

**NEVADA LEGISLATURE'S  
INTERIM FINANCE COMMITTEE'S  
COMMITTEE ON INDUSTRIAL PROGRAMS**

**(NRS 209.4817)**



**Monday, December 11, 2017  
9:00 a.m.**

*Grant Sawyer State Office Building  
Room 4412  
555 East Washington Avenue  
Las Vegas, Nevada*

*Videoconference to:*

Legislative Building  
Room 3138  
401 South Carson Street  
Carson City, Nevada

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**MEETING NOTICE AND AGENDA**

**Name of Organization:** NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S  
COMMITTEE ON INDUSTRIAL PROGRAMS (NRS 209.4817)

**Date and Time of Meeting:** December 11, 2017 – 9:00 a.m.

**Place of Meeting:** Grant Sawyer State Office Building  
Room 4412  
555 East Washington Avenue  
Las Vegas, Nevada

Note: Some members of the Committee may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

Legislative Building  
Room 3138  
401 South Carson Street  
Carson City, Nevada

*If you cannot attend the meeting, you can listen to it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "Calendar of Meetings – View."*

**Note: Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.**

**AGENDA**

**Note: Items on this agenda may be taken in a different order than listed. Two or more agenda items may be combined for consideration. An item may be removed from this agenda or discussion relating to an item on this agenda may be delayed at any time.**

I. ROLL CALL.

II. PUBLIC COMMENT.

(Because of time considerations, speakers are urged to avoid repetition of comments made by previous speakers. A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted in person or by email, facsimile, or mail before, during, or after the meeting.)

*For  
Possible  
Action*

III. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 25, 2017.

*For  
Possible  
Action*

IV. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

*For  
Possible  
Action*

V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014 THROUGH SEPTEMBER 2017.

*For  
Possible  
Action*

VI. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2016, FY 2017, AND FY 2018 YEAR-TO-DATE.

*For  
Possible  
Action*

VII. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE QUARTER ENDING SEPTEMBER 30, 2017.

*For  
Possible  
Action*

VIII. STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.

*For  
Possible  
Action*

IX. DISCUSSION OF AND RECOMMENDATIONS TO THE DIRECTOR FOR APPOINTMENT OF THE DEPUTY DIRECTOR FOR INDUSTRIAL PROGRAMS – NRS 209.4818(1)(e).

*For  
Possible  
Action*

X. DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY PROGRAMS – NRS 209.4818.

- a. Terra Firma Organics, Inc.
- b. Erickson Framing Holdings, LLC.
- c. Sewing Collection, Inc.

XI. PUBLIC COMMENT.

(Because of time considerations, speakers are urged to avoid repetition of comments made by previous speakers. A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted in person or by email, facsimile, or mail before, during, or after the meeting.)

XII. ADJOURNMENT.

Note: We are pleased to make reasonable accommodations for persons with disabilities who wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call the Fiscal Analysis Division at (775) 684-6821 as soon as possible.

Notice of this meeting was posted in the following Carson City and Las Vegas, Nevada, locations: Blasdel Building, 209 East Musser Street; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Legislative Counsel Bureau, Las Vegas Office, Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was faxed, e-mailed, or hand delivered for posting to the following Carson City and Las Vegas, Nevada, locations: Capitol Press Corps, Basement, Capitol Building, 101 North Carson Street; Clark County Government Center, Administrative Services, 500 South Grand Central Parkway; and Capitol Police, Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was posted on the Internet through the Nevada Legislature's website at [www.leg.state.nv.us](http://www.leg.state.nv.us).

Supporting public material provided to Subcommittee members for this meeting may be requested from Donna Thomas, Committee Secretary, at 775-684-6822 or Carla Ulrych, Fiscal Analysis Division of the Legislative Counsel Bureau at 775-684-6821, and is/will be available at the following locations: Meeting locations and the Nevada Legislature's website at [www.leg.state.nv.us](http://www.leg.state.nv.us).



MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S  
INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL  
PROGRAMS FOR SEPTEMBER 25, 2017

**MINUTES OF THE  
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S  
COMMITTEE ON INDUSTRIAL PROGRAMS  
(NRS 209.4817)  
September 25, 2017**

The first meeting of the 2017-18 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 9:00 a.m. on Monday, September 25, 2017, in Room 4412 of the Grant Sawyer State Office Building in Las Vegas, Nevada. The meeting was simultaneously videoconferenced to Room 3138 of the Legislative Building in Carson City.

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Senator David Parks, Chairman  
Senator Pete Goicoechea  
Assemblywoman Daniele Monroe-Moreno  
Assemblyman James Oscarson  
Pete Aguilar, Representing Manufacturing  
James Dzurenda, Director, Nevada Department of Corrections (NDOC)  
Allen J. Puliz, Representing Manufacturing  
Randy Soltero, Representing Organized Labor

**COMMITTEE MEMBERS PRESENT IN CARSON CITY:**

Jeffrey Haag, Administrator, Purchasing Division, Department of Administration

**COMMITTEE MEMBERS ABSENT:**

Bruce Aguilera, Representing Business

**STAFF MEMBERS PRESENT IN LAS VEGAS:**

James Penrose, Senior Principal Deputy Legislative Counsel, Legal Division  
Kristina Shea, Program Analyst, Fiscal Analysis Division

**STAFF MEMBERS PRESENT IN CARSON CITY:**

Sarah Coffman, Principal Deputy Fiscal Analyst, Fiscal Division  
Donna Thomas, Secretary, Fiscal Division

**OTHERS PRESENT IN LAS VEGAS:**

Diane Dastal, Administrative Services Officer II, NDOC

**OTHERS PRESENT IN CARSON CITY:**

Mary Byington, Supervisor, Prison Industries, NDOC  
Justin Pope, Supervisor, Prison Industries, NDOC  
Robert Swift, Supervisor, Prison Industries, NDOC  
Bill Quenga, Marketing Coordinator, Prison Industries, NDOC

**EXHIBITS:**

Exhibit A: Agenda and Meeting Packet

**I. ROLL CALL.**

Kristina Shea, Program Analyst, Fiscal Analysis Division, called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs to order at 9:00 a.m. The secretary called roll. All members were present except for Mr. Magnani, who was excused.

**II. PUBLIC COMMENT.**

There was no public comment.

**III. SELECTION OF CHAIRMAN – NRS 209.4817.**

Ms. Shea explained that NRS 209.4817, Tabs III and IV of the meeting packet (Exhibit A) described the composition of the Committee and indicated that traditionally the chairman was selected from the legislative members of the Committee. The regular members of the Committee were appointed by the members of the Interim Finance Committee at its June 20, 2017, meeting. The regular Committee members consisted of Senator David Parks, Senator Pete Goicoechea, Assemblyman James Oscarson, Assemblywoman Danielle Monroe-Moreno, Mr. Pete Aguilar, Mr. Bruce Aguilera, Mr. Mike Magnani, Mr. Allen Puliz, and Mr. Randy Soltero. She added that Mr. James Dzurenda, Director of the Department of Corrections, and Jeffrey Haag, Administrator, Purchasing Division, Department of Administration, were standing members of the Committee by virtue of the positions they hold.

SENATOR GOICOECHEA MOVED TO SELECT SENATOR PARKS AS CHAIRMAN OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Chairman Parks said the appointment of the vice chairman of the Committee would be considered at the next meeting.

**IV. APPOINTMENT OF ALTERNATE MEMBERS FOR COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.**

Chairman Parks explained that NRS 209.4817 provided for the appointment of nine alternate members to serve a two-year term at the discretion of the Committee.

Chairman Parks said Fiscal staff had received the name of Beverly Williams, Teamsters Local 986 as an alternate for Mr. Magnani and Mr. Soltero. Chairman Parks stated that,



if needed, alternates could be requested at the next meeting of the Committee on Industrial Programs. Chairman Parks stated that Senator Denis has expressed interest in participating in the Committee as his alternate, and Senator Kieckhefer expressed interest in being an alternate for Senator Goicoechea.

SENATOR GOICOECHEA MOVED TO APPROVE THE APPOINTMENT OF MS. BEVERLY WILLIAMS AS AN ALTERNATE FOR MR. MAGNANI AND MR. SOLTERO.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Chairman Parks welcomed Committee member Jeffrey Haag, who was attending the meeting in Carson City. He recognized Assemblywoman Irene Bustamante Adams, who was in the audience at the Las Vegas meeting location.

Chairman Parks welcomed Pete Aguilar to the Committee and asked him to introduce himself. Mr. Aguilar stated he was owner of Steel Partners, Las Vegas, a full service steel contractor, which provided high quality welding services, steel fabrication and structural erection.

Chairman Parks stated the Committee looked forward to Mr. Aguilar's input. He explained the Committee on Industrial Programs was a little different from other legislative committees in that the Committee sought input from non-legislative members to provide guidance on the programs Prison Industries would like to work with.

Chairman Parks asked the members of the Committee to introduce themselves.

Senator Goicoechea stated this was his second appointment to the Committee and he represented Senate District 19, which was the eastern half of the state and a portion of rural Clark County.

Assemblyman Oscarson stated he represented Assembly District 36. He noted he had the opportunity to chair the Committee on Industrial Programs during the 2015-2016 Interim, and appreciated the leadership of the Committee and the opportunity to move Prison Industries forward with other potential programs.

Assemblywoman Monroe-Moreno stated she represented Assembly District 1 and was very excited to be appointed to the Committee. She noted that, previously, she was in correctional law enforcement for over 27 years.

Mr. Puliz stated he owned Puliz Moving and Storage and Puliz Records Management, and represented manufacturing. He added he was a member of the Committee for over ten years; previously, his father served on the Committee under Governor Richard Bryan.

Mr. Soltero stated he represented organized labor and this was his second term as a member of the Committee on Industrial Programs. Currently, he represented workers in the entertainment industry and previously represented the construction industry.

James Dzurenda, Director, Nevada Department of Corrections, welcomed the members of the Committee and invited them to tour any of the Prison Industries' facilities in Carson City or Las Vegas.

Jeffrey Haag, Administrator, Purchasing Division, said it was his second term on the Committee on Industrial Programs, and he looked forward to serving on the Committee and supporting Prison Industries.

Chairman Parks stated he represented Senate District 7, the southeast part of the Las Vegas Valley. He has been a member of the Nevada Legislature for over 20 years and involved with the Committee on Industrial Programs for many years. He looked forward to chairing the Committee again.

**V. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR OCTOBER 21, 2016.**

Senator Parks requested a motion for approval of the minutes of the October 21, 2016, meeting.

SENATOR GOICOECHEA MOVED TO APPROVE THE MINUTES OF THE OCTOBER 21, 2016, MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. PULIZ SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

**VI. OVERVIEW OF THE COMMITTEE ON INDUSTRIAL PROGRAMS' STATUTORY AUTHORITY AND DUTIES.**

James Penrose, Senior Principal Deputy Legislative Counsel, Legal Division, referred the Committee to Tab VI of the meeting packet, Overview of Relevant Statutory Provisions (Exhibit A) and provided an overview of the Committee on Industrial Programs' statutory authority and duties.

Chairman Parks stated it appeared there was a vacancy for the Deputy Director for Prison Industries. He asked Mr. Dzurenda for an update on the status of the Deputy Director position.

Mr. Dzurenda responded that Brian Connett, Deputy Director, Prison Industries, retired at the end of June, and currently, there was a vacancy for the position. He noted the

former Deputy Director of Programs, David Tristan, who was also a candidate for the position, was serving as the temporary Deputy Director for Prison Industries until an appointment was made. Mr. Dzurenda added NRS 209.4818 required whenever a vacancy existed, the Committee could recommend three persons to the Director for appointment of the Deputy Director, Prison Industries. Mr. Dzurenda hoped to get three recommendations from the Committee at the next meeting.

Chairman Parks stated that the Committee meets quarterly. He asked Mr. Dzurenda if a delay in timing for a recommendation caused any difficulties for the operation of Prison Industries.

Mr. Dzurenda replied that Mr. Tristan has been filling in for the position since Mr. Connett retired and previously, he assisted Mr. Connett. He added that Mr. Tristan had over 45 years' experience working with prison industries in California and worked at the Nevada Department of Corrections (NDOC) for over a year.

Senator Goicoechea asked Mr. Dzurenda if he would look at other candidates to fill the position of the Deputy Director of Prison Industries. He wanted to ensure the Committee had the chance to review all the candidates before an appointment was made.

Mr. Dzurenda replied he would conduct a national recruitment for the position. He stated he would interview the top five candidates that he thought would be the best fit for the position. He reiterated NRS 209.4818 stipulated the Committee could recommend up to three candidates to add to the list of people to interview for the position before making a recommendation to the Governor for the appointment.

## **VII. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.**

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections summarized the status report on outstanding debt owed to Prison Industries (PI), Tab VII of the meeting packet (Exhibit A). She noted the customer report was current as of June 30, 2016. The amounts listed in parenthesis in the report were deposits or overpayments on accounts and the majority of the overpayments were from the auto shop, because a 50 percent down payment was required from customers when vehicles were restored. Ms. Dastal indicated all the positive amounts listed on the report, Tab VII (Exhibit A) were receivables, and the largest balances owed were marked with an asterisk. She stated the majority of the total balances owed were composed of these ten accounts representing 77 percent of the total receivables due. Eight of the top ten accounts were government agencies, and the other two accounts were private customers that worked closely with PI. She noted the accounts for the private customers were current and within their terms of net 30 days. The government agencies were known to be slow payers, but PI could depend on them paying. She reported all the receivable balances listed on the report were paid in full. Ms. Dastal added that Alpine Steel had been written off the aging report and all future receipts would be considered miscellaneous revenue. In addition, any proceeds received for

Alpine Steel would be applied toward the debt that was written off, which was \$395,865.55. She noted there was some equipment remaining at High Desert State Prison, and the disposal of those items had been delayed because Prison Industries did not have titles for the equipment.

Robert A. Whitney, Deputy Attorney General, Attorney General's Office (AGO), stated he would discuss the execution of the summary judgement for the vehicles related to Alpine Steel. He noted there were still a few vehicles and trailers left at High Desert State Prison (HDSP) and the AGO had been dealing with the disposal of the vehicles for some time. He stated he misunderstood NRS Chapter 21, Enforcement of Judgments, which accounted for some of the delay with disposing the vehicles. Mr. Whitney said he had been in communication with the Clark County District Attorney's Office for several months related to the vehicles, and noted the main problem for the delay was the condition of the vehicles and the cost for the Clark County Sheriff to tow and store those vehicles. He said that no one wanted the vehicles towed and stored in Las Vegas for public auction, because it would eat into most of the money received from the auction, and Prison Industries could possibly owe money. However, the sheriff's department expressed concern if they did not take control of the vehicles and wanted a hold-harmless or indemnification agreement in case something happened during the time they would normally take possession of the vehicles and store them. Mr. Whitney stated the AGO looked at whether to implement a hold-harmless or indemnification agreement and eventually offered to indemnify the sheriff's department up to the statutory limits, which was not accepted. The AGO was referred to Constable Jordan Ross, Laughlin, and a new writ was drafted for the Laughlin Constable's Office to use as an execution of judgment to serve Alpine Steel. He noted there was an agreement to hold the auction at HDSP. Mr. Whitney stated that at this point, the writ needed to be sent to the First Judicial Court in Carson City to be signed and sent to the Constable's Office in Laughlin to begin the process of advertising for the public auction.

Chairman Parks expressed concern with the lack of movement to dispose of the property left by Alpine Steel at HDSP. He appreciated the efforts of the AGO and the Laughlin Constable's Office.

Senator Goicoechea expressed his concern with some of the accounts on the aging report, Tab VII of the meeting packet (Exhibit A). He said some of the aging accounts prior to March 1, shown in parenthesis on the report, seemed to be individuals with outstanding balances.

Ms. Dastal replied every account shown in parenthesis on the report was revenue from customer deposits made to Prison Industries. She explained most of the revenue owed was from the auto shop, which required a 50 percent down payment for autos being restored. She added the accounts in parenthesis were positive numbers that had been prepaid and were tied to the body shop.

## **VIII. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2014 THROUGH JUNE 2017.**

Ms. Dastal summarized the report on the number of inmates that worked from July 2014 through June 2017, Tab VIII of the meeting packet (Exhibit A). She stated in FY 2015, PI averaged 492 offenders working, which was 4.1 percent of the offender population; in FY 2016, PI averaged 482 offenders working, 3.6 percent of the offender population; and in FY 2017, PI averaged 464 offenders working, 3.3 percent of the offender population. She stated the prison population was gradually increasing and there was an average of 12,876 offenders in FY 2015, and 14,096 offenders at the end of FY 2017, which was an increase of 1,220 offenders or approximately 9 percent. Ms. Dastal noted that PI was hoping to improve the percentage of the offender population working with the three new proposed industries, which would be discussed later in the meeting.

Mr. Haag asked about the three-year downward trend of offenders working in Prison Industry programs. He asked if there was an explanation as to why Prison Industries was seeing the decrease in the percentage of offenders participating in these programs.

Ms. Dastal replied the repackaging operations at Florence McClure Women's Correctional Center originally had three shifts working; however, the industry lost its contract with its largest national retail outlet and was currently down to one shift. In addition, Prison Industries lost its card sorting operation with Opportunity Village at Southern Desert Correctional Center, which was a financial loss to Silver State Industries.

Mr. Haag noticed the hit to Opportunity Village on the report and asked Ms. Dastal to expand on that relationship.

Ms. Dastal explained the card sorting company had approximately five years' worth of surplus in a warehouse and decided additional inventory was not needed. She thought it would be many years before their inventory was depleted and they would need more cards sorted.

## **IX. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISON INDUSTRY CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2015, FY 2016 AND FY 2017 YEAR-TO-DATE.**

Ms. Dastal summarized the deductions from the inmate wages for room and board, the Prison Industry Capital Improvement Fund (CIP) and the Victims of Crime Fund, Tab IX of the meeting packet (Exhibit A). She stated that 24.5 percent of offenders had wages deducted for room and board; 5 percent of offenders had wages deducted for the Victims of Crime Fund; and 5 percent of offenders had wages deducted for the Prison Industry CIP fund. In FY 2015, \$469,132 in wages was deducted for the three funds; in FY 2016, \$405,017 in wages was deducted for the three funds; and \$450,620 in wages was deducted for the three funds in FY 2017. She noted the deduction in inmate wages

for FY 2017 showed an improvement over FY 2016 and PI was projecting an upward trend if the proposed new industries were approved.

