Nix, Senior Appeals Officer, Hearings Division, Department of Administration  
Greg Smith, Administrator, Purchasing Division, Department of Administration  
Jim R. Barbee, Director, Department of Agriculture  
Donald E. Jayne, Administrator, Division of Industrial Relations, Department of Business and Industry  
Charles J. Verre, Chief Administrative Officer, Workers' Compensation Section, Division of Industrial Relations, Department of Business and Industry  
K. Grant Reynolds, Information Technology Manager, Director's Office, Department of Business and Industry  
Restituto "Resty" Malicdem, Acting Chief Administrative Officer, Occupational Safety and Health Administration, Division of Industrial Relations, Department of Business and Industry  
Jan Rosenberg, Deputy Administrator, Division of Industrial Relations, Department of Business and Industry  
Todd R. Schultz, Acting Chief Administrative Officer, Safety Consultation and Training Section, Division of Industrial Relations, Department of Business and Industry  
Jeff Bixler, Deputy Division Administrator, Mine Safety and Training, Department of Business and Industry  
Paula Berkley, Food Bank of Northern Nevada  
John F. Wiles, Elevator Industry Work Preservation Fund  
Danny Thompson, Secretary-Treasurer, Nevada State AFL-CIO  
William H. Stanley, International Union of Elevator Constructors, AFL-CIO  
Bill Welch, Nevada Hospital Association  
Robert Conway, Ironworkers Local 433  
Bruce Breslow, Director, Department of Business and Industry

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**Chair Woodhouse:**

We will open the meeting with a hearing on budget account (B/A) 715-1352 for which there are no major issues.

Administration - Insurance & Loss Prevention — Budget Page ADMIN-219  
(Volume I)  
Budget Account 715-1352

**Ana Andrews (Administrator, Risk Management Division, Department of Administration):**

My portion of the budget presentation for the Risk Management Division is contained in ([Exhibit C](#)). Our missions and our philosophy are listed on pages 2 and 3 of [Exhibit C](#). Under the Priorities and Performance Based Budget system, we have identified two main activities. We manage the State's workers' compensation risk and the State's property and casualty risk.

There has been an increase in the cost of workers' compensation claims, particularly in the areas of lost work time, medical costs and vocational rehabilitation costs. The Executive Budget estimates our losses at 81.25 percent of the actuarial estimate we received in the fall of 2012. The current biennium was budgeted at 70 percent of the actuarial estimate of projected losses.

Our budget proposal includes funding for travel expenses needed for safety and loss prevention training.

**E-226 Efficient and Responsive State Government — Page ADMIN-221**

Our budget proposal includes funding for professional development, networking and educational opportunities for staff to stay abreast of emerging insurance industry trends affecting their job duties and the Division's mission.

**E-227 Efficient and Responsive State Government — Page ADMIN-222**

Our budget proposal includes funding for a feasibility study for a technology information system for risk management.

**E-229 Efficient and Responsive State Government — Page ADMIN-222**

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Our budget proposal includes a bill draft request (BDR) for the authority to receive interest earnings on reserve balances.

E-230 Efficient and Responsive State Government — Page ADMIN-223

**BILL DRAFT REQUEST 18-1128:** Requires the crediting of interest to certain internal service funds. (Later introduced as [Senate Bill 473](#).)

Our budget proposal includes a request for computer replacements in accordance with the Division of Enterprise Information Technology Services (EITS) replacement schedule.

E-710 Equipment Replacement — Page ADMIN-224

Our budget proposal includes a request for funding to assist State agencies that may lack funding for equipment such as ergonomic devices, heart defibrillators, or specialized evacuation chairs. The assistance is subject to providing documentation of need and lack of funding.

E-720 New Equipment — Page ADMIN-225

Our performance measures are shown on page 8 of [Exhibit C](#). An analysis of our budget reserve is shown on page 9 of [Exhibit C](#).

**Chair Woodhouse:**

We have no issues with B/A 715-1352. We will move to B/A 711-1354 and B/A 711-1356 for the Motor Pool Division, Department of Administration.

Administration - Motor Pool — Budget Page ADMIN-232 (Volume I)  
Budget Account 711-1354

Administration - Motor Pool Capital Purchase — Budget Page ADMIN-241  
(Volume I)  
Budget Account 711-1356

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**Keith Wells (Administrator, Motor Pool Division, Department of Administration):**

Our Division provides fleet management services to the majority of the State agencies. We have facilities in Las Vegas, Reno and Carson City. We have a fleet of 750 vehicles and 14 staff members. Our fleet traveled approximately 7 million miles last year.

The highlights of our budget are listed on pages 11 through 13 of the budget presentation for the Motor Pool Division ([Exhibit D](#)). The highlights of our vehicle purchase account budget are shown in ([Exhibit E](#)).

We propose to purchase the Las Vegas facility for \$2.5 million. We will realize a savings of \$153,962 in fiscal year (FY) 2013-2014. We will realize a savings in FY 2014-2015 of \$228,652.

E-225 Efficient and Responsive State Government — Page ADMIN-234

We propose a new mechanic supervisor position.

E-250 Efficient and Responsive State Government — Page ADMIN-235

We propose the routine transfer of funds from B/A 711-1354 to B/A 711-1356 for the purpose of purchasing replacement vehicles.

E-711 Equipment Replacement — Page ADMIN-237

We propose funding of additional operating costs associated with the purchase of additional vehicles to fulfill agency requests for motor pool vehicles in FY 2013-2014 and FY 2014-2015.

E-721 New Equipment — Page ADMIN-237

In B/A 711-1356, we propose to purchase approximately 59 replacement vehicles in FY 2013-2014 and 43 vehicles in FY 2014-2015.

E-711 Equipment Replacement — Page ADMIN-243

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We propose to add 97 vehicles to our fleet in FY 2013-2014, and 24 vehicles to our fleet in FY 2014-2015.

E-721 New Equipment — Page ADMIN-243

We propose to purchase the Las Vegas facility. We leased the facility for 5 years beginning in April 2007. The lease agreement gives us purchase options. The first option was to purchase the building in the fifth year, which we did not do. The second option is to purchase the building in the seventh year, which is what we are now proposing. There is a third option to purchase in the ninth year. The option we are proposing has a set purchase price of \$2.5 million. The option in the ninth year will be for \$2.5 million or the appraised value at that time, but not less than \$2.5 million. It is cost-effective for us to purchase the building now. The current rent is \$27,000 per month.

E-225 Efficient and Responsive State Government — Page ADMIN-242

**Chair Woodhouse:**

What are the financial and operational benefits of purchasing the facility?

**Evan Dale (Administrator, Administrative Services Division, Department of Administration):**

The return on investment (ROI) of this purchase is 14 percent, an unusually high return. The utility costs are already known. The professionals at the State Public Works Board have told me what to expect in additional necessary maintenance and we have figured that into our analysis. This is a low-risk, high-return investment.

**Chair Woodhouse:**

What are the ramifications if the purchase is not approved?

