

MINUTES OF THE
INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS
(NRS 218E.405)
April 28, 2010

The Interim Finance Committee's Subcommittee to Review Public Works Board Matters (NRS 218E.405) held its third meeting of the 2009-11 Interim on April 28, 2010, in room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to room 2135 of the Legislative Building, 401 S. Carson Street, Carson City, Nevada.

SUBCOMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Bob Coffin, Chairman

SUBCOMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Bernice Mathews
Assemblyman Tom Grady
Assemblyman Joseph Hogan
Assemblywoman Debbie Smith

SUBCOMMITTEE MEMBERS ABSENT:

Senator William J. Raggio

STAFF MEMBERS PRESENT IN LAS VEGAS:

Eric King, Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division
Tracy Raxter, Assembly Fiscal Analyst, Fiscal Analysis Division
Brenda Erdoes, Legislative Counsel, Legal Division
Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division
Patti Sullivan, Secretary, Fiscal Analysis Division

EXHIBITS:

[Exhibit A](#) – Agenda and Meeting Packet

[Exhibit B](#) – Attendance Record

[Exhibit C](#) – Letter from Richard H. Bryan regarding the Fire Sciences Academy Task Force

[Exhibit D](#) – Article – *University Claims Structure Fails to Meet Seismic Code*

[Exhibit E](#) – Article – *Carpenter Warns Against Fire Science, Guard Co-location*

[Exhibit F](#) – Memo – Facility, Program and School District Tours – Spring 2010

I. ROLL CALL.

From Las Vegas, Chairman Coffin called the regularly scheduled meeting of the Subcommittee to Review Public Works Board Matters to order at 1:34 p.m. and asked for the roll call. Chairman Coffin conducted the meeting from Las Vegas. All other members were present in Carson City except Senator Raggio who was excused absent from the meeting.

II. APPROVAL OF MINUTES OF THE FEBRUARY 2, 2010, MEETING.

Chairman Coffin asked the Subcommittee for approval of the minutes of the meeting held on February 2, 2010.

ASSEMBLYWOMAN SMITH MOVED FOR APPROVAL OF THE MINUTES OF THE FEBRUARY 2, 2010, MEETING.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

***The following agenda item was taken out of order and was discussed for informational purposes only.**

VIII. INFORMATION REGARDING THE NEVADA SYSTEM OF HIGHER EDUCATION'S STUDENT RECREATION AND WELLNESS CENTER BUILDING LOCATED ON THE UNIVERSITY OF NEVADA, LAS VEGAS CAMPUS.

Chairman Coffin started the meeting with agenda item VIII regarding the Nevada System of Higher Education's Student Recreation and Wellness Center located on the University of Nevada, Las Vegas campus. The issue surrounding the recently completed building came to Chairman Coffin's attention through a news story in the *Las Vegas Review Journal* dated March 18, 2010. He pointed out the issue had been circulating for a couple of years, but the *Las Vegas Review Journal* brought the issue to the public's attention in March. Chairman Coffin thought it was an important enough issue to discuss before the other agenda items. He explained the article indicated there were some questions about the safety of the Student Recreation and Wellness Center Building. The news story stated there was a design error made during the facilities construction that may require a major retrofit of the building in order to meet the building codes related to seismic activity.

Chairman Coffin said the news story on March 18 was published at a time when seismic activity was prevalent in the public's mind due to the devastating earthquakes in Haiti, Chile and Baja, California. He stressed that anytime safety

was an issue, the state had to consider its responsibility to the public and to the occupants of any state building. Even though this building was constructed by NSHE versus an ordinary capital improvement project, he felt the state had responsibility to the public regarding safety. Chairman Coffin explained that the discussion at the meeting was for informational purposes only and the Subcommittee would not be taking any action. Since litigation was pending, he recognized it was not the Subcommittee's intent to cover any sensitive areas that could conceivably prejudice the outcome of negotiations or a subsequent court case. He thought the Subcommittee had an obligation to look at the issues surrounding the controversy and ask questions.

Continuing, Chairman Coffin said the Student Recreation and Wellness Center Building was controversial from the beginning. He thought Senator Mathews would recall that the 2005 Senate Committee on Finance voted to increase the size of the bonding capacity for revenue bonds for construction and renovation of the student union at the University of Nevada, Las Vegas (UNLV), the construction of the Recreation and Wellness Center at UNLV, and the construction of the Joe Crowley Student Union at the University of Nevada, Reno. He said the Senate Committee on Finance carefully considered the action because the Student Recreation and Wellness Center Building at UNLV was controversial. The UNLV administration pushed hard for the building despite public criticism it seemed like a very large health club and would compete with other health clubs within a five-mile radius of the campus. Chairman Coffin further explained the Board of Regents had also expressed concern about the building, but approved it anyway. He said the legislators were inundated with mail about the project and the need for the building was called into question, which made it a large and important issue for the 2005 Legislature. However, after much dispute and debate, the approval for the entire package passed by just one vote in the Senate Committee on Finance and then moved to the floor where it was passed unanimously. Chairman Coffin summarized that the building had a history of controversy before it was even built. He commented it was a shame a building built in this century was not up to code regarding seismic risk, especially since Nevada was the second most seismically active state in the continental United States.

