

**MINUTES OF THE
INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS
(NRS 218E.405)
September 9, 2010**

The Interim Finance Committee's Subcommittee to Review Public Works Board Matters (NRS 218E.405) held its fifth meeting of the 2009-11 Interim on September 9, 2010, in room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

SUBCOMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Joseph Hogan

SUBCOMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Bob Coffin, Chairman
Senator David Parks (substitute for Senator Mathews)
Assemblyman Tom Grady
Assemblywoman Debbie Smith

SUBCOMMITTEE MEMBERS ABSENT:

Senator Bernice Mathews (excused)
Senator William J. Raggio (excused)

STAFF MEMBERS PRESENT IN LAS VEGAS:

None

STAFF MEMBERS PRESENT IN CARSON CITY:

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

EXHIBITS:

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

[Exhibit B](#) – Attendance Record

[Exhibit C](#) – Disaster Resistant University, Preliminary Seismic Screening of University of Nevada, Reno Campus (August 2005), BJG Architecture and Engineering

[Exhibit D](#) – Living with Earthquakes in Nevada, Nevada Bureau of Mines and Geology, University of Nevada, Reno

I. ROLL CALL.

Chairman Coffin called the regularly scheduled meeting of the Subcommittee to Review Public Works Board Matters to order at 1:44 p.m. and asked for the roll call. Assemblyman Hogan attended in Las Vegas and all other members were present in Carson City, except Senator Mathews and Senator Raggio who were absent excused. Senator Parks substituted for Senator Mathews.

II. APPROVAL OF MINUTES OF THE APRIL 28, 2010, MEETING.

III. APPROVAL OF MINUTES OF THE JUNE 22, 2010, MEETING.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE THE MINUTES OF THE APRIL 28, 2010, AND JUNE 22, 2010, MEETINGS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

IV. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON SEPTEMBER 10, 2010, REGARDING THE REQUEST TO CANCEL CIP PROJECT 09-C01, RETROFIT HOUSING UNIT NUMBER 11 AT HIGH DESERT STATE PRISON TO CREATE THE SOUTHERN REGIONAL MEDICAL FACILITY.

Chairman Coffin recognized agenda item IV as a proposal to change the purpose and planning of the Southern Regional Medical Facility. He noted it was approximately the fourth proposed change for the facility in the preceding year and a half and wanted to know what the Department of Corrections (DOC) had planned.

Gus Nunez, Manager, State Public Works Board explained the DOC requested cancellation of project 09-C01 – Retrofit of Housing Unit Number 11 at High Desert State Prison to create a Southern Regional Medical Facility at Indian Springs. The DOC indicated that due to changes in inmate population projections and the deepening budget crisis the DOC Director decided to pursue an alternate solution, which addressed the medical needs of the aging inmate population. A summary of the alternate solution, sent by DOC Director, Howard Skolnik was shown on pages 44-45 of the meeting packet ([Exhibit A](#)). Mr. Nunez said bond funding of \$7.892 million for project 09-C01 was approved. The proposed budget included \$554,855 from bonds to pay for the design through construction documents. He indicated the project was in plan check and it would need to be decided whether to complete the plan check. Mr. Nunez recommended to stop the project immediately until alternate decisions were made. He said Howard Skolnik, Director, DOC, and members of his staff were at the meeting to answer questions from the Subcommittee.

Chairman Coffin understood the rationale for the change in scope and invited Director Skolnik to testify and answer questions. He asked the Director if there was a reason for addressing this issue with the Interim Finance Committee (IFC) rather than waiting and hearing testimony during the 2011 Legislative Session.

Director Skolnik said there were a number of reasons for the change in scope of the Regional Medical Facility. Most importantly, he explained the facility originally planned with 120-beds requiring 53 staff was expanded to a 212-bed facility requiring 93 medical staff, as well as additional correctional and support staff. Due to the economic climate, it seemed unlikely the Department would be able to hire 93 new staff at medical staff pay levels in the upcoming four to six years. Since it was unrealistic that funds would be available to hire staff, Director Skolnik thought it was probable the remodeled building would be used as a cell house or sit vacant. Director Skolnik indicated that in lieu of the Southern Regional Medical Facility, the Department developed an alternative plan which addressed the medical needs of the aging inmate population by building a Long-Term Care Facility at Northern Nevada Correctional Center. He pointed out the population of inmates over 60 had increased since 2007, with 121 additional individuals age 60 and over, for a total of 300 individuals age 65 and over. He cited information from a Washington Post article regarding the issue of elderly inmates in the state of Virginia prison system where an existing facility was converted to a geriatric facility. It was estimated that it cost \$9,000 more per inmate to maintain those inmates in the geriatric facility as opposed to the regular community. Virginia's population had grown since 1995 when truth in sentencing requirements changed the statutes so that life without parole sentences could not be pardoned. Similarly, Nevada's population would grow for the same reason, because those individuals sentenced to life without parole with the State would be imprisoned indefinitely and would die in prison of old age or other causes, unless the court overturned their sentence. Virginia and Nevada used some of the younger inmates to push the older inmates' wheelchairs to give them something to do, and since Nevada was not a flat state it also assisted the older inmates with mobility. The younger inmates' assistance would be especially important if elderly inmates were housed at High Desert Correctional Center, considering the facility had a drop of over 130 feet from one point to the other.

Continuing, Director Skolnik said the original plan was to build Prison 8, which included a medical facility, but that idea died based on a combination of budget cuts and inmate population projections. From there the plan changed to building a southern regional medical facility instead of Prison 8, and then the plan changed again to the conversion of housing unit 11 at High Desert Correctional Center for medical purposes. Since housing unit 11 was neither designed nor originally built for the purpose of a medical facility, Director Skolnik believed it was in the best interest of the State not to convert it to a regional medical facility and to leave the 120 beds for future need as a medium-security housing unit. He advocated planning a long-term care facility, and building it at the Northern Nevada Correctional Center.

Chairman Coffin understood the situation better after Director Skolnik's testimony, but it appeared that building the long-term care facility in the north required a major shift in the elderly inmate population.

Director Skolnik said the plan required some shifting of the population since the elderly inmates were scattered around the State due to the availability of beds. He noted the Department had a nationally recognized elderly program at Northern Nevada Correctional Center. The program had been running for two years and was successful. Director Skolnik explained the program could be used as an adjunct to the new facility; the ultimate idea was to house infirm inmates who required additional medical care, but not hospitalization, and house them at the proposed long-term care facility.

Chairman Coffin asked about caring for the maximum-security elderly inmates.

Director Skolnik said the maximum-security inmates would be maintained at Ely State Prison or would be moved to the regional medical facility, which had secure beds. However, as those elderly inmates became increasingly infirmed they would not be able to run away or may be bedridden, so they could be managed in a medium-security environment and without requiring high security beds at a higher cost.

Assemblyman Grady understood that there was approximately \$500,000 invested in the plans that would be essentially thrown away.

Mr. Nunez said that was correct; the design for that particular project could not be used for any other project.

Assemblyman Grady said it seemed, over the eight years he had been in the Legislature, the Department never had short-term, intermediate or long-term goals for any of its projects. He reiterated Chairman Coffin's comment that this request was the fourth change on this project alone and said the State could not afford to throw away \$500,000. Mr. Grady wanted the Department to figure out what was really needed to ensure that constant changes were not made and money wasted.