Chairman Parks asked if there has been discussion on changing the current percentages used to calculate the deductions from inmate wages for room and board, the PI Capital Improvement Fund, and the Victims of Crime Fund, and Ms. Dastal replied she has not heard any talk on changing the current percentages.

#### **X. REVIEW SILVER STATE INDUSTRIES FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2017.**

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab X of the meeting packet (Exhibit A).

Chairman Parks asked if the net loss shown on the report was from the card sorting operation, and Ms. Dastal replied the loss of the card sorting company was a large contributor to the loss. In addition, the auto and upholstery shop was only allocated one-half of the total general administrative manufacturing expenses, which was approximately \$52,000, and if the auto and upholstery shop was charged all of those expenses, the shop would have a loss.

Chairman Parks asked if there were any problems specific to the auto and upholstery operations.

Ms. Dastal responded there were no significant problems with the operation of the auto and upholstery business, but a matter of how many cars the auto and upholstery business could restore per year. She added one car took a long time to restore. Additionally, Ms. Dastal stated the supervisor of the auto and upholstery business mentioned the shop often waited for parts when restoring cars, because the customer supplied the parts, which were often difficult to find.

Continuing, Ms. Dastal stated that previously drapery was considered its own cost center but was now a product line of the garment industry and had its best performance ever. She stated drapery sales alone totaled \$86,664; total garment sales, which included drapery, increased approximately \$220,000, and the garment factory had its best year with a \$251,000 contribution to program support.

Ms. Dastal stated total sales for the Prison Ranch decreased approximately \$199,000, which was largely due to the Bureau of Land Management (BLM) horses. Headcount for the wild horses was down to 1,150 horses and Silver State Industries was projecting that count to decrease to approximately 900 horses by mid-October 2017. The BLM contacted with five long-term holding facilities in the Midwest to save on costs. Ms. Dastal stated the Prison Ranch was reimbursed a per diem rate based on a combination of the daily head count and price of hay. Currently, the price of hay was down and the per diem rate was \$2.76 for each horse. She indicated the BLM wanted holding facilities in all states to convert their grants into contracts and move away from

the per diem rates. Ms. Dastal stated that Silver State Industries would be working on the contract once they received direction from the BLM, although there were many unknowns with that at this time. In addition, the Prison Ranch manager was looking at different cost centers at the Prison Ranch to make up for lost revenue; however, the Prison Ranch still ended positive with a contribution of \$40,926.

Senator Goicoechea commented there was no shortage of wild horses in Nevada for the short term or long term holding facilities, and the Prison Ranch had the ability to hold up to 1,800 horses. He asked if the stray horses were state horses.

Ms. Dastal clarified the Prison Ranch had the capacity to hold 2,000 horses.

Justin Pope, Prison Ranch Supervisor, Prison Industries, NDOC, stated that stray horses were wild horses from the state versus the federal BLM. State horses were brought in by the Department of Agriculture from state and private lands and were held short-term up to 15 days.

Senator Goicoechea said statute specified horses could only be held for 10 to 15 days before they were sold. He said it would make sense to be at full capacity at the Prison Ranch given the holding reimbursement rate from the BLM of \$2.76 per horse, which was significantly cheaper than the private sector rate to hold horses, other than long-term holding. He commented the wild horse-boarding program could generate a lot of money for Prison Industries.

Mr. Pope added if the contract for the Prison Ranch was reorganized, certain things would be implemented to ensure the BLM would send horses to the Prison Ranch. He thought there could be a penalty if the BLM fell below a minimum amount of horses to be more in line with other holding facilities.

Senator Goicoechea asked if the Prison Ranch labor force for the wild horse program included the gentling program, and Mr. Pope responded the gentling program was not broken out separately in the chart, but rather was included in the Prison Ranch financials.

Senator Goicoechea asked if that information could be broken out to show whether there was an actual profit for the gentling program. He said at \$1,100 a horse it would be nice to have 5,000 horses go through the program. He noted that training horses was labor intensive. It did not make sense to bill that labor at \$1,100 per horse.

Mr. Pope replied the training program was subsidized by the holding program and when the Prison Ranch entered the program, it was a partnership with BLM. They were making it work for both the holding and the training of the horses. He said as Prison Ranch entered into a new contract, he believed the friendliness felt previously would be a little different. The contract would gravitate into a legal contract and every aspect had to be looked at to ensure the contract was in good shape.

Senator Goicoechea stated he talked to the District Manager in Ely, and in August 2016, a burrow and three horses were sold at the Ely Fair. He said the District Manager thought the Prison Ranch received part of the sale, especially on the more expensive horses; however, the state only received a flat fee. He was looking for some equity for the inmates, and if a horse was worth \$10,000, he thought Prison Industries should receive a portion of the profit when the horse was sold, not just a flat rate. He agreed they needed to look at the issue, because clearly it would generate revenue for the state.

Chairman Parks clarified he did not think Prison Industries needed to separate out a full-fledged statement on the gentling program, but thought the costs and profits made from the program would be good to know.

Mr. Puliz thanked Ms. Dastal for her thorough receivables chart, Tab VII of the meeting packet (Exhibit A).

Assemblywoman Monroe-Moreno stated she was new to the Committee and had reviewed the previous meeting minutes in the meeting packet (Exhibit A). She asked about the status of the personal guarantee for the Jacobs Trading Company contract. Additionally, she asked about the Mattress Shop and the possibility of a partnership with the Nevada System of Higher Education to discuss reupholstering projects.

Ms. Dastal replied that Jacobs Trading Company provided a surety bond to Prison Industries, which was effective at the start of its new contact.

Responding to Assemblywoman Monroe-Moreno, Bill Quenga, Marketing Coordinator, Prison Industries, NDOC, stated he was in touch with a representative from the University of Nevada Las Vegas (UNLV), and would be meeting soon with the representative to discuss reupholstering projects at UNLV. In addition, Prison Industries has made efforts for discussions with the University of Nevada, Reno to provide the same service to them.

#### **XI. STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.**

Ms. Dastal stated the Capital Improvement Project (CIP) balance in FY 2017 was flat compared to FY 2013. However, in FY 2013, Prison Industries was able to purchase a roll-up door for the repackaging area at the Florence McClure Women's Correctional Center. In addition, Prison Industries obtained \$297,118 in equipment in FY 2016 that greatly enhanced Prison Industries' operations. The beginning CIP balance at the start of FY 2017 was \$303,821; wage assessments totaled \$65,161; interest increased to \$2,725; and a small credit card rebate of \$7.00 was received for a total of \$67,893 added to FY 2017, with an ending CIP balance of \$371,714. She stated Prison Industries was planning to submit a proposal at the next meeting to put some of the CIP funds to good use to improve Prison Industry programs.



## **XII. DISCUSSION OF POTENTIAL PRISON INDUSTRY PROGRAMS AND COMMITTEE RECOMMENDATIONS – NRS 209.4818.**

### **a. Terra Firma Organics, Inc.**

Dane Buk, Owner, Terra Firma Organics, Inc. thanked the Committee for the opportunity to discuss his company. He referred to his presentation, Tab XII of the meeting packet (Exhibit A), which provided some background information on Terra Firma Organics and their operations, in addition to photographs of their facilities. He believed Terra Firma potentially could operate a profitable program at some of the Prison Industries locations. He explained that Terra Firma Organics was an organic waste diversion firm that recycled waste into innovative products to help improve the air, soil and water quality. He said Terra Firma Organics was based in Jackson Hole, Wyoming, and diverted approximately 40 percent of the waste in Jackson Hole. He added that recently, Terra Firma purchased a facility in Las Vegas, Nevada, that diverted organic waste from the landfills. He stated Nevada has done an excellent job keeping their landfill costs extremely low, but with that, it posed a challenge for the developing markets in green waste recovery or recycling efforts. Mr. Buk said he wanted to discuss opportunities to use prison labor as potential staff at their facilities to help offset costs for green waste recovery.

Continuing, Mr. Buk stated that Terra Firma Organics has been in the composting industry for 15 years and specialized in organic recovery, which included trees, branches and any material that once had a life cycle and could be derogated back into the soil and sold to local markets. Since moving to the Las Vegas market three years ago, Terra Firma Organics presold over 50,000 yards of material locally, which helped reduce costs for trucking and filling the local landfill. He stated that Terra Firma Organics was proud not to run dirty sites, as shown in the photos under Tab XII of the meeting packet (Exhibit A). In addition, they worked with dimensional lumber, which was anything from the construction industries, woody brush and grass. Mr. Buk hoped to work some of the manure from the Prison Ranch to help provide some sustainable cost estimates. He has been working with Mr. Pope from the Prison Ranch to find a potential site at the Prison Ranch that would allow public access to the facility, because there was no organic collection center or receiving in Carson City, except for Full Circle Compost, who Terra Firma Organics was looking to acquire.

Senator Goicoechea asked Mr. Buk the amount of space needed for the composting operation. He assumed the compost material would be stored onsite during the composting period.

Mr. Buk replied that he needed a minimum of 10 acres to start the operation, although, they could operate on much less acreage, but the costs would be lower with a larger operation. He noted the current operation at the Prison Ranch was on 40 acres. He added that Terra Firma Organics would be changing the Full Circle Compost model; currently, the strategy used at Full Circle Compost was windrow turning. However,

Terra Firma Organics used static pile management, which was a lower cost and footprint required.

Senator Goicoechea asked, for security reasons, if the total composting operation would be within the confines of the Prison Ranch.

Mr. Buk stated the site he was looking at was located on the eastside of the Prison Ranch. He said Terra Firma hoped to minimize access into the facility by way of a check-in process.

Senator Goicoechea stated that possibly 65 to 70 inmates could be put to work if the three proposals for potential Prison Industries programs were implemented. He assumed the inmates working in these industries would be stable and trustworthy.

Mr. Buk stated the mission for Terra Firma Organics was to start with a program that would effectively use certain inmates, such as inmates that were near release and moving to transitional housing. Once training was complete for the inmates, he hoped to move those inmates through their operations in Carson City to finish out the program. In addition, he would like to provide training opportunities for inmates through larger companies, such as Caterpillar. However, there was a potential exposure risk for companies when inmates used large equipment that was worth millions of dollars. Mr. Buk stated he hoped to grow the composting program and look at the current assets that were idle for Prison Industries, such as the cogeneration (cogen) facility. He stated that Terra Firma Organics was one of the larger cogen purchasers in the northern states, and supplied a large cogen facility in Idaho, which was the largest in three states.

Continuing, Mr. Buk stated the goal was to do some minor retrofits to the cogen facility that he thought were detrimental to its operations and change the model from a purchase wood agreement, to allowing the public to drop off at the facility to eliminate shipping costs and have a cash base to operate the facility. Mr. Buk stated he was looking for permission to have engineers look at the facility to see the feasibility before anything was actually considered, which would require a \$5,000 investment for Terra Firma Organics. He stated if that was not an option, Terra Firma Organics would like to purchase the cogen equipment for potential operations in other states.

Senator Goicoechea stated the composting operation was clearly a good program and he would love to put inmates to work, but they had to consider the available space and the security of the program.

Assemblywoman Monroe-Moreno asked Mr. Buk if Terra Firma Organics was operating on any prison facilities in other states, and Mr. Buk replied Nevada would be the first prison facility with a Terra Firma composting operation.

Mr. Puliz asked Mr. Buk if inmates would be paid minimum wage. In addition, he asked if Terra Firma would pay the security costs to transport inmates to the composting operation from the prison facility.

Mr. Quenga clarified that Terra Firma Organics was looking at approximately ten acres east of the Prison Ranch, which was currently operated by Full Circle Compost. He said landscapers come to the property through the Stewart Conservation Camp in Carson City, which was outside of the Northern Nevada Correctional Center. Currently, there was a lot of traffic in the center of the Prison Ranch, which was a high risk for transporting contraband. He stated that Terra Firma Organics would be east of the Prison Ranch and the only public road was on the opposite side of the operation. In addition, Terra Firma was looking into setting up cameras to follow the inmates from the composting operation to the Stewart Conservation Camp to reduce the public from entering that area so there was no access to the Prison Ranch. He added there would be no transportation fees for the inmates or any additional security fees.

Mr. Puliz said there was a shortage of labor in the Reno area. He said the composting operation was a great program, but thought Terra Firma should really look at security costs, in addition to adding a subsidy to protect its business. He added that security cameras could cost over \$100,000 to install.

Mr. Quenga noted the officers assigned to the Stewart Conservation Camp conducted routine patrols. He stated his main concern was the inmates' interaction with the public, so there would be a fenced area to keep the inmates away from the public.

Mr. Dzurenda asked Mr. Buk if the pictures provided under Tab XII of the meeting packet (Exhibit A) were from Terra Firma's Nevada operations or other states. Mr. Buk replied the pictures with the palms were from the Las Vegas composting operation.

Mr. Dzurenda stated there were two transitional centers for inmates in Nevada and asked if the inmates that received training while in prison would have an opportunity to get employed at other facilities operated by Terra Firma Organics.

Mr. Buk explained that Terra Firma operated in multiple states and dealt with a huge amount of biomass, which included forestry work, trails, compost operations and waste diversion. He stated the inmates who received training while in prison could find work after release at other facilities operated by Terra Firma Organics.

Senator Goicoechea asked Mr. Pope what was being done with the manure from the Prison Ranch, because he was aware there were costs associated with the disposal of the manure.

Mr. Pope replied the manure from the Prison Ranch was hauled to another composting site – Bentley Agro Dynamics. The manure was accepted by Bentley free of charge, and the Prison Ranch only had to pay the shipping costs. In the current contract, the cost to remove the manure from the Prison Ranch was approximately \$50,000 per year.

Mr. Haag asked if the intent of the point of operation was to allow the public to have access to the composting site to drop off material and purchase the composted material at the correctional facility.

Mr. Buk replied the intent at the point of operation was mainly to drop off material. He hoped to move the product off site for purchase through retail operations.

Mr. Haag asked if the viability of the program was contingent on Terra Firma Organics acquisition of Full Circle Compost, and Mr. Buk agreed. Mr. Buk added that he was optimistic on the purchase of Full Circle Compost but thought the first step was to see if the composting operation was something the state had interest in before he proceeded. He noted that he would have more extensive knowledge on the purchase of Full Circle Compost soon.

Chairman Parks asked Mr. Buk if Terra Firma Organics final product would be in competition with any current businesses operating in the local area.

Mr. Buk thought it could be in competition with local vendors, because it was an open market. However, from what he has seen, those markets do not exist and the current operator, Bentley Agro Dynamics, only used the material for its own use. The only compost operator in the region was Full Circle Compost, which Terra Firma was looking to acquire. He said Terra Firma would be the only supplier of compost material in the region.

Mr. Quenga added per statute, Prison Industries was in the process of obtaining that information, in addition to conducting an impact analysis on the number of residents in Nevada that would be affected and the other companies currently operating in the area. Currently, he was in the process of the impact analysis with the Department of Business and Industry, Governor's Office, Department of Employment, Training and Rehabilitation, Office of Economic Development, and Organized Labor, and would present that information to the Committee when complete.

Senator Goicoechea stated his concern for security at the facility and the possibility for the public to smuggle contraband into the site when dropping off material.

Mr. Buk replied that he was also concerned about security at the site. The first step in the process was to determine if this was something Prison Industries was interested in as a potential industry. He was unsure how the operations worked at the Prison Ranch; therefore, it would be hard to have the security issues resolved at this time. He stated Terra Firma would not move forward if it believed the Prison Ranch or Terra Firma were at risk, and he hoped they could work together to solve all the issues or move in another direction. In addition, he said Terra Firma was interested in the cogen operations, which he believed would be a good asset, not only for Prison Industries, but also something that could grow large enough to utilize waste from the region, which currently had no outlet. He thanked the Committee for its time and consideration.

Mr. Pope explained that currently Full Circle Compost operated on 40 acres on the Prison Ranch, and Terra Firma wanted to move to a different part of the Prison Ranch and condense the operation to an 18-acre parcel. The 18-acre parcel would be divided, with 1/3 acre fenced to allow outside vendors to drop off material. The inmates would

be contained on the remaining 2/3 acres. He added the material brought to the operation was ground and processed, which would take care of the contraband issue. Currently, there were approximately 10 to 20 trucks per day dropping off pine needles from Lake Tahoe, multiple landscapers with lawn and landscape clippings, and once the operation was moved from the current site, it would be a more secure operation. Mr. Pope believed the process would be a huge improvement once Terra Firma was operating at the Prison Ranch.

**b. Erickson Framing Holdings, LLC.**

Ms. Dastal stated that Erickson Framing Nevada, LLC recently opened a location in Reno, Nevada, and showed an interest in working with Prison Industries. She stated that Reed Graham, Chief Operating Officer, Erickson Framing, and Aaron West, Chief Financial Officer, Nevada Builders Alliance, were present at the meeting to discuss their operations.

Mr. Quenga stated he recently attended an open house for Erickson Companies in Reno to look at their operations. He said Erickson Companies wanted to employ 12 inmates and transport those offenders to a secure job site in Reno. He added Erickson was currently working with the correctional industry in Arizona.

Reed Graham, Chief Operating Officer, Erickson Companies, stated that Erickson Companies (Erickson) had been in business for over 40 years. Erickson fabricated and assembled wooden trusses, wall panels, and doors and trims for the Nevada residential housing market. In addition, Erickson provided all the material for its other facilities in California, Nevada and Arizona, and had a rail spur and large-acre facilities. He explained that Erickson has used inmate labor through the Arizona correctional industries for approximately 18 months, and 31 inmates were used daily to work a second shift. Mr. Graham stated there was a severe labor shortage, specifically in construction, and Erickson was trying to be creative in how it sourced labor, which led the company to correctional industries. He stated that approximately two years ago, Erickson started conversations with the correctional industry in Arizona, which has been successful, not only in sourcing labor, but also offering jobs to inmates upon release. Mr. Graham stated that 12 inmates were hired in Arizona and Erickson was also currently active in recruiting inmates near release in California and Nevada. He estimated more than 50 previous inmates were hired to work for Erickson.