**Mr. Dale:**

We would continue to pay rent to a property owner. The expenses for the operation and the car rental rates would be higher in the future.

**Chair Woodhouse:**

Why is interest not included in the recommended payback to the General Fund?

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**Mr. Dale:**

In the past, when the General Fund has made advances, interest has not been charged.

**Assemblywoman Flores:**

What is the exact difference in the building rental cost versus the cost of paybacks to the General Fund? Obviously, the \$2.5 million loan from the General Fund will not be available to the State for other purposes, such as education. I need compelling reasons to approve such an action.

**Mr. Dale:**

In the first year of ownership, the Motor Pool operation would save between \$214,000 and \$222,000. By the third year, May 2016 to April 2017, the savings will escalate to \$224,000 to \$250,000 per year. The exact dollar amount cannot be computed at this time because the lease payment is tied to the Consumer Price Index (CPI), which fluctuates. Unless we have a deflationary environment, the lease amount will continue to rise. Throughout the period of ownership, the savings will continue to rise because the current lease is tied to the CPI.

**Assemblywoman Flores:**

What will we be able to do with the projected cost savings?

**Mr. Dale:**

The intent is that the savings will be reflected in lower car rental rates for State agencies. Rates will be 3.2 percent lower in FY 2013-2014 and 4.6 percent lower in FY 2014-2015.

**Assemblyman Eisen:**

Are your estimates of annual savings computed before or after the annual repayments to the General Fund?

**Mr. Dale:**

The savings is the net difference between paying the General Fund versus paying what the lease would have been.

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**Assemblyman Eisen:**

What is the anticipated lease payment for the coming year if we do not purchase the building?

**Mr. Dale:**

For the coming year, the lease payment will be approximately \$334,000. We are comparing that amount to the proposed repayment of \$125,000 to the General Fund.

**Assemblyman Eisen:**

Have you considered a General Fund repayment of less than 20 years?

**Mr. Dale:**

No. If we did not want a benefit reflected in reduced car rental rates, we could repay the loan sooner. Twenty years is a typical loan term for a building when bonds are issued.

**Assemblyman Aizley:**

Where is the facility in Las Vegas?

**Mr. Wells:**

It is south of McCarran International Airport, on La Cienega, near the commercial car rental facility.

**Assemblywoman Flores:**

Do the car rental rates published in the Executive Budget reflect the projected lower rates?

**Mr. Dale:**

As the budget is presented, the savings are reflected in the rental rates.

**Assemblywoman Flores:**

Why are the proposed daily rates for premium and specialty vehicles decreasing while the rates for other vehicles are increasing?



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**Mr. Wells:**

When the rates are calculated, the depreciation is figured in the equation. The premium and specialty vehicles comprise a minimal number of vehicles in the fleet. Most of those vehicles are older and nearing the end of their useful life so the depreciation has been paid for. They are more cost-effective to run than newer vehicles.

**Assemblywoman Flores:**

If the rate reduction is being applied to a small portion of the fleet, a minimum number of people will benefit from the reduction.

**Mr. Wells:**

An example of a premium vehicle is a Ford Explorer, a five-passenger sports utility vehicle. They are heavily used in the State, but we have very few in our rental center. Examples of specialty vehicles are a full-size 3/4 ton truck, a cargo van and a Chevrolet Suburban. They are heavily used in the State fleet, but not in the rental center. If we do not purchase the building, all of those rates will increase.

To recap the building purchase, currently we are paying approximately \$27,500 per month. After we purchase the building, we would be paying \$10,416 per month. That savings is reflected in our proposed rental rates.

I designed the building when it was built and factored in the growth rate of the Agency for 10 to 15 years. It is a modern, substantial building. It will meet our needs and provide benefits to the State for many years.

**Chair Woodhouse:**

Under enhancement unit E-721, as these vehicles age and need additional maintenance, how will you determine if additional staff is needed to meet this demand?

**Mr. Wells:**

We will not need to increase our staff beyond the current budget request. The Executive Budget provides for one additional full-time equivalent (FTE) position. This will bring us to the previous staffing level we had several years ago. As modern vehicles are phased into our fleet, maintenance needs are reduced. The

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addition of approximately 121 vehicles into our fleet will bring us where we were 3 to 4 years ago.

**Assemblyman Eisen:**

Of those approximately 121 vehicles, how many are replacements of aged vehicles? How many represent a net increase in the fleet? What is the distribution of the fleet over the four classifications of vehicles, compact, intermediate, premium and specialty? How will those 121 vehicles affect that mix?

**Mr. Wells:**

The 121 vehicles represent requests from other agencies. The intent is to encourage those agencies to replace their agency-owned vehicles with Motor Pool vehicles as they cycle out of service. When we increase the fleet size, that cost is factored evenly into all of the rental rates.

**Assemblyman Eisen:**

Will we see a change in the proportion of vehicles in one category versus another?

**Mr. Wells:**

No. The type of vehicle requested originates from the agency, not through the Motor Pool. This can vary year-to-year based on the agency's mission or their location. If we have many requests from Las Vegas, they will be sedans. Requests from rural areas or agencies traveling extensively in rural areas will be for sport utility vehicles.

**Mr. Wells:**

The Executive Budget provides that additional vehicle rent revenue be used to fund a portion of the salary and benefits of a new equipment mechanic IV position at the Grade 33 level. The position will begin in FY 2013-2014. That position will oversee the service department at the Carson City location. This involves managing our shop operation, our training program, our compliance with various environmental and occupational regulatory requirements and managing our rural maintenance program. This person will interact with vendors throughout the State.

**Chair Woodhouse:**

Since a program officer I position performed these duties in prior biennia, why is an equipment mechanic IV position recommended?

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**Mr. Wells:**

The person who performed those duties had been incorrectly classified.

**Chair Woodhouse:**

How would the addition of this position affect the duties and responsibilities of the Administrator position, which currently performs those tasks?

**Mr. Wells:**

I have been performing the duties of the equipment mechanic IV position as well as my own duties as Administrator. The combination of these duties causes time management problems. I am only one person. It was incumbent upon me to make the request for the additional position for the good of the Agency. If the position is not approved, at least I will know I did what needed to be done for the Agency. We will do everything necessary to survive.

**Chair Woodhouse:**

Will the proposed car rental rates provide the Agency with an adequate reserve level?

**Mr. Wells:**

Yes. We are comfortable with the reserve levels contemplated in the Executive Budget.

**Chair Woodhouse:**

What additional nonmanaged, agency-owned vehicles may be added to the Motor Pool fleet in future biennia?

**Mr. Wells:**

During the Interim, the Department's long-term strategy is to identify those vehicles, look at the missions of the agencies that use them and make determinations on advisability of remaining independently managed by the agency versus moving into the Motor Pool fleet. From FY 2009-2010 through FY 2014-2015, 140 vehicles will have been transferred from agency ownership to the fleet. During the budget crisis, no new vehicles were purchased. Transfers will continue because agencies have seen that we have provided efficient service to them.

