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STATE OF NEVADA OFFICE OF THE MILITARY

OFFICE OF THE ADJUTANT GENERAL
2480 FAIRVIEW DRIVE
CARSON CITY, NEVADA 89701



KENNY C. GUINN
Governor

April 8, 2003

GILES E VANDERHOOF
Major General
The Adjutant General

The Honorable William G. Raggio
Nevada Senate
401 South Carson Street
Carson City, Nevada 89701

APR 17 2003

Dear Senator Raggio:


Several days ago, Mr. Mike Hillerby, Deputy Chief of Staff for Governor Guinn, spoke to you about the financial dilemma the Nevada National Guard faces in utility costs in the current fiscal year, and on our behalf, asked for your support. Mr. Hillerby informed me of your willingness to help us with this problem, and I am deeply grateful for that support.

I have attached the brief fact sheet you requested, that outlines our financial problem. We have worked with our budget analyst and scrubbed our accounts to the maximum, but we are still short utility funds. We have provided the Legislative Counsel Bureau financial analyst with detailed information and spread sheets, in order for her to be as up-to-date as possible to advise you, and the Senate Finance Committee of our shortfall.

I cannot overstate the seriousness of this problem, and believe that you may be our "court of last resort" in resolving this issue. I am available at any time to provide you with additional information or to answer any questions you may have. I may be reached (775) 887-7302, and my cell phone is (775) 287-5275. I look forward to hearing from you in the near future.

Again, I am extremely grateful for your assistance in this difficult matter.

Sincerely,


Giles E. Vanderhoof
Major General NVMD
The Adjutant General

Attachment:

EXHIBIT C Senate Committee on Finance
Date: 4/9/03 Page 1 of 3



STATE OF NEVADA OFFICE OF THE MILITARY

OFFICE OF THE ADJUTANT GENERAL

2460 FAIRVIEW DRIVE

CARSON CITY, NEVADA 89701



GILES E VANDERHOOF
Major General
The Adjutant General

KENNY C. GUINN
Governor

FY 03 Military Budget Fact Sheet

1. The FY 03 Budget for the Office of the Military (BA 3650) will experience a shortfall of \$131,604 in Category 59, the Utilities appropriation, as a result of a combination of increased utility usage and utility rate increases.
2. In FY 03 the utility budget amount was \$1,069,015, however this amount was estimated to be short by \$115,690. Since the agency had moved to a new, larger, but a much more energy efficient facility, and no longer included space for DEM, it appeared logical to take a budget reduction of \$60,869 in the utility account. This decision, and other factors, resulted in increasing the shortfall from \$115,690 to \$176,559. Major contributing factors in this miscalculation were utility rate increases, and especially, personnel mobilizations. The 400 mobilized Army Guard personnel, and personnel supporting them, prior to departure, were in the armories for upward of several months, in varying degrees, 24 hours a day, 7 days a week. The majority of the 300+ mobilized Air Guard personnel remained at the Air Base in Reno most of the time performing classified and other duties around the clock in support of preparation for, and assistance during, the war in Afghanistan and Iraq. These activities had a significant impact on our utility usage. For example, the utility costs at the Air Base rose in the neighborhood of \$7,000 per month.
3. In FY 02 the shortfall in the utility account was taken care of by transferring budget savings in other accounts, most significantly the personnel account, to utilities. However in FY 03, the savings that might have been realized in the personnel account was required to cover increases in health insurance premiums and other fringe benefits costs and is not available to meet this need.
4. Through extensive coordination with the budget branch and by reducing expenditures in all accounts where state general funds are expended the agency has determined that a supplemental appropriation in the amount of \$131,604 is necessary to fund the utility shortfall.
5. In the event a supplemental appropriation cannot be supported, the draconian measures we would be forced to take, such as temporary closure of some armories, would nearly completely degrade our ability to perform our mission and our ability to respond to a state emergency.

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Section 1. There is hereby appropriated from the State General Fund to the Office of the Military the sum of \$131,604 for an unanticipated shortfall in Utility Funding for Fiscal Year 2002-2003. This appropriation is supplemental to that made by section 20 of chapter 570. Statutes of Nevada 2001, at page 2861.

Section 2. This act becomes effective upon passage and approval