

**SENATE COMMITTEE ON FINANCE AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

JOINT SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIPs

**DEPARTMENT OF ADMINISTRATION
STATE PUBLIC WORKS DIVISION**

The Joint Subcommittee on K-12/Higher Education/CIPs has completed its review of the State Public Works Division's budgets and makes the following recommendations for the 2015-17 biennium. The closing recommendations of the Subcommittee resulted in no change to General Fund appropriations. The following comments describe the more significant recommendations of the Joint Subcommittee.

SPWD – Administration (101-1540) ADMIN-135: The Subcommittee did not recommend approval of the Governor's recommendation to establish a reserve in the Administration budget since existing mechanisms and processes are in place to make budgetary adjustments during the interim. The Subcommittee approved the remainder of the Administration budget as recommended by the Governor.

SPWD – Engineering and Planning (101-1562) ADMIN-141: The Subcommittee recommended approval of the Governor's recommendation, as amended, to fund four new Project Manager positions and three new Building Construction Inspector positions due to the anticipated level of services required to support the 2015 Capital Improvement Program, including an adjustment to purchase computers, and to fund travel and

training for the new positions. The Subcommittee approved the remainder of the Engineering and Planning budget as recommended by the Governor.

SPWD – Buildings and Grounds (710-1349) ADMIN-153: The Subcommittee concurred with the Governor’s recommendation to fund deferred maintenance projects totaling \$2.0 million over the biennium. Additionally, the Subcommittee concurred with the Governor’s recommendation to fund one new Program Officer position due to an increase in workload within the Leasing Services section of the division. The Subcommittee recommended approval of the remainder of the Buildings and Grounds budget as recommended by the Governor with technical adjustments made by Fiscal staff.

The Subcommittee authorized Fiscal staff to make technical adjustments throughout the department’s budgets as necessary.

Department of Administration - State Public Works Division
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
<u>AS CLOSED BY SUBCOMMITTEE:</u>				
ADMIN-135	101-1540	*Administration	-	-
ADMIN-141	101-1562	*Engineering and Planning	-	-
ADMIN-153	710-1349	*Buildings & Grounds	-	-
		Total General Fund Impact	-	-
*No General Fund impact				

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 K-12 / Higher Education / CIPS Joint Subcommittee
 W02 - WORKING VERSION 2

Title: ADMINISTRATION - SPWD - ADMINISTRATION
Account: 101 - 1540

Budget Page: ADMIN-135, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(3)					73,232	
INTERAGENCY TRANSFER	864,878	858,577	(0.73)	1,020,579	18.87	1,051,421	3.02
Total Revenues	864,875	858,577	(0.73)	1,020,579	18.87	1,124,653	10.20
Total FTE		6.00		6.00		6.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Remove balance forward based on Subcommittee action to remove reserve		(76,695)
B000	00	4230	Increase cost allocation revenue for adjustment to position step to reflect level of the incumbent.	18,941	17,010
B000	00	4230	Reduce cost allocation revenue based on Subcommittee action to remove reserve	(76,695)	(1,517)
M100	00	2511	Remove balance forward based on Subcommittee action to remove reserve		(62)
M100	00	4230	Reduce cost allocation revenue based on Subcommittee action to remove reserve	(62)	(15,976)
M300	00	2511	Remove balance forward based on Subcommittee action to remove reserve		(312)
M300	00	4230	Increase cost allocation revenue for adjustment to position step to reflect level of the incumbent.	80	106
M300	00	4230	Reduce cost allocation revenue based on Subcommittee action to remove reserve	(312)	155
E225	00	2511	Remove balance forward based on Subcommittee action to remove reserve		(145)
E225	00	4230	Reduce cost allocation revenue based on Subcommittee action to remove reserve	(145)	
E672	00	2511	Remove balance forward based on Subcommittee action to remove reserve		240
E672	00	4230	Adjust cost allocation revenue based on Subcommittee action to remove reserve	240	27
E710	00	2511	Remove balance forward based on Subcommittee action to remove reserve		(801)
E710	00	4230	Adjust cost allocation revenue based on Subcommittee action to remove reserve	(801)	709
E801	00	2511	Remove balance forward based on Subcommittee action to remove reserve		4,558
E801	00	4230	Adjust cost allocation revenue based on Subcommittee action to remove reserve	4,558	4,064
E804	00	2511	Remove balance forward based on Subcommittee action to remove reserve		(15)
E804	00	4230	Reduce cost allocation revenue based on Subcommittee action to remove reserve	(15)	(5)
Sub-total				(54,211)	(68,659)
Line Item Changes to Revenues				(54,211)	(68,659)