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**Mike Torvinen (Deputy Director, Department of Administration):**

There is a direct relationship between the shop supervisor and Mr. Wells' ability to continue to perform the consolidation function. The Department is committed to consolidating and centralizing work wherever we can.

**Chair Woodhouse:**

Seeing no further questions on the B/A 711-1354 and B/A 711-1356, we will move on to the budgets for the Victims of Crime program and the Hearings Division. We have no major issues for either of these budget accounts

Administration - Victims of Crime — Budget Page ADMIN-288 (Volume I)  
Budget Account 287-4895

Administration - Hearings Division — Budget Page ADMIN-298 (Volume I)  
Budget Account 101-1015

**Bryan A. Nix (Senior Appeals Officer, Hearings Division, Department of Administration):**

The Victims of Crime program assists Nevada victims of violent crime who do not have other resources to pay for medical services, counseling services, lost wages and relocation expenses associated with their victimization. Since the 2011 Legislative Session, we have received over 5,200 applications for assistance. We have approved approximately 74 percent of those applications. We have paid over \$52 million in covered losses for approximately 3,800 victims of violent crime. The State funded our department with approximately \$13.5 million collected from fines and penalties as well as forfeitures by criminals. Federal funds that reimburse 60 percent of our claim costs come from similar sources at the federal level.

Our budget is simple. We are requesting a small increase for travel expenses to participate in the regional Victims of Crime Advocate Training conference hosted by the U.S. Department of Justice. We are required to participate in this conference to be eligible for our federal funding.

E-226 Efficient and Responsive State Government — Page ADMIN-290

We are asking for computer equipment replacement that complies with the EITS replacement schedule.

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#### E-710 Equipment Replacement — Page ADMIN-292

We propose to eliminate a vacant administrative assistant II position that we no longer need.

#### E-600 Budget Reductions — Page ADMIN-291

The Hearings Division is responsible for conducting all of the hearings on the disputed workers' compensation claims. We serve several State agencies by hearing disputes in which they are involved. This includes disputes in the Victims of Crime program, Nevada Medicaid, the Department of Business and Industry (B&I) and others.

We have two levels of hearings. The first level is conducted by a hearings officer. It is informal. Most of these cases are heard within 30 days of the date of request. The second level is conducted by an appeals officer. It is more formal. Testimony is on-the-record. Parties are represented by counsel. This includes 28 percent of the workers' compensation appeals which are represented by the Nevada attorney for injured workers.

Since the 2011 Legislative Session, we scheduled over 21,000 hearings before hearing officers. We scheduled over 9,000 hearings before appeals officers.

Our budget is simple. Our travel request covers travel between Las Vegas and Carson City.

#### E-225 Efficient and Responsive State Government — Page ADMIN-300

We are asking for computer equipment replacement that complies with the EITS replacement schedule.

#### E-710 Equipment Replacement — Page ADMIN-301 & 302

We propose to eliminate a vacant administrative assistant II position that we no longer need.

#### E-600 Budget Reductions — Page ADMIN-300

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**Chair Woodhouse:**

Seeing no questions on B/A 287-4895 and B/A 101-1015, we will move to the budget for the Administrative Services Division.

Administration - Administrative Services — Budget Page ADMIN-140 (Volume I)  
Budget Account 716-1371

**Mr. Dale:**

The budget presentation for the Administrative Services Division is contained in Department of Administration Budget Account 716-1371 ([Exhibit F](#)). We serve 20 agencies, 90 budget accounts and service 560 positions within the Department. We accomplish these services with 33 employees. Page 2 of [Exhibit F](#) contains a diverse list of our customers.

We propose to modify our existing home-grown Website. It is an interface between us and our customers who are spread across the Capitol Complex and in Las Vegas. It manages workflow. Requests for our services are made through this Website. It is not a professionally designed Website.

E-225 Efficient and Responsive State Government — Page ADMIN-141

We propose to eliminate one accounting assistant II position. It is currently vacant. This is contingent upon our proposal to transfer the Commodity Food Program (CFP) to the Department of Agriculture (NDA). If that transfer is not approved, we want to keep that position in our Department.

E-231 Efficient and Responsive State Government — Page ADMIN-142

**Chair Woodhouse:**

What responsibilities would the half-time data base administrator perform for the Division?

**Mr. Dale:**

This person would expand on and improve the functionality of our existing Website. The improvements we plan will reduce paper usage and reduce redundancy in labor. The Website serves as a repository for all contracts we prepare, making

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retrieval of contracts easier. The Website manages contracts by keeping track of term expirations. Our request is minimal in relation to the benefits we anticipate.

**Chair Woodhouse:**

Seeing no further questions on B/A 716-1371, we will move to the Purchasing Division budgets.

Administration - Purchasing — Budget Page ADMIN-209 (Volume I)  
Budget Account 718-1358

**Greg Smith (Administrator, Purchasing Division, Department of Administration):**

I have submitted a written presentation of our budget ([Exhibit G](#)). The Department of Administration's Purchasing Division is charged with all functions related to procurement of services and the purchasing, renting or leasing of supplies, materials and equipment needed by State agencies.

Our purpose is to timely obtain these services, supplies and equipment to secure best value, ensure legal compliance and provide a fair and level playing field for all vendors who participate in the solicitation process.

We maintain the inventory of State fixed assets. We facilitate the reallocation, transfer, auction and/or disposal of excess State property. The procurement section is located in Carson City and is staffed by 23 FTE positions. The surplus property section is located in Reno and is staffed by one FTE position.

Annually, we handle approximately 70 requests for proposal (RFP) and approximately 200 bids. Our office facilitates Good-of-the-State contracts, designed to consolidate and leverage the State's buying power for office supplies, temporary staffing, computers, copiers and fleet vehicles.

Page 3 of [Exhibit G](#) shows the three purchasing thresholds under which we work. Our purchasing authorities and procedures are defined in *Nevada Revised Statutes* (NRS) 333 and *Nevada Administrative Code* 333. The Purchasing Division continually works to improve upon and purify our processes and performance in an effort to reduce and eliminate unnecessary work and waste, while providing savings to our customers.

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The highlights of our budget requests for B/A 716-1371 are listed on page 5 of [Exhibit G](#).

There are three nonstandard decision units in this account. The first relates to the cost allocation and percentage of staff time spent between the Excess/Surplus Property program and the Food Distribution program. For example, we send a truck full of food to Ely. That truck may return to Reno with office equipment bound for surplus. If the Commodity Food Program is transferred to the NDA, we would still perform the same service. The cost allocation would be across departmental lines rather than divisional lines.

The second nonstandard decision unit is associated with a BDR to allow internal services funds to receive interest earnings on their reserve balances.

**BILL DRAFT REQUEST 18-1128:** Requires the crediting of interest to certain internal service funds. (Later introduced as [Senate Bill 473](#).)

The third nonstandard decision unit is for replacement of computer equipment and software in accordance with the EITS replacement schedule.

