

# LEGISLATIVE COMMISSION

JANUARY 27, 2017



MEETING PACKET

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

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**CIRCLED ITEMS INCLUDE SUPPORTING DOCUMENTS**  
**MEETING NOTICE AND AGENDA**

**MEETING NOTICE AND AGENDA**

Name of Organization: LEGISLATIVE COMMISSION (NRS 218E.150)

Date and Time of Meeting: Friday, January 27, 2017 – 9:30 a.m.

Place of Meeting: Grant Sawyer State Office Building, Room 4401  
555 East Washington Avenue  
Las Vegas, Nevada

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

Legislative Building, Room 4100  
401 South Carson Street  
Carson City, Nevada

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

**Note: Minutes of this meeting will be produced in summary format. Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.**

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

I. ROLL CALL

II. PUBLIC COMMENT

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

**For  
Possible  
Action**

III. LEGISLATIVE AUDITOR – Summary of Audit Reports Presented to Legislative Commission's Audit Subcommittee (NRS 218G.240) – Rocky Cooper, Legislative Auditor



**For  
Possible  
Action**

#### IV. LEGISLATIVE COMMISSION POLICY

- A. Review of Administrative Regulations Submitted Pursuant to NRS 233B.067 – Brenda J. Erdoes, Legislative Counsel  
Please see attached list of regulations to be considered or access list electronically at: [http://www.leg.state.nv.us/Register/IndexesRegsReviewed/LCMtg\\_List\\_2017\\_Jan27.pdf](http://www.leg.state.nv.us/Register/IndexesRegsReviewed/LCMtg_List_2017_Jan27.pdf)
- B. Approval of Transfer of Appropriated Sums Among the Legislative Commission, the Various Divisions of the Legislative Counsel Bureau, and the Interim Legislative Operations Pursuant to Section 49 of SB 514 (2015 Session) – Rick Combs, Director

**For  
Possible  
Action**

#### V. PROGRESS REPORTS AND APPOINTMENTS

- A. Litigation Currently in Progress – Brenda J. Erdoes, Legislative Counsel
- B. Appointment of Members to the Commission on Ethics (NRS 281A.200)

**For  
Possible  
Action**

#### VI. INFORMATIONAL ITEMS

- A. Department of Administration, Office of Grant Procurement, Management & Coordination, Advisory Council on Federal Assistance 2016 Annual Report Pursuant to NRS 358.030
- B. Report Regarding Contracts with Construction Managers at Risk (CMAR) Pursuant to Section 14.5 of AB 283 (2013 Session), Department of Transportation's 2016 Annual Program Report
- C. Governor's Office of Energy Biennial Report on Energy Reduction in State Buildings Pursuant to NRS 701.215

#### VII. PUBLIC COMMENT

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

#### VIII. ADJOURNMENT

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Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Director's Office of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call the Director's Office at (775) 684-6800 as soon as possible.

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

Supporting public material provided to Commission members for this meeting may be requested from Sylvia Wiese, Commission Secretary, Director's Office of the Legislative Counsel Bureau at (775) 684-6775 and is/will be available at the following locations: Meeting locations and the Nevada Legislature's website at [www.leg.state.nv.us](http://www.leg.state.nv.us).

SUMMARY OF AUDIT REPORTS PRESENTED TO  
LEGISLATIVE COMMISSION'S AUDIT SUBCOMMITTEE

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
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January 18, 2017

Members of the Legislative Commission  
Legislative Building  
Carson City, Nevada

Audit reports of the Legislative Auditor are submitted to the Audit Subcommittee before the reports are presented to the Legislative Commission, as provided for in NRS 218G.240. On January 18, 2017, the Legislative Auditor presented the following reports to the Audit Subcommittee of the Legislative Commission:

- Department of Public Safety, Investigation Division
- Department of Education, Use of Class-Size Reduction Funds by School Districts
- Department of Health and Human Services, Aging and Disability Services Division
- Nevada Department of Wildlife
- Review of Governmental and Private Facilities for Children, January 2017

Summaries of these reports are enclosed for your review. The Audit Subcommittee recommends the Legislative Commission accept the five reports.

Sincerely,

A handwritten signature in dark ink, appearing to read "B. Kieckhefer", followed by a horizontal line.

Senator Ben Kieckhefer, Chair  
Audit Subcommittee of  
the Legislative Commission

Enclosures (5)  
BK:sy



# Audit Highlights



Highlights of performance audit report on the Investigation Division issued on January 18, 2017. Legislative Auditor report # LA18-01.

## **Background**

The Investigation Division (Division) is a division of the Department of Public Safety. The Division is a law enforcement agency dedicated to public safety statewide. This is accomplished through the professional enforcement of controlled substance laws; by providing comprehensive investigative services to all criminal justice agencies; and, by supporting law enforcement statewide through the collection and dissemination of relevant and timely criminal and threat information.

The Division's headquarters is located in Carson City, with field offices in Elko, Ely, Fallon, and Winnemucca. Funding for the Division is provided primarily from general fund appropriations and grant funding. During fiscal year 2016, the Division's revenues and expenditures amounted to over \$6 million. As of June 2016, the Division had 50 authorized, and 48 filled, full-time equivalent positions.

## **Purpose of Audit**

The purpose of the audit was to evaluate the Division's process for administering and tracking fuel procurement, performance measures, and confidential drug buy funds during calendar year 2015.

## **Audit Recommendations**

This audit report contains five recommendations to improve administrative controls over fuel cards, performance measures, and confidential drug buy funds. The Investigation Division accepted the five recommendations.

## **Recommendation Status**

The Investigation Division's 60-day plan for corrective action is due on April 13, 2017. In addition, the six-month report on the status of audit recommendations is due on October 13, 2017.

# Investigation Division

## Department of Public Safety

## **Summary**

The Investigation Division (Division) can improve administrative controls over certain areas. First, fuel cards and related purchases should be reviewed to verify purchases are made for only Division vehicles. Furthermore, some fuel cards were not canceled when employees left the agency. The Division can also enhance all aspects of determining and reporting adequate and reliable performance measures. Additionally, our review of bank statements revealed control weaknesses existed over certain bank accounts where key duties were not segregated. Finally, although the Division processed confidential drug buy funds accurately, documentation was not consistent among offices.

## **Key Findings**

The Division does not have a process for reviewing fuel purchases. Our review of 45 fuel transactions found 11 (24%) transactions had unexpectedly low miles per gallon (MPG) ratios for assigned vehicles. The Division did not identify or review these purchases. Reviewing fuel card activity will help verify purchases are made for only Division vehicles. (page 3)

The Department of Public Safety does not have an established process to cancel fuel cards for investigators no longer employed by the Division. We reviewed 148 total active fuel cards and found 61 cards were assigned to 26 investigators no longer with the Division. None of the cards had charges after the termination date of the investigator. Division management indicated cards are turned in by investigators upon termination but actual cancellation or deactivation of the card is handled by the Department of Public Safety's fiscal unit who did not notify vendors. (page 4)

The Division can take steps to strengthen the reliability of its performance measures. Underlying records for previously reported measures were not retained, nor did the Division have policies and procedures in place for the calculation and review of performance measures. Performance measures must be reliable because they can affect budget and policy decisions made by oversight bodies, as well as judgments made by stakeholders and the public about the Division's operations. (page 5)

Our review of bank reconciliations revealed control weaknesses over bank accounts in the Carson City office where key duties are not segregated. Our review of outside bank account activity found bank reconciliations were prepared and reviewed by the same employee who is involved in the day-to-day operations of the bank account. Segregation of duties is important in ensuring funds are protected against improper use. The State Administrative Manual requires agencies to have an established system of controls to segregate duties appropriately to safeguard the assets of the agency. (page 6)

The Division processed and tracked confidential drug buy funds accurately, but can make improvements when documenting certain aspects of the process. Criminal cases are developed through the purchase of evidence with drug buy funds issued through an outside bank account. Specifically, documentation used to substantiate cases regarding funds was not always retained. (page 7)

# Audit Highlights



Highlights of performance audit report on the Department of Education, Use of Class-Size Reduction Funds by School Districts issued on January 18, 2017. Legislative Auditor report # LA18-02.

## Background

Responsibility for educating K-12 students is shared among the State, local school districts, and charter schools. The Department is responsible for regulating and supporting the school districts and charter schools.

The Legislature first provided school districts with CSR funds in 1991. The Legislature intended districts to use CSR funds to supplement funding sources, not to supplant existing funding sources. The 2013 Legislature approved "Regular" CSR funding of \$161.7 million for grades 1 to 3 in 2014 and \$166.5 million in 2015. It also provided Kindergarten CSR funds of \$25.5 million in 2014 and \$27.9 million in 2015.

During the 2010 Special Session, the Legislature reduced the amount of funds provided to school districts due to the State's fiscal crisis. However, to allow flexibility in addressing budget shortfalls, the Legislature allowed school districts to use a portion of its CSR funds to minimize the impact of budget reductions on class sizes in grades 4 to 12. This portion of CSR funds is referred to as "Plus 2" savings. This flexibility in using some CSR funds was continued by the 2011 and 2013 Legislatures and remained in effect until June 30, 2015.

## Purpose of Audit

This audit was required by Chapter 499, Statutes of Nevada, 2015 (A.B. 278). The purpose of this audit was to: (1) evaluate the use of CSR funds by each school district for the 2013-2015 biennium, and (2) analyze the use of CSR funds for school districts that elected the Plus 2 flexibility, including whether Plus 2 savings were used to minimize the impact of budget reductions on class sizes in grades 4 to 12.

## Audit Recommendations

This audit report contains two recommendations to the Department of Education for improving accountability over school districts' use of CSR funds. The Department accepted the two recommendations.

## Recommendation Status

The Department's 60-day plan for corrective action is due on April 13, 2017. In addition, the six-month report on the status of audit recommendations is due on October 13, 2017.

# Use of Class-Size Reduction Funds by School Districts

## Department of Education

### Summary

Class-Size Reduction (CSR) funds expended by school districts for fiscal years 2014 and 2015 were appropriately used to pay for the costs of CSR-grade teachers. CSR funds allowed many districts to meet, or come relatively close to meeting, target pupil-to-teacher ratios for each CSR grade on a districtwide basis. Nevertheless, to improve accountability of CSR funds, the Department of Education (Department) needs to better monitor ratios on a districtwide basis to help ensure target class-size ratios are met in the future. In addition, we discovered that the Department did not identify more than \$6 million of unused Kindergarten CSR funds, or ensure that those funds were returned to the State when the time for using them had passed.

We found that school districts used the portion of CSR funds permitted to be spent on teachers for grades 4 to 12 ("Plus 2" savings) as intended by the Legislature. Plus 2 savings, generated by increasing class sizes by 2 pupils in grades 1 through 3, were authorized to minimize the impact of budget reductions on class sizes in the upper grades. Although the school districts that chose to utilize Plus 2 funds for such purposes did not submit quarterly reports on class sizes for grades 4 to 12, as required by law, we used other information to obtain assurance that the savings were used as intended. Nevertheless, the Department should have ensured school districts reported class-size information for the upper grades. Without that type of information, the Department could not monitor that the districts used Plus 2 savings to meet the program objectives.

