

**MINUTES OF THE  
INTERIM FINANCE COMMITTEE'S  
SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS  
(NRS 218E.405)  
August 30, 2011**

The Interim Finance Committee's Subcommittee to Review Public Works Board Matters (NRS 218E.405) held its first meeting of the 2011-13 Interim on August 30, 2011, 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 South Carson Street, Carson City, Nevada.

**SUBCOMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Assemblyman David Bobzien, Chairman  
Senator Ben Kieckhefer  
Senator David Parks  
Assemblyman Joseph Hogan

**SUBCOMMITTEE MEMBERS PRESENT IN CARSON CITY:**

Assemblyman Tom Grady

**SUBCOMMITTEE MEMBERS ABSENT:**

Senator Sheila Leslie (excused)

**STAFF MEMBERS PRESENT IN LAS VEGAS:**

Eric King, Program Analyst, Fiscal Analysis Division  
Brenda Erdoes, Legislative Counsel, Legal Division

**STAFF MEMBERS PRESENT IN CARSON CITY:**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division  
Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division  
Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division  
Patti Sullivan, Committee Secretary, Fiscal Analysis Division

**EXHIBITS:**

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

[Exhibit B](#) – Attendance Record

[Exhibit C](#) – Chairman's Report to the Interim Finance Committee on August 31, 2011

## **I. ROLL CALL.**

Chairman Bobzien called the regularly scheduled meeting of the Subcommittee to Review Public Works Board Matters to order at 1:08 p.m. in Las Vegas. Senator Parks, Senator Kieckhefer and Assemblyman Hogan attended in Las Vegas and Assemblyman Grady was present in Carson City.

## **II. PUBLIC COMMENT**

No one came forward for public comment.

## **III. APPROVAL OF MINUTES OF THE SEPTEMBER 9, 2010, MEETING.**

SENATOR KIECKHEFER MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 9, 2010, MEETING.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

## **IV. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON AUGUST 31, 2011, REGARDING THE REQUEST TO CANCEL THE FOLLOWING CIP PROJECTS:**

- a) **09-C01, RETROFIT HOUSING UNIT NUMBER 11 AT HIGH DESERT STATE PRISON TO CREATE THE SOUTHERN REGIONAL MEDICAL FACILITY;**
- b) **09-M13, REPLACE BOILER #2 AT SOUTHERN DESERT CORRECTIONAL CENTER;**
- c) **09-C11, ADA AND LIFE SAFETY RETROFIT FOR WESTERN NEVADA COLLEGE;**
- d) **09-M04, UPGRADE ELECTRICAL POWER AT THE STEWART FACILITY;**
- e) **09-M07, REPLACE FLOORING AT THE NORTHERN REGIONAL MEDICAL FACILITY;**
- f) **09-M11, REPLACE DOORS, LOCKS AND CONTROL PANELS AT SOUTHERN DESERT CORRECTIONAL CENTER; AND**
- g) **09-M17, UPGRADE ELECTRICAL POWER SUPPLY SYSTEM AT THE BLASDEL BUILDING.**

Eric King, Program Analyst, Fiscal Analysis Division, gave an overview of the seven CIP projects (listed above), which the State Public Works Division (SPWD) requested for cancellation. He stated the SPWD requested cancellation of project 09-C01, Southern Regional Medical Facility, at the direction of the Department of Corrections (DOC) due to the unreasonable expectation of obtaining additional positions for staffing

of the facility in the subsequent two bienniums. In addition, the DOC wanted to pursue construction of a long-term care facility at Northern Nevada Correctional Center (NNCC) in Carson City, instead of the Regional Medical Facility in Southern Nevada. Mr. King indicated the SPWD also requested cancellation of project 09-M13, Replace Boiler #2 at Southern Desert Correctional Center. The boiler replacement was no longer necessary because the DOC contracted with a third-party energy efficiency contractor for installation of a well water heat exchange system, which would provide adequate heating capacity. All of the other listed projects had been delayed since October 2010 due to the state's bonding capacity. The SPWD requested cancellation of the projects and replaced them with various 2011 CIP projects.

