

**MINUTES OF THE MEETING OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND
TRANSPORTATION**

**Seventy-Eighth Session
February 13, 2015**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on Public Safety, Natural Resources, and Transportation was called to order by Chair Chris Edwards at 8:03 a.m. on Friday, February 13, 2015, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Chris Edwards, Chair
Assemblyman John Hambrick, Vice Chair
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Michael C. Sprinkle
Assemblywoman Robin L. Titus

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Pete Goicoechea, Chair
Senator Mark Lipparelli
Senator David R. Parks

STAFF MEMBERS PRESENT:

Stephanie Day, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Jennifer Gamroth, Program Analyst
Barbara Williams, Committee Secretary
Sherie Silva, Committee Assistant



The secretary called the roll, and a quorum of the members was present. Chair Edwards welcomed members of the Subcommittees and asked for public comment. There being none, he opened the hearing on budget account 4490.

INFRASTRUCTURE
COLORADO RIVER COMMISSION
COLORADO RIVER COMMISSION (296-4490)
BUDGET PAGE COLORADO RIVER COMM-4

Jayne Harkins, P.E., Executive Director, Colorado River Commission of Nevada, introduced Douglas Beatty, Chief, Finance and Administration, Colorado River Commission of Nevada. Ms. Harkins stated she had provided the members of the Subcommittees with written testimony, "Colorado River Commission of Nevada Budget Hearing" ([Exhibit C](#)).

Ms. Harkins began by thanking the 2013 Legislature for giving the Commission the authority to issue bonds that enabled the Commission to save \$28 million over the next thirty years [Senate Bill No. 438 of the 77th Session (2013)]. The savings would be passed on to the customers in the amount of approximately \$877,000 per year.

Ms. Harkins stated that the Colorado River Commission (CRC) was governed by a seven-member commission. Four members, including the Chairman, were appointed by the Governor and three were appointed by the Southern Nevada Water Authority (SNWA). The Commission was fully funded by its customers in southern Nevada to whom it provided power and water.

Ms. Harkins went over the CRC's internal budgeting process, which was prepared with consideration for the Commission's priorities and workload. Next, the budget was reviewed with the Commission's customers, who had the opportunity to review and make comment. She explained that the budget was then submitted to the Commission for approval, and then to the Department of Administration for review and inclusion in the Governor's recommended budget.

Ms. Harkins noted that in the upcoming 2015-2017 biennium, the Colorado River Commission planned to have extensive contract negotiations, as the Hoover Dam power contracts would all expire in 2017. She estimated the CRC had over 100 power, scheduling, and transmission contracts that needed negotiation over the next few years with the federal government, the Western Area Power Administration, and current and new power customers.

Ms. Harkins emphasized that the Commission was actively working with the federal government, the six other Colorado River basin states, the SNWA, and Mexico to manage the problems associated with the continued drought. The CRC had concerns with a Glen Canyon Dam environmental impact statement because the Commission wanted to ensure that an endangered species, the humpback chub, was not affected by any change in operations in the lower basin or at Lake Mead. She concluded by saying that the Commission was participating in other efforts to protect threatened or endangered species, all while continuing operations to deliver water and low-cost hydropower to southern Nevada.

Ms. Harkins explained that the funds generated by the sale of roughly \$29 million in bonds were used to pay off federal debt that carried an interest rate of 10 percent. The federal debt was acquired in the 1980s and had funded turbine upgrades and the Hoover Dam Visitor Center. Paying off the debt resulted in an average annual savings to the CRC customers of more than \$877,000.

Ms. Harkins reported on Assembly Bill No. 199 of the 77th Session (2013). The bill allowed for an expansion of the customer base for the Colorado River Commission and an additional 11.5 megawatts of Schedule D Hoover power to Nevada entities. Commission staff was reviewing the 15 applications submitted, and would be preparing a draft order proposing power allocations in an open and public process.

Ms. Harkins stated that the Commission's base budget supported the elimination of the furlough leave. She explained that much of the work done by the CRC required a technical skill set and experience that was not generally available in other state agencies. She said that the Commission had to compete with private industry, and recruitment of skilled staff was a big challenge.

Ms. Harkins explained that the budget included several enhancement units to fund new positions based on the anticipated increased workload related to the allocation of Hoover power. She noted that Mr. Beatty would be reviewing them in more detail. She also referred to budget requests for travel, as discussion over future river operations would require her and her staff to travel within the seven basin states and to Washington D.C. to protect the interests of Nevada.

Chair Edwards asked Ms. Harkins to explain why the three additional positions related to the Hoover Power Allocation Act of 2011 (HPAA) were needed, since the Legislature in the 77th Session (2013) had approved three additional positions.

Ms. Harkins responded that the increase in contracts taken on by the Commission would lead to an increase in work and administrative costs.

Senator Goicoechea asked about a position approved in 2013 that appeared to be vacant.

Douglas Beatty, Chief, Finance and Administration, Colorado River Commission of Nevada, responded that it was an administrative assistant position that was to be split between the hydropower and energy services groups, and it was indeed vacant. The CRC had reviewed the work that was necessary in the short term: doing outreach, scheduling informational meetings, and acquiring information from applicants. It determined the work used a different skill set than would be necessary for the long term and opted to use a contractor to accomplish the tasks. He explained that once the HPAA applications were all finalized, the Commission would look at whether the administrative assistant position needed to be filled.

Ms. Harkins clarified that the vacant position had been filled previously, but that individual had left, and the Commission was in the process of refilling the vacant position.

Senator Goicoechea asked how big the Boulder City marketing area was.