Senator Goicoechea asked if Erickson would utilize offenders in transitional housing and transport inmates to the job site, similar to an honor crew.

Mr. Dzurenda replied he met with Chuck Ryan, Director, Arizona Department of Corrections, to see how its operation worked, the type of inmates employed, and whether those inmates obtained employment upon release. He noted there was a 100-bed transitional center for offenders in Reno, which had a low success rate for inmates looking for employment. Inmates in the Reno transitional housing were able to look for jobs in the community during the day, which was not as successful as it was for

inmates looking for jobs in Las Vegas. Mr. Dzurenda said the majority of offenders who would work at Erickson would be coming from the transitional center. He indicated there were more than 12 inmates from the transitional housing facility looking for jobs in the community, so those inmates were already in the community unsupervised while seeking employment. Inmates would receive training from Erickson while in transitional housing and were evaluated on their work. He believed that 90 percent of the inmates working at Erickson would find employment upon release.

Senator Goicoechea asked Mr. Dzurenda how the inmates in transitional housing were selected to work at Erickson. He asked if age and physical capabilities were considered when they transitioned into housing, understanding they would have the opportunity for training and employment with Erickson. He noted that years ago, inmates in honor camps were working on different projects and received great training while working, and upon completion, those inmates were qualified and could find jobs in the construction industry. He believed inmate construction was looked at as direct competition for the construction industry, because those jobs would have been bid by local governments. Senator Goicoechea believed it was a great program. He added he did not realize there was a 100-unit transitional housing center in Reno, which could provide inmates training at companies like Erickson.

Mr. Graham explained Erickson had a strict policy in Arizona when hiring offenders. Erickson did not hire violent offenders, so offenses were either drug-related charges or driving under the influence. In addition, some of the offenders had previously worked for Erickson prior to arrest and were rehired upon release, which worked out well for Erickson. Mr. Graham noted he wanted to be included when interviewing the offenders that qualified, because the individual needed the right mentality to qualify for the investment from Erickson into training that individual. He said he wanted the offender to realize it was a privilege and to consider training as an opportunity to regain a healthy foothold back into civilization.

Senator Goicoechea stated that Erickson typically looked for offenders working in honor camps. He asked if the offenders with non-violent offenses qualified for transitional housing, because it was critical to train the right person for the job.

Mr. Dzurenda replied non-violent offenders were not necessarily going into transitional housing. He stated it would have to be a partnership between NDOC and Erickson. A classification of inmates would have to be done first, and then Erickson would use that list to find qualified offenders to apply for the training program. Mr. Dzurenda stated through the classification process, the NDOC could find offenders that were eligible and still in facilities to transition into the program.

Mr. Graham clarified that Erickson would be starting with 12 inmates, because introducing and training new offenders into an organization would cause a significant negative impact on productivity. However, that number would grow until the appropriate threshold was reached. He noted that Arizona used a 1:31 threshold, which was governed by the warden of the prison who had a guard-to-inmate ratio he was

comfortable with. He noted that Erickson would look for the proper threshold as soon as the first 12 inmates were trained, efficient and ready to be bolting on individuals that were inexperienced.

Mr. Puliz asked where Erickson was located in Reno. Mr. Graham replied that Erickson was located off Parr Boulevard in north Reno.

Chairman Parks asked if offenders would be paid the current minimum wage and if overtime would be paid when needed.

Mr. Graham replied inmates would be paid minimum wage. He added that Erickson covered the costs associated with transportation, which was approximately a 40-mile one-way trip. In addition, Erickson would pay a guard \$40.00 per hour to transport the inmates. He said the guard was paid during the time of transportation, so if Erickson started out with only 12 inmates, and subsidized a \$40.00-an-hour guard, at 80 miles round trip for 12 offenders, that would drive the hourly rate up significantly. Therefore, for the first several months, it would be an investment for Erickson, and the return would not be seen until Erickson increased the number of inmates working to manufacture wall panels and trusses and pull lumber loads at the job site. Mr. Graham stated he would like to increase the number of inmates to between 25 and 30 quickly, so there were economies of scale associated with it. He added that inmates and guards would qualify for overtime pay when needed.

Assemblywoman Monroe-Moreno asked Mr. Graham if he knew the background requirements for staff working with the inmates in Arizona, and if it was comparable with the background check for staff working with the inmates in Reno to ensure safety for staff.

Mr. Graham replied there were requirements for Erickson staff. In Arizona, inmates could not supervise other inmates, and Erickson supplied all supervision with a defined structure. The supervisors on the wall line production were called "sawyers," with a 1:5 ratio, five inmates for every sawyer to check quality, ensure productivity, and see that material was lined up in advance of need. Mr. Graham added the Arizona correctional facility provided training for Erickson employees that worked directly with the inmates, in addition to a background check for all individuals on the second shift. Previously, this was done in Arizona for the second shift to minimize the number of individuals that would be in contact with the inmates. He said the same process would be conducted for the Reno facility. He reiterated there would be a background check done by Erickson, in addition to the training from the correctional center in Nevada. He added that Mr. Quenga stated that Prison Industries would also provide training for Erickson employees.

Mr. Quenga added there would be background checks and Erickson employees would have to go through in-service training to get familiar with working and dealing with inmates, which was basic training provided by the Nevada Department of Corrections.

Senator Goicoechea asked for clarification and whether inmates were coming from the prison system or transitional housing to work for Erickson.

Mr. Dzurenda responded those details had not been determined, but he believed it would be a combination of inmates from the correctional facility and transitional housing. He stated there were not enough inmates he would want to use for the program from the transitional housing center in Reno. He said that was what the camps and lower-level facilities were for, so it would be a combination of offenders from both places. In addition, federal law required the prison system to conduct background checks on individuals who had contact with inmates under the Prison Rape Elimination Act of 2003 (PREA). Therefore, a background check was needed before anyone could have contact with inmates. He reiterated he was unsure where the inmates would come from at this point and suggested the Reno transitional housing center, because it would be a great opportunity for those offenders.

Chairman Parks added that Fiscal staff would provide assistance and guidance with ensuring any recommendation brought forward to the Committee was properly reviewed.

Mr. Graham ended his presentation stating that he appreciated the Committee's time and consideration on this agenda item.

Aaron West, Chief Financial Officer, Nevada Builders Alliance, stated for the record that he appreciated the Committee's consideration of this new potential prison industry program. On behalf of the Nevada Builders Alliance, Mr. West said there were 750 construction-related companies statewide facing tremendous shortages on the labor side. He appreciated that Erickson was being as creative as possible when looking for opportunities to train and provide offenders opportunities for a career and give them the best chance going forward on reentry. He stated the Nevada Builders Alliance was happy to help in any way to support the program. He looked forward to working with the Committee on more programs similar to this to create positive outcomes and add to the workforce in Nevada.

Senator Goicoechea appreciated Erickson for coming forward with the potential prison industry program, because Erickson would face possible risks and exposure when training inmates in a private facility where something could go wrong.

### **c. Sewing Collection, Inc.**

Ms. Dastal stated that Sewing Collection, Inc. (SCI) was in the business of recycling clothes hangers. The company purchased and picked up used plastic hangers from many large stores and wanted to employ offenders to sort the hangers by size, type and rebox them. Ms. Dastal indicated that SCI would like to utilize a bay at High Desert State Prison starting with 12 offenders.



Mr. Quenga stated he visited the SCI operation in Southern California, and added the company was in partnership with another correctional industry in Ohio.

Rob Molaie, SCI, stated he was an 18-year employee of the company and would discuss hanger recycling and how SCI could build a partnership with Prison Industries in the State of Nevada. He introduced Ben Nazarian, Director of Operations, SCI, and Mariel Aliwalas, Business Development, SCI.

Mr. Molaie explained that SCI has been in business over 35 years with corporate headquarters in Los Angeles, California; a Midwest facility in Ohio; an East Coast facility in New Jersey; and a recently opened operation in Tijuana, Mexico. He said SCI was a full service packaging supply company, mainly for the apparel industry. He said that SCI products included new and recycled hangers, corrugated shipping boxes and packaging supplies, tape, shrink wrap and shipping labels. In addition, SCI was the largest hanger recycling company in North America. He stated the SCI had contracts with a majority of the department stores in the United States, mainly Nordstrom, Macy's, Sear, Dillard's, Saks Fifth Avenue, J.C. Penney, Lord and Taylor, and other retailers. Mr. Molaie stated that SCI's hanger recycling program was very successful and started over 20 years ago before all the hangers accumulated at the store level were going into landfills. Originally, SCI started with Macy's in Los Angeles with only one distribution center. In the past, department stores paid to divert their hangers to the landfill, which was over one billion hangers annually.

Continuing, Mr. Molaie noted that 80 to 90 different style hangers were sorted with the highest standards; broken hangers were removed in addition to the contaminate hangers, which were wooden or dirty hangers. The good hangers were identified and sold to the garment manufacturers, department stores and retailers. Mr. Molaie stated SCI faced a shortage of labor and space. The company recently opened a facility in Tijuana, Mexico, because of the low-cost of wages. However, it was very difficult to work in Mexico, because of issues with customs and control over transported items to Mexico. He said SCI believed if it brought the operation back to the United States it would have more control over operations. However, there was limited space in California; therefore, SCI started working with a correctional facility in Ohio, and would start working at a second prison in Oregon. He stated in the beginning he was hesitant working with inmates, but those inmates were excited to get out of their cell and work and make money, and the results had been great. The program in Oregon would be set up in November 2017 and would service the Nordstrom Northwest distribution center, which purchased approximately ten million hangers, but overall, SCI took in approximately one billion hangers annually and serviced many distribution centers across the United States. He stated SCI was the largest hanger recycling company in North America. He said SCI could fill up a football stadium with all the hangers it collected every year. There was a lot of material to sort and orders to fill, and SCI needed help with the production aspect of the business. Mr. Molaie stated SCI's objective was to work with Silver State Industries to use inmate labor and the institution within the prison ground to help sort hangers.

Mr. Nazarian, Director of Operations, SCI, referred to the SCI presentation under Tab XII of the meeting packet (Exhibit A), which showed the hanger sorting operation. He explained the hangers were collected throughout different parts of the United States and transported and offloaded to one of the prison. He explained there were over 100 different styles of hangers, and typically, 75 percent of the hangers were sorted and processed. The unusable hangers were discarded into large containers for SCI to pick up later. He explained that approximately 75 percent of the workers were used as sorters, and 25 percent of the workers provided support. Therefore, if SCI started with 10 people in Nevada, 7 people would sort hangers and approximately 2 to 3 people would transport hangers from table to table. During the presort process, workers would separate top hangers for shirts, from bottom hangers for pants. Those hangers would be taken to two different processing tables and typically, a person would sort between 7 to 9 boxes an hour, which represented approximately 7,000 to 9,000 pieces an hour. After the training process, a person could sort up to 9,000 pieces per day, which was great production. Normally, toward the end of the day, the sorted boxes were collected and palletized by style, and collected on a daily basis, so there was no need for storage of hangers at the prison facility. He noted that once SCI dropped the unsorted hangers at the facility in the morning, they would pick up the finished products from the prison site the same day.

Mr. Molaie expressed this was a proven concept with prison industries. SCI started working with the Ohio Penal Industries in December 2016, and then with the Ohio Reformatory for Women, a medium security female prison. Eventually, SCI had 40 inmates working; production was amazing and every day the inmates showed up to work with excitement and joy, and it provided some motivation for the inmates. Because of that success, SCI started in the Madison Correctional Center in Ohio in July 2017. In addition, two other prisons would start production soon – the Northeast Reintegration Center in Cleveland, Ohio, scheduled for September 2017, and the Oregon Corrections Enterprises, scheduled for November 2017.

Senator Goicoechea asked about the 25 percent of hangers that were unusable, and Mr. Nazarian replied SCI not only reused good hangers but also recycled hangers. Therefore, the 25 percent of hangers that were unusable were recycled. In addition, SCI ran a shredding operation that shredded hangers and removed the metal hooks. The material was sold to various corporations and companies.

Concluding his presentation, Mr. Nazarian stated SCI had racks to help facilitate the sorting process and the hangers were packed in boxes of 100 to 200 pieces. He noted SCI anticipated that between 50,000 to 150,000 hangers were sorted per day.

Mr. Puliz asked if SCI hauled the sorted hangers from Nevada to Los Angeles, or if a facility would be set up in Las Vegas. He thought Las Vegas would be a better place for a distribution facility as opposed to Los Angeles.

Mr. Molaie replied a majority of the hangers would be hauled to the Los Angeles distribution center, because most of the customers were located on the West Coast.

In addition, there were distribution centers in Ohio and New Jersey, so depending on the style of hangers, some could also be hauled to one of those facilities. Mr. Molaie stated SCI worked with Goodwill Industries, and Las Vegas was a large purchaser of hangers, which was great for the company, because having a distribution center in Las Vegas would reduce the costs for shipping, especially to the surrounding states. He stated the goal of SCI was to find a way to shut down its operation in Mexico and consider Las Vegas as a possible West Coast partner.

Mr. Molaie explained the hanger recycling business was not a seasonal business, but a year-round business that was still alive even with all the recent store closures. In addition, SCI's competition was new hanger manufacturers, and the hangers sold in the United States was only 10 percent of the entire hanger business. Obviously, there was a lot of garment production in Asia, Vietnam, Bangladesh, China and other parts of the world, and SCI wanted to find a way to compete with the new hanger manufactures. Therefore, SCI wanted to find a way to sell its products in China, Bangladesh and Vietnam. He noted that SCI had freight-forwarding experience so it could transport hangers to Los Angeles and export them out of the Los Angeles port.

Assemblywoman Monroe-Moreno asked how much square footage was needed for a distribution space in Las Vegas. In addition, she asked if the current inmates working for SCI would be able to obtain employment in Las Vegas.

Mr. Molaie explained that hangers were very small and approximately 250,000 hangers would fit into a 53-foot trailer, so in terms of square footage, a 10,000 square foot warehouse could hold approximately five million hangers. The hangers were easily palletized and could be double-stacked 12-feet high, so a small storage space was sufficient to accumulate the hangers. He added SCI invested a lot of time and money to train people on the different types of hangers, and it took approximately two months for people to learn the 80 different styles of hangers. He added that once the inmates were trained on the sorting process and released, they could continue working for SCI if interested.

Chairman Parks asked if there were any hanger manufacturers in the United States, and Mr. Molaie replied the majority of the manufactures were in Asia, Vietnam and China; however, there were some manufactures in Central America and India, but none in the United States. He added there was a small hanger manufacturer in Mexico.

Mr. Puliz asked the intended location for the hanger sorting operation, and Mr. Quenga replied there were approximately two 10,000 square foot spaces, occupied by a previous company. He said Silver State Industries was looking to locate the hanger sorting operation at High Desert State Prison.

Senator Goicoechea asked if the inmates would be paid minimum wage to work in the hanger sorting operation, and Mr. Quenga replied he checked with the Bureau of Justice Assistance and since the business was already interstate commerce, it did not

fall under minimum wage. He said Prison Industries would work out a rate per hanger and would try to mimic what was being done in Ohio.

Chairman Parks thanked the presenters for their insightful presentations on the potential prison industry programs. He stated there was no plan to make a final determination today; however, he thought Prison Industries would be working on how to move forward with the potential prison industry programs discussed at the meeting.

**XIII. PUBLIC COMMENT.**

There was not public comment.

**XIV. ADJOURNMENT.**

The meeting was adjourned at 11:15 a.m.

Respectfully submitted,

\_\_\_\_\_  
Donna Thomas, Committee Secretary

APPROVED:

\_\_\_\_\_  
Senator David Parks, Chairman

Date:\_\_\_\_\_

STATUS REPORT ON OUTSTANDING DEBT OWED  
TO PRISON INDUSTRIES



Cust ID	Customer Name	Current	1 - 30	31 - 60	61 - 90	91 - 120	121 +	Balance
		09/30 - After	08/31 - 09/29	08/01 - 08/30	07/02 - 07/31	06/02 - 07/01	Prior - 06/01	
YY1030	NO NV CORR CTR-CANTEEN	\$55.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$55.00
YY1036	CARLIN CONSERVATION CAMP	\$32.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.00
YY1038	PI STORE/NSP TRADING POST	\$7.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.00
YY1046	HUMBOLDT CC CANTEEN	\$43.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43.50
YY1050	PURCHASING - NDOC OFFICE	\$0.00	\$1,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,625.00
YY1051	SO DESERT CORR CTR	\$20,557.07	\$1,643.40	\$0.00	\$0.00	\$0.00	\$0.00	\$22,200.47 *
YY1056	FMWCC - CANTEEN	\$1,543.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,543.00
YY1058	FLORENCE MCCLURE WOMEN	\$0.00	\$26,856.35	\$658.30	\$0.00	\$0.00	\$0.00	\$27,514.65 *
YY1063	WELLS CONSERVATION CAMP	\$305.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$305.00
YY1064	PIOCHE CONS CAMP-CANTEEN	\$169.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$169.00
YY1067	STEWART CONS CAMP-CANTEEN	\$71.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$71.00
YY1070	HIGH DESERT STATE PRISON-CAN	\$3,248.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,248.50
YY1072	PI CASA GRANDE STORE	\$277.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$277.00
YY1075	WARM SPRINGS CC-CANTEEN	\$312.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$312.00
YY1080	SO DESERT CORR CTR-CANTEEN	\$380.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$380.50
YY1110	TONOPAH CONS CAMP-CANTEEN	\$17.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17.00
YY1115	WELLS CONSERVATION CAMP	\$127.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$127.00
YY1020	ELY STATE PRISON-CANTEEN	\$446.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$446.50
YY1135	NDOC INMATE PURCHASES	\$98.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$98.00
ZZ1011	ATTORNEY GENERAL'S OFFICE	\$39.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$39.75
ZZ1020	DIV OF CHILD & FAMILY-CARSON	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00
ZZ1037	EMPLOYMENT, TRAINING & REH	\$1,688.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,688.50
ZZ1045	ENVIRONMENTAL PROTECTION	\$352.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$352.08
ZZ1046	GOVERNOR'S OFFICE	\$1,442.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,442.25
ZZ1049	FORESTRY DIV-WESTERN RE	\$360.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$360.00
ZZ1088	LAKE'S CROSSING CENTER	\$766.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$766.00
ZZ1089	LEGISLATIVE COUNSEL BUR.	\$595.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$595.00
ZZ1103	MOTOR VEHICLES DEPT.	\$32,791.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32,791.00 *
ZZ1148	NEVADA STATE WELFARE	\$8,425.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,425.00
ZZ1201	ATTORNEY GENERAL	\$409.00	\$1,130.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,539.00
ZZ1208	DEPT OF AG ESTRAY HORSE	\$3,829.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,829.50
ZZ1244	MUSEUMS, LIBRARY & ARTS	\$835.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$835.00
ZZ1256	NEVADA STATE PARKS	\$400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$400.00
AGING TOTALS:		<u>\$445,877.43</u>	<u>\$44,085.16</u>	<u>\$1,183.26</u>	<u>(\$20.00)</u>	<u>\$0.00</u>	<u>(\$189.83)</u>	<u>\$490,936.02</u>
AGING PERCENTAGES:		90.82%	8.98%	0.24%	0.00%	0.00%	-0.04%	100%