E-227 Efficient and Responsive State Government — Page ADMIN-211

E-230 Efficient and Responsive State Government — Page ADMIN-211

E-710 Equipment Replacement — Page ADMIN-213

**Chair Woodhouse:**

We have some questions regarding the reserves in B/A 718-1358. Late yesterday several amendments were received. Your budget shows approximately 16 days of operating expenditures, when the usual reserve is 45 to 60 days. How comfortable are you with that?

**Mr. Dale:**

We are comfortable with that number. It will change as a result of the amendment released yesterday. When one has a reserve, one is reserving against risk. The question raised, "Is the revenue stream solid or is it shaky?" The revenue stream is solid in this budget account.



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**Chair Woodhouse:**

Seeing no further questions on B/A 718-1358, we will move to the budget accounts for the NDA.

AGRI - Commodity Food Prog — Budget Page AGRICULTURE-19 (Volume I)  
Budget Account 101-1362

**Mr. Smith:**

The purpose of the Commodity Food Program is to distribute commodities received from the U. S. Department of Agriculture (USDA) to nutrition assistance and emergency food programs for schools, low-income, elderly and Native American individuals to survive, live with dignity and sustain themselves and their families.

We maintain limited warehouse centers in Reno and Las Vegas to facilitate the reallocation, transfer, auction and/or disposal of State property and manage the Commodity Food Program. The Reno facility houses 11 FTEs. Las Vegas houses 2 FTEs.

There are two nonstandard decision units in this budget account. The first relates to the cost allocation between divisions as previously discussed for B/A 718-1358.

E-227 Efficient and Responsive State Government — Page AGRICULTURE-22 and 23

The second nonstandard decision unit is for replacement of computer equipment and software in accordance with the EITS replacement schedule.

E-710 Equipment Replacement — Page AGRICULTURE-24 and 25

We are requesting the replacement of a refrigerator truck. The trailer portion of the oldest truck in our fleet was purchased in 1988. The tractor portion of that truck is over 14 years old. Both are in bad condition.

E-712 Equipment Replacement — Page AGRICULTURE-25

We are requesting replacement of a pallet jack that was purchased in 2000. It is worn out.

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E-711 Equipment Replacement — Page AGRICULTURE-25

We are requesting a driver warehouse worker II for the Las Vegas facility. That facility is understaffed for the high volume of work necessary. The quantity of USDA food we receive is in correlation to the State's unemployment rate. Because unemployment has been high, the need has been high and the volume of commodities has been high. We have spent money on a Manpower employee for full-time work for the past 2 years. That person has been hired by the State in another department.

E-225 Efficient and Responsive State Government — Page AGRICULTURE-21

**Jim R. Barbee (Director, Division of Administration, Department of Agriculture):**

I have submitted a PowerPoint presentation ([Exhibit H](#)). I have also submitted a Department White Paper ([Exhibit I](#)) on the consolidation of the Commodity Food Program from the Department of Administration, the Child Nutrition Program from the Department of Education and the Dairy Commission from the B&I into the NDA. There is pending legislation regarding our proposal to move the Commodity Food Program to NDA.

**BILL DRAFT REQUEST 27-1149:** Transfers authority over the commodity food program to the State Department of Agriculture. (Later introduced as [Senate Bill 490](#).)

We request reserve funding for our cost allocation accounting procedures.

E-801 Cost Allocation — Page AGRICULTURE-26

E-802 Cost Allocation — Page AGRICULTURE-26

E-804 Cost Allocation — Page AGRICULTURE-26

We request that the social services chief I be reclassified as an unclassified deputy administrator at the NDA assigned to the proposed Food and Nutrition Division.

E-805 Classified Position Reclassifications — Page AGRICULTURE-27

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Page 4 of [Exhibit H](#) describes the promotion and marketing plan we use for the NDA. Once the Commodity Food Program becomes part of the NDA, we will include that program in our plan. Page 5 of [Exhibit H](#) lists the nonfiscal benefits to the State of the proposed reorganization of the NDA. Page 6 lists the benefits of reorganization to the agriculture industry. Page 7 lists fiscal benefits of reorganization to the State. We anticipate that the State will save about \$1.1 million during the biennium. I have given you a spreadsheet showing our calculations for the savings ([Exhibit J](#)). Page 8 of [Exhibit H](#) lists the efficiencies we have already achieved.

The current location of our warehouse in Reno is two blocks from our headquarters office.

I have supplied you with letters from Charles Anderson ([Exhibit K](#)), Anthony Cook ([Exhibit L](#)) and Chris Cooper ([Exhibit M](#)) supporting the transfer of the Commodity Food Program from the Purchasing Division to the NDA.

**Chair Woodhouse:**

Do you anticipate any obstacles with taking advantage of locally-grown food?

**Mr. Barbee:**

The obstacles occur in the production and processing of locally-grown food. Under the reorganization plan, we will be able to coordinate with public school districts to use their purchasing power. This will give more market opportunity to local producers. It will encourage more start-up activity in the agricultural sector. Our production capabilities exceed our processing capabilities now. More producers in the State will bring processors to the State. This will not happen quickly. Our first step is to focus on the food and nutrition programs.

**Assemblyman Eisen:**

I have considered this reorganization proposal from several angles in several committee hearings. Specifically, what will happen under the NDA to facilitate getting locally grown food into the school food programs that is not being done, or cannot be done, under the Department of Administration?

**Mr. Barbee:**

In the interest of greater cost efficiency, school districts have been moving toward more centralized operations and the use of processed foods. Utilizing healthier and fresher foods that are locally grown is more costly. Some kitchens in local schools have been taken out of service and newer schools are built without kitchens.

We have a strong working relationship with the USDA. There are grants programs available to schools and communities for kitchen refurbishing. Together, they will provide the infrastructure necessary to distribute fresh, healthy food in the schools. We will need to promote strong working relationships between the food producers and the schools. The Moapa Valley High School's agriculture education program runs a nearby farm on approximately 65 acres. They raise produce that is used in the school's culinary education program. The NDA is involved with those kinds of activities through the Farm To School grant we received from the USDA.

The initial discussions in the planning phase of this process brought together many people who had not met for many years. That coordination has created revitalized creative thinking about how we can improve our distribution of locally grown food. We want to cooperate with some of the smaller food banks and nonprofit organizations to achieve efficiency.

**Assemblyman Eisen:**

Will the proposed reorganization make more grants accessible by the NDA?

**Mr. Barbee:**

Our grant staff focuses on grants available through the USDA, which has numerous sections. For example, the grant that would be available to refurbish the out-of-service kitchens in schools is located in the market access program rather than the food and nutrition section of the USDA. The members of our staff who regularly work with the food and nutrition staff at the USDA were unaware that grants were available to address hunger issues in other sections of the USDA.

**Assemblyman Aizley:**

There is a growing awareness of genetically modified organisms. If you were asked, would you be able to say whether we are distributing genetically modified organisms, especially to the schools?

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**Mr. Barbee:**

Because there are no labeling requirements in Nevada, I am not able to answer the question.

