

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session  
April 2, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 8:07 a.m. on Thursday, April 2, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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.

**COMMITTEE MEMBERS PRESENT:**

Senator Ben Kieckhefer, Chair  
Senator Michael Roberson, Vice Chair  
Senator Pete Goicoechea  
Senator Mark A. Lipparelli  
Senator David R. Parks  
Senator Joyce Woodhouse  
Senator Aaron D. Ford

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Lona Domenici, Committee Manager  
Emily Cervi, Committee Assistant  
Jason Gortari, Committee Secretary

**OTHERS PRESENT:**

Elizabeth Neighbors, Ph.D., Director, Lake's Crossing Center, Division of Public and Behavioral Health, Department of Health and Human Services  
Tracey Green, M.D., Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services  
Jeff Fontaine, Nevada Association of Counties  
Lisa Gianoli, Washoe County  
Alex Ortiz, Clark County

Mike Baughman, Ph.D., Humboldt River Basin Water Authority  
Greg Bortolin, M.Ed., Director of Communications and Government Affairs,  
Desert Research Institute, Nevada System of Higher Education  
Marc Pitchford, Ph.D., Executive Director, Division of Atmospheric Sciences,  
Desert Research Institute, Nevada System of Higher Education  
Ed James, Carson Water Subconservancy District  
Jim Smitherman, Western Regional Water Commission  
Steve Walker, Truckee Meadows Water Authority  
Andy Belanger, Southern Nevada Water Authority  
Jim R. Wells, C.P.A., Interim Director, Department of Administration

**Chair Kieckhefer:**

We will open the meeting with a hearing on Senate Bill (S.B.) 487.

**SENATE BILL 487**: Requires counties to pay for the expense of the commitment of certain persons to the Division of Public and Behavioral Health of the Department of Health and Human Services. (BDR 14-1161)

**Elizabeth Neighbors, Ph.D. (Director, Lake's Crossing Center, Division of Public and Behavioral Health, Department of Health and Human Services):**

Lake's Crossing Center (LCC) serves the entire State as a facility for mentally disordered offenders in Nevada. We are here representing the Division of Public and Behavioral Health (DPBH) in the Department of Health and Human Services (DHHS) in support of S.B. 487. This bill requests that the counties assume responsibility for the expense of treatments for individuals committed to the custody of the administrator of the DPBH under *Nevada Revised Statute* (NRS) 178.461.

Individuals sent to LCC are offenders who have been found incompetent to proceed with adjudication and are unlikely to be restored in the future. Although the statute requires that they be charged with a certain class of offenses, their charges will be dismissed without prejudice and the agency will receive an order from the county district court with a finding of incompetence.

The district attorney may then petition the district court to commit the individual under NRS 178.461. The petition entails a civil commitment for a protracted time period of up to 10 years. Having established that the individual needs that level of care, the petition can also request to send an individual to a secure facility. The State is required to submit a risk assessment within 10 days of this

petition recommending whether or not this individual needs the level of secure care provided by a forensic facility. Although the State provides this input, it is the district attorney's office that makes the decision to petition for a NRS 178.461 commitment.

The district court makes the sole decision to commit the individual. The county district court further makes annual decisions about continued commitment, conditional release or discharge. It should be underscored that these individuals are not convicted of a crime and are committed for treatment with the ultimate goal of returning them safely to the community and their residence of origin. This request for clarification of fiscal responsibility makes this statute consistent with NRS 433A.610. That statute provides guidelines for the fees and payments of hospital costs and treatments in that chapter. It also clarifies the State's responsibility to recover costs when appropriate.

At the present time, there are eight individuals committed as inpatients under this statute and two committed as outpatients. The eight inpatients represent a yearly cost of about \$1,305,000, or about \$163,000 per-person per-year. The two outpatients could be returned to us at any time for further treatment, should there be an issue with their conditional release that requires inpatient treatment. These are costly commitments that include investment on the part of those responsible for making the commitment, and the procedures need to be consistent with the statutes we have noted.

**Tracey Green, M.D. (Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services):**

These expenses would not be assessed to the counties unless they had an actual client that was committed to the facility. These are also civil commitments of individuals without a charge.

**Senator Ford:**

In the criminal context, if someone is found guilty and sent to a jail who would cover the jail expenses? Would the counties, who have also made the adjudication on behalf of the State, be responsible for those expenses or is it the State that covers the costs?

**Ms. Neighbors:**

If they are in prison, they would be the State's responsibility.

**Senator Ford:**

If an individual is charged in a criminal situation where he or she was convicted, would the person be sent to jail or to prison if they were competent to stand trial?

**Ms. Neighbors:**

There could be a variety of scenarios. There may be a circumstance under which the person would not go to prison. Typically, with an egregious crime, prison would be the outcome if the individual completed adjudication and was convicted.

