

**MINUTES OF THE MEETING OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND  
SENATE COMMITTEE ON FINANCE  
SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIP**

**Eighty-Second Session  
February 16, 2023**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/Higher Education/CIP was called to order by Chair Shea Backus at 8:02 a.m. on Thursday, February 16, 2023, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Shea Backus, Chair  
Assemblywoman Sandra Jauregui, Vice Chair  
Assemblywoman Heidi Kasama  
Assemblyman Cameron (C.H.) Miller  
Assemblywoman Daniele Monroe-Moreno  
Assemblyman P.K. O'Neill  
Assemblywoman Sarah Peters  
Assemblyman Steve Yeager

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Marilyn Dondero Loop, Chair  
Senator Nicole J. Cannizzaro, Vice Chair  
Senator Heidi SeEVERS Gansert  
Senator Dina Neal  
Senator Robin L. Titus

**SUBCOMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None



**STAFF MEMBERS PRESENT:**

Wayne Thorley, Senate Fiscal Analyst  
Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst  
Julie Waller, Principal Program Analyst  
Anne Bowen, Committee Secretary  
Janet Osalvo, Committee Assistant

**OTHERS PRESENT:**

Jeffery Landerfelt, Deputy Treasurer, Debt Management, Office of the State Treasurer  
Jack Robb, Director, Department of Administration  
Kent A. LeFevre, Administrator, State Public Works Division, Department of Administration  
Brian Wacker, P.E., Chief of Planning, State Public Works Division, Department of Administration  
David Dutra, Deputy Administrator, Buildings and Grounds Section, State Public Works Division, Department of Administration  
Daniel Marlow, Administrator, Administrative Services Division, Department of Administration  
Kirsten Nalley, Deputy Administrator, Professional Services Section, State Public Works Division, Department of Administration  
Andrew Clinger, Chief Financial Officer, Administrative Services, Nevada System of Higher Education  
Tonya Laney, Deputy Director, Division of the Office of the Director, Department of Motor Vehicles  
Robin Hager, Deputy Director, Office of Finance, Office of the Governor  
Robert Mergell, Administrator, Division of State Parks, State Department of Conservation and Natural Resources

**Chair Backus:**

[Roll was called. Subcommittee rules and protocols were explained.]

On the agenda we have the Office of the Treasurer's Bond Interest and Redemption account. We also have two budget accounts for the State Public Works Division, Department of Administration, and twenty-nine Capital Improvement Program projects, including projects for the Department of Administration, Nevada System of Higher Education, State Department of Motor Vehicles, and the State Department of Conservation and Natural Resources.

**ELECTED OFFICIALS**

**OFFICE OF THE STATE TREASURER**

**TREASURER - BOND INTEREST & REDEMPTION (395-1082)**

**BUDGET PAGE ELECTED-205**

**Jeffery Landerfelt, Deputy Treasurer, Debt Management, Office of the State Treasurer:**

Treasurer Conine sends his regrets that he could not join us this morning. Thank you for the opportunity to present the Consolidated Bond Interest and Redemption budget account 1082 [[Exhibit C](#)].

Article 9, section 3 of *The Constitution of the State of Nevada* permits the state to contract public debts, levy taxes for the payment of that debt, and appropriate revenues sufficient for the repayment of the debt.

The State Treasurer, per *Nevada Revised Statutes (NRS) 226*, is responsible for the issuance of state debt with certain exceptions. The Consolidated Bond Interest and Redemption Fund is established pursuant to NRS 349.080 through NRS 349.140 to receive the collection of the \$0.17 property tax revenue dedicated to the payment of principal and interest on the state's general obligation bonds; to make payments for the principal, interest, and service charges on issued debt; and to reserve monies for future general obligation debt service payments. The Debt Management Division is responsible for issuance of all state debt with certain exceptions, disbursement of proceeds, payment of issuance costs and debt service, collection of debt receivables from other state agencies and municipalities when authorized, post issuance monitoring, compliance disclosure, and representing the status of primary contact for the bond credit rating agencies.

