

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

**Seventy-ninth Session
March 22, 2017**

The joint meeting of the Subcommittees on Public Safety, Natural Resources, and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair David R. Parks at 8:13 a.m. on Wednesday, March 22, 2017, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator David R. Parks, Chair
Senator Aaron D. Ford
Senator Pete Goicoechea

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Jason Frierson, Chair
Assemblyman Michael C. Sprinkle, Vice Chair
Assemblywoman Irene Bustamante Adams
Assemblyman Chris Edwards
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

STAFF MEMBERS PRESENT:

Mark Krmptic, Senate Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Leandra Copeland, Program Analyst
Adam Drost, Program Analyst
Felicia Archer, Committee Secretary
Kurt Engelhart, Committee Assistant

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OTHERS PRESENT:

Rudy Malfabon, Director, Nevada Department of Transportation
Katherine "Kat" Miller, Director, Nevada Department of Veteran Services
Amy Garland, Chief Financial Officer, Interim Deputy Director,
Nevada Department of Veteran Services
Wendy Simons, Deputy Director of Wellness, Nevada Department of
Veterans Services
Mike Musgrove, Vice Chair, Nevada Veterans Services Commission
William Baumann, Chair, Nevada Veterans Services Commission;
Disabled American Veterans
Ryan Gerchman, Acting Chair, United Veterans Legislative Council

CHAIR PARKS:

We will begin with budget account 201-4663.

INFRASTRUCTURE

TRANSPORTATION

NDOT - Bond Construction — Budget Page NDOT-14 (Volume III)
Budget Account 201-4663

RUDY MALFABON (Director, Nevada Department of Transportation):

We have a substantial budget and a substantial workforce. We are doing great things. Budget account (B/A) 201-4663 is the account for bond construction. Project Neon is a major construction project in Las Vegas to reconstruct the Charleston Interchange, add lanes to Interstate 15 (I-15) and make improvements at the Spaghetti Bowl Interchange at U.S. 95 and I-15. It will have a high occupancy vehicle (HOV) flyover ramp from U.S. 95 to the express lanes on I-15.

Project Neon has been underway for several years. We appreciate the previous approval for bond funding for this project by the Legislature and the Interim Finance Committee (IFC). Authority is requested to expend \$180 million in bond proceeds for Project Neon so construction may proceed. These funds are reimbursable through Federal Highway Trust Fund revenue we receive

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primarily from federal fuel taxes. It is 95 percent federally funded with a 5 percent State match.

We sold bonds in the first quarter of 2017. This will be the third and final sale of bonds for Project Neon. It was bonded to prevent an effect on annual work programs across the State. The Nevada Department of Transportation (NDOT) needed to implement this project to address congestion and safety in southern Nevada.

CHAIR PARKS:

Could you talk about the conditions under which the contractor is functioning?

MR. MALFABON:

Project Neon's contractor is Kiewit Corporation. This is a design-build contract. Kiewit has a team of designers and subcontractors. They have earned a \$100,000 incentive on the Grand Central Parkway phase. Kiewit has done an amazing job. We have built-in incentives at various stages of the project for the purpose of getting the contractor to complete stages timely to alleviate traffic impacts to the public.

ASSEMBLYWOMAN SWANK:

Can you tell me about how the community outreach has been going and how it has been received?

MR. MALFABON:

We have done public information meetings in the community and reached out to news reporters who cover transportation. We have email distribution lists for getting information out. We have regular updates through the Department's Public Information office, which has worked with the contractor and done a great job letting people know in advance what is coming. Elected officials in southern Nevada have told us they are pleased with the outreach.

ASSEMBLYWOMAN SWANK:

I am familiar with the real-time traffic application named Waze. Are you using it?

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MR. MALFABON:

Waze is an application that allows the public to report and receive information on traffic incidents. We have an agreement with the developers to use the system. It can be customized by route.

ASSEMBLYWOMAN SWANK:

The alerts are extremely helpful in planning my commute.

Do you expect the contractor to receive more incentives as they proceed?

MR. MALFABON:

They have been receiving incentives through the design phase. I expect them to stay on track and receive the incentives. If not, liquidated damages are built into the contract as penalties. We want the project team to be successful.

ASSEMBLYMAN FRIERSON:

The interchange of I-15 and Interstate 215 (I-215) is pretty scary. How will Project Neon's completion and the area's free-flow of traffic impact traffic down the road at CC 215/I-215?

MR. MALFABON:

Are you speaking about I-215, the one near the airport, or CC 215, the one on the north end?

ASSEMBLYMAN FRIERSON:

I mean the one near the airport.

MR. MALFABON:

The corridor from Tropicana Boulevard to Sloan Canyon has been studied considerably. Additional work, in partnership with the Regional Transportation Commission of Southern Nevada (RTC), is also being looked at via the Transportation Investment Business Plan for that interchange. The Department is also working with Clark County to take over CC 215, the Beltway, and transfer some of our local State routes. Roads like Flamingo Road really should not be State highways. We would maintain facilities with ramps and interchanges.