Ms. Harkins explained that the Boulder City marketing area was created when the Bureau of Reclamation, U.S. Department of the Interior, owned and operated Hoover Dam, before the U.S. Department of Energy was created. When the Department of Energy was created, marketing operations shifted to Western Area Power Administration (WAPA), and the marketing area included portions of six counties. The boundary was unusual, because it was derived partly, but not completely, from drainage basins and encompassed part of Nevada, most of Arizona, and southern California. The 11.5 megawatts that Congress gave to the Colorado River Commission would be exclusively allocated to Nevada. Western Area Power Administration received over 100 applicants; CRC got 12 allocations out of those applicants, totaling about 11.2 megawatts.

Federal legislation required that all nontribal entities in Nevada would contract with CRC for their hydropower.

Mr. Beatty clarified that the Schedule D Hoover power was split in half: half was allocated by WAPA through its federal process, and the other half was divided into three pieces for each state to allocate. He noted that the WAPA process was completed, and the CRC would now work on the division of its allocation.

Mr. Beatty explained that the Commission received four types of revenue: administrative charges on hydropower, nonhydropower, water, and some miscellaneous revenues. The nonhydropower included charges to the customers who bought and sold nonhydropower, as well as the administrative costs of those who operated and maintained the CRC's high voltage power delivery system at the Mead Substation.

Mr. Beatty proceeded to detail the decision units within budget account (BA) 4490. He explained that the account was the CRC's administrative account that housed the general operating expenses of the agency, including the cost of personnel. He pointed out that personnel services comprised the bulk of the expenditures, emphasizing that staff was the Commission's main resource. Another significant expense he mentioned was the Attorney General (AG) cost allocation, because there were two deputy AGs assigned full-time to the CRC. There were four significant enhancement units before the Subcommittees, all of which were a continuation of ongoing programs.

Decision unit Enhancement (E) 225 requested three new natural resource specialist positions for the agency, two of which would focus on the hydropower group to accommodate the new Hoover D customers. Because of discussions with customers regarding their needs, the request for two positions for the hydropower group was staggered, with one starting in the first year of the biennium and the other position starting in the second year, if needed. The third position was being requested for the nonhydropower energy group, which provided power primarily to water purveyors for their pumping loads. Their loads continued to grow, and consequently the administrative burden would grow as well.

Mr. Beatty stated that decision unit E-226 requested two new positions to deal with the needs of Colorado River Commission's water customers to address the drought and other environmental concerns and negotiate with Mexico.

The workload of the Deputy Executive Director had become completely overwhelmed by power activities, and the position had not been able to provide any support to the Executive Director on water issues.

Mr. Beatty stated that the CRC's budget contained a request for additional travel funds. He had done an analysis of the Executive Director's travel for the previous two years and concluded that the bulk of her travel was for water-related activities. In 2013, Ms. Harkins took 30 trips out of state and 19 trips within the state, resulting in 94 days away, or 36 percent of her time. In 2014, she took 26 out-of-state trips and 3 in-state trips, resulting in 66 days away. The CRC felt that the Executive Director needed an additional deputy director to help with the workload.

The second position requested was for a natural resource specialist for the water-related activities to be hired in the second year of the biennium. The individual would help with technical analysis and support the work of the new deputy director.

Chair Edwards asked for more details on the water-related activities.

Ms. Harkins explained that she participated in a number of environmental groups involved in water-related activities. She was appointed by the Governor to the Glen Canyon Dam Adaptive Management Work Group, a federal advisory committee that included representatives from seven basin states, certain federal agencies, and environmental groups, which met twice a year. The Work Group studied Glen Canyon Dam operations and the effect on the Grand Canyon and the park below. Ms. Harkins was also appointed by the Governor to the Colorado River Basin Salinity Control Forum, which worked to improve water quality. Although most of the projects were in the upper basin, the main beneficiaries of the projects were in the lower basin. The Forum also met twice a year. She explained that her staff prepared for her meetings by attending other meetings in advance.

Ms. Harkins further explained that representatives of all the basin states met periodically to discuss the terms and the prospective renewal of a water-related agreement with Mexico. A five-year agreement was reached with Mexico in 2012 that would expire in 2017. The current federal administration was pushing hard to negotiate the next agreement, and her presence at the meetings was essential to protect the interests of Nevada.

Ms. Harkins also mentioned the Lower Colorado River Multi-Species Conservation Program, a 50-year program under the Endangered Species Act of 1973 that had taken ten years to put together and was working well for about the last ten years. The Colorado River Commission's customers paid about 25 percent of the cost, so the CRC monitored the activities of the program to ensure the objectives were met and the money spent appropriately.

Assemblywoman Titus observed that because of the drought and the numerous environmental groups and negotiations among entities, she felt that the work of the CRC was critical.

Mr. Beatty added that the Commission also dealt with issues within Nevada such as accounting for water that was removed from Lake Mead and return-flow credits. He stated that the need for qualified technical staff was great.

Mr. Beatty described decision unit E-710, which requested funds for the replacement of computer-related systems and equipment and the replacement of an agency-owned vehicle with a vehicle from the Fleet Services Division, Department of Administration.

Mr. Beatty explained E-806, a decision unit that requested a change in title and salary increase to the unclassified position of power division chief to provide compensation commensurate with increased duties to oversee the activities of the energy services group. The energy services group, also referred to as the nonhydropower group, was a near-autonomous group housed separately in the Molasky Corporate Center in downtown Las Vegas with the Southern Nevada Water Authority, allowing for cooperation between the agencies and facilitating the delivery of water. The requested increase would bring the chief to the same pay level and authority as the deputy director.