Adjustments to Expenditures					
Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Adjust position step to reflect level of the incumbent.	18,941	17,010
B000	86	9000	Remove reserve based on Subcommittee closing action.	(76,695)	(78,212)
M100	86	9000	Remove reserve based on Subcommittee closing action.	(62)	(16,038)
M300	01	5000	Adjust position step to reflect level of the incumbent.	80	106
M300	86	9000	Remove reserve based on Subcommittee closing action.	(312)	(157)
E225	86	9000	Remove reserve based on Subcommittee closing action.	(145)	(145)
E672	86	9000	Remove reserve based on Subcommittee closing action.	240	267
E710	86	9000	Remove reserve based on Subcommittee closing action.	(801)	(92)
E801	86	9000	Remove reserve based on Subcommittee closing action.	4,558	8,622
E804	86	9000	Remove reserve based on Subcommittee closing action.	(15)	(20)
Sub-total				(54,211)	(68,659)
Line Item Changes to Expenditures				(54,211)	(68,659)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The State Public Works Division (SPWD) Administration budget was approved by the 2013 Legislature to provide leadership, management, and administrative direction and support for the oversight of the legislatively approved Capital Improvement Program, and for the operational activities of the other SPWD sections. The costs associated with the budget are allocated among the division's four operating budgets; Buildings and Grounds, Engineering and Planning, Facility Condition and Analysis, and Marlette Lake.

Major Closing Issue

Establishment of Reserve in Base Budget

Discussion of Major Closing Issue

Establishment of Reserve in Base Budget (Base, ADMIN-135): The Governor recommends establishing a reserve category for the 2015-17 biennium in the base budget. In contrast, the legislatively approved budget for the current biennium did not authorize a reserve in this budget. The agency indicates that the reserve is needed to reduce the administrative burden if the budget needs to be adjusted during the interim. The Department of Administration further indicated that unanticipated personnel and operating fluctuations occurred during the current biennium that required the agency to adjust the cost allocation assessments to cover funding shortfalls. The FY 2014 shortfall in personnel costs was mostly the result of an IT Professional position being hired at a grade level 37, step 10 while the position was budgeted at a step 3. To address the shortfall in personnel costs in FY 2014, a work program was processed to increase the personnel expenditure authority, offset by reductions to various expenditures and an increase in cost allocation revenue authority in this budget. Additionally, work programs were processed to increase cost allocation expenditures in each of the four budgets that pay the assessment (Buildings and Grounds, Engineering and Planning, Facility Condition and Analysis, and Marlette Lake budgets). Based on the actions taken in FY 2014, the mechanisms and processes (i.e. work programs) are already in place to adjust this budget if unanticipated expenditure shortfalls or fluctuations occur during the biennium.

With the exception of the anomaly experienced with the personnel shortfall in FY 2014, the budget is fairly stable and should not experience significant fluctuations, or unanticipated expenditure increases. During the budget hearing, the agency testified that a 30-day reserve was established in response to the shortfall in FY 2014, and that since this budget cannot access the Contingency Fund, a reserve would be a more efficient method to address unanticipated shortfalls. In addition, the agency recognized that there are current mechanisms in place (i.e. work programs) that could be used if necessary, but that the processing

of work programs for each of the budgets impacted is a burdensome process. Furthermore, the agency testified that if a shortfall were to occur, there is no guarantee that sufficient funds from the Facility Condition and Analysis budget would be available for transfer. Fiscal staff notes that while the Facility Condition and Analysis budget is a small budget supported with 100 percent General Fund appropriations, it only pays 5.7 percent of the cost allocation to support the Administration budget. Any necessary adjustments would have a minimal impact on the budget.

Fiscal staff has reviewed the positions in the base budget, and made a technical adjustment to two positions in the base budget to reflect the step levels of the existing incumbents, increasing position costs and cost allocation revenue by \$19,021 in FY 2016 and \$17,116 in FY 2017. With the technical adjustment, two of the three classified positions in the budget are at a step 10, and therefore, the agency should not experience a shortfall similar to that experienced in FY 2014. With the technical adjustment noted, the existing mechanisms and processes already in place to make necessary adjustments in the interim, and the fact that this is a stable budget, Fiscal staff recommends that the Subcommittee eliminate the reserve in this budget.

Does the Subcommittee wish to approve establishing a reserve in the base budget of \$76,695 in FY 2016 and \$78,212 in FY 2017, as recommended in The Executive Budget?

Alternatively, does the Subcommittee wish to eliminate the reserve of \$76,695 in FY 2016 and \$78,212 in FY 2017 in the base budget, and authorize Fiscal staff to make technical adjustments within this budget and within the other division budgets that pay the cost allocation to this budget?

The Subcommittee voted to eliminate the reserve of \$76,695 in FY 2016 and \$78,212 in FY 2017 in the base budget, and authorized Fiscal staff to make technical adjustments within this budget and within the other division budgets that pay the cost allocation to this budget.