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With the road transfer, we are looking at ways to do other improvements at that interchange. We can consider some HOV improvements and other movements for better merging. The Department needs to do more studies regarding that interchange.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

In its proposal, the contractor said it would complete the work 300 days sooner and save \$80 million because of their proposal. Is that still on track?

MR. MALFABON:

Yes, NDOT still expects that.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Since Kiewit Corporation is based in Omaha, how is it doing with the Disadvantaged Business Enterprise (DBE) subcontractor goals in our community?

MR. MALFABON:

Kiewit has done a great job in reaching out to DBE contractors. They began with informal meetings with the minority business community. They have met and gone beyond their commitments. We can provide specifics for you.

ASSEMBLYMAN SPRINKLE:

Can you explain how you determined your bonding amount?

MR. MALFABON:

We looked at the contractor's proposal along with the costs of additional oversight. Their initial proposal was approximately \$560 million. We have consultants for project oversight. In our determination, we used a combination of State Highway Fund revenue and the construction value. The entire project is expected to cost \$636 million. It is bonded at 89 percent.

We are somewhat conservative. We try not to overextend ourselves in bonding to protect our AAA bond rating. Most of the payments are offset by reimbursements from the federal government.

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ASSEMBLYMAN SPRINKLE:

When can we begin to start bonding other projects?

MR. MALFABON:

We have not capped out our bonding capacity. If we reach the upper limit, it is for only a few years. We then pay off another series of bonds. We are looking at other projects related to other revenue streams, such as fuel revenue indexing that is beginning in Clark County. Using that revenue stream may be an opportunity to bond projects. Other projects will be funded as pay-as-you-go, as they are constructed. We are looking at improvements to the Reno Spaghetti Bowl after an environmental clearance is received. The clearance should take 3 1/2 years. It began in November 2016. We also have plans for the north CC 215 interchange at I-15.

ASSEMBLYMAN SPRINKLE:

Did you say bonding capacity is a little less certain, but other revenue streams will allow you to continue with work projects?

MR. MALFABON:

Some additional bonding capacity exists. We have not yet put together a finance plan that would identify how to use that capacity. We will develop a plan and bring it to the State Transportation Board of Directors and the State Board of Finance. We do not know the scope or cost of work for these projects at this time. We have to go through the environmental process first. That will define what we build and need to finance.

SENATOR GOICOECHEA:

How much bonding capacity do we have beyond what is committed to Project Neon?

MR. MALFABON:

We have a maximum annual debt service limit of \$68 million to \$72 million per year. As we pay off bonds, the debt service payment will fall to approximately \$58 million per year. The additional capacity would allow us to get up to \$72 million, leaving about \$14 million or \$15 million per year.

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CHAIR PARKS:

Is any outstanding right-of-way necessary for Project Neon?

MR. MALFABON:

A handful of properties must be acquired. Some are portions of properties and some are easements. The critical purchases have been made. Some are in court regarding the value of the property. We continue to negotiate settlements in a deliberative process.

CHAIR PARKS:

I have seen a retail furniture business that seems to be unaffected by the work. Will it remain?

MR. MALFABON:

We acquired their warehouse. They were concerned whether they would be able to remain in business. We negotiated a settlement.

CHAIR PARKS:

Is the incentive for the contractor built into your overall numbers?

MR. MALFABON:

Yes.

CHAIR PARKS:

We will move on to B/A 201-4660, Transportation Administration. Can you talk about the fund balance and capital expenditures?

NDOT - Transportation Administration — Budget Page NDOT-16 (Volume III)
Budget Account 201-4660

MR. MALFABON:

In the last days of the 78th Session a bill passed that would provide additional revenue to the State Highway Fund. It is available for pavement preservation projects primarily on Interstate 80. We have also endured \$16 million in emergency contracts due to the storms. We will ask for reimbursement from the Federal Emergency Management Agency or elsewhere from the federal government.

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We have more projects that will put the additional revenue to use. Work on U.S. 395 in the North Valleys area of Reno is a candidate. We are looking at the pipes on Kingsbury Grade where we had some failures. Rock-fall issues on U.S. 50 will be addressed. A project in Fallon was for emergency box culverts in anticipation of spring flooding south of the Naval Air Station. We have plans to spend the money on needed projects.

CHAIR PARKS:

Please discuss the department's relationship with the new administration in Washington, D.C.

MR. MALFABON:

We are operating under a continuing resolution through April 28. We expect funding to be extended. The new Secretary of the U.S. Department of Transportation (USDOT), Elaine Chow, has experience in the USDOT and was with the U.S. Department of Labor. She is challenged to fill all the modal administrator positions for transit, rail, highway safety and more. The duration of the confirmation process is a concern.

We appreciate they are talking about infrastructure, but our concern is they are talking about public-private partnerships (P3) that require a return on investment. Project Neon was considered for a P3, but it did not make financial sense. The private entity must maintain the facility for the length of a 30-year loan. Long-term maintenance costs make a project less economical for the State, since we could perform it ourselves.