Chairman Coffin said the Subcommittee wanted to hear information from the State Public Works Board (SPWB) first and then representatives from the Nevada System of Higher Education or UNLV could testify. He asked Gus Nunez, Manager, SPWB, to explain the role the SPWB played in the construction of the Student Recreation and Wellness Center, because the role was considerably different than usual. Mr. Nunez asked the Chairman's permission for Craig Marshall, Deputy Manager for Code Compliance, SPWB, who was also the designated Building Official for all projects on state lands, to testify regarding the status of the facility from the perspective of the Building Official. Mr. Nunez explained that Mr. Marshall as the Building Official issued the original Certificate of Occupancy for the building, and to date it had not been revoked.

Mr. Marshall testified that in his role as the Building Official he made the decision not to revoke the Certificate of Occupancy allowing the building to remain occupied. He based his decision on meetings, conversations and documents from two structural engineers who had reviewed the building and indicated there was no need for evacuation of the building and no danger of imminent catastrophic failure of the building.

Assemblyman Hogan asked if the seismic experts were able to quantify the level of seismic activity at which the risk would become more serious. Were they able to anticipate that a certain strength tremor or a certain characteristic would make the building an immediate hazard?

Mr. Nunez said the structural engineers who consulted with Mr. Marshall looked at the status of the issues related to the alleged code deficiencies of the building and, if there was a failure, how it would affect the rest of the building. The engineers did not determine what would happen during a seismic event of a certain magnitude, but just looked at the code requirements. It was determined that under code a seismic event would not cause a complete catastrophic failure and the building could be evacuated without subjecting the occupants to injury.

Chairman Coffin asked Mr. Nunez to describe what was wrong with the building. Mr. Nunez said Craig DeFriez, Structural Engineer, SPWB, would clarify a statement extracted from the *Las Vegas Review Journal* article contained in the meeting packet ([Exhibit A](#)), which read “a mandatory preconstruction check of plans by the Nevada State Public Works Board did not uncover the seismic design errors either.” Mr. Nunez said Mr. DeFriez, would report on the plan check that was done by the structural plan checker outsourced by the SPWB for this particular project, and make a statement in relation to the quote in the newspaper article.

Mr. DeFriez, said he was given several documents to review to determine whether the SPWB in its capacity as plan checker did a reasonable job on the original plan check. In reviewing the plan checkers’ comments to the structural engineer on the project, he stated it seemed that it was a reasonable plan check based on the fact that many significant errors were caught and later corrected. Some of the errors related to the seismic design were corrected before the building was constructed. For example, the engineer used incompatible frame systems. Mr. DeFriez said, in his opinion, the plan check was performed in a professional and reasonable manner.

Chairman Coffin asked for clarification on how the plan checking process worked on this project. He wondered how there were errors in the completed building that were identified during the plan check process.

Mr. Nunez first wanted to explain the difference between a capital improvement project (CIP) versus the project that completed the Student Recreation and Wellness Center Building before discussing the plan checking process on this

building. A CIP project is managed by the SPWB, which includes overseeing the plan checking process along with various stages of design such as schematic design, design development and construction documents. The SPWB holds formal meetings with the design team including the architect, the civil engineer, the structural engineer, the mechanical engineer, the electrical engineer and any specialties as part of the management of the project. In addition, the SPWB's own in-house engineers oversee the design not only for code compliance, but also to make sure that the design complies with the adopted standards. After completion of the in-house review, the design is given to a third party for an independent review plan check, which is mandated by the *Nevada Revised Statutes*. Because the Student Recreation and Wellness Center Building was not a CIP project managed by the SPWB, the first part of the in-house process was not performed. The SPWB was a participant only in outsourcing the third-party evaluation and Mr. Marshall, in his capacity as the Building Official, outsourced the independent review plan check. The rest of the process was managed by UNLV. He said that this was the difference in how the project that completed the Student Recreation and Wellness Building was handled versus a CIP project, which would have been managed by the SPWB.

Mr. Nunez explained additional discovery and investigation was needed in order to find out why there were still issues that were not caught after all the plan checking processes took place. The structural plan checker assists the design engineer in making sure that code provisions have been met and then signs off on the plans when he is satisfied that the design engineer has met all code requirements. The structural plan checker is not the designer, so concerns are addressed by the structural plan checker but the design engineer is ultimately responsible for the design. The design fee for this project was over \$2 million, but the entire plan check fee, not just the structural, was only \$160,000. Therefore, the level of effort for the plan check was not equal to the level of effort for the design. He explained that for \$160,000 one could not expect the plan checker to conduct a review with the detail necessary to certify the design. All that could be expected of the plan checker was a reasonable effort to make sure the designer met the code requirements, especially for a non-symmetrical building, which would have required a time consuming and difficult three-dimensional analysis. The plan checker could not be expected to regenerate that work as it would have required another design fee.

Mr. Nunez explained the SPWB looked at the analysis and thought the masonry walls might not be compatible with the moment resistant frames. In order to determine what really happened, additional research and discussion with the structural engineer, the plan checker and the architect, DMJM Design would be needed. The SPWB was only able to review documents available in its office for this project; the information provided in testimony was all that was found so far.