The Debt Management Division oversees the state's approximately \$2 billion debt portfolio currently involving 18 bond-funded programs, as well as guaranteeing approximately \$143 million of school district bonds through the Permanent School Fund Guarantee program. Of the \$2 billion portfolio, approximately \$790 million is self-supporting debt with no general obligation pledge. These are the highway revenue bonds supported by the Motor Vehicle Fuel Tax and the Index Fuel Tax. It also includes the certificates of purchase issued

to facilitate lease purchase agreements. Approximately \$245 million is self-supporting debt with a general obligation pledge and approximately \$991 million is general obligation debt paid with revenue from the \$0.17 per \$100 property tax assessments. This is the portion of the debt that is the subject of the debt capacity and affordability report that was in the pre-session presentation to the Legislative Commission's Budget Subcommittee.

The Governor's recommendations for budget account 1082 include revenues from property taxes, appropriations from other budget accounts per authorized statutes, and interest earnings on the fund. Expenses include principal and interest payments on outstanding debt costs associated with issuances, including professional services for bond and disclosure council and municipal advisers; and others required to facilitate issuance and debt service such as paying agents, trustees, and arbitrage calculation fees. There are no new programs or enhancements recommended for this budget account in The Executive Budget.

All performance indicators have been met. All debt service was paid timely. All debt was issued within the constitutionally mandated limit. Per the Board of Finance debt management policy, a reserve of at least 50 percent of the next fiscal year's debt service was maintained in the Bond Interest and Redemption Fund. The reserve balance as of June 30, 2022, was approximately \$201 million or 118 percent of fiscal year (FY) 2023 debt service. This concludes my presentation, and I will be glad to answer any questions.

**Assemblyman Yeager:**

Obviously, I understand everything you talked about, but could you talk about the factors that go into the analysis that the Treasurer's Office performs when identifying the state's bonding affordability?

**Jeffery Landerfelt:**

We have very conservative assumptions that we use. The property tax revenue is, of course, an essential part of that analysis. There is a committee that meets in December made up of Legislative Counsel Bureau (LCB), Fiscal Division staff; Department of Taxation staff; Treasurer's Office staff, which includes me and Chief Deputy Treasurer Lori Hoover; and the Governor's Office of Finance budget analysts. Together, they derive an estimation of property tax revenues. For FY 2024 and FY 2025, we use the revenues that they have projected. They then project out, in this case, a 3 percent increase annually. We use a more conservative figure of 1 percent going forward for the two years following this upcoming biennium, and then 2 percent that second biennium, following this biennium, and then zero. We also assume interest rates that are unlikely to be incurred. For instance, in the upcoming biennium we assume a 5 percent interest rate and then 6 percent thereafter. Even in this volatile market, 5 percent is unlikely to be realized in the issuances that we do in the next biennium. For instance, in the most recent issuance, the average interest rate that we incurred for that debt was 3.65 percent overall for the issuance. The municipal bond market is volatile, so that is another assumption. We always try to be more conservative.

**Assemblyman Yeager:**

I think that explains it well, and what I hear you saying is you are even more conservative than the other estimates and more conservative than historical data would indicate. I feel comfortable that this number presented today is very achievable with what we have going on in the state.

**Jeffery Landerfelt:**

Yes, they are. The Bond Interest and Redemption Fund reserve is a part of the affordability analysis in the appendix. The remaining reserve is a percentage of next year's debt service. That figure is conservative as well, so we will likely see a reserve higher than what that shows. For instance, I mentioned in my testimony that at the end of FY 2022 the bond interest and redemption fund was 118 percent. I think if you look at the last projection you would see it is more like 111 percent, 112 percent, something like that.

**Senator Seevers Gansert:**

I am looking at the \$991 million in general obligation debt funds and how much of those funds are being used. I know the \$75 million in the infrastructure bank—we issued the bonds—but we are not using that capital. Of that \$991 million, how much is being put to work versus sitting in reserve to be used at a future date?