**Chair Woodhouse:**

Have you identified any savings that would occur in reduced delivery costs resulting from the proposed reorganization?

**Mr. Barbee:**

It is not possible to estimate a cost savings. We will have more product, not less, to distribute over time. By keeping the programs siloed versus cross-linking, and trying to get more out of the resources we have, there is a savings. Unless we hire more people and compare the two side-by-side, that dollar figure will be difficult to compute.

By continuing to cooperate with the Surplus/Extra Property program in shared storage space and transportation, we will realize efficiencies. The NDA can facilitate cooperation between the commodities distribution and the private nonprofit organizations in the communities to get more food distributed where it is needed without increasing our total costs or experiencing duplication of effort.

**Chair Woodhouse:**

Your Department has proposed a new warehouse location for the Las Vegas distribution center. Please summarize the status of the current location.

E-226 Efficient and Responsive State Government — Page AGRICULTURE-22

**Mr. Barbee:**

The northern warehouse is located within two blocks of the NDA office. The only change, as a result of the proposed reorganization, would be to have the administrative staff from the warehouse move to the NDA office.

Last year, it was determined that the current Las Vegas site is no longer fit for storage of food, is not compliant with requirements of the Americans with Disabilities Act and is in violation of fire/safety codes. When the budget was originally written, the intent was to lease new warehouse space with refrigerated and nonrefrigerated space through Las Vegas Cold Storage. We could lease space

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from them for dry storage at \$60,000 per year and \$75,000 per year for refrigerated storage.

We have been using space at the Three Square Food Bank (Three Square) warehouse since June 2012 when the State-owned building was put out of service. Since budgets were submitted, we have been in the process of negotiating an agreement with Three Square that would include a labor-share arrangement. Such an agreement would reduce our facility costs and provide added efficiencies for both parties.

**Chair Woodhouse:**

If an agreement is not reached with Three Square, have you identified an alternate location?

**Mr. Barbee:**

Yes, through Las Vegas Cold Storage. We are hopeful that an agreement can be reached with Three Square.

**Assemblywoman Flores:**

If you do not negotiate the partnership with Three Square, will your warehouse costs increase? Will you have to move?

**Mr. Barbee:**

There will be cost savings by remaining in Three Square facility. We are negotiating the labor-share and in-kind agreements now. I am unable to quote an exact figure at this time. That was not anticipated at the time our budget requests were submitted. In a goodwill gesture, Three Square E has helped the State at no charge since June 2012.

**Chair Woodhouse:**

The Executive Budget provides for a new enhancement unit from the Department of Administration's Purchasing Division to reimburse the CFP for payroll costs associated with the Excess Property Program. Are there additional costs, such as travel or supplies, that the Commodity Food Program would incur for the deliveries?

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**Mr. Barbee:**

I assume that the projections are correct.

**Chair Woodhouse:**

The Executive Budget provides for the reclassification of the social services chief I from a classified position to an unclassified position of deputy administrator for the food and nutrition program within the NDA.

E-805 Classified Position Reclassifications — Page AGRICULTURE-27

**Mr. Barbee:**

Individuals who are moved from a classified position to an unclassified position retain their classified status while in the unclassified position. The same action has been recommended under the child nutrition program. Both of these programs are operating well. Our intent is to bring them together to achieve increased output, efficiencies and benefits for what they are doing. The people who have been managing those programs for many years need to be able to collaborate to make the reorganization successful by taking leadership roles in the new Food and Nutrition Division. If the reorganization does not take place, this decision unit would be eliminated.

**Chair Woodhouse:**

Seeing no further questions on B/A 101-1362, we will proceed to the Division of Industrial Relations (DIR) of the B&I.

## BUSINESS AND INDUSTRY

B&I - Industrial Relations — Budget Page B & I-75 (Volume II)  
Budget Account 210-4680

**Donald E. Jayne (Administrator, Division of Industrial Relations, Department of Business and Industry):**

This account includes the DIR, the Administrator's Office, the Workers' Compensation Section and the Legal Section.

The Executive Budget recommends an allocation from the Workers' Compensation and Safety Fund to contract with a vendor for a fee validation study on a periodic

basis. We want to achieve balance in the workers' compensation arena. We want to ensure that our fee schedules are appropriate and pay the providers in Nevada a sufficient rate so that they will continue to accept injured workers. Our goal is to get injured workers into the system as soon as possible after an injury. The quicker they receive care, the quicker they can return to work.

E-226 Efficient and Responsive State Government — Page B & I-78

**Charles J. Verre (Chief Administrative Officer, Workers' Compensation Section, Division of Industrial Relations, Department of Business and Industry):**

The study is made necessary by NRS 616C.260 that suggests we conduct a periodic review of the medical fee schedule to ensure that the fees are adequate. The purpose of the study is not to raise medical fee schedules. The study is meant to assess the appropriateness of the medical fee schedule. The last time we conducted such a study was in 2001.

**Chair Woodhouse:**

How did you determine the cost of \$269,000 for the study? When do you expect the study to be completed?

**Mr. Verre:**

We obtained that quote from the vendor who conducted the study in 2001. We asked for an estimate of the cost of a new study. We will also open the bidding to other vendors in addition to the prior vendor. We anticipate that the study will not be completed until at least a year from now.

**Mr. Jayne:**

The most recent Legislative Counsel Bureau (LCB) audit resulted in eight findings. The Agency accepted all of them, even though several components of the audit involved our Administrative Services Office unit, which was consolidated into the Director's Office during the past biennium. In general, three of the recommendations relate to collections of fines and penalties. Procedures have been written and enacted to move collections out of the Agency to the Controller's Office within 60 days. We are working with the information technology (IT) staff at the B&I to ensure that social security numbers and other sensitive information are adequately safeguarded throughout the collection process. We are working with the IT staff at the B&I to develop standards on how IT projects will



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be pursued in the future. We want to avoid the mistakes that were made when we launched the Versa Information System. Those standards will apply throughout the B&I. The process we were using for change notices with our vendor has been improved and we are prioritizing those open ticket items.

**Assemblywoman Flores:**

How far along are you in completing remedial actions for the audit's recommendations, especially as they relate to social security numbers and other sensitive information? Please provide us with more detail on the measures you are taking as a result of the audit.

**Mr. Jayne:**

The corrected collection procedures are in place. We are still facing issues with account receivable reports from the Versa Information System. We are working aggressively to resolve those issues to make those reports more meaningful and useful. We are contemplating placing passwords on emails that contain sensitive information.

**Assemblywoman Flores:**

Are all of the corrective actions dependent on these IT procedures? Only one of the eight recommendations has been fully implemented. The rest are in process.

**Mr. Jayne:**

There is an IT key to all of the recommendations.

**K. Grant Reynolds (Information Technology Manager, Director's Office, Department of Business and Industry):**

Several steps have been taken to ensure the security of sensitive information. Social security numbers in the database of the mechanical section have been removed. The Workers' Compensation Section is required to maintain social security numbers. Encrypting those social security numbers required a software upgrade. We expect that upgrade to be completed by the end of this month. At that time, encryption will take place. That will satisfy one of the audit recommendations.