Director Skolnik agreed with Mr. Grady, but said part of the decision making process for the proposed Southern Regional Medical Center was based on an ACLU lawsuit against the Ely State Prison. The Department had since settled that case without the need for a medical facility in Southern Nevada. He thought it was an appropriate criticism that the Department spent \$500,000, but was not moving forward with the project; however, the expenditure of millions of dollars in addition to the \$500,000 for a facility the Department did not need was certainly not in the best interest of the State. Director Skolnik added the inmate population growth of 4 percent had also changed since the original regional medical facility was proposed. The Department had only seen .50 percent growth per year, and the population was fairly flat or decreased over the previous four years, with no change in sight. He said the Department had certain inmate projections that did not come in as high as predicted, and tried to respond to those substantial changes in as efficient a method as possible. In addition, the modification that was proposed in May 2010 for the regional medical facility was devised in order to come to a settlement with the ACLU, but the agreement was finalized a couple of months later with the facility not required as part of the agreement.

Director Skolnik believed the Department responded the best it could to those changes with the resources available. He explained that 96 percent of the Department's revenue went directly into the prisons for managing and programming the inmate population. Only 4 percent of the budget was dedicated to support services, which included planning; therefore, the Department did not have many resources with which to respond to changes.

Assemblywoman Smith said it was incredibly frustrating the Department was requesting changes to this project only 18 months after the 2009 Legislative Session budget hearings where the regional medical facility was considered a high priority. She remembered the priority was not based on the ACLU lawsuit, but rather what the State needed to take care of the inmates. Mrs. Smith thought the Department knew there was an aging inmate population during the session and wanted to know how the information changed so quickly to justify wasting \$500,000 when that money could have gone to something else in the CIP budget that would have created jobs. She asked Director Skolnik to describe how the Department was going to provide medical care and the cost for the care.

Director Skolnik thought the cost of providing medical care would not change because the population had not grown significantly. He said a regional medical facility was not a hospital, but rather a large scale infirmary that did not provide the same services and resources as a hospital. The inmates who required hospitalization were still going to be admitted to the hospital and the Department still needed to provide that care just as it did before. The main difficulty with the Southern Regional Medical Facility project was funding the 93 medical positions needed to maintain the facility with the State's declining economy. The Department proposed the change in order to alleviate the major expense of the cell house conversion, at a cost of \$7 million, and then have it sit vacant without a function. He thought spending \$500,000 instead of \$7 million was in the State's best interest.

Assemblywoman Smith said although she did not disagree with Director Skolnik's theory she found it difficult to believe the Department's situation could have changed so much in 18 months since the 2009 Legislative Session ended. She was frustrated that at the end of session in May 2009 as the CIP budget was cut and rearranged to best accommodate the State's needs, the Department provided one picture of its priorities and depicted in September 2010 a completely different scenario. She asked for an analysis of the cost and why it was beneficial to take care of the inmates in May 2009, but not beneficial in September 2010.

Director Skolnik reiterated that a regional medical facility would be needed in the future, but it would be more beneficial to wait until funds were available to design and build a facility, rather than converting a cell house into a medical facility. The Department agreed to the conversion because only \$7 million was available from the 2009 Legislative Session. In addition, it was determined the cost of the project would still be prohibitive because of the need to fund and fill 93 medical positions for the facility.

Assemblywoman Smith said the concern for staffing the facility should have been addressed in the 2009 Legislative Session. She said going forward with an unjustified program did not make sense. She was upset that in the process \$500,000 was wasted.

Chairman Coffin did not like the idea of making a decision based upon what might or might not happen in a legislative session. He thought that since the inmate population did not increase as fast as projected there might be savings from inmate driven costs budgeted in the 2009 Legislative Session that could be used to offset the \$500,000 that would be lost from canceling the regional medical facility.

Director Skolnik said there were additional savings in the Department's budget from inmate driven costs; however, there were additional expenses due to overtime increases because of the state mandated furloughs. He was not sure there would be any funds to give back to offset the \$500,000 and explained the money consisted of bond funds included in the State's CIP versus General Funds included in DOC's operating budget.

Chairman Coffin noted for the last 20 years the State had used an outside group to set the Department's population projections. Those projections were generally accurate, but he thought it was an unusual time because a declining economy would have normally meant an increase in crime; however, Nevada had not seen an increase in crime.

Senator Parks asked if the inmates who would have normally populated the regional medical facility would be relocated in the future and if so, would they be transferred to the Northern Nevada Correctional Center. He was concerned that many of those inmates were from Southern Nevada, and, if relocation to Northern Nevada would be difficult for them as well as their families.

Director Skolnik said the proposed facility would not be completed for two years and the inmates would continue to receive the same care they were receiving until such time there was a change. He explained there were infirmaries to care for inmates in all the Department's facilities and the completion of a core expansion at the Southern Desert Correctional Center allowed for additional beds there. About 30 inmates who resided in the regional medical facility would be eligible to move to the proposed long-term care facility, which would free-up beds for those in need of care at the regional medical facility. In addition, if housing unit number 11 with 338 beds were to be opened, then many Southern Nevada inmates housed in facilities in the north could be relocated to the south.

Mr. Nunez recommended only the design of the long-term care facility project in the 2011-13 biennium and then construction and staffing in the 2013-15 biennium, as the facility would be completed before the end of 2013. However, that plan would be subject to the ultimate decisions by the SPWB, the Governor and the 2011 Legislature. He noted the Department would continue to operate as they were until the end of 2013.

Senator Parks asked for comment on a previous plan for the Florence McClure Women's Correctional Center to be used as a regional medical facility for the southern part of the State, and Prison 8 possibly constructed as a women's prison.

Director Skolnik explained the original plan included expanding the Southern Nevada Correctional Center making it a women's facility and converting Florence McClure Correctional Center into both a long-term care intake and medical facility. That plan was based on population projections from four years ago, which were no longer accurate. In addition, the staffing requirements for those facilities would make that conversion cost prohibitive. It would not be a viable alternative for the immediate future until additional units and program space, or a new prison was constructed.

Senator Parks asked if the Department had considered using the Southern Nevada Correctional Center as part of the geriatric facility.

Director Skolnik said the Southern Nevada Correctional Center infirmary only had six beds and the physical plant of was not adequate for staff. In addition, the Southern Nevada Correctional Center was a hilly facility and the infirmary was not presently staffed so the Department would be faced with staffing issues should it be reopened.

Senator Parks asked if the Department wanted a one-story structure for the long-term care facility. Director Skolnik replied yes.

Chairman Coffin was willing to accept some of Director Skolnik's argument regarding the need for a long-term care facility versus converting a cell house into a regional medical facility, but he did not think the Subcommittee was the venue to make the decision. Although he did not want to approve the action, he did not want to reject the Department's decision either. Chairman Coffin said the 2011 Legislative Session would start in four months and thought it would be a more appropriate time to evaluate this plan.

Mr. Nunez said the 2009 Legislature approved to design and construct the project and if the Subcommittee did not approve the cancellation of the project it would be appropriate for the Subcommittee to recommend putting the project on hold until the 2011 Legislative Session. Deciding to place a hold on the project would provide direction the SPWB could follow until a final decision was made during the session.

Chairman Coffin asked Brenda Erdoes, Legislative Counsel, Legal Division if the Subcommittee could defer making a decision and instead motion to stop the project.

Ms. Erdoes said it was a difficult question from a legal standpoint; however, she thought the Subcommittee was within its rights to defer the project. She questioned whether this was something that would require a vote of the Subcommittee or the IFC. Was this simply a choice that the agency would make not to proceed with an entire project? She explained if the agency was not going to take any of the actions that required IFC

approval then she was not sure the Subcommittee could actually stop it at this point. In statute the Subcommittee had authority to take action on whether to spend more money on a project, take money and put it somewhere else or anything that the CIP bill provided authority for the IFC to take action. She did not know enough of the facts of this particular case to know whether any of those situations were occurring with this project. Ms. Erdoes said when the Legislature made an appropriation or approved a project it was an authorization to expend that money, but there was no absolute duty imposed to go forward with spending that money. She explained that if an agency chose not to expend an appropriation it could be addressed in the following session, but the IFC stopping the project would be the same action as telling the agency to spend the money right away. Ms. Erdoes said she hoped Chairman Coffin's question was answered.

