

# MINUTES

## MEETING OF THE BOARD OF EXAMINERS

December 8, 2015

The Board of Examiners met on December 8, 2015, in The Guinn Room at the Capital Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

### **Members:**

Governor Brian Sandoval  
Secretary of State Barbara Cegavske  
James R. Wells, Clerk

### **Others Present:**

Cody Phinney, Department of Health and Human Services, Public and Behavioral Health  
Liz Obrien, Department of Wildlife  
Rique Robb, Department of Health and Human Services Aging and Disability Services  
Miki Allard, Department of Health and Human Services, Welfare and Supportive Services  
Chrysal Moln, Department of Health and Human Services  
Kacey KC, Department of Conservation and Natural Resources  
Scott Sisco, Department of Corrections  
Mary Byington, Department of Corrections  
W.C. (Bill) Quenga, Department of Corrections – Prison Industry  
Brian Connett, Department of Corrections - Prison Industry  
Justin Pope, Department of Corrections  
Lane Hanner, Department of Corrections  
Jim Lawrence, Department of Conservation and Natural Resources  
Melaine Mason, Department of Employment, Training and Rehabilitation  
John Borrowman, Department of Corrections  
Julie Kotchevar, Department of Health and Human Services, Aging and Disability Services  
Jill Berntson, Department of Health and Human Services, Aging and Disability Services  
Jeff Haag, Department of Administration, Purchasing  
Mindy Martini, Department of Education  
Audra Blackwell, Department of Education  
Ellen Crecelius, Department of Health and Human Services  
Amy Garland, Department of Veterans Services  
Rick Martin, Department of Public Safety, Emergency Management  
Justin Luna, Department of Public Safety, Emergency Management  
Sue Smith, Department of Health and Human Services, Welfare and Supportive Services  
Jack Zenteug, Department of Health and Human Services, Welfare and Supportive Services  
Kurt Green, Department of Health and Human Services, Public and Behavioral Health  
Steve Thaler, Douglas County  
Bonnie Long, Department of Health and Human Services, Health Care, Financing and Policy  
Wendy Simons, Department of Veterans Services  
Andrea Allen, Department of Business & Industry

Lisa Figueroa, Department of Business & Industry  
Ed James, Carson Water District  
Rudy Malfabon, Department of Transportation  
Dennis Gallagher, Attorney General's Office  
Craig Burnside  
Gus Nunez, Department of Administration, Public Works  
Sean Dodge, Department of Health and Human Services, Public and Behavioral Health  
Priscilla Colegrove, Department of Health and Human Services, Child and Family Services  
Scott Anderson, Secretary of State's Office  
Kelvin Hickenbottom, Department of Conservation and Natural, Water Resources  
Edmund Quaglieri, Department of Conservation and Natural, Water Resources  
Jennifer Ouellette, LCB  
Jackie Bogdanowicz, LCB  
Kathy Wynands, Department of Employment, Training and Rehabilitation  
Cadence Matijevich, Secretary of State's Office  
Kelly Lafeyette, Department of Administration, Public Works, Leasing Services  
Norman Harry, Washoe Tribe of NV & CA  
Buzz Harris, WBA ENT  
Andrew Jorgensen, Department of Education  
Steve Fisher, Department of Health and Human Services, Welfare and Supportive Services  
Janice John, Department of Employment, Training and Rehabilitation  
Rebecca Salazar, Department of Administration, Victims of Crime Program  
Craig Korsgaard, Department of Corrections, Prison Industries  
Diane Darta, Department of Corrections, Prison Industries  
Rick Rassier, Department of Health and Human Services, Child and Family Services  
Barbara Largo, Osteopathic Board

## 1. PUBLIC COMMENTS

### Comments:

**Governor:** Good morning everybody. I will call the Board of Examiner's Meeting to order. The Attorney General will not be present, so I'm going to commence with the Secretary of State. Can you hear us loud and clear in Las Vegas? Just wave at me if you can.

**Las Vegas:** Yes Governor.

**Governor:** All right, thank you. Agenda Item No. 1, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Anyone present in Las Vegas that would like to provide public comment to the Board?

**Las Vegas:** No Governor.

## \*2. FOR POSSIBLE ACTION – APPROVAL OF THE NOVEMBER 10, 2015 BOARD OF EXAMINERS' MEETING MINUTES

**Clerk's Recommendation:** I recommend approval.

**Motion By:** Secretary of State

**Seconded By:** Governor

**Vote:** 2-0

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### Comments:

**Governor:** All right, thank you. Agenda Item No. 1, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Anyone present in Las Vegas that would like to provide public comment to the Board?

**Las Vegas:** No Governor.

**Governor:** Thank you. We'll move to Agenda Item No. 2, which is Approval of the November 10, 2015 Board of Examiner Meeting Minutes. Madam Secretary, you will notice that these are summary minutes, versus verbatim minutes. We had an audio problem at the last meeting. I will tell you in all honesty, I prefer the summary minutes, versus the verbatim minutes, but it is what it is, but I believe upon my review of the minutes that they accurately reflect what happened at the last meeting of the Board of Examiners.

**Secretary:** And I agree with you.

**Governor:** Okay. So, if there are not any changes or comments, the Chair will accept a motion for approval.

**Secretary:** Okay, I move for approval of the November 10<sup>th</sup>, Board of Examiner's Minute Meeting or Meeting Minutes.

**Governor:** Secretary has moved for approval. I will second the motion. All in favor say aye. [ayes around] That motion passes 2-0.

**\*3. FOR POSSIBLE ACTION – APPROVAL TO PAY A CASH SETTLEMENT**  
Pursuant to Article 5, Section 21 of the Nevada Constitution, the State Board of Examiners shall examine all claims against the State.

**A. Department of Transportation (NDOT) – Administration – \$127,000**

The department requests settlement approval in the total amount of \$127,000 to fully resolve an eminent domain action to acquire three parcels of real property owned by Iyad Haddad, located at 1725 Loch Lomond Way, 1729 Loch Lomond Way and 1901 Loch Lomond Way in Las Vegas for Project NEON. NDOT previously deposited \$680,000 with the Court for a right of occupancy. NDOT now requests an additional \$127,000 to resolve the action. Approval of the additional amount of \$127,000 would bring the total to \$807,000.

**Clerk’s Recommendation: I recommend approval.**

**Motion By: Secretary of State**

**Seconded By: Governor**

**Vote: 2-0**

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**Comments:**

We’ll move to Agenda Item No. 3, which is the Approval to Pay a Cash Settlement. Mr. Wells, good morning.

**Clerk:** Good morning Governor. Item No. 3 is a request for approval of a cash settlement from the Department of Transportation in the amount of \$127,000 that will fully resolve an eminent domain action to acquire three parcels of property in Las Vegas for Project NEON. When combined with the previously deposited amount of \$680,000, the \$807,000 will resolve the eminent domain action. Mr. Gallagher and Director Malfabon are here for any questions.

**Governor:** Good morning gentlemen.

**Rudy Malfabon:** Good morning.

**Dennis Gallagher:** Good morning.

**Rudy Malfabon:** So, Governor, the—as you’re aware, the Transportation Board previously a condemnation action to part of these parcels and we were unable to reach a resolution with the owner. We had appraised the value of the three parcels, made him an offer, which he rejected and he was assessing or determining that the property was worth more but he was basing it on pro-rata of—pro-ration of what he saw in a newspaper article for some other assemblage of parcels. No other information was provided to the Department to justify that higher value, in his mind. So, we proceeded with condemnation action. We received from the Court, the ability to enter into the parcels. That seemed to push him to counteroffer, which we rejected based on our process, which is an appraised value. Eventually, he did accept our counteroffer, a total of

\$807,000. So, we're requesting for the additional amount to reach settlement on these acquisition of the three parcels in the Loch Lomond Trust.

Dennis Gallagher is here and I wanted to thank the Attorney General's Office for the support; from John Watucki and Mr. Gallagher in achieving this resolution. We feel it's a fair and equitable resolution for the taxpayers.

**Governor:** Thank you Direct Malfabon. So, we had originally offered the \$680,000 and he had rejected that?

**Rudy Malfabon:** Yes.

**Governor:** So, this \$127,000 is new money?

**Rudy Malfabon:** Yes.

**Governor:** And, based on my experience, that amount of money is probably a fraction of what it would've cost to go to trial and likely we would've had to absorb our own attorney's fees as well as the landowner's?

**Rudy Malfabon:** Yes Governor. That additional amount was based on recent valuations of parcels that were—other properties in that area that were bought. So, that new information helped us to raise the counteroffer.

**Governor:** But I guess the point I'm making is that, not only was this in the range of fair and equitable amount of money in terms of giving the landowner full value for his property or for its property, but also the State saves those attorney's fees and costs which, unfortunately, add up really fast.

**Rudy Malfabon:** Yes.

**Dennis Gallagher:** For the record, Dennis Gallagher. Governor, just to follow-up on that. These additional funds too were justified by the Right-of-Way Division of NDOT due to appreciation in that particular market area. The initial appraisal that had valued these three parcels or properties at approximately \$680,000 was from the Spring of 2014. So, when NDOT went in and looked at some more recent comparable sales, they were able to make the recommendation that these additional funds were fair, just and equitable; both to the property owner as well as the tax payers.

**Governor:** And another reason to settle, or resolve it now, because that property went up by more than 10% in a year.

**Rudy Malfabon:** And you are correct. Any time we avoid going to court to settle these differences, it saves us a lot of money in legal fees.

**Governor:** As I said, I guess it's good news, bad news. The good news is, the property values are increasing there in Southern Nevada. The bad news is, you know, we have—I don't know if it's bad news, but we have to make up for that difference and the increase in that time period. So, anyhow, Madam Secretary, any questions?

**Secretary:** Yes, thank you Governor. And, I wanted to thank you and also thank your staff. Jim was great. I called and asked some questions that you answered in your introductory presentation, so thank you for that. I wanted to know how it was determined because in Las Vegas, we have a lot of eminent domain issues going back for years. So, I wanted to know exactly what you said. So, can you tell me exactly where the property is? Is it in back off of Las Vegas Boulevard? Is it the property right in back of it?

**Rudy Malfabon:** It's actually behind Martin Luther King, kind of south of the Scotch 80s neighborhood.

**Secretary:** Oh, okay. All right. So, is there anything there or is it vacant property? Are there buildings there that have to be torn down?

**Rudy Malfabon:** Yes. They might have already been torn down already.

**Secretary:** Its homes? Are they homes?

**Dennis Gallagher:** Yes, they were all three single family homes.

**Secretary:** Okay, and probably built in the 50s, approximately?

**Rudy Malfabon:** Probably 50s, early 60s.

**Secretary:** All right, thank you. Thank you Governor.

**Governor:** Thank you Madam Secretary, anything else? Anything else gentlemen?

**Rudy Malfabon:** Thank you Governor. Thank you Madam Secretary.

**Governor:** If there are no further questions, the Chair will accept a motion to approve a cash settlement of \$127,000 as described in Agenda Item 3A.

**Secretary:** So moved Governor.

**Governor:** The Secretary has moved for approval. I'll second the motion, all in favor, say aye. [ayes around] That motion passes 2-0.

**\*4. FOR POSSIBLE ACTION – STATE VEHICLE PURCHASES**

Pursuant to NRS 334.010, no automobile may be purchased by any department, office, bureau, officer or employee of the state without prior written consent of the state Board of Examiners.