\* Indicates top ten customer balances

REVIEW THE NUMBER OF INMATES THAT WORKED  
JULY 2014 THROUGH SEPTEMBER 2017



NDOC Industrial Programs  
Report of Offenders Working  
FY 2015

INST	SHOP	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	FY 2015 Mo. AVG
HDSP	DMD (private)	128	131	127	121	111	106	111	114	114	128	133	140	122
LCC	Garment	99	97	96	92	88	88	87	87	85	84	83	83	89
NNCC	Metal	17	16	17	23	23	23	21	22	21	21	21	21	21
NNCC	Furniture	35	34	34	34	29	27	33	28	28	27	32	30	31
NNCC	Mattress	12	12	12	12	12	12	12	12	12	12	10	10	12
NNCC	Printing/Book Bindery	24	26	25	22	25	21	23	25	25	23	23	27	24
SCC	Ranch	22	20	21	20	21	18	17	18	22	25	24	23	21
SCC	Horses	23	21	20	24	20	17	18	17	19	19	19	17	20
SCC	Tag Plant	11	9	8	11	11	11	9	14	14	12	12	12	11
SDCC	Auto/Upholstery	23	20	18	21	21	21	21	21	22	24	23	24	22
ISCC	M-Truss (community)	3	2	2	-	1	1	-	-	-	-	-	-	1
SDCC	DMD (private)	35	35	39	35	33	34	29	29	44	43	29	27	34
SDCC	Opportunity Village	24	28	35	34	36	43	43	39	40	38	39	37	36
FMWCC	Jacobs Trading (private)	59	56	56	56	55	51	15	55	26	26	26	25	42
WSCC	DMD (private)	7	6	5	5	6	6	7	6	10	10	6	6	7
Grand Total		522	513	515	510	492	479	446	487	482	492	480	482	492
Average Offender Population		12,797	12,791	12,786	12,831	12,791	12,792	12,833	12,866	12,944	13,034	13,046	12,999	12,876
Percent of Offender Population Working		4.1%	4.0%	4.0%	4.0%	3.8%	3.7%	3.5%	3.8%	3.7%	3.8%	3.7%	3.7%	4.1%

NDOC Industrial Programs  
Report of Offenders Working  
FY 2016

INST	SHOP	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	FY 2016 Mo. AVG
HDSP	DMD (private)	273	115	103	103	144	143	139	132	131	130	125	123	139
LCC	Garment	83	91	90	89	86	87	68	84	82	98	119	104	91
NNCC	Metal	22	22	21	28	22	23	23	23	24	24	24	24	24
NNCC	Furniture	34	31	29	34	31	31	29	28	27	29	30	30	31
LCC	Mattress	10	11	11	12	12	12	12	12	11	11	13	13	13
NNCC	Printing/Book Bindery	27	26	26	27	25	30	28	26	27	29	27	26	28
SCC	Ranch	27	23	22	24	26	24	20	19	30	19	19	20	24
SCC	Horses	22	21	20	21	22	26	26	28	34	31	31	31	27
SCC	Tag Plant	15	15	15	15	12	16	16	15	15	14	16	16	16
SDCC	Auto/Upholstery	22	20	19	16	18	17	18	17	16	16	16	17	19
SDCC	DMD (private)	32	7	26	20	25	20	20	20	19	18	17	16	21
SDCC	Opportunity Village	39	39	36	36	37	33	34	31	31	32	31	33	35
FMWCC	Jacobs Trading (private)	22	20	19	19	16	16	16	15	15	15	15	15	18
WCC	DMD (private)	7	8	8	8	8	8	8	8	9	8	7	7	9
	Grand Total	635	449	445	452	484	486	457	458	471	474	490	475	482
	Average Offender Population	13,082	13,156	13,133	13,251	13,290	13,413	13,413	13,432	13,558	13,624	13,646	13,685	13,391
	Percent of Offender Population Working	4.9%	3.4%	3.4%	3.4%	3.6%	3.6%	3.4%	3.4%	3.5%	3.5%	3.6%	3.5%	3.6%

NDOC Industrial Programs  
Report of Offenders Working  
FY 2017

INST	SHOP	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY 2017 Mo. AVG
HDSP	DMD (private)	120	108	96	88	88	131	136	140	141	135	127	125	121
LCC	Garment	100	100	106	95	104	104	102	102	93	137	110	111	106
NNCC	Metal	24	24	26	25	24	27	27	26	27	29	27	27	27
NNCC	Furniture	29	30	28	28	30	31	27	26	29	27	38	32	31
NNCC	Mattress	13	12	11	11	12	12	12	12	12	13	12	12	13
NNCC	Printing/Book Bindery	26	27	34	26	25	38	33	33	31	31	31	31	31
SCC	Ranch	20	22	21	26	20	22	23	22	23	21	27	28	24
SCC	Horses	30	29	25	28	26	27	25	25	26	23	23	26	27
SCC	Tag Plant	14	14	19	18	18	18	15	15	18	17	17	18	18
SDCC	Auto/Upholstery	16	16	17	17	21	19	18	18	20	21	20	20	20
SDCC	DMD (private)	30	25	25	26	24	31	31	33	36	34	36	36	32
SDCC	Opportunity Village	9	0	0	0	0	0	0	0	0	0	0	0	2
FMWCC	Jacobs Trading (private)	15	15	14	14	19	17	17	18	18	18	18	18	18
WCC	DMD (private)	9	8	8	7	7	9	9	9	8	9	10	10	10
	Grand Total	455	430	430	409	418	486	475	479	482	515	496	494	465
	Average Offender Population	13,686	13,697	14,021	14,050	14,094	14,153	14,091	14,108	14,169	14,151	14,179	14,117	14,096
	Percent of Offender Population Working	3.3%	3.1%	3.1%	2.9%	3.0%	3.4%	3.4%	3.4%	3.4%	3.6%	3.5%	3.5%	3.3%



REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND  
BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND,  
AND THE VICTIMS OF CRIME  
FUND FY 2016, FY 2017 AND  
FY 2018 YEAR-TO-DATE

NEVADA DEPARTMENT OF CORRECTIONS  
Prison Industries Payroll Assessments

	FY 2016				FY 2017				FY 2018 YTD September 30, 2017			
	a) R & B	b) VCF	c) PICI	Total	a) R & B	b) VCF	c) PICI	Total	a) R & B	b) VCF	c) PICI	Total
Northern Nevada Correctional Ctr.	64,712	13,206	13,206	91,124	68,549	13,990	13,990	96,529	18,452	3,766	3,766	25,984
Stewart Conservation Camp	53,018	10,820	10,820	74,658	58,650	11,970	11,970	82,590	14,291	2,917	2,917	20,125
Lovelock Correctional Ctr.	52,849	10,785	10,785	74,419	64,550	13,173	13,173	90,896	25,487	5,201	5,201	35,889
Florence McClure Womens' Correctional Ctr.	39,131	7,986	7,986	55,103	54,187	11,058	11,058	76,303	15,579	3,179	3,179	21,937
Southern Desert Correctional Ctr.	28,571	5,831	5,831	40,233	23,453	4,786	4,786	33,025	6,222	1,270	1,270	8,762
Warm Springs Correctional Ctr.	2,875	587	587	4,049	3,670	749.0	749.0	5,168.0	782	160	160	1,102
High Desert State Prison	46464	9483	9483	65,430	46947	9581	9581	66,109	10329	2108	2108	14,545
<b>Total</b>	<b>\$ 287,620</b>	<b>\$ 58,698</b>	<b>\$ 58,698</b>	<b>\$ 405,016</b>	<b>\$ 320,006</b>	<b>\$ 65,307</b>	<b>\$ 65,307</b>	<b>\$ 450,620</b>	<b>\$ 91,142</b>	<b>\$ 18,601</b>	<b>\$ 18,601</b>	<b>\$ 128,344</b>

a) Room and Board (R & B)

Twenty-Four and one-half percent of the offender's gross wages are assessed to defray some of the costs incurred by the State to house the offenders.

b) Victims of Crime Fund (VCF)

Five percent of the offender's gross wages are assessed for the Fund for Compensation of Victims of Crime.

c) Prison Industries Capital Improvement Fund (PICI)

Five percent of the offenders' gross wages are assessed for capital projects to house new or expanded Prison Industry programs.



REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS  
FOR THE YEAR ENDING SEPTEMBER 30, 2017



**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES**

**FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDING  
SEPTEMBER 30, 2017  
WITH COMPARATIVE SEPTEMBER 30, 2016  
FINANCIAL STATEMENTS**

**NEVADA DEPARTMENT OF CORRECTIONS**  
**SILVER STATE INDUSTRIES**

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**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CONSOLIDATED BALANCE SHEETS**  
As of September 30, 2017 and 2016

**ASSETS**

<b>Current Assets:</b>	<b>2017</b>	<b>2016</b>
Cash - Unrestricted		
Prison Industries	\$ 2,364,371	\$ 1,642,949
Prison Ranch	1,224,405	1,175,156
Total Unrestricted Cash	\$ 3,588,776	\$ 2,818,105
Accounts Receivable	490,936	570,699
Less Allowance for Doubtful Accounts	(4,953)	11,949
Net Accounts Receivable	485,983	582,648
Treasurer's Interest Receivable	6,359	1,553
Prepaid Expenses	9,607	35,167
PI Capital Revenue Receivable	12,253	14,709
Deposits - Business Licenses	15,000	15,000
Livestock	310,080	302,150
Inventories	666,314	972,168
Ranch's Hay (Purchased & Harvested)	232,168	313,074
Total Current Assets	5,326,540	5,054,574
<b>Land, land improvements, property and equipment at cost</b>	4,207,844	4,207,844
Less accumulated depreciation	(3,630,224)	(3,510,128)
Net Property and Equipment	577,620	697,716
<b>Other Assets:</b>		
Cash - Restricted - PI Capital	371,715	303,821
Total Other Assets	371,715	303,821
<b>Total Assets</b>	<b>\$ 6,275,875</b>	<b>\$ 6,056,111</b>

**LIABILITIES AND CAPITAL BALANCE**

<b>Current Liabilities:</b>		
Accounts Payable	\$ 151,169	\$ 427,906
Unearned Revenue	95,909	159,785
Rent and Other Deposits	9,400	9,400
Wages Payable	64,429	63,519
Current Accrued Compensated Absences	84,616	86,036
Total Current Liabilities	405,523	746,646
<b>Long-Term Liabilities:</b>		
Accrued Compensated Absences	73,962	89,498
Total Long-Term Liabilities	73,962	89,498
Total Liabilities	479,485	836,144
<b>Capital:</b>		
Contributed Capital	\$ 2,193,440	2,193,440
Retained Earnings	3,602,950	3,026,527
Total Capital	5,796,390	5,219,967
<b>Total Liabilities and Capital Balance</b>	<b>\$ 6,275,875</b>	<b>\$ 6,056,111</b>

**NEVADA DEPARTMENT OF CORRECTIONS**  
**SILVER STATE INDUSTRIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(With Interfund Sales Eliminated)  
For the three months ending September 30, 2017 and 2016

	September 30, 2017	September 30, 2016
<b>Revenue from Operations:</b>		
<b>Industry Sales</b>	\$ 825,509	\$ 699,066
Less Cost of Sales	(673,319)	(456,875)
Gross Profit from Industry sales	\$ 152,190	242,191
<b>Ranch Sales</b>	555,935	616,022
Less Cost of Sales	(413,289)	(407,051)
Gross Profit from Ranch sales	142,646	208,971
<b>Industry Freight</b>	784	2,788
<b>General Manufacturing Expenses:</b>	(245,364)	(277,070)
<b>Net Income from Operations:</b>	<b>50,256</b>	<b>176,880</b>
<b>General and Administrative Expenses:</b>	(248,460)	(443,463)
<b>Other Income and Expenses</b>	253,807	248,843
<b>Net Income</b>	<b>\$ 55,603</b>	<b>\$ (17,741)</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CONSOLIDATED STATEMENTS OF OPERATIONS**

**By Budget Account**

(With Interfund Sales Eliminated)

For the three months ending September 30, 2017 and 2016

**Budget Account 3719 - Prison Industries**

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Revenue from Operations:</b>		
<b>Industry Sales</b>	\$ 825,509	\$ 699,066
Less Cost of Sales	(673,319)	(456,875)
Gross Profit from Industry sales	\$ 152,190	242,191
<b>Industry Freight</b>	784	2,788
<b>Institutional Overhead Expenses:</b>	(116,004)	(132,641)
<b>Net Income from Operations:</b>	<b>36,970</b>	<b>112,338</b>
<b>General and Administrative Expenses:</b>	(248,460)	(443,463)
<b>Other Income and Expenses</b>	244,085	237,107
<b>Net Income (Loss)</b>	<b>\$ 32,595</b>	<b>\$ (94,018)</b>

**Budget Account 3727 - Prison Ranch**

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Revenue from Operations:</b>		
<b>Ranch Sales</b>	\$ 555,935	\$ 616,022
Less Cost of Sales	(413,289)	(407,051)
Gross Profit from Ranch sales	\$ 142,646	208,971
<b>Institutional Overhead Expenses:</b>	(129,360)	(144,429)
<b>Net Income</b>	<b>\$ 13,286</b>	<b>\$ 64,542</b>

**Budget Account 3728 - P I Capital Projects**

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Revenue:</b>		
<b>Inmate Wage Assessments</b>	\$ 8,667	\$ 14,709
<b>Capital Improvements (Depreciation)</b>	\$ (3,586)	\$ (3,586)
<b>Other Income (Interest)</b>	1,055	613
<b>Net Income</b>	<b>\$ 6,136</b>	<b>\$ 11,736</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS**

For the three months ending September 30, 2017 and 2016

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Unreserved Retained Earnings at Beginning of Year</b>	\$ 3,547,347	\$ 3,044,268
Current Period Net Income	55,603	(17,741)
Prior Period Adjustment	-	-
<b>Unreserved Retained Earnings at End of Year</b>	<b>3,602,950</b>	<b>3,026,527</b>
<b>Contributed Capital</b>	<b>2,193,440</b>	<b>2,193,440</b>
<b>Total Fund Equity</b>	<b>\$ 5,796,390</b>	<b>\$ 5,219,967</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
CENTRAL ADMINISTRATION  
Statements of Operations**

For the three months ending September 30, 2017 and 2016

Revenue:	September 30, 2017	2016
<b>License Plate Fees</b>	\$ 181,691	\$ 167,902
<b>Capital Improvement</b>	12,253	14,709
<b>Rental Income:</b>		
Jacob's Trading Company	1,800	1,800
Diamond Mountain Distributors at SDCC	6,300	7,500
Diamond Mountain Distributors at HDSP	15,000	15,000
Dayton Valley Turf	6,600	6,600
Total Rental Income	29,700	30,900
<b>Administrative Fees: (Net of reimbursements)</b>		
Jacob's Trading Company	3,248	8,646
Miscellaneous Programs	-	25
Diamond Mountain Distributors	1,964	8,626
Prison Ranch	12,000	12,000
Total Administrative Fees	17,212	29,297
Miscellaneous Revenue	3,390	-
<b>Total Revenue</b>	\$ 244,246	\$ 242,808
<b>General and Administrative Expenses:</b>	<b>September 30, 2017</b>	<b>2016</b>
Staff Salaries	\$ 140,609	\$ 123,182
Staff Fringe Benefits and other Payroll expenses	53,600	51,724
Travel expenses	2,291	4,545
Rent	4,075	9,365
Office expenses	482	850
Telephone	1,932	3,498
Postage and Mailing	333	324
Advertising/Public Relations	92	3,907
General Insurance	-	1,877
Vehicle Operating expenses	4,494	2,544
Dues and Subscriptions	1,728	245
Depreciation expense	21,645	21,645
Improvements and Small Equipment	954	-
Bad Debt expense	-	70,000
Utilities	715	1,840
State Cost Allocation	-	135,743
Attorney General Cost Allocation	9,396	10,008
EITS Assessment	2,827	1,241
Purchasing Assessment	-	1,442
Credit Card Processing Fees	2,368	1,647
Miscellaneous expenses	1,031	2,028
<b>Total General and Administrative Expenses</b>	\$ (248,572)	(447,655)
<b>Net Loss from Operations</b>	(4,326)	(204,847)
<b>Other Income (Expense)</b>		
Capital Improvement	(3,586)	\$ (3,586)
Interest Revenue	10,674	6,399
Finance Charges	-	113
<b>Earnings available for program support (Net Loss)</b>	\$ 2,762	\$ (201,921)

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
NNCC MATTRESS SHOP  
Statements of Operations  
For the three months ending September 30, 2017 and 2016**

Revenue:	September 30, 2017	September 30, 2016
<b>Sales - Mattress</b>	\$ 57,392	\$ 67,358
Less Cost of Sales:		
Direct Labor	\$ 2,512	3,153
Materials	40,183	33,376
Overhead	7,668	7,263
Total Cost of Sales	(50,363)	(43,792)
Gross Profit	7,029	23,566
Freight Revenues	4,574	5,275
Freight Expenses	(3,519)	(2,633)
Freight (Net of Revenues/Expenses)	1,055	2,642
<b>Contribution to G &amp; A expenses - Mattress</b>	<b>\$ 8,084</b>	<b>\$ 26,208</b>
 <b>General and Administrative Manufacturing Expenses:</b>		
Salaries	4,119	4,517
Fringe Benefits and other Payroll expenses	2,393	1,879
Inmate Labor - Office	955	1,086
Inmate Workers' Compensation Insurance	228	268
Miscellaneous Office expenses	732	181
Telephone	-	207
Dues and Subscriptions	-	152
Building & Grounds Improvements	179	-
Utilities	390	786
Miscellaneous expenses	1,212	862
Capitalized Institutional Overhead	(350)	(1,595)
Total General and Administrative Manufacturing Expenses	(9,858)	(8,343)
<b>Earnings available for program support</b>	<b>\$ (1,774)</b>	<b>\$ 17,865</b>



