

**MINUTES OF THE  
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session  
February 4, 2015**

The Senate Committee on Government Affairs was called to order by Chair Pete Goicoechea at 1:29 p.m. on Wednesday, February 4, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Pete Goicoechea, Chair  
Senator Joe P. Hardy, Vice Chair  
Senator Mark Lipparelli  
Senator David R. Parks  
Senator Kelvin Atkinson

**GUEST LEGISLATORS PRESENT:**

Senator Aaron D. Ford, Senatorial District No. 11  
Senator Becky Harris, Senatorial District No. 9  
Senator Ben Kieckhefer, Senatorial District No. 16  
Senator Ruben J. Kihuen, Senatorial District No. 10  
Senator Michael Roberson, Senatorial District No. 20  
Senator Pat Spearman, Senatorial District No. 1

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Policy Analyst  
Heidi Chlarson, Counsel  
Nate Hauger, Committee Secretary  
Toshi McIntosh, Legislative Assistant  
Gena Plummer, Committee Manager  
Darlene Velicki, Committee Secretary  
Suzanne Efford, Committee Secretary

**OTHERS PRESENT:**

Jerome Tushbant, Chief, Capitol Police Division, Department of Public Safety  
Dana Grigg, Captain, Assistant Judge Advocate, Nevada National Guard, Office  
of the Military  
Scott Katherman, Major, Joint Force Headquarters, Nevada National Guard,  
Office of the Military  
Tray Abney, The Chamber  
Lisa Noonan, Ed.D., Superintendent, Douglas County School District; President,  
Nevada Association of School Superintendents  
Joyce Haldeman, Clark County School District  
Jim McIntosh, CFO, Clark County School District  
Traci Davis, Interim Superintendent, Washoe County School District  
Peter Etchart, Chief Operations Officer, Washoe County School District  
Mac Bybee, President/CEO, Nevada Chapter, Associated Builders and  
Contractors, Inc.  
Adam Rutherford, President, Spanish Springs Construction, Inc.  
David Ellis, Communication Electronic Systems  
Megan Bedera, National Federation of Independent Business  
Janine Hansen, President, Nevada Families for Freedom  
Lynn Chapman, Vice President, Nevada Eagle Forum  
John Wagner, State Chairman, Independent American Party  
Patrick Gavin, Director, State Public Charter School Authority, Department of  
Education  
Jan Leggett  
Paul Moradkhan, Vice President, Las Vegas Metro Chamber of Commerce  
Jill Tolles, Parent Leaders for Education  
Jessica Ferrato, Nevada Association of School Boards  
Pat Fling, Executive Director, Acting in Community Together in Organizing  
Northern Nevada  
John Madole, Executive Director, Nevada Chapter, Associated General  
Contractors of America, Inc.  
Craig Holt, Sierra Nevada Construction, Inc.; President, Nevada Chapter,  
Associated General Contractors of America, Inc.  
James H. Thompson  
Johnny Flanagan  
Louis DeSalvio  
Samantha Draper, Smart Cities Prevail  
Trish Bullentini Kuzanek, Martin Iron Works

Senate Committee on Government Affairs  
February 4, 2015  
Page 3

Jarrett Rosenau, Operations Manager, Clark and Sullivan Construction  
Steve Jones, Vice President, Field Operations, The PENTA Building Group  
Chris Caluya, Sletten Construction of Nevada  
Manny Garcia  
Lance Semenکو, Chief Operating Officer, Q and D Construction, Inc.  
Tom Pourchot, Vice President, Intermountain Electric  
Frank Lepori, Frank Lepori Construction  
Tim Dombroski, Jetstream Construction, Inc.  
Katrina Brown  
Vicenta Montoya, Latino Democratic Caucus  
Chris Ferrari, Nevada Contractors Association  
Dave Backman, K. G. Walters Construction  
Ed Uehling  
Rick Ewing, Las Vegas Paving  
Craig Edwards, Operations Manager, Aggregate Industries  
Aaron Jones  
Margaret Cavin, J and J Mechanical, Inc.  
Mike Cate, Silver State Masonry  
Nate Roach, Gradex Construction Company  
Larry Mineer  
Dan Dupree  
Carole Vilardo, Nevada Taxpayers Association  
Victor Joecks, Executive Vice President, Nevada Policy Research Institute  
Victoria Carreón, Director of Education Policy, Guinn Center for Policy Priorities

**Chair Goicoechea:**

I will open the hearing with the adoption of the Committee Rules ([Exhibit C](#)).

**Senator Parks:**

I suggest revised wording on rule No. 10. My recommendation is a revision to read, "A committee may not take final action on a bill or resolution until at least 24 hours after conducting an initial hearing on the bill or resolution." In the past, we have not taken immediate action on bills or resolutions to allow time for further comment in order to get the best product possible.

**Chair Goicoechea:**

I agree that is usually the norm. In this Committee, I have no intention of hearing a bill and moving it the same day. This Committee will try to conduct work sessions on Friday. However, I oppose your suggestion. Sometimes we

get a simple bill, it is easy to hear and no one has objections—I will ask if we can vote that day. I would rather not put it hard and fast.

SENATOR HARDY MOVED TO ADOPT THE STANDING RULES OF THE SENATE COMMITTEE ON GOVERNMENT AFFAIRS.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Goicoechea:**

Policy Analyst Jennifer Ruedy has prepared the Committee Brief ([Exhibit D](#)). Seeing no questions on the Brief, I will open the hearing on Senate Bill (S.B.) 82.

**SENATE BILL 82**: Removes certain obsolete provisions relating to security services provided by the Capitol Police Division of the Department of Public Safety. (BDR 27-358)

**Jerome Tushbant (Chief, Capitol Police Division, Department of Public Safety):**

I have submitted written testimony regarding the background and purpose of S.B. 82 ([Exhibit E](#)).

**Chair Goicoechea:**

We will close the hearing on S.B. 82 and open the hearing on S.B. 90.

**SENATE BILL 90**: Confers upon a person who is subject to the Nevada Code of Military Justice the right to demand a court-martial in lieu of accepting nonjudicial punishment. (BDR 36-338)

**Dana Grigg (Captain, Assistant Judge Advocate, Nevada National Guard, Office of the Military):**

Senate Bill 90 revises provisions of *Nevada Revised Statutes* (NRS) 412. I have submitted written testimony ([Exhibit F](#)) on the background and revisions contained in S.B. 90.

**Senator Parks:**

Is this standard National Guard procedure throughout the Country?

**Captain Grigg:**

Do you mean, are we becoming similar to other states in offering the court-martial option?

**Senator Parks:**

Yes.

**Captain Grigg:**

Most states are aligning with the Uniform Code of Military Justice (UCMJ). Thirty-seven states have adopted the Model State Code of Military Justice. The states had the option of choosing pieces of the code. Approximately half of them chose to offer the court-martial option and the other half did not.

Because the Nevada National Guard is an operational force with ongoing deployments, we need to have a seamless transition between the active duty forces, the National Guard and the reserves. This will make it easier for the Judge Advocate General (JAG) court list to litigate issues more consistently.

Even if states are not in line with what we are proposing, it is an improvement to the Nevada Code of Military Justice (NCMJ). Certain restraints in the NCMJ create the need to allow our members to have that option.

**Chair Goicoechea:**

Does this give the service members the flexibility to choose one option or the other?

**Captain Grigg:**

Yes, it does. It gives them the option to have a court-martial in lieu of taking Article 15, Commanding Officer's Non-judicial Punishment, UCMJ. For example, if we are proposing to take a stripe from an individual for disciplinary reasons, in the past, due to the provisions of the Model Code, we did not give the option of a court-martial. In doing more research, it has been determined this option needs to be given to the members. If they choose a court-martial, the punishments are more severe. It puts the onus on legal counsel to appropriately manage their clients and explain that to them. It also puts more responsibility on commanders to consider the punishments and review the available options.

**Scott Katherman (Major, Joint Force Headquarters, Nevada National Guard, Office of the Military):**

I brought this issue to my colleagues at the U.S. Army JAG Legal Center and School in Charlottesville, Virginia, in December. They have concerns about whether there is a constitutional parameter on what we are proposing. Rules for active duty personnel are codified in 10 USC, section 815 under Article 15 wherein:

... except in the case of a member attached to or embarked in a vessel, punishment may not be imposed upon any member of the armed forces under this article if the member has, before the imposition of such punishment, demanded trial by court-martial in lieu of such punishment.

Previously, if the offense we were contemplating punishing did not involve a restraint of freedom, then the individual did not have the right to request a trial by court-martial.

There really is no punishment that we could actually call a restraint of freedom. It appears that the government has it both ways. It is much better to align ourselves with what occurs with active duty personnel. It gives more protection to the soldier and is something we should definitely consider passing.

**Senator Hardy:**

After a person gets an Article 15, can he or she request a court-martial?

**Major Katherman:**

He or she may request a court-martial from the time of the Article 15 notification until the commander imposes the punishment. After that, it is too late.

Commanders still have the ability to do a summarized Article 15, codified in NRS 412, by which the soldier cannot request a court-martial. However, the punishments are minimal, such as restriction and extra duty. There is no loss of pay and no loss of rank. For a regular company grade or field grade Article 15 in which pay or rank can be taken, the soldier or aviator has the opportunity to request a court-martial at any point before punishment is imposed.

**Senator Hardy:**

How much time do you have between a summary warning and the actual awarding of an Article 15?

**Major Katherman:**

We give them from one drill period to the next, which is usually 1 month. I advise the commanders to allow 45 days. That affords time to speak to defense counsel because all of our defense counsels in this State only work one weekend a month. None of them work full time. The service personnel have to have the opportunity to speak to defense counsel, have a meaningful conversation and consider their options.

**Chair Goicoechea:**

We will close the hearing on S.B. 90 and open the hearing on S.B. 119.

**SENATE BILL 119:** Revises provisions relating to educational facilities.  
(BDR 28-732)

**Senator Becky Harris (Senatorial District No. 9):**

I will address the sections of S.B. 119 dealing with the rollover bond. This bill was brought to you because we need more schools. The need for more schools throughout Nevada is critical and without adequate facilities, the ability for our children to learn is being infringed upon. I have taken the time over the last several months to visit many schools, speak with principals and educators and ask them how we as a Legislature can support them in the big task they have in educating our children.

Based on my discussions with the educators, teachers and other administrators in various counties, it is my understanding that as of today we need approximately 28 schools in Clark and Washoe Counties. An additional ten schools in Clark County would need some structural improvements to increase school capacity.

At the Legislature, we need to provide for the educational wellbeing of the children of Nevada. We can make a big step in attending to those needs by providing the necessary facilities for our children. The longer we wait, the more urgent our need for schools becomes. Passing this bill will provide us with the tools necessary to ensure that we can build the schools our children need. Senate Bill 119 will accomplish that important goal.

Section 2 of the bill deals with the bond rollover. We are going to make a change to the bond rollover procedure for school districts. In existing procedure, voters can approve a ballot question that authorizes the board of trustees of a school district to issue general obligation bonds over a 10-year period without having to obtain approval of the voters for each specific issuance of bonds that they choose to have over that 10-year period.

Those general obligation bonds, or the ones issued by the board of trustees of a school district, raise money to construct or purchase school building; enlarge, remodel or repair existing buildings; and purchase property as sites for school buildings.

To give you some historical perspective, bond rollover authority was first authorized by the Legislature in 1997. Many school districts across the State have used this provision for school facilities. Some examples include Carson City plus Churchill, Clark, Douglas, Humboldt, Lyon, Nye, Pershing, Storey, Washoe and White Pine Counties.

Some important protections have been built into this rollover process. First, the board of trustees cannot issue bonds during the 10-year period if it would make the existing tax for debt service insufficient to pay for the principal and interest on the district's outstanding bonds and the bonds proposed to be issued. If we are not able to service our debt, we may not issue more bonds. This does not increase taxes.

Second, for each issuance, the board of trustees is required to obtain approval of the county debt management commission. In Clark and Washoe Counties, there is an additional requirement that the Oversight Panel for School Facilities also grant approvals. Therefore, checks exist on requests for additional school facilities.

In addition, if voters approved a ballot question authorizing a bond rollover, the 74th Session of the Legislature provided that such a question may also authorize a type of pay-as-you-go funding for school projects. This pay-as-you-go funding is created from the transfer of any excess revenue generated by a school district's property tax for debt service to fund for capital projects, which pays for authorized capital projects of the school district.