<b>AGENCY NAME</b>	<b># OF VEHICLES</b>	<b>NOT TO EXCEED:</b>
Department of Administration – Public Works – Marlette Lake	1	\$46,825
Department of Administration –Enterprise IT Services	1	\$37,154
Department of Public Safety – Traffic Safety – Motorcycle Safety Program	1	\$54,369
Department of Public Safety – State Fire Marshall	2	\$53,524
Department of Wildlife – Fisheries Management	1	\$30,911
Department of Wildlife – Diversity	2	\$53,160
Department of Wildlife – Habitat	2	\$69,807
Department of Wildlife – Game Management	3	\$90,479
Department of Wildlife – Law Enforcement	5	\$190,105
Department of Wildlife – Conservation Education	1	\$25,761
<b>Total</b>	<b>19</b>	<b>\$652,095</b>

**Clerk’s Recommendation: I recommend approval.**

**Motion By: Secretary of State**

**Seconded By: Governor**

**Vote: 2-0**

**Comments:**

**Governor:** Thank you very much. Agenda Item No. 4, State Vehicle Purchases. Mr. Wells.

**Clerk:** Thank you Governor. Agenda Item No. 4 requests 19 vehicles, all of which were included in the budgets for the Agencies in the current biennium. All of them with the exception of the Motorcycle Safety Program are included in FY ’16, that particular vehicle is subject to the approval of work programs at the Interim Finance Committee to move the purchase from FY ’17 to FY ’16 due to significant mechanical issues with that particular vehicle.

**Governor:** I have no questions. Is Keith here? Or, would it be Keith? I don’t know if it’s—all these various agencies.

**Clerk:** These particular vehicles are actually agency owned vehicles.

**Secretary:** I think the only one that I had asked, and that was because of the cost, it was a one ton pick-up for the motorcycle that you explained to me. Then also, do we have any type of agreement with dealerships or through the State for these? Because some of the prices were higher than I had thought we—they seemed high.

**Governor:** Well, certainly we get a volume discount.

**Secretary:** That’s what I was wondering about.

**Governor:** And, the other comment I'll have is, as you'll look, you know, this is Department of Wildlife, this is Department of Public Safety. I mean, these are folks that are out in the hinder lands and they need reliable vehicles.

**Secretary:** SUVs.

**Governor:** Yes. And those SUVs cost a little bit more but they put a lot of mileage on them as well in a short amount of time. But, I know I wouldn't want to be stuck out there somewhere in the winter time because of a vehicle that has mechanical problems.

**Secretary:** Oh no, I'm with you. No, I am, I was just curious to what we have because I don't know the full detail of who we work with or how we buy them. Then just looking at the different prices.

**Clerk:** So, Keith would probably know a little bit better than I would about this, but there are fleet purchase prices and pre-negotiated prices for government contracts. We buy them from local dealerships through the fleet—the dealer or the manufacturer fleet programs. So, we do get discounted rates. And, each of these vehicles is equipped a little bit differently depending on the use of the vehicle. Almost all of them are four-wheel drive if they are for the external areas. The Wildlife, law enforcement trucks are all four-wheel drive. Some of them are three-quarter ton, some of them are half-ton, so it depends a little bit on the usage of the vehicles. As I said, as you mentioned, the Public Safety Program tows a large trailer for that program, so it's a one ton, just because of the need for the extra towing capacity. All of them are used at fleet price, which is available through purchasing's website.

**Secretary:** Can I ask one more question?

**Governor:** Of course.

**Secretary:** Thank you. I know the law enforcement, I had to talk to you in detail about that. When we get—for any of our agencies that have law enforcement that need sirens or lights or anything that that's up to the Agency to provide that—put the equipment on, is that correct? And then they receive funding for that through the budget? It's already pre-determined. Is there anybody else besides law enforcement, maybe the State Fire Marshal might have something on. Is there anybody else that has that requirement?

**Clerk:** You are correct in that they are add-ons. So, the vehicles come from the manufacturer without the public safety equipment on them. That is included in their budget, so there are packages of public safety equipment, lights, sirens, decals and all that. It is up to the Agencies. Some of the agencies work through Keith Wells, through Fleet Services to put equipment on. Some do it through—Public Safety, I believe has their own staff who do that for them. Most of the law enforcement ones will have the extra equipment on them.

**Secretary:** Okay, thank you. Thank you Governor.



**Governor:** You're welcome. I have no further questions. The Chair will accept a motion to approve the State vehicle purchases as described in Agenda Item No. 4.

**Secretary:** So moved.

**Governor:** Secretary has moved for approval, I'll second the motion. All in favor say aye. [ayes around] That motion passes 2-0.

**\*5. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A CURRENT AND/OR FORMER EMPLOYEE**

**A. Department of Health and Human Services – Division of Welfare and Supportive Services**

Pursuant to NRS 333.705, subsection 1, the Division of Welfare and Supportive Services requests authority to contract with a former Social Services Program Specialist 3 position to provide technical assistance with information programming services and training for the Nevada Child Care System database, which provides eligibility, redetermination and payment processes for the Child Care and Development Program.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State**

**Seconded By: Governor**

**Vote: 2-0**

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**Comments:**

**Governor:** we'll move on to Agenda Item No. 5, Authorization to Contract with a Current and/or Former Employee, Mr. Wells.

**Clerk:** Thank you Governor. Item 5 is a request from the Department of Health and Human Services, Division of Welfare and Supportive Services to contract with a former Social Services Program Specialist to provide technical assistance and training for the Nevada Childcare System Database that provides eligibility, redetermination and payment procedures for the Childcare and Development Program. Due to requirements of the 2014 Childcare and Development Block Grant Reauthorization, which includes some additional reporting requirements, as well as the termination of a contracted business analyst. The Division does not have the resources necessary for the system changes. This particular employee was involved in the development and testing of the system in 2009. The request is to contract with this former employee through a Master Services Agreement for Temporary IT Consulting Services, for a period of approximately 90 days. Mr. Fisher is here to answer any questions.

**Secretary:** Nine days?

**Governor:** 90.

**Secretary:** Oh, 90, I thought you said, nine.

**Governor:** Good morning Mr. Fisher.

**Steve Fisher:** Good morning Governor, Secretary of State.

**Secretary:** Hi.

**Steve Fisher:** For the record, Steve Fisher, I'm the Administrator for the Division of Welfare and Supportive Services. With me this morning, Jack Zenteno, he's the Chief of the Childcare Program. What I thought I would do is just kind of walk you through the difficult situation that we're in today and why we're here today asking to do a contract with a former State employee. Then, I'll kind of walk you through the plan for utilizing that if it's approved today, how we'll utilize that resource.

Unfortunately, just recently we lost, as Mr. Wells explained, we lost two resources. One of which was a contractor and the other was a State employee. Both of which are business analysts and so, the business analyst is responsible for really understanding the childcare business side of the house, as well as the technology and how the system works. So, they're the bridge between the business and the technology folks. So, they have a really good knowledge of both areas, and we lost both of those resources just recently.

Secondly, we just recently had some major changes to the system. So, those changes are in our test environment today and those two resources were testing those changes to the system and now they're gone. So, we need to pick the ball up and run with it.

Finally, because of the Childcare Reauthorization, the Federal Government has reauthorized the Childcare Program and there are some mandatory changes that we need to make to the childcare program, many of which will impact the system. So, there's some tight deadlines that we need to meet over the next year and a half. So, it's important that we get this testing done and then when we move on to the next set of tests and changes to the system, as those occur.

So, that's the primary reason we're here today asking to contract with a former State employee. How we'll utilize—the plan for utilizing that resource, first and foremost, that resource will be utilized to hit the ground running and start testing because we need to get the testing done. It's important that we test thoroughly. We certainly don't want to roll these changes out to our staff and cause any sort of problems for those families who are currently receiving childcare services, or new families that are coming into receive childcare services. We want to make sure those changes work and that the system works.

Secondly, we would like to utilize this resource for knowledge transfer. We have since replaced that State employee, with another State employee and we're actually putting another—an additional State employee on this program. So, we would like to utilize the knowledge that this former State employee has for a 90 day period. To come in and do knowledge transfer, mentoring, on the job training; while they're doing the testing of the system so that these folks pick up business knowledge and systems knowledge. So that, after this person leaves, after 90 days, they can pick-up and continue.

So, with that, I'd certainly like to open it up to any questions you might have.

**Governor:** Thank you Mr. Fisher, you're very thorough. Where I was going to key on was what you termed the knowledge transfer, is what we see quite often is, and you can never anticipate that you're going to lose two positions; but to make sure that we have somebody trained, you know, first somebody who is trained and then a back-up to that as well. It sounds like that is part of what this 90 day contract is going to accomplish.

**Steve Fisher:** Correct. I'm trying to build capacity there so that if one of these folks leaves, we have another person.

**Governor:** Yeah, I mean, just—for everybody here, I hope we always have somebody in the queue that's ready to go and the next person up in terms of taking on those responsibilities. Other than that, it's more of a comment than a question. I see that there's a need here and that there is an emergency and for that reason, I'll be supportive of filling this position with that former employee. Madam Secretary.

**Secretary:** Thank you Governor. Just a couple of questions and you did a very good job of answering others that I had, so I won't—I'll be very brief. In the one that you want to hire for part-time, they retired in 2009 and they're coming out of retirement, is that correct?

**Steve Fisher:** The 2009 was an employee, one of the two positions—

**Secretary:** Not this one.

**Steve Fisher:** Not this one.

**Secretary:** Okay, that's what I was—so, how long has this one been retired?

**Steve Fisher:** I believe she's been retired for 16 months.

**Secretary:** Okay.

**Steve Fisher:** So, she's within that two year.

**Secretary:** Great. Okay, that's what I was kind of getting at is, how long she had been gone. I, as being somebody who is now in a different position and looking at State employees and the transition going back and forth, I totally understand and get where you're coming from and agree with you Governor.

**Governor:** No, I think it—there's always a negative connotation to these kind of Agenda Items and there should not be. We're actually very lucky that there are some former State employees that are willing to come out of retirement and perform the same service while they were active. When my day comes, I don't know if I'd want to step out of retirement to do that. So, as I said, you know, the folks that have—the different State Agencies that have come up sometimes feel

very defensive and you shouldn't, as long as there's a good explanation as to why we're doing that. Here there is a good explanation.

**Secretary:** So, do you have IT people in, right now, or this person kind of was in that arena as well, because it sounds like it's an IT issue.

**Steve Fisher:** This person really comes from the business side.

**Secretary:** Oh, okay.

**Steve Fisher:** But, was also part of helping develop the childcare system years ago. So, she has knowledge of both areas.

**Secretary:** Good, okay, both areas. Okay, because I just, like I said, the IT positions are invaluable and what they can offer. So, I will be supporting it Governor.

**Governor:** Okay, so then, I'll take that as a motion. Madam Secretary if you would please?

**Secretary:** Oh, okay. I move to approve the authorization to contract with a current—or, former employee and for the Health and Human Services Division, if that's how you want it.

**Governor:** Thank you Madam—yeah, that's fine. Thank you Madam Secretary. The Secretary has moved to authorize the contract with a former employee as described in Agenda Item No. 5A. I second the motion. All in favor, say aye. [ayes around] That motion passes 2-0, thank you gentlemen.