### Key Findings

Our tests support that amounts expended by the districts from their CSR funds for fiscal years 2014 and 2015 were used for the salaries and benefits of CSR-grade teachers. Furthermore, most districts met target class-size ratios for many grades, or came relatively close to meeting them, on a districtwide basis. Specifically, districts met target ratios in about 70% of grades in fiscal years 2014 and 2015. Another 20% of grades came relatively close to target ratios, based on our analysis. We analyzed districtwide ratios because that is the basis used by the State to determine the amount of CSR funds provided to districts. (page 9)

The Department needs to improve its monitoring of class-size ratios, by grade, on a districtwide basis. Since reporting requirements changed in 2013 from a districtwide basis to a school-level basis, the Department's focus has been on monitoring school-level ratios. Although monitoring ratios at the school-level is important, districtwide ratios remain important. Monitoring districtwide ratios, by grade, provides assurance to State and local decision-makers that districts are spending enough funds on teachers to achieve target ratios. For districts not meeting target ratios on a districtwide basis, the Department should request a plan of what efforts will be made to meet ratios in the future, and monitor progress toward target ratios. (page 13)

Clark County School District did not return to the State approximately \$6.1 million of unused Kindergarten CSR funds received during the 2013-2015 biennium, as required by law. District personnel cited an inability to hire enough teachers and problems setting up enough classrooms as the reasons why funds were not spent. Due to an inadequate review of districts' annual reports of expenditures, the Department did not detect the unused funds. (page 14)

Quarterly reports filed by the districts did not include upper grade pupil-to-teacher ratios (grades 4 to 12) as required under the Plus 2 legislation. The reports were a key part of the accountability the Legislature intended over the use of Plus 2 savings. The Department did not ensure that districts provided this information. (page 20)

Our analyses of various data indicated Plus 2 savings were used by school districts as intended by the Legislature. This included analyses showing: (1) minimal or no increases in upper grade class sizes, and (2) increases in instructional expenses while districts' revenues were flat or declining. These analyses provide assurance that Plus 2 savings were spent to minimize the impact of budget reductions on class sizes in upper grades, as required by education funding legislation. (page 20)

# Audit Highlights



Highlights of performance audit report on the Aging and Disability Services Division issued January 18, 2017. Legislative Auditor report # LA18-04.

## Background

The Division develops, coordinates, and delivers a comprehensive support system of services for Nevada residents aged 60 and over, and children and adults with disabilities or special health care needs. Most of the Division's expenditures relate to services for intellectually disabled persons, which are primarily funded through state appropriations and Medicaid funds. Expenditures for these services totaled about \$160 million in fiscal year 2016, mostly for payments to SLA and JDT providers.

SLA providers offer residential support services to individuals who require assistance to live in the least restrictive community setting possible. SLA services were provided to about 1,900 persons per month in fiscal year 2016. JDT providers assist individuals in obtaining meaningful employment and living skills to help them achieve community inclusion, independence, and productivity. JDT services were provided to about 2,400 persons per month in fiscal year 2016.

## Purpose of Audit

The purpose of this audit was to determine whether the Division has: (1) adequate controls over payments to providers of Supported Living Arrangement services and Jobs and Day Training services, and (2) effectively monitored these providers to ensure the safety and welfare of individuals with intellectual disabilities. The scope of our audit was calendar year 2015, although we included some activities in 2016.

## Audit Recommendations

This audit report contains 10 recommendations to improve the Division's oversight of providers of services to intellectually disabled persons. Six recommendations improve controls to ensure the Division only pays providers for services performed. Four recommendations help ensure the Division effectively monitors providers to ensure the safety and welfare of individuals with intellectual disabilities.

The Division accepted the 10 recommendations.

## Recommendation Status

The Division's 60-day plan for corrective action is due on April 13, 2017. In addition, the six-month report on the status of audit recommendations is due on October 13, 2017.

# Aging and Disability Services

## Department of Health and Human Services

### Summary

The Division needs additional controls to prevent overpayments to providers of services to individuals with intellectual disabilities. Based on our test results, we estimate the Division overpaid providers a combined total between \$3.5 million and \$4.3 million in 2015. Overpayments to providers included those providing 24-hour care, as well as those providing jobs and day training to the Division's clients. The combined total is based on overpayments identified in three areas: (1) overbilling issues for 24-hour care homes (\$2.2 million to \$3.0 million); (2) billing for more supported living arrangement (SLA) services than were agreed upon (\$504,000); and (3) billing for more jobs and day training (JDT) services than were provided (\$766,000). Improved controls would help ensure the Division receives the services it pays for and intellectually disabled individuals receive the services they need. Furthermore, by eliminating overpayments to providers, the Division can serve more clients. The Division paid a total of \$106 million in calendar year 2015 to providers serving clients of the Desert Regional Center (DRC) and Sierra Regional Center (SRC).

Some of the overbilling problems described in this report may be the result of provider fraud, while others may be unintentional errors. Therefore, as required by NRS 218G.140(2), we reported this information to the Governor, each Legislator, and the Attorney General.

Although the Division has a thorough process for certifying SLA providers, the timeliness of certifying these providers needs to be improved. In addition, the Division has not yet developed a rigorous process for certifying JDT providers, several years after legislation was passed requiring them to do so. A well-developed certification process will include standards for the provision of quality care and training by JDT providers to the Division's intellectually disabled clients. Finally, the Division did not always have documentation showing that deficiencies noted during home inspections were corrected.

### Key Findings

We estimate the Division overpaid providers of 24-hour SLA services between \$2.2 million and \$3.0 million in 2015. Our estimate is based on a detailed review of about \$550,000 in payments for about 1,800 days of service, which found overbillings of between 3.1% and 4.3% of the total billed. (page 7)

The level of SLA services provided to the Division's clients often varied from the level agreed upon. In about one-fourth of the days tested, the number of staff hours provided were less than the number established when the contract was developed. On days that clients are underserved, it can affect their health and welfare, as well as the safety of provider staff. Conversely, in about one-fourth of the days tested, the number of hours provided was greater than the number agreed upon. We estimate the Division overpaid providers of SLA services an additional \$504,000 in 2015 for days when more hours were provided than were agreed upon. (page 10)

For 27 of 150 (18%) JDT billings tested, the number of days billed was more than the number shown on providers' logs of staff and client daily attendance or other records. We estimate the Division overpaid providers of JDT services about \$766,000 in calendar year 2015. Based on the average cost of providing JDT services for a year, eliminating overpayments to JDT providers could have paid for JDT services to about 50 more clients for one year. (page 13)

Our testing of the 29 largest SLA providers found 27 were not certified timely. Certification reviews include inspections and testing to help ensure that clients' living conditions are safe and provider staff are properly trained and have cleared criminal background checks. (page 16)

The Division's certification process for JDT providers is limited to administrative requirements, such as verifying the provider has a Nevada business license. The process excludes criminal background checks, documentation of employee licensure, and proof of staff training. The Division has not yet adopted regulations with more rigorous certification requirements, as required by legislation passed in 2009. In addition, the Division has not documented that additional certification requirements from legislation passed in 2011 have been met. (page 18)

Although the Division inspected homes timely, it did not have an effective process to ensure deficiencies identified during home inspections were corrected. In 14 of the 29 homes we tested that were inspected, corrective action was required to address deficiencies found in the home. However, for 6 of the 14 (43%) homes with deficiencies, the Division did not have documentation showing that corrective action was completed. (page 21)



# Audit Highlights



Highlights of performance audit report on the Nevada Department of Wildlife issued on January 18, 2017. Legislative Auditor report # LA18-05.

## Background

The Nevada Department of Wildlife's (NDOW) mission is to protect, preserve, manage, and restore wildlife and its habitat for the aesthetic, scientific, educational, recreational, and economic benefits to citizens of Nevada and the United States, and to promote the safety of persons using vessels on the waters of Nevada. NDOW consists of a Director's Office and the following seven divisions: Conservation Education, Fisheries, Game, Habitat, Law Enforcement, Operations, and Wildlife Diversity. The Board of Wildlife Commissioners is responsible for establishing policy, setting annual and permanent regulations, reviewing budgets, and receiving input on wildlife and boating matters from entities, such as the 17 county advisory boards.

As of June 30, 2015, NDOW had 283 filled positions located in its Elko, Ely, Fallon, Henderson, Las Vegas, Reno, and Winnemucca offices. In fiscal year 2015, NDOW was primarily funded by licenses and fees of \$17.2 million and federal grants of \$15.5 million. In addition, NDOW received a General Fund appropriation of about \$495,000 in fiscal year 2015.

## Purpose of Audit

The purpose of this audit was to evaluate the Department's strategic planning process, including the relevance and reliability of performance measures. Our audit focused on fiscal year 2014 performance data, extending to fiscal year 2015 based on the availability of performance data.

## Audit Recommendations

This audit report contains four recommendations to strengthen the agency's strategic planning and performance measurement processes.

The Department accepted the four recommendations.

## Recommendation Status

The Department's 60-day plan for corrective action is due on April 13, 2017. In addition, the six-month report on the status of audit recommendations is due on October 13, 2017.

# Nevada Department of Wildlife

## Summary

NDOW can take steps to strengthen its strategic planning process. Strategic planning is a long-term, future-oriented process of assessment, goal setting, and decision making. It includes a multi-year view of objectives and strategies essential for the accomplishment of agency goals. Our review of NDOW's strategic planning process revealed opportunities for improvement. An up-to-date strategic plan organized by division, with all key strategic planning components identified, will assist the agency in effectively using the plan to achieve and communicate its mission, goals, and objectives.

Improvements are needed regarding the oversight of activities related to the proper administration of performance measures. We found reported results for measures were not always reliable. Improvements are also needed to align measures with the agency's strategic plan and key program activities. Furthermore, additional guidance and oversight can improve the reliability of the agency's measures. Performance measures facilitate accountability and provide an opportunity to evaluate success in achieving goals. Measures must also be reliable to help the Governor, Legislature, and agency officials make informed budgetary and policy decisions.

## Key Findings

NDOW's strategic plan is missing certain required components. The agency's plan does not include its mission statement or performance measures, fundamental components necessary to guide the agency in its strategic planning process. (page 9)

The Department's strategic plan is not used in its daily operations. A successful strategic plan enhances decision making by improving internal communication. By not utilizing its strategic plan, the agency is losing out on the many benefits a strategic plan provides. (page 10)

NDOW's strategic plan is outdated and incomplete. Since it was created in 2009, certain outcomes, goals, and objectives are no longer relevant, and revisions are needed to reflect current operations. Our review also revealed incomplete desired outcome and objective statements, as well as unresolved comments and remarks. Management and staff indicated that they are taking steps to improve upon their strategic planning process. The agency plans to revise their strategic plan by July 2017. (page 11)

Performance measures cannot be considered reliable unless they are supported by sufficient underlying records. Our review of NDOW's fiscal year 2014 and 2015 performance measures revealed 16 of 20 measures and 3 of 19 measures were not adequately supported. (page 14)

Performance measures are reliable when the reported results are calculated using a sound and consistent methodology. Our review found 5 of 20 fiscal year 2014 measures and 2 of 19 fiscal year 2015 measures were calculated using an inappropriate methodology. Additionally, three 2015 measures were not calculated in the same manner as in previous years. (page 14)

Certain performance measures were not reliable due to mathematical errors. Our review found one 2014 and three 2015 measures to be inaccurate. The mathematical errors stemmed from manual counts of hardcopy reports and spreadsheet data. Although the mathematical errors were relatively minor, these errors went undetected because of the lack of review over performance data calculations. (page 15)

Some performance measurement descriptions did not match what was reported. Our review found three 2014 and one 2015 measurement title did not reflect reported information. (page 15)

Most performance measures are not aligned with the agency's objectives included in its strategic plan. Our review of fiscal year 2014 and 2015 performance measures revealed 19 of 20 measures and 18 of 19 measures did not relate to a corresponding agency objective. (page 16)

Department policies and procedures do not provide adequate guidance to assist staff with measuring performance. During our testing, division administrators were in the process of developing measurement procedures; however, we found 16 of 20 fiscal year 2014 measures and 14 of 19 fiscal year 2015 measures still lacked adequate procedures. (page 17)

NDOW's current practice for developing, maintaining, and monitoring performance data makes it difficult to assess performance. We found five of the agency's eight divisions do not use their performance measures to manage daily activities. Seven of the eight divisions also did not calculate their fiscal year 2015 measures until July 2016. (page 19)

# Review Highlights



Highlights of Legislative Auditor report on the Review of Governmental and Private Facilities for Children issued on January 18, 2017. Report # LA18-06.

## Background

Nevada Revised Statutes 218G.570 through 218G.585 authorize the Legislative Auditor to conduct reviews, audits, and unannounced site visits of governmental and private facilities for children.