**Senator Ford:**

What is the breakdown of the number of inmates you currently have?

**Ms. Neighbors:**

Eight are inpatients and two are outpatients.

**Senator Ford:**

If those ten inmates had been convicted, would they have gone to prison or to jail?

**Ms. Neighbors:**

That is somewhat unclear. You would have to go through the process to know for sure. Since they committed fairly serious crimes, one could assume that the outcome would have been prison.

**Senator Ford:**

The State would then be responsible for caring for those individuals under that particular parallel circumstance. I understand the counties do all of the prosecution, defense and a few other duties, but the responsibility always ends up on behalf of the State. Where the person ends up typically determines who would be responsible for paying for the care of that individual. Under this circumstance, it is probably inappropriate to require the counties to take the financial burden associated with caring for the ten patients that you currently have. Should it be the State's financial responsibility to care for those individuals and not the counties?

**Ms. Neighbors:**

I underscore that these individuals have not been adjudicated and there is no assurance that they will ever be adjudicated. In the case of these individuals, unlike a competent person who is adjudicated, there is no opportunity for plea bargaining or changing the charge. The charges brought against them, before they come for treatment for incompetency, remain. There is no opportunity for them to have the same process that a competent person would have. Competent individuals can go forward with the adjudication process to negotiate their charges or to work with their attorneys to achieve a different outcome.

**Senator Ford:**

Are the inpatient individuals housed in a State, county or municipal facility?

**Ms. Neighbors:**

They are housed in a State facility.

**Chair Kieckhefer:**

I have cross-checked your reference to NRS 433A.610 because you mentioned trying to establish consistency with that statute. Does that statute govern civil commitment in a State facility?

**Ms. Neighbors:**

Yes.

**Chair Kieckhefer:**

If a county court places an individual in an inpatient setting, will the county pay for that?

**Ms. Neighbors:**

Yes.

**Chair Kieckhefer:**

How is that paid for? Is it done through an assessment?

**Ms. Neighbors:**

Yes. There is a fee schedule. The county will seek other resources first before they take on the costs. If insurance or other methods of payment can be

collected, those resources would be utilized before the county would be charged.

**Dr. Green:**

In response to Senator Ford's comment, there is not another maximum security facility anywhere else in the State. The LCC is the only facility where that level of security is and can occur.

**Chair Kieckhefer:**

Are these all individuals who would be exclusively placed as inpatients at LCC or would there be a potential budgetary impact with the opening of the forensic beds at the Stein Hospital? There is nothing in the budget that addresses this issue at the Stein Hospital.

**Dr. Green:**

We would consider the Stein Hospital as an alternative. The key factor when making this determination would be their level of security needs. Depending on the quality and the care needed by the individual, and not necessarily their charges, Stein Hospital would be an option.

**Chair Kieckhefer:**

Did you indicate the budgetary decision unit cost of \$1.3 million annually would be shifted over to the counties?

**Ms. Neighbors:**

Yes.

**Chair Kieckhefer:**

Do you have a breakdown as to where these eight individuals are originating from?

**Ms. Neighbors:**

Yes. They are from Clark, Washoe and Churchill Counties.

**Chair Kieckhefer:**

What is the annual cost per individual?

**Ms. Neighbors:**

The per-diem cost calculation over the year is about \$163,000.

**Chair Kieckhefer:**

How many individuals are there from Churchill County?

**Ms. Neighbors:**

One.

**Chair Kieckhefer:**

Have you spoken with Churchill County about whether they can absorb an annual cost of \$163,000 to house this individual?

**Ms. Neighbors:**

No.

**Chair Kieckhefer:**

These are individuals who were brought in on criminal charges and then were sent to you for an attempt at restoration and competency to stand trial. Has a determination been made that their restoration is unlikely or unfeasible?

**Ms. Neighbors:**

Yes.

**Chair Kieckhefer:**

We will now hear testimony in opposition to S.B. 487.

**Jeff Fontaine (Nevada Association of Counties):**

I am here representing the Nevada Association of Counties in opposition to S.B. 487. This is an unfunded mandate of about \$2.7 million to the counties over the biennium. In 2011, the State enacted massive new cost shifts to the counties and swept county revenues to help balance their budget. Most of these cost shifts and fund sweeps were to help pay for the DHHS programs. We have been paying for those assessments ever since. In this biennium there is a cost of about \$100 million to the counties for continuation of these various assessments and about \$82 million of that is in the DHHS's budget.

This has been a significant impact on our counties and has affected their ability to provide core services to their constituents. We do not like the assessments, but have accepted them. We continue to work with the DHHS to make effective use of these assessments and to help them use those revenues generated from the counties to leverage additional federal dollars, such as Medicaid dollars.

We were not consulted on this particular issue. We have not been given a chance to express to the DHHS the impact this issue would bring to the counties. We understand that this is not a policy committee, but believe this is a policy issue.