**\*6. FOR POSSIBLE ACTION – VICTIMS OF CRIME FISCAL YEAR 2016 1<sup>ST</sup> QUARTER REPORT AND 2<sup>ND</sup> QUARTER RECOMMENDATION**

Pursuant to NRS 217.260, the Board of Examiners estimates available revenue and anticipated claim costs each quarter. If revenues are insufficient to pay anticipated claims, the statute directs a proportional decrease in claim payments.

The 1<sup>st</sup> quarter fiscal year 2016 Victims of Crime Program report states all approved claims were resolved totaling \$2,251,892.47 with \$1,082,427.45 paid out of the Victims of Crime Program account and \$1,169,465.02 resolved through vendor fee adjustments and cost containment policies.

The program anticipates future reserves at \$8.7 million to help defray crime victims' medical costs.

Based on the projections the Victims of Crime Program recommends paying Priority One, Two and Three claims at 100% of the approved amount for the 2<sup>nd</sup> quarter of FY 2016.

**Clerk's Recommendation: I recommend approval.**

**Comments:**

**Governor:** Move to Agenda Item No. 6, which is Victims of Crime, Fiscal Year 2016, First Quarter Report and Second Quarter Recommendation. Mr. Wells.

**Clerk:** Thank you Governor. Pursuant to NRS 217.260 the Board of Examiners is required to estimate the available revenues and anticipated claims for the Victims of Crime Program. This Item includes a report on the claims paid in the first quarter of Fiscal Year 2016 and a recommendation to pay Priorities 1, 2 and 3 claims at 100% for the second quarter of FY '16.

**Governor:** Here's a question and I don't know if you know the answer to this. It's great, we're able to pay all these claims, but now we have, it says, revenues and reserves available for the second quarter in the sum of \$13,219,000, does it continue to build up or is there a ceiling at some point? Because that's as high as I've ever seen it.

**Clerk:** I believe there are members of the Victims of Crime Program available to explain the funding mechanism and how that fund builds up. It is anticipated that over time that that balance would gradually decrease. That's why there's the quarterly recommendations to pay these different priority claims. For now, we continue to have the resources available.

**Governor:** And obviously I hope we never have to use it because that means we don't have any victims. I'm just wondering if it continues to build or how that works.

**Rebecca Salazar:** Good morning, I'm Rebecca Salazar, Program Manager of Victims of Crime Program. Governor, it does continue to build. Our fund carries over with every budget cycle and we've had an increase in our grant amount. We aren't having a major decrease in any of our revenue sources. So, the money that we don't use just sits there until we need it. We make sure that we maintain a 45 day reserve, and obviously we have much more than that. It's hard to predict because the nature of our business, sometimes we spend more, sometimes we spend less, so having that reserve is definitely something we like to see.

**Governor:** I agree completely. I was just curious if the grants that you receive, are they conditioned upon or do they look at the balance that you already have, but it sounds like they keep coming, fortunately.

**Rebecca Salazar:** They do. The federal grant that we receive through VOCA is a 60% match, so they give us 60% of whatever we spend every year. So, the only way that that would stop is if that grant were not to be funded through Congress. As long as VOCA continues to receive funding, we'll continue to receive that amount.

**Governor:** I wish we had that in a lot of other budgets, but it doesn't quite that work that way. Okay, any questions Madam Secretary?

**Secretary:** Yes, thank you Governor. The money that comes in, is this General Fund money that's put into this account or is it fee based, this money, do you know?

**Clerk:** That's a question for Ms. Salazar.

**Governor:** Rebecca, do you know?

**Rebecca Salazar:** Yes, I can answer that. We don't receive any General Fund money. The money that we receive is primarily things like court filing fees, subrogations, donations, restitution are Federal Grant.

**Secretary:** Oh, you do get restitution in there, because I thought restitution, we had talked about, was mainly for the property damages, but there is medical as well, that can be put into it, through res—that is the person that has been convicted is paying restitution, correct?

**Rebecca Salazar:** That's correct. So, the way that it works, usually, is during the criminal court process, the Judge will order restitution and if that victim has come to us for assistance, the Judge will order the payment directly to us. So, when the offender makes the payments, Parole and Probation sends them to our program.

**Secretary:** But, is it—yours is just for medical, only?

**Rebecca Salazar:** Yes, ours is just for medical, no property.

**Secretary:** Right, okay. That's a separate.

**Rebecca Salazar:** Right.

**Secretary:** But you also help the victims know that they can get some of the property, or is that directly to depending on what the victim lost and what they're given back?

**Rebecca Salazar:** Yeah, we don't have anything to do with the property part of it. So, that is something they handle another way.

**Secretary:** Okay, great, thank you for answering those questions. Again, I want to thank Jim because we walked through this as well.

**Governor:** All right. Then, Chair will accept a motion to approve the Victims of Crime Fiscal Year 2016, First Quarter Report and Second Quarter recommendation.

**Secretary:** So moved Governor.

**Governor:** Second the motion. All in favor say aye. [ayes around] Motion passes 2-0. Thank you very much Rebecca.

**\*7. FOR POSSIBLE ACTION – REQUEST FOR ALLOCATION FROM THE INTERIM FINANCE COMMITTEE CONTINGENCY ACCOUNT**

**A. Department of Conservation and Natural Resources – Division of Water Resources - \$200,000**

Pursuant to NRS 353.268, the Department of Conservation and Natural Resources-Division of Water Resources requests an allocation of \$200,000 from the Interim Finance Committee Contingency Account to restore funds in the Channel Clearance, Surveying and Monumenting Program to provide funding for restoration and bioengineering projects.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State**

**Seconded By: Governor**

**Vote: 2-0**

**Comments:**

**Governor:** Agenda Item No. 7, Request for Allocation from the IFC Contingency Account from the Department of Conservation and Natural Resources. Mr. Wells.

**Clerk:** Thank you Governor. Pursuant to NRS 353.268 and 532.230, the Department of Conservation and Natural Resources, Division of Water Resources, is requesting an allocation of \$200,000 from the Interim Finance Committee Contingency Account to provide aid to the Carson Valley Conservation District and the Dayton Valley Conservation District, for the Carson River, under the Channel Clearance, Maintenance, Restoration, Surveying and Monumenting Program established under NRS 532.220. This program aids local jurisdictions in addressing potential flood problems around navigable rivers in the State. The two Conservation Districts have each submitted a request for \$100,000 under this program. There are currently no funds available in this account, but statute allows the State Engineer to request funds from the IFC Contingency Account for these purposes. Again, this would be subject to approval by the Interim Finance Committee next week.

**Governor:** And these are what these pictures are about, correct? Is there somebody here on this matter? Good morning.

**Kelvin Hickenbottom:** Good morning. My name is Kelvin Hickenbottom, I'm Deputy Administrator of the Division of Water Resources, here to represent the State Engineer. With me is Eddie Quaglieri, the Head of our Engineering Section who would administer the grant funds.

**Governor:** Okay, and before we get into it, I want you to know, I'm in full support of this. I think it's important to provide a foundation and some background to support the request.

**Kelvin Hickenbottom:** Okay. Well, the program was started in 1973, when NRS 533.220 came into existence. Since 1975, we've funded over 25 projects on the Carson, Walker and Truckee Rivers to mitigate sand and gravel bars being built up in the rivers, fallen trees, debris, clearing brush and things that impede the capacity of the channels, both on the rivers and on the sloughs

that divert water for irrigation practices. Also to, you know, basically remove these hazards because they take property, they eliminate soil and vegetation along the banks. They diminish the flood capacity of the system, which is obviously pretty important. They provide for improved water quality, recreational activities, fisheries, habitats. So, they do a lot of good work for the environment and for the local communities.

**Governor:** I agree with you, it's a force multiplier here in terms of what you can accomplish. I mean, I guess there hasn't been a lot of focus on this because unfortunately there's been no water in these channels. The day will come, you know, I don't want to jinx anything for this winter, but the day will come when we will have large volumes of water and we'll wish we had done this work now when we had the opportunity if we weren't to do it. So, I think it's very prudent in terms of doing this type of work now, while the water level is low. Hopefully we'll have a big rush of water. When will the work be done, by the way, if this is—

**Kelvin Hickenbottom:** I'm going to have to leave that up to the Conversation Districts, because they haven't really submitted a plan yet to us. They're just requesting the funding. I'm sure that it's within a year's framework that they would get these projects done. I mean—

**Governor:** That's kind of backward, isn't it, to request the funds and then the plan, or?

**Kelvin Hickenbottom:** Well, I'm sure they have their plans outlined, it's just, in 2014, they came to us and again, we requested funding but there was no available funding. This session, AB 430 was introduced but was not passed through ways and means, so it didn't make it to the Senate side either, is because of lack of funding. So, they approached us again, just in October, just to see whether or not, you know, there was available funding for this program. I'm sure that they have their—I mean, you can see by the photos, they know the areas that they want—

**Governor:** No, and I'm not [crosstalk] I asked for these pictures, the color photos, because they didn't really transfer well in black and white. But, I mean, when you get large volumes of water and it pushes this dead tree in the middle of the channel, I don't want to be the person or the landowner—

**Kelvin Hickenbottom:** Or, you know, roads and utilities and things like that become impacted. There was one photo where it showed a large tree that had fallen on a culvert, I'm sure on the side of Highway 88 in Douglas County that potentially is just going to catch more debris and cause additional flooding. Generally they do have to come with an application and a budget and details on what their projects are. This whole project or program is set up to be minimal in terms of how much money they have to spend on consultants and you know, direct engineering work because a lot of it is done with bioengineering where they'll take willows and plant them on the outside cuts of the streambanks to stabilize and stuff like that. So, they really try to conserve all the monies they can to put into the project.

**Governor:** When were these pictures taken, because there's actually quite a bit of water there?

**Kelvin Hickenbottom:** I got those from the Conservancy District.



**Governor:** And, it also looks like that tree has been there a while. So, it's time to get it out of there.

**Kelvin Hickenbottom:** Yeah, well our last project was completed in, I think, 2007. Obviously in 2009, because of budget cuts the funding was swept. That's why we're—and, it's a great program. I don't have the numbers in front of me, I just remember being told that, you know, for every dollar spent, it generates another \$8.00 in the community in terms of economics, you know, just by getting people work.

**Governor:** Well, it's not just economic, but it's for to provide peace of mind for the folks that are out there.

**Kelvin Hickenbottom:** Well, that's economics too, once you get into the flooding potentials and stuff like that. Also, a lot of the projects use our forestry crews to do a lot of the handwork within the channel. So, there's a benefit there as well to the State.

**Governor:** Any other questions Madam Secretary?

**Secretary:** Thank you Governor. So, the \$100,000 for each entity, if there's money left over, I'm hoping that that money will be able to stay in there. I know the history. I talked to some of the Legislators that represent these areas and they talked about the great need for this funding and that we haven't kept up with the funding in there, it hasn't been there. So, if there's money left over, will that be able to stay in there and used for future projects? I don't know if it's going to be less or more, how they would do that.

**Kelvin Hickenbottom:** Yeah, I mean, if they don't spend the full \$100,000 it stays. We just match up to, you know, 50—it's a 50/50 match.