Senator Kieckhefer wondered if the DOC planned to request a Southern Nevada medical facility in a future CIP. He referred to a letter dated August 4, 2010 ([Exhibit A](#), page 37), to the State Public Works Board from Howard Skolnik, former DOC director, indicating there would still be a need for construction of a Southern Regional Medical Facility.

Greg Cox, Director, DOC, said the department would request the Southern Regional Medical Facility in a future CIP, but for now, the department's medical director and staff could manage the situation with the current staffing plan and available number of beds.

Senator Kieckhefer asked if it was still the policy of the department to pursue building a long-term care facility in the north, and whether the department's intent was to propose construction of a facility in the 2013 Legislative Session.

Director Cox explained many departments across the nation were using long-term care facilities as a way to reduce overall medical costs for aging inmates. Considering Nevada's budget constraints, he thought the department was doing a good job managing the increasing elderly population with existing resources, and could continue to do so for a number of years. He said the department had a nationally recognized, and successful geriatric program for older inmates called True Grit located at NNCC, which also housed a regional medical facility. In order to determine when construction of a long-term care facility might be appropriate, Director Cox would continue to analyze data on caring for the aging inmates, as well as monitor how the existing geriatric program was working.

Senator Kieckhefer concluded that based on the flat inmate population, a regional medical facility in the south was not needed at this time, but may be considered in the future. In addition, a long-term care facility in the north may be considered at a future time. Director Cox agreed.

SENATOR KIECKHEFER MOVED TO CANCEL SEVEN 2009 CIP PROJECTS INCLUDING 09-C01, 09-M13, 09-C11, 09-M04, 09-M07, 09-M11 AND 09-M17.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**V. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON AUGUST 31, 2011, REGARDING THE REQUEST TO MODIFY THE SCOPE OF CIP PROJECT 09-S05, STATEWIDE PAVING PROGRAM, TO ELIMINATE IMPROVEMENTS APPROVED FOR THE BRADLEY BUILDING, THE LAS VEGAS BUILDINGS AND GROUNDS BUILDING, AND THE CAPITOL COMPLEX.**

Mr. King provided an overview on the request to cancel three segments of project 09-S05 for the Capitol Complex, the Las Vegas Buildings and Grounds Building and the Bradley Building. The SPWD indicated these parking lots had deteriorated past the point where crack and slurry sealing could repair them and would eventually need to be replaced.

Chairman Bobzien asked the SPWD to comment on the plan for these parking lots.

Gus Nunez, Administrator, SPWD, noted with the advanced deterioration of these parking lots the cost for repair was close to the cost to remove and replace the pavement. However, with minimal maintenance, the existing surfaces of the lots were useable for approximately five years before removal and replacement would be necessary. Mr. Nunez said the division would try to get as much life out of the pavement as possible while monitoring its condition every biennium. He thought a funding request for the removal and replacement of the pavement would be likely in the 2015 Legislative Session.

Chairman Bobzien asked if this was the typical method used by the division to manage the life cycle of parking lots, or was this situation a special case given the state's fiscal constraints.

Mr. Nunez explained the life cycle of pavement and the importance of preventive maintenance. He said with proper preventive maintenance, pavement should last approximately 20 years before it needed to be removed and replaced. The SPWD had checked on these particular parking lots three or four years prior and thought the usable life would be longer. Unfortunately, the deterioration accelerated faster than anticipated and it was determined to be more cost effective to perform day-to-day maintenance to extend its life, and then remove and replace the pavement when it failed completely. Mr. Nunez pointed out it was important to catch the deterioration at the right time in order to have more options for repairing rather than replacing the pavement. The timing was too late for these lots, and replacement was the only option.

Mr. Grady was concerned that the state was trying to save money during this biennium by postponing paving projects. Furthermore, he thought by doing so there would be

many parking lots that needed replacement at the same time and the funding might not be available due to continued budget constraints. He said, for example, if these three lots were postponed this biennium and then there were three more the following biennium, there would be five or six lots which would need replacement for safety reasons. The state may not have the funding for replacement of all the lots at the same time.

Mr. Nunez said the SPWD would continue to review the status of all the pavements, develop strategies for timing the replacements and ask for funding dependent upon other CIP projects that might take precedence. He noted that the SPWD tried to establish a pavement management system for the state, but it was determined not to be cost effective to initiate. Instead, the division inspected the pavements every biennium to assess the deterioration and need for preventive maintenance.