Pay-as-you-go funding gives school districts the flexibility to pay cash for smaller capital projects or projects with a short useful life instead of having to bond to pay for those projects.

Senate Bill 119 gives additional tools for school districts in their efforts to provide school facilities. That is why it is so important.

If voters have approved a bond rollover question in the past or do so in the future, S.B. 119 allows the board of trustees to issue general obligation bonds for an additional 10-year period without having to obtain voter approval. The same protections apply to bonds issued during this additional 10-year period. The board cannot cause an increase in the district's tax for debt service, and bonds have to be approved by the county debt management commission plus the Oversight Panel for School Facilities in Clark and Washoe Counties.

If the original voter approval of rollover authority occurred more than 10 years ago, the additional 10-year period starts on the effective date of this bill, when passed by the Legislature and signed by Governor Brian Sandoval. If voter approval of rollover authority occurred within 10 years before the effective date of the bill or at any time after the effective date of the bill, the additional 10-year period starts on the date of the expiration of the initial 10-year period approved by the voters. No other approval of the voters is required for the issuance of bonds by the board of trustees during the additional 10-year period.

Senate Bill 119 extends the pay-as-you-go authority to this additional 10-year period. Any excess revenue generated from the tax rate on the debt service can be used to pay for authorized capital projects. This can be important for those districts whose bond rollover question did not contain authority for pay-as-you-go funding because the questions were approved by voters prior to 2007 when pay-as-you-go funding was first authorized by the Legislature.

Here are a few examples of the potential impact of S.B. 119, using Clark County. Within the first year of the rollover, we would be able to raise funds for six new schools and increase capacity through structural improvements to ten additional schools. I want to give you an idea of how the geographical spread could affect the entire County. I do not want you to have the misperception that perhaps we are just dealing with particular areas of Clark County. Top-priority areas impacted by new school construction and addition projects located throughout Clark County would include Senatorial Districts

represented by Senators Manendo, Denis, Harris, Roberson and Goicoechea if S.B.119 is passed. Priority projects for additions to increase school capacity would be made in Senators Kihuen, Parks, Denis, Atkinson, Segerblom, Manendo and Lipparelli's districts.

Senate Bill 119 is a great first step toward improving education in Nevada. In order to educate our children appropriately, we need to have appropriate facilities for them to attend that foster learning.

**Senator Atkinson:**

How did you prioritize the schools?

**Senator Harris:**

If we were to pass S.B. 119, two schools in your Clark County Senatorial District would receive top priority for structural improvements to increase capacity.

**Senator Atkinson:**

The Southern Nevada Forum addressed this issue. What makes this bill so different from what the Forum dealt with over the past summer?

**Senator Harris:**

I cannot give you a precise answer because I do not know all the particulars of what the Forum addressed. I will have to get back to you.

**Senator Ben Kieckhefer (Senatorial District No. 16):**

All sections of this bill are about school construction and providing a safe, stable-learning environment for the students in all of our districts. The reality is that we have scarce resources to provide that capital, physical plant for our schools, and the provisions I am about to describe ensure that we maximize those scarce resources.

Section 1 of the bill exempts school construction and maintenance from complying with existing prevailing wage statutes. This exemption applies to the 17 traditional school districts, charter schools and university buildings.

Sections 3, 4 and 5 of the bill provide the same exemption for lease-purchase agreements entered into by Nevada System of Higher Education (NSHE)

institutions. The controlling language for that is in section 4, subsection 5 of the bill.

Section 6 repeals the existing requirement that NSHE follow prevailing wage laws on nonpublic works projects, most of which are funded by private donors.

Those three areas of exemption from prevailing wage law are contained within S.B. 119. The question then becomes why and whether they are the same or different. The answer is simple. They are exactly the same.

If we go back and approve this exemption, we revert to the free market to price the construction of our schools. When we do that, we build more schools, remodel more-aged buildings, repair more-damaged facilities and in doing so, provide a better, safer and less-crowded learning environment for all of our students. We do it all for the same amount of taxpayer money.

You will hear from others who disagree with that point. There are those who will say that the savings are not that significant. Studies will show you anything you want to see on anything. Studies will show a 30 percent savings—maybe, maybe not.

Critics have told me that it could be as low as 5 percent. Five percent is not insignificant. We have more than \$500 million worth of capital construction in Washoe County alone. Five percent of \$500 million is \$25 million worth of taxpayer dollars. If you consider that insignificant, I suggest that you are out of touch with your constituents.

Most importantly, we can take however much it is—5 percent, 10 percent whatever it may be—and reinvest that back into the physical plant of our education system to ensure that we do right by our students.

It is a fact and not deniable that the prevailing wage schedule published by the Office of Labor Commissioner far exceeds wages paid in the open market in our State and each of our communities. You do not need to go much further than that. The Department of Employment, Training and Rehabilitation (DETR) wage schedule, which is published on an annual basis, is not an apples-to-apples comparison. We acknowledge that. Fringes and things like that are included in prevailing wage but not necessarily in the DETR rate. Even if you ramp it up by a fair percentage, they are not comparable.

Prevailing wage surveys conducted by the Office of Labor Commissioner are flawed in many ways and in most cases result in prevailing wage rates that far exceed wages paid and available in the free market in each of our communities. Those are not wages that prevail in the free market. The system designed to create that no longer does if it ever did.

The result is that by requiring public works, especially in education, to comply with these laws, we force taxpayers to pay substantially more than they have to for the same product. Doing so is bad government and leads to one of two outcomes. The first requires government to take more money from the taxpayers to buy the exact same thing. The second has government buy less because it pays an unnecessary premium above that of the free market. The result is fewer schools being built, fewer repairs being made and fewer rehabilitations of significantly aged properties. That bad outcome can be avoided by going back to the marketplace to determine the true cost of school construction. That is what is in S.B. 119.

It is the only responsible choice we can make on behalf of our taxpayers. It is the only responsible choice we can make on behalf of the students of our districts who are counting on us to provide a safe, stable-learning environment for them. We all see it. We all hear about it. This is a critically important issue.

**Senator Atkinson:**

The school bond rollover is not a new idea. It has received a lot of bipartisan support. It has not been as contentious as it is today.

Why did we choose to hijack a good piece of legislation that has bipartisan support and convolute it with something that you know with which many people do not agree?

**Senator Kieckhefer:**

The provisions regarding the bond rollover are consistent with other pieces of legislation discussed. There is support in many ways for some of those provisions. I am not convinced that support is broad enough to pass this Legislature standing on that alone. I say this with a decent amount of confidence. If just section 2 were brought to this Legislature, it would not pass. The reasons for that are numerous. One of them is that section 2 circumvents the right of the voters of our districts to approve leveraging debt against their property, which has traditionally been their right. I personally have an issue with

that as do many of my constituents and colleagues. In the course of doing so, at least I can go back and tell them that I intend to get them the best deal I can.

Many ideas introduced in this building are similar to other works in progress that we go forward with over time. I introduced these exemptions on prevailing wage 2 years ago and did not get a hearing. These are not new ideas. We have been dealing with the problem of capital construction in this State for a long time. A bill to deal with this in Washoe County 2 years ago did not result in more school construction.

You have a piece of legislation before you that is focused on our ability to maximize school construction.

**Senator Atkinson:**

Are you concerned that if we gut prevailing wage, folks will not be able to feed their families? Studies show that when prevailing wage has been gutted, the same folks who should make a reasonable wage are working and receiving assistance. Is anyone concerned about that other than me?

**Senator Kieckhefer:**

Good stable employment is critical to all of us. That is the reason we are here. The idea of our prevailing wage law was to ensure that wages paid on public works projects were consistent with wages generally paid in the region in order to avoid being undercut by people coming from out of state. Our prevailing wage schedule does not reflect wages actually paid in our schedule.

If we wanted to look at revising prevailing wage to more adequately reflect the real marketplace, that would be fine. There have been suggestions to do that over the years. Ultimately, few substantive changes have been made to this law for decades. We spend money on behalf of taxpayers in a less responsible way than I would spend my own money. That does not sit right with me.

**Senator Atkinson:**

Are you both aware of a study conducted in Michigan and Colorado that found no increase in construction costs where workers are paid fair wages? Those states went down this road and then conducted studies after the fact and determined there were no additional costs. You used an analogy earlier that it could be, but the rest of us do not see any signs or proof of that. Have you had an opportunity to look at the study?

**Senator Kieckhefer:**

I have seen a study from Michigan that shows significant savings. Maybe we are looking at different studies or reading the same one differently. I would be happy to get with you to discuss this. There are studies that show this.

We are concerned about the potential emerging labor shortage in Washoe County. In that case, the free market is going to drive up wages. The savings may not be as substantial if that happens. I am okay with that.

I am talking about ensuring that we are doing right by the taxpayers and that they get the greatest value for the taxes they remit to us.

**Senator Atkinson:**

I understand that. The Governor said that according to the director of the Office of Economic Development, we need to create higher-paying jobs, but today we are discussing pay cuts for construction workers. They do not go together.

You will conclude that the bond has some relevance to prevailing wage. We know that the bond rollover bill had bipartisan support—and now you add this piece that probably should have stood on its own if you have that much faith in it.

**Senator Kieckhefer:**

We had an opportunity for this bill to stand on its own 2 years ago, but it did not get a hearing. I am not convinced there is enough bipartisan support to pass a clean bond rollover bill out of this body with nothing else in it. We need schools. I need schools in my district. I am sure you need schools in your district.

The Office of Economic Development presentation we heard yesterday in the Senate Committee on Revenue and Economic Development made it very clear that we need a better physical plant for our education system—and this will help do that.

**Senator Parks:**

Senator Harris, since you covered the rollover portion, section 2 of the bill, would you support the bill if sections 1, 3, 4 and 5 were removed?

**Senator Harris:**

I agree that we need to build more schools. I have to concur with my colleague, Senator Kieckhefer, that we need to be careful with taxpayer dollars, particularly because we are bypassing taxpayers who have traditionally been able to give a yes or no on whether we could issue bonds. As we look at ways to build schools, we need to make sure we do it in the most responsible, cost-effective way. This bill meets those needs and has the best chance of passage out of both the Senate and Assembly.

**Senator Parks:**

I do not quite share the same feelings that everyone else has regarding prevailing wage. In many instances, it has been proven that prevailing wage works to the advantage of the taxpayer and works to the advantage of everybody. It creates a fair wage for working individuals.

Senator Kieckhefer commented that he had a problem with the calculation of the prevailing wage. It brings to mind the question: Why do we not fix it rather than toss it out? It is like tossing the baby out with the bath water.

**Senator Kieckhefer:**

I appreciate that question. I am not averse to overhauling our prevailing wage structure. I have a bill that I am contemplating for that purpose. There have been many efforts to revise that system for quite some time, and they have found little success in getting through this body. In the absence of that, we find ourselves in a default position to a full exemption for school construction because the need is so great. There are many amendments and changes we could make to the system of the prevailing wage survey calculations. Some of the fault needs to lie at the feet of those open-shop contractors who do not fill out and remit the survey. However, the fact that we use prevailing wage jobs to calculate prevailing wage rate is like calculating the average temperature of Las Vegas set in June, July and August.

There are problems and structural deficits that we could fix in the system overall, and if that is the direction in which you would like to go, I am happy to have that conversation with you. Over the years that has not found support, so this is where we have landed because of the urgency for capital construction on schools.

**Senator Goicoechea:**

I would not support the rollover without the prevailing wage clause, and a number of people in our caucus would not. I anticipate it will be the same in the Assembly.

**Senator Atkinson:**

Senator Harris, do you support the bill without the prevailing wage portion?

**Senator Harris:**

We need more schools and, as Senator Goicoechea just reaffirmed, it will not pass this Committee without that provision. It becomes impactful to have that prevailing wage provision, particularly when we start talking about renewing bond rollovers without voter approval. We need to ensure that we use taxpayer dollars in the most cost-effective way.

**Senator Atkinson:**

My question was: Do you support the bill without the prevailing wage portion?

**Senator Harris:**

I have to support the bill with the prevailing wage provision.

**Senator Atkinson:**

If you have to, I understand.

**Tray Abney (The Chamber):**

We strongly support S.B. 119. We want to make clear that the bonding piece is not a tax increase. It maintains the current tax rate. We supported A.B. No. 46 of the 77th Session, which actually increased taxes in Washoe County to fund the maintenance of our schools. We were not successful in that effort. We do support providing more revenue for our schools. This does not provide more revenue, it just maintains the bare minimum.