Other Closing Items

1. Training Funds (E-225, ADMIN-137): The Governor recommends training funds of \$1,743 in each fiscal year for the Administrator and Deputy Administrators to attend International Code Council training sessions for the purpose of staying current on building and construction codes, laws, and regulations. This decision unit is funded with increased cost allocation revenues of \$1,888 in FY 2016 and \$1,743 in FY 2017, with the difference of \$145 being placed in reserve. **This recommendation appears reasonable.**
2. Risk Management Information System (E-230, ADMIN-137): The Governor recommends cost allocation revenue of \$10,000 in FY 2016 to support the SPWD's portion of implementation costs for a new Risk Management Information System. The Executive Budget recommends funding for the system to provide Risk Management, Nevada Department of Transportation, Attorney General's Office and the State Public Works Division a unified platform for the tracking and management of risk exposures related to assets, state-owned or leased locations and employees. Details of the recommended system and total implementation costs are included in enhancement Decision Unit E-550 in the Department of Administration's Insurance and Loss Prevention budget (ADMIN-159), which was closed by the Joint Subcommittee on General Government on April 23, 2015, and included the approval of the system. **This recommendation appears reasonable based on the action taken by the Joint Subcommittee on General Government.**
3. Replacement Equipment (E-710, ADMIN-138): The Governor recommends expenditure authority of \$9,614 in FY 2016 and \$1,103 in FY 2017 to replace two desktop computers and one server. The decision unit is funded with increased cost allocation revenues of \$10,415 in FY 2016 and \$394 in FY 2017, with the difference of \$92 being placed into reserve. **This recommendation appears reasonable.**

4. Cost Allocations

- Department of Administration, Director's Office (E-801, ADMIN-138-139): The Governor recommends a reduction in reserves of \$4,558 in FY 2016 and \$4,064 in FY 2017 for cost allocation assessments to support the Department of Administration, Director's Office. **This recommendation appears reasonable.**
- Division of Human Resource Management (E-804, ADMIN-139): The Governor recommends expenditure authority of \$176 in FY 2016 and \$236 in FY 2017 to adjust the centralized personnel services cost allocation assessments to support the Division of Human Resource Management. The decision unit is funded with increased cost allocation revenues of \$191 in FY 2016 and \$241 in FY 2017, with the difference of \$20 being placed into reserve. **This recommendation appears reasonable.**

Staff recommends approval of the Other Closing Items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Item 1, and with authority for Fiscal staff to make other technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 K-12 / Higher Education / CIPS Joint Subcommittee
 W03 - WORKING VERSION 3

Title: ADMINISTRATION - SPWD - ENGINEERING AND PLANNING
Account: 101 - 1562

Budget Page: ADMIN-141, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	1,673,883	728,135	(56.50)				
OTHER FUND	1,965,141	2,983,664	51.83	4,331,361	45.17	4,334,813	0.08
Total Revenues	3,639,024	3,711,799	2.00	4,331,361	16.69	4,334,813	0.08
Total FTE		23.00		29.00		29.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	3716	Adjust Inspection Fee revenue for changes to SPWD Administration cost allocation expenditure	(16,820)	27,178
M800	00	3716	Adjust Inspection Fee revenue for changes to SPWD Administration cost allocation expenditure	(12,950)	(27,292)
E226	00	3716	Increase Inspection Fee revenue for training, travel and computers for six new positions.	38,010	29,976
E227	00	3716	Increase Inspection Fee revenue for new Project Manager approved in Amendment A150231562	100,991	129,653
E800	00	3716	Adjust Inspection Fee revenue for changes to SPWD Administration cost allocation expenditure	1,967	2,459
Sub-total				111,198	161,974
Line Item Changes to Revenues				111,198	161,974

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	82	7000	Adjust SPWD Administration cost allocation charges due to Subcommittee closing action to remove reserve from Administration budget	(16,820)	27,178
M800	82	7000	Adjust SPWD Administration cost allocation charges due to Subcommittee closing action to remove reserve from Administration budget	(12,950)	(27,292)
E226	03	6000	Add training and travel costs for six new positions.	24,008	24,008
E226	26	8000	Add computers for six new positions.	8,034	
E226	30	6000	Add training and travel costs for six new positions.	2,968	2,968
E226	30	7000	Add training and travel costs for six new positions.	3,000	3,000
E227	01	5000	Add new Project Manager approved in Amendment A150231562	93,321	123,041
E227	03	6000	Add travel costs for new Project Manager approved in Amendment A150231562	4,752	4,752
E227	04	7000	Add EITS costs for new Project Manager approved in Amendment A150231562	153	180
E227	04	7000	Add new Project Manager approved in Amendment A150231562	117	117
E227	26	7000	Add EITS costs for new Project Manager approved in Amendment A150231562	67	80
E227	26	7000	Add new Project Manager approved in Amendment A150231562	236	241
E227	26	8000	Add computer for new Project Manager approved in Amendment A150231562	1,103	
E227	30	6000	Add training for new Project Manager approved in Amendment A150231562	742	742
E227	30	7000	Add training for new Project Manager approved in Amendment A150231562	500	500