**Secretary:** It is, okay, from the Committee?

**Kelvin Hickenbottom:** Yes. And most of these projects, they bring in more than the 50% match.

**Secretary:** Okay, great.

**Kelvin Hickenbottom:** They don't always request the full 50% but if there is money left over, it stays within the account and then it can be allocated to other projects.

**Secretary:** Because there's none in there right now, is my understanding.

**Kelvin Hickenbottom:** No, there is nothing in there.

**Secretary:** There's nothing in there and so that's what I'm concerned about.

**Kelvin Hickenbottom:** We had a phone call yesterday on the Walker River regarding this account as well, because they're in the process right now of removing 10 to 14 feet of sediment from the downstream end of the—

**Governor:** They're doing that work now?

**Kelvin Hickenbottom:** Yeah, because they were doing it on their own, but it's costing them a lot more money than what, I guess they anticipated, just because of the amount of sediment and other improvements that they were doing at the lower end of the system as it leaves Mason Valley.

**Secretary:** So, would they be able to use this as well?

**Kelvin Hickenbottom:** Yes, they would be able to. We've funded, like I said, projects on the Carson, on the Walker and on the Truckee River.

**Secretary:** And I know, we never know what's going to come up. We don't know, you know, what's going to end up in any of these. Hopefully, more water, as you said, Governor, but I just want to thank you and I'm so glad that you are coming to ask for it because I think it really is something that needs to have a funding source in there. Please thank the communities for their part. I think that's really important. That 50/50 match is great.

**Kelvin Hickenbottom:** Yeah. Ed James is here from the Carson Sub Conservancy. I don't know if you guys want to—

**Governor:** I've seen a lot of nods, go ahead. If you could just state your name for the record.

**Ed James:** Ed James with the Carson Sub Conservancy. I've submitted a letter of support, the Carson Water Sub Conservancy has worked with these conservation districts for years looking at the health, safety of the water shed. Just a side note, the State has claimed ownership of [inaudible] Rivers and with any kind of facility maintenance, is important. For years, the conservation districts have done this work on behalf of the State. The State has set up these funds, but it's really the Conservation District who knows, the landowners who knows the issues on the river, has actually gotten a lot of this work done. And in 2009, due to the economy, the State withdrew those funds and there has not been any funding since 2009. So, you're seeing a lot of trees and logs that have been left in the river that are causing these problems. During the drought, we've actually had less water in the river and so a lot of vegetation has grown into the river channels, which are causing some of these quality impacts.

So, really the conversation that's provided—sub conservancy provides funding to them, but also provides that match to the State. The local funding is an important line. If you want more details, we actually have representatives from the Conservation Districts here. We have [inaudible] Supervisor, [inaudible] representative. They can give you more details of the actual projects that are done to protect the health and safety of these water sheds.

**Governor:** Whoever is here to support this, I don't think it's necessary for you to come forward. I do believe it's incredibly important and there's a significant opportunity right now to get that work done before the water comes.

**Secretary:** We want that to come.

**Governor:** Yeah, so again, this is one step in the process. You'll still have to go IFC, but you have my full support. So, Madam Secretary, is there a motion to approve the request for allocation from the Interim Finance Committee Contingency Account in the amount of \$200,000?

**Secretary:** I move for approval.

**Governor:** Okay, Secretary of State has moved for approval. I second the motion. All in favor say aye. [ayes around] That motion passes 2-0, thank you very much.

**Secretary:** Thank you gentlemen.

**Governor:** Thank you. Good thing we voted yes, right.

**\*8. FOR POSSIBLE ACTION – REQUEST FOR AN ALLOCATION FROM THE FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES**

**A. Department of Corrections – Prison Industries - \$346,507**

Pursuant to NRS 209.192, the Department of Corrections, Prison Industries, requests to access \$346,507 from the Fund for New Construction of Facilities for Prison Industries. Funds would be used to purchase new and replacement equipment, new software, buildings and grounds improvements, and materials to allow for expansion and operations improvements to various program activities.

**Clerk's Recommendation: I recommend approval.**

**Motion By:** Secretary of State

**Seconded By:** Governor

**Vote:** 2-0

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**Comments:**

**Governor:** All right, let's move to Agenda Item No. 8, Request for an Allocation from the Fund for New Construction of Facilities for Prison Industries, Mr. Wells.

**Clerk:** Thank you Governor. Pursuant to NRS 209.192 as amended by Senate Bill 96 from the 2015 Legislative Session, the Department of Corrections, Prison Industries is requesting to access \$346,507 from the fund for new construction of facilities for Prison Industries. Funds in this account can be used to house new or expand existing industries to provide additional employment for offenders; to relocate, expand, upgrade or modify an existing industry to

improve operations, security or to provide additional employment or training to offenders; to purchase or lease equipment for training, for operating the industries; to pay for the operations of Prison Industries or to advertise or promote goods produced or services provided by Prison Industries. Expenditures from the account must be approved by both the Board of Examiners and the Interim Finance Committee prior to being expended. There's currently approximately \$550,000 that is available in this account. The packet contains a list of the proposed expenditures and there are representatives from the Department of Corrections here to answer any questions.

**Governor:** Before I ask Corrections to come up, will you remind me where the money comes from for that account?

**Clerk:** The Department will tell you where the funding comes from.

**Governor:** All right.

**Brian Connett:** Good morning Governor.

**Governor:** Good morning.

[crosstalk of good mornings]

**Brian Connett:** For the record, my name is Brian Connett, I'm Deputy Director over at Prison Industries. With me is Mr. [inaudible], who is our Marketing Coordinator. If I could, read a very brief statement that will address hopefully some of that.

**Governor:** Please.

**Brian Connett:** And, if you approve this, the other half of this room will walk out as well.

**Governor:** So you're putting pressure on us, okay. [laughter]

**Brian Connett:** So, Prison Industries mission is to certainly reduce government operating costs, provide inmates the skills necessary to successfully re-enter society and enhance the safe operation of correctional facilities. Prison Industries currently works between 400-500 inmate workers. We are training in them in marketable skills. We certainly do assist in—by having that many inmate workers in our industries, they're not out on the institution grounds, thereby we assist with the security of the institutions. Prison Industries is completely self-funded with zero appropriations from the State's General Fund. We actually make contributions back to the State in the form of inmate wage deductions. These wage deductions from inmates contribute to the inmate's room and board, the State's Victim of Crime Fund which we heard about earlier and the Prison Industries Capital Improvement Fund, which it is from this fund that we are requesting the equipment.

It should be noted that the Legislative Committee on Industrial Programs, which is Prison Industries Board, unanimously approved this request. I have each of my Prison Industries Supervisors with me so we can, if you have any questions they can answer those questions.

This request will certainly increase our revenue, provide opportunity for inmate training on newer equipment. Some of which is replacing equipment that is over 30 years old. It's certainly going to allow PI to more responsive to our customer requests and we anticipate it's going to put between 55 and 57 inmates to work.

**Governor:** So, 55 more above the 400-500?

**Brian Connett:** That's correct.

**Governor:** Okay.

**Brian Connett:** And, we'd be happy to address any questions that you both may have.

**Governor:** Thank you. You guys do extraordinary work. I really appreciate what you do and the contributions that you make. Will you just—we do have—you know, I read through this and looked at the description of this new equipment, but can you give us a few examples so we have it in the record?

**Brian Connett:** Certainly. Starting with Garmet, we're looking at creating a t-shirt production line. This line is a natural extension of what they already do at Garmet. It will be sold primarily to our current largest customer which will be the Nevada Department of Corrections. We currently do not sell or manufacture t-shirts, so these will be produced for the inmate populations.

**Governor:** That was going to be my next question. You're not going to have Custom Ink, you know, coming and saying, wait a minute, you're in with us.

**Brian Connett:** Correct.

**Governor:** This is for, exclusively internal use within the Department of Corrections.

**Brian Connett:** And, if we do have excess capacity, which we may, we will certainly reach out to other Department of Corrections in other states.

**Governor:** Okay.

**Brian Connett:** In our Ranch Operation, we're looking at getting a flatbed trailer. Certainly our largest request is for a center pivot irrigation line for the crops that we have out there and a milk pouch line. Furniture—

**Governor:** What is a milk pouch line?

**Brian Connett:** What we have—

**Governor:** That's all right, I grew up raising sheep and I—a milk pouch line.

**Brian Connett:** With me is Justin Pope who just came to the table. He's our Ranch Supervisor and he can better explain the process and what it is that that's going to be for.

**Justin Pope:** For the record, my name is Justin Pope, Ranch Manager, for the record, Mr. Governor. Milk pouch line is the cheapest, most inexpensive way to make single servings, which is something that our customers, the prisons, have requested recently. So, as opposed to making cartons, which the machinery is large and expensive, this is just an inexpensive way of making single servings.

**Governor:** So, is this a big bag of milk and then you—

**Brian Connett:** That's what we currently use now.

**Justin Pope:** That's what we do right now. This is eight ounce individual pouches. There's a line that feeds it through, it seals, fills and then seals the pouch. So, it's—they call it a pillow pack. It'd be similar to like a—have you seen a Gogurt before?

**Governor:** Yeah.

**Justin Pope:** A tube—

**Governor:** Or like, those juice squeeze things.

**Justin Pope:** Exactly, yes.

**Governor:** Okay. And then, I can't believe we're talking about [laughter and crosstalk] I'm just curious, I need to know.

**Secretary:** I'm glad you asked because I wasn't going to ask.

**Brian Connett:** This is from our dairy operation. So, we currently have a dairy herd. So, all that milk will be processed through our processing plant and then filled into the single serving pouches.

**Governor:** So, I guess the theory is that you will save a lot of milk, or waste—wasted milk?

**Justin Pope:** This will serve a smaller population of the prison. Mainly the ones that are in—the inmates that are in steer housing and segregated. Right now they're serving—well, they do it two ways. They actually are buying single servings and then also they'll dish out a single serving in like a cup and send it through the opening in the cell house door. This is obviously going to be a lot easier. They can put two pillow packs on a tray and send it through.

**Governor:** Okay. Sounds a lot more efficient for sure. Then on that, just while you're there, the flatbed trailer. What again is the use for that?

**Justin Pope:** We move a lot of supplies, hay. We participate in a program called the GSA Excess Program which allows us to get federal surplus. We've gone all over the place, picking stuff up for there. We've gotten farm tractors and stuff. For the lighter weight stuff, it would be nice not to have to use the semi and it would be a lot more fuel efficient. It doesn't take a Class A Driver. So, I think it would be a lot more efficient, less—you know, smaller tires. Everything about it is just cheaper to operate. So, it would be something that we would use quite a bit actually.

**Governor:** Again, sounds a lot more efficient. So, is it also part of your responsibility, the Wild Horse Taming Program?

**Justin Pope:** Yes.

**Governor:** How is that going while you're here?

**Justin Pope:** It's going fantastic. We've really started working with local service agencies, as well as other feds. The Forest Service is looking to adopt 18 horses from us to do trails up in Oregon, actually, trail horses, trail, I guess, remediation. They use pack horses. Law enforcement and a weed abatement program. 18 horses, that's a large order.

**Governor:** For weed abatement, did you say?

**Justin Pope:** For trail repair, trail remediation. They do—they'll go out for days, they said and they need horses to pack all their supplies and everything. Then there's four of them that are going to be slated for weed abatement. They can pack chemicals in the back country and spray and do their work.