**Jeffery Landerfelt:**

Out of the \$991 million that has been issued, there is about \$17 million for the open space program, about \$5 million for historic preservation, and about \$9 million of water grant proceeds that are currently unspent. For the Tahoe program there is probably \$2 million still unspent. Most of that is the result of the most recent issuance in November, and they actually spend their money pretty fast in that program. For the Capital Improvement Program (CIP), I think there are unspent proceeds of about \$80 million from the 2021 issuance and about \$25 million of unspent proceeds from FY 2017 and FY 2019 combined. I did not add those up.

**Senator Seevers Gansert:**

That is very helpful, thank you. As far as how you issue the bonds, for instance we issued \$75 million, but I do not know when we are going to spend that. Do you have any idea when that program will start functioning?

**Jeffery Landerfelt:**

I am sorry, I do not know. There are projects that are being vetted, but I never get involved in that. I will be more than happy to give you an update.

**Senator Seevers Gansert:**

When you decide to issue the bonds, do you look at the timing of when they are going to be spent so we are not paying interest on money that is not being deployed?

**Jeffery Landerfelt:**

Yes, the agencies submit a cash flow analysis with their request, and we use that to determine what their request is and whether it is needed for that issuance. That information is presented to the Board of Finance in determining whether that issuance is needed at that time. For a lot of these programs, they need the proceeds to start the contract process, which of course can be an arduous process and sometimes incur delays because of environmental impact studies.

**Senator Seevers Gansert:**

I have another question about the Highway Funds. We have so much debt related to the Highway Funds. Do you issue those incrementally as well, because I know we spend a lot, but we also have quite a bit in reserve to be able to pay the debt obligation?

**Jeffery Landerfelt:**

The revenue bonds are a little bit of a different animal from the general obligation bonds because those are revenue bonds, and they are not part of the affordability analysis. They do not receive authority from the Legislature to issue. It is what that revenue stream will support for the projects that are being considered. It is not a part of the affordability of authority or built into the CIP. It may be incremental from their end when they request it, but it is not incremental from our side when we look at whether that is a portion of a larger bond request.

**Senator Seevers Gansert:**

Thank you. I will follow up with them.

**Chair Backus:**

Are there any other questions? [There were none.] I will close the hearing on the Bond Interest and Redemption account.

I will open the next budget on the State Public Works Division budget account 1562.

**FINANCE & ADMINISTRATION  
DEPARTMENT OF ADMINISTRATION  
ADMINISTRATION - SPWD - ENGINEERING & PLANNING (101-1562)  
BUDGET PAGE ADMIN-148**

**Jack Robb, Director, Department of Administration:**

This morning we are going to go over two budget accounts. I am going to turn it over to Kent A. LeFevre and Brian Wacker for the presentation today. Thank you.

**Chair Backus:**

I would appreciate it if we could stop after the first budget of the State Public Works Division before we go into the next budget.

**Kent A. LeFevre, Administrator, State Public Works Division, Department of Administration:**

Today we will briefly discuss our vision, mission, and philosophy for our organization as well as budget accounts 1562 and 1349.

Our vision, mission, and philosophy illustrated in our PowerPoint presentation on page 3 [[Exhibit D](#)] is that state agencies will occupy exemplary facilities. Our mission is to provide well planned, efficient, and safe facilities so that state agencies can effectively administer their programs. Our philosophy is that we work as a team to build consensus. We take pride in our work and serve with humility.

The organization chart on page 4 illustrates the Division's organization. The State Public Works Division is part of the Department of Administration, and I report directly to Director Jack Robb. Each section is led by a deputy administrator who then reports to me.

The Professional Services Section includes engineering and planning. We employ licensed and credentialed professionals in a wide variety of disciplines, including civil and structural engineering, electrical and mechanical engineering, and architecture. We employ industry professionals in subjects like pavement, roofing, Americans with Disabilities Act (ADA), and environmental issues.