Assemblywoman Dickman asked whether the natural resource specialist for the energy services group requested in decision unit E-225 would have a salary cap and asked for clarification regarding the specialized duties of the position.

Mr. Beatty confirmed that the salary cap for the position was \$91,000, and the individual's responsibilities would include power load projections, power delivery follow-up, supplier invoicing, customer invoicing, and post-accounting duties. In general, the CRC preferred to draw experienced individuals from the private power utility industry.

Senator Goicoechea asked for clarification regarding the number of positions being requested.

Mr. Beatty confirmed that five new positions were being requested.

Senator Goicoechea mentioned that the Committee would try to schedule a hearing of Senate Bill 46 for February 23. He would be meeting with staff to verify.

Assemblywoman Carlton asked how much Senate Bill No. 438 of the 77th Session (2013) would save over its lifetime.

Mr. Beatty stated that the bill would save over \$28 million over its lifetime, or approximately \$877,000 each year, for CRC hydropower customers.

Chair Edwards closed the hearing on the budget for the Colorado River Commission of Nevada and opened the hearing on budget account 4204, Tahoe Regional Planning Agency.

INFRASTRUCTURE
TAHOE REGIONAL PLANNING AGENCY
TAHOE REGIONAL PLANNING AGENCY (101-4204)
BUDGET PAGE TRPA-3

Joanne Marchetta, Executive Director, Tahoe Regional Planning Agency, shared a PowerPoint presentation, "Tahoe Regional Planning Agency Budget Hearing" ([Exhibit D](#)) and explained that the Tahoe Regional Planning Agency (TRPA) was a product of a bistate compact agreement between Nevada and California, which was signed into federal law December 18, 1969. The two states reratified the compact in 2013, maintaining their commitment to preserve, restore, and enhance the Lake Tahoe region. The TRPA was a regional land use and environmental planning organization that led a cooperative effort of over 50 agency partners working to restore and enhance Lake Tahoe's natural and human environment. The plans established to maintain specially adopted environmental standards were organized under the Lake Tahoe Environmental Improvement Program.

Ms. Marchetta stated that a 2012 update of the regional plan was key to continued positive progress for the lake. She spoke of the signature measurements of the ecosystem's health: water quality and clarity.

The TRPA actions had stabilized clarity loss, and the agency continued to focus on nearshore clarity problems, particularly in the summer. The combined threats of drought, invasive species, and warming lake temperatures continued to demand the agency's attention.

Ms. Marchetta said that the TRPA had worked collaboratively with multiple agencies to manage the threat of catastrophic wildfire by forest thinning and surface treatments to reduce fuels.

Ms. Marchetta explained that the TRPA administered the federal Lake Tahoe Aquatic Invasive Species (AIS) Management Plan. That plan had helped prevent the introduction of new invasive species in the lake through a nationally recognized prevention and boat inspection program.

Ms. Marchetta stated that the TRPA had taken steps to improve operational efficiency and effectiveness, streamline processes, improve community engagement, and effect measurable performance goals and accountability. It would transition more permitting activity to local governments and reorient TRPA focus to address regional concerns. She recognized that Nevada had been an essential partner in improving conditions on the ground in the Lake Tahoe basin.

Ms. Marchetta explained that The Executive Budget included TRPA's past baseline funding along with two Enhancement (E) decision units. She added that the TRPA had recently submitted the required TRPA annual budget report, which detailed the agency expenditures and its progress against certain performance measures and benchmarks.

Ms. Marchetta clarified that the Tahoe Regional Planning Agency budget requests were required to be made in proportionate shares: two-thirds to California and one-third to Nevada, reflecting the land and lake shares of the two states. She stated that because of the last two difficult budget cycles, Nevada had fallen below its compact-specified, one-third funding commitment. The most important point about the enhancements requested in The Executive Budget was that Nevada would restore its full funding commitment.

Ms. Marchetta explained that decision unit E-225 asked for \$375,000 in each year of the biennium to continue the very successful ongoing AIS prevention program. She said that eight years ago, Lake Tahoe had no protection against

the introduction of new species. Today, in partnership with others, the TRPA was operating a nationally recognized program of watercraft inspections to prevent introduction of harmful species, such as the quagga and zebra mussels, that had been enormously damaging to other lakes across the western United States.

Ms. Marchetta added that, until now, the program was paid for with Southern Nevada Public Land Management Act funds, but the funds would not be available after the 2013-2015 biennium. The new requested funding from the two states would replace what the TRPA was losing and allow it to continue operating the watercraft inspection program. She stated that AIS prevention was a classic example of when an ounce of prevention was worth a pound of cure. Studies showed that the cost of control after infestation could be \$25 million annually, while the AIS prevention program cost \$1.5 million annually, with 50 percent covered by boating fees.

Ms. Marchetta stated that decision unit E-226 was a request for \$345,000 in fiscal year (FY) 2016 and \$25,000 in FY 2017 to fund the state's cost share for the compact-mandated regional plan performance measures, the Threshold Evaluation Report, that were required every four years. She explained that the funds allowed the TRPA to incorporate the best science into its policymaking. She added that, as with AIS, an equal and matching request was being made to California to meet the full need.

Chair Edwards asked whether the TRPA spent all of its available funds in FY 2015.

Christopher Keillor, Finance Director, Tahoe Regional Planning Agency, responded that the agency had not spent all of the money from FY 2015, as the agency had experienced significant staff turnover. The excess funds had been rolled forward to address some deferred maintenance concerns, to supplement the AIS funding shortage, and for the defense of the regional plan lawsuit that was currently in front of the United States Court of Appeals for the Ninth Circuit.