In the Workers' Compensation Section, some insurance companies submit reports through email that contain sensitive information. We are working with those

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companies to either encrypt those emails or find a different method of transmission. The Agency is not sending sensitive information through emails.

**Assemblywoman Flores:**

When will you complete all of the corrective actions?

**Mr. Reynolds:**

Our target date is April 26.

**Chair Woodhouse:**

Seeing no further questions on B/A 210-4680, we will move to three budget accounts under the B&I relating to safety and health.

B&I - Occupational Safety & Health Enforcement — Budget Page B & I-83  
(Volume II)

Budget Account 210-4682

B&I - Safety Consultation and Training — Budget Page B & I-91 (Volume II)  
Budget Account 210-4685

B&I - Mine Safety & Training — Budget Page B & I-97 (Volume II)  
Budget Account 210-4686

**Restituto "Resty" Malicdem (Acting Chief Administrative Officer, Occupational Safety and Health, Administration, Division of Industrial Relations, Department of Business and Industry):**

Our mission is to enforce existing occupational safety and health regulations and standards to ensure the safety of workers in the State. We have an enforcement section and a permitting/inspection section within our Division, which is responsible for the permitting and inspection of elevators, boilers, escalators and other industrial equipment.

**Jan Rosenberg (Deputy Administrator, Division of Industrial Relations, Department of Business and Industry):**

The classified position salary increases apply to all three safety-related budget accounts.

E-807 Classified Position Reclassifications — Page B & I-88

E-807 Classified Position Reclassifications — Page B & I-95

E-807 Classified Position Reclassifications — Page B & I-101

We have had excessive turnover in our Division. This peaked in 2007 and 2008. It continues today as a result of inadequate pay compared to both the public and private sectors. The pay levels we pay primarily attract those without experience. It takes from 5 to 7 years on the job to fully train an inexperienced new employee. In the Nevada Occupational Safety and Health Administration section (Nevada OSHA), out of 42 related field positions, only 12 are fully qualified based on years of service. In the mine-safety field staff, we have been running a 50 percent vacancy rate. In the safety consultation and training section, we have a similar turnover rate and inability to find highly experienced staff. We have recruited recent college graduates who have the formal education but not the experience we would like to have. At our pay scales, they remain on the job for 1 to 2 years and move on to higher-paying positions elsewhere.

We chose the 10 percent increase because we needed a starting point. It is probably not adequate. The 10 percent represents two job grades. Our intent is to retain staff to adequately train them to a fully qualified level.

**Chair Woodhouse:**

How does the turnover rate for these positions compare to State employees as a whole?

**Mr. Rosenberg:**

I do not know the rate for the State employees as a whole. I suspect that our Division has a higher rate. These are highly technical positions requiring a lot of education. We invest in their training by sending them to the U.S. Occupational Health and Safety Administration (OSHA) Training Institute in Chicago. This is expensive and time-consuming.

**Mr. Jayne:**

We estimate that it costs approximately \$120,000 to \$125,000 to train one of our safety professionals. Besides the OSHA training, since 2005, we have developed

a significant internal training group. The unfortunate reality has been that we have trained people who ultimately find jobs in the private sector.

**Assemblyman Aizley:**

What is the percentage of pay differential between our pay rates and those in the private sector?

**Mr. Jayne:**

We have done our own informal studies. When I joined the agency in 2009, I saw a salary survey from 2008. The State pay rates were approximately 22 percent less than market rates. We do not have an updated survey available to us today. Mr. Rosenberg's studies have shown the State is as much as 30 percent lower than the market now. We also have anecdotal information which may not be reliable. We can support our request for the 10 percent increase with what is happening in the market. We will need more of an increase over time to fully address this wage disparity.

**Chair Woodhouse:**

If the salary increases are not approved, has federal OSHA cited any actions they would take in response?

**Mr. Jayne:**

Federal OSHA has the oversight for the State plans. Since 1970, when the OSHA was established, Nevada decided and has worked very hard over time to develop and run its own State Plan. The State Plans are reviewed by OSHA to ensure that they are "as effective as" the federal program. There are no clear rules or court decisions to define "as effective as." Region 9 of OSHA, based in San Francisco, is aware of our problem. It was first brought to their attention in their special study in 2009. There were 57 recommendations in that study. This Legislative body created a subcommittee to oversee our corrective actions. Out of the 57 recommendations, 56 of them have been completed, audited and approved by the federal OSHA. The remaining item is the inadequate wages and the resulting staff turnover and shortage of experience in the Department. In 2011, this item and the State's inability to take corrective action were again noted in a federal audit.

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Having approximately 14 employees with 4 or more years of experience puts the Department on the borderline of not being able to meet the minimum federal requirements.

**Chair Woodhouse:**

Would this recommended salary increase impact the assessment of workers' compensation insurers? If so, how much?

**Mr. Jayne:**

The impact would be approximately \$750,000 in each of the fiscal years of the biennium for the three units combined. The individual impacts to the Nevada OSHA is approximately \$470,000 in each fiscal year of the biennium

**Chair Woodhouse:**

In B/A 210-4682, you have a technology investment request (TIR).

E-580 Tech Invest, Efficient and Responsive St Government — Page B & I-85

**Mr. Jayne:**

An LCB audit conducted in 2005 first indicated that the Agency had some issues with software. We then began a search for new software.

**Mr. Rosenberg:**

On January 25, I made an extensive presentation to the Interim Finance Committee on the problems we have had with the Versa Information System software. In March 2008, we signed the contract with the software vendor. The installation of version 2.2 was completed on June 15, 2009. Since that time, it has been fraught with problems. We never saw the complete system before we implemented it. Before going live, we added many customized functions. Our adaptation of the Versa Information System was the first time that system had ever been used for the purposes we intended. Although the Versa Information System can be a powerful database software, it was not an appropriate choice for our purposes.

We tried to work with the vendor on many occasions. On July 12, 2010, and August 9, 2010, we had WebEX consultations with them to identify our problems so they could work on those problems with us. From August through September 2010 we tested an upgraded version 2.3 of the software. A vendor representative

visited us in March 2011 to help us identify onsite problems. The result was a draft operations study. In September 2011, the vendor sent three representatives and the chief programmer from the parent company, Iron Data, LLC, to us. At that time, they indicated to me that the program was not a good fit for the mechanical unit of the Division and that they needed to develop a permitting module for the program. We waited several months for that to happen.

In January 2012, Iron Data, LLC, presented the final operations study that did not mention the development of the permitting module. The study also included additional costs. We have been trying to advance from version 2.3 to version 2.4. With each upgrade, the vendor has assured us that the new version would solve at least some of our problems. The testing of version 2.4 has also been fraught with problems and is not yet completed. We do not wish to spend more money on a system that has been a problem from the beginning.

**Chair Woodhouse:**

Has the EITS been involved in the review and evaluation of the Jurisdiction Online software system?