**Governor:** Oh, I see. Okay. Well, there's plenty of wild horses for you to take care of.

**Justin Pope:** That's for sure.

**Governor:** So, I would imagine you're constantly rotating them through.

**Justin Pope:** Yes.

**Governor:** How long does it take to tame a horse and get it trained?

**Justin Pope:** 120 days is what we [crosstalk]

**Governor:** That's all, huh?

**Justin Pope:** Yeah. It's a very intense program and that is one good thing about using the inmate labor is, they're there, they're assigned to that horse the entire time and it's a very intense repetitious program. It allows us to turn these horses out a little bit faster than maybe anybody else would.

**Governor:** And you have no trouble selling or getting them adopted?

**Justin Pope:** We've been very fortunate that way. I mean, our last adoption, we were actually able to sell a horse for \$15,000.

**Governor:** I read about that. Yeah.

**Justin Pope:** He's in sunny Malibu right now, enjoying himself.

**Governor:** But the State made \$15,000?

**Justin Pope:** Actually, the way that works is, BLM pays us a fee for training the horses and then BLM takes that money and then reinvests it into our program. They'll use those funds for the training program or the feeding program, one or the two.

**Governor:** So, we get that back one way or the other?

**Justin Pope:** One way or another we get it back.

**Governor:** Yeah.

**Brian Connett:** For the record, Mr. Governor, this is—we currently have about 1,700 horses over there at the Ranch and it is something phenomenal to see the impact—

**Governor:** I promised three years ago to go out there and—

**Brian Connett:** Yes you did and we're going to try to hold you to that. But, to see the impact that that training program has on the inmate, not just on the horse really that is never had any human contact before in its existence and then within 120 days these horses are, you know, complete gentle and available for adoption. We have four adoptions a year out there. So, yes, we would love to get you both out there and see what it is that these inmates—but, our product is not our desks, our products is not our drapes and the horses. Our products are the inmates and what we're able to do for them.

**Governor:** I would imagine that you have statistics associated with the reoffenders and I would imagine that you have a pretty good percentage of success with the individuals that get trained in your programs.

**Brian Connett:** We get you out there, we'd love to show you that.



**Governor:** Last question and I know I'm way off—

**Brian Connett:** We don't mind talking about dairy and milk.

**Governor:** [crosstalk] do you get most of your horses exclusively from the BLM or are you getting some feral horses that are ours, that are stayed horses?

**Brian Connett:** I would suggest—for the record, Brian Connett, I would suggest about 98% of them come from the BLM.

**Justin Pope:** Justin Pope for the record, that is correct. We get, I think in the last year, we've put through about 30 horses from the State and the rest have all been BLM horses.

**Governor:** Do you coordinate with our Department of Agriculture?

**Justin Pope:** Yes.

**Governor:** In terms of getting its inventory of horses as well?

**Justin Pope:** Yes.

**Governor:** And again, I just worry, we've had some conflicts between horses on some of the roads out there, specific—particularly on Highway 50. The more we can get those that are closer to the population the better. In any event, maybe you can talk to Mr. Barbie to see if there's any more accounted horses for that.

**Brian Connett:** For the record, Brian Connett. We do have a capacity of close to 2,000 horses, so we do have some additional, some slots for some additional horses.

**Governor:** So, if you're—and again, here I go. You've got 1,700 horses and I'm horse 1,701 that comes in, how long does it take that last in to be—to get out.

**Brian Connett:** For the record, Brian Connett, we have a horse gentler out there—horse whisperer.

**Governor:** Horse whisperer. Yeah.

**Brian Connett:** And he is—what he does is actually goes through the herd and it's not a last in first out inventory process. It's more of, this horse looks like it will accept the training and the gentling much better than some of the other ones. He can look in to a herd and he deals with the herd on a daily basis, so he can see those horses that would more readily accept the gentling process.

**Governor:** Was that an inmate or a—

**Brian Connett:** No sir, that's a staff.

**Governor:** A trained person, okay. I want that job. [laughter]

**Secretary:** You better talk to him first.

**Governor:** Yeah. All right.

**Brian Connett:** When you retire, we'll come back and ask if you can come back as a horse whisperer.

**Governor:** You never know. All right. Madam Secretary, any questions?

**Secretary:** Yes, thank you Governor. First of all, I just—I do want to thank Prison Industries. In my years as being a Legislator, I have toured almost every prison. I've been to other prisons, but what you do, the training for the inmates, I just want to thank you. It's wonderful to go out and visit and see it and then, know the projects you work on and I thank you for working with the Secretary of State's Office on some of the projects we've been doing. The tours, I think the Governor should go out on a milk pouch line tour. I'll go with him, so I can see what that is. But, in all seriousness, I would love to come out and see the horse project. Again, we read about it, we see it, we hear it, the media is really good about following up and taking and giving you credit and taking that on as something that they report on, on a regular basis. So, I am very supportive of what you're doing and the additional items that you need, Governor, I'll be voting in favor of this. Not just so you all leave, that's not—but, I really do mean it, that everything that you explained to us and talked to us about and everything that we read, I just want to thank you for that foresight, you know, that you're bringing it another further step, you've got more people coming in. I mean, I'm just amazed that there's over 500 inmates that are being trained for some type of, something that they can do when they get out because most of them have any training of any kind, if I'm not mistaken. So, thank you for what you do, thank you Governor.

**Governor:** One last question, Mr. Connett, because we talked about this a couple of years ago at the Prison Commission Meetings, but in terms of being sensitive to competing with the private sector, so that's typically an issue that's taken care of by that Committee. But, there haven't been any more issues with that?

**Brian Connett:** No sir.

**Bill Quenga:** For the record, Bill Quenga. I'm also working with the Economic Development and also the Northern Nevada Development Authority. There bringing all the manufacturers within Carson City, starting first and I have met with the Authority and they're really lacking skilled workers out there. So, I'm working with them at this point, becoming a member and bringing these manufacturers to see and maybe pair up and join with them, work together as partners, to get these skilled labor, real time machinery; so that when they become eligible upon release, they can go right out to the work force.

**Governor:** That's incredible. That is great. So, I appreciate that. Are you guys looking at building perhaps those yurts and the cabins for the State Parks?

**Bill Quenga:** We are looking at now, I was talking with Cory—and that's the other thing, some of this equipment, it's also working—it's hard for us with the equipment that we have, as far as the benches, fire pits and all that. We have really antiquated equipment, which drives labor up. So, we're trying to get to work with the Department of Wildlife, State Parks and give them a better product at a lower cost, better quality cost.

**Governor:** I just had the opportunity to visit every State Park and—

**Secretary:** Yes you did.

**Governor:** No, it was great, but my point being is, there's a great opportunity to improve the visitor experience and it's a two-for because you can also—we can do this within Prison Industries to build the things that we need for those parks. So, I appreciate your looking into that. Anything else Madam Secretary?

**Secretary:** No.

**Governor:** All right. Then, the Chair will accept a motion to approve the request for an allocation from the Fund for New Construction of Facilities for Prison Industries in the sum of \$346,507.

**Secretary:** So moved Governor.

**Governor:** Madam Secretary has moved for approval. I'll second the motion. All in favor say aye. [ayes around] The motion passes 2-0.

**\*9. FOR POSSIBLE ACTION – LEASES ([Attached as Exhibit 1](#))**

Fourteen statewide leases were submitted to the Board for review and approval.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Secretary of State**

**Seconded By: Governor**

**Vote: 2-0**

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**Comments:**

**Governor:** Agenda Item No. 9, Leases. Mr. Wells.

**Clerk:** Thank you Governor. There are 14 leases in Exhibit 1 for approval by the Board this morning. There has not been any additional information requested on any of the leases.

**Governor:** Yeah, I have no questions. Madam Secretary?

**Secretary:** None.

**Governor:** Is there a motion for approval?

**Secretary:** I move to approve the leases in Section 9, as put forward to us.

**Governor:** Okay. Madam Secretary has moved for approval of the leases presented in Agenda Item No. 9. I second the motion, all in favor say aye. [ayes around] That motion passes 2-0.

**\*10. FOR POSSIBLE ACTION – CONTRACTS ([Attached as Exhibit 2](#))**

Forty-four statewide contracts were submitted to the Board for review and approval.

**Clerk's Recommendation:** I recommend approval.

**Motion By:** Secretary of State

**Seconded By:** Governor

**Vote:** 2-0

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**Comments:**

**Governor:** We'll move to Agenda Item No. 10, Contracts. Mr. Wells.

**Clerk:** Thank you Governor. There are 44 contracts listed in Exhibit 2 for approval by the Board this morning. Contract 28, between the Department of Education and David Leitner needs to be withdrawn because the original contract that was being amended expired on November 30<sup>th</sup> and the Agency will need to enter into a new contract instead. Contract 29, between the Public Charter School Authority and Next Generation Assessment, LLC is subject to approval of a work program that is being processed by IFC at their meeting next week, so that is a contingent approval on Contract No. 29. Members have requested additional information on Contract No. 21, between the State Public Works Board and Penta Building Group, LLC, that's regarding the Stein Hospital. Contract No. 29 between the Charter School Authority and Next Generation Assessment, LLC. Contract No. 30 between Department of Health and Human Services, Aging and Disability Services and Catamaran. Contract No. 36 between the Department of Health and Human Services, Division of Welfare and Supportive Services and the Change And Innovation Agency. And finally, Contract No. 40 between the Department of Conservation and Natural Resources and Environmental Incentives, LLC.

**Governor:** Any other contracts you want held Madam Secretary?

**Secretary:** No.

**Governor:** All right, let's begin with Contract No. 21, which is the State Public Works, Stein Hospital.

**Gus Nunez:** Good morning Governor.

**Governor:** Good morning Gus and, I don't know, is there someone here also from HHS?

**Cody Phinney:** Good morning Governor.

**Governor:** Because my question is more along the lines of, I guess, you can answer them too Gus is, how we're doing out there and when the Stein Hospital will be fully available for us. I know that we've opened up pieces of it already and I wanted to kind of hear how that was going as well.

**Gus Nunez:** For the record, Gus Nunez, Administrator, Public Works Division. From a construction perspective, we currently have a temporary [inaudible] good for six months with the entire facility. The main item on that punch list to get a final [inaudible], it's just access to the Fire Department connection. The Fire Marshal is looking into that. It is behind a fence, security fence. It is no different than a prison where they are behind a fence, so they're—this kind of caught them by surprise and they're out there investigating, letting us know. There is a gate currently that gives access to the outside of the building and to the outside of the fence. The worse-case scenario, we may have to put in a lockbox there so the Fire Department can open it and get direct access to the Fire Department connection from the nearest fire hydrant.

**Governor:** Well, it is similar to a prison because you've got forensic beds--

**Gus Nunez:** Exactly. It is no different in a prison, there's forensic, and as I indicate—and there's staff there 24/7, which is what happens at a prison so they can provide access at any time through that gate. We're working with them to see what their final requirement is going to be, but that should be resolved here in the next couple of weeks. Temporary [inaudible] is good for six months, so I think we're in good shape right now.

**Governor:** Thank you.

**Cody Phinney:** Thank you Governor, Cody Phinney, Administrator at DPBH, for the record. We have a contingency plan that involves staff to address the issue that Mr. Nunez brought up, so that that is at least temporarily addressed, until the permanent fixes can be put in to place. We have admitted 12 patients to Stein. We expect an additional 13 in the month of December. So, that would be the second pod, they're referring to it.