As of June 30, 2016, we had identified 56 governmental and private facilities that met the requirements of NRS 218G: 20 governmental and 36 private facilities. In addition, 124 Nevada children were placed in 20 facilities in nine different states as of June 30, 2016.

NRS 218G requires facilities to forward to the Legislative Auditor copies of any complaint filed by a child under their custody or by any other person on behalf of such a child concerning the health, safety, welfare, and civil and other rights of the child. During the period from July 1, 2015, through June 30, 2016, we received 1,723 complaints from 30 facilities in Nevada. Twenty-six facilities reported that no complaints were filed during this time.

## Purpose of Reviews

Reviews were conducted pursuant to the provisions of NRS 218G.570 through 218G.585. This report includes the results of our reviews of 4 children's facilities, unannounced site visits to 4 children's facilities, and a survey of 56 children's facilities. As reviews and not audits, they were not conducted in accordance with generally accepted government auditing standards, as outlined in *Government Auditing Standards* issued by the Comptroller General of the United States, or in accordance with the *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

The purpose of our reviews was to determine if the facilities adequately protect the health, safety, and welfare of the children in the facilities, and whether the facilities respect the civil and other rights of the children in their care. These reviews included an examination of policies, procedures, processes, and complaints filed since July 1, 2014. In addition, we discussed related issues and observed related processes during our visits. Our work was conducted from January 2016 through December 2016.

# Review of Governmental and Private Facilities for Children

## January 2017

## Summary

Based on the procedures performed and except as otherwise noted, the policies, procedures, and processes in place at three of the four facilities reviewed provide reasonable assurance that they adequately protect the health, safety, and welfare of the youths at the facilities, and they respect the civil and other rights of youths in their care.

The policies, procedures, and processes at one of the four facilities reviewed were not adequate to provide reasonable assurance that they protect the health, safety, and welfare of the youths at the facility. We reported our concerns to this facility's licensing agency in August 2016 after our visits to the facility in June and July 2016.

We also conducted unannounced site visits to four children's facilities and did not note anything that caused us to question the health, safety, welfare, or protection of the rights of the children in those facilities.

## Facility Observations

ART Homes' policies, procedures, and processes need substantial improvements related to: medication administration and documentation; ensuring treatment plans are complete and accurate; maintaining comprehensive personnel records related to background investigations and training; and ensuring the safety of the youths in its foster homes. There was no documentation of consent by the person legally responsible for the psychiatric care of the youths for any of the psychotropic medications administered to the three youths whose files we reviewed who were administered psychotropic medications. We also observed a filing cabinet in the ART Homes' office that was filled with expired and unexpired psychotropic medications and expired non-psychotropic prescription medications, including physicians' samples. All nine treatment plans reviewed were missing signature, dates, and the number of approved hours of Medicaid treatment services. Finally, ART Homes did not comply with NRS 424.135, which requires comprehensive personnel records, and was unable to provide 8 of 11 clearance letters upon our request. Clearance letters provide evidence that employees or potential employees have satisfactorily completed the background investigation process. (page 6)

Three of the four facilities reviewed for this report needed to improve their processes and procedures for obtaining consent to administer psychotropic medications to youths from the persons legally responsible for the psychiatric care of each youth. One of the facilities' forms for obtaining consent did not include the information required by statute, and its policy did not address all the required elements of a consent. The other two facilities were missing signed consent forms for one or more youths whose files indicated they received psychotropic medications while at the facilities. (page 8)

Three of the four facilities reviewed did not have evidence that employees who are statutorily required to attend medication administration training had received the training in the timeframe required. At these three facilities, there was no evidence in half (13 of 26) of the employees' files that they had received the training in the timeframes required. NRS 424.0365 and NRS 63.190 require employees who have direct contact with youths to receive certain training, including the administration of medication, within 30 days of employment and annually thereafter. There was no evidence two employees received any medication training even though they had worked at the facility for 3 and 5 years. Another employee had not received training since 2012, and another was missing evidence of training between January 2011 and May 2015. (page 9) All four of the facilities reviewed either did not complete youths' treatment plans timely or the treatment plans were incomplete. In addition, two of the facilities did not review treatment plans periodically or have updated treatment plans in the youths' files. (page 10)

IV.A.

REVIEW OF ADMINISTRATIVE REGULATIONS  
SUBMITTED PURSUANT TO NRS 233B.067



**REGULATIONS TO BE REVIEWED AT THE NEXT  
MEETING OF THE LEGISLATIVE COMMISSION'S  
SUBCOMMITTEE TO REVIEW REGULATIONS**

**January 27, 2017**

(These regulations will not become effective unless approved by the Legislative Commission)

(This list may be amended to add additional regulations; the links will be  
activated and further details added when a regulation is available for viewing)

(A=Adopted; RA=Revised Adopted; P=Proposed; RP=Revised Proposed;  
S=Informational Statement; B=Small Business Impact Statement)

All of the information is provided in Adobe PDF format; you will  
need Acrobat Reader to view these files.

**STATE AGENCY REGULATIONS TO BE REVIEWED  
BY THE LEGISLATIVE COMMISSION**

<b>REGULATIONS SUBMITTED PURSUANT TO NRS 233B.067:</b>		
<b>LCB NO.</b>	<b>NAC</b>	<b>AGENCY/ SUBJECT</b>
<b>2015 REGULATIONS</b>		
<a href="#"><u>R089-15A</u></a> <a href="#"><u>R089-15S</u></a> <a href="#"><u>R089-15B</u></a>	586	<b>STATE DEPARTMENT OF AGRICULTURE</b> A REGULATION establishing procedures for the development of a list of pesticides allowed to be used on medical marijuana <b>CONTACT: Robert Little 775.353.3729</b>
<a href="#"><u>R097-15A</u></a> <a href="#"><u>R097-15S</u></a> <a href="#"><u>R097-15B</u></a>	361	<b>STATE BOARD OF EQUALIZATION</b> A REGULATION revising provisions governing appeals of certain property valuations <b>CONTACT: Jeff Mitchell 775.684.2011</b>
<a href="#"><u>R111-15A</u></a> <a href="#"><u>R111-15S</u></a> <a href="#"><u>R111-15B</u></a>	388	<b>STATE BOARD OF EDUCATION</b> A REGULATION revising provisions relating to bullying and cyber- bullying <b>CONTACT: Christine McGill 775.687.9168</b>
<b>2016 REGULATIONS</b>		
<a href="#"><u>R068-16A</u></a> <a href="#"><u>R068-16S</u></a> <a href="#"><u>R068-16B</u></a>	450B	<b>STATE BOARD OF HEALTH</b> A REGULATION revising provisions relating to emergency medical services <b>CONTACT: Chad Westom 775.684.4155</b>

<a href="#"><u>R069-16A</u></a> <a href="#"><u>R069-16S</u></a> <a href="#"><u>R069-16B</u></a>	633	<b>STATE BOARD OF OSTEOPATHIC MEDICINE</b> A REGULATION prescribing requirements relating to the treatment of pain <b>CONTACT: Barbara Longo 702.732.2147, ext. 223</b>
<a href="#"><u>R070-16A</u></a> <a href="#"><u>R070-16S</u></a> <a href="#"><u>R070-16B</u></a>	645A	<b>COMMISSIONER OF MORTGAGE LENDING</b> A REGULATION revising various provisions governing escrow agents and agencies <b>CONTACT: Cathy Sheehy 702.486.0789</b>
<a href="#"><u>R125-16A</u></a> <a href="#"><u>R125-16S</u></a> <a href="#"><u>R125-16B</u></a>	645B	<b>COMMISSIONER OF MORTGAGE LENDING</b> A REGULATION revising provisions governing mortgage brokers and mortgage agents <b>CONTACT: Cathy Sheehy 702.486.0789</b>
<a href="#"><u>R126-16A</u></a> <a href="#"><u>R126-16S</u></a> <a href="#"><u>R126-16B</u></a>	645E	<b>COMMISSIONER OF MORTGAGE LENDING</b> A REGULATION revising provisions governing mortgage bankers <b>CONTACT: Cathy Sheehy 702.486.0789</b>
<a href="#"><u>R132-16A</u></a> <a href="#"><u>R132-16S</u></a> <a href="#"><u>R132-16B</u></a>	386	<b>STATE BOARD OF EDUCATION</b> A REGULATION revising provisions relating to charter schools <b>CONTACT: Patrick Gavin 775.687.9174</b>
<a href="#"><u>R137-16A</u></a> <a href="#"><u>R137-16S</u></a> <a href="#"><u>R137-16B</u></a>	363A 363B	<b>NEVADA TAX COMMISSION</b> A REGULATION establishing requirements for an employer to claim a credit against certain taxes if the employer matches the contributions of an employee to certain college savings plans <b>CONTACT: George Hritz 775.684.2059</b>
<a href="#"><u>R146-16A</u></a> <a href="#"><u>R146-16S</u></a> <a href="#"><u>R146-16B</u></a>	576	<b>STATE DEPARTMENT OF AGRICULTURE</b> A REGULATION revising provisions relating to issuing aquaculture products <b>CONTACT: Robert Little 775.353.3729</b>

<b>REGULATIONS SUBMITTED PURSUANT TO NRS 233B.067 AND DEFERRED AT A PREVIOUS MEETING:</b>		
<b>LCB NO.</b>	<b>NAC</b>	<b>AGENCY/ SUBJECT</b>
<b>2015 REGULATIONS</b>		
<a href="#"><u>R108-15RA</u></a> <a href="#"><u>R108-15S</u></a> <a href="#"><u>R108-15B</u></a>	388B	<b>DEPARTMENT OF EDUCATION</b> A REGULATION establishing provisions governing achievement charter schools <b>CONTACT: Brett Barley 775.687.9223</b>

**V.B.**

**APPOINTMENT OF MEMBERS TO THE  
COMMISSION ON ETHICS**



**V. B. Appointment of Members to the Commission on Ethics (NRS 281A.200)**

**NRS 281A.200 Creation; appointment, terms and qualifications of members; prohibited activities by members; vacancies.**

1. The Commission on Ethics, consisting of eight members, is hereby created.
2. The Legislative Commission shall appoint to the Commission four residents of the State, at least two of whom must be former public officers or employees, and at least one of whom must be an attorney licensed to practice law in this State.
3. The Governor shall appoint to the Commission four residents of the State, at least two of whom must be former public officers or employees, and at least one of whom must be an attorney licensed to practice law in this State.
4. Not more than four members of the Commission may be members of the same political party. Not more than four members of the Commission may be residents of the same county.
5. None of the members of the Commission may, while the member is serving on the Commission:
  - (a) Hold another public office;
  - (b) Be actively involved in the work of any political party or political campaign;or
  - (c) Communicate directly with a State Legislator or a member of a local legislative body on behalf of someone other than himself or herself or the Commission, for compensation, to influence:
    - (1) The State Legislator with regard to introducing or voting upon any matter or taking other legislative action; or
    - (2) The member of the local legislative body with regard to introducing or voting upon any ordinance or resolution, taking other legislative action or voting upon:
      - (I) The appropriation of public money;
      - (II) The issuance of a license or permit; or
      - (III) Any proposed subdivision of land or special exception or variance from zoning regulations.
6. After the initial terms, the terms of the members are 4 years. Any vacancy in the membership must be filled by the appropriate appointing authority for the unexpired term. Each member may serve no more than two consecutive full terms.  
(Added to NRS by [1985, 2121](#); A [1991, 1594](#); [1999, 2731](#); [2009, 1048](#); [2013, 3766](#))—  
(Substituted in revision for NRS 281.455)

At its December 21, 2016, meeting, the Legislative Commission appointed Ms. Amanda Yen to the Commission on Ethics to fill one of two vacancies that the Legislative Commission had to fill. Since that meeting, the Commission on Ethics has notified the Legislative Counsel Bureau of the resignation of Dan Stewart from his position on the Commission. As a result the legislative Commission again has two vacancies to fill.