Ms. Neighbors indicated that these are individuals sent by their county district courts. These are not county district courts, they are State district courts. The salaries of judges who sentence them are paid by the State. This would be no different than having someone sentenced by a State district court and sent to a State prison. This request is too much and the counties have done their part to help the State balance its budget.

**Senator Ford:**

For the record, clearly the counties and municipalities have done a good job of teamwork to make the dream work during the time period that we have had of tough issues. This is the State's responsibility. We have a responsibility when it comes to a criminal justice system and into the mental health system in this regard. This is just another example of us having to properly fund responsibilities of the State. I understand the cost shift and the burden of us needing to figure out a way to get it done, but the best way to get it done is for us to figure out a way to raise appropriate revenue to take care of not just education, like we have talked about the entire Session, but also our criminal justice system and our mental health system and things of that sort. I needed to get that out there to indicate the reason why, if this were to come up for work session, you would at least have one "no" vote.

**Lisa Gianoli (Washoe County):**

I am representing Washoe County in opposition to S.B. 487. In 2011, Washoe County paid about \$6.7 million in assessments to help the State. We fear that this is another cost we will have to deal with that we were not consulted on. This is more of a State responsibility than a county responsibility.

**Alex Ortiz (Clark County):**

I am representing Clark County in opposition to S.B. 487. This issue is the State's responsibility. The counties have to fund their own programs and services and provide them to their constituents. We have to figure out within



our budget means how to make that happen. Clark County has accepted all the unfunded mandates since 2001, but we are requesting a roll back here.

**Chair Kieckhefer:**

Mr. Fontaine, I am not familiar with Churchill County's budget and what a \$163,000 annual impact would look like. Have you talked to them to see what that fiscal impact might be?

**Mr. Fontaine:**

An annual cost of \$163,000 would be a significant impact on Churchill County. This cost shift is based upon today's population at LCC. This policy issue that you are considering would shift the cost for all individuals placed in LCC over to the counties. That \$163,000 annual cost could be something that Nye County, White Pine County or any of our rural counties could have to spend in the future if they have such an individual placed in LCC. The counties are done with their budgets for the next year. A \$163,000 impact on a county to have an individual placed at LCC would be unbudgeted and significant.

**Chair Kieckhefer:**

For the record, I do not think this covers everyone who is placed in LCC. While the adjudication process is ongoing in the attempt for restoration to competency, that is still a part of the budgetary responsibility of the State under this legislation. It is only after that person is deemed unable to restore competency and the civil commitment is made to the State outside of the adjudication process that the fiscal responsibility would then shift to the State. I am getting nods from the back row so I think I stated that correctly. It is not the entire population of LCC that would be cost shifted, but only those individuals who are there on a long-term basis because they were unable to restore competency. But back to your point, it is accurate that if there was a person from Nye County who ended up in that situation, the fiscal impact would be on Nye County or whatever county that happened to be in the State. That is the intent of the legislation.

**Dr. Green:**

I want to support the Chair's clarification. These individuals are a different group and are committed under NRS 178.461. They are also committed for up

to 10 years in the facility after there is a declaration that they cannot be found competent.

We did have meetings with the counties and met with Mr. Fontaine regarding this issue. For the record, I want to support Senator Ford's testimony on how these individuals are aging in our facilities as well and so the cost of their care is quite high.

**Ms. Neighbors:**

This number did not include the incidental medical costs of individuals in our care.

**Chair Kieckhefer:**

I will close the hearing on S.B. 487 and open the hearing on S.B. 423.

**SENATE BILL 423**: Makes an appropriation for the awarding of grants to support certain cloud seeding operations. (BDR S-483)

**Senator Pete Goicoechea (Senatorial District No. 19):**

This bill came out of the Legislative Committee on Public Lands. We are in a drought worse than we have ever seen. Over the last couple of Sessions, we have been seeking money for cloud seeding statewide. We have had several programs funded by the Desert Research Institute (DRI) and the Southern Nevada Water Authority (SNWA). Most of those programs were conducted on the Ruby and Schell Creek mountain ranges. There was an effort to move the seven generators that DRI has in the Ruby Mountains to the Schell Creek Range because we do not have any funding to operate them.

Unfortunately, the federal agencies have not permitted the installation of those generators on the Schell Creek Range which is very close to Great Basin National Park. The need for water is there, everywhere in Nevada and California. The Governor of California declared the entire state a drought disaster and ordered water regulations statewide. California anticipates that they have 1 more year of drinking water before they have to start pumping groundwater.

You need to have clouds to seed. That is the problem we are experiencing right now. We need to have a mechanism and an appropriation in place so that when we do get a weather system, we can capture some of its water. This request came from the Humboldt River Basin Water Authority (HRBWA) to the interim

Legislative Committee on Public Lands. Cloud seeding works when we have weather systems passing through. Water is down to as cheap as \$7.62 to \$12.15 per-acre-foot. It only costs about \$20 per-acre-foot to seed clouds and get an additional acre-foot out of these storm systems.