Chairman Coffin commented that there was a place for Construction Manager at Risk construction, which shortened the time of construction and reduced the cost,

and that was used for the completion of the project to construct the Student Recreation and Wellness Building. He thought it might be valid for the SPWB to play a role toward the middle of the process instead of just a simple plan check in the beginning. He said the SPWB should look at the plans in order to not abandon the public responsibility to the taxpayers for these buildings.

Chairman Coffin noted that by statute, Mr. Marshall's position title was Deputy Manager, but his position was actually independent of Mr. Nunez, the Manager of the SPWB. The title "deputy" usually signified a subordinate position to the manager, but in this case the title was misleading: although Mr. Marshall was in the chain of command, he did not report to the manager in his role. Chairman Coffin thought the language in the statute should be changed to give the Deputy Manager a different title.

Mr. Nunez explained that prior to the 2007 Session the Manager of the SPWB was also the Building Official. One of the tasks of the SPWB was to develop projects on behalf of the state of Nevada and before the 2007 Session the Building Official was in charge of managing the schedule and budget of projects, as well as making sure the code was followed. Mr. Nunez thought one person managing both the schedule and budget, as well as the code, was a conflict of interest. Mr. Nunez said the Manager should manage the budget and schedule, and the Building Official should make sure that the code was followed on SPWB projects; therefore, he worked with Senator Raggio to separate the roles into two positions. The 2007 Legislature split the roles into two positions making them independent within the SPWB in order to remove the conflict of interest, but unfortunately, the way the law was ultimately written removed the Building Official from the chain of command under the Manager. For office budget issues or administrative items, Mr. Marshall worked within the SPWB, which Mr. Nunez oversaw, but when Mr. Marshall made a decision as the Building Official he was completely independent from the Manager. Whatever decision Mr. Marshall made as the Building Official was the final word.

Chairman Coffin commented that Mr. Marshall had an ombudsman role, and some thought should be given to changing the title of his position. He thanked Mr. Nunez and the SPWB staff for their testimony.

Richard Linstrom, Vice President and General Counsel, UNLV, testified on behalf of the university. He clarified the statement he made in the *Las Vegas Review Journal* newspaper article regarding the SPWB not catching the design error in the mandatory plan check. He said the point he tried to make was that no building official would have been in a position to catch the error due to the level of detail required. If UNLV had not hired a consultant to investigate the construction delays, the design flaw may not have been discovered. The university's first concern was safety. The consultants hired by the university to analyze the design, a professor from the University of California, Berkeley, and Dr. Bill Carron, Loxa Engineering, indicated that seismic failure was not the issue. Rather the issue was performance

in an extreme event, and from that standpoint the university could not justify not using the building. Those reports were given to Mr. Marshall as the Building Official and after his analysis the university was comfortable with Mr. Marshall's decision to continue to occupy the building and not revoke the Certificate of Occupancy. Mr. Linstrom explained that as a matter of transparency and fairness, the students, who paid for the building needed to be notified of the issue and that the university intended to have it repaired. He explained the university intended to have the building repaired by the design professionals responsible for the mistake, or their insurance companies. After safety, the most important concern for the university was to make sure that money provided by student fees was spent appropriately and efficiently for a quality building. The university was in mid-litigation to solve this issue and had currently settled with the general contractor regarding the additional costs due to delays associated with the design flaw. The university had also issued a request for proposal (RFP) for the seismic redesign. During the course of the RFP, the new owners of the company that designed the building DMJM and their insurance companies agreed to work with the SPWB, pay for another plan check fee and redesign the building to meet the seismic code with a permanent fix, all while causing as little disruption of the function of the building as possible. The university was insistent to DMJM that the design and the mechanisms for putting the design into effect would result in the loss of student access to the building, if it comes to that, for the least amount of time with possible retrofitting over a summer or part of a semester. Mr. Linstrom stressed it may not be the cheapest fix, but having the building offline for the shortest amount of time possible was as important as working toward meeting the code requirements. He wanted to make clear to the Subcommittee and the public that the university was not criticizing the SPWB for not finding the design flaw, and that nobody would have found the flaw if the university had not sought analysis for the construction delays.

Continuing, Mr. Linstrom said it was the university's intention that nobody in the state of Nevada would pay for any of the mistakes on this building, including the money paid to the general contractor to settle the mediation and hard costs related to the delay of the use of the building. He said the university was expecting the insurance companies and/or the principals who made the mistakes to pay for all the related costs of fixing the flaw.

Chairman Coffin pointed out the students were paying over \$300 each for the cost of the Student Recreation and Wellness Center and the Student Union. If the students failed to have access to the facilities it was definitely a cost to them.

Mr. Linstrom agreed and said because the building was a bonded indebtedness of the state the students would be paying regardless of whether they exercised in the Student Recreation and Wellness Center or in an alternate facility during the retrofit. He found it hard to imagine retrofitting a building without some restrictions on its use, and it would be an unfortunate inconvenience for the students. In terms of actual cash money for the retrofit, it was the university's intention to have the

parties that caused the problem pay for it. Mr. Linstrom thanked the Chairman for the opportunity to address this issue because it was a matter of concern for the students of UNLV and the larger community.

Chairman Coffin told Mr. Nunez he was probably happy to hear that the attorneys had cleared the SPWB. Mr. Nunez did not have anything else to add on this matter.