The current appointees from the Legislative Commission are:

- 1) Barbara Gruenewald – Washoe County, Democrat, Attorney
- 2) Amanda Yen – Clark County, Republican, Attorney

Based on the current makeup of the Governor's appointees to the Commission, the Legislative Commission must appoint 2 members who collectively meet the qualifications below:

- Both appointees must be former public officers or former public employees
- Not more than 1 of the appointees may be a registered Republican
- The appointees are not required to be attorneys but are not prohibited from being attorneys
- The appointees may be residents of any county in the State
- Both appointees must meet the requirements in subsection 5 above.

**VI.A.**

DEPARTMENT OF ADMINISTRATION, OFFICE OF  
GRANT PROCUREMENT, MANAGEMENT & COORDINATION,  
ADVISORY COUNCIL ON FEDERAL ASSISTANCE 2016  
ANNUAL REPORT PURSUANT TO NRS 358.030



**Brian Sandoval**  
*Governor*



**Patrick Cates**  
*Director*

**Connie Lucido**  
*Administrator*

**STATE OF NEVADA**  
**DEPARTMENT OF ADMINISTRATION**  
**Office of Grant Procurement, Management & Coordination**  
406 East Second Street, 1<sup>st</sup> Floor | Carson City, NV 89701-4298  
[www.grant.nv.gov](http://www.grant.nv.gov) | Fax: (775) 684-0260

December 28, 2016

Honorable Governor Brian Sandoval  
Office of the Governor  
101 N. Carson Street  
Carson City, NV 89701

Mr. Rick Combs, Director  
Legislative Counsel Bureau  
401 S. Carson Street  
Carson City, NV 89701

Dear Governor Sandoval and Director Combs:

Attached, please find the inaugural copy of the Advisory Council on Federal Assistance report of 2016 activities and 2017 executive and legislative recommendations in accordance with NRS 358.030.

The Advisory Council on Federal Assistance is mandated to provide recommendations which address methods and models for identifying, procuring, utilizing and maintaining federal assistance. These include: developing and expanding opportunities for obtaining matching funds; ensuring sufficient personnel and technical expertise in state and local governments; developing and expanding opportunities to work with nonprofit organizations to achieve common goals; and developing standards for balancing the costs to a state or local agency and maximizing eligibility for federal assistance.

I am happy to answer any questions you may have, and I look forward to the work in 2017 and beyond to maximize federal assistance to Nevada.

Sincerely,

A handwritten signature in black ink, appearing to read "John Ritter".

**John Ritter**  
Chairman

# 2016 Annual Report



**Nevada Advisory Council on Federal Assistance**

## **Executive Summary**

### **Obtaining and Maximizing Federal Grants in Nevada**

To The Honorable Governor Brian Sandoval and Members of the 79<sup>th</sup> Nevada Legislature:

I am pleased to submit the 2016 report on behalf of the Nevada Advisory Council on Federal Assistance. This work highlights our observations on federal grants in Nevada and makes recommendations for the future, including several for your consideration during the 2017 Legislative Session.

In the past five (5) years you and your colleagues have initiated the critical work and monumental shift needed to ensure Nevada receives its equitable share of federal grant funding. Congratulations, and thank you. Because of you, Nevada is now trending upward from last place in the nation, where it has rested for decades. Because of you, Nevadans are seeing more of their federal tax dollars return to their local communities in the form of valuable programs that improve the quality of life and strengthen the economy. And, if you so choose, it will be because of you that our progress takes another giant step forward.

Continuing to improve Nevada's share of federal grants will have many important and significant benefits that policymakers and everyday Nevadans want, including:

- Enhancing programs, projects, and services in the areas of health care, transportation, income security, education, job training, social services, community development, economic development, and environmental preservation;
- Significantly expanding Nevada's revenue without adding tax burden to its residents and businesses; and
- Stimulating Nevada's economy by locally spending tens of millions of dollars in federal tax dollars (returned to us through federal grants), that will otherwise be spent in Washington D.C. and the other 49 states.

The Advisory Council on Federal Assistance (Grants Council) was created in 2015 with near-unanimous bi-partisan support, and tasked with advising and assisting the State in obtaining federal grants. The Grants Council held bi-monthly hearings to: discuss methods and models for identifying, procuring, utilizing and maintaining federal grants; receive reports from the Nevada Grants Office; and, gather testimony from State employees and other stakeholders. Based on the information and ideas exchanged during these hearings, the Grants Council developed five (5) complementary recommendations for consideration during the 2017 Legislative Session:

1. Establish a statewide grants management system that allows users – across state and local governments and nonprofits – to more effectively identify grant opportunities, coordinate with each other to submit grants, secure grant funding, and track and report outcomes and spending related to federal grants.

2. Streamline the review and authorization (or denial) process for grant-related work plans by the Interim Finance Committee, as the current process significantly hinders State agencies' ability to comply with strict processing timelines required by most grants.
3. Eliminate existing budgetary disincentives that discourage State agencies from pursuing federal grants.
4. Create a pilot program that allows State agencies to access the match funding and professional support they need to secure high-priority, high-return competitive grants.
5. Remove limitations in the State Grants Office statute to allow for more flexibility and positive impact in its service to the State.

In addition to these specific recommendations for action during the 2017 Legislative Session, the Grants Council urges policymakers to find opportunities to address: equitable distribution of grant funds and State Grants Office's services statewide; adequate staffing in the State Grants Office and grant units within State agencies; and significantly increasing coordination and communication among state government, local governments, and nonprofits.

The enclosed report is intended to assist policymakers, grant practitioners, and stakeholders throughout the State in their work of increasing federal grants for the benefit of all Nevadans. Members of the Grants Council would like to thank Ms. Connie Lucido, Chief, and her colleagues in the Nevada State Grants Office, Mr. Jim Wells, Director, Governor's Finance Office, and the numerous grant professionals who contributed their time and talent to this effort.



John Ritter  
Chairman, Advisory Council on  
Federal Assistance

**Members:**

Mr. John Ritter, Chairman, Focus Property Group  
Assemblyman Derek Armstrong, Vice Chairman, Nevada Assembly  
Senator Pete Goicoechea, Nevada Senate  
Ms. Kathi Thomas-Gibson, City of Las Vegas  
Ms. Zanny Marsh, American Red Cross of Northern Nevada  
Ms. Connie Lucido, State Grants Office  
Mr. Jim Wells, Governor's Finance Office  
Mr. Tim Burch, Clark County (former member)  
Ms. Sheila Lambert, State Grants Office (former member)



## About Federal Grants

Every year the federal government sends trillions of dollars to the states through direct payments to residents, contracts for purchasing of goods and services, salaries and wages, and grants. In fact, in Fiscal Year 2014, the federal government spent \$3.3 trillion in the states, including \$589 billion in grants, which is the subject of the Grants Council and this report.<sup>1</sup>

**Table 1. Types of Federal Spending (Primary Categories)**

Category	Explanation
Retirement Benefits	Payments to individuals including Social Security, veterans' benefits, and federal employee retirement payments.
Nonretirement Benefits	Payments to individuals including Medicare, food assistance, and unemployment.
Contracts	Payments for the purchase of goods and services ranging from defense purchases to catering.
Salaries and Wages	Payments to federal employees.
<b>Grants</b>	<b>Funding to state and local governments for programs such as education, housing, transportation, and research.</b>

The federal government has sent state and local government grants totaling, on average, \$500 billion per year for each of the last ten years. These grants fund a wide range of programs and services, such as health care, transportation, income security, education, job training, social services, community development, and environmental protection. As a result, federal grants account for about one-third of total state government funding, and more than half of state government funding for health care and public assistance.<sup>2</sup>

Broadly, there are two (2) types of federal grants:

- *Formula grants* are grants allocated to eligible recipients based on formula factors established in statutory and regulatory provisions.
- *Competitive grants* are grants awarded to eligible recipients based on a competitive or merit-based process.

Typically 75-80% of grants are formula based, with competitive grants making up the balance.<sup>3</sup> Understanding the difference between the two is vital for a state that wishes to maximize federal grants. Formula grants are, in general, awarded according to specific quantifiable factors, such as population, that are established in authorizing legislation. Maximizing formula grant awards requires complete, accurate and timely population counts and analysis. Competitive grants, on the other hand, are awarded, in general, on quantitative and/or qualitative factors, including project significance, innovation, performance, etc. Maximizing competitive grant awards requires the ability to demonstrate need (often using the same numbers as formula grants), and proposing meaningful programs or services

<sup>1</sup> Federal Funds Information for States (FFIS) "Grant 101: Intro to Federal Grants for State and Local Governments." 2015.

<sup>2</sup> Congressional Research Service. "Federal Grants to State and Local Governments: A Historical Perspective on Contemporary Issues". March 2015.

<sup>3</sup> Federal Funds Information for States (FFIS) "Grant 101: Intro to Federal Grants for State and Local Governments." 2015.

that address needs. Notably, competitive grants allow a state to make its unique case for federal investment in local communities.

**Table 2. Types of Federal Grants**

Category	Explanation
Formula Grants	<ul style="list-style-type: none"> <li>• Allocations based on formulaic factors, equations and participation rates</li> <li>• Represents the largest share of grants, typically 85% or more</li> <li>• Sample programs include Food and Nutrition Assistance, Earned Income Tax Credit, etc.</li> </ul>
Competitive Grants	<ul style="list-style-type: none"> <li>• Represents smaller share of grants, typically 10% or less</li> <li>• Awarded through competitive application process</li> <li>• Typical programs include comprehensive, multiagency program development and delivery, pilot and demonstration projects, etc.</li> </ul>

Most federal grants are awarded to state governments, and are then passed through to public agencies, local governments, nonprofits, and private contractors to provide services for residents. This pass through structure is intended, in part, to increase accountability and program effectiveness, and allow for the balancing of federal and local interests. As a result, state governments effectively act as gatekeepers to federal grants flowing into the states.

**Table 3. Federal Grant Funding Stream**



While the flow of federal grants change with each President and Congress, the number of federal grants and total grant funding outlay have steadily risen over the past three (3) decades, regardless of what party has been in control. As a result, many states around the country, including several of Nevada's neighbors, have made identifying, securing, and maintaining high rates of federal grants a priority.

## Federal Grants in Nevada

For decades Nevada has been among the lowest- often 50<sup>th</sup> of 50- performing states in the U.S. in terms of receiving competitive federal grants,<sup>4</sup> despite having some of the highest documented need in the country. In the past five (5) years, however, the State has taken several significant steps toward correcting this unnecessary and harmful imbalance. Under Governor Sandoval's administration and with leadership from the Legislature, Nevada has made many improvements in grant procurement and management, and is building momentum towards maximizing federal grant revenue.

Currently, Nevada's top five state agency recipients for grants are:<sup>5</sup>

1. Health and Human Services
2. Employment, Training and Rehabilitation
3. Education
4. Conservation
5. Transportation

### **Progress is Happening**

During the past five (5) years the State has made notable progress in securing federal grants, and improving its grant infrastructure.

Structural improvements that have been implemented include:

- Establishing the Office of Grant Procurement, Coordination and Management (State Grants Office), a statewide grants office tasked with coordinating and supporting agencies in state and federal grants. The Grants Office has been instrumental in securing tens of millions of dollars in grants for Nevadans. In Fiscal Year 2015 alone the office worked with various agencies to secure nearly \$85 million in total grant awards, using a department budget of approximately \$385,000 – a return of roughly \$221 on every \$1 invested.
- Establishing the Nevada Advisory Council on Federal Assistance (Grants Council), a unique council of public, private, and nonprofit leaders who identify barriers and develop solutions to increase federal grant funding. The Grants Council is bringing together leadership from sectors across the state to craft recommendations intended to increase grant revenue streaming into Nevada, thus enhancing programs available to Nevadans.