E800	82	7000	Adjust SPWD Administration cost allocation charges due to Subcommittee closing action to remove reserve from Administration budget	1,967	2,459
Sub-total				111,198	161,974
Line Item Changes to Expenditures				111,198	161,974
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The State Public Works Division (SPWD) Engineering and Planning budget includes the positions responsible for the construction management functions of the agency, including the supervision and inspection of construction and maintenance projects for state buildings. The account is funded primarily through assessments to the projects included in the Capital Improvement Program (CIP). Additional funding is received from the Buildings and Grounds Division for the costs of performing Americans with Disabilities Act (ADA) compliance inspections of leased building space.

Major Closing Issues

1. New Project Manager and Building Construction Inspector Positions
2. New Project Manager Position – Amendment A150231562

Discussion of Major Closing Issues

1. New Project Manager and Building Construction Inspector Positions (E-226, ADMIN-143-144): The Governor recommends inspection fee revenue of \$401,397 in FY 2016 and \$538,826 in FY 2017 to support three new Project Manager and three new Building Construction Inspector positions starting on October 1, 2015. The SPWD indicates the new positions are needed based on the anticipated level of services required to support the 2015 Capital Improvement Program (CIP), in terms of the number and magnitude of projects to manage. The positions would provide a variety of project management services, inspections, plan reviews and code enforcements. A technical adjustment has been made to include costs of \$19,970 over the 2015-17 biennium for the purchase of computers, and to fund travel and training for the new positions, funded with inspection fee revenue, which was inadvertently excluded from The Executive Budget. With the adjustment, inspection fee revenues would increase to \$415,399 in FY 2016 and \$544,794 in FY 2017.

The base budget includes funding for 12 Project Manager and 5 Building Construction Inspector positions, and thus, the request for 6 new positions represents a 35 percent increase in staffing levels for these services. By way of background, the Governor recommended and the 2013 Legislature approved the elimination of 6 positions in the 2013-15 biennium in this budget. The positions previously eliminated included 3 Project Manager and 3 Building Construction Inspector positions, which is the same number and classifications as those being recommended to be added by the Governor in this decision unit. The previous position reductions were the result of a declining CIP. The 2013 Legislature approved a \$102.7 million CIP as compared to the \$234.1 million program recommended by the Governor for 2015.

During the budget hearing on February 13, 2015, the agency testified that the staffing levels for Project Manager and Inspector positions are determined by the estimated hours needed over the upcoming biennium to provide services for the division’s work on the existing and recommended CIP programs. The agency indicates that hours are estimated separately for project management and inspection services for each project, and those estimates drive the recommended staffing levels.

Does the Subcommittee wish to approve inspection fee revenues of \$415,399 in FY 2016 and \$544,794 in FY 2017 to fund three new Project Managers and three new Building Construction Inspectors and associated operating costs as recommended by the Governor, with the technical adjustment noted by Fiscal staff?

The Subcommittee voted to approve inspection fee revenues of \$415,399 in FY 2016 and \$544,794 in FY 2017 to fund three new Project Managers and three new Building Construction Inspectors and associated operating costs as recommended by the Governor, with the technical adjustment noted by Fiscal staff.

2. New Project Manager Position – Amendment A150231562: During the budget hearing, the agency testified that they were in the process of reviewing the recommended staffing levels as the Governor's recommended CIP had added additional projects and costs compared to the State Public Work Board's 2015 CIP recommendation. The recommendation for six new positions was based on the State Public Work Board's 2015 CIP recommendation, which included 66 projects at a total cost of \$135.8 million. The Governor's recommended 2015 CIP included 3 additional major construction projects, 1 additional maintenance project, and 1 additional planning project, for a total of 71 projects at a total cost of \$234.1 million.

After completing its review of the impacts for the additional projects, the SPWD determined that an additional Project Manager position would be necessary, bringing the total new position recommendation to seven positions. The Fiscal Analysis Division received budget amendment A150231562 on March 10, 2015, requesting the additional Project Manager position funded with inspection fee revenue of \$103,320 in FY 2016 and \$131,723 in FY 2017.

Does the Subcommittee wish to approve the Project Manager position in Budget Amendment A150231562, and fund the position with inspection fee revenues of \$103,320 in FY 2016 and \$131,723 in FY 2017?

Since the position levels in this budget are dependent upon future action by the Subcommittee and full money committees, Fiscal staff requests authority to make technical adjustments to staffing levels based on the Subcommittee's closing action in the 2015 CIP.

The Subcommittee voted to approve the Project Manager position in Budget Amendment A150231562, and fund the position with inspection fee revenues of \$103,320 in FY 2016 and \$131,723 in FY 2017, and authorized Fiscal staff to make technical adjustments to staffing levels based on the Subcommittee's future closing action in the 2015 CIP.