As in Clark County, Washoe County schools are bursting at the seams. We have 224 trailers being used as classrooms for our kids. Our high schools are at 101 percent capacity. We need this bill just to maintain what we have.

We cannot fit the kids we have now, much less Tesla kids and the other kids moving to northern Nevada. The school district is the only local government that has to keep going to the voters to provide its level of property tax funding.



I mentioned A.B. No. 46 of the 77th Session. It will not seem like it today, but we worked with labor on that bill to increase funding for schools.

We must spend our tax dollars in the most efficient way possible. For the next 117 days, we will hear much talk about the elephant in the room, revenue increases. We look forward to that conversation. However, if we talk about revenue increases, we have to ensure that the dollars we take from taxpayers are spent in the most efficient way possible. We have to stretch every dollar we get.

I will not put words in the mouths of the opponents of this bill. They will be more articulate than I would with their positions. However, you will hear about working people and the middle class. Fourteen percent of Nevada's workforce is in labor unions. We also need to be concerned about the other 86 percent. Business owners are middle class too. Some of the hardest-working people I know are small business owners. I represent about 1,800 of them. They do not get overtime. They have to work on weekends and well past 8 hours a day. They deserve our support, and their tax dollars should go as far as possible. Their kids and our kids deserve more classrooms, more schools and new schools.

There is much rhetoric in this building from those elected and not elected about kids and how education is important. If all of our actions match our rhetoric, we need to talk about new revenue—but we also need to talk about being more efficient with the current revenue. I urge you to support this bill.

**Lisa Noonan, Ed.D. (Superintendent, Douglas County School District; President, Nevada Association of School Superintendents):**

We were all excited to see this bill come forward this week. Our excitement began with the Governor's speech and the hope that maybe something regarding our bond rollover dilemma could be incorporated into this Session.

If we are to have these facilities, put our children in them every day, and expect them to be safe and feel encouraged to focus on their learning, then we have to take care of these facilities. That has become increasingly difficult for us as the guardians of the school districts.

We know there are many demands on finances across the State. We see this bill as offering some alignment in a particularly creative idea that does not raise

taxes and allows each school district with its unique needs and challenges when it comes to capital responsibilities to have the bond program extended in a creative way to help each of us individually.

We support the bond piece, but I was a caught off guard on the other portion of the bill, and I am not prepared to speak on behalf of all of the superintendents. I am neutral on that portion of the bill. I am sure there are pros, cons and unintended consequences which will need discussion as it goes forward.

**Joyce Haldeman (Clark County School District):**

I have submitted written testimony supporting S.B. 119 and describing the need for the bond rollover provision ([Exhibit G](#)).

**Jim McIntosh (CFO, Clark County School District):**

I provided some reference material with graphs titled "Clark County School District Property Tax Capacity: January 2015" ([Exhibit H](#)) and "Clark County School District Pledged Revenue Capacity: January 2015" ([Exhibit I](#)).

The purpose of these graphs, particularly the one titled Clark County School District Property Tax Capacity, [Exhibit H](#), is to let you know that this bill could not be more perfect and timely for the Clark County School District (CCSD). These graphs, [Exhibit H](#) and [Exhibit I](#), represent the debt maturities that the CCSD has had over its last three bond programs. This is the principal and interest of the debt that the CCSD has to continue to pay.

The red line on the property tax graph, [Exhibit H](#), represents property tax revenues that we would use. We continue to receive this property tax rate; however, we cannot bond against this property tax rate. If you note, in 2015 the red line is below our debt service. This means that the revenues we receive are not enough to cover the principal and interest of the debt as it matures.

That will change in fiscal year 2016. The dates at the bottom of the graph are based off fiscal years beginning July 1 through June 30. The gold section represents capacity.

The timing of this bill would mean that the CCSD may borrow approximately \$266 million with the general obligation bonds backed by the rollover rate that this bill would authorize. We would issue this debt in approximately 6 months. We would also ask the Clark County School District Board of Trustees to move

forward with a bond reimbursement resolution that would allow us to begin spending that money today with the promise to begin reimbursement from bonds issued in the future. We would use money from our debt service reserves and replenish those reserves upon bond issuance. Issuing the reimbursement resolution has no affect if this bill does not pass or we choose not to borrow in the future.

The next graph, Clark County School District Pledged Revenue Capacity, [Exhibit I](#), is another component of our bond program. This is not affected by [S.B. 119](#). There is capacity here as well. The principal and interest from the 1998 program is represented by the brown area. The gold area is future capacity. We are allowed to use these revenues on a pay-as-you-go basis. We had planned to do this as part of a CCSD contingency plan to move forward with another ballot question in November 2016. Our goal had been to use these revenues to tide us over until we got to an actual ballot question.

If this bill passes, we would use these revenues as well. We would borrow against these revenues in the future capacity. The revenues would provide another \$212 million. In the short term, and over a 2-year period of financing, we would be able to raise over \$850 million. Over the 10 years allowed by this bill, we would raise approximately \$3.6 billion. The CCSD has a need of approximately \$7 billion. This would meet only half the need of the CCSD. In the next 2 years, it would allow us to respond quickly to the CCSD growth. The CCSD has grown by over 10,000 students in the past 3 years, and we have not been able to respond with new school facilities. The last new school facilities built in the CCSD were in 2010. There were five facilities built, four elementary schools and a high school.

I have submitted a list of CCSD shovel-ready projects 2015-2016 ([Exhibit J](#)). This is a list of all of the things the CCSD would be able to do within a 5-year span with 2 years' worth of financing. If this bill passes, we would immediately respond to growth in the Las Vegas Valley by beginning the construction of 12 new schools in Clark County. In addition, we would begin providing additions to add capacity to many of our schools and looking at those areas where we do not have land or are unable to purchase land at the amount needed in order to build new schools.

We would add additions at 40 schools. We would replace two of our oldest elementary schools, Rex Bell and Lincoln Elementary Schools, and we would

continue the phased replacements promised for two of our oldest high schools, Southeast Career Technical Academy and Boulder City High School.

In addition, we would respond to many of the technology needs of the CCSD. We are moving forward with what we call one-to-one programs—one device per student—that require us to beef up the Wi-Fi infrastructure in each of our schools. We would use approximately \$65 million of this funding to go toward technology upgrades at all our schools. We would also begin attending to over \$6 million of modernization needs in the CCSD. We would set aside \$81 million for various life-cycle replacements, including HVAC systems, roofs, plumbing, local area networks and low-voltage electric projects.

This is what we would do in 2 years. The bill allows for 10 years of financing toward \$3.6 billion, which would require the CCSD to create a more complex master plan—to include some land acquisition and other items—that would take us a bit longer to create. We want to respond to the growth, and with the passage of this bill, we would accelerate that response rather than waiting another 2 years just to pass a ballot question. It would save us 2 years on opening a new school. Some schools in this 2-year financing would open by August 2017.

**Chair Goicoechea:**

I hope this Committee and the whole body in the Legislature understands how critical this is to schools. It is highly unusual to have a bill like this on Day 3 of Session, but we intend to get it out, get it signed and get you started.

**Senator Atkinson:**

We need new schools, we need them constructed and we need them sooner than later. The portables are an issue everyone understands, but you failed to address the prevailing wage portion of the bill. Does it cause any concern that the quality of these schools will not be up to the standards we are accustomed to in this State if we start building them without prevailing wage? Prevailing wage has shown quality. You may not want to address that because you just want money for schools, you want schools built. I get that. However, are you in the least concerned about the quality of these schools if we decide to add this to this bill? Senator Kieckhefer mentioned that they did not get hearings before on the prevailing wage issue. They are in the majority now. If he wants a hearing, he can get it. I am concerned about the quality if we go down this road.

**Traci Davis (Interim Superintendent, Washoe County School District):**

I am here to talk about the building as it relates to learning and bring it to the view of the kid and the teacher. As a principal, I recall being in the lunchroom, and a kid said to me,

“Miss Davis, did you know that the ceiling was sad?” I said, “Really?” He said, “Yes, the ceiling’s crying.” I’m like oh, what a great job of personification being taught in that second grade class. But really, when I walked into the room, there was a bucket and water was dripping. So I asked him, “Why did you think the ceiling was crying?” He said, “That’s what my mom tells me at home.”

When you think about our most precious assets in Nevada, we mean students which span the State. We have to do our due diligence to take care of these students. We know there are challenges; some of our most needy kids are in older buildings. That is just a fact. They are at risk. We need to make sure they are safe, warm or cool, depending on where you are in the State, dry and have optimal time for learning without interactions.

I can also speak to growth because I remember having 42 rambunctious fifth graders in a room. That is pretty amazing if you have not had that opportunity. What is amazing about it is you change the way you teach based on space. When you have enough space you can do differentiated instruction, learning groups and provide all types of opportunities for science projects. But when you lack space, you are just about a child and a desk and making sure he or she can hear you. We need to make sure that we are providing students with every advantage.

When we talk about increasing the graduation rate, it is not just for rural areas, it is not just for the north, it is not just for the south, it is for Nevada. That happens when we take care of kids in prekindergarten through kindergarten, because that is when we start the race to graduation. They need to have the opportunity in classrooms to optimize that learning experience.

I have had the experience of working in an old school, Lois Craig Elementary. I have worked in a new school. I have opened a new school. I have been a principal at a new school. I have worked in the north and in the south, the full gamut. There is always competition. As a teacher, I was afforded different

luxuries in a newer building. That is just a simple truth. So we talk about teacher morale.

I hope I was able to paint a picture of what we are talking about at the building level for kids and students. We endorse the rollover bond because we know it will address some of our most critical needs—space and building maintenance to support students and teachers every day.

**Peter Etchart (Chief Operations Officer, Washoe County School District):**

As with Clark County, property tax bonding authority is vital to Washoe County School District (WCSD). Other than the limited Governmental Services Tax that we receive, property tax is our only source of funding for maintaining, renovating or building schools. The commitment to the public made during the 2002 rollover bond has been fulfilled. The funds are fully expended or committed to projects. Unfortunately, after the funds are fully expended in 2017, we will be left with no available funding to maintain, renovate or build new schools. We have been diligently working to be accountable with these funds and are excited to announce that we are rolling out a new data site the end of this month, taking accountability and transparency to its highest level.

The public site will include project data and bid results on all of our projects for the past several years. You will see the high bidder on any project, as well as the second bidder; the costs; school capacity and utilization data; number of school classes, portables and team teachers; and school boundaries. The site will be used by people moving to our State and our city who want to identify what school they will attend. You will see how that school is being used and how much available space the school has.

I am most excited about you viewing every project the school needs and its estimated costs along with photos for many projects. I do not know of a school district that has any higher or more accountable data than this. Rest assured that with the possible granting of this bonding authority, we take public accountability and transparency seriously.

There are two elements to school facilities property tax bonding. One is bonding authority, which we are talking about today. We are grateful and supportive of that portion of the bill. The second element is bonding capacity. If the bonding authority is granted with this bill, our bonding capacity is, unfortunately, very limited. Our bonding capacity for 2015 is actually zero. For 2016, we have

\$10 million of bonding capacity. Over the next 8 or 9 years, our bonding capacity averages about \$20 million a year. It is not until 2024 when our bonding capacity increases to approximately \$90 million a year.

As stated with A.B. No. 46 of the 77th Session, our need is approximately \$25 million to maintain our existing schools. That would be our first priority if granted bonding authority with this bill. Our public school investment has to be maintained. But as we are all aware, we are growing as a district and need several new schools right now. Based on the Truckee Meadows Regional Planning Agency's growth projections, we need many new schools over the next 5 years, and those should be under design now. Based on these growth projections, we have a \$50-million-a-year gap above our available bonding capacity over the next 10 years in order to build new schools.

We support extending our bonding authority with this bill. We look forward to continued dialogue throughout this Session as we look for a long-term, sustainable revenue source for school maintenance and growth.

**Senator Lipparelli:**

The transparency on the reporting is great. How far back will the data go that you plan to put out in terms of bidding?

**Mr. Etchart:**

We will go back about 5 years. We are hoping to go further back. It is just a matter of time. We plan to introduce this to the Washoe County School District Board of Trustees on February 24 and hope to go live right after that.

**Mac Bybee (President/CEO, Nevada Chapter, Associated Builders and Contractors, Inc.):**

We are an association comprised primarily of merit-shop contractors, otherwise known as open shop. I am here today to address the prevailing wage provision of this bill.