Chairman Coffin said he was still worried about the safety of this building. He hated to think that there was a known flaw in the building, but the severity of the flaw would not be known until an earthquake of a certain unknown magnitude caused the building to partially or completely fail. It made him nervous that people were still occupying the building. He closed the hearing on this informational item and moved to agenda item III.

III. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON APRIL 29, 2010, REGARDING THE REQUEST TO APPROVE THE SITE PLAN FOR CIP PROJECT 09-C15, NEW ELKO COUNTY READINESS CENTER, PURSUANT TO SECTION 13 OF A.B. 564 (2009 SESSION) AND TO MODIFY THE SCOPE OF THE PROJECT TO ADD CONSTRUCTION OF A NEW 5,517 SQUARE FOOT BUILDING FOR THE NEVADA ARMY NATIONAL GUARD AND TO ELIMINATE THE RENOVATION OF THE ADMINISTRATION AND FOOD SERVICE BUILDINGS.

Chairman Coffin asked Eric King, Program Analyst, Fiscal Analysis Division, to explain why the Elko County Readiness Center was on the agenda and report of the status of the project since the previous Subcommittee meeting held on February 2, 2010.

Mr. King said agenda item III was a request by the SPWB for approval of the site plan for CIP project 09-C15, the Elko County Readiness Center. The Elko County Readiness Center was originally planned by project 07-P06 in the 2007 CIP. Recommended by the Governor and included in the 2009 CIP was a 31,000 square foot Elko Readiness Center to be built at the Elko Airport; however, the 2009 CIP was approved without indicating a specific site in Elko County for the new Elko Readiness Center. The 2009 Legislature was uncertain whether the project would actually move forward, and decided to conditionally approve the 2009 CIP without naming a specific site for the armory. The Legislature thought that once a site plan was determined for a location in Elko County, the SPWB could request approval for the site from the Interim Finance Committee (IFC). The Governor also recommended the sale of the University of Nevada, Reno, Fire Science Academy (FSA) in Carlin and the renovation of certain buildings at the FSA for use by the Nevada Army National Guard in the 2009 CIP. Mr. King explained agenda item III requested the approval of the site plan for the new Elko Readiness Center; the purchase of the FSA by the Nevada Army National

Guard from the Nevada System of Higher Education; and, the remodel of the facility for use by the Nevada Army National Guard.

Chairman Coffin asked Mr. Nunez for the status of the project. Mr. Nunez said the request was to site the Elko County Readiness Center at the FSA in Carlin in accordance with the requirements of A.B. 564, Section 13. He reported the Nevada Army National Guard requested approval from the National Guard Bureau to site the Elko Readiness Center at the FSA in Carlin, and also requested reauthorization of the funding for the project for this new location. In addition, the Board of Regents authorized the sale of the FSA for \$10 million and authorized the Chancellor to execute the finalized sales and purchase agreement. He noted a meeting had been scheduled for the University of Nevada, Reno (UNR), State Lands and the SPWB to work on the sales and purchase agreement. Mr. Nunez said the Guard indicated it was acceptable to collocate the FSA adjacent to the Elko Readiness Center; however, the Bryan Task Force would continue to study the viability of the FSA. A detailed scope of the construction project at the FSA was located in the meeting packet ([Exhibit A](#)) starting on page 20. Mr. Nunez said representatives from the Guard and UNR were available to testify on this project.

General Bill Burks, Adjutant General for the state of Nevada said the Guard, willingly participated in all the proceedings that had taken place regarding the FSA site in Carlin. He realized it was a controversial item on the IFC's agenda; however, the property held many useful possibilities for the Guard. For him, the site had a "wow factor" when first visited and he thought of at least ten ways for utilization of the facility with or without the FSA housed on the property. General Burks, a native Nevadan, wanted a situation in which all parties would benefit, including the residents of Elko and Carlin, the university, and the Nevada National Guard.

Milton Glick, President, UNR, thanked Mr. Nunez, the SPWB staff, and General Burks and his staff for working closely with the university, the Board of Regents and the Legislature on this project. He also thanked former Senator Richard Bryan, Chairman of the Bryan Task Force. President Glick expressed the university was excited about the partnership with the National Guard through the sale of the FSA land. He thought the sale of the land also benefited Elko County and the cities of Elko and Carlin. The students at UNR had been paying on the FSA capital debt through a mandatory imposed fee, but through the sale the capital debt would be reduced by \$10 million. Another issue, however, was still looming: whether the university could find a steady revenue stream to continue the operation of the FSA. The university planned to recommend a way to finance the FSA operations to the Board of Regents no later than the December 2010 meeting.

Assemblywoman Smith asked for an overall explanation. She wanted to know what was going to happen to the FSA, how the university's bonding obligation would work with the sale to the Guard, and how the \$10 million would be utilized.

President Glick explained the sale of the FSA was for \$10 million; however, the students were paying off a capital debt of \$28 million. After the \$10 million was applied to the capital debt a balance of \$18 million remained, plus approximately \$12 million in operating debt. He said the university committed to the IFC and Speaker Barbara Buckley to use the money from the sale to pay down the capital debt. After approval of the sale, a lease agreement would be developed with the Guard, which would allow the university to continue operating the FSA. To continue to operate the FSA, not only would the university need to establish a lease agreement with the Guard, but also a revenue stream would be needed by December 2010 to finance the operating debt. President Glick said the sale of the land accomplished a \$10 million reduction to the capital debt and provided an extraordinary piece of property for the National Guard to develop into a regional training center. He said the bonding was guaranteed by the Nevada System of Higher Education's credit and was not dependent upon the change in ownership of the property.