Chairman Coffin said an agency could not be forced to do something that was unreasonable and asked if Mr. Nunez's suggestion of suspension of the project was a feasible solution. He thought suspension was something the Subcommittee could do because cancellation of the project was beyond the Subcommittee's authority.

Ms. Erdoes indicated the Subcommittee could take action to suspend the project; it would be akin to deferring it until the Subcommittee brought it back.

Assemblyman Hogan thought with only five months until the 2011 Legislative Session it was a way to avoid taking an action that might not be satisfactory later; therefore, suspending it was a way of putting it aside until the Legislature could give it more attention.

Chairman Coffin agreed with Assemblyman Hogan and maintained the Subcommittee should recommend suspension to the IFC at its meeting the following day.

Eric King, Program Analyst, Fiscal Analysis Division said staff needed clarification of the meaning of suspension. For example, did suspend mean stopping the project immediately or once construction documents were finished?

Assemblywoman Smith did not want to see the State spend any more money on this project; the Subcommittee should take whatever legal action was necessary and then leave the final outcome to the appropriate committees during the 2011 Legislative Session.

ASSEMBLYWOMAN SMITH MOVED TO SUSPEND CIP PROJECT 09-C01, RETROFIT HOUSING UNIT NUMBER 11 AT HIGH DESERT STATE PRISON TO CREATE THE SOUTHERN REGIONAL MEDIAL FACILITY, NOT EXPEND ANY MORE MONEY ON THE PROJECT AND DEFER IT TO THE 2011 LEGISLATIVE SESSION SO THAT THE REST OF THE DECISION ON HOW THE MONEY WOULD BE SPENT OR WHAT PROJECT WOULD BE RECOMMENDED WAS LEFT UP TO THE COMMITTEES IN THE NORMAL COURSE OF LEGISLATIVE BUSINESS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Coffin thought the motion was a practical solution; although, he wanted to clarify the money could not be spent in another direction. Mr. Nunez said all parties working on this project would be contacted immediately and instructed to stop and the SPWB would proceed with any negative endorsements to their contracts. He added that at the Subcommittee's direction this project could also be shown as suspended or on hold on the SPWB's CIP Project Exception Report.

Chairman Coffin said the appropriate language would be worked out without treading too heavily on the prerogatives of the Executive Branch in the Constitution, but rather trying to preserve the prerogatives of the Legislature. The Subcommittee did not want to stop a project just because the next Legislature might not approve funds to support staffing a facility.

V. CONSIDERATION OF RECOMMENDATION TO THE INTERIM FINANCE COMMITTEE ON SEPTEMBER 10, 2010, REGARDING THE REQUEST TO ALLOW THE STATE PUBLIC WORKS BOARD TO ACCEPT AND EXPEND FEDERAL FUNDING OF \$321,497 FOR AGENCY PROJECT 10-A021, REMODEL FLOYD EDSALL TRAINING CENTER – ADVANCE PLANNING, LAS VEGAS FOR COMPLETION OF THE PROJECT THROUGH THE CONSTRUCTION DOCUMENT PHASE (NRS 341.121).

Mr. Nunez said this item requested to establish Agency Project 10-A021, Remodel of Floyd Edsall Training Center – Advance Planning for the completion of the project through construction documents. Since the project was 100 percent federally funded it was also a request for the authority to receive and spend \$321,497 of federal funds from the Nevada Army National Guard. The scope and budget for the project was located on page 52 of the meeting packet ([Exhibit A](#)). Also, for informational purposes Mr. Nunez said the Guard requested \$2.2 million to construct this project in the 2011 CIP with the proposed split of 25 percent state funds and 75 percent federal funds. He indicated the request was in process and would go to the Board for deliberation, with a recommendation to the Governor by October 1, 2010.

Chairman Coffin asked if the project was 100 percent federally funded. Mr. Nunez said only the design was 100 percent federally. Chairman Coffin noted the federal fiscal year was ending September 30, 2010, only three weeks from the meeting date. He wondered if the funding could be committed and expended in that short of a timeframe. Mr. Nunez replied the money could not be spent, but could be committed with a signed contract by the end of September 2010.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE THE REQUEST TO ALLOW THE STATE PUBLIC WORKS BOARD TO ACCEPT AND EXPEND FEDERAL FUNDING OF \$321,497 FOR AGENCY PROJECT 10-A021, REMODEL FLOYD EDSALL TRAINING CENTER – ADVANCE PLANNING, LAS VEGAS FOR COMPLETION OF THE PROJECT THROUGH THE CONSTRUCTION DOCUMENT PHASE (NRS 341.121).

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

VI. DISCUSSION REGARDING THE STATUS OF CIP PROJECT 09-CO2A, NEW 36-BED CHILD AND ADOLESCENT HOSPITAL – SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES.

Chairman Coffin recalled during the 2009 Legislative Session, the Legislature worked very hard on mental health issues. During session, the Division of Child and Family Services indicated it was necessary to separate children requiring acute care from children requiring residential treatment. He said it was determined the key to solving this problem for children with mental health needs was the construction of a mental health facility just for children. Remodeling and changing an adult wing to a children's wing in a building on the Southern Nevada campus was considered, but at a cost of \$7 million to make it adequate it was thought construction of a new building might be more appropriate. The building, CIP Project 09-C02a, New 36-Bed Child and Adolescent Hospital – Southern Nevada Child and Adolescent Services was approved for design through construction, and Chairman Coffin thought it was the only building approved in the 2009 Legislative Session. He read in the paper that the Department of Health and Human Services administration recommended to stop the project after design and construction documents were completed and not construct the hospital because the Department was not going to recommend funding for personnel needed to staff the facility. Chairman Coffin thought when the Legislature approved this project, it was with the understanding that the building would be staffed, particularly since there was a mandate by the federal government to segregate the two types of treatment for children, and this building was that solution. He asked why the Department wanted to stop construction of this building.

Mr. Nunez announced the purpose of this agenda item was to provide information only. When the SPWB met with the Department to discuss the project it was requested that work stop on the hospital after the design and construction documents were completed. He said the design was close to being completed, but it would probably be March 2011 before construction would ensue. He thought at that point the Legislature would be in session and able to determine the status and evaluate whether it was prudent to move into construction as the 2009 Legislature had funded, or whether the project should be stopped. Mr. Nunez explained the Department was not asking for the Subcommittee to make a decision, but rather, provide information regarding the Department's concerns

and the proposed schedule. The SPWB recommended proceeding with the current schedule for the completion of the design and construction documents and then in March or April of 2011 check with the 2011 Legislature to decide if a contract for construction should be awarded, or the project halted.

Chairman Coffin asked how much money had been spent to date on this project. Mr. Nunez replied the project was about 70 percent completed through design and the expenditures equated to approximately \$1 million. He thought the Subcommittee members would probably disagree with suspension, stopping or cancelling the project. He asked to hear about the status of the Department's position, as well as Medicaid's position on this project.

Diane Comeaux, Administrator, Division of Child and Family Services said the Subcommittee might recall a number of years ago the Division had an onsite visit by Centers for Medicare and Medicaid Services (CMS). She cited during that visit CMS indicated there was a federal regulation that prohibited billing Medicaid for services provided at a hospital, which had both acute psychiatric and residential treatment care beds. It was acceptable to have both types of beds in the same hospital, but the Division could not bill Medicaid for the services provided at such a facility. She explained there were many other states with the same situation as Nevada operating facilities with both types of beds, but those states had not been told of the violation. The onsite visit provided CMS an opportunity to see the State's hospital and note the violation. Since that visit, the Division had not heard from CMS, there had been no disallowances for the claims and the new federal administration had not pressed the issue of compliance with this regulation.