**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
NNCC PRINTING/BINDERY SHOP  
Statements of Operations  
For the three months ending September 30, 2017 and 2016**

Revenue:	September 30, 2017	September 30, 2016
<b>Sales</b>	\$ 157,001	\$ 139,674
Less Cost of Sales:		
Direct Labor	\$ 9,974	9,925
Materials	67,547	46,915
Overhead	8,196	17,840
Total Cost of Sales	(85,717)	(74,680)
Gross Profit	71,284	64,994
Freight Revenues	2,610	4,015
Freight Expenses	(2,868)	(3,309)
Freight (Net of Revenues/Expenses)	(258)	706
<b>Contribution to G &amp; A expenses</b>	<b>\$ 71,026</b>	<b>65,700</b>
 <b>General and Administrative Manufacturing Expenses:</b>		
Salaries	19,178	18,646
Fringe Benefits and other Payroll expenses	6,488	5,545
Inmate Labor - Office	2,065	2,036
Inmate Workers' Compensation Insurance	333	321
Miscellaneous Office expenses	305	124
Telephone	-	207
Postage and Mailing	148	206
Dues and Subscriptions	-	98
Buildings & Grounds Improvements	288	-
Utilities	189	364
Miscellaneous expenses	555	317
Capitalized Institutional Overhead	4	131
Total General and Administrative Manufacturing Expenses	(29,553)	(27,995)
<b>Earnings available for program support</b>	<b>\$ 41,473</b>	<b>\$ 37,705</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
NNCC FURNITURE AND METAL  
Statements of Operations**

For the three months ending September 30, 2017 and 2016

	September 30, 2017	September 30, 2016
<b>Revenue:</b>		
<b>Sales - Furniture</b>	\$ 42,011	\$ 32,254
Less Cost of Sales:		
Direct Labor	\$ 4,803	4,735
Materials	69,207	60,897
Overhead	14,750	14,490
Total Cost of Sales	(88,760)	(80,122)
Gross Profit	(46,749)	(47,868)
Freight Revenues	740	1,403
Freight Expenses	(1,337)	(549)
Freight (Net of Revenues/Expenses)	(597)	854
<b>Contribution to G &amp; A expenses</b>	<b>\$ (47,346)</b>	<b>(47,014)</b>
<b>Sales - Metal</b>	246,841	178,018
Less Cost of Sales:		
Direct Labor	22,368	18,468
Materials	142,504	102,009
Overhead	21,924	25,764
Total Cost of Sales	(186,796)	(146,241)
Gross Profit - Metal	60,045	31,777
Freight Revenues	225	-
Freight Expenses	(433)	-
Freight (Net of Revenues/Expenses)	(208)	-
<b>Contribution to G &amp; A expenses</b>	<b>59,837</b>	<b>31,777</b>
<b>General and Administrative Manufacturing Expenses:</b>		
Salaries	10,632	10,913
Fringe Benefits and other Payroll expenses	2,393	1,879
Inmate Labor - Office	2,370	2,412
Inmate Workers' Compensation Insurance	1,223	1,025
Travel expenses	257	-
Miscellaneous Office expenses	3,035	2,891
Telephone	-	414
Dues and Subscriptions	54	173
Utilities	1,169	4,847
Capitalized Institutional Overhead	3,035	8,171
Total General and Administrative Manufacturing Expenses	(24,168)	(32,725)
<b>Earnings available for program support (Net Loss)</b>	<b>\$ (11,677)</b>	<b>\$ (47,962)</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
SDCC AUTO AND UPHOLSTERY SHOP  
Statements of Operations**

For the three months ending September 30, 2017 and 2016

Revenue:	September 30, 2017	September 30, 2016
<b>Sales From Auto/Upholstery</b>	\$ 14,000	\$ 45,084
Less Cost of Sales:		
Direct Labor	746	2,695
Materials	51,258	6,651
Overhead	8,637	8,413
Total Cost of Sales	(60,641)	(17,759)
Gross Profit	(46,641)	27,325
<b>Contribution to G &amp; A expenses - Auto/Upholstery</b>	<b>\$ (46,641)</b>	<b>\$ 27,325</b>
<b>Net Proceeds from Manpower Operations:</b>		
Diamond Mountain Distributors	2,473	3,187
Opportunity Village	-	(78)
<b>Contribution to G &amp; A expenses - Manpower Operations</b>	<b>2,473</b>	<b>3,109</b>
<b>General and Administrative Manufacturing Expenses:</b>		
Salaries	7,994	12,395
Fringe Benefits and other Payroll expenses	3,453	7,637
Inmate Labor - Office	3,228	1,730
Insurance Expense--Other	-	400
Inmate Workers' Compensation Insurance	219	180
Miscellaneous Office expenses	90	357
Telephone	223	346
Utilities	-	3,468
Miscellaneous expenses	1,218	847
Capitalized Institutional Overhead	2,291	(896)
Warranty expense	89	116
Total General and Administrative Manufacturing Expenses	(18,805)	(26,580)
<b>Earnings available for program support (Net Loss)</b>	<b>\$ (62,973)</b>	<b>\$ 3,854</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
LCC GARMENT FACTORY  
Statements of Operations**

For the three months ending September 30, 2017 and 2016

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Revenue:</b>		
<b>Sales</b>	\$ 313,688	\$ 244,267
Less Cost of Sales:		
Direct Labor	\$ 82,230	42,761
Materials	91,955	32,015
Overhead	30,353	21,496
Total Cost of Sales	(204,538)	(96,272)
Gross Profit	109,150	147,995
Freight Revenues	10,381	3,472
Freight Expenses	(9,589)	(4,886)
Freight (Net of Revenues/Expenses)	792	(1,414)
<b>Contribution to G &amp; A expenses</b>	<b>\$ 109,942</b>	<b>146,581</b>
 <b>General and Administrative Manufacturing Expenses:</b>		
Salaries	15,871	15,430
Fringe Benefits and other Payroll expenses	10,176	9,119
Inmate Labor - Office	4,130	4,101
Inmate Workers' Compensation Insurance	2,465	1,557
Travel	140	-
Miscellaneous Office expenses	1,888	2,004
Telephone	-	610
Postage and Mailing	68	92
Building and Grounds Improvements	25	3,039
Utilities	321	3,376
Miscellaneous expenses	1,269	1,199
Capitalized Institutional Overhead	(917)	(2,123)
Total General and Administrative Manufacturing Expenses	(35,436)	(38,404)
<b>Earnings available for program support</b>	<b>\$ 74,506</b>	<b>\$ 108,177</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
PRISON RANCH  
Statements of Operations**

For the three months ending September 30, 2017 and 2016

Revenue:	September 30, 2017	September 30, 2016
<b>Revenue - Livestock</b>		
Cash Sales	\$ 13,139	\$ 14,789
Non-Cash Inventory Adjustments	<u>14,110</u>	<u>6,780</u>
Total Revenue	\$ 27,249	<u>21,569</u>
Less Cost of Sales:		
Direct Labor	2,222	1,034
Materials	10,870	6,798
Overhead	<u>6,095</u>	<u>4,080</u>
Total Cost of Sales	<u>(19,187)</u>	<u>(11,912)</u>
<b>Contribution to G &amp; A expenses - Livestock</b>	<b>\$ 8,062</b>	<b>9,657</b>
<b>Sales - Dairy</b>	146,614	<u>151,553</u>
Less Cost of Sales:		
Direct Labor	16,735	11,367
Materials	54,524	51,900
Overhead	<u>34,193</u>	<u>28,757</u>
Total Cost of Sales	<u>(105,452)</u>	<u>(92,024)</u>
<b>Contribution to G &amp; A expenses - Dairy</b>	<b>41,162</b>	<b>59,529</b>
<b>Revenue - Crops</b>		
Sales	29,261	18,079
Non-Cash Inventory Adjustments	<u>13,667</u>	<u>57,471</u>
Total Revenue	42,928	<u>75,549</u>
Less Cost of Sales:		
Direct Labor	7,775	8,750
Materials	4,710	-
Overhead	<u>20,923</u>	<u>38,216</u>
Total Cost of Sales	<u>(33,408)</u>	<u>(46,966)</u>
<b>Contribution to G &amp; A expenses - Crops</b>	<b>9,520</b>	<b>28,583</b>
<b>Boarding Fees - Estray Horses</b>	3,830	1,224
Less Cost of Sales:		
Direct Labor	-	-
Materials	1,456	292
Overhead	<u>-</u>	<u>-</u>
Total Cost of Sales	<u>(1,456)</u>	<u>(292)</u>
<b>Contribution to G &amp; A expenses - Estray Horse Boarding</b>	<b>2,374</b>	<b>932</b>
<b>Boarding Fees - BLM (Wild) Horses</b>	356,363	<u>375,108</u>
Less Cost of Sales:		
Direct Labor	22,925	36,795
Materials	196,869	182,414
Overhead	<u>61,916</u>	<u>51,754</u>
Total Cost of Sales	<u>(281,710)</u>	<u>(270,963)</u>
<b>Contribution to G &amp; A expenses - BLM Wild Horse Boarding</b>	<b>74,653</b>	<b>104,145</b>
<b>Composting Project</b>	13,163	<u>10,501</u>
Less Cost of Sales:		
Direct Labor	6,288	4,377
Materials	-	-
Overhead	<u>-</u>	<u>-</u>
Total Cost of Sales	<u>(6,288)</u>	<u>(4,377)</u>
<b>Contribution to G &amp; A expenses - Composting Project</b>	<b>\$ 6,875</b>	<b>\$ 6,124</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
PRISON RANCH  
Statements of Operations**  
For the three months ending September 30, 2017 and 2016  
(Continued)

	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>General and Administrative Ranch Expenses:</b>		
Salaries - Staff	\$ 64,661	\$ 63,726
Fringe Benefits and other Payroll expenses	31,693	25,788
Inmate Labor - Office	2,386	3,760
Inmate Worker's Compensation Insurance	1,382	1,477
Travel expenses	534	49
Miscellaneous Office expenses	510	632
Telephone Expenses	156	262
Postage and Mailing	5	36
Advertising/Public Relations	-	194
Insurance	-	2,335
Dues and Subscriptions	-	328
Buildings and Grounds Improvements	25	770
Utilities	13,699	25,734
Miscellaneous expenses	2,309	7,338
Administration Fees	12,000	12,000
Total General and Administrative Manufacturing Expenses	\$ (129,360)	\$ (144,429)
<b>Earnings available for program support</b>	<b>\$ 13,286</b>	<b>\$ 64,541</b>

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
SCHEDULE OF INTERFUND SALES**

For the three months ending September 30, 2017 and 2016

	PER STATEMENTS OF OPERATIONS		INTERFUND SALES		AFTER REMOVING INTERFUND SALES	
	September 30, 2017			September 30, 2016		
<b>Revenue:</b>						
<b>Industry Sales</b>	\$ 830,933	\$ (5,424)	\$ 825,509		\$ 699,066	
Less Cost of Sales	<u>(676,815)</u>	<u>3,497</u>	<u>(673,319)</u>		<u>(456,875)</u>	
Gross Profit from Industry Sales	<u>154,118</u>	<u>(1,928)</u>	<u>152,190</u>	\$ 152,190	<u>242,191</u>	
<b>Ranch Sales</b>	590,147	(34,212)	555,935		616,022	
Less Cost of Sales	<u>(447,501)</u>	<u>34,212</u>	<u>(413,289)</u>		<u>(407,051)</u>	
Gross Profit from Ranch Sales	142,646	(0)		142,646	208,971	
Freight (Net of Revenues/Expenses)	<u>784</u>			<u>784</u>	<u>2,788</u>	
<b>General Manufacturing Expenses:</b>						
Staff Salaries	122,455		122,455		125,627	
Staff Fringe Benefits and other Payroll expenses	56,596		56,596		51,847	
Inmate Labor	15,134		15,134		15,125	
Inmate Worker's Compensation Ins.	5,850		5,850		4,828	
Travel expenses	931		931		49	
Office expenses	6,560	(1,816)	4,744		4,976	
Telephone	379		379		2,046	
Postage and Mailing	221		221		334	
General Insurance	-		-		2,735	
Dues and Subscriptions	54		54		751	
Improvements	517		517		3,809	
Utilities	15,768		15,768		38,575	
Administrative Fees	12,000		12,000		12,000	
Miscellaneous expenses	6,563		6,563		10,563	
Capitalized Institutional Overhead	4,063		4,063		3,688	
Warranty expense	<u>89</u>		<u>89</u>		<u>116</u>	
Total General Manufacturing Expenses:	<u>(247,180)</u>	<u>(1,816)</u>		<u>(245,364)</u>	<u>(277,070)</u>	
<b>Net Income from Operations:</b>	<b><u>\$ 50,368</u></b>	<b><u>\$ 112</u></b>		<b><u>\$ 50,256</u></b>	<b><u>\$ 176,880</u></b>	

**NEVADA DEPARTMENT OF CORRECTIONS  
SILVER STATE INDUSTRIES  
SCHEDULE OF INTERFUND SALES**

For the three months ending September 30, 2017 and 2016  
(Continued)

	PER STATEMENTS OF OPERATIONS	ELIMINATION ENTRIES	AFTER REMOVING INTERFUND SALES	September 30, 2016
	September 30, 2017			
<b>General and</b>				
<b>Administrative Expenses:</b>				
Staff Salaries	\$ 140,609		\$ 140,609	\$ 123,182
Staff Fringe Benefits and other Payroll expenses	53,600		53,600	51,724
Travel expenses	2,291		2,291	4,545
Rent	4,075		4,075	9,365
Office expenses	482	\$ (20)	462	769
Telephone	1,932		1,932	3,498
Postage and Mailing	333		333	324
Advertising/Public Relations	92	\$ (92)	-	-
General Insurance	-		-	1,877
Vehicle expenses	4,494		4,494	2,340
Dues and Subscriptions	1,728		1,728	245
Depreciation expense	21,645		21,645	21,645
Improvements and Small Equipment	954		954	-
Bad Debt expense	-		-	70,000
Utilities	715		715	1,840
State Cost Allocation	-		-	135,743
Attorney General Cost Allocation	9,396		9,396	10,008
EITS Assessment	2,827		2,827	1,241
Purchasing Assessment	-		-	1,442
Credit Card Processing Fees	2,368		2,368	1,647
Miscellaneous expenses	1,031		1,031	2,028
Total General and Administrative Expenses	<u>(248,572)</u>	<u>(112)</u>	<u>\$ (248,460)</u>	<u>(443,463)</u>
<b>Other Income (Expenses)</b>				
Interest Revenue	10,674		10,674	6,399
Finance Charges	-		-	113
License Plate Fees	181,691		181,691	167,902
Capital Improvement (net)	8,667		8,667	11,123
Rental Income	29,700		29,700	30,900
Administrative Fees	19,685		19,685	32,406
Miscellaneous Revenue	3,390		3,390	-
<b>Earnings Available for Program Support</b>	<u>\$ 55,603</u>	<u>\$ (0)</u>	<u>\$ 55,603</u>	<u>\$ (17,741)</u>



STATUS OF FUND FOR NEW CONSTRUCTION OF  
FACILITIES FOR  
PRISON INDUSTRIES – NRS 209.192

**FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES**  
 Historical Revenues and Expenditures for FY 2014 through FY 2018

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<i>Beginning Balance:</i>	\$373,827	\$467,938	\$539,940	\$303,821	\$371,714
Revenue:					
Inmate Wage Assessments:	\$93,385	\$70,282	\$58,508	\$65,161	\$12,253
Interest Income:	\$726	\$1,720	\$2,490	\$2,725	\$1,055
Rebate:				\$7	
<i>Total Revenue:</i>	\$94,111	\$72,002	\$60,999	\$67,893	\$13,308
Expenditures Incurred:	\$0	\$0	\$297,118	\$0	\$0
<i>Ending Balance:</i>	\$467,938	\$539,940	\$303,821	\$371,714	\$385,021



DISCUSSION OF AND RECOMMENDATIONS TO THE DIRECTOR  
FOR APPOINTMENT OF THE DEPUTY DIRECTOR  
FOR INDUSTRIAL PROGRAMS  
NRS 209.4818(1)(e)

**NRS 209.4818 Committee on Industrial Programs: Duties.**

1. The Committee on Industrial Programs shall:

- (a) Be informed on issues and developments relating to industrial programs for correctional institutions;
- (b) Submit a semiannual report to the Interim Finance Committee before July 1 and December 1 of each year on the status of current and proposed industrial programs for correctional institutions;
- (c) Report to the Legislature on any other matter relating to industrial programs for correctional institutions that it deems appropriate;
- (d) Meet at least quarterly and at the call of the Chair to review the operation of current and proposed industrial programs;
- (e) Recommend three persons to the Director for appointment as the Deputy Director for Industrial Programs whenever a vacancy exists;
- (f) Before any new industrial program is established by the Director, review the proposed program for compliance with the requirements of subsections 2, 3, 4 and 7 of [NRS 209.461](#) and submit to the Director its recommendations concerning the proposed program; and
- (g) Review each state-sponsored industry program established pursuant to subsection 2 of [NRS 209.461](#) to determine whether the program is operating profitably. If the Committee determines that a program has incurred a net loss in 3 consecutive fiscal years, the Committee shall report its finding to the Director with a recommendation regarding whether the program should be continued or terminated. If the Director does not accept the recommendation of the Committee, the Director shall submit a written report to the Committee setting forth his or her reasons for rejecting the recommendation.

2. Upon the request of the Committee on Industrial Programs, the Director and the Deputy Director for Industrial Programs shall provide to the Committee any information that the Committee determines is relevant to the performance of the duties of the Committee.