We as an association are not opposed to prevailing wage. However, we are opposed to the way prevailing wage is calculated and the process that determines it. While comprehensive reform is necessary, in absence of that reform we support an exemption such as the one for public schools and higher education.

**Adam Rutherford (President, Spanish Springs Construction, Inc.):**

The system for determining prevailing wages in our State is broken. The elimination of prevailing wage requirements from educational projects or at minimum, revising how they are calculated and the thresholds that would be applied are the only possible solutions.

Prevailing wage rates directly influence higher costs ultimately paid by the taxpayers. That money could be made available for other needed projects in our State.

I am the president and owner of Spanish Springs Construction, a general engineering and general building contractor based in Sparks. In 2014, we employed more than 85 construction workers and constructed many public and private works projects which included school and higher-education projects. While most work is in northern Nevada, we have also built large federal construction projects in Cape Cod, Massachusetts; Chattanooga, Tennessee; Baton Rouge, Louisiana; and downtown New York City.

I am familiar with prevailing wages in our great State and many other states as well. Many of those wages have been manipulated over time to provide preferential treatment to certain groups and in many cases do not represent the average wages paid but the highest wages paid to construction workers.

I am all for paying my employees a fair wage for the work they perform and providing great benefits. I am concerned, as a taxpayer, about the wages I am required to pay on public work projects for some of the work classifications because they just do not make sense. For example in Washoe County, the published prevailing wage rate for a basic laborer on October 1, 2014, was \$32.11 per hour. But if I use that laborer to erect a fence, his wage would go down to \$16.99 per hour. If I compared the labor rate to a driver with a commercial driver's license driving a dump truck for me, the wage would be \$20.47 per hour. Does our State really believe that the prevailing wage paid to a laborer is over 50 percent higher than the average wages paid to a dump truck driver? Have these rates been manipulated over time due to our broken system?

In many cases, these wages are not even close to the actual average wages paid to do the same work in the private sector by nonunion or union companies. Many labor unions have private wage agreements that discount their wage rates



paid to workers on private sector projects from what they charge to perform the same work on building an elementary school or a university project.

I have seen these agreements, and there have been discounts of up to 20 percent. Should schools get a break and not be charged a premium? But do not these lower private work rates end up lowering the prevailing wage rates when the wage surveys are turned into the Labor Commissioner? Usually not because our system is broken.

During the research I did a few years ago, I reviewed copies of prevailing wage surveys provided by the Labor Commissioner. Many companies had let union staff members fill out the surveys for them. I do not believe that all the surveys included all wages paid by those companies for the year and mostly just included the public work prevailing wage projects. And to hijack the prevailing wage, many only included one wage rate for all of the hours turned in on each project instead of the actual wages paid.

For example, if you look at the prevailing wage rates in Washoe County, there are 13 different rates of pay for laborers, depending on what task they perform. Yet in many cases, only one wage rate was turned in on each wage survey for multimillion dollar projects. How do I know that those companies did not pay just one wage rate on those projects? All you have to do is check the certified payroll reports turned in to the agency to know what was actually paid to each employee. But what difference does that make? When you analyze our broken system of calculating prevailing wages listed in *Nevada Administrative Code* 338, you will see why these surveys only included one wage rate for all those hours worked. That wage rate paid for a class of workers—40 percent of all of the hours turned in—becomes the prevailing wage rate in the county, not the average.

If the wage set had been collectively bargained, the Labor Commissioner then could adjust the wages and benefits according to the collective bargaining agreement. This is how our public works prevailing wages get so much higher than the actual average wages paid for the same work in the private sector.

How are these collectively bargained wages set? Imagine a room full of contractors discussing and setting the minimum wage rate to charge all public works projects for a cubic yard of concrete or a ton of asphalt or for each stick of pipe. Then they all agree that they could charge 20 percent less for the exact

same product for private works projects. This is called price-fixing and is a violation of antitrust laws. Yet this is similar to the process of how collective bargaining labor rates are set. Those rates are often used to determine prevailing wages in Nevada.

The prevailing wage process in our State is broken. Eliminating it from educational projects at a minimum, completely revising how it is calculated and determining what thresholds to use would be a great start to giving taxpayers a fair deal when it comes to our construction projects.

**Chair Goicoechea:**

Most of us have struggled with setting prevailing wage for a number of years. However, that is not part of this bill.

**David Ellis (Communication Electronic Systems):**

I have been a contractor in Nevada since 1977. I own Communication Electronic Systems. I have been both a union contractor and a merit-shop contractor. I am a merit-shop contractor and member of Associated Builders and Contractors. The previous testimony was clear about the need and importance of this bill.

Particularly in southern Nevada, there is clearly a large discrepancy between the prevailing wage rates and private rates. I have worked school projects in both the private and public sector for over 35 years. The private sector is capable of delivering a quality product. I am familiar with the CCSD and the University of Nevada, Las Vegas, system. Their specifications are so stringent that they would eliminate anybody that cannot produce a quality product. It does not require a union contractor to provide a quality product to public bodies.

This issue is important to everyone in this room, whether you are a proponent or an opponent to this bill. These are our children. This is the growth of Nevada about which we are talking. Our Governor was very clear a few weeks ago that this is a primary focus in his next few years. If we do not improve the education system in Nevada—in both the quality of construction, the number of classrooms we provide and other means—we will not bring the quality talent we need to this State in order to continue with skilled labor, professionals and other business needs.

If we increase the business output in this State, it will benefit everyone here in this room, whether a union contractor, union employee, union member or

merit-shop individual. If we do not continue the growth in Nevada, we continue with what we have had in last the few years. Construction is definitely depressed in the southern part of the State.

As taxpayers, we have a responsibility to provide for the education of these children in the most cost-effective way we can.

**Megan Bedera (National Federation of Independent Business):**

I will wholeheartedly echo the sentiments from these gentlemen as well as those who have testified before us. We support the entire bill.

**Janine Hansen (President, Nevada Families for Freedom):**

We represent parents, children and taxpayers. It is important to support this whole bill because without the portion on prevailing wage, we would not support it. It is critical that our taxpayers get the most for their dollars.

My brother ran a construction company for over 30 years. I worked for him, painting houses and cleaning up construction sites when I was a single mother. We always produced a quality product because if we did not, we did not have any work. That is the reality. We were not union.

We believe in the free market, that competition will benefit our communities and many people shut out of the opportunity to bid on these will have that open to them, and more people will have jobs and opportunities.

**Lynn Chapman (Vice President, Nevada Eagle Forum):**

Shopping is about the bargain. We do not get a bargain as taxpayers when we pay for new schools. It is important that taxpayers get to see savings and those savings put back into the building to take care of our schools.

We do not support the bill if the rollover is the only portion of the bill that goes through. We want the whole bill because we do not favor rollovers except in this case.

**Senator Atkinson:**

School construction is not the issue. The issue is prevailing wage. To all of you who testify and agree that we need new schools: With what you know of prevailing wage, are you not concerned that the quality of the schools will be diminished without it?

**Ms. Chapman:**

I have been testifying for years about higher taxes and crumbling schools. Thirty-year-old schools are crumbling. What kind of construction was done on those schools? I have asked that question before. It is not about the most-expensive schools. When you go out to buy something, you do not buy the most-expensive item because it has to be the best. It is how the building is constructed. For any construction on my home, someone inspects every aspect of the building of my house. That would not be a problem.

**Senator Atkinson:**

We will go with that, and that is fair. But we are talking about the quality of the schools. We are not talking about the highest price.

**John Wagner (State Chairman, Independent American Party):**

I have always been a fair-market or an open-market proponent. I like to see competition. Competition drives the marketplace.

Just because something says it is union does not mean it is quality. I have worked with union areas. I am not antiunion. However, I believe in competition. Years ago, there were many antitrust violations because businesses were price-fixing, agreeing to a certain minimum price before they bid it out. They were found guilty and punished. I do not believe in that either.

Prevailing wage is wage-fixing. It is price-fixing on a different level. I do not believe in that either. Just because a company is union or nonunion does not mean the quality of the workmanship is adequate.

We had a bond issue here in Carson City. I supported the rollover. It was a good measure. I do not normally support increasing taxes willy-nilly. There were checks and balances. The construction was looked at to make sure that everything was done correctly. That is the only guarantee. You cannot guarantee it because it is union done; it has to be checked by an independent party as you go along. That is what we did on the projects here.

**Senator Atkinson:**

You keep mentioning union. There are nonunion advocates of prevailing wage. We should be careful to avoid throwing that around because I have heard from nonunion people who do not support prevailing wage in this bill.

**Mr. Wagner:**

Many times, one thinks of prevailing wage as union only or union wage.

**Chair Goicoechea:**

If you are nonunion, you are paid prevailing wage if it is a prevailing wage job.

**Patrick Gavin (Director, State Public Charter School Authority, Department of Education):**

I support this measure. Charter schools do not receive local government support for facilities. Our schools pay all their facility costs out of their Distributive School Accounts based on a survey of the costs incurred by our schools. That ranges from 12 percent to 20 percent. That means 12 cents to 20 cents of every dollar goes to facilities costs rather than into the classroom. Any reduction in those costs as a result of this measure would mean more money and resources directed into the classroom.

**Jan Leggett:**

I am a local contractor who works for a local nursery, doing landscape construction in northern Nevada. We are an open or merit shop.

Regarding the prevailing wage portion of this bill, if prevailing wages were really prevailing and fair, this bill would have no impact on construction costs and there should be no opposition.

As to Senator Atkinson's point, I will try to help you see clearly. We do both private and public works. We are the same company whether we do private or public work. We do quality work on either side, and it is inspected.

**Paul Moradkhan (Vice President, Las Vegas Metro Chamber of Commerce):**

As the State's largest business organization, the Las Vegas Metro Chamber of Commerce supports the concepts presented today with the need for rollover bonding for the construction of new schools.

As members of this Committee are aware, kindergarten through Grade 12 education is a long-standing party for the Las Vegas Metro Chamber of Commerce. As you heard from Washoe and Clark Counties, there continues to be a need to demonstrate for additional schools because of the population growth the counties have experienced.

The Metro Chamber supports the bond rollover because CCSD will use those funds toward the construction of new and replacement schools and for much-needed infrastructure and information technology updates. These projects would be throughout the district and not concentrated in one geographical area.

On a related note, the Metro Chamber has supported the CCSD over the years in its efforts to secure bonding for school construction and views the CCSD as a strategic partner for our children.

**Jill Tolles (Parent Leaders for Education):**

I support extending the rollover bonds. After the failure of A.B. No. 46 of the 77th Session to reach a vote we noticed a lot of confusion at the Washoe County Commission among voters on rollover bonds. They complain often that the schools always ask for more money. They do not realize that the schools are set up to continuously come back to voters and ask for existing revenue sources. When schools have to ask for new money, it appears that they are doubling down on their requests.

I emphasize that though this is the bare minimum we need, it is still not enough to cover the needs. We have already covered the needs for repairs in both Clark and Washoe Counties. But regarding future growth in Washoe County alone, census forecasts show that 4,400 new students are expected by 2018, 8,800 new students by 2024. This would require \$400 million worth of new schools by 2019 and \$609 million cumulatively by 2024. This is the bare minimum to extend the rollover bonds. We support this bill.

**Senator Atkinson:**

Folks who say that they support the bill are not addressing the prevailing wage. Are these folks supporting the bill in its entirety or just supporting the bond portion?

**Mr. Moradkhan:**

The Las Vegas Metro Chamber of Commerce supports the bond rollover components of the bill. I would have to go back to our committee on the prevailing wage exemptions and follow up with you.

**Ms. Tolles:**

The official stance from Parent Leaders for Education is that we are not the experts on the research. We just ask that you do what makes the most sense

for the kids. As the chair of the Say Yes for Kids PAC, I note we have diversity of opinions on that aspect. As a communication teacher, I hope that all parties involved listen first—look for areas of agreement, shared interest and the best research available, and let that be your guide to do what is best.

**Chair Goicoechea:**

That is what we are doing. That is why these two pieces are in the bill. It would not pass otherwise.

**Jessica Ferrato (Nevada Association of School Boards):**

We support the testimony given by Washoe and Clark Counties. We have no position on the prevailing wage portion of the bill. We support extending the bond rollover.

Section 2 of the bill would affect 11 school districts in the State, which would include over 417,000 children.