Chair Edwards asked what progress the agency had made in hiring to fill its staff vacancies.

Mr. Keillor stated that currently the TRPA had five vacancies, but the agency would be making an offer to fill one soon, interviews were in progress on another, and the agency was just starting the process of filling the others.

Chair Edwards inquired whether the agency anticipated any boat fee increases in the upcoming biennium if the budget were approved as requested.

Mr. Keillor stated that the governing board would be reviewing the boat inspection program at its March meeting, but he did not anticipate that any fee increases would be necessary.

Chair Edwards asked whether the TRPA had researched other potential grant funding opportunities related to the AIS boat inspection program.

Julie W. Regan, Chief, External Affairs, Tahoe Regional Planning Agency, replied that, although the Tahoe Regional Planning Agency had applied for many other grants and was actively engaged with the U.S. Congress on the reintroduction of the Lake Tahoe Restoration Act, no funds had come through to date. She mentioned that the agency had secured federal funding for the 2015 boating season, so the funds were in place to keep the AIS prevention inspection program going one more season, but the need to fund the program for the upcoming biennium was critical.

Chair Edwards asked whether the state would potentially save part or all of the \$375,000 if the agency was able to get other funding secured for the following year.

Ms. Regan explained that the TRPA anticipated it would be three years or more before additional federal funding might become available. She pointed out that the funding being requested from Nevada and California was for prevention, and any federal funding the TRPA secured would be for control of invasive species already in the lake, such as Asian clams, which caused algal blooms. She reminded the members of the Subcommittees that prevention was far more cost effective, and that the boat inspection program would keep out quagga mussels, which were not currently in Lake Tahoe, and which would be catastrophic if they were introduced into the lake.

Chair Edwards asked whether the funding for the monitoring, analysis, and reporting required for the Threshold Evaluation Report would only be requested

by TRPA every four years, and in the intervening three years, the request would be for \$25,000.

Mr. Keillor confirmed that to be the case.

Assemblywoman Titus asked whether the TRPA had data regarding the success of the AIS prevention program.

Ms. Regan responded that in 2014, the prevention inspectors intercepted 48 fouled boats, several of which had come from Lake Mead. Lake Mead was infested with trillions of quagga mussels, and many boaters who wintered their watercraft in Lake Mead came to Lake Tahoe for the summer. Some boats had other AIS such as New Zealand mud snails, and they were quarantined in partnership with the Nevada Department of Wildlife and then decontaminated with hot water so that they could launch into Lake Tahoe.

Assemblywoman Titus asked whether there were data regarding the survivability of different AIS in cold environments such as Lake Tahoe.

Ms. Regan replied that University of Nevada, Reno (UNR) would soon publish a paper on high-altitude lakes that had quagga mussels. Lake Granby in Colorado, at more than 8,200 feet, was cold and very similar to Lake Tahoe, but was infested with quagga mussels. She said that although the water chemistry between Lake Mead and Lake Tahoe was quite different, the survivability of the quagga mussel was likely, and as a policy matter, the TRPA Governing Board had deemed that risk unacceptable.

Assemblywoman Titus thanked Ms. Regan and stated she appreciated that the TRPA had facts to support its actions.

Senator Parks asked whether the TRPA maintained data tracking the number of inspections and details regarding contamination.

Ms. Marchetta said the numbers were tracked annually. In 2014, approximately 7,000 inspections were conducted and about 2,700 decontaminations performed. The results were tracked and recorded for the agency's annual report.

Assemblyman Sprinkle stated that as Chair of the 2013-2014 Interim Legislative Committee for the Review and Oversight of the Tahoe Regional Planning

Agency and the Marlette Lake Water System, he wanted to thank the TRPA board members for their hard work and assistance during the interim. He particularly felt that the field trips the committee went on brought him and his colleagues a new perspective on the issues surrounding the preservation of Lake Tahoe. He asked whether the TRPA could explain the concerns around shoreline and nearshore water quality and clarity in more detail and explain where that might be found in the budget.

Ms. Regan said that particular function was located in various departments, one of which was research and analysis. The Tahoe Regional Planning Agency had formed a new, more rigorous monitoring and evaluation program at the lake, and staff was working with the Desert Research Institute, UNR, and University of California, Davis to create a comprehensive multistate nearshore program. A recent report that examined the various factors concluded that more research was needed to determine the exact cause of the deterioration of nearshore water quality. She explained that it was an integrated, multiagency effort to work on planning, ordinances, research monitoring, public education, and outreach. She cited an example of an outreach campaign regarding fertilizer use, which was believed to be one of the causes of the nearshore deterioration.

Mr. Keillor said that California had provided funds to the California Tahoe Conservancy to proceed with treatment of some of the nearshore problems. The bulk of the TRPA's nearshore activity was in the office that did the monitoring and measuring. The funding was included as part of TRPA's baseline budget and was not part of the enhancement.

Assemblyman Sprinkle stated that the bipartisan interim committee unanimously supported all the recommendations that were in The Executive Budget and had sent formal letters of support to the Governor. He asked for details about a panel that was being hosted by the TRPA.

Ms. Regan confirmed that the Tahoe Regional Planning Agency had been selected to host the annual meeting of the Western Regional Panel on Aquatic Nuisance Species in September 2015. There was a renewed emphasis in the western states on the problem, and the TRPA was active in a number of national organizations fighting AIS. The upcoming conference would include representatives from Washington, D.C., the states on the Gulf of Mexico, the Great Lakes, nonprofits, and other federal and state government entities, all of which would be convening at Lake Tahoe because the TRPA was recognized as having a model program for the nation.