**Governor:** And these are all forensic—

**Cody Phinney:** These are all forensic patients. They're all coming from Southern Nevada, primarily from CCDC.

**Governor:** And these were patients that otherwise would've gone—had to be flown up north to [crosstalk] Crossing, correct?

**Cody Phinney:** Correct.

**Governor:** Yeah.

**Cody Phinney:** Yes, patients that otherwise would've had to be transported both to Lakes Crossing and then back to Southern Nevada. So, this is significantly more efficient. We also

continue to operate the C-Pod in the Rawson-Neal Hospital with those patients and some of those patients have in fact, now been returned to the criminal justice system as would be expected as the next step in the process. So, we're starting to get that patient flow-through.

**Governor:** And, what's the capacity at Stein going to be?

**Cody Phinney:** At Stein it will be 47.

**Governor:** So, you'll have 25 as of the end of this month. And then when do you anticipate the balance?

**Cody Phinney:** We anticipate opening another unit in January and the last unit in February.

**Governor:** Okay.

**Cody Phinney:** We have an additional 15 staff people starting December 21<sup>st</sup>, as well.

**Governor:** So, you're phasing the staffing along with—

**Cody Phinney:** We are.

**Governor:** So, it sounds like it's working exactly as planned?

**Cody Phinney:** It's going exactly according to plan. We met our benchmarks for November. I have to thank Mr. Nunez for his help in making sure that the building issues were addressed and the support from the entire Executive Branch has been fabulous. So, we've met our benchmarks for November. We're still on track for December so far and are expecting to move along nicely with this plan.

**Governor:** So, will there—will you always use C-Pod for forensic beds or is the plan to move those forensic beds to Stein and use those for civil admissions?

**Cody Phinney:** The current plan that we have, we have staff working on analysis of the ongoing needs for forensic beds. Currently our analysis is through, at least June, we need to operate the forensic beds we have available to us in order to address the current waiting list and the continued commitments that we expect to happen through that period. We are continuing our analysis to identify based on several scenarios of growth in the commitment process, to estimate how many ongoing beds are needed for the State of Nevada forensic purposes.

**Governor:** It's hard to estimate, because aren't we at 400-500% over two years ago?

**Cody Phinney:** It's extremely difficult to estimate the volatility and the numbers that we're working with is extreme, and some years we're seeing a 34% increase. The large increase we've seen is 34% year over year and then other years 1% increase. So, extremely difficult to predict.

**Governor:** But we have that court order that we have to comply with. So, this plan will ensure that we're in compliance with that court order, correct?

**Cody Phinney:** This plan is designed to get us into compliance with that court order.

**Governor:** And, when do you anticipate that we'll be in that range?

**Cody Phinney:** We expect to have the Clark County waiting list addressed by February and the statewide waiting list addressed in June, then be able to maintain our compliance.

**Governor:** And then, shifting a little bit and not really relevant to Stein, but the census at Rawson-Neal is down, is it not because the reimbursements are so high in the private hospitals?

**Cody Phinney:** That is accurate. That is accurate. So, the capacity that we're using for the forensic is not leading to an increase in people waiting on a civil side.

**Governor:** So there are no issues in terms of a wait on the civil side, so in other words again, I haven't looked at a statistic lately but my understanding is for example at UMC, there is no wait because you can go directly to Rawson-Neal or get a bed at one of the private hospitals.

**Cody Phinney:** It is, significantly improved from what we'd seen in the past, yes.

**Governor:** Those were those 100, 150—

**Cody Phinney:** Yes, 15 is the last statistic I've seen in the community, so that will be—

**Governor:** In the entire Clark County, 15?

**Cody Phinney:** Uh huh.

**Governor:** Wait.

**Cody Phinney:** That's correct.

**Governor:** And that is more of an administrative wait, because it's just for processing.

**Cody Phinney:** Correct, that is about how many we'd expect to have as we move people through.

**Governor:** Okay. Madam Secretary, any questions?

**Secretary:** Yes, thank you. This is all on the Charleston Campus, correct?

**Cody Phinney:** That is correct.

**Secretary:** And is building three closest to Charleston or is it in more towards the Oakey Street, which—

**Gus Nunez:** It's pretty much in the middle.

**Cody Phinney:** I would agree with Mr. Nunez.

**Secretary:** Okay, it's one of the middle buildings.

**Gus Nunez:** In between.

**Secretary:** And, I do want to thank you very much for our church, my church is right next to you and you're a very good neighbor. We've been working with you because we do have issues sometimes with some of your clients, but we do want to thank you very much. We have a new pastor and he's been over, you've toured him. We've gotten to see it. So, I was just curious as to where this one was in our proximity to where you are. Are you, the other buildings that you have since we've now changed three and made that a higher level, are the other buildings at capacity, are they all—because of this—

**Cody Phinney:** Cody Phinney for the record. The other buildings are primarily outpatient services buildings. So, there are staff in those buildings. Whether we would say they're at capacity, there aren't people living in them. For the most part, Aging and Disability Services does have one building, I believe, on that campus where they're long-term people there living.

**Secretary:** Yeah, there are some, yeah, we've—when you opened that, we had a tour of it and I remember—

**Cody Phinney:** And, I apologize, I'm not familiar with the capacity for that Division's building.

**Secretary:** All right. Thank you Governor, thank you.

**Governor:** Thank you very much. No. 29 is State Charter Public School Authority.

**Patrick Gavin:** Did you want me up at the table, I'm sorry.

**Governor:** Yes, yes.

**Patrick Gavin:** Okay. I thought so.

**Governor:** And, if you could just state your name for the record, please.

**Patrick Gavin:** Patrick Gavin from the State Public Charter Authority. I apologize for being out of breath. I just raced over from the State Superintendent's Office.

**Governor:** Oh boy, hopefully that was a good meeting, right?



**Patrick Gavin:** Very good. We're working on getting the CSP Grant finalized, so we can get those dollars out to schools as quickly as possible.

**Governor:** No, and I was at the—sorry, we're having—sharing a conversation here, but I was at the Matter Academy Ribbon Cutting yesterday and that's beautiful facility, that Charter School over there. So, congratulations on that. I guess, my only question on this contract is, essentially what this contract does is, keep the charter schools in line with the public schools in terms of assessing the performance of the students?

**Patrick Gavin:** Yes sir.

**Governor:** Is that a fair characterization?

**Patrick Gavin:** That's a fair characterization and I can give you more detail if you'd like.

**Governor:** Yes, please.

**Patrick Gavin:** Sure. So, pursuant to AB 205, from the 2013 Legislative Session, the Charter School Authority adopted a performance framework for all of its sponsored schools. As part of the framework which was initially developed by Interim Superintendent Canavero, the Authority adopted the ACT Aspires, a parallel assessment, initially for students in high school, because there was no sort of growth test, no way of measuring academic growth for students. I apologize, I'm completely out of breath.

**Governor:** No, you're fine. I feel bad. Maybe we can call another contract.

**Patrick Gavin:** No, no, no, it's fine. So, that was the initial intent. As a result of the [inaudible] this year, the statewide regularity in testing, we're in a position where we will not have academic growth data for schools on the statewide test until the fall of 2017, at the earliest. We have multiple schools which are seeking amendments to add additional campuses. For example, just last Friday, we approved a 3,300 student increase for Doral Academy over the next two years.

**Governor:** They're building one up north, correct?

**Patrick Gavin:** Yes. That is actually a separate charter, but yes, Doral is adding a new campus up north under a separate Board, which includes Assemblyman Hickey as a Member of the Board and a couple of other local leaders. Then in the Doral Academy of Southern Nevada, we just approved them for three additional campuses which will add 3,300 students there. We also approved Nevada State High School for an additional campus last week. And Coral Academy was also given to campuses in the last several months; one at Nellis Airforce Base and then another at a site in Centennial Hills.

**Governor:** So, will that, at Nellis, will that Coral Academy take the place of the public school that's there on the base?

**Patrick Gavin:** That is correct.

**Governor:** Will they use that same structure, or will they have a separate campus?

**Patrick Gavin:** In year one, they will mostly likely use the [inaudible] facility. The long-term plan that the military has asked for is, they are repurposing that whole area of the base for additional non-residential uses, so stuff that, I don't know, I don't want to speculate on that it is, but there's not going to be any civilians over in that area. So, they're moving their base housing to the other side of the road and they are also—they want to move the school over there as well. So, [inaudible] is in rather deplorable condition.

**Governor:** Yeah, I toured it and it's kind of sad because—sad, because it's not in good condition but also, there's a lot of history. There's a lot of families that moved through that school. If it means that there's going to be a brand new building in the new future—

**Patrick Gavin:** Yes, and Coral has already received approval from us to begin the process of going through a third-party conduit to do that facility as well. So, but going back to my main point sir, we make decisions on whether schools are eligible to add additional campuses, to be renewed or to be closed based on this assessment data. Without growth data for two years, that puts us in a rather difficult position. Particularly for schools that are on the bubble or schools that are low performing that can say, well that's not our fault that we didn't have any data for the last several years because such and such other state agency had an issue of whatever kind. So, we're rolling this out and this is something my Board has approved, the expansion of third grade all the way through twelfth grade. It is aligned to our statewide CAP Stone Assessment, the ACT. So, it will also give predictive data for schools in terms of what they are—how kids are on track for college and career readiness. And it's—and it's actually something that a number of states use as their statewide assessment at this point. So, it's a very well respected test. It also gives us the advantage, unlike some local tests that a school may use, we have direct access to the data and can ensure testing security to make sure that it's not self-scored and there's no inadvertent or deliberate misrepresentation of student data.

**Governor:** So, in other words, there's—it's a complete even playing field.

**Patrick Gavin:** Yes sir.

**Governor:** The charter schools and the public schools.

**Patrick Gavin:** Yes.

**Governor:** All right. Madam Secretary, any questions?

**Secretary:** Nope, just keep up the good work.

**Patrick Gavin:** Thank you ma'am.

**Governor:** Thank you very much. Contract 30, is Catamaran and the Department of Health and Human Services. Good morning.

**Jill Berntson:** Good morning.

**Governor:** If you could just state your name for the record.

**Jill Berntson:** Okay, good morning Governor, Madam Secretary, I'm Jill Berntson, Deputy Administrator with Aging and Disability Services Division.

**Governor:** My question here is, and it's a little bit of an outgrowth of a panel I had on the Western Governor's but this issue with regard to pharmaceutical costs and the increasing costs and the representative from the pharmaceutical industry said, well even though drug prices may be going up the rebates are going up right there with it, so that at the end of the day, prices haven't increased that much. So, I guess what I'm curious about is, what our experience is here in Nevada.

**Jill Berntson:** Well, can I give you a little bit of background?

**Governor:** Of course, yes.

**Jill Berntson:** Okay, so the history of the program, it was established in 1999 under the Guinn Administration. It changed in 2006 because of the introduction of Medicare Part D. Then in 2012, it changed again because of the Affordable Care Act. So, what Medicare Part D does is it pays for prescriptions in the initial coverage phase, the member pays a co-pay and the Part D plan picks up the rest of the prescription. Then once that amount gets to \$2,960, the member goes into what's called the coverage gap or the donut hole and that's when they have to pay 100% of their prescription costs until that amount gets to \$4,700. Then the member falls into what's called the catastrophic coverage, where once again, the member pays a co-pay and the Medicare Part D picks up the rest of the prescription costs. So, the Senior Disability Rx Prescription Program pays for those prescriptions while the member is in the coverage gap or the donut hole.