I sponsored S.B. No. 271 of the 77th Session. We recognize the need for this. Nobody thought we were going to go through 4 or 5 years of drought. This request is to help us be prepared as we move forward. If we have to start hauling water to people, it will be a lot more expensive than what we are asking for here.

**Chair Kieckhefer:**

This is one of those issues that I did not understand at first, but I am now a firm believer.

**Mike Baughman, Ph.D. (Humboldt River Basin Water Authority):**

I am representing the HRBWA in support of S.B. 423. I have prepared a PowerPoint presentation entitled "S.B. 423: Establishment Of Matching Fund For Cloud Seeding in Nevada" ([Exhibit C](#)).

Page 3 of [Exhibit C](#) displays the Palmer Drought Severity Index for northwest Nevada. The bands of yellow in the graph represent the severe segments of drought that we have had in our area the last 120 years. The current drought that we are in right now is a 15-year drought. Oftentimes, you hear that we are in the fourth year of drought, but the drought has actually extended over a 15-year period. This is the most severe drought that we have experienced in the records over the past 120 years.

I will discuss the advantages cloud seeding has towards providing drought resiliency. If you look at the year 2000 on the graph, on page 3 of [Exhibit C](#), you can see there is a band of about 5 years of very heavy precipitation leading into the drought. The drought has occurred and we will come out of it at some point, but we will be trying to catch up. Cloud seeding is very advantageous during periods of very high precipitation because it gives us drought resiliency and keeps our reservoirs full, the soil moisture high and groundwater basins recharged.

Page 4 displays a chart of the current U.S. Drought Monitor of Nevada. Black represents what is called an "exceptional drought" and the area of exceptional

drought in our State is growing every week. The drought is extending across the State and into California.

Page 5 describes how cloud seeding works. Generators are placed on the west slope of mountain ranges where the weather comes in off the Pacific Ocean. As weather patterns approach the mountains, uplift in the air current raises the air over the mountain ranges. The generators release a propane flame which produces a plume of heat that rises up and releases silver iodide into that plume. As it rises up into other atmospheres and over the mountain ranges, it then causes the cloud moisture to freeze and attach to a particular particle which becomes heavy enough to fall as snow.

Cloud seeding does not reduce the amount of precipitation that is available in the next mountain range. It has been proven several times that there are no down-range consequences to cloud seeding. Multiple cloud seedings have been done in the Sierra Nevada mountain ranges for many years and have not had an adverse effect across the State. Small amounts of all the available moisture in each band of clouds actually falls as either rain or snow. This method is a way to enhance precipitation that would otherwise be lost.

Page 6 of [Exhibit C](#) shows pictures of a manual generator and an automated generator. The manual generator is operated by a person and must be turned on and off when the right atmospheric conditions exist. The automated generator is typically found at high elevations that are difficult to access. Automated generators are remotely operated based upon weather conditions and allow us to capture the best atmospheric conditions for cloud seeding.

Page 7 discusses a few of the benefits of cloud seeding. Cloud seeding can increase municipal water supply enhancement, add water for agriculture, improve habitat for sage grouse and enhance reservoir storage. State recreation areas used for water storage, such as Lake Lahontan and Rye Patch Reservoir, are being depleted due to the lack of water in the those areas. Cloud seeding can increase water supply in both of those reservoirs.

Page 8 of [Exhibit C](#) displays a map of where cloud seeding is being conducted around the Western United States and Canada. The ten states in the Western U.S. highlighted in yellow have been using cloud seeding. It is not just used during the winter. Places along the coast of California, like Santa Barbara, use cloud seeding to produce rain. Weather modification and cloud seeding can

also be used to reduce hail damage from storms on crops. In the Rocky Mountain States, cloud seeding has been used predominantly for snowmaking.

Page 9 provides a list of Nevada's cloud seeding stakeholders, who conducted a series of teleconferencing calls to create this \$500,000 request. Last Session, Senator Goicoechea helped bring a bill before this Committee to request cloud seeding funding for the Ruby Mountains. Last Session, the request was for \$270,000. The HRBWA raised \$69,000 during that Session and notified this Committee that we reduced the request to \$201,000 for each year of the biennium. That request was not funded.

With the intensity of the drought we are facing this year, we realize there are several other people in this State that have a stake in cloud seeding. People from all over the State representing municipalities and irrigation districts have discussed the need and opportunities for cloud seeding and determined that cloud seeding can be done in all regions of our State.