3. As used in this section, "state-sponsored industry program" means a program for the vocational training or employment of offenders which does not include a contract of employment with a private employer.

(Added to NRS by [2001, 2391](#); A [2007, 68](#); [2013, 1806](#))



DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL  
PRISON INDUSTRY PROGRAMS – NRS 209.4818.

- a. Terra Firma Organics, Inc.
- b. Erickson Framing Holdings, LLC.
- c. Sewing Collections, Inc.

Northern Administration  
5500 Snyder Ave.  
Carson City, NV 89701  
(775) 887-3285

Southern Administration  
3955 W. Russell Rd.  
Las Vegas, NV 89118  
(702) 486-9938



Brian Sandoval  
*Governor*

James Dzurenda  
*Director*

## State of Nevada Department of Corrections

DATE: November 9, 2017  
TO: Committee on Industrial Programs  
FROM: James E. Dzurenda, Director  
SUBJECT: Impact studies for new industries

Silver State Industries (SSI) would like to partner with three companies that desire to use offender labor for their operations. We are presenting Erickson Framing NV, LLC, Terra Firma Organics, Inc., and Sewing Collection Inc. for your consideration.

Per NRS 209.459 and 209.461, the Director of the Department of Corrections is required to obtain a detailed written analysis on the estimated impact of the contract on private industry in Nevada. As required, SSI has reached out to the Department of Employment, Training and Rehabilitation (DETR), the Department of Business and Industry (DBI), the Governor's Office on Economic Development (GOED), and Representatives of organized labor in this state.

The written analysis must include, without limitation:

1. The number of private companies in this State currently providing the types of products and services offered in the proposed contract.
2. The number of residents of this State currently employed by such private companies.
3. The number of offenders that would be employed under the contract.
4. The skills that the offenders would acquire under the contract.

The Department of Business and Industry was not able to contribute any information and referred us to DETR. Organized labor stated that they do not have any issues with the three companies. Attached are copies of both e-mails. DETR and the Governor's Office on Economic Development provided the information below. Also included are the actual reports from DETR and GOED.

Based on NDOC's analysis, it appears that these proposed partners will make significant contributions to the state and to the economy. These companies will create more valuable offender job training, assist NDOC with room and board as deductions are taken out of offender's pay, more contributions will be made to the Victim of Crime fund and SSI's Capital Improvement fund, and SSI's financial position will be enhanced. GOED has reported that these companies will also make valuable contributions to the economy as illustrated below. NDOC is making the recommendation that all three companies be approved.



Erickson Framing NV, LLC is in the business of fabrication and assembly of wooden trusses, wall panels, doors and trims for the Nevada residential housing market. They would like to start with 12 to 14 offenders working in Reno. Erickson determined that the workers would fall under Team Assemblers. The offenders would learn construction skills, customer service, interpersonal skills, oral communication, diversity, a work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, planning/organizing, professionalism, the importance of quality and quantity, safety and security, adaptability, initiative, etc.

DETR provided employment and wage estimates for Erickson Framing for workers based in Washoe County along with data on team assemblers. Team assemblers work as part of a team having responsibility for assembling an entire product or component in the assembly process and rotate through all or most of the various fabrications.

DETR provided data that showed a total of 4,740 individuals are employed as assemblers in Nevada. Their mean hourly wage is \$13.65. The 10th percentile wage is \$9.11 while the 90th percentile wage is \$20.97 per hour.

The Governor's Office on Economic Development determined that the effect in the state by adding 14 jobs to Truss Manufacturing is a \$684,185 initial effect, a \$183,831 direct effect, a \$38,688 indirect effect, and a \$173,279 induced effect with a \$1,079,983 change in earnings to the state as a whole, 21 change in jobs, and \$116,561 change in taxes on production and imports. The direct effect is three jobs, the indirect effect is one job and the induced effect is three jobs. The effect on taxes on production and imports is \$53,069 locally in Washoe County, \$46,038 for the state, and \$17,454 federally. Scenario results for industries are as follows: The economy would add fifteen additional jobs in manufacturing, one wholesale trade job, one transportation and warehousing job, one professional, scientific, and technical services job, one health care and social assistance job, one other services job, one management job, one business and financial operations job, one architecture and engineering job, one sales and related occupations job, two office and administrative support jobs, one construction and extraction job, one installation, maintenance, and repair job, eight production jobs, and three transportation and material moving jobs.

Terra Firma Organics Inc. is in the business of turning organic waste such as trees, shrubs, lawn clippings, etc. into compost. They would like to start with 10 to 12 offenders at the Prison Ranch in Carson City. The offenders would be considered Recycling and Reclamation Workers. The workers would learn about soil quality, the composting process, equipment operation, green waste processing, customer service, interpersonal skills, oral communication, diversity, a work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, adaptability, initiative, planning/organizing, professionalism, the importance of quality and quantity, safety and security, adaptability, initiative, etc.

Terra Firma Organics Inc. data is based on workers in Carson City. Terra Firma workers were considered Production Workers, All Other by DETR. This classification includes all production workers not included separately. This classification includes recycling and reclamation workers in Nevada.

DETR provided data that a total of 630 individuals work in Nevada as Production Workers, All Other. The mean hourly wage is \$16.40 per hour. The 10th percentile is \$9.37 per hour while the 90th percentile is \$25.17 per hour.

The Governor's Office on Economic Development determined that adding ten jobs to fertilizer manufacturing would result in an initial boost to the economy of \$695,427, an \$183,192 direct effect, a \$29,551 indirect effect, and a \$129,148 induced effect. This also would result in a \$1,037,319 change in earnings, 16 additional jobs, and a \$237,388 change in taxes on production and imports. The effect on

jobs would be ten initially, three direct, one indirect, and three induced. The projected effect on taxes on production and imports would be a \$109,660 boost to the economy locally, \$94,744 for the state and \$32,984 federally.

Scenario results illustrated that manufacturing would add ten jobs, while office and administrative support would add two jobs, production three jobs, transportation and material moving two jobs. One job would be added to each of the following occupations; wholesale trade; professional, scientific, and technical; health care and social assistance; management, business and financial operations; architecture and engineering; sales and related occupations; installation, maintenance, and repair; and unclassified occupations.

Sewing Collection Inc. (SCI) is in the business of recycling clothes hangers. They pick up used plastic clothes hangers from many retail stores such as Dillard's, Sears, and Macy's. They would have offenders sort down the hangers by size and type and then re-box them. They would like to start with 12 inmates at High Desert State Prison who would learn customer service, interpersonal skills, oral communication, diversity, a work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, planning/organizing, professionalism, the importance of quality and quantity, safety and security, adaptability, initiative, etc.

SCI data is based on Clark County statistics. Their workers will fall under office clerk, general; production workers, all other; and helpers-production workers. Office clerks perform various office duties such as bookkeeping, typing, word processing, stenography, office machines operation, and filing. Production workers, as mentioned for Terra Firma, include all production workers not included separately. It includes recycling and reclamation workers. Helpers-production workers perform duties that require less skill than production workers. Duties include supplying or holding materials or tools, and cleaning work areas and equipment.

DETR provided data that industry firms in Nevada have a total of 27,320 office clerks, 630 production workers, and 1,280 helpers-production workers. The mean hourly wage for office clerks is \$17.16 per hour, the 10th percentile is \$10.08 per hour, and the 90th percentile is \$25.33 per hour. Production workers have a mean wage of \$16.40 per hour. The 10th percentile is \$9.37 compared to the 90th percentile at \$25.17 per hour. Helpers-Production workers have a mean wage of \$12.49 per hour. The 10th percentile is \$8.59 per hour while the 90th percentile is \$18.20 hourly.

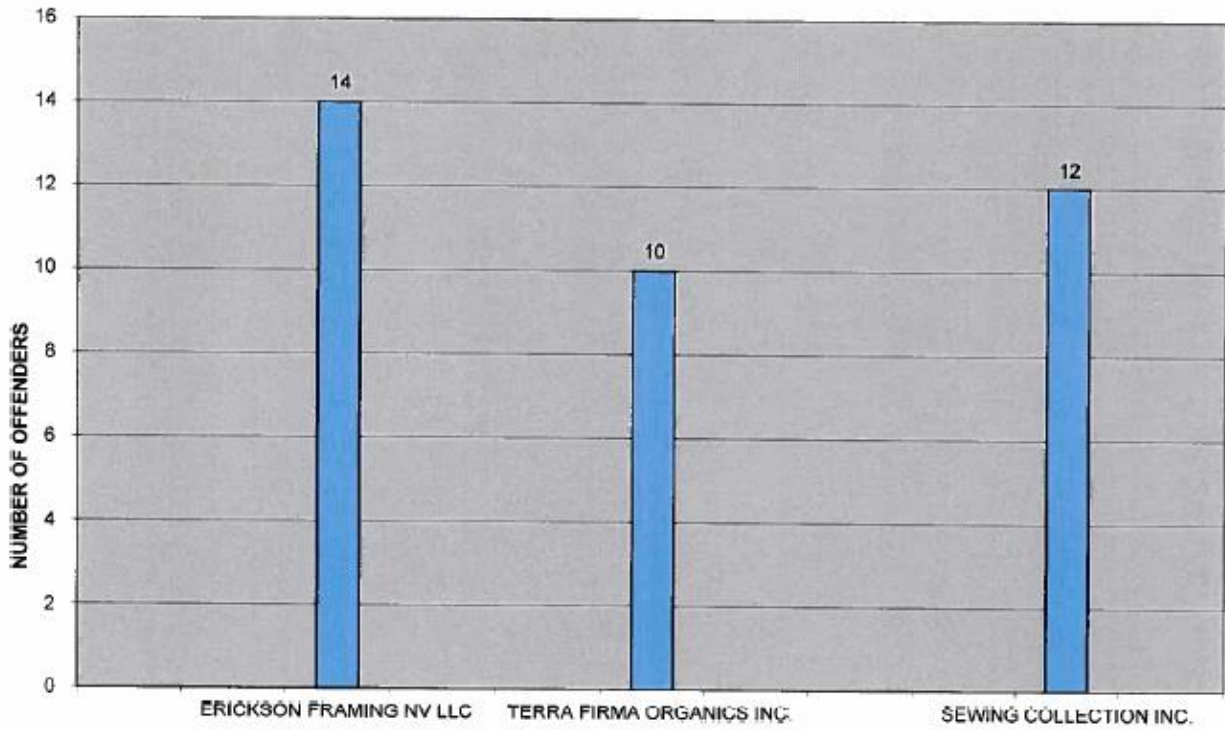
The Governor's Office on Economic Development classified SCI as a recyclable material merchant wholesaler. By adding 12 jobs, the economy would benefit initially by \$395,466, directly by \$68,601, indirectly by \$14,577 and induced by \$200,016. The changes in earnings totals \$678,660 and changes in taxes on production and imports totals \$211,494. The effect on jobs would be 12 initially, 1 direct, none indirectly, and 4 induced. The effect on taxes on production and imports may be \$97,425 locally, \$84,071 for the state, and \$29,998 federally.

The Governor's Office on Economic Development's scenario results illustrated that the resulting positive change on wholesale trade jobs would be 12 sales and related occupations, 3 office and administrative support, 3 transportation and 5 material moving and one each for retail trade; health care and social assistance; government; management, business and financial operations, installation, maintenance, and repair; and finally production occupations.

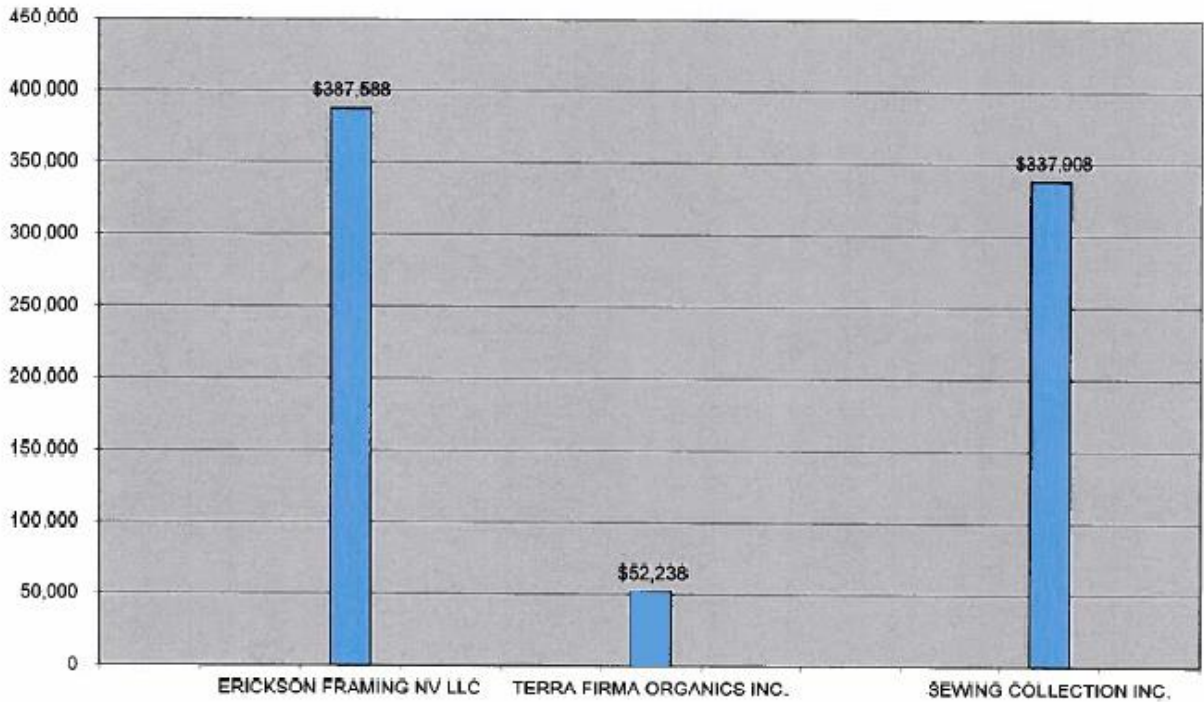
It appears that the state would greatly benefit from these three new programs. Please approve all three companies to partner with SSI.

Thank you for your consideration.

**PROPOSED NUMBER OF OFFENDERS**



**PROPOSED ANNUAL CONTRACT DOLLAR AMOUNTS**



## Emails:

### Diane Dastal - Impact Studies

---

**From:** "Beverly Williams" <beverlywilliams@teamsters986.org>  
**To:** "ddastal@doc.nv.gov" <ddastal@doc.nv.gov>  
**Date:** 9/27/2017 10:01 AM  
**Subject:** Impact Studies

---

Good Morning Diane,

Per your request to have an Impact Study done on the three (3) companies that will be presenting an overview of the their businesses at the Industrial Program meeting this quarter I have reached out to the International Brotherhood of Teamsters headquarters. For the three (3) companies Erickson Framing NV, LLC, Terra Firma Organics Inc., and Sewing Collection Inc. our findings show that Teamsters do not present any of these three (3) companies.

Beverly

Beverly J. Williams  
Business Representative  
Teamsters Local 986 LV  
300 Shadow Lane  
Las Vegas, NV 89106  
[702-385-0995](tel:702-385-0995) x207 office  
[702-266-5418](tel:702-266-5418) cell  
[702-385-4410](tel:702-385-4410) fax

If this is an unsolicited spam message, please click this link to report it: [Report Spam](#)

**Diane Dastal - RE: impact study needed**

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**From:** Marcel Schaerer <marcelfschaerer@business.nv.gov>  
**To:** Diane Dastal <ddastal@doc.nv.gov>  
**Date:** 9/13/2017 8:00 AM  
**Subject:** RE: impact study needed

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Good morning Diane,

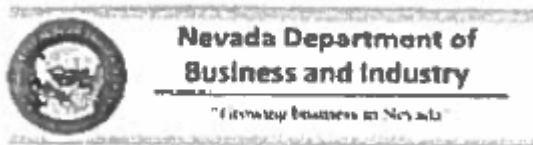
We reviewed the cited NRS and did an analysis of your request. I was informed that our former director Bruce Breslow also addressed this issue with Corrections. Under the NRS, the Department of Business & Industry (B&I) is not responsible for performing the impact studies for the referenced businesses. We're simply one of their potential contacts for due diligence in getting the information that might help them perform those impact studies.

B&I is willing to provide relevant available information within its areas of responsibility that might assist Corrections in performing its impact studies. Unfortunately, in this instance, (1) B&I does not track data associated with items 1 or 2; and (2) B&I has no basis on which to provide data or information for items 3 and 4, given none of the three firms listed by Corrections appear to be in an industry regulated by B&I. The Nevada Secretary of State is a recommended source, and given that DETR is the department with state responsibility for employment, training and rehabilitation issues, and tracks company and employment data by NAICS codes, DETR would be a better source for the information Corrections is seeking.

If we can be of further assistance, let us know.

---

Marcel F. Schaerer  
Deputy Director – Las Vegas  
Department of Business & Industry  
3300 W. Sahara Avenue, Suite 425  
Las Vegas, NV 89102  
(702) 486-4492  
[www.business.nv.gov](http://www.business.nv.gov)



**From:** Diane Dastal [[ddastal@doc.nv.gov](mailto:ddastal@doc.nv.gov)]  
**Sent:** Thursday, September 07, 2017 3:02 PM  
**To:** Marcel Schaerer <marcelfschaerer@business.nv.gov>  
**Subject:** RE: impact study needed

Thank you so much!

>>> Marcel Schaerer <[marcelfschaerer@business.nv.gov](mailto:marcelfschaerer@business.nv.gov)> 9/7/2017 2:59 PM >>>

Hi Diane,

This is a note to acknowledge receiving your email and request. I am checking into it and will get back to you as soon as possible.

Best,

Marcel

---

Marcel F. Schaerer  
Deputy Director – Las Vegas  
Department of Business & Industry  
3300 W. Sahara Avenue, Suite 425  
Las Vegas, NV 89102  
[\(702\) 486-4492](tel:(702)486-4492)  
[www.business.nv.gov](http://www.business.nv.gov)



**Nevada Department of  
Business and Industry**

*"Following Business in Nevada"*

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**From:** Diane Dastal [<mailto:ddastal@doc.nv.gov>]  
**Sent:** Thursday, September 07, 2017 2:35 PM  
**To:** Marcel Schaerer <[marcelfschaerer@business.nv.gov](mailto:marcelfschaerer@business.nv.gov)>  
**Subject:** impact study needed

Hello,

Per our phone conversation, impact studies are needed from the Department of Business and Industry for the businesses that would like to partner with Prison Industries. Information on the three businesses are attached. Thank you so much for your assistance.