We do not have tolling authority in Nevada for highways and bridges. We look at P3s, but few good economic opportunities exist for them in Nevada.

We have built into the budget, figures similar to what we received in the past.

CHAIR PARKS:

Will one-shot State Highway Fund appropriations go to the projects you mentioned?

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MR. MALFABON:

Yes. They will help eliminate some of the backlog in pavement preservation. The Governor has asked us to address bridge preservation needs. Nevada is number one in the Nation for bridge conditions, but there are some needs for maintenance.

CHAIR PARKS:

How do you plan to use Clark County's fuel tax indexing revenue?

MR. MALFABON:

Revenue collection begins July 1, and money will be deposited to the State Highway Fund September 1. The first project will be for the construction of the Centennial Bowl at the interchange of U.S. 95 and CC 215. As we get firm figures for the funding stream, the department could look at subordinate debt to advance other projects using bond funding.

We need to widen I-15 in Clark County all the way out to Apex and U.S. 93. We are looking at regional projects to reduce congestion. We collaborate with the RTC to incorporate their plans into the State's plan.

CHAIR PARKS:

Why was fuel indexing not reflected in the budget?

MR. MALFABON:

The indexing vote in November had not taken place when we put the budget together. It was subject to that vote.

CHAIR PARKS:

We will move on to the Nevada Shared Radio System replacement in decision unit E-377.

E-377 Safe and Livable Communities — Page NDOT-22

MR. MALFABON:

The Nevada Shared Radio System (NSRS) has reached the end of its life for support and must be upgraded. The system is still operational. We are developing a Request for Proposal (RFP) for the next-generation radio system

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that will be compliant with Project 25 (P25), a suite of standards for government digital radio communications.

We have a team approach to radio communications, partnering with Washoe County in Reno, NV Energy in southern Nevada and NDOT for management of the rest of the State. We all work together to avoid duplication of effort. The State will address blind areas where signal is not received. Other counties may enter the process. The State Transportation Board will meet in April to hear more about the agreement.

CHAIR PARKS:

Is the RFP being developed now?

MR. MALFABON:

Yes. After authorization at the Board meeting in April, it can be released to vendors who will have about six months to respond. We are asking for different types of funding scenarios for proposals to build the new radio system. Much of the infrastructure in place will remain.

CHAIR PARKS:

We still remember the problems with the radio system a decade ago. Replacement has us a little nervous.

ASSEMBLYMAN FRIERSON:

Can you talk about the lease and purchase options? What are the costs for each plan? Is it better to purchase it?

MR. MALFABON:

The \$11.7 million requested in the *Executive Budget* is the annual amount expected for a lease. We are asking for various options in the RFP. We agree you may pay less under a purchase agreement. Each of the entities is responsible for its capital improvement costs, so we want to compare the proposals. In a purchase situation, we project \$9.4 million in fiscal year (FY) 2018-2019 and in FY 2019-2020. It goes up substantially as we implement more of the project; up to \$20.4 million in FY 2020-2021 and \$25 million in FY 2021-2022. We would likely advocate purchasing the system if we can afford it in future biennia.

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ASSEMBLYWOMAN TITUS:

Are you planning more towers to address the areas with no reception for public safety and emergency services?

MR. MALFABON:

We identified some areas where better coverage is needed. We can consider others. We want better coverage where it makes sense. We may need more towers. We also set up a process for rural counties to join the agreement. Emergency response along the highways is included. If a county road extends away from the highway, we would do an assessment to help them determine what the cost might be.

ASSEMBLYWOMAN TITUS:

Now is a good time to reach out to all the counties regarding this issue.

SENATOR GOICOECHEA:

When might this system be up in eastern Nevada?

MR. MALFABON:

I will get that information. Much depends on the response to the RFP.

SENATOR GOICOECHEA:

My concern is for the dispatch centers and responders in eastern Nevada. I know better coverage is years away in those areas.

ASSEMBLYMAN SPRINKLE:

Does NDOT do the majority of the maintenance on all of the sites? How do the other two partners participate? What contractual agreements do we have with them?

MR. MALFABON:

The bulk of the sites are NDOT's, at 67. Washoe County has 11 sites, and NV Energy has 36 sites. We need them because they cover the urban areas. We do not want to duplicate infrastructure. We are responsible for ours, and they are responsible for theirs. We are updating the governance part. There are 16,000 statewide users. Partners that own their infrastructure just have to pay

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for their radios and pay per radio to get into the system. Federal and local agencies can enter the system as well.

ASSEMBLYMAN SPRINKLE:

If the State is looking to buy the whole system, how do the other partners come into play?

MR. MALFABON:

They maintain the parts in their geographic areas. If we own infrastructure, we are paying for it to be upgraded to P25. Who pays is dependent on the ownership of the infrastructure. We rely on each other's infrastructure. The requested budget is for our portion of the replacement.

ASSEMBLYMAN SPRINKLE:

I understand. This is funded by the State Highway Fund money, but the others are funded by the General Fund. Can you explain that?