Page 10 of [Exhibit C](#) provides an outline of the history of cloud seeding in Nevada. Cloud seeding technology was first discovered in the late 1950s by researchers with General Electric. Cloud seeding in Nevada began in the late 1970s as research by the DRI. The DRI is the leading research entity with regard to atmospheric sciences in general and, particularly, in cloud seeding and weather modification. State-funded cloud seeding in Nevada occurred from the early 1980s through 2008. Today we are asking you to restore State funding for cloud seeding. Now the need is greater than ever.

Page 11 provides a breakdown of DRI's first cloud seeding proposal and how the \$500,000 funding request was calculated. The first proposal addresses 27 ground-based fully automated generators and lists the areas where they are located. The annual estimated water production is between 82,000 and 131,000 acre-feet. The costs to complete this proposal were estimated at \$996,323 annually. The range of costs per-acre-foot is from \$7.62 to \$12.15, depending upon how much water is to be produced. The total amount of water produced depends on the weather conditions, how many storms you have in a season and the efficiency of the generators.

Page 12 provides a breakdown of a second cloud seeding proposal created by the North American Weather Consultants (NAWC). We have studied Utah's cloud seeding program and they have 144 ground-based generators across their

state. Utah's program has been in operation for over 20 years and all of their generators are manually operated and ground-based. Professionals advise when these generators are turned on and off according to atmospheric conditions. The NAWC's proposal for Nevada targets 50 ground-based generators producing about 153,220 acre-feet of water at an annual cost of about \$312,000. These estimated numbers are for the listed areas in the Humboldt River Basin and the Diamond Range.

Page 13 of [Exhibit C](#) provides a list of recommendations for S.B. 423. The stakeholders recommended a \$500,000 per-year appropriation to be sufficient, but S.B. 423 only appropriates \$500,000 over the biennium. The bill indicates that the funding would be available to the State Department of Conservation and Natural Resources (DCNR). We support that as a matching grants program and would envision that those grants would go to local governments, irrigation districts and water authorities. These entities would then contract with a service provider, such as DRI, to implement a cloud seeding program. The bill says that preference would be given to grant proposals with matching funds tied to them. We suggest a matching fund requirement with a minimum of 25 percent and a maximum of 50 percent. We want to encourage matching funds and do not expect the State to do this on its own. It is important that local entities that have a stake in this help raise the money.

Senate Bill 423 provides DCNR with sufficient discretion to establish a cloud seeding matching fund program. It will also reestablish the cloud seeding program in the State. The long-term need is for \$500,000 per-year in matching funds rather than \$500,000 over a biennium. We would anticipate working with Governor Brian Sandoval's Office and DCNR this upcoming biennium to request this in the Base Budget and to make it a part of their program in the future.

If this were to be funded, we would propose the HRBWA to issue a Request for Proposal (RFP). The HRBWA would issue that RFP to DRI and other vendors. We would review the proposals, select the best proposal and then use it as a basis for raising the matching funds. We would then submit the proposal to DCNR to secure matching funds under this matching grant program. Over time, the HRBWA may see that this program become a major initiative of the organization, whereas other entities might just be operating generators and be advised by professionals on how to use them.

**Senator Lipparelli:**

Is cloud seeding the best use of the \$500,000? Is there any other alternative that is an equal contribution to help this drought condition, whether it is a water conservation methodology or different type of effort?

**Mr. Baughman:**

Yes, it is. Conservation is in practice right now. Both metropolitan areas in the north and south of the State have done a great job in water conservation. Over the years at the HRBWA, many improvements have been made in irrigation practices. The HRBWA is not using surface water for municipal practices. Improvements have been made to reduce the amount of water used for agriculture. There may be other things that could be done, but they would be a lot more expensive than what we are talking about here. Large initiatives such as building a reservoir would cost millions of dollars and would take a lot of time. We can seed clouds this coming winter.

**Chair Kieckhefer:**

Are the primary costs of cloud seeding associated with the purchase of the silver iodide and the propane, or are there other costs associated with cloud seeding?

**Mr. Baughman:**

There are other costs and it depends. The fixed costs are the actual generator and its depreciation. If you are using a fully automated generator, you will have high costs for the staff involved and the fabrication of the generators themselves. The costs for staff will vary depending if you have professional staff operating those generators versus having volunteer staff operating them.

There are also costs for the silver iodide and propane. That cost varies depending on how many storms we have and how long the storm lasts. For a manually operated generator, the propane and iodide costs are significantly higher, but the labor costs are lower compared to a fully automated generator.

**Senator Parks:**

Are the 27 ground-based fully automated generators on page 11 of [Exhibit C](#) existing generators in place or would they need to be installed?

**Mr. Baughman:**

It is a little bit of both. There are seven generators existing in the Ruby Mountains. In the Lake Tahoe, Truckee and Carson areas there are ground-based generators that are fully automated. There are no existing generators in the Walker River Basin or Upper Carson Watershed. In the Owyhee, Tuscarora, Schell Creek and Toiyabe Ranges, there are no existing generators.