Other Closing Items

1. Training Funds (E-225, ADMIN-143): The Governor recommends inspection fee revenue of \$11,576 in each fiscal year to support training costs. The agency indicates that the training is necessary for staff to remain current on statutory and regulatory requirements, and ensure properties are in compliance with building, construction, and safety codes. **This recommendation appears reasonable.**
2. Replacement Equipment
 - E-710, ADMIN-144: The Governor recommends inspection fee revenues of \$4,412 in FY 2016 and \$19,849 in FY 2017 for replacement equipment. The request includes 12 desktop computers and 7 laptop computers. **This recommendation appears reasonable.**
 - E-711, ADMIN-145: The Governor recommends inspection fee revenue of \$49,254 in FY 2016 for replacement of the division's video conference equipment. The SPWD indicates that the existing

equipment, which was purchased during the 2005-07 biennium, is not functioning properly and is no longer supported due to its age. **This recommendation appears reasonable.**

3. Cost Allocations

- SPWD Administration (M-800, E-800, ADMIN-143, 145): The Executive Budget recommends an increase of \$15,291 in FY 2016 and \$78,073 in FY 2017 for the budget's share of the SPWD Administration cost allocation in Decision Unit M-800. Decision Unit E-800 recommends an additional increase of \$9,939 in FY 2016 and a reduction of \$435 in FY 2017 for the same cost allocation. The net increases for this cost allocation are \$25,230 in FY 2016 and \$77,638 in FY 2017, funded with inspection fee revenues. **This recommendation appears reasonable.**
- Department of Administration, Director's Office (E-801, ADMIN-145-146): The Governor recommends inspection fee revenues of \$16,713 in FY 2016 and \$14,901 in FY 2017 for cost allocation assessments to support the Department of Administration, Director's Office. **This recommendation appears reasonable.**
- Division of Human Resource Management (E-804, ADMIN-146): The Governor recommends inspection fee revenues of \$673 in FY 2016 and \$905 in FY 2017 to adjust the centralized personnel services cost allocation assessments to support the Division of Human Resource Management. **This recommendation appears reasonable.**

Staff recommends approval of the Other Closing Items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 K-12 / Higher Education / CIPS Joint Subcommittee
 W02 - WORKING VERSION 2

Title: ADMINISTRATION - SPWD - BUILDINGS & GROUNDS
Account: 710 - 1349

Budget Page: ADMIN-153, Volume I

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues							
BALANCE FORWARD	(336,912)	3,716,044	(1202.97)	2,874,707	(22.64)	2,571,722	(10.54)
INTERAGENCY TRANSFER	15,593,843	15,860,545	1.71	15,548,109	(1.97)	15,529,290	(0.12)
OTHER FUND	67,581	45,301	(32.97)	67,570	49.16	67,570	
Total Revenues	15,324,512	19,621,890	28.04	18,490,386	(5.77)	18,168,582	(1.74)
Total FTE		60.25		61.00		61.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Adjust balance forward for SPWD Administration cost allocation charge revision		13,353
B000	00	2511	Increase balance forward resulting from correction to Building Rent revenues		53,378
B000	00	4304	Increase Building Rent revenues to align with amounts charged	53,378	102,377
M800	00	2511	Adjust balance forward for SPWD Administration cost allocation charge revision		10,280
E800	00	2511	Adjust balance forward for SPWD Administration cost allocation charge revision		(1,562)
Sub-total				53,378	177,826
Line Item Changes to Revenues				53,378	177,826

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	82	7000	Adjust SPWD Administration cost allocation charges due to Subcommittee closing action to remove reserve from Administration budget	(13,353)	21,576
B000	86	9000	Adjust reserve for SPWD Administration cost allocation charge revisions	13,353	(8,223)
B000	86	9000	Increase reserve for correction to Building Rent revenues	53,378	155,755
M800	82	7000	Adjust SPWD Administration cost allocation charges due to Subcommittee closing action to remove reserve from Administration budget	(10,280)	(21,666)
M800	86	9000	Adjust reserve for SPWD Administration cost allocation charge revisions	10,280	31,946
E800	82	7000	Adjust SPWD Administration cost allocation charges due to Subcommittee closing action to remove reserve from Administration budget	1,562	1,953
E800	86	9000	Adjust reserve for SPWD Administration cost allocation charge revisions	(1,562)	(3,515)
Sub-total				53,378	177,826
Line Item Changes to Expenditures				53,378	177,826

Total	0	0
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Grand Total General Fund Impact of Closing Changes	0	0
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Overview

The Buildings and Grounds (B&G) section of the State Public Works Division (SPWD) provides physical maintenance and housekeeping for most state-owned buildings and negotiates leases for state agencies. Additionally, the agency provides administrative oversight of the Marlette Lake Water System. The division also supports a portion of the funding for security services provided by the Capitol Police Division of the Department of Public Safety (DPS). The primary source of funding for the division is rent charged to state agencies for the use of state-owned building space.