**Pat Fling (Executive Director, Acting in Community Together in Organizing Northern Nevada):**

I have submitted written testimony opposing the elimination of prevailing wage in S.B. 119 ([Exhibit K](#)).

**John Madole (Executive Director, Nevada Chapter, Associated General Contractors of America, Inc.):**

Our prevailing wage law is not perfect, and no one is suggesting that it is. We have all looked at numbers. Senator Kieckhefer referred to some of the savings. I would not deny that you could find some isolated projects that probably do have some distorted savings. However, we have had people, union and nonunion, review these kinds of projects and assert that a 20 percent or 30 percent savings based on labor averages to approximately 24 percent and is hard to justify. The actual savings are probably in the range of 4 percent to 8 percent. It was said earlier that any number is significant, and I do not deny that. Every dollar that we spend of our tax money is important.

This law does help Nevada contractors. Nevada contractors get the work. When a school needs a new dugout in a high school, a playground, or it needs a concrete slab on an elementary school and they call us, I do not call a contractor from Utah, California or Idaho. The people who put that work in, who

are donating their time, are the same people we are talking about today and passing a law that would drive down their wages.

You can cut it any way you want, but the real idea here is to save money, and we want to put it on the backs of the working people. There are many ways to save money for schools. We can give you some. We could take you to schools where millions of dollars were essentially wasted by overdesign, inefficient design or improper layout, but someone wanted to make some sort of a monument. Let us look for those things. We will be glad to help you.

Senate Bill No. 171 of the 77th Session would have taken a revenue stream we all pay through taxes to bond money for public works and allow school districts to get a portion of their costs from those bonds. That bill did not make it. Let us do something like that. If a school could spend \$.70 and get \$1 worth of construction, you will get far more out of that than you would out of what we are talking about here.

For example, we have three people. We have Sam, Joe and Zeke who are carpenters. Sam works putting in subfloors in houses, and his tool is a hatchet because he is a crude carpenter. A few months ago, Sam's employer received a wage survey asking what he pays carpenters. The employer said \$15 per hour.

Now let us take Joe. Joe spent 4 years learning how to be a carpenter. He is a nonunion carpenter in Washoe County who earns \$40 per hour. Take out \$8 per hour for fringes. Assume that he works 85 percent of the year because if it rains or snows or a material delivery does not come through, he does not work. He makes about \$56,000 per year. We are saying here that \$40 is excessively high. He should not get this. Maybe we should have Sam who gets \$15 per hour working on our schools. The quality of product you get will resemble something much closer to what Sam does than what Joe does.

Now let us take a third guy, Zeke. Zeke used to be a carpenter who found something else. He found a carpenter job. He is paid if he gets sick and vacation is included. He makes over \$100,000 per year. He works for a school district in Nevada. Why are we decreasing the wages of carpenters out on a job when at least six people make \$100,000 per year working for school districts.

Senator Kieckhefer said it best, the market will probably determine some of this. Things are picking up. Many of these savings probably would not be seen. But



we would be better off leaving the prevailing wage language alone. We would be willing to talk about perhaps changing the threshold. The rest of it is intact.

**Senator Atkinson:**

The bill you were talking about that did not make it was my bill from the 77th Session.

The problem with school construction has not been prevailing wage, it has been a lack of funding. In spite of the job growth, the number of Nevadans needing assistance is projected to increase in the next 2 years. We have known for quite some time that construction was the hardest-hit industry in the State. We will be adding construction workers to the list of jobs that do not pay enough to support their families. Would that be a true statement from the industry?

**Mr. Madole:**

This is a serious concern. We have been literally devastated in the last 5 or 6 years. People have lost their homes and moved to other areas. Guys who used to be carpenters are laborers or cab drivers or forklift drivers. We will never get those people back because they do not want to go through that again.

**Chair Goicoechea:**

You do not always work prevailing wage jobs, but you still work. This is only one segment of the bill. You understand the politics of this whole scenario. We do not have the votes to get the rollover out of here unless we have the prevailing wage piece in the bill. The prevailing wage is focused on school building, which has the need. Nothing in the bill says just because you do not get prevailing wage does not mean you cannot pay your people.

**Mr. Madole:**

We would like you to give us the opportunity to help you get this bill out with only the rollover provision. This bill would be much better without the prevailing wage.

**Craig Holt (Sierra Nevada Construction, Inc.; President, Nevada Chapter, Associated General Contractors of America, Inc.):**

I bought my company on September 11, 2001. I have been in business since then. I heard the Chamber speak about large or small business. I am not sure what I am, but I have been an owner in this company since 2001, and my sole

pride in my company is my employees. It does not matter whether I am union or nonunion. I do not really care to tell you what I am. But I can go out and buy all the equipment you want me to buy. I can hire subcontractors, but I cannot replace my employees and the way I pay them.

I understand that you are only talking about schools, but schools happen to be a big part of my business too. It is not right to place a bill out there to move forward that jeopardizes my employees and their wages. If you want me to keep in touch with safety, you jeopardize the safety of my employees if I pay them \$15 per hour.

We have many federal requirements from the Occupational Safety and Health Administration (OSHA), Mine Safety and Health Administration, federal inspections and many other things that tie into this bill. You are not getting qualified people on your jobs if you pay them \$15 an hour and expect them to know how to get on a dozer and understand slope protections in a ditch and everything else that goes with that. Some trades might get away with that, but you cannot get away with that in my business. You will be jeopardizing the quality of the work to some extent.

We are not really in jeopardy in competing against people on prevailing wages. If you are in Reno and drive 60 miles west, you are in Truckee, California. In Truckee and all of California, the prevailing wages are slightly higher by \$10 an hour. It is difficult to find workers to come over the border from California and work here for \$10 less.

Construction had tough times in 2006 through 2010. I lost some employees to North Dakota, Oregon, Washington, California and many other states, and we have a long rebuilding in northern Nevada to get these employees back. Whether you are union or nonunion, where will all that training come from? What companies and union organizations may put forth that training in order to have qualified people on your jobs to ensure standards are upheld for the schools you build?

On behalf of the Associated General Contractors and my company, I oppose this bill.

**James H. Thompson:**

This is not a union or nonunion issue. I have worked both sides of that fence. As a union or nonunion man, I would seek out prevailing wage jobs because I was paid a good wage.

I want to paraphrase a famous Native American. He said that only a government would think that you could cut a foot off the top of a blanket, put it on the bottom and have a bigger blanket.

I picked up a magazine at the State Treasurer's Office. It costs \$1,000 a month to create a fund for my two grandsons to attend college. If you think I can do it on \$15 an hour, you are a hell of a mathematician. I cannot even believe the hubris that you folks express up there in Carson City. You have said repeatedly that you shall do this. I say repeatedly that you then have a short-lived job, my good friend.

**Johnny Flanagan:**

I have not worked for about 1 year. I have been in construction since I was 12 years old. I moved to Nevada 15 years ago. I love helping people. Since 2007, we have fed construction workers from homeless shelters, and we are still doing it. All I ask is for Senators to consider that we want the schools. We have children. Children go to those schools who are learning construction. They are standing right beside others who will be teachers upon college graduation whereas they will be construction workers after college. Construction pay will be \$15 or \$16 an hour and those teachers start out at \$25,000 a year.

This is just the tip of the iceberg. The corporate situation wants to take wages away from working people who are the backbone of this State, and we are tired of feeding them out of the shelters. It has gotten better, but it is not over. This difficulty needs to be resolved.

The schools need to be built. The workers need to go back to work, but while they are down begging for food and bleeding, do not stab them again, Senators, please. I respect you Senators with all of my heart. Thank you for serving our State. We are not as big as California. That state's prevailing wage is quite larger, but we will lose good students from those schools. They will go to California or Oregon where the life they want to live is better because they make more money.

The workers are the first to fall. The reason this Country failed is construction. We construction workers will build it back up. We are suffering, so we ask you to stick with us and take the prevailing wage out of this bill. But let us build our schools. Let us think of our children. Let us not think of the corporations that do not think about the children. They are thinking about what they can make at the end of the year. Our children are the backbone of this State—let us keep the backbone in one piece. Let us not kick it and break it.

**Louis DeSalvio:**

This unfortunate bill request marked S.B. 119 is nothing short of a deception and a tragedy for the constituents and the workingmen and -women of this State. This is a livable wage issue. This is not a burden-to-society issue. This comes down to providing for the families who contribute to the community in which they decide to raise their children.

Make no mistake about it, prevailing wage provides a livable wage and boosts the economy. I guarantee not one contractor will complain if that job is awarded to him or her. Contractors would pray to land a prevailing wage job to protect their bottom lines. Some contractors might depend on it just to stay in business. Prevailing wage provides workingmen and -women the ability to contribute back to the community.

You not only take away from working Nevadans, you also affect small business owners, car dealerships and the housing market. Several tax bills are being proposed. Will you use that money to build more affordable housing? By taking away prevailing wage, there will definitely be a need for it. People who once made a livable wage will lose their homes. Our economy is just beginning to recover after 8 years. This State has given big corporations billions of dollars in tax breaks; in return, you expect the workers to work for lower wages.

A perfect example is University Medical Center in Las Vegas, our community hospital. It operates in the red every year because people cannot afford health care. So you expect the taxpayers to pick up that burden. If everyone were paid a fair wage, we would not have this problem.

Mr. Chair and members of the Committee, this fight should not be about prevailing wage that most certainly should not be hidden in an education situation, giving the impression that any opposition to this bill rests with the Nevada Education Association and children's facilities.

This bill clearly states that it has no fiscal impact on local government as well as the State; however, it does on businesses and residents. This bill should have been used as a script for a TV show called "Almost Got Away With It" and subtitled "Sneaky Deception Against the Workingmen and -Women."

This meeting should not be about giving our work away by awarding contracts to out-of-state contractors who divert our community-raised money away from this State. If you want to pass the law and make it one that strengthens the prevailing wage law, then place a memorandum that should you bid on prevailing wage work in Nevada and are awarded the job, your business must be in Nevada using Nevada residents. The work performed will in turn boost the economics of this State, providing funds for the Nevada education system and its facilities—not a law that systematically hinders and places members of this community and the State in an economic choke hold.

Prevailing wage applies to everyone, not just the elite. These clear-cut deceptions are by those involved in drafting and sponsoring this bill who systematically deceive the public. How can those who drafted and sponsored this bill suggest that gutting prevailing wage from schools in general truly helps the citizens and the businesses of this community? It does not flat out make sense.

If you want to fix prevailing wage, I am with you. Start by awarding the projects to local contractors who contribute to the economics of this State. Start giving the work to the men, women and families who live in our great State, raise their families here, choose to attend schools here, work here and make fair wages by buying homes and contributing back to the community.

I leave you with this: Cheap work is not good, and good work is not cheap.

**Samantha Draper (Smart Cities Prevail):**

We are an IRS 501(c)(4) nonprofit organization that specializes in education and research on prevailing wage policy.

Prevailing wage laws were introduced originally to protect local jobs and contractors from out-of-state firms taking those jobs and all that taxpayer investment and going out of state.

It was passed in the 1930s by Republicans, and it has been an effective policy ever since then. If we remove prevailing wage in this State, it will hurt middle-class jobs. It will lower incomes for construction workers.

Nevada is the only southwestern state that has middle-class earnings for construction workers. The average income for a typical construction worker in Nevada is about \$40,000 a year. In Arizona and Utah, it is about \$30,000 and \$36,000 respectively.

If you remove your local labor standards on prevailing wage, you will have out-of-state workers coming in and undermining those wages. This can easily be called the Arizona-Utah job stimulus bill because that is what will happen. You will create more jobs in other states and displace good middle-class jobs for Nevadans.

The vast majority of research done by academics and economists shows that prevailing wages does not raise the cost of construction. More on point, school construction happens to be some of the most complex construction done. Even in nonprevailing wage states, school construction costs more than other construction. You see higher costs when you undermine wages and skilled labor by removing prevailing wage for schools.

A recent study shows university construction square-foot costs are \$58 lower in prevailing wage states. On elementary schools, it is between \$6 and \$22 lower in prevailing wage states than in neighboring nonprevailing wage states. You need skilled labor to build these complex structures to keep our kids safe.

It is an economic principle that if you lower wages, you get lower-skilled workers. With prevailing wage, you have higher training and fewer accidents on the job site. Even though they may be lowering wages, the employers wind up picking up the tab, buying more materials and fuels because more mistakes are made on the job site that result in more cost overruns.