Chairman Coffin said the Division informed the 2009 Legislature a change had to be made. Ms. Comeaux said that was correct because it was a violation of a federal regulation. Chairman Coffin said he did not think the State wanted to risk its status in receiving reimbursement from Medicaid and thought Ms. Comeaux seemed more relaxed on this issue than during the 2009 Legislative Session. He was concerned about maintaining consistency on these issues from session to session.

Ms. Comeaux agreed there was still an issue; the State was in violation of the federal regulation, which caused concern for the Division. She stated the project was not being stopped and would move forward for completion of the design. However, the Division was cautious in its decision making, which included addressing whether to issue the bonds for the project in March of 2011. Since the 2009 Legislative Session ended federal health care reform had been enacted which would have an impact this particular program, but it was unknown how or to what extent. With the federal health care reform more children would be insured and the children who were insured or had a pay source generally would go to a private hospital to receive services. Children admitted to Desert Willow were either underinsured or uninsured and were made Medicaid eligible for the period of time they were in the hospital in order for the State to provide services. She said a private hospital would not do that because it would have a pay source. As more children became insured, they would have the option to be admitted to a private

hospital rather than a public hospital. Ms. Comeaux said health care reform was a huge bill and the Division was trying to determine whether there would be a specific impact on this hospital. She thought more information might be known before the 2011 Legislative Session, where this issue would be addressed again.

Chairman Coffin clarified there was no change in Ms. Comeaux's position to build the hospital, and the State could continue to move forward as if no discussion had occurred in public about not building it.

Ms. Comeaux thought Mr. Nunez's recommendation was to continue with the projects planning, but move ahead cautiously and then revisit the issue during the 2011 Legislative Session. One of the discussions during session would be regarding funding the positions to staff the hospital. Although there were not many positions, Ms. Comeaux explained that if the two units operating at the existing hospital were moved to the new hospital there would be an additional cost of \$225,000 per year, which included \$111,000 in utilities. There would also be a \$30,000 accreditation process and \$12,000 for the licensure. She noted the additional costs were just to move the unit and not expand the number of beds or anything of that nature.

Chairman Coffin said there was no question of the necessity for this building in Southern Nevada. Ms. Comeaux said she understood. Chairman Coffin pointed out the agencies agreed to move forward as if nothing had happened without any delays.

Assemblywoman Smith expressed her frustration and thought there was another side to this issue. She felt an absolute sense of urgency in the 2009 Legislative Session to commit to building a new hospital in Southern Nevada not only for the CMS requirement, but also because it was the right thing to do so that the children were not put into a compromised situation or in harm's way. Mrs. Smith acknowledged that the situation with health care legislation and Medicaid needs had changed since the 2009 Legislative Session; however, the staffing and budgeting requirements were known when the project was approved and that had not changed. She was concerned that the project was taking a different direction just because the State had not heard from CMS. She did not want to see any children in harm's way because the State chose not to do something because CMS had not responded.

Chairman Coffin announced the Subcommittee did not have to take action on this item and thanked Ms. Comeaux for testifying.

VII. DISCUSSION REGARDING THE SYSTEMS USED TO PLAN, ORGANIZE AND CONSTRUCT CAPITAL IMPROVEMENT PROJECTS, INCLUDING INFORMATION ABOUT THE ADVANTAGES AND DISADVANTAGES OF THESE SYSTEMS.

Chairman Coffin introduced Warren Hardy (former Nevada State Senator), who represented the Associated Builders and Contractors of Nevada (ABC). He was

present at the meeting by request of the Chairman to testify regarding concerns about bid selection and the endorsement of certain methods of construction of public buildings. Chairman Coffin said there was controversy, which stemmed from a newspaper article published in the Las Vegas Sun on August 24, 2010. The article was about a transportation project and the objections of how a new design method could hurt bidding, and whether changes need to be made or more attention needed to be paid to the current statutes. He wanted to have Mr. Hardy's concerns on record.

Mr. Hardy clarified for the record that his comments in the newspaper article were not related to any specific project and said Mr. Nunez and the SPWB were addressing the ABC's concerns. For context, he explained that as a legislator in the 1990s he had worked on a piece of legislation that was adopted in 1993 or 1995 that created the first design-build process in Nevada and brought it into the public sector. At that time the concept was somewhat controversial, but had started to be used in the private sector and some people in government thought it would be a useful tool in the public sector as well. Mr. Hardy remembered the Associated General Contractors (AGC) had many concerns then and wanted to ease into the process, so the legislation had numerous limitations some of which were removed over the course of the previous 15 years. Design-build became a practice that was fairly well accepted and the natural evolution of that method became the construction manager at risk (CMAR) process. He pointed out that CMAR was much like design-build, but CMAR included a very important element that was counterintuitive to providing an opportunity for everyone to bid on public works projects. Mr. Hardy explained that in order for CMAR to work the construction manager or the contractor had to be completely at-risk. A contractor could not be completely at-risk unless they had 100 percent, or close to 100 percent control over choosing all the trades that would work with them (subcontractors, architects and engineers, etc.). He thought if a construction manager or contractor was going to be held responsible or completely at-risk they had to be provided the opportunity to select a team of their choice. Mr. Hardy noted CMAR might not be compatible with the public works concept; all taxpayers in Nevada should have the opportunity to bid for work paid for by their tax dollars. His concerns had been relayed to Mr. Nunez and the Spending and Government Efficiency (SAGE) Commission. Mr. Hardy supported and endorsed CMAR as a concept and option for local governments and state agencies, but he thought there needed to be a way to ensure the competitive bidding process existed within that process. He said Mr. Nunez and the city of Las Vegas were diligently trying to make that happen. Everyone was working at some level to make sure the bidding process was alive, while still providing the freedom the construction manager at risk needed to be able to select subcontractors. Lastly, Mr. Hardy added that because of the American Recovery and Reinvestment Act funding and requirements from the federal government in the 2009 Legislative Session there had been two different methods of implementing design-build and CMAR in Nevada. Although it was nobody's fault, the ABC wanted one set of rules to govern all parties, which he said was also a goal of the SPWB.

Assemblyman Grady assumed there were CMAR projects being built or completed throughout the State.

Mr. Hardy said he did not know if any CMAR projects were being built, but some had been built in past years.

Mr. Grady said Lyon County was considering a CMAR project and he wanted to make sure everything was in place before the county proceeded.

Chairman Coffin commented that a following agenda item concerned the University of Nevada, Las Vegas, Student Recreation and Wellness Center, which was one of the first state buildings constructed under the CMAR method and had serious issues with seismic deficiencies. The problems that occurred with using CMAR as a method of construction for this building had nothing to do with the bidding process, but rather with the quality of the design and the construction. Although this was a discussion, he thought the information had meaning for the next legislative session, to address the possibility of changing statutes or the issue of fair bidding. Chairman Coffin asked Mr. Nunez to comment on Mr. Hardy's concerns.

Mr. Nunez said by law the SPWB utilized three procurement methods including design-bid-build, design-build and CMAR. The traditional method was design-bid-build, but there had been a variety of projects in which the two newest procurement methods, design-build and CMAR were utilized. Referring to a project in Northern Nevada, Mr. Nunez received complaints from the subcontracting community on how the subcontracting was done by the prime contractor. To provide information about the process and to address the complaints he met with the subcontractors as well as the AGC and ABC. He invited the group to attend a Board meeting in which the Board explored improving the process within the existing laws. As a result of that meeting the Board assigned a subcommittee, which met and provided proposals. Although not everyone involved was 100 percent satisfied, the consensus was to wait to see how the proposals worked within the current statutes. He said all the proposed changes to the CMAR process would be implemented before the State committed to another CMAR project.