Major Closing Issues

1. Deferred Maintenance Projects
2. New Program Officer Position

Discussion of Major Closing Issues

1. Deferred Maintenance Projects (E-850, ADMIN-162): The Governor recommends \$1.1 million in FY 2016 and \$845,000 in FY 2017 for deferred maintenance projects. This decision unit is funded with building rent revenues of \$1.3 million in FY 2016 and \$800,283 in FY 2017, with the difference of \$140,833 being placed in reserve. The following table depicts the projects requested for the 2015-17 biennium:

Governor's Recommended Deferred Maintenance Projects Buildings and Grounds 2015-17 Biennium			
Building	Description	FY 2016	FY 2017
Blasdel (Carson City)	Elevator Regenerative Modernization	\$ 107,798	-
Capitol Complex (Carson City)	Elevator Regenerative Modernization	\$ 174,504	-
EICON Building (Carson City)	Elevator Regenerative Modernization	\$ 174,504	-
Capitol Complex (Carson City)	Restroom Upgrades	\$ 121,000	-
Capitol Complex (Carson City)	Repair/Replace Gutters	\$ 80,000	-
Capitol Complex (Carson City)	Repair/Replace Fencing	\$ 280,000	-
Library Archives (Carson City)	Replace Split Systems in the IT Sections	\$ 75,000	-
Stewart Facility (Carson City)	Various Buildings and Grounds Needs	\$ 175,000	\$ 200,000
Various Buildings	Address Concrete Slip and Trip Hazards	\$ 100,000	\$ 100,000
Supreme Court (Carson City)	Address Granite Slab Slip and Trip Hazards	-	\$ 65,000
Various Buildings	Address Roofs with Inadequate Tie Offs	-	\$ 120,000
Sawyer Building (Las Vegas)	Electrical Coordination Study	-	\$ 60,000
Sawyer Building (Las Vegas)	Improvements Based on Coordination Study	-	\$ 125,000
AG Complex (Carson City)	Freight Elevator Upgrades	-	\$ 175,000
Total		\$ 1,113,302	\$ 845,000

The agency testified during the budget hearing on February 13, 2015, that the recommended work for the elevator upgrades at the Capitol Complex will be completed in FY 2015, and that the funding of \$174,504 in FY 2016 would be repurposed to modernize the elevator at the EICON Building in Carson City. The change is reflected in the table above.

The B&G section indicates that deferred maintenance projects are prioritized projects based on the following factors:

- Projects that would provide the greatest benefit for B&G facilities;
- The timeline and anticipated completion of the project;
- Potential for inclusion in future CIPs;
- Prioritization for life safety projects and emergency projects;

- Availability of applicable project management staff;
- Project cost; and
- Ramifications of deferring the project.

There was discussion during the budget hearing regarding the state's backlog of deferred maintenance projects. The agency indicates that there is a backlog of \$308.5 million in deferred maintenance projects statewide (excluding Nevada System of Higher Education and Department of Transportation facilities) after accounting for projects that are recommended to be funded in the 2015 CIP. The Governor recommends funding for 45 maintenance projects in the 2015 CIP.

Does the Subcommittee wish to approve Building Rent revenue of \$1.1 million in FY 2016 and \$845,000 in FY 2017, as recommended by the Governor, to fund deferred maintenance and building renovation projects?

The Subcommittee voted to approve Building Rent revenue of \$1.1 million in FY 2016 and \$845,000 in FY 2017, as recommended by the Governor, to fund deferred maintenance and building renovation projects.

2. New Program Officer Position (E-226, ADMIN-156): The Governor recommends \$110,694 over the biennium for a new Program Officer position and associated operating costs starting in October 2015. This decision unit is funded with lease assessment revenues of \$120,925 over the 2015-17 biennium, with the difference of \$10,231 being placed in reserve. The position is being recommended to oversee, plan, coordinate and direct the operations of the division's Licensing Boards and Commissions portion of the statewide leasing program. The position would also be responsible for the division's inventory database of all leased property, and assist in the agency's online reporting requirement of current leasing information, including a description of the location, size, current use of the property, the lease terms, and cost outside the base rent. The agency indicates that the increased workload is the result of B&G's increased responsibility to negotiate and prepare leases for all licensing boards and commissions, the Department of Transportation, the Department of Public Safety, and the Department of Motor Vehicles, that began in FY 2012. The division indicates that existing staff are having difficulties in responding timely to agencies' needs, meeting Budget Office deadlines, and following up on ADA and life-safety issues involving leased space, as the result of an increase in workload and increased complexities of the leasing process. The division currently has four positions assigned to the Leasing Services section within B&G.