SENATOR KIECKHEFER MOVED TO MODIFY THE SCOPE OF CIP PROJECT 09-S05, STATEWIDE PAVING PROGRAM TO ELIMINATE IMPROVEMENTS APPROVED FOR THE BRADLEY BUILDING, LAS VEGAS BUILDINGS AND GROUNDS BUILDING AND THE CAPITOL COMPLEX.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**VI. INFORMATION PROVIDED BY THE STATE PUBLIC WORKS DIVISION FOR THE FOLLOWING PROJECTS THAT HAVE BEEN COMPLETED AT A TOTAL COST THAT IS LESS THAN THE LEGISLATIVELY APPROVED FUNDING FOR THOSE PROJECTS:**

- a) 09-M10, ARSENIC TREATMENT SYSTEM AT HUMBOLDT CONSERVATION CAMP;**
- b) 09-M16, GOVERNOR'S MANSION SAFETY AND SECURITY UPGRADES;**
- c) 09-M25, LIGHTING UPGRADE AT THE NEVADA HISTORICAL SOCIETY;**
- d) 09-M28, SANITARY SEWER UPGRADE AT NORTHERN NEVADA CORRECTIONAL CENTER;**
- e) 09-M29, NEVADA DEPARTMENT OF WILDLIFE ELKO OFFICE REPAIR AND PAVEMENT PROJECT; AND**
- f) 09-M30, FENCING OF STATE LAND AT THE RANGE ROAD AND SILVERADO RANCH ROAD ARMORIES.**

Mr. King presented this informational item regarding six CIP projects that had been completed at a total cost that was less than the legislatively approved funding for those projects. The projects and subsequent savings were as follows:

- 09-M10 – \$110,873
- 09-M16 – \$180,000
- 09-M25 – \$164,157
- 09-M28 – \$215,000
- 09-M29 – \$142,000
- 09-M30 – \$181,582

Mr. King indicated the total savings was \$993,612 from the original amount approved for all the projects.

Chairman Bobzien asked if the savings were due to the over projection of costs at the time the projects were approved, or the impact of economic conditions that were not foreseeable at the time the projects were approved. If the savings were from favorable bids he wondered if that practice was expected to continue or if there would be an uptick, which would change the dynamics for future projects.

Mr. Nunez said the bid savings resulted from favorable bids due to the economic conditions. He indicated dating back to 2006-2007 the division received 3 to 4 bids for every project, but in the last few years 10 to 20 bids was more common, which drove competition and the drop in prices. However, Mr. Nunez said that at present the number of bidders averaged 5 per project, mainly because many construction companies had gone out of business. Since the cost of material and labor rose, the profits declined, and for many firms it was not worth bidding or doing business any longer. Mr. Nunez said it was hard to predict what would happen in the upcoming years, but with the escalation of the price of labor and materials, profit margins could not get any thinner; therefore, he thought construction costs would start rising in the near future

The Subcommittee accepted the information regarding projects completed for less than the approved amount.

**VII. INFORMATION PROVIDED BY THE STATE PUBLIC WORKS DIVISION FOR THE FOLLOWING PROJECTS, WHICH THE DIVISION HAS RECEIVED A FAVORABLE CONSTRUCTION BID:**

- a) 09-C05, MEDICAL EDUCATION LEARNING LAB BUILDING–THE UNIVERSITY OF NEVADA HEALTH SCIENCES SYSTEM;
- b) 09-C13, FIELD MAINTENANCE SHOP FACILITY AT THE LAS VEGAS READINESS CENTER;
- c) 09-C23L, CHEYENNE CAMPUS LABORATORY RENOVATIONS AND MAIN BUILDING FIRE ALARM, HVAC AND LIGHTING UPGRADES–COLLEGE OF SOUTHERN NEVADA;
- d) 09-M03, WEST ENTRY WIND BREAK FOR THE RICHARD H. BRYAN BUILDING;
- e) 09-S01, STATEWIDE ROOFING PROGRAM;
- f) 09-S01F, STATEWIDE ROOFING PROGRAM–OFFICE OF THE MILITARY;