Assemblywoman Smith thought the Bryan Task Force had done what the legislators had asked regarding the FSA property and she appreciated their work. She wondered though if there was a fully vetted plan and if it was in writing. President Glick said yes there was a plan and invited General Burks to explain the details.

General Burks explained the Guard planned to have a full armory facility in Carlin. He envisioned the facility in Carlin to be utilized for critical skills training for Nevada soldiers scheduled to go overseas. Presently, Nevada soldiers were sent out of state for this type of training to either Camp Roberts in California, Fort Leonard in Missouri or Camp Atterbury in Indiana. General Burks had asked the Governor's Blue Ribbon Panel to consider using the facility in Carlin for critical skills training rather than sending soldiers out of state, which would allow for closer monitoring of the training. He thought the Carlin facility would be ideal for critical skills training because it was located on 460 acres and surrounded by Bureau of Land Management (BLM) property to act as a buffer. General Burks pointed out the BLM could be petitioned for permission for the Guard to develop a maneuver zone, which would include building facilities in Carlin in addition to existing ones. He thought teaming the military with the FSA would provide a unique training facility unlike any other in the nation. Firefighters and police, who were the typical first responders in a state emergency, could train alongside the military's first responder, the National Guard, for specialized training in the event of a terrorist incident like the Oklahoma City bombing or the Pentagon and World Trade Center attacks.

General Burks stated he also planned to build a facility at the Elko airport in the future. He said the transportation company housed in Elko was scheduled to leave the area in 2015 as mandated by the National Guard in Washington D.C. However, General Burks and his staff were seeking alternative plans for the transportation company to stay in the area and move to Carlin. His long-range

idea was to build a facility at the Elko airport to house helicopters by fiscal year 2015 or earlier. General Burks said helicopters were stationed in Reno and Las Vegas, but the Guard lacked a presence in the northeast. He indicated in addition to the helicopters stationed in Elko, the aviators and maintenance staff of those helicopters would also reside at the facility.

Assemblywoman Smith asked what would happen to General Burks plans if the IFC did not approve of the sale of the FSA to the Guard.

General Burks said if the plan for Carlin was not approved the Guard would lose \$11 million because the money from the National Guard was a five-year appropriation given in fiscal year 2009. One and one-half years had already passed, leaving little time to formulate a different plan if this one were not approved. He stressed it was an all-or-none situation.

Assemblyman John Carpenter from Elko was quoted in a newspaper article ([Exhibit E](#)) warning against the FSA and the Guard collocation. Chairman Coffin thought Mr. Carpenter raised a good point in opposition to the plan. Mr. Carpenter said it was not guaranteed the Guard would follow through with collocating with the FSA at the Carlin site if the state gave the money to the university for the sale of the land. Mr. Carpenter wanted an agreement between the two parties, including details of the arrangement and an assurance the money already appropriated for the Elko airport would be re-appropriated by the federal Guard Bureau for utilization at the Carlin facility.

General Burks explained that only Congress had the authority to approve the re-appropriation of the money from Elko to Carlin and added that Senator Reid and Senator Ensign were in favor of the modification. He said the Guard Bureau would grant its approval to get the process started with Congress. His staff had been working diligently to keep the Guard Bureau informed of the progress of the plans and the outcome of meetings with the Bryan Task Force and the SPWB. General Burks expressed he was 95 percent sure the Guard Bureau would grant approval of the re-appropriation of funds and pass the request to Congress for the final approval.

Chairman Coffin asked President Glick if the property were to be sold whether the bonds were callable, and if the university could use the \$10 million to pay off the debt, subsequently reducing the payments by the students.

President Glick affirmed the bonds were callable and the money could be used to reduce the debt. However, the university was undecided whether it was better to reduce the debt, or put the money into an escrow account and use it to reduce the annual payment. He explained that the student contributions would be reduced because the money could be used to offset what the university was taking out of the student fees. However, the actual student fee would not be reduced because the Board of Regents approved the fee for all the institutions in the state, including

UNR. The difference was the other institutions were using the student fee for things the students used and wanted, but the UNR student fees were diverted to the FSA. The students at UNR would not use the FSA and were not interested in the facility.

The Chairman noted that the students were still going to pay. President Glick agreed the students would still be paying; however, instead of paying for something the students were not interested in, the student fees would go toward something the students wanted for the campus.

Assemblyman Grady said he had spoken with Mr. Carpenter who was in opposition of the sale of the FSA and wanted assurance that the money would be appropriated from the Elko facility to Carlin. Mr. Grady thought the \$10 million should be used to pay down the debt and would be opposed to holding it in a trust account to use for future payments.

President Glick said the university would use the \$10 million to pay down the debt if that was what the IFC wanted. He added that the university continued to identify mechanisms to pay down the operating debt. Even though the university was committed to paying down the debt, it was not easy since the university had to reduce its budget. The university hoped to receive a long-term federal appropriation to use for the operating debt since the FSA was an important national facility. President Glick also said he had great respect for Assemblyman Carpenter and would contact him. He also appreciated Mr. Grady's concern and would take his point to pay down the debt as a directive.