MR. MALFABON:

Radio system replacement is planned entirely from money from the State Highway Fund. The General Fund is stressed and the State Highway Fund is healthy. We can support the expenditures. Also, NDOT wants to support public safety.

CHAIR PARKS:

Will you have responses to the RFP by the end of the current calendar year?

MR. MALFABON:

It will be roughly the end of the year.

CHAIR PARKS:

Next up is the update on the new Storm Water Management Division.

MR. MALFABON:

The Department is under a consent decree with the U.S. Environmental Protection Agency (USEPA). We have taken steps to meet all the related requirements including writing manuals for our staff and updating specifications for storm water best management practices.

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We have one more of the new positions to fill. Interviews have been held. We repurposed three positions and have more to repurpose. Retirements allowed us to look at rightsizing and repurposing. We need to fill four positions for facilities maintenance relating to drainage issues. The Tahoe program will be rightsized to manage water quality improvements at Lake Tahoe. Four critical positions in program administration are being considered for repurposing.

We expect a visit from USEPA in May to review improvements.

CHAIR PARKS:

We gave you 42 new positions and expected 17 vacant positions to move into the new division. It appears only three of the existing positions were filled or reassigned. Can you comment on those positions?

MR. MALFABON:

We were given positions that were vacant for more than one year. As we looked more closely at those positions, some were in the process of being reclassified to other purposes. We could not repurpose any position that would put at risk federal money by not properly implementing a federal program. Compliance with the Americans with Disabilities Act is an example.

As we have vacancies, we want to assess more thoroughly what the right size is for certain groups. Some of the vacant positions were still needed in the programs they were administering. Some positions were advertised, interviews held and/or had or been offered to applicants.

CHAIR PARKS:

Are we still in compliance with the consent decree?

MR. MALFABON:

Yes. We have used consultants to supplement staff oversight.

CHAIR PARKS:

I see a request for 18 positions to include two new maintenance crews. Please discuss decision unit E-230 and decision unit E-231.

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E-230 Efficient and Responsive State Government — Page NDOT-19

E-231 Efficient and Responsive State Government — Page NDOT-20

MR. MALFABON:

The Carson City Freeway and USA Parkway will each finish by the end of the year. The first phase of Interstate 11 (I-11) in Las Vegas will finish in the fall. The RTC is also finishing their phase of I-11 that we will take over for maintenance purposes. Even a new facility requires maintenance.

CHAIR PARKS:

Do you have any comments on the other positions?

MR. MALFABON:

We have an issue regarding the desert tortoise in southern Nevada. We have been paying a consultant biologist for environmental concerns. It makes sense to bring someone on as an employee to do that. We will still need some consultants, but this will save the State money.

With the Office of Innovation, there has probably never been a more exciting time to be in transportation. Disruptive technologies challenge us with autonomous vehicles and Hyperloop technology. We are one of the finalists in the Hyperloop One Global Challenge and with the Governor's Office of Economic Development (GOED) we are going to Washington, D.C. We work with GOED and the Nevada System of Higher Education's Nevada Center for Advanced Mobility. We each have a role to play. Our role is researching what the data collection and infrastructure needs may be. For others, it is about policy associated with autonomous and connected vehicles.

We have been juggling the innovation function with existing staff. It makes sense to have staff concentrating on that to keep Nevada at the forefront in competing for these businesses.

Other positions satisfy a federal requirement for a risk-based asset management system. We must have a performance-based approach under federal law and need more staff to accomplish it. Our financial management team needs more resources to collect data and comply.

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CHAIR PARKS:

Please discuss the \$4 million to address equipment and materials for the 2 new crews.

MR. MALFABON:

Materials used by maintenance crews are for betterments in the maintenance of highways. They include supplies for work that could include pipe, culvert and pavement repair, or salt and sand in the winter. We contract out the major repairs, but maintenance forces do many of the smaller jobs.

ASSEMBLYWOMAN SWANK:

With all the GIS positions we are hiring across the departments, would it make sense to have a State geographic information system (GIS) analysts division? Is there a big enough need for that? Are your positions specific to transportation?

MR. MALFABON:

We worked closely with the State's human resources team for this classification. We have not been at this level of automated and digital mapping before. Different divisions within NDOT were asking for the same thing, so we understand the need to consolidate the positions into one group to serve our needs. We collect and use a significant amount of data. There may be opportunities to collaborate with other State agencies that use this data so we are not duplicating efforts. It is an emerging need.

ASSEMBLYWOMAN SWANK:

It sounds like we should talk in the future about ways to consolidate GIS analysts across at least some departments that have similarities so we are efficient in spending resources.

SENATOR GOICOECHEA:

Is your budget strained by the potholes from the storms? Is \$4 million enough?

MR. MALFABON:

If we need more, we will ask for a budget amendment. We know we recently experienced excessive cracking and potholes.

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CHAIR PARKS:

Would you comment on the Office of Innovation's two transportation planner analysts?