**Senator Goicoechea:**

There were generators in the Tuscarora Range and there are seven still in the Ruby Mountains. The Walker River Basin is still conducting their cloud seeding program which is mostly done by aircraft.

**Senator Woodhouse:**

What is the life span of the fully automated generator and manual generator?

**Mr. Baughman:**

I will defer that question to the staff from DRI because they could better answer that question.

**Chair Kieckhefer:**

Is this a ripe area of opportunity for automated aviation systems, unmanned aerial vehicles (UAVs) and drones? It might be more efficient to have a drone fly into a cloud and track where the clouds may be rather than relying on a fixed location.

**Mr. Baughman:**

I will defer that question to the staff from DRI.

We are submitting a prepared statement from the Truckee-Carson Irrigation District ([Exhibit D](#)) in support of S.B. 423.

**Greg Bortolin, M.Ed. (Director of Communications and Government Affairs, Desert Research Institute, Nevada System of Higher Education):**

In S.B. 423, NRS 544.140 designates DRI as the cloud seeding authority. During the time when the State funded the program, we received on average \$570,000 per fiscal year. The total cost of running a statewide program was about \$1.2 million. We covered about 50 percent of the costs during that time. We currently run the program in the Tahoe-Truckee Basin. The



Truckee Meadows Water Authority (TMWA) and the Western Regional Water Commission (WRWC) fund that program and it has been in operation for about 30 years. We currently have a program in the Walker River Basin that is funded by the U.S. Bureau of Reclamation. The program in the Schell Creek Range did not receive the proper permitting from the United States Forest Service.

From 2010 to 2013, the SNWA funded the Ruby Mountain program at a rate of \$300,000 per fiscal year. There are currently seven generators sitting idle and waiting for funding to be turned on.

**Marc Pitchford, Ph.D. (Executive Director, Division of Atmospheric Sciences, Desert Research Institute, Nevada System of Higher Education):**

The generators do not wear out like something with a shelf life would. Several of the parts in the generator such as the towers and shelters can last a long time. Electronics, communications equipment and the burners will eventually deteriorate. Part of the expense of operating the program, beyond the supplies of silver iodide, is annual maintenance. During the snow season, if we see the generators are malfunctioning we will use vehicles such as snowmobiles to access them.

**Chair Kieckhefer:**

Please address my question about UAVs.

**Mr. Pitchford:**

Cloud seeding by aircraft is dangerous. The conditions that are perfect for cloud seeding are high-icing cloud conditions. An aircraft would have to use extreme caution. We do cloud seeding in the vicinity of mountains during bad weather. Using UAVs is an excellent idea, but we would have to go through a lengthy process with the U.S. Federal Aviation Administration (FAA) to get UAV flights approved. Cloud seeding by aircraft is done using flares off the backs of the UAV's wings. This will be difficult to get approved by the FAA, but we are pursuing it.

**Chair Kieckhefer:**

Do you have to fly above 400 feet to cloud seed?

**Mr. Pitchford:**

Yes. There are other uses for UAVs with respect to cloud seeding besides the seeding itself. Unmanned aerial vehicles help take measurements within the

cloud both to know the optimal times to perform cloud seeding from ground-based generators and to verify that the seeding is working.

**Senator Goicoechea:**

Was an aircraft on the California side of the border seeding clouds within the last 10 years?

**Mr. Pitchford:**

I do not know if it was seeding clouds or doing cloud seeding research, but yes, it crashed into a mountain and all on board were killed.

**Mr. Bortolin:**

This tragic crash occurred in the early 1980s.

The generators in our program are put in the foothills because scientifically that is the optimum place to put these generators. They are controlled by meteorologists who turn the generators on when the best conditions occur. The other propane generators used in Utah's program are operated by ranchers in the middle of valleys. Since ranchers are busy operating the ranch, the generators may or may not be turned on. The DRI's fully automated generator program is the best way to go.

**Senator Goicoechea:**

I am sure the ranchers would be busy, but given this current drought, they would spend all week on the generators.

**Ed James (Carson Water Subconservancy District):**

I am representing the Carson Water Subconservancy District in support of S.B. 423. It is important to recognize areas wherever we can enhance water supply. It has been questioned if these funds could be used somewhere else to be more advantageous in water preservation. If we look at creating additional water storage areas, we will need water to be put in there. If you do not have the additional water, you will have spent considerable money creating reservoirs that will not be filled. This year the Carson River may go dry. We are in support of any measures that can help prevent that.