(NRS 209.459, 209.461). The Director is required to report to the Committee on the potential impact of any new program on private employers and labor in Nevada. This report must include information about the number of private companies in Nevada currently providing the product or service in question, the number of persons living in Nevada who are employed by those companies, the number of offenders who would be employed in the new program, and the skills that they would acquire. The Director must seek this information from the Department of Employment, Training and Rehabilitation, the Department of Business and Industry, the Office of Economic Development and representatives of organized labor.

The recommendations of the Committee concerning the proposed program must be presented by the Director to the Board, and the Board must approve the program before it is implemented.

Diane Dastal  
Chief of Financial Services  
Silver State Industries  
Casa Grande Transitional Housing  
3955 W Russell Rd  
Las Vegas, NV 89118  

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[\(702\) 486-9995](tel:(702)486-9995)  
[\(702\) 486-9908](tel:(702)486-9908) fax  
[\(702\) 533-3004](tel:(702)533-3004) cell

# Erickson Framing impact studies from Economic Development

**Occupations for Erickson Framing NV, LLC**  
Employment and Wage Estimates for Nevada, May 2016

Industry 238131 Residential Framing Contractors  
Firms in NV 62 Employment 3754

SOC	Title	Total Employment	Mean Hourly Wage	Hourly Wage				
				10th Percentile	20th Percentile	50th Percentile (Median)	75th Percentile	90th Percentile
47-2031	Carpenters	9,940	\$23.48	\$13.06	\$16.17	\$21.57	\$29.57	\$38.37
47-2061	Construction Laborers	8,730	\$18.90	\$11.61	\$13.63	\$17.15	\$23.74	\$29.51
47-3012	Carpenters - Helpers	330	\$13.87	\$10.04	\$11.01	\$13.08	\$15.65	\$18.63
51-2092	Team Assemblers	4,740	\$13.65	\$9.11	\$10.39	\$12.30	\$15.07	\$20.97
51-7041	Sawing Machine Setters, Operators, and Tenders, Wood Woodworking Machine Setters, Operators, and Tenders,	60	\$13.78	\$10.49	\$11.93	\$13.36	\$14.84	\$18.29
51-7042	Except Sawing	140	100	N/A	N/A	N/A	N/A	N/A

## Occupational Definitions from O\*NET

### Carpenters (47-2031)

Construct, erect, install, or repair structures and fixtures made of wood, such as concrete forms; building frameworks, including partitions, joists, studding, and rafters; and wood stairways, window and door frames, and hardwood floors. May also install cabinets, siding, drywall and batt or roll insulation. Includes brattice builders who build doors or brattices (ventilation walls or partitions) in underground passageways.

### Construction Laborers (47-2061)

Perform tasks involving physical labor at construction sites. May operate hand and power tools of all types: air hammers, earth tampers, cement mixers, small mechanical hoists, surveying and measuring equipment, and a variety of other equipment and instruments. May clean and prepare sites, dig trenches, set braces to support the sides of excavations, erect scaffolding, and clean up rubble, debris and other waste materials. May assist other craft workers.

### Carpenters - Helpers (47-3012)

Help carpenters by performing duties requiring less skill. Duties include using, supplying or holding materials or tools, and cleaning work area and equipment.

### Team Assemblers (51-2092)

Work as part of a team having responsibility for assembling an entire product or component of a product. Team assemblers can perform all tasks conducted by the team in the assembly process and rotate through all or most of them rather than being assigned to a specific task on a permanent basis. May participate in making management decisions affecting the work. Includes team leaders who work as part of the team.

### Sawing Machine Setters, Operators, and Tenders, Wood (51-7041)

Set up, operate, or tend wood sawing machines. May operate CNC equipment. Includes lead sawyers.

### Woodworking Machine Setters, Operators, and Tenders, Except Sawing (51-7042)

Set up, operate, or tend woodworking machines, such as drill presses, lathes, shapers, routers, sanders, planers, and wood nailing machines. May operate CNC equipment.

Detailed descriptions of the skills required for these occupations can be found at <https://www.onetonline.org>

## Parameters

## Regions

Code	Description
32031	Washoe County, NV

## Industry Scenario

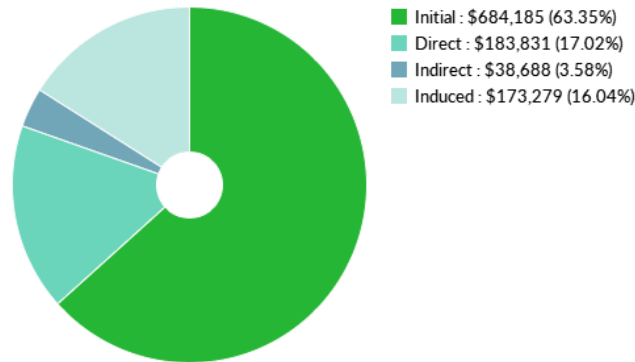
Code	Description	Change Type	Change Value
321214	Truss Manufacturing	Jobs	14

### Input-Output Year 2016 Changes to Truss Manufacturing

<b>\$1,079,983</b> Change in Earnings 1.58 Multiplier	<b>21</b> Change in Jobs 1.53 Multiplier	<b>\$116,561</b> Change in Taxes on Production and Imports (TPI)
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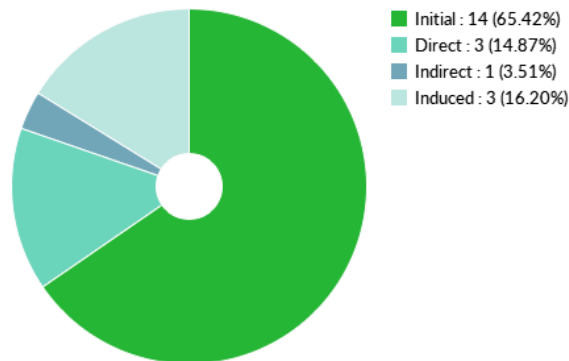
### Effect on earnings from adding 14 jobs to Truss Manufacturing

<b>\$684,185</b> Initial 1.00 Multiplier	<b>\$183,831</b> Direct 0.27 Multiplier	<b>\$38,688</b> Indirect 0.06 Multiplier	<b>\$173,279</b> Induced 0.25 Multiplier
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### Effect on jobs from adding 14 jobs to Truss Manufacturing

<b>14</b> Initial 1.00 Multiplier	<b>3</b> Direct 0.23 Multiplier	<b>1</b> Indirect 0.05 Multiplier	<b>3</b> Induced 0.25 Multiplier
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## Effect on taxes on production and imports from adding 14 jobs to Truss Manufacturing









<b>\$53,069</b> Local	<b>\$46,038</b> State	<b>\$17,454</b> Federal
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### Scenario Results - Industry













NAICS	Industry	Change in Jobs
11	Crop and Animal Production	0
21	Mining, Quarrying, and Oil and Gas Extraction	0
22	Utilities	0
23	Construction	0
31	Manufacturing	15 
42	Wholesale Trade	1 
44	Retail Trade	0
48	Transportation and Warehousing	1 
51	Information	0
52	Finance and Insurance	0
53	Real Estate and Rental and Leasing	0
54	Professional, Scientific, and Technical Services	1 
55	Management of Companies and Enterprises	0
56	Administrative and Support and Waste Management and Remediation Services	0
61	Educational Services	0
62	Health Care and Social Assistance	1 
71	Arts, Entertainment, and Recreation	0
72	Accommodation and Food Services	0
81	Other Services (except Public Administration)	1 
90	Government	0

### Scenario Results - Occupation

SOC	Occupation	Change in Jobs
11-0000	Management Occupations	1 

13-0000	Business and Financial Operations Occupations	1	
15-0000	Computer and Mathematical Occupations	0	
17-0000	Architecture and Engineering Occupations	1	
19-0000	Life, Physical, and Social Science Occupations	0	
21-0000	Community and Social Service Occupations	0	
23-0000	Legal Occupations	0	
25-0000	Education, Training, and Library Occupations	0	
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	0	
29-0000	Healthcare Practitioners and Technical Occupations	0	
31-0000	Healthcare Support Occupations	0	
33-0000	Protective Service Occupations	0	
35-0000	Food Preparation and Serving Related Occupations	0	
37-0000	Building and Grounds Cleaning and Maintenance Occupations	0	
39-0000	Personal Care and Service Occupations	0	
41-0000	Sales and Related Occupations	1	
43-0000	Office and Administrative Support Occupations	2	
45-0000	Farming, Fishing, and Forestry Occupations	0	
47-0000	Construction and Extraction Occupations	1	
49-0000	Installation, Maintenance, and Repair Occupations	1	
51-0000	Production Occupations	8	
53-0000	Transportation and Material Moving Occupations	3	
55-0000	Military occupations	0	
99-0000	Unclassified Occupation	0	

## Scenario Results - Demographics

Demographics	Change in Jobs
Female 14-18	0
Male 14-18	0
Female 19-21	0
Male 19-21	0
Female 22-24	1 
Male 22-24	1 
Female 25-34	2 
Male 25-34	3 
Female 35-44	2 
Male 35-44	3 
Female 45-54	1 
Male 45-54	3 
Female 55-64	1 
Male 55-64	2 
Female 65-99	1 
Male 65-99	1 

### Appendix A - Data Sources and Calculations

#### Input-Output Data

The input-output model in this report is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several Emsi in-house data sets are used, as well as data from Oak Ridge National Labs on the cost of transportation between counties.

#### State Data Sources

This report uses state data from the following agencies: Nevada Department of Employment, Training and Rehabilitation, Information Development and Processing Division, Research and Analysis Bureau

# Sewing Collection impact study from Economic Development

Occupations for Sewing Collections Inc  
Employment and Wage Estimates for Nevada, May 2016

SOC	Title	Total Employment	Mean Hourly Wage	Hourly Wage				
				10th Percentile	20th Percentile	50th Percentile (Median)	75th Percentile	90th Percentile
43-5061	Production, Planning, and Expediting Clerks	1650	\$22.16	\$15.09	\$17.14	\$20.55	\$26.70	\$31.76
43-9061	Office Clerks, General	27320	\$17.16	\$10.08	\$12.30	\$16.46	\$21.15	\$25.33
51-9061	Inspectors, Testers, Sorters, Samplers & Weighers	2550	\$19.04	\$10.50	\$12.80	\$16.88	\$23.22	\$32.47
51-9198	Helpers--Production Workers	1280	\$12.49	\$8.59	\$9.92	\$11.56	\$15.02	\$18.20
51-9199	Production Workers, All Other	630	\$16.40	\$9.37	\$11.12	\$14.17	\$20.64	\$25.17
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	26770	\$14.09	\$9.03	\$10.57	\$13.02	\$16.60	\$21.21
53-7064	Packers and Packagers, Hand	4190	\$10.68	\$7.92	\$8.54	\$9.68	\$11.78	\$14.55

## Occupational Definitions from O\*NET

### Production, Planning, and Expediting Clerks (43-5061)

Coordinate and expedite the flow of work and materials within or between departments of an establishment according to production schedule. Duties include reviewing and distributing production, work, and shipment schedules; conferring with department supervisors to determine progress of work and completion dates; and compiling reports on progress of work, inventory levels, costs, and production problems.

### Office Clerks, General (43-5071)

Perform duties too varied and diverse to be classified in any specific office clerical occupation, requiring knowledge of office systems and procedures. Clerical duties may be assigned in accordance with the office procedures of individual establishments and may include a combination of answering telephones, bookkeeping, typing or word processing, stenography, office machine operation, and filing.

### Inspectors, Testers, Sorters, Samplers & Weighers (51-9061)

Inspect, test, sort, sample, or weigh nonagricultural raw materials or processed, machined, fabricated, or assembled parts or products for defects, wear, and deviations from specifications. May use precision measuring instruments and complex test equipment.

### Helpers--Production Workers (51-9198)

Help production workers by performing duties requiring less skill. Duties include supplying or holding materials or tools, and cleaning work area and equipment.

### Production Workers, All Other (51-9199)

All production workers not listed separately.

### Laborers and Freight, Stock, and Material Movers, Hand (53-7062)

Manually move freight, stock, or other materials or perform other general labor. Includes all manual laborers not elsewhere classified.

### Packers and Packagers, Hand (53-7064)

Pack or package by hand a wide variety of products and materials.

Detailed descriptions of the skills required for these occupations can be found at <https://www.onetonline.org>

## Parameters

## Regions

Code	Description
32003	Clark County, NV

## Industry Scenario

Code	Description	Change Type	Change Value
423930	Recyclable Material Merchant Wholesalers	Jobs	12

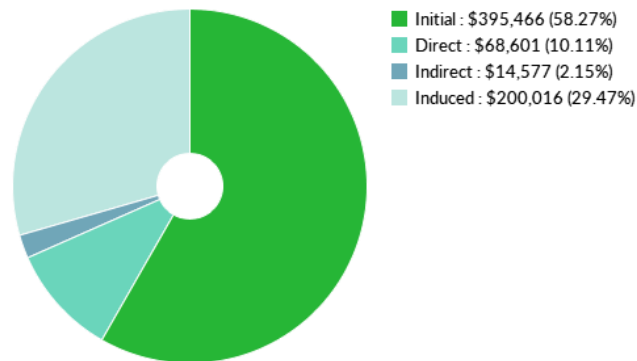
### Input-Output Year 2016

#### Changes to Recyclable Material Merchant Wholesalers

<b>\$678,660</b>	<b>17</b>	<b>\$211,494</b>
Change in Earnings	Change in Jobs	Change in Taxes on Production and Imports (TPI)
1.72 Multiplier	1.45 Multiplier	

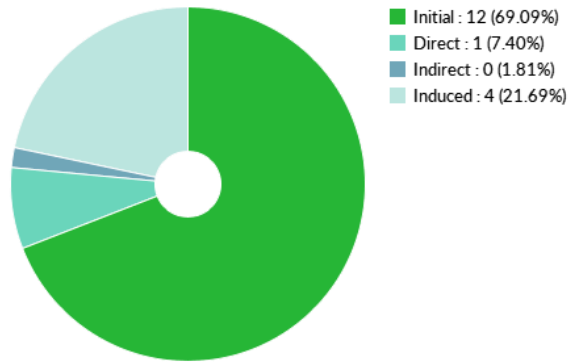
#### Effect on earnings from adding 12 jobs to Recyclable Material Merchant Wholesalers

<b>\$395,466</b>	<b>\$68,601</b>	<b>\$14,577</b>	<b>\$200,016</b>
Initial	Direct	Indirect	Induced
1.00 Multiplier	0.17 Multiplier	0.04 Multiplier	0.51 Multiplier



#### Effect on jobs from adding 12 jobs to Recyclable Material Merchant Wholesalers

<b>12</b>	<b>1</b>	<b>0</b>	<b>4</b>
Initial	Direct	Indirect	Induced
1.00 Multiplier	0.11 Multiplier	0.03 Multiplier	0.31 Multiplier



### Effect on taxes on production and imports from adding 12 jobs to Recyclable Material Merchant Wholesalers

	\$97,425	\$84,071	\$29,998
	Local	State	Federal

\* Scenario Effect on Taxes on Production and Imports - Settings






### Scenario Results - Industry

NAICS	Industry	Change in Jobs
11	Crop and Animal Production	0
21	Mining, Quarrying, and Oil and Gas Extraction	0
22	Utilities	0
23	Construction	0
31	Manufacturing	0
42	Wholesale Trade	12 <span style="display: inline-block; width: 100px; height: 10px; background-color: #0070C0;"></span>
44	Retail Trade	1 <span style="display: inline-block; width: 20px; height: 10px; background-color: #0070C0;"></span>
48	Transportation and Warehousing	0
51	Information	0
52	Finance and Insurance	0
53	Real Estate and Rental and Leasing	0
54	Professional, Scientific, and Technical Services	0
55	Management of Companies and Enterprises	0
56	Administrative and Support and Waste Management and Remediation Services	0











61	Educational Services	0
62	Health Care and Social Assistance	1 ■
71	Arts, Entertainment, and Recreation	0
72	Accommodation and Food Services	0
81	Other Services (except Public Administration)	0
90	Government	1 ■

## Scenario Results - Occupation

SOC	Occupation	Change in Jobs
11-0000	Management Occupations	1 ■
13-0000	Business and Financial Operations Occupations	1 ■
15-0000	Computer and Mathematical Occupations	0
17-0000	Architecture and Engineering Occupations	0
19-0000	Life, Physical, and Social Science Occupations	0
21-0000	Community and Social Service Occupations	0
23-0000	Legal Occupations	0
25-0000	Education, Training, and Library Occupations	0
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	0
29-0000	Healthcare Practitioners and Technical Occupations	0
31-0000	Healthcare Support Occupations	0
33-0000	Protective Service Occupations	0
35-0000	Food Preparation and Serving Related Occupations	0
37-0000	Building and Grounds Cleaning and Maintenance Occupations	0
39-0000	Personal Care and Service	0

Occupations		
41-0000	Sales and Related Occupations	3 
43-0000	Office and Administrative Support Occupations	3 
45-0000	Farming, Fishing, and Forestry Occupations	0
47-0000	Construction and Extraction Occupations	0
49-0000	Installation, Maintenance, and Repair Occupations	1 
51-0000	Production Occupations	1 
53-0000	Transportation and Material Moving Occupations	5 
55-0000	Military occupations	0
99-0000	Unclassified Occupation	0

## Scenario Results - Demographics

Demographics	Change in Jobs
Female 14-18	0
Male 14-18	0
Female 19-21	0
Male 19-21	0
Female 22-24	0
Male 22-24	0
Female 25-34	1 
Male 25-34	2 
Female 35-44	2 
Male 35-44	2 
Female 45-54	2 
Male 45-54	2 
Female 55-64	1 
Male 55-64	2 
Female 65-99	1 
Male 65-99	1 



## **Appendix A - Data Sources and Calculations**

### **Input-Output Data**

The input-output model in this report is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several Emsi in-house data sets are used, as well as data from Oak Ridge National Labs on the cost of transportation between counties.