Noting that Mr. Hardy brought up the issue of two statutes, Mr. Nunez said the statute which the SPWB worked under was NRS 341, and for a long time the SPWB was allowed to utilize CMAR. He said local government operated under NRS 338 and did not have the authority for CMAR until 2007. When NRS 338 was created in 2007 it incorporated all governmental agencies, which included the SPWB. To date, the SPWB complied with NRS 341 and NRS 338; however, the SPWB requested to be exempt from NRS 338 for one biennium in order to get some shovel ready projects funded through ARRA programs. The exemption was scheduled to sunset on June 30, 2011; although, the SPWB requested it become a permanent change for the SPWB to stay under NRS 341 and local government would stay under NRS 338. He said the AGC expressed wanting all parties under NRS 338 and after a series of meetings in the north and south, with participation mainly from Washoe County and Clark County, the SPWB indicated it would support a proposed bill in the 2011 Legislative Session. The bill would not be contradictory to NRS 341 so the SPWB could comply with NRS 341 and NRS 338.

Chairman Coffin asked if there should be a standardization of all the methods by which projects were governed due to the problems that could occur with CMAR and the risk involved with selecting subcontractors without the proper bidding process.

Mr. Nunez said changes to the CMAR process advised the contractor of the rules to meet the state requirements without removing his authority to select subcontractors. If the State told the contractor which subcontractors to utilize then the State would be at risk for those subcontractors. He noted there was a fine line to keeping the contractor at risk and not bringing that risk to the owner's side. Mr. Nunez thought the law and proposed amendments would appease everyone to ensure that after qualifying to bid all parties interested could bid on a CMAR project.

Chairman Coffin thought there had to be a climate that made bidding rewarding and enticing. If the State did not have enough bids by either general contractors, or subcontractors it resulted in an unhealthy situation. He said the bidding process needed to be healthy to foster equality, diversity and the quality of construction. He noted it was very tempting for the owner of a building to choose which contractors or subcontractors to utilize, but in reality those decisions could be harmful, as was the case at UNLV with the Student Recreation and Wellness Center.

Mr. Nunez agreed with Chairman Coffin; he attended a number of meetings where there was a movement among the attendees to promote hiring a local workforce. He cited that language proposed to the Board encouraged hiring a local workforce, but without interfering with interstate commerce or other laws.

Mr. Hardy appreciated Mr. Nunez's comments. Mr. Hardy had always been a strong advocate of innovative ideas in construction and wanted governments to have access to innovative tools. However, if one of the purposes of state public works was to insure that all Nevada taxpayers in the construction industry had equal access to bid work, he thought maybe the goal of having all taxpayers who were in business in Nevada who wished to bid a public works job might be a mutually exclusive objective from the goals of CMAR. Mr. Hardy had spoken to a representative of AGC and thought everybody understood the importance of providing the opportunity for all Nevadans to bid. That bidding concept could be extended from design-build to CMAR.

Mr. Nunez said as soon as the documents were completed and approved by the Board they would be made available to interested parties.

Mr. Hardy thanked Chairman Coffin for allowing him to testify and further commented that in terms of reaching out to the construction industry, Mr. Nunez had done everything possible to rectify this issue.

Chairman Coffin thanked Mr. Hardy for appearing and he also thanked Mr. Nunez for his contribution. Chairman Coffin said with four members of the Subcommittee returning for the 2011 Legislative Session he was leaving the Legislature in good hands.

He did not care what a person in private industry paid for a building nor did he care if that person used their brother-in-law, cousin, son or daughter as the contractor as long as the building code was followed. The purpose of public works boards, design-bid-build and other older concepts was to keep the process out in the open and limit corruption. Corruption attempted to create contracts that favored certain people, and the older processes were created to counter generations of abuse. Chairman Coffin thought bidding was the best way to make sure taxpayers got the best deal on taxpayer-funded buildings. Even though there was criticism that the process was slow the public works boards were established for maintaining a level of honesty in the construction of public buildings.

Chairman Coffin thanked staff for creating the narrative on the difference between design-build, design-bid-build and CMAR for the Subcommittee members. In the interest of time, he decided to pass over discussing the different construction methods. Chairman Coffin urged the Subcommittee, the press and the public to review and study the information to gather a level of understanding since the process affected taxpayer dollars.

VIII. PRESENTATION REGARDING THE NEVADA EARTHQUAKE SAFETY COUNCIL AND THE EFFECT OF SEISMIC ACTIVITY ON BUILDING CONSTRUCTION IN NEVADA, DR. JONATHAN G. PRICE, STATE GEOLOGIST AND DIRECTOR, NEVADA BUREAU OF MINES AND GEOLOGY, UNIVERSITY OF NEVADA, RENO.

Chairman Coffin introduced Dr. John Price, State Geologist and Director, Nevada Bureau of Mines and Geology, University of Nevada, Reno and Secretary, Nevada Earthquake Safety Council. He noted Dr. Price was a nationally recognized geologist and had previously been president of a national association for geologists. Dr. Price was at the meeting to make a presentation on Earthquake Hazards in Nevada. Chairman Coffin said he met Dr. Price about 20 years prior while working on the money committees to discuss what Nevada needed in order to have its buildings ready for a potential earthquake. He said a few years ago there was an earthquake in Wells and some of the buildings fell down as a result. The Legislature wanted to do an inventory of buildings to determine the risks for failure in an earthquake, but a bill was vetoed that would have allowed expenditure of funds to obtain the inventory. Instead the State had to rely upon existing resources for pertinent information. Chairman Coffin cited all the work that the Earthquake Safety Council as well as Mr. Nunez and the SPWB staff, had done on the inventory.

Dr. Price utilized PowerPoint slides for his presentation which were also located in the meeting packet ([Exhibit A](#)) starting on page 63. He stated that earthquakes occurred throughout the State and potential losses from earthquakes were high for many Nevada communities, including the larger areas of Carson City, Reno and Las Vegas. His office had done work to locate the Nevada earthquake faults that had moved in the recent geological past, and working with the U.S. Geological Survey, a map was released in

2008 showing information about these faults. Dr. Price said the interactive map could be accessed online at www.nbmng.unr.edu and by entering an address in a search field the map could be used to locate homes and businesses as either an aerial photograph or a topographical map to display faults colored by age of most recent movement. Information regarding individual faults, recent motion and the slip rate was included in the online mapping, which told a lot about the hazard of a particular fault. The faults were shown as 1,000 meter wide swaths rather than individual lines so the data was too coarse and did not lend itself to determine if an individual house or exact location was built on a fault line. Historical information showed that about half of the faults of big earthquakes throughout the western region had occurred on faults that only moved in the last 130,000 years. He said the faults shown in yellow, red and orange on page 68, were considered the most hazardous; the faults in green and blue had a reduced hazard relative to the others.