**Jim Smitherman (Western Regional Water Commission):**

I am here representing the WRWC in support of S.B. 423 and the matching-fund aspect of the possible program. Since 2009, the WRWC and the TMWA have

been funding cloud seeding performed by the DRI in the Lake Tahoe and Truckee River Basins. The cost to the WRWC has been about \$100,000 a year. The cost of the entire program is about \$300,000 a year. The WRWC's funding comes from a 1.5 percent surcharge on retail water bills in the Reno, Sparks and Washoe County areas. The rate-payers of the water companies are footing the entire bill for the program. We are only benefiting from a fraction of the increased runoff from cloud seeding. Any amount of funding from the State would be appreciated. Cloud seeding is at the top of the WRWC list of measures that need to be taken to help the drought conditions.

**Steve Walker (Truckee Meadows Water Authority):**

I am here representing the TMWA in support of S.B. 423. The TMWA contributes \$100,000 for cloud seeding done on the west side of Lake Tahoe. Mr. Baughman's presentation indicated that in a good seeding year you create 20,000 acre-feet of water. The amount of water used in the Truckee River to supply the entire Reno/Sparks area is around 35,000 to 40,000 acre-feet. Cloud seeding would provide half the water supply needed in those areas. Several of our catchments in this area could benefit from this additional precipitation which all is a part of our total water and drought supplies.

**Andy Belanger (Southern Nevada Water Authority):**

I am here representing the SNWA in support of S.B. 423. We are doing a number of cloud seeding operations in the Upper Colorado River Basin to bolster the water supply in southern Nevada.

**Senator Parks:**

This bill was a recommendation of the Public Lands Committee to support the request for a bill draft. The amount requested was around \$300,000 as an annual request and is consistent with S.B. 423.

**Chair Kieckhefer:**

I will now close the hearing on S.B. 423 and open the hearing for the work session on S.B. 505.

**SENATE BILL 505:** Provides for the temporary suspension of the collection of certain subsidies to be paid to the Public Employees' Benefits Program. (BDR S-1205)

**Mark Krmpotic (Senate Fiscal Analyst):**

Senate Bill 505 was heard on March 27. It is one of three bills that have been proposed by the Department of Administration to address the fiscal year (FY) 2015 General Fund shortfall. Senate Bill 505 provides for the temporary suspension of the collection of subsidies to be paid to the Public Employees' Benefits Program (PEBP) for group insurance for each State active officer or employee who elects to participate in the program. The suspension occurs over the last 2 months of FY 2015. The State subsidy would be suspended in May and June of 2015. That amount is \$695.35 per-person per-month.

The bill also indicates the suspension is to occur as soon as practicable. Each participating State agency that received an appropriation from the General Fund or is authorized to expend money from the General Fund for its FY 2015 operations, shall determine the amounts of the authorizations and appropriations it would have paid to the PEBP for the last 2 months of FY 2015. Upon approval of the Chief of the Department of Administration's Budget Division, the Senate Fiscal Analyst and the Assembly Fiscal Analyst, work program revisions must proceed and be carried out without further approval by the Legislature or the Interim Finance Committee. Those work programs would transfer the cumulative amounts of the subsidy payments to Category 93, Reserve for Reversion, and then subsequently transfer to the Budget Reserve account for reversion to the General Fund.

The measure includes participating State agencies and defines those agencies to be departments, commissions, boards, bureaus, and other agencies of the Executive, Legislative and Judicial Branches of State government including the Nevada System of Higher Education and Public Employees' Retirement System.

Jim Wells, Interim Director of the Department of Administration, testified on the bill and indicated that it was one of three measures to reduce the FY 2015 budget shortfall. He also indicated that currently there was a surplus of \$28 million in the Active Employee Group Insurance Subsidy (AEGIS) account and estimated the cumulative amount of a holiday would total between \$31 million and \$35 million. Mr. Wells further indicated that as a result of the amount of the 2-month holiday exceeding the surplus available in the AEGIS account, the higher subsidy level of \$720 is recommended in the budget. With the processing of this bill, Mr. Wells stated that it would result in a transfer of about \$17.8 million back to the unrestricted General Fund for use in addressing the shortfall.

**Chair Kieckhefer:**

Within the proposal that is before us on S.B. 505, is there any capacity left over to provide a holiday for the employee share?

**Jim R. Wells, C.P.A. (Interim Director, Department of Administration):**

The assessment holiday that is being considered under S.B. 505 has no impact on any of the amounts that are paid by employees or other government entities whose retirees may be in the program, and it does not impact the amount that is being paid into the program by the State for the retirees. It is a funding mechanism for taking a flat dollar amount per employee, putting it into an account and then taking money out of that account based on the plan and tier selected by that individual.

In order to have a premium holiday, where everybody does not pay, employees would not pay and we would not draw money from the AEGIS account or the Retired Employee Group Insurance Subsidy (REGIS) account. Local governments also would not pay on behalf of their retirees participating in the system.

This would reduce the reserves in the program. The reserves that are being swept here are not reserves in the program itself. It is a State-funded account and that money belongs to the State. The reason there is additional funding in this account is because the 2015 rates are lower than they were projected to have been when the 2013 Session closed the PEBP budget. The employees are already receiving the benefits of those lower rates. The State has no ability to benefit from those lower rates other than the mechanism we have here, which is to reduce the assessment going into that State subsidy account.