**Mr. Rosenberg:**

Yes. Mr. Reynolds has consulted with them and prepared a TIR. We have identified the predominant software in the regulatory code enforcement industry, Jurisdiction Online. We presented this to the Purchasing Division. They have signed off on a solicitation waiver from an RFP. We have a cost estimate from the software vendor. We are ready to implement the program pending authority to do so.

**Assemblyman Aizley:**

When will the conversion take place? Will you be able to maintain the data you have, without losing it during the conversion?

**Mr. Rosenberg:**

The software conversion by the vendor includes their time to do the data conversion and training of our staff.

**Assemblyman Eisen:**

The Versa Information System inspection report, listing all elevators and boilers due for inspection in a given month, has not been accurate. In order to make the report

accurate, staff has had to run the report one day before the beginning of the next month. In the transfer of data to the Jurisdiction Online program, will historical data be corrected or will we transfer the incorrect data?

**Mr. Rosenberg:**

We have been assured by the vendor that the data conversion will run smoothly. I have spoken to officials in Kentucky and Alabama who have reported smooth data conversions to the Jurisdiction Online system.

**Assemblyman Eisen:**

My concern is not the actual data conversion. Rather, it is the integrity of the current data managed by the Versa Information System. Is that data accurate, reasonably accurate, or far from accurate? If the data is far from accurate, will the conversion process correct that data?

**Mr. Rosenberg:**

The data is as good as the input. To the best of my knowledge the data was originally entered accurately. The problem with the Versa Information System was the reporting mechanism. That should not imply that the data was bad. The software does not allow us to run the reports we need to run.

**Mr. Jayne:**

The Versa Information System required seven times as long to enter the data. It was not as efficient as we had hoped. We will look at the need to correct any existing data. We cannot project what data that will be. Our largest problem has been the inadequacy of the management reports produced by the Versa Information System and the resulting decrease in staff efficiency.

**Chair Woodhouse:**

Are you confident that you have all of the components in place to ensure the proper oversight and implementation of a new licensing system for the mechanical unit?

**Mr. Jayne:**

Yes. Over the past 3 years, we learned several things the hard way about implementing an IT program. Our confidence in the proposed system is as high as it can be. Jurisdiction Online is specialized software being used successfully by

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regulatory agencies across the Nation. The insurance industry supports the steam boiler component of the software so there is no charge to us for that component. We are confident that, as a result of our research, this software will work for us in an efficient manner. We have not seen a need to change our operations. Rather, this software suits our operations. If we were to continue with Versa Information System, we would have to work with them to rewrite code. This would involve more expense for an unknown outcome.

**Assemblyman Hardy:**

Using the Jurisdiction Online program, is there a chance that we can guarantee that the State's funds will be protected and that the program will work as intended?

**Mr. Jayne:**

I have presented the most current and the best information we presently have. The issue of protections to the Agency is a valid consideration. I pursued the possibility of legal remedies available to us for the problems we had with the Versa Information System. There were none. The lesson has been learned for all State agencies. All such software vendor contracts need to be reviewed by proper authorities. Our confidence comes from the maturity of the Jurisdiction Online software and the experience other states have had with it.

**Chair Woodhouse:**

The last issue we have with this budget account is the reclassification of a vacant safety specialist enforcement position to an unclassified chief investigator position.

E-808 Classified Position Reclassifications — Page B & I-88

Are there additional duties or responsibilities contemplated for the position that is recommended for upgrade?

**Mr. Malicdem:**

The chief investigative officer would be a working supervisor and oversee the whistleblower discrimination program in the Agency. This has been made necessary by a federal audit in 2011. We must establish the merit of such discrimination cases before we refer them to District Court. This position will be charged with investigation of those cases and preparation of the meritorious ones for our legal team. This person will supervise an investigator in Las Vegas, and one in Reno. The



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intent of this position is to address the problems and concerns raised by the federal audit in 2011.

**Chair Woodhouse:**

Seeing no further questions on B/A 210-4862, we will proceed to B/A 210-4685. This budget account has a request for classified position salary increases. This is the only major issue we have with this budget account.

E-807 Classified Position Reclassifications — Page B & I-95

**Mr. Jayne:**

Senior management in this Agency is in transition. We are looking to fill this position as soon as possible.

**Todd R. Schultz (Acting Chief Administrative Officer, Safety Consultation and Training Section, Division of Industrial Relations, Department of Business and Industry):**

Our mission is to help small businesses with development and management of their safety plans. We are available to assist them to identify safety and health hazards and institute on-site training programs. Our education and training site is available to them and their employees.

**Chair Woodhouse:**

Seeing no questions on B/A 210-4685, we will move on to consideration of B/A 210-4686.

**Jeff Bixler (Deputy Division Administrator, Mine Safety and Training, Department of Business and Industry):**

Our primary purpose is to ensure the safety and health of Nevada's miners. We follow three basic steps. First, we perform compliance inspections; second, we conduct training; and third, we provide technical assistance. We operate with a staff of 14 people who are located in Carson City, Elko, Winnemucca and Henderson.

**Chair Woodhouse:**

You have a request for salary increases for eight classified safety specialists and two classified industrial hygienist positions.

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E-807 Classified Position Reclassifications — Page B & I-101

Seeing no questions on B/A 210-4686, we will now take public comment.

**Paula Berkley (Food Bank of Northern Nevada):**

We have been delivering commodities for the State Commodity Supplemental Food Program for approximately 10 years. This program is for seniors. Nevada was only one of four states to be offered this program by the federal government when it first began. We worked with U.S. Senator Harry Reid for approximately 4 years to get the program. The State agreed to accept the program if we would deliver the commodities and administer the program. Most states have commodities delivered by food banks because food banks have the fleets of large trucks. Locating the program under the NDA makes sense in Las Vegas because they cover one county. The Food Bank of Northern Nevada covers 14 counties in Nevada and 6 counties in California. Analyzing how this will work in northern Nevada is complex. By implementing the strategic plan that the Nevada Department of Health and Human Services developed in March 2012, we will develop a food system asset map to catalog existing food resources and food resources in the State that could be leveraged further. We can use the food asset maps to develop a coordinated delivery and distribution process. The intent is to eliminate duplication of services. We can better utilize our trucks for food distribution when they would otherwise return empty to our headquarters in Reno. By using our delivery resources, the Commodity Food Program receives extra value with our additions of locally grown fresh food.

We are participating in the drive to place more locally grown fresh foods in our schools. There are several grant programs available to us for this purpose. We have a bill, sponsored by Assemblyman Crescent Hardy, to encourage that process.

**ASSEMBLY BILL 200**: Revises provisions relating to food establishments.  
(BDR 40-129)

We are trying to tie together the various strings of opportunity for more efficient delivery of food to those Nevadans in need.

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**John F. Wiles (Elevator Industry Work Preservation Fund):**

We are a joint labor-management committee. We endorse the addition of an FTE position to supervise the enforcement of elevator regulations in Nevada.