If you remove prevailing wage, you will lose your skilled construction workforce. An article in the *Las Vegas Review-Journal* told how a shrunken construction workforce hampers building projects. Employers have to hire less-experienced workers to do jobs.

If you remove prevailing wage, you lose even more of your skilled construction workers because workers go to work in other occupations where they can make a decent living, and you ship more of these jobs out of state. You will intensify the problem.

You just had a great employer come to Nevada. Tesla relies on a skilled construction workforce to build the infrastructure it needs to be a successful company. You will have problems luring companies if you do not have that skilled workforce.

Economically, this hurts schools not only in the higher costs of construction but also in tax revenues. In states that remove prevailing wage, there is less income. You have fewer people shopping at businesses and restaurants and buying homes. All of that translates into tax revenue. States that have removed the prevailing wage have seen millions of dollars of tax revenue evaporate. We are relying on this money to fund schools. We are robbing Peter to pay Paul. It is not good policy.

Prevailing wage is a bipartisan issue. People and special interests try to make it partisan. For example, U.S. Congressman Paul Ryan supports prevailing wage and Senator Rick Santorum routinely votes in favor of federal prevailing wage. Michigan's Republican Governor Rick Snyder recently stated that Michigan needs prevailing wage because the state needs skilled labor.

We need middle-class jobs. We all want good schools for our kids, but not at a higher cost and not at the expense of the taxpayer. You will be building fewer schools with this policy.

**Trish Bullentini Kuzanek (Martin Iron Works):**

I am a native Nevadan. I attended Washoe County schools and graduated from the University of Nevada, Reno. I tell you this because I realize how important our schools are. I am also part owner of Martin Iron Works, a locally owned family business that has survived in the construction industry for over 75 years.

My other full-time job is being a mom to my 12-year-old daughter, Emily, who attends Washoe County schools, and wife to my husband, Tim. I am a fiscally conservative Republican. I am opposed to S.B. 119 due to the prevailing wage issue that it brings forward.

If prevailing wage is removed, it will not be good for our economy. It just makes sense. If people make good wages, they spend money at grocery stores, they buy new cars, which puts tax money back to the State and promotes more jobs. It is the best deal for taxpayers. It is not a cost saver for the taxpayers and the schools.

Removing the prevailing wage, as shown in many studies, would increase reliance on government assistance programs which cost taxpayers money.

It is ironic that we talk about wanting to have quality schools and this bill, with removal of prevailing wage, would promote hiring underpaid, undertrained, underexperienced and, more than likely, nonlocal construction contractors.

**Jarrett Rosenau (Operations Manager, Clark and Sullivan Construction):**

A repeal of the prevailing wage requirement, even only applied to educational facilities, would be a devastating blow not only to our business but also to the entire construction industry in our region and State.

As an employer, we feel strongly in terms of principle and ethics. It is our obligation to pay a living wage and provide health insurance benefits to our employees so they can support their families and make a good quality living. Prevailing wage helps to ensure those blue-collar, middle-class working tradesmen can support their families.

A repeal over time would create a vacuum in our region and our State of qualified tradesmen who would be forced to relocate to other markets to earn a livable wage. This was the case when we all saw the economy start to take it in the teeth in 2006. Many tradesmen have left and never come back. Our region was devastated by the economic recession. Our business closed our Las Vegas office and downsized 70 percent so we could stay in business. Compounding the impact of the recession is the continued loss of revenue Nevada sees as a result of the expansion of Indian gaming in California. As a result, it is imperative that our economy continues to diversify.

Local and state leaders have done a fantastic job toward this diversity. Our region can recruit potential candidates by boasting about the presence of companies like Intuit, Microsoft Licensing, Amazon, Apple and Tesla. To give an example on Tesla, Senator Kieckhefer spoke about testing the free market. If prevailing wage is repealed today and this robust, educational construction



program becomes viable with funding, those projects would be in dire straits, competing with some of these private entities that willingly pay a much-higher wage. You will be left on the side of the road wondering what to do.

We are finally starting some forward progress even though the nonresidential construction starts were down last quarter. I implore the Committee that, because our economy is still very fragile, you no longer consider S.B. 119 as part of the agenda for this Session. Please give our economy an opportunity to continue making small gains and do not make it any harder on us than it has already been.

**Steve Jones (Vice President, Field Operations, The PENTA Building Group):**

This bill is a wholesale elimination of a system of checks and balances through the removal of protection for the employees working on public projects and maintaining a respectable standard of living.

Such a hurried attempt at passing a bill within 3 days of the onset of this Session is really poor leadership. With the advantage that the Republicans have now with the majority in the Senate and the Assembly, they could take an opportunity to reform prevailing wage rather than to eliminate it. We are missing an opportunity. The fact is that we are dealing with the elimination of this system without doing anything else or looking at any other avenue. I have to oppose this portion of the bill. We certainly support the bond extension rollover, but I have to oppose the prevailing wage part of the bill.

**Senator Atkinson:**

Quite a few people have mentioned the Tesla job. Some folks are saying that this only applies to school construction, but this has a broader affect if this does pass. We are talking about Tesla, but what about Switch Communications? I do not think it will happen if we continue down this road.

Without this portion of the bill, this bill would not pass. Looking at the votes on A.B. No. 46 of the 77th Session, it passed the Assembly 32 to 8 and the Senate 16 to 4. We suddenly lose the votes because we do not put a piece in the bill that was not there before. This alarms me, and it seems a bit disingenuous.

**Chair Goicoechea:**

There is a big difference in that body today from the 77th Session.

**Chris Caluya (Sletten Construction of Nevada):**

We are in favor of the rollover component for the school districts, but we oppose eliminating prevailing wage from the process.

Prevailing wage is an important component when it comes to public works projects. It has been said that it eliminates competition amongst contractors. The truth is that it actually promotes it. More than just promoting competition, it promotes it in Nevada. It keeps our work here. Without prevailing wage, the possibility of out-of-state contractors taking this work from us, taking that revenue and those proceeds out of state, is real.

In the last couple of Sessions, this body has done much work to protect Nevada workers. We all work diligently to maintain and comply with A.B. No. 144 of the 76th Session. It is a detailed law, but it protects Nevada's workers.

If we look to eliminate prevailing wage, we undermine all of that work that this legislative body has done in the last couple of Sessions. We oppose S.B. 119 because of the prevailing wage component.

**Manny Garcia:**

I am an electrician who has been out of work for 13 months. That is not what I am here to talk to you about today. Many people may talk to you today about financial struggles. Some people are of the notion that prevailing wage is just a government giveaway like unemployment or welfare. So I am not here to talk about my personal struggles or the economic downturn.

While I am a part-time worker, I am a full-time taxpayer. I am a vested member of this community. Local contractors who perform prevailing wage work, whether union or nonunion, are also vested members of this community. In terms of quality and warranty, these contractors intend to stay in the community. There is accountability unlike the out-of-state contractor who opens up a post office box for the duration of the job and then leaves with no liabilities to Nevada. I am not here to talk about this either. I am here to talk about quality of work.

Prevailing wage is a median local wage established by the government. I carry many licenses to perform my job because that is the difference between skilled and unskilled workers. That is why we earn the local median wage. The quality of work performed is directly proportional to the wage paid. Because most of

you are attorneys, I would like you to think about half-priced lawyers, their experience and the level at which they perform.

With an underpaid, unskilled worker, you do not get a county journeyman wireman license, an OSHA 30 certification, fall training protection, National Fire Protection Association 70E, CPR or equipment training and licensing. You do not even get a drug test. The workmen's compensation liability incurred is inversely proportional to the wages paid. The questions that need to be asked are: Why would someone work for half of what the work is valued, and what kind of quality does the taxpayer get?

I would like to see schools built that will last for 50 years. That is the best return on my investment as a taxpayer. I would like schools to be built by local companies with workers whose children and grandchildren will attend these schools. If the school district wants to attract the best companies and workers, it needs to pay a competitive wage.

The issue of income inequality continues to circulate, and the question is how to correct it. Cutting wages and lowering the standard of living for Nevadans only perpetuates this problem. Living wages and quality education founded in quality schools are the hallmarks of a first-world society.

**Lance Semenko (Chief Operating Officer, Q and D Construction, Inc.):**

I want to reiterate what everyone has said. We have heard in the last 6 months that we have to bring high-paying jobs to Nevada. We have done that with some of the bigger names that Senator Atkinson has mentioned. But if we take away the prevailing wage component of the work in this State, companies will recruit from out of state because those workers go to another state with prevailing wage. We ought to talk to people who work jobs in Texas, which does not have a prevailing wage, and ask them how easy it is to get workers to work there. It is not easy.

As someone who was born and raised here, attended schools here to include the university, prevailing wage is not a huge problem. It does need some fixing here and there, no doubt about that. Everything is not perfect. But for that, we are in complete disagreement with the prevailing wage part of this bill. I have no problem with the rollover part.

**Tom Pourchot (Vice President, Intermountain Electric):**

I oppose the prevailing wage portion of S.B. 119. Eliminating prevailing wage has not been shown to decrease costs. Studies that I have researched show that costs are increased in some cases. The provision has several detrimental effects, No. 1 being the decrease in available skilled labor. Number 2 is the decrease in overall wage rates for everybody in the economy. Whereas a decrease in the quality and productivity occurs because of the lack of skilled labor in the area, safety incidents increase, as more people get hurt when prevailing wage is not present.

We are already struggling. The biggest problem I have is finding skilled labor. If we decrease the labor rate and we lose what skilled labor we have—and we have lost a lot of them during the recession, they left and went to places where they could work—it is going to be much harder. We will be unable to staff the work we have.

**Frank Lepori (Frank Lepori Construction):**

I was born and raised in the Reno-Sparks area. I have been a contractor for 30 years, and I have had the privilege to work for the school district as a contractor. From June 2014 to June 2015, we will do about \$4.7 million of work for the school district.

I agree with the rollover. Prevailing wage needs to be reformed, not thrown away. It is tough to find people. I agree with John Madole and Craig Holt.

**Senator Lipparelli:**

I am catching up. Many of these people have heard much about prevailing wage. I apologize if I go back to my roots. I have heard comments that we have lost more than 50,000 construction jobs in this State in the past 7 or 8 years. I struggle with the circular nature of the argument. I have read studies that state the prevailing wage has both good and bad effects. I am not convinced yet that there is clarity on the studies. I keep coming back to the commentary that says if we have the prevailing wage provision included in the bill, we will have a tough time finding people. Would the economic model take care of that because of the demand for new projects and people are attracted to jobs? If there are no people to fill those jobs, we may have to raise the rates to get those people to come. Why does a construction job exist outside the boundaries of all economic laws? Why is it not market-driven? What am I getting lost on that says the job

should be priced at market rates or what the market will bear between a willing buyer and willing seller?

**Mr. Lepori:**

A contractor like myself has to bid the project but not start the project for quite a while. We have to put the bid together with the bid rate and get it all processed at that time.

**Senator Lipparelli:**

You and all the other competitive bidders do this at the same time.

**Mr. Lepori:**

Yes, at the same time we have to decide what rate we are to use. We have the prevailing wage rate, so we plug that rate in. Then it could take up to 6 or 7 months until that work starts. If you do not have the workers at that time you have to go out and get the workers. It is tough to do that. Everybody is talking about that. With your WCSD work, you have to have your asbestos card, your lead paint card and a background check. It is difficult to get all your subcontractors to have a background check. As a general contractor, I am concerned with subcontractors. Will my plumber, who is low on my job have enough resources that I need?

The time that we have to work with the school district has been changed. The summer schedule was changed. Our hard work is from June 16 to July 30, and we have to get a lot of work done in that time. After that, our clients, who are the teachers and the kids, start coming back, so our times are shifted around. We need to have all hands on deck from our subcontractors, make sure they are qualified, know what they are doing and not have to worry about the quality. It does not matter to me if it is union or nonunion. I just want to make sure that employee knows what is going on, knows what he or she is doing and knows the safety regulations. That scares me, but the prevailing wage does need to be reformed.

**Senator Lipparelli:**

Could the point be made the other way. If you have that gap in time, the blade cuts both ways. You will have ebbs and flows in the market where at times you will be above and at times you will be below, which is part of the conundrum of linking yourself to something other than the market.

**Mr. Lepori:**

I sat here and listened to all arguments on both sides. I do not know if I would want to be sitting up there. Everyone agrees on the rollover. My workers who work on the prevailing wage jobs are driving used vehicles. My newest vehicle is a 2006. We are not buying new vehicles. It takes a lot of money for the worker to have those tools to do everything. We just have to be careful there.