The agency indicates that the Leasing Services section of B&G provided oversight for 297 leases totaling 1.8 million square feet (sf) in FY 2014, compared to 209 leases totaling 1.5 million sf in FY 2011, which represents a 42 percent increase in the number of leases. During the budget hearing, the agency testified that the additional position would allow the section to accommodate the increased workload, and provide services to agencies in a timely fashion. In response to an inquiry from Fiscal staff, the agency indicates that three to four leases a month have to be delayed for submittal to the Board of Examiners (BOE) for approval as a result of the workload and staffing levels. The agency indicates that the new position would help alleviate the workload and eliminate the delays in submitting leases to the BOE for consideration.

Does the Subcommittee wish to approve Lease Assessment revenue of \$120,925 over the 2015-17 biennium, as recommended by the Governor, to fund a new Program Officer position?

The Subcommittee voted to approve Lease Assessment revenue of \$120,925 over the 2015-17 biennium, as recommended by the Governor, to fund a new Program Officer position.

Other Closing Items

1. State-Owned Building Office Rent Rate Increase (APPENDIX-9): Rents collected by B&G are recommended to total \$29.4 million over the 2015-17 biennium, a decrease of 1.8 percent from the \$29.9 million approved for the 2013-15 biennium. However, the rental rate charged by B&G for state-owned office space, which is the primary source of rental income, is recommended to increase by 0.7 percent to \$0.957 per sf per month for FY 2016 compared to \$0.950 per sf per month amount approved for the 2013-15 biennium. In FY 2017, the Governor recommends an additional increase of 4.1 percent over the recommended FY 2016 rate to \$0.996 per sf per month. The rental rates are determined by taking the estimated operational costs divided by total occupied square footage of state-owned buildings to generate revenues needed to support B&G operations. A technical adjustment has been made to the base budget increasing the Building Rent revenue by \$53,378 in FY 2016 and \$102,377 in FY 2017, with equal amounts placed in reserve, to align the revenue in this budget with the amount of rent being charged statewide.

The recommended rental rate increases are the result of an overall reduction in the occupied square footage of state-owned buildings, while maintaining necessary funding for B&G operations in the 2015-17 biennium. Most notably, is the reduction of 37,619 square feet in occupied state-owned space in FY 2017 resulting from the Governor's Business and Industry – Business Center Major Budget Initiative (MAJOR BUDGET INITIATIVES-30). The initiative proposes to centralize all Business and Industry (B&I) offices and employees in the Las Vegas area in a single building to create a one-stop shop for businesses, constituents, customers, and centralize management of the department. The recommendation would move B&I staff out of the Bradley Building (leaving that building vacant) and a portion of the Grant Sawyer Office Building in FY 2017, resulting in a \$449,621 reduction of building rent revenue. In order to offset the revenue reduction resulting from the decrease in occupied state-owned building square footage, the Governor is recommending that the rental rates charged for state-owned office space be increased in FY 2017 to \$0.996 per sf as mentioned previously. The Joint Subcommittee on General Government approved the Business Center Major Budget Initiative on April 23, 2015. **This recommendation appears reasonable based on the actions of the Joint Subcommittee on General Government with the technical adjustment noted; Fiscal staff requests authority to make other technical adjustments as necessary based on the closing actions of the full money committees.**

2. Marlette House Transfer (E-502/E-902, ADMIN-156-157, 163): The Governor recommends the transfer of the Marlette Lake House maintenance and utility costs of \$5,658 in FY 2016 and \$5,597 in FY 2017 and annual rental revenue of \$14,000 from the Marlette Lake Water System budget to this budget (E-902). The E-502 decision unit removes the rental income, and funds the maintenance and utility costs with B&G rental revenues of \$6,433 in FY 2016 and \$5,514 in FY 2017. The net impact of the recommended transfer increases the reserve by \$775 in FY 2016 and \$692 in FY 2017. The division indicates that the house is non-rentable, but that it must be maintained as a historic site as it is listed on the National Register of Historic Places. Furthermore, the SPWD indicates that the costs to maintain the house are more appropriately suited in the B&G budget. Fiscal staff notes that the companion decision unit in the Marlette Lake Water System budget was approved by the full money committees on March 30, 2015. **This recommendation appears reasonable and closing action should be consistent with the decision previously made by the full money committees.**

3. Replacement Equipment

E-710, ADMIN-157: The Governor recommends expenditure authority of \$3,781 in FY 2016 and \$9,296 in FY 2017 for the replacement of nine desktop computers and two laptop computers. The decision unit is funded with building rent and lease assessment revenues of \$4,411 in FY 2016 and \$10,215 in FY 2017, with the difference of \$1,549 being placed into reserve. **This recommendation appears reasonable.**

E-711, ADMIN-158: The Governor recommends building rent revenues of \$27,000 in each year of the biennium to purchase used vehicles for the purpose of replacing six agency-owned vehicles. The existing vehicle model years range from 1994 to 2002, and the agency indicates that they have been removed from service for safety reasons. **This recommendation appears reasonable.**