Chairman Coffin said that since Mr. Carpenter was the representative for the Elko area and was vehemently opposed to the transaction it was hard to go against him. He did however think there had been substantial testimony from the university and the Guard and he was willing to give them the benefit of the doubt. He asked the Subcommittee for a motion, whether it was for full approval or another suggestion to be given to the IFC.

Before the motion, President Glick added that the Elko County Commission, the City Council of Elko, the Mayor of Elko and the Mayor of Carlin had all supported the sale of the FSA and the Guard collocation. He said he respected Chairman Coffin's concern for Mr. Carpenter's opinion but thought the university had considerable knowledge of the situation in Elko and in Carlin with much support.

Senator Mathews motioned to go forward with the recommendations of the Bryan Commission. Chairman Coffin asked Mrs. Mathews to rephrase the motion because the Bryan Commission had only submitted a letter sanctioning the sale of the FSA to the Guard and did not address the other part of the request.

SENATOR MATHEWS MOVED TO SITE CIP PROJECT 09-C15, NEW ELKO READINESS CENTER AT THE UNIVERSITY OF NEVADA, RENO, FIRE SCIENCE ACADEMY SITE AND TO MODIFY THE SCOPE OF THE PROJECT TO ADD CONSTRUCTION OF A NEW 5,517 SQUARE FOOT BUILDING FOR THE NEVADA ARMY NATIONAL GUARD AND REDUCE RENOVATIONS AND ON-SITE IMPROVEMENTS APPROVED FOR THE PROJECT.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Assemblyman Grady said although he was not present at the Elko City Council meeting on April 27, 2010, it was his understanding the city of Elko did not support this move and did not take any action. Mrs. Smith understood that the city of Elko was supporting it financially. Senator Mathews said since there was no action at the meeting to reverse the previous action, the city would still be on record as supportive. Chairman Coffin thought that Councilman Jay Elquist was opposed, but he did not propose a motion at the April meeting for the city to reverse its position.

Dr. Glick said his understanding was the city of Elko did not hear any motions on the issue at the April 27, 2010, meeting. Mr. Carpenter had made a strong statement opposing the issue after the formal meeting during the public comment period. The city had taken action for financial support at previous meetings, but did not take any action at the April meeting.

Mrs. Smith thought the Bryan Commission had done everything asked of them and had put a great deal of effort into the process. She appreciated Mr. Carpenter's concerns for Elko County, but thought it was time to move on with this issue. She wanted the FSA to do a better job of attracting participants and get the best use out of the facility, so she supported Senator Mathews' motion.

Assemblyman Hogan said Mr. Carpenter's concern centered on the inability to agree upon certain details of the plan, especially the collocation. He agreed it would be preferred for those close to the situation to have the details settled and in writing, but from what he had heard and read, all of those commitments and actions could not be finalized at this time. It seemed to him the Subcommittee would have to take a chance on motioning for approval based on the best information available, along with strong assurances from the parties engaged in working out the details. He thought everyone involved was proceeding in good faith and would accommodate the needs of the people of Elko, as well as the university and the National Guard. He voiced his support of the motion.

Mr. King asked for clarification on the motion. He understood that Senator Mathews included in her motion the Bryan Commission recommendation to sell the FSA to the National Guard, but he said the request also included modification of the scope of the project that was already approved. He asked

Senator Mathews if her motion included the modification of the scope of the project. It seemed that if the military was going to buy the site the buildings should be renovated and/or a new building should be built.

Mrs. Mathews said she appreciated Mr. King being so thorough and said that was the intention of her motion.

Chairman Coffin said he supported the motion and would make sure Mr. Carpenter's remarks were entered into the record. He asked for a vote. Senator Raggio was marked absent for this vote.

THE MOTION PASSED UNANIMOUSLY.

IV. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON APRIL 29, 2010, REGARDING THE REQUEST TO MODIFY THE SCOPE OF CIP PROJECT 09-C18, SOUTHERN NEVADA VETERANS' CEMETERY EXPANSION, TO REPLACE THE EXISTING ADMINISTRATION BUILDING, CONSTRUCT A NEW ENTRANCE AND OTHER TRAFFIC FLOW IMPROVEMENTS, DEMOLISH AND RELOCATE A COMMITMENT SHELTER, AND DELETE A COLUMBARIUM WALL ADDITION.

Mr. Nunez said this request was to change the scope of project 09-C18, Southern Nevada Veterans' Cemetery Expansion. The original scope of this project included expansion and renovation of the existing Administration Building. However, the Office of Veterans' Services had requested demolition of the existing Administration Building and construction of a new 3,400 square foot Administration Building with other associated site changes to meet the agency's current requirements. The revised scope also included construction of a new entrance, demolition and relocation of the existing commitment shelter and deletion of the columbarium wall addition. He said the Veterans' Administration feasibility study confirmed the effectiveness of construction of a new building versus the renovation of the existing building. The study also showed the necessity of changes to the site in order to improve the vehicular circulation within the cemetery.