I want to call your attention to B/A 210-4682. On page B&I-68 of the Executive Budget, the section responsible for enforcement of OSHA regulations has 72 FTE positions. Enforcement is a full-time job, requiring the attention of a safety professional. The working people of Nevada deserve no less. On page B&I-69 of the Executive Budget, the section responsible for enforcement of regulations relating to boilers, elevators and pressure vessels has 34 FTE positions. Mr. Bixler just testified that the mine safety section has 14 FTE positions.

Elevator safety is a matter of public safety. It needs no less than one FTE position dedicated administrator to supervise and enforce the regulations.

**Danny Thompson (Secretary-Treasurer, Nevada State AFL-CIO):**

We support adding this position. Elevators are technical pieces of equipment. They should be maintained and inspected properly.

**William H. Stanley (International Union of Elevator Constructors, AFL-CIO):**

We also support the addition of this position. It is something I have been advocating for several years. As recently as the past legislative interim, I testified before the Legislative Commission when they were studying the 52 federal OSHA recommendations. The chief administrative officer of Nevada OSHA should have one single mission, workplace safety. Other issues, i.e., elevators, escalators, boilers, asbestos removal, cranes and photovoltaic issues, should be placed in the hands of another staff person. The latter issues have an impact on public safety and deserve the full attention of a single person.

Legislative action, in 2001, created statutes for elevators and boilers under NRS 455C. The intent at that time was that the new mechanical unit created by statute would be self-funded and revenue-neutral. To date, that has not happened. The recommended addition of one new FTE should be funded by the fee schedule established in 2001.

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**Bill Welch (Nevada Hospital Association):**

We support the rate review study proposed in B/A 210-4682. As previously stated by Division staff, NRS 616C, entitled "Industrial Insurance: Benefits For Injuries Or Death," mandates a periodic review of rates. The last review was done in 2001. We want to ensure providers that we are reimbursing them at rates that approximate costs so that they will remain willing and likely to see our injured workers. Ten years ago, the Legislature, realizing that our reimbursement rates were outdated at that time, directed the Division to provide for a cost adjustment annually, and based on CPI components. While we appreciate that annual adjustment, the fee schedule is still insufficient for our times.

**Robert Conway (Ironworkers Local 433):**

We support the addition of at least one FTE position for elevator, escalator and moving walkway inspection oversight.

**Assemblywoman Flores:**

Are there inspections that should be scheduled, but are not? Are there specific safety issues that go uncorrected? What conditions support the addition of one FTE? What evidence do we have that the current organization is not working?

**Mr. Conway:**

There are countless elevators, escalators and moving walkways in Nevada. As Mr. Stanley pointed out, Mr. Jayne's staff is responsible for a scope of responsibility that is too large for the current staff. They are lucky to be able to inspect each site on an annual basis.

**Assemblywoman Flores:**

How many yearly inspections are not taking place? If annual inspections are not taking place, how often are inspections taking place? We need data to justify the addition of one FTE position.

**Mr. Stanley:**

There are approximately 12,000 units in Nevada that require inspection pursuant to NRS 455C and pursuant to industry standards as adopted by the American Society of Mechanical Engineers Safety Code for Elevators and Escalators, section A17.1. Schedule N, in that section, outlines the frequency of inspections. Escalators and moving walkways must be inspected twice per year. Elevators require, at minimum,

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a yearly inspection, a special inspection every 3 years and a complete inspection every 5 years. The 5-year inspection is more intense than the annual inspection. The construction elevators you see on new construction sites require inspection every 90 days. According to a February 2013 report, 1,500 units in Nevada have not had an inspection within the last year. In 2001, we exempted public buildings from our fee schedule. The elevators in the building in which this hearing is taking place and every elevator on the University of Nevada, Reno campus are 1 year behind schedule. There is a lack of oversight. We need the proposed position to fulfill those responsibilities and provide a more hands-on management style.

**Assemblywoman Flores:**

If 1,500 units have not been inspected according to schedule, how does adding one manager alleviate the problem?

**Bruce Breslow (Director, Department of Business and Industry):**

I was not in the Department when the budget was prepared. I have spent 3 of the last 4 months focusing on elevators and housing issues. The mechanical unit has a management problem. There are third-party elevator inspectors available from the private sector. We support the transfer of the mechanical division from the Nevada OSHA to a stand-alone unit within the Department. We have been studying the organizational chart to avoid having to come to you at this late date for approval of that transfer. We can get the work done by separating the Division and changing the organizational chart. We need an unclassified FTE position for the mechanical unit because the management has not been adequate under the current organization. The relationships with private sector entities, local fire marshals and the local governments have not been good. We want the mechanical unit to be more responsive to the public need.

**Assemblywoman Flores:**

Do you support the statements that have been made? Are you subsequently going to submit a budget amendment?

**Mr. Breslow:**

I support the Executive Budget. However, if you find the funding for an FTE position with knowledge of the industry, it would be healthier, safer for the industry and better for the State to add the position. If funding is not found, we will find a way to solve the problem.

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**Assemblywoman Flores:**

What salary range do you propose for this FTE position?

**Mr. Breslow:**

The safety-management position salary would be approximately \$79,000, plus the usual State benefit package.

**Mr. Stanley:**

I appreciate Director Breslow's comments and welcome his willingness to correct a bad situation. We are willing to work with him to do so. Currently, the third-party inspectors are inspecting approximately 34 percent of the elevators in the State. These inspectors can be used to reduce the backlog of inspections if the Division and the third-party inspectors learn to get along. This is a public-safety and worker-safety issue. The elevator industry is a dangerous one, having a fatality rate that is five times higher than all other building trades combined. We are exposed to every possible situation that OSHA would identify as a potential fatality. With your help, we must clean up our own industry by maintaining the safety of elevator equipment.

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**Chair Woodhouse:**

Seeing no further public comment, this meeting is adjourned at 10:44 a.m.

RESPECTFULLY SUBMITTED:

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Leslie Sexton,  
Committee Secretary

APPROVED BY:

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Senator Joyce Woodhouse, Chair

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

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Assemblywoman Lucy Flores, Chair

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

EXHIBITS				
Bill	Exhibit		Witness / Agency	Description
	A	2		Agenda
	B	8		Attendance Roster
	C	9	Ana Andrews Department of Administration	B/A 715-1352
	D	17	Keith Wells Motor Pool Division	B/A 711-1354
	E	3	Keith Wells Capital Purchase Account	B/A 711-1356
	F	5	Evan Dale Department of Administration	B/A 716-1371
	G	13	Greg Smith Department of Administration	B/A 718-1358
	H	10	Jim R. Barbee Department of Agriculture	B/A 210-1362
	I	11	Jim R. Barbee Department of Agriculture	White Paper
	J	1	Jim R. Barbee Department of Agriculture	Merger Fiscal Savings
	K	1	Charles E. Anderson Clark County School District	Letter of Support
	L	1	Anthony Cook Washoe County School District	Letter of Support
	M	1	Chris Cooper Carson City School District	Letter of Support