So, to address your question about the increased costs, it's really hard to project the costs of the program because medications fluctuate so much. One of the things we've seen over this plan period, is like, Captopril —

**Governor:** What's that?

**Jill Berntson:** It's a common medication for hypertension and heart disease. And used to be \$0.02-0.04 a pill and has gone up to \$4.00-9.00 a pill. So, the prescription costs vary so much. Kaiser, just last week, put out a study that shows increased cost for cancer medications, rheumatoid arthritis medications and Hepatitis C. So, it does fluctuate a lot.

**Governor:** So, what does that do, if anything, to our program? So, the money that you get, does it increase along with the increase in the drug prices or does that mean fewer people get served because of the increase in the price?

**Jill Berntson:** Well, so what happens is, people fall into the donut hole sooner, and then we're paying for their prescriptions longer. Because, prior, when prescriptions were lower, they wouldn't go into the donut hole until late in the program year and so we might help them with their prescriptions for a month or two, where now, they're falling into the donut hole sooner and so we're paying for them to be in the donut hole longer which increase—

**Governor:** Does that mean we're serving less people, are we still able to serve everybody?

**Jill Berntson:** We're still serving everybody at this time. The last quarterly report, I think we were serving—we have a total of 5,240 people that we're serving. Of that, only 1,142 people were in the donut hole for that quarter.

**Julie Katechuver:** If I could just add something. Julie Katechuver, for the record. Our maximum liability is limited to about \$2,700, because at that point, they would go back into catastrophic. So, regardless of how high drug prices go, we still only pay up to that \$2,700, they just move into catastrophic quicker. Where we see the increase is people falling in—the fell into December, into the donut hole, the plan year resets in January, maybe we paid \$200. If they fall in in September, then we're more likely to pay a bigger portion of that \$2,700 to get them into catastrophic.

So, and there are two really big primary pushes for drug costs. One is brand names, putting things back on patent where in ACA, they were required to take them off patent after so many years, but they did innovations and so they rebranded the drugs and put them on patent. The largest concern, like with Captopril is that generic drug companies have combined and fewer generic drug companies are producing drugs. So, there used to be 20 and now there are six. Maybe only one makes Captopril. So, there's no competition, as long as they charge less than brand, they can raise the generic drug cost up as high as they want to.

**Governor:** Like I said, that's probably another discussion for another day, but we have the money and we're able to provide what we need to? I mean, and I don't—I'm not that far into the budget, I'm just trying to get to where—is this state money or federal money, as these costs increase?

**Julie Katechuver:** This money is Healthy Fund of Nevada money.

**Governor:** That's tobacco?

**Jill Berntson:** Yes.

**Julie Katechuver:** Yes.

**Governor:** So, that depletes our tobacco money faster, is that a fair way to put that?

**Julie Katechuver:** We're still spending within budgeted amount. We haven't exceeded our budget, but we used to be able to offer additional services and now we can't because it's all gone to pay for the pharmaceuticals.

**Governor:** Okay. Madam Secretary, anything?

**Secretary:** I was just curious, what other programs were you offering, when you said that?

**Julie Katechuver:** Dental.

**Jill Berntson:** Our dental program.

**Secretary:** Dental. Wow.

**Governor:** So, that means somebody may not get their dental—

**Julie Katechuver:** We had to cancel our dental program.

**Secretary:** Okay. Thank you. And, any—are there any tobacco sensation programs that you were doing out of that money at all?

**Julie Katechuver:** No.

**Secretary:** Nothing?

**Jill Berntson:** No, the statute actually dedicated a particular amount of tobacco funding specifically to Senior Disability Rx.

**Secretary:** Thank you. Thanks Governor.

**Governor:** Thank you very much. 36 is DHHS, Change And Innovation Agency. Good morning.

**Naomi Lewis:** Good morning.

**Governor:** And, my purpose for asking for this is, I think it's good news, but not a lot of people know about it. In terms of this lobby management efficiency effort and trying to help individuals so they're not waiting so long for services. So, will you kind of take us through what the problem is and how it was and how this improves it?

**Naomi Lewis:** I'd be happy to. It's a huge success. For the record, my name is Naomi Lewis. I'm the Deputy Administrator for Program and Field Operations at the Welfare Department. The [inaudible] system is a cloud-based lobby management, task management system that tracks each

client on their steps through the process and it aggregates that data into one system so that the Division can monitor, measure and move resources on a real-time basis in order to provide the best customer service experience. Twelve offices currently do have the product and this contract amendment is to add that product to the rest of the District Offices. It supports the virtual work model. It supports the Universal Caseload Concept. And it supports a task model, which are all different than what we used to do, right. So, this has been kind of a long process.

**Governor:** So, make it a little more real for me. So, if I'm a client, how does my experience change as a result of this system?

**Naomi Lewis:** So, basically the information is entered into the system and the next available worker will pick up that particular task and bring the individual back, assuming they're in the lobby, bring the individual back and actually work that case from start to finish. So, historically, we would pick-up the application, ask the client to bring back information and then 10 days later pick it up again and then 10 days later potentially pick it up again before we worked it. The model now, the business model now is to bring that individual back and to slow down and take the time to make the phone calls, the collateral contacts, get the verifications and process that case from beginning to end so that by the time that individual leaves the office, they are leaving the office with benefits. Prior to this business model, we did that 4% of the time. We are successfully doing that 70% of the time now.

**Governor:** So, what's the time difference if I'm a client? So, now 70% of the people are getting benefits within a day, how long before would it have taken for me to get benefits?

**Naomi Lewis:** 45 days or better. The average processing time was 52 days, for all the programs.

**Governor:** And now you've shortened that to a day.

**Naomi Lewis:** Well, it's 12 days—in the whole picture, the average processing time is 12 days. 70% of the time, we're doing that the same day.

**Governor:** So, and again, for those folks that are waiting for that, that's a huge improvement for them.

**Naomi Lewis:** Correct. Correct. It has reduced—the big picture for the product is, we learned that 70% of the people standing in the lobby were standing there because they wanted to find out the status of their case. So, that creates a second touch or a third touch or a fourth touch and it requires resources to manage that work flow. What we learned was, if we can take care of the issue in one touch, then you don't have those five or six or seven additional touches using resources.

**Governor:** Well, that's from the State's perspective, but from the client's perspective the frustration of not knowing where they are and not only where they are in the process but when that process will be complete.

**Naomi Lewis:** Absolutely agree.

**Governor:** Does that have application in other places, Mr. Wells?

**Clerk:** It's something that we could look at.

**Governor:** Yeah.

**Naomi Lewis:** The business model sure does, absolutely.

**Governor:** Madam Secretary, any questions?

**Secretary:** No, thank you.

**Governor:** Thank you, that was really helpful.

**Secretary:** Very helpful.

**Governor:** The final is Contract 40 which is Department of Conversation and Natural Resources and Environmental Incentives. Mr. Lawrence, good morning.

**Jim Lawrence:** Good morning.

**Secretary:** Hi.

**Jim Lawrence:** Good morning Governor, Madam Secretary.

**Secretary:** I'm on the TRPA with him, so I get to see him a lot.

**Governor:** Well, this is a chance to talk about our favorite subject, sage-grouse, so.

**Secretary:** Absolutely.

**Jim Lawrence:** So, for the record, Jim Lawrence, Deputy Director for the Department of Conservation and Natural Resources. With me this morning is Kacey KC, who is our Program Manager for the Sage-Grouse Ecosystem Program. Full disclosure, I'm very passionate about this system so I could talk through lunch and I know you don't want me to do that.

[crosstalk and laughter]

**Jim Lawrence:** So, please, if I'm getting off path and you want me to talk about something else, please feel free to interrupt. I think, you know, the best thing to do is kind of put this in context. Almost one year ago, to this day, that our Sage-Grouse Ecosystem Council and our partners unanimously approved the Conservation Credit System. That was no easy lift, because we had very diverse representation on the Sage-Grouse Ecosystem Council and we took in federal input.

So, to get our credit system to a point with unanimous support was really quite the achievement and very proud of the work that KC and the team did to get us to that point.

This contract is an extension of our existing contract with Environmental Incentives and they're the company that we contracted with to help develop this credit system; for basically mitigation of human disturbance or what we call anthropogenic disturbances out in sage-grouse habitats.

**Governor:** Anthropogenic, is that—

**Jim Lawrence:** Anthropogenic which is, you know, mining renewable energy. When we started this process and it was actually back when you had the Sage-Grouse Taskforce, they heard consistent testimony from, you know, either industry or environmental groups or even some of the public agencies that existing mitigation programs for sage-grouse really just weren't working well. There was, you know, concern that existing mitigation programs weren't actually based on the best available science. That the process was too long in negotiating mitigation. They wanted some sort of system that does a couple of things, that's consistent, transparent, encourages landowner participation and stewardship and can provide sort of certain to industry as they're going through their permit process, typically with the federal government on federal land; that they know what the mitigation will be at the end. And we've done that with the credit system. It is a lot of partners were involved and it is really unique to Nevada, I think, it was kind of cutting edge.

**Governor:** When you say, you know, it's unique and cutting edge, you know, it's novel. And, it's part of my conversations with the Secretary and you know, from our perspective, we are situated differently from other states. We are 86% federal land, so there aren't as many opportunities to do that mitigation work on some of those sensitive areas because they are public lands. This system would allow an entity to do that work and then, obviously get that credit. At the site of, you know, whatever it is, a mining site or what have you, you know, my position is that we have this great idea that has that consensus of all the interested parties, but there really hasn't been an opportunity to show that it works. So, part of my conversation with the Secretary was that we need a pilot project to show how great it works and there's been a commitment to do that. So, I would imagine that we'd have some projects that are lined up that could be candidates for that pilot, you know, just to cut to the chase here.

**Jim Lawrence:** Sure, we do. One is, it was great that you had that conversation about that commitment because in a State that's 86% federally managed, if we can't use the public lands, it's just not going to have the success that we wanted to have. We have been doing pilot projects this past summer on private land. We've been working with the BLM to get a memorandum of understanding in place to put in the mechanism between the Forest Service and the Bureau of Land Management and the State, to start doing projects on public land. We have identified certain projects, already internally, working with some of our state agencies and partners, like the Department of Wildlife. We're going to be reaching out to other State Agencies as well.

Then, at the same time, we're intending to, this week, go out with a solicitation, utilizing some of the funds that were part of your major budget initiative that was approved, to basically solicit



public agencies, non-profit organizations and private land owners to come forward with projects that will be in the credit system. So, we've already had a lot of interest in that. The interest increasing since the EIS was approved and the record of decision was issued, there's—you know, there's certainly a lot of work that needs to be done there, but fortunately there is, you know, this consensus around the credits and stuff.

We've been approached by different entities for projects from [inaudible] juniper removal, in order to grow, basically sage-grouse habitat. Removal of old telephone lines which can be used by ravens and that's a threat to the sage-grouse.