**Tim Dombroski (Jetstream Construction, Inc.):**

I am a subcontractor. I grew up in the industry in the public works division. I have been involved in about 60 schools. I came from the field to the office and now have part ownership in this company. This is a family-owned business.

When you get a wage, such as prevailing wage, it levels the playing field. When you have an open shop, the competition is a little different. People start cannibalizing each other in wages. A stringent situation like the school district and a third-party inspection makes it difficult.

Those not in the construction industry might think it is cut and dried, but it is not. There are a lot of code-compliant safety, OSHA and third-party inspectors, and certain plans are finished or unfinished. You get those debates, but when you want an even playing field, that is where we like to stay because we are not good at cheating. Guys do not work in the prevailing wage market because they cut corners or do not stay compliant. We are talking about schools where our children go.

There has been mention today about people going to North Dakota. I am a registered Republican. I am a union and nonunion contractor. We are nonunion in North Dakota and union in Nevada, but we pay equivalent wages in North Dakota to secure our quality, our production and to keep our workforce.

Construction is dynamic. I have heard comments on both sides, and yes, there are good contractors. Being a former nonunion contractor exclusively, we did get the jobs done. But at the same time we had to stay in that one compliant field to keep our crews the way we wanted.

I support the rollover bond but oppose the prevailing wage.

**Senator Atkinson:**

The same people who argue that we need to have higher-paying jobs want to abolish prevailing wage. For the individuals you employ at prevailing wage, what happens if it is abolished? Do you fear that most companies may start paying a much lower wage and those employees face a decrease in salary?

**Mr. Dombroski:**

I am not the person to answer that question. It is hypothetical too. Maybe someone else can answer that.

**Katrina Brown:**

I am a skilled worker. I am a journeyman electrician. I attended a 5-year training program which included classroom and on-the-job training.

Women are paid 70 cents to 75 cents for every dollar a man is paid. As a prevailing wage worker, I do not worry about that. I get the rate everyone gets. Every journeyman makes the same amount of money, so that is not an issue for me.

I am not opposed to us needing schools. I have two kids in the school district and of course we need schools. I know that the schools are overrun and some of the schools need repair. That is not in question. I am concerned about how this bill is clumped together. We need to work for the schools to make sure we get the items, buildings and new teachers that we need. Why are we using this to attack skilled workers and the middle class? That is what I am upset about with this bill.

I am a single mom. As a single mom, before I became a skilled worker, I made \$10 an hour. I could not afford day care. I could not afford health care. I did not have extra time to spend with my kids because I worked 10 to 12 hours a day, 3 or 4 days a week.

I understand that schools need to be built and many issues with school districts need attention. I do not see how killing prevailing wage helps the middle class. As a middle-class person and a business owner, I am the one who goes out and spends money with the small businesses. If no one makes the money to spend with the businesses, what will the businesses do?

We have been here a long time talking about the prevailing wage issue. Other people have spoken and said pretty much what I wanted to say. I just wanted to put a face for the women who work in prevailing wage to say that women do need prevailing wage jobs. In a prevailing wage job, there is no question about how much money you will make. We can use the money to support our families. The bill needs to be redone. I do not support S.B. 119.

**Vicenta Montoya (Latino Democratic Caucus):**

I was really excited when the Governor announced a rollback for construction of new schools. That was a fantastic idea—something feasible. I share Senator Atkinson’s dismay that some people are disingenuous, saying they support children and want to change the overcrowding situation, and yet say that this bill could only pass if it is done by eliminating prevailing wage. That is disingenuous on the part of every Senator and Assemblyperson who says that. It is a lie when they say that they care for the children because you can do this construction without eliminating prevailing wage.

I have lived in Nevada since 1951. The high school from which I graduated—I also went to college and law school—in Clark County was built 50 years ago with prevailing wages and union construction. Clark High School was state of the art, and it continues to be a well-constructed school. We are talking about, quality construction and good wages.

It concerned me that the Senator who promoted this bill alluded to studies but did not know of them and was not able to cite those studies. Upon checking the Internet, every study except for two indicate that prevailing wage does not have an adverse effect on construction for government contract jobs. Labor costs are the primary costs in government construction, between 20 and 30 percent. Even if wages are higher by 10 percent, when you factor in all of the contract, that is less than 2.5 percent for a contract that has 25 percent of its costs related to labor. It is almost negligible.

You folks who have read the studies know that only two studies support the idea that prevailing wage raises cost. Those two studies have not been duplicated. What does that tell you? That somebody is using bad studies to promote a bad idea. I hope that this Session does a much better job and actually attends to problems we have in this State that are only getting worse.



I do not have children in the school district. I am a grandmother. My daughter graduated from CCSD, and I expect that my grandson will go to a Clark County school. I want a better future for him than overcrowded and decaying schools in this great State. I ask you to remove this portion of prevailing wage which is only a stick in the eye to labor. That is all it is.

When somebody says that labor is only 14 percent of the people, what about their wives and children. Those children vote, those wives vote, those husbands who may not be labor vote. In my union family, I was not labor. I went into another industry that did not have a union. I still support labor. I still support prevailing wage, and I still vote. I have voted in every election, and I will continue to do so.

You have people in this room who are as concerned as I am about the elimination of prevailing wage. You have already had people alluding to the fact that this takes away money from the State. This takes away money that is spent from the gross domestic product of our State. This is not the way to go. I ask you to allow the rollback but remove the prevailing wage.

**Chris Ferrari (Nevada Contractors Association):**

We oppose the bill as written. While we support the bond rollover for schools, we cannot support the prevailing wage changes. Does some type of reform need to be looked at that resembles what we have done in previous sessions? Questions need to be answered, and our group is willing to participate in those dialogues. We look forward to them.

**Dave Backman (K. G. Walters Construction):**

We do much of the technical infrastructure for Nevada. We do water and wastewater treatment plants. It is hard to come by the talent required to do those facilities. We are a signatory contractor.

From a business perspective, unintended consequences could result from this legislation. Most of the larger work done in this area is by signatory contractors. The question was asked earlier if the market would adjust. It will adjust after a while. But I can assure you that you invite a ton of out-of-state guys to fill that void because, as signatory contractors, we will still be signatory, but we are not able to get those agreements. You understand that. That is just a business perspective.

I do not intend to leave. We are a multistate company. If we have to, we will go to other states where we can compete. There will be a vacuum to be filled. You need to come to grips with the reality of that. You are looking at the low-hanging fruit, easy to go after, maybe some pandering to some special interests or possibly just some feel-good legislation. The percentage of labor is in the 20 percent to 30 percent range, so the real savings are not what you tout. They are not. That is the reality.

Senator Kieckhefer said it best of studies on both sides. This sounds unsubstantiated. I am not sure why this body would move forward pressing something like this without really understanding what the results would look like.

From a humanitarian perspective, I take pride in my company and me for providing a living wage for our workers. I do care about them. We are a close-knit family. This economy is very small. What I do affects you in some roundabout way. You should come to grips with that as well.

I appreciate that you want to improve the schools. That has to happen, but to wrap up the prevailing wage with that is a huge mistake and short-sighted. I caution you against the unintended consequences because you will have to bear that responsibility someday.

**Ed Uehling:**

I am against the rollover which takes the funding of the schools out of the hands of the taxpayers and puts it into automatic; just go on and spend money without considering whether it is really needed. It should be in the hands of the taxpayers, not put on automatic.

If it is such a great idea to take someone out of McDonald's who is making \$10 an hour and put the person holding a flag on a construction project for \$65 an hour—creating all these jobs and doing all these wonderful things for the economy and everyone's benefit—well, why are all of these people not advocating for increasing the prevailing wage to \$130 an hour, or \$150 an hour or really make the economy boom by increasing it to \$500 an hour? Obviously, these arguments are specious.

**Rick Ewing (Las Vegas Paving):**

This bill is typical politics. The rollover is in this bill because we knew it was something everyone would want—and then we throw in the fact that we want to do away with prevailing wage.

Las Vegas Paving has paid prevailing wage ever since I have been there. It is not just on prevailing wage jobs. We are a union contractor; consequently, our employees are paid the prevailing wage wherever they are, whether it is a prevailing wage job or not.

We do support the rollover, the extension of the school bond, but we are definitely against any kind of a prevailing wage elimination. I have not heard anyone speaking today who is willing to take a 30 percent to 40 percent cut in their wages, get rid of their home, have no retirement, have no life insurance and feel that is better for the State.

As a contractor in Nevada, we absolutely cannot get rid of the prevailing wage.

**Craig Edwards (Operations Manager, Aggregate Industries):**

We are in support of the bond for our schools, but we do not support eliminating prevailing wage requirements.

Whether you are part of the 14 percent or the 86 percent, if that is the way we have decided to look at this, we can find some common ground in that everybody here today wants what is best for Nevada and for Nevadans. The one thing that should concern all of us, whether you are in one group or the other, is that as local contractors, we want to perform the work using local workers. If there is no prevailing wage, we will see a flood of out-of-state workers, my fear, and out-of-state contractors will undercut local bids by manipulating the system. That would not be good at this time for Nevada.

The stated concept of getting the same product for substantially less cost is lost in the fact that Nevada families would be most impacted by the abolishment of prevailing wage, and we would end up replacing that. Families in Nevada go to school here, live here, pay taxes here, dine here, go to movies here, go to Little League here. A transient workforce would come in on Monday mornings and leave on Friday afternoons, making sure to fuel their cars before they cross the state line to avoid paying the Nevada fuel tax.

**Aaron Jones:**

I have heard a lot today about undercutting Nevada's workforce and framing it as an education issue. I grew up in Las Vegas Valley, and in 2004, I graduated from Advanced Technologies Academy. After graduation, I attended the University of Nevada, Las Vegas. While there I decided I wanted to be an electrician. I sought out, enrolled in and committed myself to a 5-year indentured apprenticeship. Through my apprenticeship I obtained my associate degree at the College of Southern Nevada. I did this because education, skill and experience have value. To remove prevailing wage removes that value.

Nevada's workers and families have value. The removal of prevailing wage allegedly on the importance of education is a hypocritical act. That removal from these projects will have negative repercussions on Nevada's youth, workers and economy.

**Margaret Cavin (J & J Mechanical, Inc.):**

I own J & J Mechanical. I have been licensed in Nevada for 33 years. The majority of our work has been schools and universities. I am a signatory contractor though the majority of those 33 years were spent as a nonsignatory contractor doing prevailing wage jobs. It came clear to me that it was a case of you get what you pay for—the higher wage, the higher the skill.

Paying a worker a reasonable wage so he or she can live a decent lifestyle, have a home and support a family is what I owe to my employees. It is the basis of the American dream.

On one of our projects, South Meadows Middle School, now called Kendyl Depoali Middle School, the overall contract to the general contractor was in excess of \$37 million. My contract for the plumbing and piping portion of the mechanical was \$2.534 million of that amount, and \$384,000, or 16 percent, was labor. So in reality, cutting that 16 percent of labor is not that much. Even though this building is not a school, we did the expansion on this building and the 1996 renovation. I would encourage each of you to go down to the basement and check out the mechanical room and electrical room to see the handiwork of skilled craftsmen. You will find 10-inch pipe, similar to a school, that weighs about 40 pounds a foot. You do not put it up in 1-foot pieces. This is hard, labor-intensive work. These people are skilled craftsmen. They earn every penny they make.

The other issue is these schools are designed basically for 50 to 60 years of longevity. Part of the cost is in the design and not all in the labor. One issue we all face is a shortage of skilled construction workers. We have lost many skilled tradesmen. They have left the community and decided they like fishing, and they are not coming back to the trades. We are not attracting young people to the trades. We have many issues. A skilled craftsperson will leave the trades if his or her skill is devalued by a percentage. It would be more difficult to attract people to the trades.

If I had been paying a lesser wage on any of the school projects, I would have had a difficult time producing a quality project. Every school built deserves to be a quality project. Lowering the wages for skilled craftsmen and -women defeats that purpose completely.

**Mike Cate (Silver State Masonry):**

This prevailing wage issue has been around for quite some time. It was a low blow getting it with this bill. I have worked with others and talked to many people about extending the bond oversight. I chair the Oversight Panel for Washoe County School District, so I am familiar with it. I thought the bond rollover was to be on its own.