- g) 09-S02, STATEWIDE ADA PROGRAM; AND**
- h) 09-S03, STATEWIDE FIRE AND LIFE SAFETY PROGRAM.**

Mr. King provided an explanation of the eight projects that received a favorable construction bid. This agenda item was for informational purposes only with no action required by the Subcommittee and the savings were as follows:

- . 09-C05 – \$6,212,000
- . 09-C13 – \$ 900,000
- . 09-C23L – \$1,200,000
- . 09-M03 – \$ 59,554
- . 09-S01 – \$ 901,000
- . 09-S01f – \$ 760,000
- . 09-S02 – \$ 151,000
- . 09-S03 – \$ 891,000

Mr. King said the total savings from favorable construction bids for all the projects was \$11,083,554.

Senator Kieckhefer asked why the state was receiving bid savings from the University of Nevada, Reno, Medical Education Learning Lab as university staff had already moved into the finished building.

Mr. Nunez explained that, even though the building was finished and occupied, ordering of furniture, fixtures and equipment (FF&E), including audio-visual equipment, was in the process of being completed. The FF&E bids were finalized and resulted in the bid savings.

Senator Kieckhefer inquired whether the bids for the FF&E were new and bid out separately from the original construction contract. Mr. Nunez said that was correct.

The Subcommittee accepted the information regarding projects that had received a favorable construction bid.

**VIII. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON AUGUST 31, 2011, REGARDING RECONSIDERATION OF THE ACTION APPROVED ON FEBRUARY 3, 2011, BY THE INTERIM FINANCE COMMITTEE REGARDING CANCELLATION OF CIP PROJECT 09-M34, INSTALL PANIC ALARM SYSTEM AT DINI-TOWNSEND HOSPITAL, TO RESTORE A PORTION OF THE EXPENDITURE AUTHORITY FOR THE PROJECT.**

Mr. King explained the SPWD requested reconsideration of the action approved by the Interim Finance Committee at its February 2011 meeting to cancel CIP project 09-M34, Install Panic Alarm System at Dini-Townsend Hospital, as well as to reduce the project's

funding to \$42,000 (bond funds) and to revert approximately \$40,000 in realized bond cash to the Bond Interest and Redemption account. The SPWD requested to increase authorized funding for the project from \$42,000 to \$83,880 in order to transfer the \$41,880 in realized bond funding to other 2009 CIP projects that have been delayed due to the state's bonding capacity. He indicated it was a technical request.

Since this action would redirect funds into the 2009 CIP, Senator Kieckhefer asked how the projects that needed funding would be prioritized, and whether it would be based on life safety issues, or at the discretion of the SPWD.

Evan Dale, Deputy Administrator, Administrative Services, explained there were 2009 CIP projects that already had authority to receive bond money, but had not yet received funding. Instead of raising new bond money for these projects, the SPWD intended to transfer the excess funds from projects such as 09-M34, which received more bond cash than it actually needed. For the transfer of funds from project 09-M34, he indicated the other 2009 CIP projects would be prioritized based on bond cash need and the authority to accept the bond funding.

Taking into consideration all the projects that needed cash, Senator Kieckhefer asked specifically how it would be decided which projects would receive the funding.

Mr. Dale said, in this case, the SPWD looked at the projected expenditure pattern of the project, and the ones that needed the cash before the next bond sale (Fall 2011) received priority. He added that all of the 2009 CIP projects would be fully funded after these transfers except for one, which would receive the rest of its cash in the next bond sale.

SENATOR KIECKHEFER MOVED TO RECONSIDER THE ACTION APPROVED ON FEBRUARY 3, 2011, OF THE INTERIM FINANCE COMMITTEE TO CANCEL CIP PROJECT 09-M34 TO INSTALL A PANIC ALARM SYSTEM AT DINI-TOWNSEND HOSPITAL INCLUDING APPROVING INCREASING THE PROJECT'S FUNDING TO \$83,880 IN ORDER TO TRANSFER REALIZED GENERAL OBLIGATION BOND CASH TO OTHER 2009 CIP PROJECTS THAT ARE DELAYED.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**IX. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON AUGUST 31, 2011, REGARDING THE CIP PROJECT EXCEPTION REPORT PURSUANT TO NRS 341.100(8)(g).**