Continuing, Dr. Price said his organizations had worked very closely with the U.S. Geological Survey in producing the probabilistic seismic hazard analysis, which fed into the International Building Code and was then adopted by local jurisdictions. The probabilistic seismic hazard analysis integrated three different types of data, including fault data, data about where earthquakes had occurred and a new type called geodetic data, which measured strain actually occurring at the earth's surface. He said a large component of earthquake detection was derived from fault data because earthquake faults were located throughout Nevada and earthquakes had occurred everywhere in the State. The map of seismicity shown on page 77 of the meeting packet showed the main areas of the big earthquakes, as well as the earthquake near Wells in 2008. Because seismometers were located in certain areas of the State, but not everywhere, the present network was only able to identify the very big earthquakes. Dr. Price recognized that better seismometer coverage would be a plus for more thorough earthquake data gathering. Geodetic data collection consisted of using high precision GPS instruments placed on the ground (typically on bedrock) to measure strain. The data showed Western Nevada picking up strain related to the San Andreas Fault, with approximately 20 percent of the motion between the North American and Pacific plates giving rise to a big hazard in California. There was also crustal extension where Salt Lake City and Reno were moving apart from one another at a rate of about a centimeter a year, which provided the topography seen in Nevada consisting of the north-south ranges and the north-south valleys. Dr. Price explained there was a combination of crustal extension and shear along the big plate boundary between the two big plates in the west. The right lateral shear along the San Andreas Fault also gave Nevada the northwest trending faults that could be seen along the border with California and the western part of the State. He pointed out the shear went all the way from Las Vegas up to and past the Reno area, which was a wide swath of northwest-trending strike-slip faults very similar to the San Andreas Fault. The information allowed the building officials to look at it in terms of accelerations that were caused during an earthquake and the probability of those accelerations. Another way of evaluating that same information was to look at the probability of an earthquake of a given size occurring over a particular period of time within a certain distance of a community, which was shown on page 80. Dr. Price stated a more detailed report was available for

38 different communities throughout the State encompassing communities with populations of 500 or more. There was variability of the likelihood of an earthquake among the communities; however, no area was immune from earthquake hazard. Much of this information was entered into a loss estimation model named HAZUS-MH, developed by the Federal Emergency Management Agency (FEMA) along with a consultation company that works with the insurance industry. The model estimated the type of damage likely to be seen in a certain areas from an earthquake and was used for setting insurance rates. Economic loss estimates in the larger regions in Nevada were shown on page 83.

Chairman Coffin asked what the caret symbols represented in the table on page 80, regarding the probability of an earthquake of a given magnitude occurring within 50 years and within 50 kilometers of a particular community.

Dr. Price explained the caret symbols in the table signified greater than or less than. For example, the probability of a magnitude 5.0 earthquake occurring in Dayton, Carson City, Reno, Incline Village or Stateline within the next 50 years was greater than 90 percent. The next column on the table showed tilde symbols, which when placed in front of the the number meant approximately. He cited for example, there was approximately 80 percent probability for the top listed communities on the table for a 5.5 magnitude earthquake with various communities ranging from Laughlin with the lowest probability to Dayton with the highest probability.

Chairman Coffin asked if Las Vegas included just the city limits or the whole valley.

Dr. Price said the probabilities applied across the whole Las Vegas Valley.

According to the table, Chairman Coffin observed that Las Vegas had a 40 to 50 percent chance of an earthquake of at least a 5.0 magnitude within the next 50 years. He thought, with what was known about probability, an earthquake could happen tomorrow or it could happen in 100 years.

Dr. Price said his organization used the FEMA loss estimation model and had analyzed five different earthquake magnitudes from 5.0 to 7.0 for 38 communities with the information provided online. However, there were many uncertainties with the model including the location of epicenters, depths and magnitude when combined with changing population and other factors (page 82, [Exhibit A](#)). He offered the following example: for a 6.0 magnitude earthquake, which was the size of the Wells earthquake in 2008, FEMA estimated that Las Vegas would have a total economic loss of about \$7 billion. The same size earthquake in the middle of Reno would be a \$2 billion loss and it was estimated for Wells to be a \$30 million loss. The actual numbers for Wells were close to \$10 million so the model was off by a factor of three, which he thought was good for FEMA. From his perspective, he found it interesting that the model showed the probability of Wells having a 6.0 magnitude earthquake at only a 9 percent chance in 50 years. He said Carson City was a 70 percent probability, 7.8 times higher than the probability for Wells, but the earthquake actually occurred in Wells. For the

Reno/Sparks area it was about 7.4 times and for the Las Vegas area the probability was about 1.3 times and 12 percent in the next 50 years, which was slightly higher than Wells. Dr. Price stressed that no area of Nevada was immune from potentially having an earthquake. The charts on pages 88 through 92 of [Exhibit A](#) provided information using the HAZUS model for estimates of building damage, public shelter needs, hospital needs, fatalities and total economic loss from varying magnitudes of earthquakes occurring in the Las Vegas area. Dr. Price noted there was variability in the loss estimation models, but the models presented useful information in planning emergency management scenarios and exercises. The chart on page 88 illustrated the number of buildings with major damage (extensive to complete damage), with 15,000 buildings in a magnitude 6.0 earthquake, and 60,000 buildings in a 7.0 magnitude earthquake. Page 89 showed the number of people who would need shelter for a 6.0 magnitude earthquake at approximately 3,600, and 13,000 for a 7.0 magnitude earthquake. The model on page 90 estimated 1,100 hospitalizations would be needed in a 6.0 magnitude earthquake. Dr. Price did not think there would be that many vacant hospital beds available on any given day, let alone 8,100 beds estimated to be needed in a 7.0 magnitude earthquake. It would be prudent to have an emergency management plan in place to triage all those individuals and also a process for transporting the injured to other hospitals in other parts of the western United States.

Chairman Coffin needed clarification on the charts depicting 15,000 buildings damaged, but only 3,600 people needing temporary shelter. He asked if that was because many of the 15,000 buildings were residential and those people needed permanent shelter versus a hotel, or the people were assumed to have found another type of shelter.

Dr. Price said the model did not take into account hotels and largely looked at residences. He thought the model assumed that most people had relatives or friends nearby to stay with if their house was damaged instead of needing shelter. The program had certain assumptions built in based on what happened in previous earthquakes such as the Northridge and Loma Prieta earthquakes in California.

Chairman Coffin suggested if an earthquake happened and hotels were damaged, the number of people needing shelter could be affected. He thought the program did not contemplate how many people could require shelter from a highly concentrated living environment even though it was transient. At any given time there were 3,000 to 4,000 people living in a one-acre footprint hotel.

Dr. Price agreed and said that was one of the uncertainties with the program, but the main point was the loss estimation numbers were large in a significant hazard situation. He also thought the model showed a large number of fatalities compared to the capability of handling that many fatalities at once. Lastly, the chart on page 92 estimated total economic loss of \$7.2 billion with a 6.0 magnitude earthquake and \$25 billion for a 7.0 magnitude earthquake. He stated the loss estimation models provided information on what would happen if a big earthquake occurred, but it required being prepared to respond. He thought the State Division of Emergency Management and local emergency management agencies had done well at preparing for major

earthquakes; however, it was a continuing issue whether the public was prepared with emergency kits and plans.

Additionally, Dr. Price said the Legislature had made great progress regarding earthquakes with the mitigation of structural risks through building codes. A state law said that local jurisdictions should adopt the latest seismic provisions of the International Building Code to keep up-to-date with the best thinking about earthquake hazards as well as the best building codes. Where the State could do more was with unreinforced masonry buildings (URMs), which were prevalent throughout Nevada. Dr. Price said the Legislature and the SPWB were working on a project together to determine how many state-owned buildings were URMs. The Earthquake Safety Council was also involved in a project regarding URMs to get information from all the county assessor offices to inventory URMs in the private sector and those owned by the counties and local jurisdictions. He indicated another area where more could be done was mitigating non-structural risks, which were things that were not part of the structure, but would collapse during an earthquake such as fixtures or books that potentially could fall and hit someone. Page 94 showed a photo of a URM that collapsed during the Wells earthquake in February 2008. The front of the building did not look too bad. Part of the façade had fallen off; however, the photo of the backside showed the building totally collapsed. Dr. Price said that type of building needed retrofitting, changed occupancy, or to be knocked down and rebuilt. He indicated there were plenty of easy remedies to avoid non-structural damage, such as bracing bookshelves to the wall or bungee cords across the books, as shown on page 96. He said it seemed unlikely that someone would be killed by falling books; however, if a bookshelf fell over in front of a door, and the building caught on fire, there could be a life threatening issue. He also thought it was important to secure computers and page 97 showed the measures the Clark County Building Department took to isolate its mainframes during an earthquake so they would slide around, but not fall over and become damaged or hurt someone.