Assemblywoman Dickman asked what the effect on tourism might be if the boat inspection fees were increased.

Ms. Marchetta stated that the TRPA board examined the boat inspection fees every year and acknowledged the delicate balance between the effect of increasing fees against the possible result of discouraging tourism. She added that the tourism-related economy at Lake Tahoe was estimated at \$2 billion. As a result, she did not anticipate an increase in fees for the coming tourism season.

Assemblyman Hambrick inquired whether the agency knew the origin of the AIS that were threatening the lake.

Ms. Regan said that AIS were coming from all over the country, but the infected boats were predominantly coming from Lake Mead and Lake Havasu, although there had been intercepted boats from as far away as New England. It was believed that the origin of the quagga mussel in Lake Mead was the Great Lakes. The zebra mussel had long been a threat east of the Mississippi River and a major cost to power plants and other manufacturing industries. However, the move west by its close relative the quagga mussel had brought renewed attention to the matter, not just from an ecosystem point of view, but from its effect on water infrastructure, recreation, and health.

Assemblywoman Carlton asked whether the boat inspection fees were used for any other programs besides AIS prevention.

Mr. Keillor replied that the fees only went toward funding the inspections themselves: they did not provide funds for the treatment of any AIS.

Assemblywoman Carlton followed up by asking how the treatment programs were paid for.

Mr. Keillor said the AIS treatments had typically been funded through grants that were currently at risk, and the agency was actively pursuing other opportunities for funding the treatments. He said Emerald Bay was recently treated for Asian clams, and Mr. Keillor believed there had been as many as five different funding sources for that work.

Chair Edwards closed the hearing for budget account 4204, Tahoe Regional Planning Agency, and opened the hearing for budget account 3650, Office of the Military.

SPECIAL PURPOSE AGENCIES
OFFICE OF MILITARY
MILITARY (101-3650)
BUDGET PAGE MILITARY-6

William R. Burks, Brigadier General, The Adjutant General of Nevada, Nevada National Guard, Office of the Military, introduced Cheryl Tyler, Administrative Services Officer, and Captain Dana A. Grigg, Assistant Judge Advocate.

General Burks stated that, as shown on slide 2 of the "Office of the Military" budget presentation, ([Exhibit E](#)), the Nevada National Guard mission was to provide "ready organizations and individuals to perform state and federal missions, globally and domestically." While he recognized that the federal missions received more notice, he cited the Guard's response to flooding on the Moapa River Reservation in September 2014 as an example of its state mission.

General Burks detailed the four strategic priorities he had set for the Nevada National Guard: readiness, care for service members and families, diversity, and community. The Guard had family support offices in both northern and southern Nevada. He mentioned the program, Joining Community Forces, started by First Lady Michelle Obama and Dr. Jill Biden, which the chief of the National Guard Bureau, General Frank Grass, wanted to make a program of record for the National Guard.

General Burks said that the showcase for the Guard's diversity effort was the recent signing of a state partnership agreement with the Kingdom of Tonga. Because of the successful effort, the embassy in Fiji, which handled the entire Oceania region, had asked the Nevada National Guard to duplicate that success and take seven additional chiefs of defense forces from different islands to the National Guard Association of the United States Conference. The intent was also to have senior leader discussions and demonstrate the latest equipment that could be used for humanitarian assistance in disaster response, a huge concern in the Oceania region that was subject to typhoons and cyclones.

General Burks reviewed the Guard's community involvement, stating that Guardsmen attended community events both in and out of uniform, served in

soup lines, met with emergency managers, and attended a variety of parades throughout the state.

General Burks referred to slide 4 of [Exhibit E](#) that showed the location of the Office of the Military facilities throughout Nevada. The force was approximately 2,000 soldiers and 100 airmen in Clark County and 1,000 soldiers and 1,000 airmen in the Washoe County/Carson City area. He noted the lack of aviation facilities in the northeastern part of the state. From an aviation standpoint, he said, the nearest facilities to northeast Nevada were Reno; Boise, Idaho; and Salt Lake City, Utah, all of which were about 250 miles away. Consequently, he said the Guard was pursuing having a detachment or full-time presence in the northeast corner, which would greatly enhance its ability to serve the state.

General Burks continued to slide 5 of [Exhibit E](#), which showed the federal mission of the Nevada National Guard. He stated that the 72nd Military Police Company was in Kabul escorting distinguished visitors. The 757th Combat Sustainment Support Battalion was in the Sinai Peninsula area of Egypt doing logistical operations for a United Nations peacekeeping mission, which was a new mission for the Nevada National Guard. He felt such missions would continue to grow, especially in the State Partnership Program, as Tonga had been an expert in the field through its work for the United Nations. Detachment 45, the Operational Support Airlift Command based at Stead, had been in Afghanistan providing transportation for the last eight months. Its mission had been extended for three months, and the Detachment would be coming home sometime in June 2015. General Burks stated that the biggest deployments in the coming year would be the 152nd Airlift Wing, which would be traveling to the Middle East, and the 17th Sustainment Brigade, which would be assigned to Kuwait.

Cheryl Tyler, Administrative Services Officer, Office of the Military, reviewed the agency operations, saying that State of Nevada employees provided administrative, accounting, personnel, firefighting, security, operating, and maintenance services to the Guard for all facilities throughout the state. She added that the operational goal was to provide outstanding customer service that maximized available resources and informed the pertinent parties on the status of the Master Cooperative Agreement (MCA) in relation to the state budget and to maintain and secure the facilities in conjunction with those resources.