### **State Data Sources**

This report uses state data from the following agencies: Nevada Department of Employment, Training and Rehabilitation, Information Development and Processing Division, Research and Analysis Bureau

# Terra Firma Organics impact study from Economic Development

**Occupations for Terra Firma Organics Inc**  
Employment and Wage Estimates for Nevada, May 2016

Industry 325314 Fertilizer (Mixing Only) Manufacturing  
Firms in NV 9 Employment 44

SOC	Title	Total Employment	Mean Hourly Wage	Hourly Wage				
				10th Percentile	20th Percentile	50th Percentile (Median)	75th Percentile	90th Percentile
51-9023	Mixing and Blending Machine Setters, Operators, and Tenders	530	\$16.07	\$8.25	\$10.74	\$16.38	\$18.56	\$23.15
51-9011	Chemical Equipment Operators and Tenders	100	\$23.57	\$15.56	\$17.87	\$25.05	\$28.49	\$30.99
51-9111	Packaging and Filling Machine Operators and Tenders	1,230	\$15.06	\$10.33	\$12.10	\$13.99	\$17.78	\$22.39
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	26,770	\$14.09	\$9.03	\$10.57	\$13.02	\$16.60	\$21.21
51-9199	Production Workers, All Other	630	\$16.40	\$9.37	\$11.12	\$14.17	\$20.64	\$25.17

## Occupational Definitions from O\*NET

### Mixing and Blending Machine Setters, Operators, and Tenders

Set up, operate, or tend machines to mix or blend materials, such as chemicals, tobacco, liquids, color pigments, or explosive ingredients.

### Chemical Equipment Operators and Tenders

Operate or tend equipment to control chemical changes or reactions in the processing of industrial or consumer products. Equipment used includes devulcanizers, steam-jacketed kettles, and reactor vessels.

### Packaging and Filling Machine Operators and Tenders

Operate or tend machines to prepare industrial or consumer products for storage or shipment. Includes cannery workers who pack food products.

### Laborers and Freight, Stock, and Material Movers, Hand

Manually move freight, stock, or other materials or perform other general labor. Includes all manual laborers not elsewhere classified.

### Production Workers, All Other

All production workers not included separately. Includes recycling and reclamation workers (51-9199.01). Detailed employment and wage information is not available for recycling and reclamation workers in Nevada.

Detailed descriptions of the skills required for these occupations can be found at <https://www.onetonline.org>

## Parameters Regions

Code	Description
16180	Carson City, NV

## Industry Scenario

Code	Description	Change Type	Change Value
325314	Fertilizer (Mixing Only) Manufacturing	Jobs	10

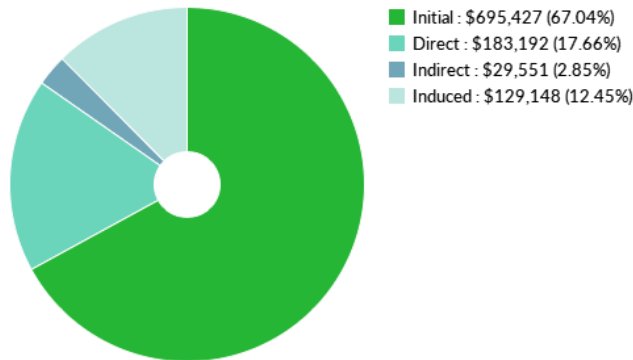
## Input-Output Year 2016

### Changes to Fertilizer (Mixing Only) Manufacturing

<b>\$1,037,319</b>	<b>16</b>	<b>\$237,388</b>
Change in Earnings	Change in Jobs	Change in Taxes on Production and Imports (TPI)
1.49 Multiplier	1.63 Multiplier	

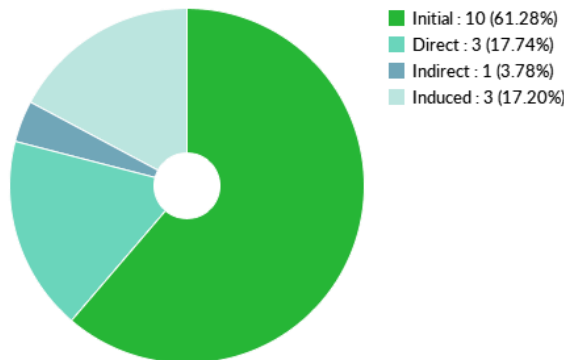
### Effect on earnings from adding 10 jobs to Fertilizer (Mixing Only) Manufacturing

<b>\$695,427</b>	<b>\$183,192</b>	<b>\$29,551</b>	<b>\$129,148</b>
Initial	Direct	Indirect	Induced
1.00 Multiplier	0.26 Multiplier	0.04 Multiplier	0.19 Multiplier



### Effect on jobs from adding 10 jobs to Fertilizer (Mixing Only) Manufacturing





<b>10</b>	<b>3</b>	<b>1</b>	<b>3</b>
Initial	Direct	Indirect	Induced
1.00 Multiplier	0.29 Multiplier	0.06 Multiplier	0.28 Multiplier










### Effect on taxes on production and imports from adding 10 jobs to Fertilizer (Mixing Only) Manufacturing



<b>\$109,660</b>	<b>\$94,744</b>	<b>\$32,984</b>
Local	State	Federal

## Scenario Results - Industry










NAICS	Industry	Change in Jobs
11	Crop and Animal Production	0
21	Mining, Quarrying, and Oil and Gas Extraction	0
22	Utilities	0
23	Construction	0
31	Manufacturing	10 
42	Wholesale Trade	1 
44	Retail Trade	0
48	Transportation and Warehousing	0
51	Information	0
52	Finance and Insurance	0
53	Real Estate and Rental and Leasing	0
54	Professional, Scientific, and Technical Services	1 
55	Management of Companies and Enterprises	0
56	Administrative and Support and Waste Management and Remediation Services	0
61	Educational Services	0
62	Health Care and Social Assistance	1 
71	Arts, Entertainment, and Recreation	0
72	Accommodation and Food Services	0
81	Other Services (except Public Administration)	0
90	Government	0

## Scenario Results - Occupation

SOC	Occupation	Change in Jobs
11-0000	Management Occupations	1 
13-0000	Business and Financial Operations Occupations	1 
15-0000	Computer and Mathematical Occupations	0
17-0000	Architecture and Engineering Occupations	1 
19-0000	Life, Physical, and Social Science Occupations	0
21-0000	Community and Social Service Occupations	0
23-0000	Legal Occupations	0
25-0000	Education, Training, and Library Occupations	0
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	0
29-0000	Healthcare Practitioners and Technical Occupations	0
31-0000	Healthcare Support Occupations	0
33-0000	Protective Service Occupations	0
35-0000	Food Preparation and Serving Related Occupations	0
37-0000	Building and Grounds Cleaning and Maintenance Occupations	0
39-0000	Personal Care and Service Occupations	0
41-0000	Sales and Related Occupations	1 
43-0000	Office and Administrative Support Occupations	2 
45-0000	Farming, Fishing, and Forestry Occupations	0
47-0000	Construction and Extraction Occupations	0
49-0000	Installation, Maintenance, and Repair Occupations	1 
51-0000	Production Occupations	3 

53-0000	Transportation and Material Moving Occupations	2	
55-0000	Military occupations	0	
99-0000	Unclassified Occupation	1	

## Scenario Results - Demographics

Demographics	Change in Jobs
Female 14-18	0
Male 14-18	0
Female 19-21	0
Male 19-21	0
Female 22-24	0
Male 22-24	0
Female 25-34	1 
Male 25-34	2 
Female 35-44	1 
Male 35-44	2 
Female 45-54	1 
Male 45-54	3 
Female 55-64	1 
Male 55-64	3 
Female 65-99	0
Male 65-99	1 

### Appendix A - Data Sources and Calculations

#### Input-Output Data

The input-output model in this report is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several Emsi in-house data sets are used, as well as data from Oak Ridge National Labs on the cost of transportation between counties.

#### State Data Sources

This report uses state data from the following agencies: Nevada Department of Employment, Training and Rehabilitation, Information Development and Processing Division, Research and Analysis Bureau

All of the three contracts are not finalized yet. Amounts are subject to change and have changed from the original amounts. This is where they stand as of November 15, 2017.

Terra Firma just decided to change their name this week. Their new name for the Ranch operation is Nevada Organics LLC. They requested a few changes in the contract estimated amounts that are reflected below. All of the companies want to keep the contract dollar amounts to the absolute minimum so their surety bonds and personal guarantees are kept to a minimum cost.

Terra Firma aka Nevada Organics:

The following is based on (estimated) maximum usage as requested by NV Org	Unit	Estimated Qty	Estimated Monthly Cost	Estimated Annual Revenue
Utilize approximately 20 acres of land	Each	12	\$ 1,500	18,000
Utilization of Ranch utilities (electric and water)--estimated	Each	12	\$ 125	1,500
*Offenders' wages (estimated 7 offenders at 80 hours/month at \$2.50/hour)	Hour	6,720	\$ 1,400	16,800
** Offenders' Workers' Compensation (est. 2.68% of actual offenders' wages)	Wage		\$ 38	450
Offender payroll administrative cost (est. wages of \$16,800 at 30%)	Wage	16,800	\$420	5,040
<b>Sub Total</b>			<b>\$ 3,483</b>	<b>\$41,790</b>
***25% Contingency				10,448
Estimated Monthly Reimbursement			\$ 3,483	
Estimated Annual Revenue				\$52,238
Estimated Total 5 year Contract Revenue				\$261,190

Sewing Collection, Inc.:

Description Sewing Collection	Unit	Qty	Unit Cost	Estimated Bi-weekly Cost	Estimated Monthly Cost	Estimated Annual Revenue
* Usage of approx 10,000 sq. ft. bay at HDSP	Bay	1	\$ 2,500		\$ 2,500.	\$ 30,000
**Correctional Officer (Actual officer Wages & Benefits) based on estimate of 2,200,000 hangers per month	Pay Period	Wage	\$ 1,586	\$1,586	\$ 3,172	\$ 38,064
*** Offender Clerk/Porter at HDSP	Offender	Wage	\$ 244	\$ 244	\$487	\$ 5,844
** *Hanger Sorting by Offenders based on estimate of 2,200,000 hangers per month	Each	26,400,000	\$ .01	\$11,000	\$22,000	\$ 264,000
Estimated Bi-weekly Reimbursement				\$12,830		
Estimated Monthly Reimbursement					\$ 28,159	
Estimated Total Annual Revenue						\$ 337,908
Estimated Total 2 year Contract Revenue						\$ 675,816

Erickson Framing:

Description Erickson Framing	Unit	Qty	Unit Cost	Estimated Bi-weekly Cost	Estimated Monthly Cost	Estimated Annual Revenue
Inmate Payroll \$7.25 per hour X 2080 hours X 14 offenders	Hourly	2080	7.25	\$8,797	\$ 17,593.	\$ 211,120
Correctional Officer (Actual officer Wages & Benefits) Estimate based on annual budgeted amounts.	Pay Period	Wage		\$3,173	\$ 6,346	\$ 76,148
Correctional Officer Overtime Estimate	Pay Period	Wage		\$833	\$1,667	\$20,000
Administrative Fee (\$2 per offender hour X 14 offenders)	Hour	2080	\$2	2,427	4,853	\$58,240
Transportation 32 miles = \$64 round trip (52 weeks = 50 work weeks)	Week	50		\$ 667	\$1,333	\$ 16,000
Contingency						\$ 6,080
Estimated Bi-weekly Reimbursement				\$15,897		
Estimated Monthly Reimbursement					\$ 31,792	
Estimated Total Annual Revenue						\$ 387,588
Estimated Total 5 year Contract Revenue						\$ 1,937,940



**NRS 209.459 Employment of offenders: Report on potential impacts of new program; program for employment in services and manufacturing; submission of contract related to new program for approval.**

1. The Director shall:

(a) Submit a report to the Committee on Industrial Programs identifying the potential impacts of any new program for the employment of offenders on private employers and labor in this State. In preparing such a report, the Director shall include any information required pursuant to paragraph (b) of subsection 7 of [NRS 209.461](#) and must perform due diligence in obtaining such information from:

- (1) The Department of Employment, Training and Rehabilitation;
- (2) The Department of Business and Industry;
- (3) The Office of Economic Development; and
- (4) Representatives of organized labor in this State.

(b) Seek and present the recommendations of the Committee on Industrial Programs to the Board of State Prison Commissioners and, with the approval of the Board of State Prison Commissioners, establish and carry out a program for the employment of offenders in services and manufacturing conducted by institutions of the Department or by private employers.

2. Before any new program for the employment of offenders is established pursuant to this section, the Director shall submit any contract related to the employment of such offenders to the State Board of Examiners for approval.

(Added to NRS by [1979, 1381](#); A [1987, 1019](#); [2001, 2392](#); [2013, 1802](#))

**NRS 209.461 Duties and powers of Director; requirements for programs for employment of offenders.**

1. The Director shall:

(a) To the greatest extent possible, approximate the normal conditions of training and employment in the community.

(b) Except as otherwise provided in this section, to the extent practicable, require each offender, except those whose behavior is found by the Director to preclude participation, to spend 40 hours each week in vocational training or employment, unless excused for a medical reason or to attend educational classes in accordance with [NRS 209.396](#). The Director shall require as a condition of employment that an offender sign an authorization for the deductions from his or her wages made pursuant to [NRS 209.463](#). Authorization to make the deductions pursuant to [NRS 209.463](#) is implied from the employment of an offender and a signed authorization from the offender is not required for the Director to make the deductions pursuant to [NRS 209.463](#).

(c) Use the earnings from services and manufacturing conducted by the institutions and the money paid by private employers who employ the offenders to offset the costs of operating the prison system and to provide wages for the offenders being trained or employed.

(d) Provide equipment, space and management for services and manufacturing by offenders.

(e) Employ craftsmen and other personnel to supervise and instruct offenders.

(f) Contract with governmental agencies and private employers for the employment of offenders, including their employment on public works projects under contracts with the State and with local governments.

(g) Contract for the use of offenders' services and for the sale of goods manufactured by offenders.

(h) On or before January 1, 2014, and every 5 years thereafter, submit a report to the Director of the Legislative Counsel Bureau for distribution to the Committee on Industrial Programs. The report must include, without limitation, an analysis of existing contracts with private employers for the employment of offenders and the potential impact of those contracts on private industry in this State.

(i) Submit a report to each meeting of the Interim Finance Committee identifying any accounts receivable related to a program for the employment of offenders.

2. Every program for the employment of offenders established by the Director must:

(a) Employ the maximum number of offenders possible;

(b) Except as otherwise provided in [NRS 209.192](#), provide for the use of money produced by the program to reduce the cost of maintaining the offenders in the institutions;

(c) Have an insignificant effect on the number of jobs available to the residents of this State; and

(d) Provide occupational training for offenders.

3. An offender may not engage in vocational training, employment or a business that requires or permits the offender to:

(a) Telemarket or conduct opinion polls by telephone; or

(b) Acquire, review, use or have control over or access to personal information concerning any person who is not incarcerated.

4. Each fiscal year, the cumulative profits and losses, if any, of the programs for the employment of offenders established by the Director must result in a profit for the Department. The following must not be included in determining whether there is a profit for the Department:

(a) Fees credited to the Fund for Prison Industries pursuant to [NRS 482.268](#), any revenue collected by the Department for the leasing of space, facilities or equipment within the institutions or facilities of the Department, and any interest or income earned on the money in the Fund for Prison Industries.

(b) The selling expenses of the Central Administrative Office of the programs for the employment of offenders. As used in this paragraph, "selling expenses" means delivery expenses, salaries of sales personnel and related payroll taxes and costs, the costs of advertising and the costs of display models.

(c) The general and administrative expenses of the Central Administrative Office of the programs for the employment of offenders. As used in this paragraph, "general and administrative expenses" means the salary of the Deputy Director of Industrial Programs and the salaries of any other personnel of the Central Administrative Office and related payroll taxes and costs, the costs of telephone usage, and the costs of office supplies used and postage used.

5. If any state-sponsored program incurs a net loss for 2 consecutive fiscal years, the Director shall appear before the Committee on Industrial Programs to explain the reasons for the net loss and provide a plan for the generation of a profit in the next fiscal year. If the program does not generate a profit in the third fiscal year, the Director shall take appropriate steps

to resolve the issue.

6. Except as otherwise provided in subsection 3, the Director may, with the approval of the Board:

(a) Lease spaces and facilities within any institution of the Department to private employers to be used for the vocational training and employment of offenders.

(b) Grant to reliable offenders the privilege of leaving institutions or facilities of the Department at certain times for the purpose of vocational training or employment.

7. Before entering into any contract with a private employer for the employment of offenders pursuant to subsection 1, the Director shall obtain from the private employer:

(a) A personal guarantee to secure an amount fixed by the Director but not less than 100 percent of the prorated annual amount of the contract, a surety bond made payable to the State of Nevada in an amount fixed by the Director but not less than 100 percent of the prorated annual amount of the contract and conditioned upon the faithful performance of the contract in accordance with the terms and conditions of the contract, or a security agreement to secure any debt, obligation or other liability of the private employer under the contract, including, without limitation, lease payments, wages earned by offenders and compensation earned by personnel of the Department.

(b) A detailed written analysis on the estimated impact of the contract on private industry in this State. The written analysis must include, without limitation:

(1) The number of private companies in this State currently providing the types of products and services offered in the proposed contract.

(2) The number of residents of this State currently employed by such private companies.

(3) The number of offenders that would be employed under the contract.

(4) The skills that the offenders would acquire under the contract.

8. The provisions of this chapter do not create a right on behalf of the offender to employment or to receive the federal or state minimum wage for any employment and do not establish a basis for any cause of action against the State or its officers or employees for employment of an offender or for payment of the federal or state minimum wage to an offender.

9. As used in this section, "state-sponsored program" means a program for the vocational training or employment of offenders which does not include a contract of employment with a private employer.

(Added to NRS by [1977, 852](#); [A 1979, 889, 1380](#); [1981, 733](#); [1983, 724](#); [1985, 254, 590, 1897](#); [1987, 1020](#); [1989, 551, 2122](#); [1991, 1586](#); [1993, 286, 2517](#); [1995, 2592](#); [1999, 2712](#); [2001, 378](#); [2007, 67](#); [2013, 1803](#))