Our deputy over the Compliance and Code Enforcement Section serves as the building official for state-owned structures on state property. He is supported by building inspectors and other industry professionals. The Buildings and Grounds Section takes care of what we have: over 66 full-time staff look after our state-owned buildings daily. This Section also includes the Marlette Lake water system. Our Division is supported by a seven-member board which is appointed, and they are industry professionals in their own right.

I would like to discuss budget account (BA) 1562, Engineering and Planning. There is one decision unit—enhancement (E) 710. This recommendation supports computer hardware replacement per the Division of Enterprise Information Technology Services (EITS) recommended replacement schedule.

Next is the proposed project management and inspection work plan, and I would hasten to add that this agency is working on a potential budget amendment for this, but nothing has been finalized. We are asking right now for four project managers and one program officer.

I will go over the budget recommendations for BA1349, Buildings and Grounds Section.

**FINANCE & ADMINISTRATION  
DEPARTMENT OF ADMINISTRATION  
ADMINISTRATION - SPWD - BUILDINGS & GROUNDS (710-1349)  
BUDGET PAGE ADMIN-156**

**Kent A. LeFevre, Administrator, State Public Works Division, Department of Administration:**

There are a total of six decision units for Buildings and Grounds, and I will take these one at a time.

Decision unit enhancement (E) 228 is the recommendation for a new painter position. Currently, there is one painter in the entire division responsible for painting services throughout the facilities, comprising over 3.6 million square feet. It is physically impossible for one painter to do all that. We are asking for a painter position to coordinate with our inmate crews, outside contractors, and execute preventative maintenance on our state-owned buildings.

Next is decision unit E-680, which is the Capitol Police pay grade increase. In support of the Governor's 2023 State of the State address, this recommendation funds a two-grade increase for public safety employees.

Decision unit E-710 addresses computer replacement. This recommendation supports computer hardware and replacements per the EITS replacement schedule.

Decision unit E-711 supports the replacement of equipment that is either expired, unsafe, unreliable, problematic, or due for replacement.

Decision unit E-712 addresses the replacement of agency vehicles. This decision unit recommends the replacement of 24 agency-owned vehicles with long-term fleet services vehicles in the 2023-2025 biennium. Currently, the Buildings and Grounds Section (B&G) manages 49 licensed vehicles and is proposing to replace agency vehicles with fleet service vehicles, helping us to be more reliable and have more dependable vehicles to carry out our mission in the state.

Decision unit E-850, Special Projects, recommends state-owned building renovations and is what we call the mini-CIP. This decision unit addresses approved projects for state-owned facilities managed by Buildings and Grounds which include building renovations; electrical upgrades; Heating, Ventilating, and Air Conditioning (HVAC) system upgrades; replacement projects; flooring; exterior surfaces; and other repair projects. These projects are selected to address the life, safety, and end-of-life replacements and improve overall operational economics.



**Assemblyman Miller:**

I have a couple of questions about budget account 1562. First, I am curious about the current Capital Improvement Program and staffing. Are those programs fully staffed?

**Kent A. LeFevre:**

We are requesting additional staff through a budget amendment for the upcoming Capital Improvement Program (CIP). Currently, we have sufficient staff for our 2021 CIP and for finishing the 2019 CIP. We are going to need some staff to handle the onslaught of this next Capital Improvement Program.

**Assemblyman Miller:**

How do current vacancies affect the recommendations for the upcoming Capital Improvement Program?

**Kent A. LeFevre:**

We currently have three project manager vacancies in the Division. Two years ago, we had 11 vacancies, so we have been actively recruiting staff to fill those vacancies, and we continue to do so.

**Assemblyman Miller:**

Can you discuss whether the Division considered the work on the existing approved CIP projects, as well as the work that is upcoming, in calculating the necessary staffing levels for the Engineering and Planning budget?