Ms. Tyler referred the Subcommittees to slides 7 and 8 of [Exhibit E](#), which showed Nevada National Guard funding by facility for fiscal year (FY) 2013 and FY 2014, respectively. She noted that the State General Fund provided 2.7 percent of the \$126,351,673 total funding in FY 2013 and 2.57 percent of the \$127,926,856 total funding in FY 2014. She added that the national average for state expenditures for the National Guard was about 5 percent.

Ms. Tyler moved on to slide 9, which showed that Nevada National Guard spending for major construction in FY 2014 was \$71,563,684, of which \$10,160,000 was state funding.

General Burks interjected that he had just learned the state would be receiving an additional \$5 million to repair the ramp at the Stead air facility.

Ms. Tyler stated that the MCA was the vehicle through which federal dollars funded the Guard, and there were currently 11 appendices. She explained that the items in green on slide 10 were 100 percent federally reimbursed.

Ms. Tyler described the main activities of the Office of the Military: command control of the state militia force, management of facilities for the National Guard, recruitment and training of Guard personnel, and provision of support services.

Ms. Tyler explained that the Office proposed to merge budget account (BA) 3651, the Military Carlin Armory, with BA 3650, the Office of the Military. The merger would enable the agency to consolidate all operating and maintenance expenditures in one budget account for all facilities. She updated the members on the Carlin facility, stating that the transition of the Carlin Readiness Center from the Nevada System of Higher Education was complete, and the 593rd Transportation Company was using 30,000 square feet of the Carlin Readiness Center.

As an overview, Ms. Tyler stated that in FY 2014, the Legislature approved General Fund authority of \$3,322,719 for the two budget accounts, and the request in The Executive Budget was for \$3,941,731 in FY 2016 and \$4,019,534 in FY 2017.

Ms. Tyler explained that within BA 3650 there were several major Maintenance (M) decision units. Decision units M-501 and M-502 requested \$69,653 annually to transfer shift differential and overtime pay from federal

fund reimbursement to General Funds, and M-504 and M-505 requested \$220,413 annually to transfer firefighter overtime costs from federal fund reimbursement to General Funds. She stated that the request originated from a recent audit done by the United States Property and Fiscal Office for Nevada that questioned whether shift differential and overtime pay could be reimbursed under the MCA.

Ms. Tyler moved on to decision unit M-503, a request for \$322,537 for each year of the biennium to fund additional military leave costs because of the National Guard Bureau's (NGB) clarification of limits on reimbursable military leave cost through the MCA. Because of a 2013 amendment to *Nevada Revised Statutes* 281.145, military leave for eligible personnel increased from 15 days to 39 days per calendar year. Ms. Tyler explained that could result in up to 78 days per fiscal year, given the overlap of two calendar years in one fiscal year. The NGB determined that it would reimburse the state for up to 168 hours of military leave for firefighters and up to 120 hours for all other state employees each federal fiscal year under the MCA.

Ms. Tyler presented decision units Enhancement (E) 225 and E-226, which were requests for \$189,939 over the biennium to support one new accounting assistant and one new accountant technician. She explained that the request was to accommodate increased workload. Over the past 15 years, expenditures had quadrupled from approximately \$5 million in FY 1999 to \$19 million in FY 2014. During that time, the same two positions were responsible for performing the related accounting duties despite the tremendous increase in volume. She added that, in the same time frame, the programs and ongoing oversight of state and federal funds had become significantly more complex.

Ms. Tyler explained decision units E-228, E-232, and E-234 were requests for maintenance personnel who would be assigned to facilities that had been operating without the necessary personnel because of prior budget cuts and restrictions. She indicated that various locations had maintenance backlogs that could lead to larger expenses if the backlogs were not addressed in a timely manner. Landscapes in some locations had deteriorated from lack of attention, which reflected poorly on the Nevada National Guard. Specific requests were for a grounds maintenance worker at the Reno Air Base, which would be 75 percent federally funded, and a maintenance repair worker and grounds maintenance worker in Reno/Stead that would both be 100 percent federally

funded. She summarized by saying that federal funds would cover 90 percent of the three new positions.

Chair Edwards asked whether, given that there had been a management analyst position approved by the Legislature in the 77th Session (2013) and the request was now for two additional accounting positions, the Office anticipated having sufficient staffing in the fiscal unit for the upcoming biennium.

Ms. Tyler stated that the management analyst position approved in the prior session had taken over the contract management part of the fiscal unit, which helped with efficiency and in processing contracts for the agency. She explained that the two new positions requested were for the accounting part of the agency: processing invoices and reimbursements. She expressed hope that the addition of two positions would be sufficient to meet the needs of the agency.

General Burks clarified that the Office of the Military understood that budgets were still tight, and though it had a lot of needs and wants, it felt that the current request would suffice until the next legislative session.

Assemblywoman Carlton asked for detail about the need for the three maintenance positions requested.

Ms. Tyler replied that currently there was no grounds maintenance at the Reno Air Base.

Assemblywoman Carlton said she was satisfied that if there was a need, the Office of the Military should ask for positions to meet that need.

Ms. Tyler moved on the deferred maintenance and construction projects addressed by decision units E-231, E-350, E-351, E-352, and E-730. Together they requested a total of \$11,109,985, of which federal funding would be \$10,641,435, or 96 percent, with the state's share the remaining \$468,550.

Chair Edwards asked for detail regarding the size of the backlog of deferred maintenance.

Lieutenant Colonel Clayton Chappell, Construction and Facilities Management Officer, Nevada National Guard, Office of the Military, responded that there was a severe backlog of maintenance projects, particularly at the facilities that

needed state funding. The agency had been successful applying for and receiving federal funds for the facilities that were 100 percent federally funded, but the state facilities had a backlog estimated at about \$10 million worth of preventative maintenance projects.