**Governor:** Predators, yeah.

**Jim Lawrence:** Meadow protection, it's the meadows that are extremely important to the sage-grouse, as far as their rivering habitat. So, we are getting more and more folks just calling out of the blue once they learn about the credit system and more importantly, learn how they can participate. So, we are getting the projects lined up. We have already identified some projects that would be on public land, that we could use as a pilot project. And, we're looking forward to getting going.

**Governor:** That's great news. Madam Secretary, any questions? Thank you, keep up the good work. Appreciate it.

**Secretary:** Do we call it sage-hen or sage-grouse? If you talk to Congressman Amodei, he gives me a bad time and says I need to say 'hen', so I don't know, what's the correct terminology, so I can tell him?

**Governor:** You say potato, I say potato. All right, any other contracts you wanted to hear Madam Secretary?

**Secretary:** No.

**Governor:** So, the chair will accept a motion to approve Contracts 1-44 with the withdrawal of Contract No. 28.

**Secretary:** So moved.

**Governor:** Secretary has moved for approval. I second the motion. All in favor say aye. [ayes around] That motion passes 2-0.

**\*11. FOR POSSIBLE ACTION – MASTER SERVICE AGREEMENTS ([Attached as Exhibit 3](#))**

Three master service agreements were submitted to the Board for review and approval.

**Clerk's Recommendation: I recommend approval.**

**Comments:**

**Governor:** We will move on to Agenda Item No. 11, which are Master Service Agreements, Mr. Wells.

**Clerk:** Thank you Governor, there are three Master Services Agreements listed in Exhibit 3 for approval by the Board this morning. We have not had additional requests for information from any of the members.

**Governor:** I have no questions. Madam Secretary, is there a motion for—

**Secretary:** I was trying to see that the Sign Language Communication No. 2 is in there. So, I will move for approval of the Master Service Agreements.

**Governor:** Secretary has moved for approval of the Master Service Agreements described in Agenda Item No. 11. I second the motion. All in favor say aye. [ayes around] That motion passes 2-0.

## **12. CONTRACTS APPROVED BY THE CLERK OF THE BOARD ([Attached as Exhibit 4](#)) – INFORMATION ITEM**

Pursuant to NRS 333.700 subsection 7 (a), the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 – \$49,999). Attached is a list of all applicable approvals for contracts and amendments approved from October 16, 2015 through November 13, 2015.

Thirty-five contracts were submitted for the boards review

**Comments:**

**Governor:** We will move on to Agenda Item No. 12, Contracts Approved by the Clerk of the Board. Mr. Wells.

**Clerk:** Thank you Governor. There were 35 contracts under the \$50,000 threshold that were approved by the Clerk between October 16<sup>th</sup> and November 13<sup>th</sup> of 2015. This item is informational only and there were no additional requests for information from any of the members.

**Governor:** I have no questions. Madam Secretary?

**Secretary:** No, thank you Governor.

## 13. INFORMATION ITEMS

### A. Fiscal Year 2016 – 1<sup>st</sup> Quarter Overtime Report

### B. Department of Public Safety- Emergency Management – City of Caliente

Pursuant to NRS 353.2755, the Division of Emergency Management is notifying the Board of Examiners of its intent to request a recommendation by the Board of Examiners to the Interim Finance Committee for approval of a grant from the Disaster Relief Account to the City of Caliente to cover expenses for site cleanup and repairs incurred as a result of flash-flooding that occurred on July 15, 2015.

### C. Department of Public Safety- Emergency Management – Douglas County

Pursuant to NRS 353.2755, the Division of Emergency Management is notifying the Board of Examiners of its intent to request a recommendation by the Board of Examiners to the Interim Finance Committee for approval of a grant from the Disaster Relief Account to Douglas County to cover expenses for site cleanup and road repair incurred as a result of flash-flooding July 3<sup>rd</sup> through July 11, 2015.

### D. Department of Corrections – Northern Nevada Restitution Center

The Department of Corrections processed the first amendment to the revenue land lease agreement with Dayton Valley Turf, Inc. (DVT) to correct the originally cited land address. DVT utilizes the land for turf operations and employs at least one offender resident.

#### Comments:

**Governor:** Let's move to Agenda Item No. 13, First Quarter Overtime Report. Go ahead Mr. Wells.

**Clerk:** Thank you Governor. There are four information items in the report, or in the Agenda this morning. The first is a report on overtime that was paid for the first quarter of FY 2016. This includes both overtime and accrued compensatory leave. It accounted for a total of approximately \$9,000,000 or almost 4% of total pay for the first quarter, that's about a 9.6% increase from the same period in FY 2015.

The second and third items are notifications from the Division of Emergency Management of intent to request allocations from the Disaster Relief Account; pursuant to NRS 353.2755. This is the first step in that process, so these are informational only at this juncture. Once the final applications have been submitted to both the Division of Emergency Management and the Department of Taxation, those two organizations will submit reports to the Board with the

requests for having the Board approve them and submit them to IFC for a Disaster Relief Account withdrawal.

Then the last item on there is just an information item on a revision to a lease that was approved at the September meeting. It simply corrects the address in that document.

**Governor:** So, with regard to that being said, you're fine, this is fairly routine in terms of the process, in terms of seeking those funds. So, I have no questions on that. My only question is on the overtime. If you could give me a little more analysis on it.

**Clerk:** Absolutely. So, the highest dollar amount for the quarter was the Department of Corrections. They had almost \$2,500,000, almost \$500,000 that was at High Desert State Prison, so in the South. And, \$350,000 at Southern Desert. About \$336,000 in Ely. About \$260,000 at the Prison Medical and about \$250,000 in Northern Nevada Correctional Facility here in Carson City. So, you see a lot of that with the vacant positions and training and the requirement to continue to fill posts, in those, it's not a very big surprise. The DOC, the Department of Corrections, I know they are working on and have filled many of the positions that were allocated in the first round of the additional officers for FY 2016 and so we're hoping that those officers start hitting posts and start decreasing some of the overtime there.

**Governor:** So, in other words, both ends are going to meet here. We approved, what was it, 100 new positions statewide and we are phasing those in.

**Clerk:** Correct.

**Governor:** And so, as we fill those positions, theoretically, the overtime should decrease.

**Clerk:** Correct. If they can keep the positions filled, they will start to see a decrease in the both of them. The highest is the percentage of total pay for the quarter was the Department of Conservation and Natural Resources, typical for this time of year, firefighting efforts. So, most of it is in the forest—the Division of Forestry. The top three increases by dollar were Corrections, DCNR and Public Safety. Conversely, there were several departments that had pretty significant decreases from FY '15. Transportation, Administration and Veterans Services all decreased by more than \$100,000. But you start to see in overtime, there's some fluctuations from period to period, or from year to year. The Department of Administration, for example, most of that decreases the budget building cycle, so the budget building cycle in even years generates overtime for the Budget Division, that does not exist in the even years, and so—or, in the odd years, excuse me.

**Governor:** Shouldn't we see some reduction as well because of the elimination of the furloughs?

**Clerk:** We're hoping that that is, especially for like the Department of Corrections where they continuously had to fill those positions and the furloughs were just an added burden of having to do those. So, yes, absolutely hope that the removal of the furloughs will result in a reduction of

overtime as we move through the year. I know that in our office, we're actually making some preparations for in advance of next year, to make it so we can cut down on overtime as well. So, we're looking at ways that we can streamline processes and improve processes to reduce overtime.

**Governor:** And then, just generally, are we about where we thought we'd be with regard to overtime?

**Clerk:** You know, overtime is such a difficult one to project. I think, right now I think that looking at it, there are a couple of organizations that are on some negative trends. Corrections is one. Public Safety is another. I'd like to see some—I'm hoping that the new officers in Corrections will reverse that trend. Public Safety, I think is another one that we're going to have to take a look at a little bit more closely and find out why, if there's an underlying reason and what we can do to offset some of that. I know that they have also had problems with turnover, and I know that Director Wright had just told me that they just lost, I think eight officers in one short amount of time, a week or two week period, to the City of North Las Vegas. And, with the increase of the Metro Police Departments getting 345 new positions, over the next year I think or two years, he's bracing for more impacts and more officers leaving because of the pay differential.

**Secretary:** And there is Governor, if I might add, for peace officers, we have openings and we were all vying for the same person and they are going from each agency to see what's the best deal for them. There's so few to have and Corrections is being dinged the most, but the Counties are all hurting, we just don't have enough people applying for those jobs.

**Governor:** Well, and it's something that we're going to look at. I mean, we have to be competitive when it comes to public safety because it does us no good to put somebody through an Academy and have them here a year or two and then lose that knowledge and experience to a municipality or a county.

**Clerk:** You are seeing a significant number leave in that first five year period, so that we do train them, get them out, do all the training and then we're seeing them depart. I know Director Wright is concerned with this big increase in Metro, that you could see some mid-career officers leave as well, because they'll now need additional—

**Governor:** They're going to need sergeants and lieutenants and you know, those higher ranks.

**Clerk:** Correct.

**Governor:** Captains. Any other questions, Madam Secretary?

**Secretary:** No, but thank you for bringing it up. I'm really glad somebody's working on it. Because we're having a tough time.

**Governor:** All right, anything else on that agenda item, Mr. Wells?

**Clerk:** That's all Governor.

#### **14. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS**

**Comments:**

**Governor:** We'll move to Agenda Item No. 14, Board Member Comments, Public Comment. Any public comment from Carson City?

**Patrick Gavin:** Thank you Governor, Madam Secretary, Patrick Gavin from the Charter School Authority, for the record, I did want to give you one piece of good news which is rather late breaking, which is that thanks to the support of Senator Harris, with SB 509 during the most recent legislative session, a bill which you signed Governor, Nevada was just ranked No 1 in the nation in terms of Charter School Accountability Policy.

**Governor:** Number 1 in the nation.

[crosstalk and laughter]

**Patrick Gavin:** There's plenty of work we still have to do.

**Governor:** Congratulations.

**Patrick Gavin:** This is really critical work and we couldn't have done it without the support of then Superintendent and now, Chief Strategy Officer Erquiaga, or Mr. Wells, predecessor [inaudible] who was also very helpful in—

**Governor:** No, in all seriousness, congratulations. That's a big deal. That is a big deal and I appreciate everyone's efforts that have gone in to that. It is really nice to be at the top of a good list. So, appreciate you sharing that with us.

**Patrick Gavin:** Okay, thank you sir.

**Governor:** Thank you. All right. Any other public comment? Any public comment from Las Vegas? I don't see anyone there.

**Las Vegas:** No Governor.

#### **\*15. FOR POSSIBLE ACTION – ADJOURNMENT**

**Clerk's Recommendation:** I recommend approval.

**Motion By:** Secretary of State

**Seconded By:** Governor

**Vote:** 2-0

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**Comments:**

**Governor:** All right. Is there a motion to adjourn?

**Secretary:** Please adjourn.

**Governor:** Okay, and before I do that, happy holidays to everybody. Really enjoy your families. So, there's a motion to adjourn. I second it. All in favor say aye. [ayes around] Motion passes 2-0. This meeting is adjourned.

Respectfully submitted,

  
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JAMES R. WELLS, CLERK

**APPROVED:**   
\_\_\_\_\_  
GOVERNOR BRIAN SANDOVAL, CHAIRMAN

\_\_\_\_\_  
ATTORNEY GENERAL ADAM PAUL LAXALT  
  
\_\_\_\_\_  
SECRETARY OF STATE BARBARA K. CEGAUSKE