E-712, ADMIN-158: The Governor recommends expenditure authority of \$20,270 in FY 2016 and \$4,292 in FY 2017 to replace various equipment that is beyond the replacement schedule for use/safety, and necessary for operations to maintain the state's facilities. The replacement equipment includes items such as an electric pallet jack, vacuums, a chop saw, refrigerant recovery machines, and various other items. The decision unit is funded with building rent revenues of \$23,648 in FY 2016 and \$1,629 in FY 2017, with the difference of \$715 being placed into reserve. **This recommendation appears reasonable.**

4. New Equipment

E-721, ADMIN-158-159: The Governor recommends expenditure authority of \$4,600 in FY 2017 for the purchase of a hydraulic dump trailer for hauling of debris, garbage, and materials from B&G construction sites and areas of clean up. The decision unit is funded with building rent revenues of \$5,367 in FY 2017, with the difference of \$767 being placed into reserve. **This recommendation appears reasonable.**

E-722, ADMIN-159: The Governor recommends building rent revenue of \$17,950 in FY 2017 for the purchase of a used box truck for B&G to move agency furniture, equipment, materials, and/or supplies when necessary. The agency indicates that the current vehicles for such use are not enclosed, and have no safety straps or tie downs. **This recommendation appears reasonable.**

E-723, ADMIN-159: The Governor recommends building rent revenue of \$14,168 in each year of the biennium to purchase two Walker multi-use maintenance utility tractors and attachments for use in northern Nevada. The vehicles are used for mowing, grounds upkeep, and snow removal on grounds and walkways maintained by the agency. **This recommendation appears reasonable.**

E-724, ADMIN-160: The Governor recommends building rent revenue of \$12,000 in FY 2017 for the purchase of a reconditioned Toyota forklift for the shop warehouse in Las Vegas. The agency indicates that they currently are required to rent a forklift, or borrow one from another agency when needed which can be costly and/or inconvenient. **This recommendation appears reasonable.**

E-725, ADMIN-160: The Governor recommends building rent revenue of \$16,900 in FY 2016 for the purchase of a used Bobcat for grounds repair, and debris and snow removal in northern Nevada. **This recommendation appears reasonable.**

5. Cost Allocations

SPWD Administration (M-800, E-800, ADMIN-155, 160-161): The Executive Budget recommends an increase of \$12,139 in FY 2016 and \$61,980 in FY 2017 for the budget's share of the SPWD Administration cost allocation in Decision Unit M-800. Decision Unit E-800 recommends an additional increase of \$7,890 in FY 2016 and a reduction of \$346 in FY 2017 for the same cost allocation.

The two decision units (net impact) are funded with building rent and lease assessment revenues of \$23,367 in FY 2016 and \$68,569 in FY 2017, with the difference of \$10,273 being placed into reserve. **This recommendation appears reasonable.**

Department of Administration, Director's Office (E-801, ADMIN-161): The Governor recommends reserve reductions of \$45,772 in FY 2016 and \$40,808 in FY 2017 for cost allocation assessments to support the Department of Administration, Director's Office. **This recommendation appears reasonable.**

Division of Human Resource Management (E-804, ADMIN-161): The Governor recommends expenditure authority of \$1,785 in FY 2016 and \$2,400 in FY 2017 to adjust the centralized personnel services cost allocation assessments to support the Division of Human Resource Management. The decision unit is funded with building rent and lease assessment revenues of \$2,326 in FY 2016 and \$2,441 in FY 2017, with the difference of \$582 being placed into reserve. **This recommendation appears reasonable.**

6. Position Cost Transfer (E-900): The Governor recommends the transfer of 0.25 full-time equivalent (FTE) costs of a Water Operator position to the Marlette Lake Water System budget. The position is currently funded as a 0.75 FTE in the Marlette Lake Water System account, and 0.25 FTE in the B&G account. The SPWD indicates that the growing operations of the water system have triggered the need to increase this position to a full-time operator in the Marlette Lake Water System account. The associated position costs are \$20,544 in FY 2016 and \$20,507 in FY 2017. The decision unit decreases building rent revenue by \$23,968 in FY 2016 and by \$20,501 in FY 2017, and the account's reserve by \$3,424 and \$3,418, respectively. Fiscal staff notes that the companion decision unit in the Marlette Lake Water System budget was approved by the full money committees on March 30, 2015. **This recommendation appears reasonable and closing action should be consistent with the decision previously made by the full money committees.**

Staff recommends approval of the Other Closing Items as recommended by the Governor, with authority for Fiscal staff to make technical adjustments as necessary.

The Subcommittee voted to approve the Other Closing Items as recommended by the Governor, with the technical adjustments noted in Item 1, and with authority for Fiscal staff to make other technical adjustments as necessary.