Chair Edwards asked whether there was a schedule that the agency was trying to reach to resolve the deferred maintenance problems.

Colonel Chappell responded that the Office of the Military worked closely with the State Public Works Board, which had been very helpful in completing projects through the State Capital Improvement Program (CIP).

Chair Edwards asked Colonel Chappell for an estimate of how long it would take to be caught up with its deferred maintenance.

Colonel Chappell replied that, with sufficient funding, it would take 10 to 20 years to catch up.

Continuing her presentation, Ms. Tyler said that decision unit E-250 requested authority for \$150,000 each year of the biennium for administrative services management activities, which would be 100 percent reimbursed by federal funds. The appendix to the MCA would cover the costs of document management services such as records management, office mailing and distribution, copier management, form and publication management, and reproduction services.

Ms. Tyler stated that slide 19 of her presentation was other [General Fund] enhancement units for BA 3650. She outlined them as illustrated in the chart below:

Decision Unit	Purpose	Fiscal Year 2016	Fiscal Year 2017
E-227	Uniforms	\$5,376	\$5,204
E-233	Fleet Services-Las Vegas	\$1,354	\$2,709
E-236 & E-237	Travel	\$3,710	\$8,200
E-238 & E-239	Training	\$4,861	\$2,919
E-240	Medal of Valor	\$300	\$300
E-710	Fleet Services-Reno area	\$3,600	\$7,200

Chair Edwards, in reference to the request for Medals of Valor, asked whether the Office was confident that twelve medals would be sufficient.

General Burks responded that the medals in question were awarded with the initial citations, and he felt that the request would satisfy the need for the upcoming biennium. He stated that the federal government funded any additional federal medals.

Assemblyman Sprinkle requested more information regarding the apparent failure to pay utility bills.

Ms. Tyler replied that during the recent audit by the U.S. Property and Fiscal Office, it was discovered that the accounting process was attributing utility bills to the wrong month, so correcting that error led to the appearance of only 11 bills being paid, when in fact all bills had been paid. Ms. Tyler confirmed she would be working with staff to rectify the accounting situation.

Senator Goicoechea inquired when the Office of the Military expected to get a determination on the audit findings regarding the federal reimbursement for shift differential and overtime pay for firefighters.

General Burks answered that it was his understanding that the NGB was rewriting the whole appendix regarding that issue.

Captain Dana H. Grigg, Assistant Judge Advocate, Office of the Staff Judge Advocate, Nevada National Guard, Office of the Military, added that the process was being handled at the NGB level, and the Office of the Military concerns had been passed on to the NGB. She said there was a soft date of March 30 for the findings, but she did not know if that deadline would be met.

General Burks said that the NGB could decide to stipulate that the Office would receive a particular amount but not be obligated to spend it a certain way, which would be the best scenario for Nevada.

Senator Goicoechea asked about C-130 aircraft that had been outfitted as fire-retardant platforms and wondered whether the Nevada Air National Guard would be flying them.

General Burks explained that there were currently eight Modular Airborne Fire Fighting Systems (MAFFS), but none were in Nevada. The planes were retrofitted C-130s that could be equipped with a load of slurry to dump on active fires. The Guard would have crews trained on the systems, but it did not possess any of the equipment. The program was a joint effort of the

Department of Defense and the United States Forest Service, United States Department of Agriculture. He mentioned that there was some discussion that Charlotte, North Carolina might get newer aircraft, and if that occurred, General Burks speculated that Nevada might get MAFFS.

Senator Goicoechea said Nevada would likely face a bad fire season, and he asked for information regarding the placement of firefighting helicopters and the agency's desire to get an Air Guard wing in the Elko area.

General Burks responded that was a long-term goal because covering 110,000 square miles with the helicopters currently available posed a significant challenge.

Chair Edwards closed the hearing on budget account 3650, Office of the Military, and opened the hearing on budget account 3651, Military Carlin Armory.

SPECIAL PURPOSE AGENCIES
OFFICE OF MILITARY
MILITARY CARLIN ARMORY (101-3651)
BUDGET PAGE MILITARY-26

Cheryl Tyler, Administrative Services Officer, Office of the Military, presented budget account 3651, the Military Carlin Armory. The first decision unit being requested was Enhancement (E) 233 for a maintenance repair worker for Carlin/Winnemucca/Elko/Ely. She stated that currently there was no maintenance repair worker for this area. The total authority requested for the position was \$81,325 over the biennium, which would be 20 percent federally reimbursed.

Ms. Tyler explained that decision units E-355 and E-356 were for various deferred maintenance projects to improve and maintain property and ensure the safety, health, and security of the Nevada National Guard. She cautioned that if the deferred maintenance projects were not addressed as soon as possible, it could result in higher expenditures. The total authority requested was \$313,000 over the biennium, which would be 20 percent federally reimbursed.

Ms. Tyler continued with E-242, a decision unit for uniforms, which requested \$625 in fiscal year (FY) 2016 and \$657 in FY 2017. Decision units E-712 and

E-720 requested funding for fleet services of \$3,360 in FY 2016 and \$6,720 in FY 2017 for each enhancement.

Senator Goicoechea expressed concern that the new maintenance repair worker position was being spread over such a wide geographical area.

General Burks answered that the vehicle request from the Fleet Division, Department of Administration, was in response to the large amount of driving that would be required.

Assemblywoman Carlton asked whether any of the deferred maintenance projects included life/health/safety concerns.