The other question is whether the program itself has sufficient reserves to afford a premium holiday for all of its payers. Right now, the State Board of Examiners has allocated the reserves within the program to enhance the benefits for all of the participants both in FY 2015 and for the 2 years of the 2016-2017 biennium. For the most part, the reserves have been committed to providing those enhancements without additional costs to either the participants or the State.

**Chair Kieckhefer:**

Could you outline what some of those enhancements are?

**Mr. Wells:**

They reduced the deductible from \$1,900 for a single person and \$3,800 for a family to \$1500 for a single person and \$3,000 for a family. They increased the co-insurance amount after the deductible is reached from the program paying 75 percent and the participant pays 25 percent to the program paying 80 percent and the participant pays 20 percent.

They also increased the total amount of the dental benefit. An individual can receive anywhere from \$1000 per-year to \$1,500 per-year. Also included are vision examinations for members of the self-funded program and the life insurance was increased from \$10,000 to \$25,000 for an active employee and \$5,000 to \$12,500 for a retiree.

**Chair Kieckhefer:**

Is it fair to say that because of the health of the program, the reserves, that have built up, have been reinvested back into the employee benefit package?

**Mr. Wells:**

Yes. The intent of the Board was to put those back into the program.

**Chair Kieckhefer:**

Are the savings that the State will achieve through S.B. 505 not a reduction in the amount that the State is contributing to the plan, but a change in the funding mechanism for how that contribution is made? Are we paying out of a separate reserve account?

**Mr. Wells:**

The State funds two different budget accounts that comprise this subsidy, one is for retirees and the other is for active employees. One is budget account (B/A) 680-1368 for retirees, and the other is B/A 666-1390 for employees.

SPECIAL PURPOSE AGENCIES

PUBLIC EMPLOYEES' BENEFIT PROGRAM

PEBP - Retired Employee Group Insurance — Budget Page PEBP-20 (Volume III)  
Budget Account 680-1368

PEBP - Active Employees Group Insurance — Budget Page PEBP-25 (Volume III)  
Budget Account 666-1390

State agencies contribute flat dollar amounts in the AEGIS account regardless of which plan and tier an employee selects. The agency the employee works for has no idea which plans or coverage tiers their individual employees selected. They just pay \$695.35 per-month into the AEGIS account. The agencies also pay a percentage of their employees' salaries into the REGIS account. The percentage that goes into the REGIS account for the current fiscal year is about 0.02 percent of the employees' salaries.

The participants, who then select the plans and tiers, have different subsidies that are paid from B/A 680-1368 and B/A 666-1390. Once they have selected an individual plan with Hometown Health Insurance, or a family plan with the Consumer Driven Health Plan, a different subsidy is drawn out of those accounts. The intent is for the AEGIS account and the REGIS account to have zero balances. We attempted to put the same amount into the account that is being drawn out. At the end of the biennium, there is almost always a balanced owed or a balance remaining in these two accounts.

In general, a positive balance remaining would be used to offset the assessment in the next year in those accounts. If there are deficits, they would be added to the assessment for the next year.

**Senator Goicoechea:**

What type of money is being contributed to the holiday? Is all of the money coming from the State and none from the local jurisdictions?

**Mr. Wells:**

No. There are no monies in this account other than State monies that were put in at the per-employee amount.

**Senator Parks:**

Is this \$33 million a net amount that would end up being fully available to cover the shortage for the end of the year?

**Mr. Wells:**

The approximate amount of the value of the AEGIS holiday is about \$30 million. This is from all sources of funding: General Fund, fee revenue and federal

revenue. All of those funding sources that have employees paid by any of those funding sources pay the assessment. Federal law precludes sweeping an amount that was paid from a federal source into the General Fund. The benefit of this proposal to the General Fund is a little under \$18 million which will be put toward the General Fund shortfall. The remaining \$14 million will be reduced expenditures for federal grants and fee-based agencies.

**Chair Kieckhefer:**

I entertain a motion to do pass S.B. 505.

SENATOR ROBERSON MOVED TO DO PASS S.B. 505.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

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April 2, 2015  
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**Chair Kieckhefer:**

Seeing no further business before this Committee, this meeting is adjourned at 9:33 a.m.

RESPECTFULLY SUBMITTED:

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Jason Gortari,  
Committee Secretary

APPROVED BY:

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Senator Ben Kieckhefer, Chair

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

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	1		Agenda
	B	3		Attendance Roster
S.B. 423	C	14	Mike Baughman	Establishment Of Matching Fund For Cloud Seeding In Nevada
S.B. 423	D	1	Truckee-Carson Irrigation District	Truckee-Carson Irrigation District Newlands Projects