In addition to large structural improvements, the State is beginning to implement uniform best practices through statewide grant trainings from the Grants Office, which thousands of professionals have participated in since 2013. These implemented structural changes appear to be working. Federal Funds Information for States, a national organization that tracks federal grants, provided an exciting affirmation of Nevada's progress (based on an analysis for 244 major federal grant programs from 2006-2016), when it found:

- ✓ Nevada has experienced one of the largest increases in grant awards between FFY 2009-2014. It grew 51.5% where federal spending only grew 21.4% over the same timeframe;

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<sup>4</sup> Nevada Office of Grant Procurement, Coordination and Management, 2013 Biennial Report. 2013.

<sup>5</sup> Nevada Office of Grant Procurement, Coordination and Management, 2015 Biennial Report. 2015

- ✓ Nevada ranked #2 for the largest per-capita grants growth in FFY 2014 (43.6% growth); and
- ✓ Nevada is the only state to rank in the top 10 of population growth, at the same time ranking in the top as largest growth per capital for grant awards.<sup>6</sup>

These numbers are very encouraging, but much work remains to make these improvements sustainable and at a scale that really moves the needle.

### **Why Continue to Improve**

The State's past low rates of federal grants have cost it and its residents hundreds of millions of dollars, and reduced its ability to provide programs and services that improve the quality of life and increase opportunity for many Nevadans. Securing Nevada's fair share of federal grants has tremendous tangible implications, including:

- Funding much-needed enhancements to programs, projects, and services in the areas of health care, transportation, income security, education, job training, social services, community development, and environmental protection.
  - Increasing Nevada's position in per capita grants to 48<sup>th</sup> – an increase of just one spot – would yield an additional \$258 million in new funding.<sup>7</sup>
- Significantly expanding Nevada's revenue without adding tax burden to its residents and businesses.
- Stimulating economic activity with additional spending. Federal spending averages 19% of states' economic activity, but in Nevada it is only 17.9%. <sup>8</sup> Increasing federal funding- either direct or indirect- will have considerable positive economic impact in the State.

### **How to Continue to Improve**

More work is needed to ensure that Nevada receives an equitable share of federal grant dollars and delivers the highest return on investment for those dollars. Nevada must enhance its investments in grants infrastructure, and simultaneously work with local governments, nonprofit service organizations, and leaders in the philanthropic and business community to dramatically expand collaboration. Data and input gathered through local research, analysis, surveys, and testimony, along with national research and studies, overwhelmingly calls for increasing investments and collaboration, especially in efforts to:

- A. Continue to identify and address structural barriers that limit Nevada's grant applications and awards.
- B. Build professional and technological grant capacity within State and local governments and nonprofits so there are qualified grant writers and administrators to design, implement and manage competitive grant projects, along with technology solutions to track, manage, and report grant activity and effectiveness.

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<sup>6</sup> Nevada Office of Grant Procurement, Coordination and Management, Reports and Publications. <http://grant.nv.gov/About/Publications/>, retrieved October 4, 2016.

<sup>7</sup> The Pew Charitable Trusts, "Federal Spending in the States, 2005 to 2014." March 2016.

<sup>8</sup> The Pew Charitable Trusts, "Federal Spending in the States, 2005 to 2014." March 2016.



- C. Implement an effective and sustainable program that allows Nevada to responsibly meet grants' match fund requirements with in-kind support and/or cash from public and philanthropic sources.
- D. Have a strong State Grants Office with a statewide presence, making face-to-face connections and building and fostering relationships with public, private, nonprofit and philanthropic entities in an effort to coordinate strong and sustainable programs statewide.
- E. Support local and regional efforts to increase grant competitiveness and coordination.
- F. Ensure that federal grant dollars are being equitably distributed statewide, and reaching the residents and communities for whom the dollars are intended.
- G. Engage and educate a broad coalition of partners and stakeholders to support progress.

### **The Nevada State Grants Office**

The Office of Grant Procurement, Coordination and Management, commonly referred to as the Nevada State Grants Office, is a revenue generating agency that serves as the authority on federal and state regulations for grant management in Nevada. It is responsible for: facilitating cooperative relationships that foster grant development and planning; ensuring training to address the needs of Nevada's grant workforce; analyzing and communicating trends in federal and state grant funding, regulations and law; and providing technical assistance to all agencies as needed – conveying concepts, principles and best practices of successful grant stewardship.

- **Overview:** Established through the unanimous passage of Senate Bill 233 (2011), the Office of Grant Procurement, Coordination, and Management was created with the intent of addressing the State of Nevada's grant performance.
- **Vision:** A Nevada in which agencies have access to resources that increase their ability to successfully and confidently procure, implement, manage, and sustain grant funding.
- **Mission:** To achieve a streamlined, efficient and sustainable grant process encouraging agencies to seek funding for programs that will contribute to vibrant and sustainable communities.

STRATEGY	OBJECTIVES
Strengthening Grant Process in Nevada	<ul style="list-style-type: none"> <li>◎ Standardizing Guidance for State and Federal Funding</li> <li>◎ Standardizing Training Opportunities for Grant Management</li> <li>◎ Streamlining the Grant Management Process</li> </ul>
Improving Collaboration Across State, Local, Non-Profit and Private Business	<ul style="list-style-type: none"> <li>◎ Developing Cross-agency Partnerships</li> <li>◎ Creating a Forum for Collaboration</li> <li>◎ Enhancing Partnership Development</li> </ul>
Identifying Optimal Level of Federal Funding for an Improved Grant Landscape	<ul style="list-style-type: none"> <li>◎ Identifying, Organizing and Disseminating Grant Opportunities</li> <li>◎ Improving Data Collection and Distribution</li> <li>◎ Enhancing Outcome Reporting</li> </ul>

## Recommendations from the State of Nevada Grants Council

The Advisory Council on Federal Assistance (Grants Council) was created with near unanimous bi-partisan support during the 2015 Legislative Session. The Council is tasked with advising and assisting State and local governments with respect to obtaining and maximizing federal grants, and is comprised of appointed representatives from local government, nonprofits, and the business community, along with two elected legislators, the Chief of the Grants Office, and Director of the Governor's Finance Office.

Over the course of seven meetings (Dec. 2015 – Dec. 2016), the Grants Council discussed methods and models for identifying, procuring, utilizing and maintaining federal grants; received reports from the Grants Office; and frequently heard testimony from State employees and other stakeholders. Based on the discussions, research, and testimony presented during these hearings, and pursuant to its authorizing legislation, the Grants Council respectfully submits five (5) recommendations for consideration and implementation by the 2017 Legislature and Honorable Governor Brian Sandoval:

**I. *Establish a statewide grants management system; fund the establishment thereof.***

*Summary:*

A statewide grants management system is needed for the State to identify and coordinate grant opportunities, effectively manage and report awarded grants, and coordinate grant related work with local governments and nonprofits. The State does not currently have such a system, and as a result misses valuable grant opportunities, and struggles to streamline and manage grant administration. There are numerous options for such a system, varying greatly in price and comprehensiveness. Even the most basic system will be very productive.

*Discussion:*

Grants management systems allow users – across state and local governments and nonprofits – to identify grant opportunities, coordinate with each other to submit grants, and track and report grant funding and grant funded programs. The systems are also critical to understanding what grants a state is applying for, receiving, and effectively maximizing. Unfortunately, Nevada does not have such a system.

Collecting data and using it to demonstrate need for a grant application has been an imperfect and inconsistent process in Nevada, even though it is one of the most crucial aspects in successfully applying for and monitoring grant programs. Many of the State's individual systems are antiquated and need to be manually manipulated and analyzed by staff, resulting in delayed and often incomplete data. Additionally, many agencies collect and maintain data in one-off systems, which makes it unlikely for agencies to know what data is already available and how to locate it. This frequently results in duplicative work effort, inconsistently reported data, and underreported outcomes and ultimately affects program sustainability.

Further, many federal requirements of reporting are far beyond the current systems making Nevada less competitive in its reporting capabilities.

Beyond data management and reporting, the lack of a grants management system undermines the State and its local partners' ability to strategically identify worthwhile grant opportunities, let alone coordinate their actions to successfully apply for a given grant.

A centralized, state grants management system will allow for more robust grant opportunity identification, streamlined and more accurate collection of data, and simplified reporting. Additionally, the internal reporting functions will allow decision and policy makers to understand and evaluate the State's overall grant performance, and reliably evaluate program outcomes.

The Grants Office has conducted an analysis and review of grants management systems that other states utilize, and received an extensive response to its Request for Information on the subject. The Grants Office is prepared with recommendations on what system is best for Nevada.

## **II. *Streamline review and authorization process for grant work plans by Interim Finance Committee.***

### **Summary:**

A streamlined process for review and authorization (or denial) of grant-related work plans by the Interim Finance Committee (IFC) is needed to substantially improve State agencies' ability to satisfy the strict processing timelines many grants require. The current oversight process makes it very difficult for agencies to successfully secure and implement a grant award, so much so that many agencies report not even applying for awards due to the State's internal processing timelines. The new process should maintain a system of checks and balances that is needed for appropriate management and oversight of the State's budget, while respecting tight timelines required by federal agencies. This can be achieved by providing agencies with provisional approvals, and/or increasing the monetary threshold for review of proposals to accept gifts and grants.

### **Discussion:**

State agencies must prepare a work plan anytime their proposed new work will alter their legislatively approved budget. Work plans identify sources and uses of funds, and once prepared are forwarded to the Budget Division for review and further action. Typically, these work plans are then forwarded to IFC for review and approval or denial. This process almost always takes in excess of 60 days, and can sometimes range up to six months. Alternatives to fast track this process do exist – the Statutory Emergency Provision, Expeditious Action (15-day), and 45-day approval – but are generally reserved for one-off or exigent use. Every year there are scores of grant-related work plans that appear in front of IFC, so routinizing provisions intended for exceptions and emergencies does not necessarily make sense.

The duration of this process, which is largely created by the frequency of IFC meetings, is often incompatible with the timelines required by federal grants. Agencies cite these inconsistent timelines as a reason for not successfully securing a grant, and sometimes cite the timeline challenges as reason for not even applying for grants. For example, grants often specify services must begin within several months of award acceptance, but agencies cannot guarantee that will happen because sub-grants cannot be given and agencies cannot begin to spend grant funds until legislative approval is received. Federal funding agencies do not understand this process and hold agencies accountable for not spending funding within the appropriate timeline, jeopardizing their

future grant prospects. Similarly, grant opportunities that are only one (1) year will often not be applied for as the agency decides it is infeasible to administer services.

Streamlining this process, while preserving the IFC's important oversight function, can be achieved with a combination of modifications, including: 1) providing agencies with a provisional approval to move forward until and if future review is requested; and 2) increasing the monetary threshold that requires approval, which are currently set at \$20,000 for nongovernment and \$150,000 for governmental grants. Modifying the thresholds will allow routine grants, which often exceed these amounts, to be processed more quickly.

The ideal outcomes are: 1) reduced total processing time for grants and their funds, so as to increase the number of grant awards received, 2) reduced time between when grant funds are received and funds are put to work, 3) reduced overall bureaucracy, and 4) increased grant applications, resulting in further populations served.

### **III. *Eliminate budgetary disincentives that discourage State Agencies from pursuing federal grants.***

#### Summary:

The biennial Authorized Expenditures Act, which grants authority for State agencies to collect and expend monies from the General Fund and other sources, requires that agencies' General Fund appropriation be decreased to the extent that other sources, such as grants, are increased. In effect, this means that securing new grant funding has no positive net effect for an agency's budget; and, that the agency will spend precious staff resources with no positive gain. These outcomes serve as a powerful disincentive for an agency to secure new grant funding. Language in the Authorized Expenditures Act should be modified to eliminate the disincentive – that General Fund appropriation be automatically reduced in lockstep with securing new grant funding.

#### Discussion:

Section 7 of the biennial Authorized Expenditures Act requires that:

“... where the operation of an office, department, board, agency, commission, institution, or program is financed during the [given years] biennium by an appropriation or appropriations from the State General Fund or the State Highway Fund as well as money received from other sources, the portion provided by the State General Fund or the State Highway Fund must be decreased to the extent that the receipts of money from sources is exceeded, but such a decrease must not jeopardize the receipts of such money that is to be received from other sources.”