MR. MALFABON:

The Office would oversee the emerging technologies and what they could mean to NDOT. We have people doing this now as a small part of their job. These positions would be focused on technology. We plan to put the Volkswagen settlement to use to build a core workforce.

CHAIR PARKS:

Many offices are vying for the Volkswagen settlement.

Please move on to the pilot positions in decision unit E-232.

E-232 Efficient and Responsive State Government — Page NDOT-21

We use two full-time pilots; a pilot and an intern copilot. Using interns is not the best approach. We would reclassify the intern position and add a new position. We could put the two planes to better use. Commercial flights are very expensive for us. State planes save money by flying our staff and constitutional officers to meetings. We fly daily trips to Las Vegas. The proposal makes the best use of assets and addresses flight safety.

CHAIR PARKS:

I thought you said "intern copilots." Is that correct? The Commander does not get much usage. Would it be used more with these position requests?

MR. MALFABON:

We use the interns as copilots. We are requesting the ability to have a pilot and copilot on each of the planes we own.

Planning staff need to get out to the rural communities to develop the long-range travel plans.

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CHAIR PARKS:

Can you give us an overview of the electronic documentation system enhancement?

MR. MALFABON:

Construction projects have an electronic documentation system. It used to be done with pencils and field books. This new system was developed by the American Association of State Highway and Transportation Officials (AASHTO). It meets the needs of state departments of transportation across the Nation. We acquired the system and want to add an element for materials testing and quality assurance.

We also have the Enterprise Asset Management System and Plan that meet the federal requirements. This system would support implementation of the required plan and help us track our assets. Vendors have responded to an RFP and are showing us what systems are in place in other states.

ASSEMBLYWOMAN TITUS:

Can you talk about the need for four pilots for two planes? I am concerned about additional costs when you only fly the Commander eight days a month. What do the pilots do the rest of the time?

MR. MALFABON:

It will address trying to operate both planes more frequently and reliably. It will be more economical to operate both planes in the long run versus the cost of commercial flights.

ASSEMBLYWOMAN TITUS:

I would like to see the numbers.

CHAIR PARKS:

What assurance do you have the vendor will continue to support the asset management system long enough to justify its cost?

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MR. MALFABON:

Cloud-based and tablet-based systems are supported by AASHTO and the developer AASHTO hired for those systems. States rely on these to administer the Federal-Aid Construction Program.

CHAIR PARKS:

Since the Enterprise Asset Management System was not recommended in an enhancement decision unit, please confirm the new system would be funded using existing resources included in the *Executive Budget*.

MR. MALFABON:

Yes, it will.

CHAIR PARKS:

We will next hear the Department of Veterans Services budget, B/A 101-2560.

SPECIAL PURPOSE AGENCIES

VETERANS SERVICES

NDVS - Office of Veterans Services — Budget Page VETERANS-7 (Volume III)
Budget Account 101-2560

KATHERINE "KAT" MILLER (Director, Nevada Department of Veteran Services):

I have provided background ([Exhibit C](#)) for your reference. I will speak to specific pages related to the budget. The demographic chart on page 4 of [Exhibit C](#) discusses whom it is we serve. While our veteran population remains stable, the percentage of retirement age veterans has grown to more than 50 percent. They have different needs for outreach and different requirements.

Page 5 of [Exhibit C](#) shows our organization and programs.

The Nevada State Veterans Home in Boulder City provides 24-hour skilled nursing care to veterans, spouses and Gold Star parents. Established in 2002, it has provided services to more than 18,000 veterans and families. The average stay is now 18 months. We have a waiting list of 60 people who

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are all fully registered and many more in the process of submitting applications. We receive about 30 calls a day regarding admissions.

Turning to our funding, we project our reserve balance on page 7 of [Exhibit C](#). Depleting too much of our reserves will reduce available funding for emergency repairs. We are working with Legislative Council Bureau (LCB) staff to ensure they, and we, are comfortable with what we believe future revenues to be.

Information on our cemetery program is on page 8 of [Exhibit C](#). The Veterans Advocacy and Support Team is represented on page 9 of [Exhibit C](#).

Community outreach programs keep veterans connected. We applied for and received a grant for almost \$500,000 to hire Americorps and Vista workers who help connect at-risk veterans with benefits and services.

Regarding revenue sources, funds to operate our programs come from many sources. The primary source is direct federal funding received from operations at the Nevada State Veterans Home and our cemeteries.

CHAIR PARKS:

We are interested in hearing B/A 101-2560 and the request for two new veterans services officers (VSO).

MS. MILLER:

The State does not have enough VSOs to meet needs. Veterans wait an average of one month for an appointment. Studies have shown the wait discourages veterans from making an appointment or filing a claim. About one in five Nevada veterans are not filing claims they are eligible for, leaving annual compensation of about \$40 million on the table in Nevada. Unmet needs include providing services to veterans who are in rural communities, aging, homebound, students, incarcerated or LGBTQ.