Dr. Price described the Earthquake Safety Council as a body to advise the State Division of Emergency Management on earthquakes. All the members were volunteers from various state and local agencies including engineers, scientists and concerned citizens. There was good representation from the north and south and the members included Senator Hardy and Assemblyman Anderson. The Council was funded by a FEMA grant and matching funds for the grant were provided by the shop at UNR and the UNR Seismological Laboratory, which helped to operate the committee. The committee met quarterly, with the agendas and minutes posted regularly and distributed broadly to interested parties. He thought the committee was successful in its approach to earthquake mitigation throughout the State, as were presentations to county commissioners and emergency managers through the quarterly meetings of another advisory committee to the Division of Emergency Management called the Hazard Mitigation Planning Committee. That committee helped local governments be more competitive in obtaining FEMA funding for hazard mitigation. As mentioned earlier, the Council was compiling the ongoing inventory of URMs from the county assessors' offices in which a report was forthcoming, as well as an ongoing project to look at the overall effects of the Wells earthquake. Dr. Price indicated the Wells earthquake

provided an example of why it was important to get rid of URMs, and how to deal with earthquakes in a rural community. He said the Council was linking with California for the third year on the Great California-Nevada ShakeOut, which was a simulated earthquake exercise scheduled for 10:21 a.m. on October 21, 2010. It was anticipated for 6 million people to participate and the Council was trying to get as many people from Nevada including all the schools throughout the State to drop, cover and hold and be prepared for an eventual earthquake. The Council was also working to improve the seismic and geodetic monitoring throughout the State as well as detailed locations of faults and the characteristics of faults, which were the three key aspects of earthquake-hazard analysis feeding into building codes. Dr. Price concluded his presentation and was open to answering questions from the Subcommittee.

Chairman Coffin thanked Dr. Price for his presentation and asked if he knew the location for the California-Nevada ShakeOut earthquake exercise on October 21, or if the idea was to have some element of surprise. Dr. Price said he did not know the location but thought it would be in California possibly in Los Angeles as had been done in the past. He said even a 7.5 or 8.0 magnitude earthquake there would be big enough to have an impact on Nevada and cause some damage in Las Vegas.

Chairman Coffin wanted to take part in the exercise if it was possible to be involved. He thought other members of the Subcommittee or other Legislators might be interested as well.

Dr. Price said it would be great for them to participate and promised to communicate to staff on where to go to join in the process. He said the building of the exercise for Nevada was just in its infancy. The Council wanted to make sure all the schools were set up to have students get underneath a sturdy table or desk when the shaking occurred, which was the smartest procedure in an earthquake.

Assemblyman Hogan said he and his wife were rock collectors and had them displayed on cabinets in his home. Upon Dr. Price's suggestion, he would make an effort to move or secure them in the event of an earthquake.

Chairman Coffin thought citizens should be particularly cautious about what was hanging above their beds. Anything too tall or wide above a bed would fall and could cause injury or even death. He commented that Southern Nevada shook on numerous occasions as a result of earthquakes of 6.5 or 6.8 magnitude on Long Valley, the California-Mexico border, or anywhere in that area where there were old fault lines that created the Colorado River.

Dr. Price said only a handful of faults had been studied in detail and research was still needed on the frequency of earthquakes on given faults. There was much known about the fault in Genoa south of Carson City because it was geologically one of the most recent active faults. It had a 7.5 magnitude earthquake about 550 years prior and another earthquake occurred about 2,200 years before. He said a few other faults

throughout the State had been studied, but detailed studies still needed to be done to really understand the seismic hazards of those faults.

Lastly, Chairman Coffin asked if it was true that the country of New Zealand did not know there was a fault in Christchurch, one of its major cities, when an earthquake happened there and pictures he had seen showed damaged brick buildings. Dr. Price replied it was quite common for an earthquake to occur on a fault not previously known; however, New Zealand was a very seismically active area with a major fault, similar to the San Andreas Fault, cut through the south island where Christchurch was located. He thought it should not have been a surprise for a 7.0 magnitude earthquake to occur close to Christchurch and the damage was to unreinforced masonry buildings. Chairman Coffin reiterated there were plenty of unreinforced masonry buildings in Northwest Nevada.

IX. DISCUSSION REGARDING THE INVENTORY OF STATE-OWNED UNREINFORCED MASONRY BUILDINGS.

Chairman Coffin pointed out there was an inventory of state-owned unreinforced masonry buildings (URMs) provided by the SPWB starting on page 101 of the meeting packet ([Exhibit A](#)). He asked Mr. Nunez to tell the members about the building inventory and whether the State was able to cope with the problem of having so many URM's. He voiced concern for the University of Nevada, Reno (UNR), campus.

Mr. Nunez acknowledged the State had many URMs and some of them had been retrofitted (Capitol Building, Capitol Annex, Attorney General's Office), although there were many more that needed to be done. He said a number of buildings on the inventory report were at UNR (page 110, [Exhibit A](#)).

Chairman Coffin commented many of the buildings at UNR were dormitories, including Lincoln Hall, at approximately 110 years old and Manzanita Hall built in 1896. He thought the possibility of the collapse of such an old building needed to be considered, especially since college students were living in the building. Can the State in good conscience continue to let students live there? Should the building be used for alternate purposes? He realized that the risk had been there for a long time, but wondered what would happen to the building in a 6.0 magnitude earthquake.

Mr. Nunez thought an earthquake over 5.8 magnitude would cause substantial damage to any of the old buildings on the UNR campus and agreed the issue should be addressed. The buildings were historical, so they would not be torn down, but needed to be retrofitted and upgraded instead. Even though the buildings had been standing for 100 plus years they were still vulnerable to an earthquake, as were the 400-year-old unreinforced masonry buildings in Italy that came down in an earthquake a few years back.

Chairman Coffin was also concerned about the Student Recreation and Wellness Center on the University of Nevada, Las Vegas, campus, which did not conform to seismic standards, even though it was new construction. Mr. Nunez commented he would not put the Student Recreation and Wellness Center in the same category as unreinforced masonry buildings and Chairman Coffin agreed.

Chairman Coffin reiterated his concern for the students living in the dormitories on the UNR campus and cited in the 1991 Legislative Session when as Vice-Chair of the Senate Committee on Finance the Committee appropriated money to conform buildings on the UNR campus to a higher safety standard. He asked Mr. Nunez if he knew what had happened with that plan.

Mr. Nunez said both Lincoln Hall and Manzanita Hall were part of the CIP at one time, but when the State ran short on cash the money appropriated for those projects was reverted. To date no retrofitting had been done to those building and nothing was planned.

Chairman Coffin stressed to the members to keep this issue in mind because it was a risk not to retrofit these particular buildings and other state buildings; however, he realized that the lack of money was an issue for the 2011-13 biennium. He thought legislators would not want something dire to happen with these building while they were in office. He urged them to impress that idea upon the newer legislators and to be alert on earthquake safety. Chairman Coffin said the public thought the buildings were safe because the State allowed them to be occupied. Because the citizens were trustworthy, the State needed to be open with information about safety. He asked if the UNR campus had any plans for the buildings in question.