Mr. King called attention to four projects on the August 2011 CIP Project Exception Report, which was submitted monthly by the SPWD. The first project 07-C27, Civil Support Team Weapons of Mass Destruction Facility in Las Vegas, was delayed because the federal funds authorized for the project were not anticipated to be received until October 2012. In addition, the 2011 Legislature approved a two-year extension for 07-C27 to allow the state to receive the federal funds and complete the design. He said project 09-C13, Field Maintenance Shop Facility at the Las Vegas Readiness Center, was delayed until October 2011 because the federal funding agency had not completed its design documents. In addition, the SPWD intended to request cancellation of project 09-M05, Sedimentation Remediation for the Marlette Lake Water System, at a future date since the improvements were no longer necessary. Mr. King also indicated a portion of project 09-S01, Statewide Roofing Program, had been delayed, which included the replacement of 11 roofs at the Nevada Youth Training Center because some of the buildings may be demolished and would not need a new roof.

Chairman Bobzien asked if there was concern about potential cost inflation of project 07-C27, Civil Support Team Weapons of Mass Destruction Facility, because of the delay.

Mr. Nunez said, based on the division's cost estimates, and per the current design for the project, there were sufficient federal funds and state matching funds for the project. The division would continue to monitor any increases in inflation for all the projects. The division expected that by the 2012 federal fiscal year the project would be started and the current funding level would be adequate. If inflation increased higher than anticipated, additional funding would be sought in the 2013 Legislative Session.

Although the project was not listed on the CIP Exception Report, Assemblyman Grady asked for an update on the status of the agreement for collocation of the Nevada National Guard and University of Nevada, Carlin Fire Sciences Academy, and if there was a delay in receiving the federal funding.

Mr. Nunez said the project design was completed and in the plan check phase. The project was funded by federal funds as well as state matching funds. He explained the state funds had been received, but the SPWD was waiting on the remainder of the federal funds in order to finalize the sales agreement with the University of Nevada, Reno and then proceed with a construction budget. Mr. Nunez said the funding was expected in October 2011, but he would have to ask the National Guard about any possible delays on the receipt of the funding.

Assemblyman Grady said he was concerned the federal funding would not be received. With Chairman Bobzien's permission, he asked staff to follow up with the SPWD and the National Guard on the pending funding for the project.

Chairman Bobzien asked why improvements were no longer necessary for project 09-M05, Sedimentation Remediation Marlette Lake Water System.

Mr. Nunez said the SPWD installed some additional controls in the water system so that emergency releases out of the Marlette Lake Storage Tank, which could have potentially caused some erosion of the existing channel in its upper reach, were no longer necessary. He said the division could control the system so no releases could come out of the tank, and it should alleviate any issues in which the state could be blamed.

Chairman Bobzien asked if there was a plan, a cost estimate and funding for demolishing the buildings at the Nevada Youth Training Center in lieu of replacing the roofs as specified in 09-S01, Statewide Roofing Program.

Chris Chimits, Deputy Administrator, SPWD, said the demolition was for the superintendent's and assistant superintendent's residences, which were not going to be used because the structures were condemned. He indicated the anticipated cost associated with the two structures was approximately \$38,000 if no asbestos was present in the plaster on the walls, and approximately \$66,000 if asbestos was found. He said in the opinion of the SPWD, there was a low probability of finding asbestos, so the lower cost of \$38,000 was anticipated. Mr. Chimits noted the funds would come from a future CIP project when the agency requested the buildings to be demolished. There was no hurry to demolish the buildings and that funding could be used for a greater need in the 2011-13 biennium.

SENATOR PARKS MOVED THAT THE AUGUST CIP EXCEPTION REPORT BE ACCEPTED.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

#### **X. PUBLIC COMMENT.**

No one came forward for public comment.

#### **XI. ADJOURNMENT.**

Chairman Bobzien adjourned the meeting at 1:54 p.m.

Respectfully submitted,

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Patti Sullivan, Committee Secretary

APPROVED:

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Assemblyman David Bobzien, 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.**