If approved, the enhancement would add one VSO to the Las Vegas office and one VSO to the Elko office. Wait times in Las Vegas have increased by an average of two weeks since last year. The Elko office has decreased since the 78th Legislative Session, from six weeks to three weeks, because of the

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additional administrative assistant support we received. We are seeing demand increase based on appointments we have through next month.

CHAIR PARKS:

What will the new Elko position accomplish that is not being done now?

MS. MILLER:

We have one VSO in Elko to support veterans and families. They also support Ely, Wendover, Battle Mountain, Carlin, Wells, Winnemucca and all the rurals. Filing claims takes time, and the time to travel to these areas is also a factor. We are developing partnerships in each of Nevada's tribes. Most are in northern, eastern and central Nevada.

CHAIR PARKS:

What is a reasonable wait time?

MS. MILLER:

I do not have that standard. The challenge is, the date a claim is initiated is the date you will be grandfathered back to. It could take a year, two years or more to process the claim. Benefit calculations begin the day you apply. If you have to wait six weeks for an appointment to initiate a claim, that is six weeks of benefits lost.

We had a spouse whose husband filed the claim before he died. She was able to receive death benefits and dependent's indemnity compensation. Had the claim not been filed before he passed away, it would have been really difficult. If someone who is dying needs to file a claim, that person needs to be seen right away. We do our best to triage. I want them in right away.

SENATOR GOICOECHEA:

When a VSO goes to Ely, the veteran may be traveling from Duckwater or Eureka to attend that appointment. It may be a 100-mile trip. They can only meet in Ely one or two days a month; otherwise they have to drive another 200 miles to Elko. It is a problem. We need more coverage out there. We are letting our veterans fall through the cracks in rural Nevada.

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ASSEMBLYMAN EDWARDS:

I understand at one time Elko had three VSOs. We have cut the number of VSOs over the years. What was the highest number of VSOs we had in the State? How far away from that number are we now with 12? How many would be ideal?

MS. MILLER:

We had six VSOs when I came on board in 2012. Several years ago, a director created trinity teams that included two VSOs and an administrative assistant. Staffing was the same in Reno, Elko and Las Vegas. I was not popular when I redistributed staff. Having only two VSOs in Las Vegas resulted in a 16-week wait. That was a problem. We had a four-week wait in Reno and an eight-week wait in Elko.

We went back to the Legislature three times and received two more VSOs for Las Vegas, two more for northern Nevada and an administrative assistant for Elko. We have doubled the number in the last five years. We have challenges in northern Nevada in reaching the outlying areas.

I do not know how many we need. We are working on workload standards much like the Nevada Department of Corrections (NDOC) would have, so we can determine the correct number and not have to come back constantly. We conducted a study and found no standard in the United States. I can tell you we do not have enough if veterans have to wait a month to see a VSO.

ASSEMBLYMAN EDWARDS:

I am interested in advocating for as many as we need.

CHAIR PARKS:

Are you working with the NDOC and the Nevada Division of Parole and Probation on some of the initiatives they are pursuing?

MS. MILLER:

Yes. The Governor has his Interagency Council on Veterans Affairs and along with NDOC we coordinate at that level. At the middle management level we have a VSO in Reno and one in Las Vegas who work directly with the prisons.

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We make outreach visits to three prisons and are working to expand that as part of the Americorps grant.

One of the challenges is benefits are cut off for incarcerated veterans. If we can help them get everything ready for the Veterans Administration while they are in prison so benefits can be active when they come out, we would not have that lag. Somewhere between 1,330 and 1,400 veterans are incarcerated.

CHAIR PARKS:

We will talk next about B/A 101-2561, the Southern Nevada Veterans Home. Our concern is relative to reserves.

NDVS - Southern Nevada Veterans Home Account — Budget Page
VETERANS-14 (Volume III)
Budget Account 101-2561

ASSEMBLYMAN SPRINKLE:

According to your chart, you are looking at a \$700,000 reserve level. Will you ask the Interim Finance Committee (IFC) for another \$2 million from reserves?

MS. MILLER:

That number is already considered in the reserves. I will refer that question to Amy Garland.

AMY GARLAND (Interim Deputy Director, Chief Financial Officer,
Nevada Department of Veteran Services):

When I put through the work program for the \$2 million, I had calculated a vacancy savings that would also have gone back into the reserves. It adds into the reserves. It was replenishing the reserves with the vacancy savings. I am working with LCB staff to show them how that flows.

ASSEMBLYMAN SPRINKLE:

We are told an error of \$2 million may have been made. Are we getting into the red in reserves?

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MS. MILLER:

I do not believe there is an error. We were approached last week on this, and we want to meet with LCB staff to verify our numbers. I am comfortable in our reserve figures. If that is incorrect, we will certainly rectify it. We meet this week with LCB to work this out.

ASSEMBLYMAN SPRINKLE:

I am uncomfortable even at \$700,000. It seems very low.

MS. MILLER:

We have been aggressive at making sure we do replacements on time. We replaced our roof, asphalt and equipment. We had the building sealed and boilers replaced. I am comfortable. I understand your concern.