John Price, Nevada Bureau of Mines and Geology, University of Nevada, Reno, understood retrofitting was part of the university's long-range CIP plans, which included at least 10 of the 14 buildings listed on page 101 of the meeting packet ([Exhibit A](#)). There was a study conducted using FEMA funding on a disaster resistant university project, which utilized a structural engineering firm to assess all the buildings on campus for possible URM's. Eight buildings were identified as possible URM's and two others were identified as having URM aspects to their construction. He said 10 bad buildings were part of the total of 14 buildings on the inventory list. He was not sure if the university's capital improvement plan was to knock down or to retrofit those 10 buildings. Since retrofitting could be quite expensive on some of the buildings, he thought in some cases it might make more sense to find another dormitory to move people into and not use the building for that purpose any longer.

Chairman Coffin said he did not know what eastern U.S. campuses had done with their old buildings, whether mitigated or destroyed and rebuilt. He asked if there was a process whereby occupancy could be changed in these buildings. For example, from a dormitory, which was the most vulnerable to the loss of life and injury and converted to storage, office, or some other combination not likely to cause a large magnitude of loss.

Dr. Price responded he did not know whether UNR had any specific plans as the Chairman described. With regard to the eastern universities, he said the issue had not been readily addressed because most were in much lower seismic hazard areas. However, retrofitting and rebuilding of older buildings had been addressed at premier California universities such as University of California, Berkeley, and Stanford University, since California was a much more seismically active area.

Mr. Nunez indicated when the occupancy of a building was changed it triggered a permitting event in which the building official would be notified and would most likely trigger the seismic retrofit of the building. If the building stayed with the same type of occupancy, it would not trigger the code provisions and the seismic retrofit would not be required.

Chairman Coffin thought the Legislature could be proactive and make a change in the standards regarding the requirement to re-permit these old buildings when a change in occupancy was requested, so loss of life and injury could be avoided in the case of an earthquake without having to fund the retrofitting in tough economic times.

Dr. Price pointed out there were some federal programs with FEMA that would provide funding to help with seismic retrofitting if there was a positive benefit cost analysis on the building. The matching funds were three-to-one federal dollars to non-federal dollars and he thought \$3 million was the cap the federal program provided. Dr. Price said the State Hazard Mitigation Planning Committee would help local and state agencies line up the best proposals and help with the benefit cost analysis as part of the program to attract as many FEMA dollars to Nevada as possible.

Chairman Coffin asked staff if there was anything else that had not been covered. Eric King, Program Analyst, Fiscal Analysis Division said no motion was required since the item was for discussion only. Chairman Coffin suspected the URM inventory was not complete; however, he wondered if it was complete as far as state-owned buildings were concerned. Mr. King replied the inventory did not include privately-owned buildings and Dr. Price pointed out some discrepancies on the UNR building inventory so some information may need to be clarified or modified. Chairman Coffin recommended that the SPWB, the Earthquake Safety Council and any other programs work together to fix the inconsistencies. Mr. King added it would be helpful to have one complete accurate inventory.

Dr. Price pointed out that this sort of inventory was made up of probable URMs. The buildings were not definite URMs until a structural engineer assessed the buildings to determine what type of retrofitting was needed. A statewide inventory to include private and county-owned buildings would be available through the Earthquake Safety Council. The Council's intention was to take the SPWB information and integrate it into a broader study. He said the Council was making good progress on the inventory and had almost all the rural county information; however, information from Clark County and Washoe County was lacking. The Council had produced some preliminary maps that showed

the location of residential and commercial buildings in several of the communities, but it would be several months before that would be completed.

Mr. Nunez said the inventory was compiled by the SPWB facility condition analysis group and was a planning document with and further analysis performed when it got to the project level.

Pat Sanderson, Retired Laborer, Northern Nevada, said in 1965 or 1966 he and his brother were pouring concrete on the top floor of the Arlington Towers construction project in Reno when a 6.7 magnitude earthquake hit. The building was constructed with sway bars, which was the latest seismic technology at that time. He said the whole building swayed back and forth for about five minutes and he held on for the duration, but his brother ran all the way down from the top floor and made it to the bottom before the building stopped swaying. Mr. Sanderson said it was very scary, but the construction was well done on that building and there was no damage except to the forms that had not yet been poured. Although there was limited damage to university buildings from the 6.7 magnitude earthquake he pointed out every building on the inventory list had been built prior to Arlington Towers and would not have utilized sway bars or other seismic related construction techniques.

Chairman Coffin suspected there was cumulative or hidden damage in buildings that survive an earthquake. The integrity of the building becomes slightly weaker over time based on what happened during the hazard event.

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

Chairman Coffin asked for testimony on the status of the dispute regarding the University of Nevada, Las Vegas, Student Recreation and Wellness Center Building and whether it had been resolved.

David Frommer, Executive Director, University of Nevada, Las Vegas, Planning and Construction had appeared before the Subcommittee at the June 22, 2010, meeting on the same topic. Recalling information he presented at the June meeting and background on the issue, he noted that in 2008 there was a seismic compliance problem with the Student Recreation and Wellness Center. The issue was discovered while looking at other construction items and the university took a course of action to correct the problem. A solicitation process to hire a structural engineer ensued and in April 2010 during that hiring process, the architect of record agreed to proceed with the design of the retrofit to correct the seismic compliance issue. The university met with the architect of record, the SPWB as the Building Official and the SPWB's third-party structural plan check expert in May 2010 to discuss the basis of the design and the standard of performance for performing the retrofit. In July 2010 the architect of record submitted a basis of design to the SPWB, which was subsequently reviewed and

commented on in August 2010 by the State and its third-party plan checker. The architect of record had an opportunity to respond to those comments and the SPWB as Building Official approved a basis of design in August 2010. Design concepts that would be in compliance with that basis of design were being reviewed and in early October 2010 an initial 35 percent design package to show what scope of improvements would be needed to correct the seismic compliance issues was expected. Mr. Frommer said for compliance purposes all parts of the design concepts were being reviewed by the SPWB as Building Official. He also noted a construction company had been chosen and the university had entered into contractual negotiations for the staging and operation of the project, disruptions to the building and cost estimating. Mr. Frommer thought the project was on target to finish the design by the end of 2010, to receive plan check and permits in early 2011 and the construction improvements in the spring or summer 2011. He said to date that was a general summary of the status of the project and concluded his testimony.

Chairman Coffin asked who was going to pay for the retrofit of the building.

Mr. Frommer said it was still uncertain who was going to pay for the flaws in the construction, but the university had been working with the architect of record and had reserved all rights going forward for any claims. Chairman Coffin asked Mr. Nunez how he felt about the course of action since the SPWB had been brought back into the process.

Mr. Nunez said the information Mr. Frommer provided for the Subcommittee concurred with what the permitting section of the SPWB had indicated to him. The SPWB was moving ahead on the project with design development plans expected soon. The approach the university was taking was approved by the State Building Official and it was indicated the actual repairs should be done in summer 2011.

Chairman Coffin thanked both Mr. Nunez and Mr. Frommer.

XI. PUBLIC COMMENT.

No one came forward for public comment.

XII. ADJOURNMENT.

Before adjournment, Assemblywoman Smith indicated this was Chairman Coffin's last meeting of the Subcommittee to Review Public Works Board Matters. She thanked Chairman Coffin for his service and leadership of the Subcommittee and said he had taught the members about projects and their history. She thought Chairman Coffin also inspired the members and other legislators to tour projects and buildings in order to get a visual picture for more information when making decisions. Assemblywoman Smith concluded by thanking Chairman Coffin again for his teaching and his service.

Chairman Coffin thanked Assemblywoman Smith and all who attended the meeting. Chairman Coffin adjourned the meeting at 4:17 p.m.

Respectfully submitted,

Patti Sullivan, Committee Secretary

APPROVED:

Date:_____

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