As far as the prevailing wage issue, I am an open shop and always have been. I pay my employees prevailing or better. That is my competitive edge. I have the best crews around. This thing would destroy the whole situation.

I am at a loss for words because of the way this has come down. I agree with John Madole that if you separate prevailing wage out of the loop and let us go for some reform, we could get many things done this Session. However, to bundle these together causes discontent and removes much of the backing for the school district that should be there.

I am 100 percent for the bond, no question. But this is very disheartening to have happened this way.

**Nate Roach (Gradex Construction Company):**

I am an open-shop, general engineering contractor with 30 to 35 employees. I disagree with changing the prevailing wage because as so many others have said, I want my employees to make enough money to buy cars and houses in this area, have a good lifestyle and participate. My concern is with the change.

We also do a lot of school district work, so intuitively I should favor this prevailing wage change—but I do not for the reasons just stated. My concern is of a vacuum if the standard is lowered.

Even the open-shop contractors cannot start dropping their wages. It is not fair. It is not the right thing to do. It goes against the premise that I pay my employees a solid wage. For that reason, I am not in favor of the bill because of the prevailing wage revision.

**Larry Mineer:**

As a Nevada resident, I urge you to vote no on S.B. 119 because prevailing wage laws ensure workers are paid not only an hourly rate but also a benefit package that includes health care insurance costs and retirement plans. I am also concerned that out-of-state contractors may come into Nevada with nonresident workers and burden our systems and programs without paying their share.

Changing this law may not save taxpayers anything. It may actually cost Nevadans more money as well as losing Nevada jobs to nonresident workers.

As a Nevada construction worker, I am constantly continuing my education about my skills, certifications and OSHA job safety training. All of these classes are necessary to ensure that I am capable of not only providing a productive day's labor for an honest day's wage but allowing me to work in a safe environment. While some may think that construction workers make a lot of money per hour, it is often not a 12-month-a-year job—and it is always a dangerous occupation. That is why I urge you to vote no on S.B. 119.

**Dan Dupree:**

I am a tradesman with a career. This is not a temporary job. When the 2008 recession hit, the construction industry outlook was bleak. I was able to secure work in Reno on school revitalization projects. This work enabled me to pay my mortgage, feed my family and remain a productive member of society who did not need social services to survive.

Public works need prevailing wage protection because removing it will marginalize skilled craftsmen who rely on construction for their careers.

**Carole Vilardo (Nevada Taxpayers Association):**

I found some issues in section 2 of the bill. The bill is effective more for Clark and Washoe Counties than the rural communities. In Clark County, we still have room in the cap, and the original bond rollover was before the tax abatements were put in place in 2005. In Washoe County, the tax abatements may not have been excused on the bond issue. One of the things that becomes an issue is how do you envision handling a rollover, if it is permitted, and the abatement issue. Some of the rollover provisions were approved after 2005 when the law required voters to exempt the rollover from the abatement provision or if it was included in the abatement. Prior to 2005, that was not an issue. You have both of these here, and section 2 deals with it because the first paragraph states "authorization to issue general obligation bonds, regardless of whether such approval occurred more than 10 years before the effective date of this act." That becomes one issue.

We have some cases where a district had a rollover in the past but no longer and may have paid the bonds. Was it your intent to allow without a vote the amount of the rollover at the time the question existed, which for Clark County was 54 cents, or the actual amount the district could rollover as the bonds reduced. That becomes a real interesting question.

The Nevada Taxpayers Association has a publication which lists all of the statewide ballot questions. Mineral County had a school bond rollover question which failed. The County wanted to use the 23 cents that the voters did not approve. The County is working on the budget right now and put the ad in the newspaper to advise voters. It is not really an increase for the County residents because it keeps the rate the same.

Some counties with the rollover—which had bonds come off the tax roll—have entities within in the counties that have used the tax rate. Mineral County's tax rate is \$3.66. If the County takes that rate, even though the district needs schools and school rehabilitation, it has no money even if you approve the rollover. Mineral is not the only district like that.

In addition to which, Senator Goicoechea, you know Elko has pay-as-you-go funding. You allow pay-as-you-go use with roll-over money, but there was never a provision for pay-as-you-go funding, which has been 10 years. That is in the 10-year cycle. I am pretty sure Elko is about to come due.

I do not have a position on this bill at this point. However, if you process a bill like this, and there are upgrades and new schools needed in most counties, it should work not just for Clark and Washoe Counties but for all counties.

**Chair Goicoechea:**

As with most rural counties, Elko County would never consider rolling a bond over without a vote of the people. We know that this is predominantly focused on Clark and Washoe Counties. That is what makes it problematic for some of the members in the Legislature.

**Ms. Vilardo:**

Washoe County is very close to the cap. The County has almost no room. That becomes another issue. Washoe County has not only the abatement issue on the impact of whether it has 2 cents or 1 cent or 5 cents, but it has the cap issue, which is less available than the original rollover. I do not know what the County would have free to use or would have used.

**Chair Goicoechea:**

The bill never intended to use the abatements; because the bill does not say it, I assumed that meant abatements were not there. Clearly, you cannot exceed the cap whether the capability is there or not—that is up to the school districts as they roll these bonds over. That is the intent of the bill.

**Victor Joecks (Executive Vice President, Nevada Policy Research Institute):**

I will talk a bit about the benefits of repealing the prevailing wage provisions and then the problems with the property tax increase.

The DETR data ([Exhibit L](#)) shows that prevailing wage requirements boost the cost of construction labor by around 45 percent in both northern and southern Nevada. That 20 percent to 25 percent of overall construction costs represents a savings of 8 percent to 10 percent per project which adds up to hundreds of millions of dollars.

A Nevada Policy Research Institute study ([Exhibit M](#)) found that prevailing wage actually cost taxpayers almost \$1 billion in extra wage payments in 2009 and 2010. Eliminating the prevailing wage is a great example of how government can make taxpayer money go further.



On the other hand, attempts to circumvent voters and pass a property tax increase is problematic. Voters in Clark County had a chance to pass a much more modest proposal which lost 2 to 1 in 2012. In 2013, Washoe County School District went to the County Commission for a tax increase. Residents stood up, and it was soundly rejected.

There has been a lot of talk about the need for capital improvements. Putting that into context, in 1999, which is outdated but it holds as the best data available, the average age of a school building in the U.S. was 40 years old. In 2012, the average CCSD school building was 22 years old. Nevada's schools are relatively new.

There have been reports of students without heat or air conditioning in certain schools. I called both CCSD and WCSD and officials told me that they have no reports of that and that is not happening. If there are temporary outages, they have been repaired, if not immediately then within the day. That is important for you to know and I encourage you to confirm that.

**Chair Goicoechea:**

I attended a school in White Pine County that was built in 1938 and it is still a middle school. Some of them still work.

**Mr. Joecks:**

I encourage you to look at the size of what the CCSD is asking. With the 1998 bond, it was about \$5 billion, and that accommodated a 50 percent increase in student population. Now, CCSD is claiming it needs \$7 billion to accommodate a 1 percent student growth a year. The scale of what CCSD is asking is well beyond just basic upkeep.

The best way to deal with claims of overcrowded schools is to pass school choice legislation that allows parents to remove their children from traditional public schools, decreasing the need for new school buildings. I am encouraged that the Legislature appears to be open to discussing that.

I have submitted written testimony supporting the repeal of prevailing wage and opposing the bond rollover without voter approval ([Exhibit N](#)).

**Senator Parks:**

We have received testimony from Samantha Draper which conflicts with yours. The studies and analyses I was able to find substantiate what she is saying, especially when you look at the fact that construction is roughly 25 percent. That figure is going down as technology improves and changes take place. I will review your analysis, [Exhibit M](#), to determine why there is such a discrepancy.

**Chair Goicoechea:**

We do not want to get confused in this. We are talking about percentages on labor costs versus project costs, and that does change it.

**Senator Atkinson:**

Your testimony was neutral but it sounded like you were against it. Your study concluded that it would cost the taxpayers \$1 billion. However, if you use that number, the study should show how much of that \$1 billion is pumped back into the economy. There is a give-and-take here. If \$1 billion is being spent, then some money will be spent on homes, on commerce, on cars; consequently, we have an evolving economy which relies on consumer spending. It has to be both ways. What does your study suggest goes back into the economy?

**Mr. Joecks:**

There has been much talk about what constitutes a living wage. The DETR data, [Exhibit L](#), shows people going from \$45 an hour to \$35 an hour and from \$55 an hour to \$45 an hour. This talk that people are to go down to \$15 an hour is not supported. People making \$55 an hour are making a lot more than the average working family. To raise taxes on working families to support people at the \$55 wage rate is not a proper way to grow the economy.

**Victoria Carreón (Director of Education Policy, Guinn Center for Policy Priorities):**

We conducted a comprehensive analysis of school facilities and financing. A link to our report is on our testimony ([Exhibit O](#)) and on our Website.

The key finding of this study is that financing tools are not adequate in Clark and Washoe Counties and the rural school districts. Even the rollover bond you are considering would not be adequate and would have minimal impact in the rural districts where the tax base is too small to build new schools.

We have suggested that the State embark on a discussion of expanding financing tools. Our first idea is to create a statewide funding mechanism for

schools. This would require the State to issue state general obligation bonds which would require an increase in the ad valorem tax rate.

Our second recommendation is to provide school districts with the ability to create special improvement districts. These are assessment districts, not property taxes, and they work well in other states in new housing developments. The assessment district is actually a subset of the school district, not the entire thing. It can be used in an area where there is a lot of new housing development.

The third recommendation is to explore the feasibility of creating multicounty tax districts for rollover bonds, especially in rural areas where the tax base is small. If the rural districts could combine together, you would enhance the ability to raise more funds through rollover bonds.

Our fourth recommendation is to change statute regarding tax caps and abatements. There is the tax cap of \$3.64 or \$3.66, depending on how you look at it, per \$100 of assessed valuation. New voter-approved bonds could be exempt from the statutory tax cap. That would be helpful because many of the school districts are right at or close to that tax cap.

Also, if there are voter-approved tax increases and the tax abatements are left in effect, there is no actual increased revenues. Exempting the tax increases from the tax abatements for 1 year would go a long way to solving that issue.

Regarding existing laws on taxes, the property tax abatements could be reset when property is sold. That would allow a property to be assessed at market value when it changes hands and allow the revenue to increase more rapidly.

Our last recommendation is that the Legislature should encourage the Office of Economic Development to conduct a school facilities impact study and develop a funding plan prior to approval of development incentives. With the recent development incentives approved in northern Nevada, school facility needs were not taken into account, and that should be part of the planning process to ensure sufficient facilities for future students.

**Senator Harris:**

We can all agree that we need more schools, and S.B. 119 is a way in which we can do that.

Senate Committee on Government Affairs  
February 4, 2015  
Page 60

**Senator Kieckhefer:**

Many of the people who testified against this bill are considered friends, and I hope they are still friends who believe strongly in education in this State and the need for improved facilities.

Remainder of page intentionally left blank; signature page to follow.

Senate Committee on Government Affairs  
February 4, 2015  
Page 61

**Chair Goicoechea:**

That closes the hearing on S.B. 119. Having no further business, this meeting of the Senate Committee on Government Affairs is adjourned at 5:25 p.m.

RESPECTFULLY SUBMITTED:

---

Suzanne Efford,  
Committee Secretary

APPROVED BY:

---

Senator Pete Goicoechea, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>			
<b>Bill</b>	<b>Exhibit</b>	<b>Witness or Agency</b>	<b>Description</b>
	A 2		Agenda
	B 51		Attendance Roster
	C 2	Senator Pete Goicoechea	Committee Rules
	D 16	Research Division	Committee Brief
S.B. 82	E 3	Jerome Tushbant	Testimony
S.B. 90	F 2	Dana Grigg	Testimony
S.B. 119	G 4	Joyce Haldeman	Testimony
S.B. 119	H 1	Clark County School District	Property Tax Capacity
S.B. 119	I 1	Clark County School District	Pledged Revenue Capacity
S.B. 119	J 1	Clark County School District	Shovel-Ready Projects
S.B. 119	K 1	Pat Fling	Testimony
S.B. 119	L 2	Nevada Policy Research Institute	Prevailing Wage versus Market Wage
S.B. 119	M 16	Nevada Policy Research Institute	Who Really Prevails Under Prevailing Wage?
S.B. 119	N 2	Victor Joecks	Testimony
S.B. 119	O 2	Guinn Center for Policy Priorities	Testimony