CHAIR PARKS:

Is your goal to retain a 65-day reserve?

MS. MILLER:

The 65-day reserve is a standard adopted by the Governor's Office many years ago. It allows for a situation that might delay federal funding. We would still have money to operate. We maintain that in our budget. It is not used for anything else.

CHAIR PARKS:

In most governmental agencies, 30 days is an appropriate reserve, but when looking for receivables, you have a greater concern.

We will move on to B/A 000-2569, Northern Nevada Veterans Home account.

NDVS - Northern Nevada Veterans Home Account — Budget Page
VETERANS-25 (Volume III)
Budget Account 000-2569

MS. MILLER:

A Capital Improvement Program (CIP) project is recommended for funding of construction for the Northern Nevada Veterans Home skilled nursing facility. More than \$33 million in federal matching funds was approved by the

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U.S. Department of Veterans Affairs (USDVA) in 2015. The project background is on page 31 of [Exhibit C](#).

Nevada remains competitive in the federal appropriation process. We are ranked number 50 on the USDVA's priority list. The Governor is recommending the Legislature approve his budget proposal that would advance funds for the home's construction before receiving the federal grant. According to the USDVA, Nevada will be reimbursed when Congress appropriates sufficient funding for the project. In federal fiscal year (FFY) 2014-2015, Nevada ranked 94 on the priority list. In FFY 2015-2016, after we met our federal match, we were elevated to rank 63. On the FFY 2016-2017 list, we were ranked at 50.

Because you approved \$14.1 million in State matching funds, we remain competitive. California, Rhode Island, Maine and Utah were fully reimbursed after their states had made an up-front investment. According to the USDVA, every state approved in this process was funded when its project reached the top of the list. I cannot say when the project will reach the top of the list.

CHAIR PARKS:

Thank you for the assurance. I have concerns when a new administration comes to Washington, D.C., because vacant positions can hold things up.

MS. MILLER:

Congress appropriated \$90 million last year for veterans homes. This year, they have \$200 million in the budget. The recommended increase was heartening.

ASSEMBLYWOMAN TITUS:

It is erroneously called a home. It is a skilled nursing facility and that is different. Does the skilled nursing facility have a waiting list? That kind of facility is specialized for timely treatment.

MS. MILLER:

The name "home" is in statute. In southern Nevada, we would have long-term, memory and rehabilitation care units. The USDVA in northern Nevada has a community living center with 60 beds. They have long-term residents who are not appropriate for that setting. They would all move over to the skilled nursing facility. Many more are being referred out to other facilities. We are not

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gathering names for a waiting list. We receive calls daily asking for admission to the home.

WENDY SIMONS (Deputy Director of Wellness, Nevada Department of Veterans Services):

We are not building a waiting list before we begin construction. Some people cannot be discharged into the community because there is no place for them to go. They would qualify for relocation to the skilled nursing facility.

ASSEMBLYWOMAN TITUS:

Are the different care units assigned a certain number of beds, or can that number shift?

Ms. SIMONS:

One of the three neighborhood units will be set up as keyed and secured for a special-needs population. The design allows for flexibility for critical needs.

ASSEMBLYWOMAN TITUS:

Will you bill for these services under Medicare and Medicaid models?

Ms. SIMONS:

Yes. Not every veteran has the 100 percent disability coverage. It depends on the individual's need, income and projected long-term care.

SENATOR GOICOECHEA:

We had a function in Elko on Monday with 26 veterans. I am grateful for that.

ASSEMBLYMAN EDWARDS:

What is the timeline for signing people up?

Ms. MILLER:

The key-event timeline is on page 36 of [Exhibit C](#). We expect to accept our first 7 nonpaid residents in March 2019 to demonstrate to the Centers for Medicare and Medicaid and to the USDVA that we can care for them. Our best estimate is we could accept our first resident in June 2019. We would be at full occupancy by December 2019.

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We hope to be independent of the General Fund by July 2022. It took ten years to be independent in southern Nevada. Having the right management will make that a quicker transition in northern Nevada. I am recommending a contracted management company. We have a list of companies with good experience with USDVA. Time equals money. The sooner we get to full census, the sooner we can be General Fund independent.

ASSEMBLYMAN EDWARDS:

Prison Industries can produce many things at lower prices. I recommend we take a good look at them to save money on furnishing the new facility and refurnishing the old one.

MS. MILLER:

We will work with them to see what is available and might meet the needs of the home.

CHAIR PARKS:

I will plug them too. They can make whatever you want.

ASSEMBLYMAN SPRINKLE:

This facility will be built in my district. I have always been supportive of the idea. Two years ago, you came to us, and I heard the same arguments I heard today. You said then that allocating \$14 million would get us on a list and move us up on the federal priority list. We moved up; but we are still ranked 50 on the list. You have explained to me we can also move down on the list if other high-priority projects come on.