Lieutenant Colonel Clayton Chappell, Construction and Facilities Management Officer, Nevada National Guard, Office of the Military, identified a few projects as life/health/safety considerations: a fire alarm upgrade, installation of an electronic security system, and slurry sealing and striping of roadways at the Carlin facility.

Assemblywoman Carlton requested that the Subcommittees be provided a list of deferred maintenance projects that separated out those with life/health/safety concerns. She also asked General Burks to elaborate on his strategic priority of taking care of service members and their families.

General Burks responded that the Nevada National Guard had come a long way in taking care of its service members. The Guard was working with the state on Applied Suicide Intervention Skills Training (ASIST), and he felt that Nevada was leading the nation with the number of individuals who had completed the course. He mentioned that among service members, thoughts of suicide and suicide attempts were reported once or twice a month, and he believed ASIST really helped with interventions and prevention. He stated that most of the Guard programs for taking care of its service members were being provided by federal resources. These programs included "Beyond the Yellow Ribbon," along with financial and mental health counselors, because the U.S. Department of Defense was taking the problem very seriously. He emphasized how crucial it was for Nevada to achieve "The Green Zone Initiative" as a long-term goal.

Chair Edwards closed the hearing on budget account 3651, Military Carlin Armory, and opened the hearing on budget account 3654, Military Patriot Relief Fund.

SPECIAL PURPOSE AGENCIES
OFFICE OF MILITARY
MILITARY PATRIOT RELIEF FUND (101-3654)
BUDGET PAGE MILITARY-42

Cheryl Tyler, Administrative Services Officer, Office of the Military, gave an overview of the Military Patriot Relief Fund budget account, which was established as a benefit for Nevada National Guard members to reimburse college textbook costs and Servicemembers' Group Life Insurance (SGLI) premiums and to provide funds for relief from financial hardship caused by the federal activation of the National Guard.

Ms. Tyler explained that the fund would be almost depleted at the start of fiscal year (FY) 2016. Decision unit Enhancement (E) 225 was for the restoration of funds for projected expenditures: \$94,675 in FY 2016 and \$129,994 in FY 2017.

Ms. Tyler described decision unit E-226, which requested an additional \$10,000 each year of the biennium for financial hardship assistance. Decision unit E-227 eliminated the funding for SGLI premium reimbursement, resulting in a State General Fund savings of \$15,932 in each year of the biennium. The Office had determined that the benefit of this program to the members did not outweigh the cost to the state. Ms. Tyler referenced proposed bill draft 15A4311234 that would eliminate the reimbursement for SGLI premiums.

Chair Edwards asked for more detail regarding the difference in financial hardship assistance from the Patriot Relief Account and other programs that helped service members, such as the Navy-Marine Corps Relief Society.

General Burks stated that such service relief funds were reluctant to pay out National Guard claims. He explained that the fund was designed to be a stopgap measure to quickly help service members who experienced an emergency, such as major car repairs or home repairs. General Burks mentioned that there were often other funds available later to continue the help a service member might need. He recalled an example of a service member with a family who lost their very expensive furnace and hot water system, and the fund was able to get it replaced very quickly.

Chair Edwards closed the hearing on budget account 3654, Military Patriot Relief Fund and asked for public comment.

Fred Voltz, private citizen, spoke about the Colorado River Commission of Nevada (CRC). He felt the lack of discussion regarding Senate Bill 46 and its budget implications was a problem, since the CRC was attempting to exempt itself and the Public Utilities Commission of Nevada from compensation and general personnel requirements that applied to all other state employees.

Mr. Voltz felt the proposed staff additions were inappropriate in the challenging economic environment that Nevada faced. He stated that agencies, regardless of their mission, needed to make every reasonable effort to "make do" with what they had, just as private businesses and households needed to. He said the five additional positions proposed by the CRC represented a 12.5 percent increase in staffing. He questioned whether business or revenues would increase by even a fraction of that amount if the additions to staff were granted. He also questioned what productivity improvements had been made with existing resources. He pointed out that approving the positions would use up half of the savings being realized through the bond issuance, which did not appear prudent to him.

Mr. Voltz expressed concern with the amount of funding requested for travel. With videoconferencing and other electronic technologies available, he felt that travel costs should have decreased rather than increased.

Mr. Voltz further stated that the elevated cost structure would ultimately be passed through to the businesses and consumers who paid for the CRC water and hydroelectric power, and he concluded that the CRC had a responsibility, just as every other state agency did, to keep its expenses at a minimal level.

Chair Edwards thanked Mr. Voltz for his comments and asked for any other public comment. Hearing none, he closed public comment.

Assembly Committee on Ways and Means
Senate Committee on Finance
Subcommittees on Public Safety, Natural Resources, and Transportation
February 13, 2015
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With no further business to come before the Subcommittees, Chair Edwards
adjourned the hearing at 9:56 a.m.

RESPECTFULLY SUBMITTED:

Barbara Williams
Committee Secretary

APPROVED BY:

Assemblyman Chris Edwards, Chair

DATE: _____

Senator Pete Goicoechea, Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Subcommittees on Public Safety, Natural Resources, and Transportation</u>			
Date: <u>February 13, 2015</u>		Time of Meeting: <u>8:03 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Jayne Harkins, Colorado River Commission of Nevada	Colorado River Commission of Nevada, Budget Hearing, February 13, 2015
	D	Joanne S. Marchetta, Tahoe Regional Planning Agency	TRPA PowerPoint Budget Presentation
	E	William R. Burks, Adjutant General, Office of the Military	Office of the Military PowerPoint Budget Presentation