Chairman Coffin said he agreed with the proposal of the scope change to build a new facility rather than remodel the existing building because of the limited space.

Assemblyman Grady said he was a member of the Veterans' Cemetery Advisory Board for the Fernley Cemetery and reported that the columbarium wall in Fernley was being used extensively. He asked what would be done to replace the columbarium wall proposed to be eliminated in southern Nevada.

Tim Tetz, Executive Director, Office of Veterans' Services said that circumstances regarding the columbarium wall were unique in southern Nevada compared to northern Nevada. He explained when the columbarium wall was built in the south

interment ratios in the wall versus in-ground interments were expected to reflect the pattern in Fernley, but the ratio never caught up. For some unknown reason the Southern Nevada Veterans' Cemetery did not follow the trend of the western United States and interred more cremated remains of veterans and spouses in the ground rather than in the wall. Mr. Tetz explained the ratio in the 2007 CIP was based on information from the north, but since the trend was different in the south a columbarium wall was not needed at this time. In about four years there would be a need and therefore a request for expansion would be submitted in the 2011 CIP. At this time the federal government was willing to pay for interment areas that are needed in the south; in-ground cremain interment was needed instead of the columbarium wall or single vaults.

ASSEMBLYMAN GRADY MOTIONED TO MODIFY THE SCOPE OF CIP PROJECT 09-C18, SOUTHERN NEVADA VETERANS' CEMETERY EXPANSION, TO REPLACE THE EXISTING ADMINISTRATION BUILDING, CONSTRUCT A NEW ENTRANCE AND OTHER TRAFFIC FLOW IMPROVEMENTS, DEMOLISH AND RELOCATE A COMMITTAL SHELTER, AND DELETE A COLUMBARIUM WALL ADDITION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

V. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON APRIL 29, 2010, REGARDING THE REQUEST TO MODIFY THE SCOPE OF CIP PROJECT 07-C05, INDIAN SPRINGS CONSERVATION CAMP EXPANSION, TO RENOVATE THE CULINARY, STORAGE, AND TIRE SHOP STRUCTURES AT THE SITE. WITHDRAWN APRIL 6, 2010.

Chairman Coffin explained this agenda item was withdrawn on April 6, 2010. Mr. King noted it had not been determined whether the project would be deferred indefinitely. The SPWB was investigating options and it had not been determined if there would be a request in a future CIP or if there was some other means for the renovation of the buildings.

VI. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON APRIL 29, 2010, REGARDING RECEIPT OF \$104,000 OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS BY THE STATE PUBLIC WORKS BOARD ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO, EARLY HEAD START INFANT AND TODDLER PROGRAM TO ESTABLISH AN AGENCY PROJECT TO REMODEL THE NORTHERN NEVADA EARLY INTERVENTION FACILITY IN RENO ON ENTERPRISE ROAD.

Mr. Nunez said agency project 10A-004, University of Nevada, Reno (UNR), Early Head Start Infant and Toddler Program was new and the project was funded through an American Recovery and Reinvestment Act (ARRA) grant in the amount of \$104,000. The scope of the work for the project was to remodel existing space at the Northern Nevada Early Intervention Facility at 2667 Enterprise Road. The remodeled space would allow UNR to expand its Early Head Start Infant and Toddler Program at the facility. The project would include the remodel of four treatment rooms into infant and toddler daycare rooms, the retrofit of four glass sliding doors to swing and entry egress doors; and, the addition of an exterior ramp to access an egress from the exterior patio to the south side of the facility.

Chairman Coffin commended the staff on the good use of ARRA money and said the facility would be an asset for the community in Reno.

Mrs. Smith said she had not heard of this project, but was very happy about improving the child care facilities in that area. She was happy the university was aggressive in the pursuit of ARRA funds for the project and she motioned for approval.

Chairman Coffin asked how long the project would take from start to completion. Chris Chimits, Deputy Manager, SPWB, expected the project to take three months for the design and an additional four months for the construction, for a total of approximately of seven months.

ASSEMBLYWOMAN SMITH MOTIONED TO APPROVE RECEIPT OF \$104,000 OF AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS BY THE STATE PUBLIC WORKS BOARD ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO, EARLY HEAD START INFANT AND TODDLER PROGRAM TO ESTABLISH AN AGENCY PROJECT TO REMODEL THE NORTHERN NEVADA EARLY INTERVENTION FACILITY IN RENO ON ENTERPRISE ROAD.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

VII. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON APRIL 29, 2010, REGARDING THE CIP PROJECT EXCEPTION REPORT PURSUANT TO NRS 341.100(8)(g).

Mr. Nunez testified on the CIP Project Exception Report starting with project 07-C05, Indian Springs Correctional Center Work Camp. He said Phase I was completed and occupied. The SPWB was proceeding with Phase II; however, Phase II may require certain modifications based on current existing conditions.

The SPWB was working with the Department of Corrections for solutions and information would be provided for the Subcommittee at a future meeting.

Mr. Nunez said projects 09-C15, New Elko Readiness Center and 09-C18, Southern Nevada Veterans' Cemetery Expansion were on the CIP Project Exception Report, but the status of both projects had already been discussed during the meeting with subsequent approvals by the Subcommittee.