This provision is reportedly construed by agencies to mean that, in effect, the proceeds created by securing new grant funding during a biennium will automatically be offset by a reduction in its General Fund appropriation. The harm is that the added work of grant identification, application and management yields no additional resources, and has consumed staff resources.

Additionally, replacing General Fund appropriations with temporary federal grant funding jeopardizes programming sustainability because when grant funding runs out an agency is not guaranteed to receive its General Fund appropriation back (i.e. funding is automatically decreased,



but not reinstated). In fact, when this happens, an agency must submit a budget enhancement request to obtain its original funding level, and this can be difficult to secure.

It is unclear if these consequences are intended, or merely a byproduct of the Legislature's desire to responsibly maintain oversight and flexibility in budgeting. Regardless, the statute and corresponding practice creates a powerful disincentive for agencies to pursue new grant funding, which also results in fewer dollars trickling down to local regions and communities.

Section 7 of the Authorized Expenditures Act should be modified to make it more likely that when agencies secure new grant funding (additional revenue for the State), they are actually awarded new funds and not penalized with an automatic decrease in existing appropriations. This can be achieved by modifying the language to guarantee some or all of new grant funds secured during the biennium remain with an agency. At the very least, exempting federal grants from the presumption/mandate that a new grant award automatically triggers a General Fund reduction.

*Special Note:*

Most federal grants prohibit the use of funds to supplant state and local funds, requiring instead that funds supplement the existing funds. As such, it is critically important that the State's practices not in any way fall outside of this directive, making it even more urgent that Nevada clarifies that federal grants must be used to supplement, and not supplant, funds to avoid penalty.

**IV. *Create a pilot program to provide match funding and other needed support; fund the creation thereof.***

*Summary:*

Federal grants often require state recipients to share in the cost of delivering a program or project by contributing cash and/or in-kind contributions. So-called match funding is usually a small share of the total grant (such as 20%), but still presents a barrier for Nevada agencies to pursue federal grants. Establishing a pilot program and fund would allow state agencies to access the cash funds needed to secure high-priority, high-return competitive grants.

*Discussion:*

Federal grants typically require a state recipient contribute cash and/or in-kind services, products, or other valuables to help cover the cost of delivering a program or project. These match funding requirements often account for a small share of the total value of a grant, and in recent years have gravitated towards in-kind contributions in lieu of cash.

Here in Nevada match funding appears to be very difficult for state agencies to come up with, especially smaller agencies with tight budgets. In fact, many agencies cite the lack of match funding as a primary reason for not applying for grants. In order to substantially increase its receipts of federal grants, Nevada will need to help its state agencies overcome the challenges in securing (or accounting for) match funding that persistently limit their ability to secure federal grants. To ensure agencies are able to successfully administer and maintain sustainability of services to a grant, it is imperative the fund also be available for application for staff and administrative costs to help an agency be competitive to meet grant duties.

Creating a pilot program and fund to provide agencies with resources for match funding and other needed support will create a path to increasing federal grant recipients. Notably, the amount of new federal grant dollars should far exceed the amount of State dollars invested because state share is typically much smaller than federal share. Responsibility for appropriating and managing such a fund can be vested with the IFC, Governor's Finance Office, Board of Examiners, or elsewhere.

*Special Note:*

At the time this report is being written, the 2017 Legislature appears to be facing a budget shortfall. If that is ultimately the case, it may not appear feasible to fund a new program for match funding. Still, the Legislature and Governor's Office should advance any options they can to increase the ability for agencies to make match funding requirements, such as support and direction, to improve access and coordination to in-kind resources.

**V. *Remove limitations in the State Grants Office statute to allow for more flexibility and positive impact in its service to the State.***

*Summary:*

The Grants Office is currently limited by statute to an administrator and two (2) staff members, and is obligated to prioritize certain agencies. This severely limits the Office's availability to represent and provide statewide interests.

*Discussion:*

The Grants Office works with agencies statewide to generate revenue. By working across state agencies in Fiscal Year 15, for every \$1 invested, it provided a return of \$221. However, NRS 232.223 limits the Grants Office to an administrator and two (2) unclassified staff, resulting in a statutory block to further revenue flowing into the state. It makes no sense to limit the number of positions that provide such significant revenue to the state, especially when the cost of those positions pale in comparison to the revenue they earn.

Additionally, NRS 232.224 maintains the Grants Office must prioritize grants for the Department of Health and Human Services, the Office of Energy and economic development grants. If Nevada is serious about generating further revenue into the state, it must not limit and should allow for the distribution of resources across agencies. These resources have been shown to have a positive return on investment and the more agencies and communities the Grants Office can provide assistance to, the greater every invested dollar can return. It is recommended the limiting language be removed from NRS 232.223 and NRS 232.224 to allow the Grants Office be expanded, as appropriate, in service to the State, and not unnecessarily limit its usefulness to only a few agencies.

**Other Important Issues**

Members of the Grants Council noted several important considerations and issues that must be addressed, but are not directly addressed by the above 2017 Legislative Recommendations, including:

- *Equitable Statewide Distribution of Grants Office Services and Grant Funds:* Concern that the Grant's Office is isolated in Carson City was raised on several occurrences. The equitable

distribution of grant dollars was also raised numerous times. The Council recognizes there are challenges of operating numerous locations of the Grants Office and that analyzing county-by-county grant distributing can be misleading, but its concerns were not adequately resolved. Taken together, these concerns indicate a serious priority to see the Grants Office and grant dollars equally serve all Nevadans.

- *Network of Partners:* Significantly increasing coordination and communication statewide among state and local government agencies, nonprofits, and other stakeholders is needed to make significant, sustainable progress. The Grants Office is working towards this end, but will need and would like considerable assistance and support in developing partnerships with nonprofits, local government and charitable organizations throughout the state.
- *Staffing Capacity:* There are not enough qualified grant professionals employed or contracted by state agencies to significantly scale Nevada's grant receipts, especially as a result of staffing cuts made in the wake of the Great Recession. The State will need to fill and/or create dedicated grant positions, and provide professional development to upskill new and existing team members. To the extent the State's investments in positions and professional development should be reimbursed or otherwise offset by overhead the maximum amount allowed under grant awards.

## Appendix

The Advisory Council on Federal Assistance held seven bi-monthly meetings beginning in December 2015. Robust discussions and testimony were held in order to create the executive and legislative recommendations and to drive the discussion for the foreseeable future on the grant landscape in Nevada. Please visit the Grants Council's Website: <http://grant.nv.gov/AdvisoryCouncil/2016/Meetings/> for full minutes, agendas and reports provided to the Council.

## Acknowledgements

Members of the Grants Council would like to acknowledge Connie Lucido, Chief of the Grants Office and her entire team for its excellent administration of the Council, the Department of Administration for its support of the process, and Mr. Jim Wells, Director of the Governor's Finance Office, for his participation and leadership. Additionally, a special thank you to Nevada Community Foundation and its representative, Miles Dickson, for their continued support and vision for grants in Nevada.

**VI.B.**

REPORT REGARDING CONTRACTS WITH CONSTRUCTION MANAGERS  
AT RISK (CMAR) PURSUANT TO SECTION 14.5 OF AB 283 (2013 SESSION),  
DEPARTMENT OF TRANSPORTATION'S 2016 ANNUAL  
PROGRAM REPORT





BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF TRANSPORTATION  
1263 S. Stewart Street  
Carson City, Nevada 89712

December 31, 2016

RUDY MALFABON, P.E., Director

In Reply, Refer to:

Distribution, 2016-2017 Interim Legislative Commission

Dear Director Rick Combs,

The Nevada Department of Transportation (Department) is pleased to submit the attached report summarizing the Department's completed and current contracts for Construction Manager at Risk (CMAR) services during the 2016 calendar year. This annual program report is being provided pursuant to the requirements of Section 14.5 of Chapter 487, Statutes of Nevada 2013, at page 2985.

The Department secured authority to select qualified construction managers and to enter into contracts for preconstruction and construction phase services using the CMAR delivery method in the 2011 Nevada Legislative Session. Since securing this authority, the Department has completed construction of four (4) CMAR projects. The Department is also well underway with construction services on one project, and preconstruction services on one project. The Department employs a process that carefully screens candidate projects for delivery via CMAR prior to release of CMAR requests for proposals.

To date, the Department's experiences with the CMAR delivery method have been very positive in that the use of CMAR on appropriate projects has advanced innovation, improved project cost and schedule certainty, and reduced project risks. The CMAR delivery method has served the Department well on higher-risk projects that would benefit from the assistance of a CMAR construction manager during the design process. Although the Department is encouraged by the results and hopes to deliver future projects using the CMAR delivery method, the Department expects that the majority of its future projects will continue to be delivered using conventional design-bid-build methods.

Should you have any questions regarding this annual program report or the Department's CMAR program, please feel free to contact me directly.

Sincerely,

A handwritten signature in blue ink that reads "Rudy Malfabon".

Rudy Malfabon, P.E.  
Director

CC: Adam Drost  
Amir Soltani, PE, Chief of Project Management

**STATE OF NEVADA**

**DEPARTMENT OF TRANSPORTATION**

Construction Manager at Risk  
**2016 Annual Program Report**



Rodolfo Malfabon, P.E., Director  
Department of Transportation

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## 1.0 INTRODUCTION AND EXECUTIVE SUMMARY

The Nevada Department of Transportation's (Department's) Construction Manager at Risk (CMAR) 2016 Annual Program Report satisfies the requirements of Section 14.5 of Chapter 487, Statutes of Nevada 2013, at page 2985.

Section 14.5 of Chapter 487 states that:

On or before January 1 of each year, each public body that enters into a contract during the immediately preceding year with a construction manager at risk pursuant to NRS 338.169 to 338.16995, inclusive, for preconstruction services for or to construct a public work shall submit a report to the Director of the Legislative Counsel Bureau for transmittal to the legislature, or to the Legislative Commission if the report is submitted during an odd-numbered year. The report required must include, for each public work for which the public body enters into a contract with a construction manager at risk:

- (a) A description of the public work;
- (b) The name of the construction manager at risk;
- (c) If the public work has not been completed at the time the report is submitted, a report on the progress of the public work; and
- (d) If the public work has been completed at the time the report is submitted, an explanation of whether the public body is satisfied with the public work and with the contractual arrangement with the construction manager at risk.

During the 2016 calendar year, the Department executed one contract for construction services using the CMAR delivery method, entered into two CMAR GMP's for construction, and completed construction on two CMAR GMP's. One CMAR GMP was actively under construction at the end of the 2016 calendar year. The table below summarizes the status and history of Department CMAR contracting and construction completion by calendar year.

CMAR Project	Construction Manager	Status by Calendar Year	
		Preconstruction	Construction
SR 28	Granite Construction Co., Inc.	GMP #1 reached in August 2016 GMP #2 under design	Construction for GMP #1 was completed in October 2016 Construction for GMP #2 is anticipated to begin in May 2017
Verdi	Granite Construction Co., Inc.	GMP #1 reached in September 2015 GMP #2 under design	Construction for GMP #1 was completed in February 2016 Construction for GMP #2 is anticipated to begin in Summer 2018
Tropicana Escalators	The Whiting-Turner Contracting Company	GMP reached in September 2015	Construction began in 2016
Carlin Tunnels	Q&D Construction, Inc.		Construction completed in 2014
SR 207— Kingsbury Grade	Q&D Construction, Inc.		Construction completed in 2014
Stateline to Stateline Bikeway Phase 1C	Q&D Construction, Inc.		Construction completed in 2013
Moana Interchange Improvements	Granite Construction Co., Inc.		Construction completed in 2013

## 2.0 PROJECT FACT SHEETS

The following section provides the information required for each preconstruction and construction phase contract that was active during the 2016 calendar year.