With the same arguments, you are asking for an additional \$33 million plus another \$3 million in bonds. That is a total of \$36 million, on top of the \$14 million already committed, to build a facility. You tell me there is no guarantee federal funding will reimburse us. That is \$50 million you are asking us to put up front for something we hope we will get reimbursement for.

MS. MILLER:

I am not aware of any project ever moving down.

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ASSEMBLYMAN SPRINKLE:

It is possible.

Ms. MILLER:

I have looked at it for five years and have not seen a project move down on the list. It is unlikely. We would not have been competitive and moved up had we not committed a State match. We are now in priority 1.7 and had been in priority 8. We will move up based on the amount of appropriation.

ASSEMBLYMAN SPRINKLE:

The initial \$14 million does not go away. Even if we choose not to add more money, are we still high on the priority list because we committed that?

Ms. MILLER:

Yes. If we wait, inflation will add to the cost. The most important thing to me is we have veterans who have to leave the State and their families because there is no facility they can afford, or is appropriate for their care, in northern Nevada. We need to do this now.

ASSEMBLYMAN SPRINKLE:

I agree with that 100 percent. I want to understand the dollars.

Ms. MILLER:

As a steward for the State, I understand and respect that.

CHAIR PARKS:

Could you comment on your rationale for hiring positions?

Ms. MILLER:

My Deputy Director of Health and Wellness does not have administrative support. Working with the State Division of Public Works on construction, the USDVA on the grant, scheduling and emailing, we have a large volume of activity. That position would transition to being the support for the administrator when the home is built. Ms. Simons is the project manager on the home and she needs administrative support. The position could possibly go away if a management company is put in place.

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The facility supervisor is critical to operations and will work closely with the construction company as work progresses. They will become familiar with the engineering operations of the buildings.

The information technology (IT) professional will work with Enterprise Information Technology Services and with our IT specialists in southern Nevada. I need them to share the workload.

The final position is the State veterans home officer management analyst. The USDVA requires one home officer, who is a State employee, to be present in any USDVA -funded nursing home. It cannot be a contracted employee.

CHAIR PARKS:

There was many a Saturday back in 2001 that I went out to the facility in southern Nevada because there was a very strong effort to stop the work. I understand the complexities of building this specialized facility.

Why does the Governor recommend funding the home's management company at 95 percent occupancy beginning January 2019 when the timeline indicates full occupancy will probably not happen until at least November 2019?

MS. MILLER:

We have to put policies in effect, get licensure, water the lawn and more before the facility opens. Staff must be brought on early to show the USDVA we can provide the services before we can be licensed.

ASSEMBLYWOMAN TITUS:

Are you confident you will have the staff? Many facilities in Nevada have beds, but when we call to transfer patients, they say they cannot accept them because they lack staff.

MS. MILLER:

No. I am not. I am more confident we can staff it using a management company rather than with State employees. We have looked at three large organizations that have been successful at getting staff in other places with challenges similar to Nevada's in finding staff. It will be a challenge for us, just like it is for other Nevada health care providers.

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We have low turnover compared to other hospitals and medical facilities in southern Nevada.

Ms. SIMONS:

We have had many discussions with teaching schools to bring along potential staff. We will be a clinical site for several nursing schools, as we are in southern Nevada. I have been working with the Stanford Center for Aging and other partners forecasting two years out.

ASSEMBLYWOMAN TITUS:

I hoped you were doing so and am glad to hear it.

CHAIR PARKS:

Do you have assurance federal reimbursements will come as soon as residents are in place?

Ms. MILLER:

I am sure they will not. It takes about 90 days before we expect to see revenues. Medicare and Medicaid are a little better than the USDVA. That is why we took a conservative estimate on receiving revenue.

It takes about 40 hours to do all the paperwork for a new admission. A management company can staff up for that to get a quick admissions upload.

CHAIR PARKS:

We have about ten minutes for public comment.

MIKE MUSGROVE (Vice Chair, Nevada Veterans Services Commission, Nevada Department of Veterans Services):

I am an Air Force veteran of the Viet Nam War. I will read from my written testimony ([Exhibit D](#)).

In addition, to answer an earlier question, ideal wait time is a walk-in appointment.

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WILLIAM BAUMANN (Chair, Veterans Services Commission;
Disabled American Veterans):

I rise in support of this bill and echo everything Mr. Musgrove said.

RYAN GERCHMAN (Acting Chair, United Veterans Legislative Council):

I am the Acting Chair for the United Veterans Legislative Council. I echo support for the budget, the Northern Nevada Veterans Home and the VSOs.

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CHAIR PARKS:

Seeing no further comment, we are adjourned at 10:52 a.m.

RESPECTFULLY SUBMITTED:

Felicia Archer,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE: _____

Assemblyman Jason Frierson, Chair

DATE: _____

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EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	3		Attendance Roster
	C	37	Katherine "Kat" Miller/Nevada Department of Veterans Services	Department of Veterans Services Budget Presentation
	D	2	Mike Musgrove/Nevada Veterans Services Commission	Testimony in Support of the Department of Veterans Services Budget Accounts 2561 and 2569 prepared by Mike Musgrove