Project 09-M12, Replacement of Boiler Number 3 at the Lovelock Correctional Center was proceeding with slight modification. The correctional center had problems with the malfunction of certain equipment including the freezing of the heating coil at the air handler, which sent out cold water when it thawed and shocked the boiler. He explained it was not good for a boiler to be shocked. A three-way valve with a loop system and a sensor would be added to this project to alleviate shocking the boiler. Also, three smaller boilers would replace the one single large boiler, which would allow for higher efficiency as well as more flexibility and redundancy to the system

Assemblyman Grady asked if a hot water on demand system was ever considered. He stated a business owner in Carson City had brought to his attention the idea of hot water on demand, which could be less expensive since it would use less natural gas, and perform better than the three boilers proposed for this project. Mr. Grady also inquired if the hot water on demand would be considered for future buildings.

Mr. Nunez said hot water on demand systems were for domestic use only; for example, hot water on demand was used for showers and sinks but not normally used for heating purposes. The boilers for the Lovelock Correctional Center served a dual purpose by supplying domestic hot water as well as heating the plant facility. Mr. Nunez said the SPWB always looked for the most efficient way to provide heat and hot water on any of its projects. If the hot water on demand system fit into a future building project as the most efficient, it would be considered in the planning process.

Chairman Coffin added he had seen a residential installation of a hot water on demand system and said it was efficient and saved power, but he was not sure if the system would transfer into an institutional setting. He relayed a story about staying at the Ormsby House Hotel when its boiler broke during freezing weather. When the heat in the building was gone the structure started to fail because the temperature could not be controlled. He thought redundancy with a boiler system was very important. There were no further questions or comments on the CIP Project Exception Report so the Chairman asked for a motion.

ASSEMBLYWOMAN SMITH MOTIONED TO APPROVE THE
CIP PROJECT EXCEPTION REPORT.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

IX. DISCUSSION REGARDING TOURS OF CURRENT AND PROSPECTIVE CIP PROJECTS BY SUBCOMMITTEE MEMBERS.

Chairman Coffin informed the Subcommittee of the tours of current and prospective CIP projects scheduled for May 2010. He encouraged members to attend any or all of the tours planned by staff, and recommended members tell other legislators serving on different committees that they were welcome to participate. Chairman Coffin thought the tours were a good opportunity to educate the newer members of the legislature on planned or contemplated projects, whether it was a new project, a remodel of a building or an expansion of a structure. He said great information could be obtained from the on-site visits, especially for the money committee members. The 120-day session made it impossible to tour the potential projects and impossible for the committee members to see how the money was being utilized.

Mr. Grady said he was interested in the tours, but unfortunately would not be able to go due to the June 2010 primary election, in which he was a candidate.

Mrs. Smith said staff had been working hard to coordinate the tours and she also encouraged members to participate. She wanted to see each tour filled with legislators, but if IFC members could not go, then policy committee members would be invited to attend. Chairman Coffin thanked Mrs. Smith for her comments especially because she was part of leadership.

Mrs. Mathews said she planned to go on some of the tours. Mr. Hogan thought it was a great idea and also planned to participate. He planned to talk to other legislators in southern Nevada to generate interest and said that everyone was busy with other obligations, but they should try to reschedule and attend the tours.

Chairman Coffin thought it was important to notify and invite the press to attend the tours. He wanted to make sure the press would be welcome to attend but at their own expense. Chairman Coffin said inviting the press would alleviate the idea that the legislators were making decisions outside the open meeting law.

Tracy Raxter, Assembly Fiscal Analyst, Fiscal Analysis Division, pointed out there would be tours scheduled in northern Nevada in June 2010. He said staff would make a concerted effort to schedule the tours after the June primary election to make it easier for members to attend. He reminded the members to let staff know if they were interested in attending. Chairman Coffin thanked Mr. Raxter and Mr. King for organizing the tours.

Returning to a previous agenda item, Mr. Nunez asked for clarification on the motion for the University of Nevada, Reno, Fire Science Academy. He explained that the bill was written in such a way that the SPWB needed approval for the siting

for the new Elko Readiness Center before any money could be expended on the project. Since the charge for SPWB services for CIP projects was fee based, the SPWB had not been able to charge for any of the work done on this project to date, including cost estimating and attending meetings with the Bryan Commission, the Guard and others. Mr. Nunez needed to clarify that if the IFC approved the project modification at the April 29, 2010, meeting, the SPWB could start spending the allocated money like any other CIP project. He expressed that it was a burden for the SPWB to continue to work on this project without funding; however, the SPWB was committed to meet the needs of the Guard and would continue to work closely with them. Mr. Nunez was hopeful the IFC would approve the sale and the project modifications so the SPWB and the Guard could move ahead as with any other CIP project.

Chairman Coffin wanted the minutes to reflect his opinion as the Chairman that the SPWB was entitled to the reasonable and customary fees it usually incurred on these types of projects. He asked Senator Mathews, Co-Chair of the IFC, if she agreed and she said yes.

X. PUBLIC COMMENT.

No one came forward for public comment.

XI. ADJOURNMENT.

Chairman Coffin adjourned the meeting at 3:30 p.m.

Respectfully submitted,

Patti Sullivan, Committee Secretary

APPROVED:

Senator Bob Coffin, Chairman

Date: _____

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775) 684-6821.

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