### 2.1 SR 28

#### Project Description:

The SR 28 project takes an integrated approach to improving safety, mobility, water quality, and recreational access to the SR 28 corridor in the Lake Tahoe Basin. The major components of work include the following:

- A three mile shared used path from the south end of Incline Village to the Sand Harbor State Park. The path includes 6 bridges and over 1000 feet of retaining walls
- An undercrossing of SR 28 near Hidden Beach
- Relocating and organizing shoulder-parking to new parking areas near Ponderosa Ranch
- Safety improvements along the SR 28 corridor that include centerline rumble strips, and emergency, operation and maintenance turnouts
- Erosion control/water quality improvements
- 6 miles of conduit and ITS infrastructure



#### Project Status:

Construction for GMP #1 began in August 2016 and was completed in October 2016  
Construction on GMP #2 is anticipated to begin in May 2017

Construction Manager: Granite Construction Co., Inc.

#### Progress Report:

The Transportation Board approved the selection and the pre-construction agreement with Granite Construction Co., Inc., at the May 2016 meeting. The team separated the work into two construction packages shortly thereafter. The construction contract for Guaranteed Maximum Price (GMP) #1 was awarded to Granite Construction Co., at the August 2016 Transportation Board meeting. Construction for GMP #1 began in August 2016 and was completed at the end of October 2016. This first contract constructed the undercrossing, relocated major utilities in SR 28, and constructed the parking area near Ponderosa Ranch. Design and preconstruction risk management efforts are currently underway for GMP #2 which will construct the remainder of the improvements.

#### Statement (if applicable):

The Department is satisfied with the work completed on GMP #1. The input received from the contractor during the GMP #1 pre-construction phase regarding constructability, means and methods, maintenance of traffic, and schedule development allowed for construction work on GMP #1 to be completed in 10 weeks.

## 2.2 VERDI

### Project Description:

This project is for the construction of scour countermeasures and to repair the spalled/eroded existing concrete substructure for structure B-764 E/W at milepost WA 3.12 and structure G-772 E/W at milepost WA 5.53, located near Verdi. These structures have been identified as scour critical by the Department evaluation criteria set forth by the Federal Highway Administration (FHWA). The project will place concrete armoring around the bridge piers and will place rip rap to stabilize the bank of the Truckee River. The project requires extensive coordination with several regulatory agencies given the environmental sensitivity of the project, proximity of the railroad tracks and Truckee Meadows Water Authority (TMWA) ditch canals.



### Project Status:

Construction for GMP #1 began in October 2015 and was substantially complete in early 2016.

Construction for GMP #2 is anticipated to begin in Spring 2018.

Construction Manager: Granite Construction Co., Inc.

### Progress Report:

The Transportation Board approved the selection and the pre-construction agreement with Granite Construction Co., Inc., at the May 2015 meeting. The team separated the work into two separate construction packages shortly thereafter. The construction contract for Guaranteed Maximum Price (GMP) #1 was awarded to Granite Construction Co., at the September 2015 Transportation Board meeting. Construction on GMP #1 began in October 2015 and was substantially completed in early 2016. This first contract repaired the spalled/eroded existing concrete substructure. Design and preconstruction risk management efforts are currently underway for GMP #2 which will construct the scour countermeasures for G-772. Given the environmental requirements, this work can only take place between July 1 and September 30. Construction of the access road is scheduled to begin in Spring 2018. All work at structure B-764 has been deleted from this project due to a lower than anticipated benefit-cost ratio.

### Statement (if applicable):

The Department is satisfied with the Project and the contractual arrangements with the Construction Manager to date. The input regarding the constructability of the project and the coordination with the regulatory agencies has been valuable to ensuring the team's goal of zero environmental compliance issues is achieved.



## 2.3 TROPICANA PEDESTRIAN BRIDGES ESCALATORS REPLACEMENT

### Project Description:

The Department designed and constructed four pedestrian bridge crossings over the intersection of Tropicana Avenue and Las Vegas Boulevard South in Las Vegas, Nevada for safety and pedestrian convenience. The original project, inclusive of eight elevators, sixteen escalators and supporting and auxiliary facilities, was completed in January 1995. Over time, the equipment has become obsolete, resulting in extended down-time and gradually increasing maintenance costs.

The goal of this project is to replace the existing escalators with modern equipment that is designed for an external application. Additionally, improvements will be designed and constructed so as to reduce system down-time, as well as long-term maintenance costs, effectively improving the reliability and safety of a highly visible facility that serves millions of visitors to Las Vegas each year.



### Project Status:

Construction started in the Spring of 2016

Construction Manager: The Whiting-Turner Contracting Company

### Progress Report:

The Department executed an agreement with The Whiting-Turner Contracting Company for preconstruction services in April 2014. The design activities were coordinated with adjacent resorts and other stakeholders to accommodate their needs and expectations. The Department of Transportation worked closely with the Public Works Board in an effort to reach a GMP based on a design that was only partially completed. This need was driven by the long lead-time required between the purchase and delivery of the escalator equipment. A GMP was reached in September 2015 and the design was finalized in early December. Construction began in the Spring of 2016. The first phase, consisting of underground utility work at the intersection and improvements to the South Bridge, was substantially complete in December 2016. The second phase, consisting of work on the East Bridge, is anticipated to begin in early January 2017.

### Statement (if applicable):

The Department is satisfied with the Project and the contractual arrangements with the Construction Manager to date. The input regarding the constructability of the project and coordination with the stakeholders has been valuable to ensuring the team's goal of keeping the stakeholders informed.

GOVERNOR'S OFFICE OF ENERGY BIENNIAL REPORT  
ON ENERGY REDUCTION IN STATE BUILDINGS  
PURSUANT TO NRS 701.215



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**GOVERNOR'S OFFICE OF ENERGY**

December 30, 2016

Mr. Rick Combs, Director  
Administrative Division  
Legislative Building  
401 S. Carson Street  
Carson City, NV 89701

***Subject: Biannual Report on Energy Reduction in State-Owned Buildings***

Dear Director Combs,

This report is required by NRS 701.215(3)(c). To put subsection (3) in context, subsections (1) and (2) are presented below.

1. The Director shall prepare a state energy reduction plan which requires state agencies, departments and other entities in the Executive Branch to reduce grid-based energy purchases for state-owned buildings by 20 percent by 2015.
2. In accordance with, and out of any money received pursuant to, the American Recovery and Reinvestment Act of 2009, Public Law 111-5, the Interim Finance Committee may determine an amount of money to be used by the Director to fulfill the requirements of subsection 1.
3. The Director:
  - c. Shall biannually file reports with the Legislative Commission that:
    1. Indicate the general progress of energy reduction in state buildings; and
    2. Identify any state agency that fails to cooperate with the Director in the design or implementation of the plan prepared pursuant to subsection 1.

***Energy Consumption in State-Owned Buildings:*** The majority of information relative to energy consumption in state-owned buildings is obtained from NV Energy, which provides service to 93 percent of the buildings owned by the state. Since 2005 there has been a 14.36% reduction in energy consumption in NV Energy territory, as shown in the attached spreadsheet entitled Energy in NV Energy Territory State-Owned Buildings. Usage in 2005 was 15.95 kWh per square foot and usage in 2016 is projected to be 13.66 kWh per square foot. When the state owned buildings built in 2016 are enrolled further reductions per square foot will be obtained. It should be noted that these numbers differ slightly from those presented in previous biannual reports. This is due to the fact that the database is constantly being updated and improved for accuracy.

The remaining 7 percent of usage data is compiled from 11 municipal utilities, co-ops, and general improvement districts. The records kept by these other sources vary in terms of previous years that historical data is available. Therefore, it is not possible to determine the reductions that have been achieved since the 2005 base year in all of these territories.

Data for the 11 territories can only be compared for the past six years and that data shows declining energy consumption though not at the same scale of NV Energy. Since 2010 there has been a 13.81% reduction in energy consumption in these territories, as shown in the attached spreadsheet entitled Energy in Non-NV Energy Territory State-Owned Buildings. Usage in 2010 was 18.24 million kWh and usage in 2016 was 15.72 million kWh. When the state-owned buildings built in 2016, if any, are enrolled further reductions per square foot will be obtained.

The Governor's Office of Energy (GOE) has projected energy savings through 2020. These savings are primarily based on the anticipated energy savings from historical patterns combined with programs that the GOE is implementing, such as Lucid Design Group's BuildingOS software and Performance Contracting, both expanded upon below. The spreadsheet shows a 23% reduction by the end of 2020 which is realistic since the anticipated reductions are from the programs mentioned in this letter combined with a seven year average growth in square footage of 1.8% annually over a nine year period (2005 to 2014).

***Renewable Energy Generated on State-Owned Buildings:*** In 2010, the state began installing a large number of solar photovoltaic (PV) systems on state-owned buildings and these systems have generated a significant amount of energy. PV systems have been installed at several facilities operated by the Nevada System of Higher Education (UNLV, UNR, DRI, GBC, TMCC, CSN, and WNC), Department of Corrections, Health and Human Services, and Buildings and Grounds. According to information available from NV Energy, in 2010 the state generated 204,183 kWh of energy from the nine PV systems on state-owned buildings. In 2016, that figure has grown to 10,565,044 kWh from 65 systems. These PV systems have also contributed to the energy reductions achieved by the state and are noted on the attached spreadsheets.

***Benchmarking with BuildingOS:*** The GOE is working with Lucid Design Group, Inc. to integrate State-owned buildings into a database and utilize their BuildingOS energy management information software capable of organizing, tracking, benchmarking, analyzing, and reporting all usage and costs related to energy and water consumed and purchased by the State of Nevada. The purpose of the benchmarking program is to provide the State with a tool to achieve the goals set in NRS 701.215 and 701.218 and reduce energy consumption, leading to lower costs for the State of Nevada.

The software includes the electronic transfer, tracking, and sorting of utility bills and energy usage with the assistance of NV Energy (NVE), Southwest Gas (SWG), The Las Vegas Valley Water District (LVVWD), Truckee Meadows Water Authority (TMWA), Carson City Public Works (CCPW) and other utility providers. The software and the monthly, or more frequent data, provided by the utilities will:

- Improve the ability to manage operations, and provide better insight into data trends.
- Access, track, view, and graph monthly energy consumption in a customized manner.
- Produce intuitive and detailed energy use and cost reports and perform energy reporting.
- Automatically interface with the Department of Energy's Energy Star Portfolio Manager

Of the 3,267 buildings which are state-owned, 425 of the largest buildings over 10,000 SF have been enrolled into BuildingOS. Additional buildings with the highest kWh/SF will also be enrolled in 2017 with other buildings added based on needs and requests from other divisions and departments within the state.

***Energy Savings Performance Contracting in Public Facilities:*** As a result of a Department of Energy grant obtained in 2012, the GOE has developed and implemented a program to promote the use of performance contracting projects in state and local government buildings. Under the Performance Contract Audit Assistance Program (PCAAP) program, eligible Nevada Government Entities (Counties, Cities, School Districts, State Colleges, State Universities, State of Nevada agencies) that choose to enter into a Performance Contract for Operating Cost Savings Measures may request monetary assistance from the GOE for the full costs of a Financial-Grade Operational Audit (FGOA), which is the first step in the performance contracting process.

Performance Contracting is an alternative funding source to make operating cost-saving improvements without tapping into the capital budget. The resulting cost savings pays for all project costs over time, normally between 10 to 20 years. Benefits are immediate through the acquisition of expertise from Energy Service Companies (ESCO's), installation of new energy efficiency measures and equipment, the improvement to operations and maintenance and the ability to accomplish projects all at once. The projected savings are guaranteed by the ESCO. This concept is fiscally responsible since there is no increase to the state's bottom line with savings achieved in future years.

***SPWD Statewide Energy Efficiency Program:*** In July 2013, the SPWD was authorized to begin implementation of the Statewide Energy Efficiency Program. Energy savings achieved from the Statewide Energy Efficiency Program and other activities of the SPWD is estimated to be 7,250,000 kWh per year for the full term of the five year program. SPWD has confirmed that portions of this energy savings and the associated reduction in energy bills are reflected in the 2014, 2015 and 2016 data from the Statewide Energy Efficiency Program. It is anticipated that additional energy reductions will be realized in 2017 and 2018 as additional aspects of the approved program near completion of installation.

***Nevada Department of Corrections Energy Efficiency Program:*** The Energy Division within the Nevada Department of Corrections (NDOC) has pursued several programs to reduce energy consumption in their facilities. The information presented below was provided by NDOC staff.

NDOC performs ongoing Energy Audits to insure that all institutions are in compliance with AR493 which is NDOC's Energy Conservation Administrative Regulation. On February 26, 2014, the NDOC approved comprehensive energy conservation regulations that apply to all of their facilities. Some of the primary features of these regulations are summarized below.

1. The NDOC Energy Conservation Coordinator at each facility conducts an annual energy audit and monitors energy consumption. The targeted utilities are natural gas, fuel oil, LP gas, electricity and water. Energy consumption savings since inception of NDOC Energy Program are as follows:

- 12.5% Consumption Savings of kWh
- 17.1% Consumption Savings of Therms
- 5.4% Consumption Savings in gallons of water.

\*These savings have been achieved during an increase in inmate population of 4.3%. If the Energy Program had not been in place, NDOC would have not achieved the reduction in Energy Consumption above, and would have spent more money on energy than budgeted.

2. Numerous conservation measures were implemented and include the following: (a) Set all air conditioning space temperatures at 78 degrees Fahrenheit (summer cooling) during daytime hours and 83 degrees Fahrenheit during nighttime hours in inmate cells, staff offices and common areas. (b) Set all heating space temperatures at 68 degrees Fahrenheit (winter heating) during daytime hours and 66 degrees Fahrenheit during nighttime hours in inmate cells, staff offices and common areas. (c) Close blinds and curtains in areas that do not create security risks. (d) Prohibit the use of individual space heaters and cooling units. (e) Reset domestic hot water temperatures to no higher than 120 degrees Fahrenheit. (f) Cold water laundry washing will be standard operating practice.
3. When replacing or purchasing appliances and equipment, energy efficient equipment will be obtained. A summary of the measures to be implemented include: (a) Occupancy sensors will be installed when switches fail. (b) High efficiency motors will be installed when being replaced. (c) Low-flow, tamper-proof water fixtures will be installed when replacing or retrofitting. (d) High efficiency culinary equipment, laundry appliances, water heaters, boilers, air conditioning units, furnaces and light bulbs will be installed when replacing existing equipment. (e) The use of native or adapted plants which require little or no watering will be used. (f) No new turf or lawn areas will be allowed at any NDOC facilities with the exception of farm/dairy use or Director authorized sporting uses. Since the implementation of AR 493 NDOC has installed the following energy savings equipment with savings as noted:

○ Freezer LED Lighting & Motion Sensors	83% Measured Savings
○ Property Management Thermostats	11% Measured Savings
○ ICON Water Savings Systems	54% Measured Savings
○ Time Clocks for Freezers and Warmers	18% Measured Savings
○ LED Lighting Retrofits	61% Measured Savings
○ Smart Defrost Kits for Freezers	27% Measured Savings
○ Wilo Pumps	41% Measured Savings

4. Operational Procedures have been developed for each facility that meets or exceeds the standards set forth and quarterly reporting will be submitted to the Energy Efficiency Manager. All NDOC Institutions have Operational Procedures in place for compliance with AR493.

The NDOC Energy Manager has researched, selected, and purchased data logging equipment so that NDOC can perform in-house measurement and verification of past and future energy retrofit projects. NDOC is also able to isolate energy using equipment in order to measure the energy usage so that the department can analyze the data and make effective data driven decisions with regard to equipment operations and replacement. The use of this equipment enables NDOC to pinpoint where and when



energy is being used so that an accurate assessment can be made in determining energy project priorities. NDOC uses this equipment on a regular basis to measure before and after readings of energy consumption for the projects we implement and are considering.

NDOC has performed several in house energy savings measures which have not only reduced energy consumption, but have also qualified the department for energy rebates from the NV Energy SureBet program. Finally, NDOC continues to experience 19 to 21 percent fuel savings across institutions as a result of the cold water laundry washing initiative.

***Nevada System of Higher Education:*** NSHE institutions prepare biennial updates for the Board of Regents, reporting progress made toward reducing grid-based energy purchases and energy consumption. These updates also include information on completed and projected energy conservation projects.

UNR reports that its energy conservation efforts resulted in a 12.8 percent reduction in kWh and an 18.8 percent reduction in the cost of electricity purchases between 2005 and 2014. This savings has been achieved through improvements to HVAC systems, roof replacement, lighting and controls retrofitting, and water efficiency. UNR is also designing and constructing LEED certified or equivalent buildings in an effort to maximize energy efficiency and make the most of renewable, sustainable resources. LEED is a tool which helps architects, engineers and clients who are concerned about sustainability to develop a plan to lessen the impact of their building on the environment.

UNLV's Facilities Management has a long history of utilizing technology and improved practices to make the campus as efficient as possible within the limitations of funding and resources. More recently, even newer technologies and metering systems are continually being installed to improve energy efficiency, and both turf reduction and more efficient water projects are being completed to improve water efficiency. All these efforts have resulted in not only reduced energy and water consumption. UNLV has experienced a reduction in electrical and natural gas usage, as well as water use, noting that the FY 2014 expenditures for gas and electrical were equivalent to those incurred in FY 2005, despite a 19 percent increase in the student population and an increase in square footage totaling approximately 900,000 square feet.

Nevada State College's (NSC) campus master plan is centered on the concepts of smart building and sustainable practices. Because the oldest campus-owned building was built to LEED silver in 2007 (as are the two new buildings) the newer technologies provide little room for improved efficiencies. However, NSC still reports a 15.3 percent reduction in energy purchases and a 26 percent decrease in electrical charges between 2009 and 2013. These reductions are attributed to a 206 kW photovoltaic facility that came on line in 2013.

College of Southern Nevada (CSN) is fortunate in that approximately 25 percent of its campus buildings are less than 10 years old and were constructed with energy efficiency in mind. CSN reports that it has achieved a 31.8 percent reduction in electrical costs and a 22.4 percent reduction in gas costs (since 2005) by replacing outdated mechanical equipment and using CIP funds to complete HVAC and lighting remodels.

Great Basin College (GBC) has installed two 50 kW solar arrays – one in Elko and one in Winnemucca. Additionally, GBC recently completed an interior and exterior lighting retrofit, which was eligible for a rebate from NV Energy.

Western Nevada College (WNC) reports a 29.4 percent reduction in electrical usage based on total kWh/sq ft from FY 2005 through FY 2014. Similarly, natural gas usage was reduced by 29.3 percent during the same timeframe.

In 2014, Truckee Meadows Community College (TMCC) took advantage of a free service offered by NV Energy to complete energy benchmarking for its facilities. The study indicated that from July 2009 through July 2014, TMCC reduced its energy consumption by 20 percent per square foot. The report also concluded that TMCC uses approximately 34 percent less energy when compared to similar buildings in similar climate zones, due to its energy reduction and conservation efforts.

DRI has actively pursued energy conservation projects; however, many of these projects were completed prior to the 2005 baseline, so these efforts are not reflected in their progress during the 2005-2015 timeframe. DRI has installed over 2.4 MW of photovoltaic panels, which generate nearly 4 million kW hours per year. These systems are expected to reduce DRI's grid purchased electricity by over 40 percent-double the mandated reduction.

We trust that this letter addresses the general progress that has been made to reduce energy consumption in state-owned buildings over the past year. If you have any questions or if further clarification is needed on any of the information contained in this letter, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Angela Dykema', with a stylized, cursive script.

Angela Dykema  
Director

cc: Rocky Cooper, Legislative Counsel Bureau, Audit Division  
Pam Robinson, Governor's Office, Policy Director

## Energy in Non-NV Energy Territory State-Owned Buildings<sup>a</sup>

Service Provider	2010	2011	2012	2013	2014	2015	2016
Alamo Power District	65,597	76,715	49,624	50,827	54,233	52,650	51,178
Boulder City Municipal Utility	2,589,748	2,279,382	2,265,031	2,270,532	2,327,792	2,296,134	2,275,698
Caliente Public Utilities	1,389,600	1,293,635	1,216,800	1,269,600	1,288,800	1,130,400	1,191,600
Fallon Municipal Electric	469,697	461,037	434,688	419,817	442,157	436,144	432,262
Harney Electric Cooperative	256,393	272,834	214,932	266,047	217,113	240,174	257,310
Lincoln County Power District	259,800	298,463	268,824	223,638	259,818	256,284	254,004
Mt. Wheeler Power District	9,302,704	9,177,546	8,923,162	7,931,566	7,971,591	7,863,177	7,793,195
Overton Power District	716,984	696,410	667,853	697,121	717,285	692,358	686,196
Pioche Public Utility	489,600	429,696	453,888	470,784	412,544	406,933	403,312
Valley Electric Association	711,211	614,938	559,980	515,041	576,561	568,720	563,658
Wells Rural Electric	1,985,563	1,947,351	1,969,837	2,068,213	1,869,434	1,826,079	1,809,827
<b>TOTAL</b>	<b>18,236,897</b>	<b>17,548,007</b>	<b>17,024,619</b>	<b>16,183,186</b>	<b>16,137,328</b>	<b>15,769,054</b>	<b>15,718,240</b>
% Decrease from Prior Year <sup>b</sup>		-3.93%	-3.07%	-5.20%	-0.28%	-2.34%	-0.32%
% Decrease from 2010		-3.78%	-6.65%	-11.26%	-11.51%	-13.53%	-13.81%

<sup>a</sup> These are buildings that are NOT served by NV Energy, which is 7% of all state-owned buildings.

<sup>b</sup> The % decrease is presented for 2010 - 2016 since these are the only years for which complete data is available for all territories.

<sup>c</sup> If in "red" the data is unavailable and the same 1.36% reduction achieved with NV Energy is assumed.

<sup>d</sup> If in "red" the data is unavailable for 2016 and the same 0.89% reduction achieved with NV Energy is assumed.

Source: All of the utility companies listed above.

## Energy in NV Energy Territory State-Owned Buildings

				Base	Y-Y
Year	kWh*	SF**	kWh/SF	kWh/SF%	kWh %
2005	347,453,279	21,782,607	15.95	n/a	n/a
2006	356,256,287	22,142,318	16.09	0.87%	2.53%
2007	371,910,155	22,705,397	16.38	2.69%	4.39%
2008	375,657,931	23,863,073	15.74	-1.31%	1.01%
2009	376,042,816	24,552,394	15.32	-3.98%	0.10%
2010	369,379,977	25,107,191	14.71	-7.77%	-1.77%
2011	368,184,876	25,201,156	14.61	-8.41%	-0.32%
2012	371,851,494	25,369,222	14.66	-8.11%	1.00%
2013	363,241,705	25,589,555	14.19	-11.01%	-2.32%
2014	357,716,971	25,601,531	13.97	-12.40%	-1.52%
2015	352,843,382	25,601,531	13.78	-13.60%	-1.36%
2016	349,720,313	25,601,531	13.66	-14.36%	-0.89%
2017	346,572,830	26,062,359	13.30	-16.63%	-0.90%
2018	343,453,675	26,531,481	12.95	-18.84%	-0.90%
2019	340,362,592	27,009,048	12.60	-21.00%	-0.90%
2020	337,299,328	27,495,211	12.27	-23.09%	-0.90%

\* Provided by NV Energy: Usage Report Dated 10-6-16

\*\* Provided by State Public Works Department (SPWD)

Red = Projections

2016 kWh available through the end of Q3. Projection made as described below.

2016 Y-Y kWh % = 7-Yr. Average Loss of 0.89% in kWh (2009-2015)

2017 to 2020 = 0.90% Reduction in kWh & 1.8% Increase in SF