**Kent A. LeFevre:**

We have looked at that, and we have calculated where we are going to need to be for the upcoming CIPs.

**Assemblyman Miller:**

I understand you are also looking at third party project management to support the workload. Can you explain how many hours are estimated to be needed and the average hourly rate for these contracted services?

**Brian Wacker, P.E., Chief of Planning, State Public Works Division, Department of Administration:**

We have looked at what we think we can manage in-house, and that is shown on page 7 of our Power Point [[Exhibit D](#)] for the 2023 CIP. We are looking at approximately 140,000 hours in the 2023 CIP for our project managers and inspectors. In the 2023 CIP overall, we are looking at roughly 255,000 hours. That is where the third-party management would come in. Regarding the hourly rate for the outside third-party management, I cannot really speak to that as it will vary with the companies selected and how they build our team. We anticipate that the hourly rate for us here at the State Public Works Division is lower than it would be from an outside firm providing those services.

**Chair Backus:**

I have a quick follow-up about the third party you may bring in: are those independent licensed contractors that you utilize to provide those services?

**Kent A. LeFevre:**

A third-party contractor would be a licensed professional that we bring in. When we say third party, we are talking about engineers and architects in the private sector who do the same thing we do. We would retain those professionals to help us fill the gap for any staffing shortages. We have done this in the past—not in the recent past—but four to six years ago we hired third-party vendors, contractors, and architects.

**Chair Backus:**

I have a question on page 9 [[Exhibit D](#)] regarding the E-850 decision unit for special projects. I understood that projects that cost over \$100,000 would usually be recommended for inclusion in the Capital Improvement Program. I noticed that the Governor recommends replacing the entire security camera system at a cost of approximately \$172,000. Why is that project included in this budget as opposed to the Capital Improvement Program?

**Kent A. LeFevre:**

The reason that project is in there is because when it was put together, we felt like the nature of that project was simple and could be done straightforwardly with our staff, and of course, professional services in budget account (BA) 1562 will be there to support the Buildings and Grounds Section on an as-needed basis for that replacement project.

**Assemblywoman Kasama:**

My question is about decision unit E-712 under BA 1349 regarding the equipment replacement for the 24 agency-owned vehicles. Can you give me an overview of how that would work? I cannot imagine that 24 vehicles just quit working all at the same time. Is this a rolling replacement? As they really stop working, you can replace one. What happens if you do not replace all of the vehicles at once? Does that funding go back to the State General Fund?

**David Dutra, Deputy Administrator, Buildings and Grounds Section, State Public Works Division, Department of Administration:**

When we look at the fleet in its entirety, 46 vehicles seem like a lot, and that is because some of them are in such disrepair, they are not reliable on a day-to-day basis. In addition, the State Public Works Division does not have a mechanic in its employ. We are using a lot of time outsourcing the repairs for these aged vehicles and through analysis we determined it is more cost-effective for us to work with fleet services. The Department is going to be moving toward a reduction of 20 percent of the fleet, overall, and to excessing the older vehicles over the next two years for fleet service vehicles, which would be much more reliable and maintained through fleet services.

**Assemblywoman Kasama:**

This will catch up the fleet, so to speak, for a few years. Will you be coming next year asking for more, or is this going to last for a while?

**David Dutra:**

I would anticipate that the fleet size that we land on will facilitate our needs for many years. We have a crew size that allows us to meet our mission and goals. If we were to increase those full-time-equivalent positions, we may add additional vehicles, but that would be a budget enhancement and go through the approval process. At this point, we feel that we have sufficient vehicles.

**Senator Neal:**

I have a question that applies to the maintenance projects. The Governor recommends a Buildings and Grounds maintenance project for the replacement of concrete at various facilities in Carson City for \$50,000. The Governor also recommends replacement of concrete at various facilities in Carson City for \$100,000. It is the same wording. Are these different buildings in Carson City where you are going to spend \$150,000 on concrete?

**David Dutra:**

We generalize those repairs because they are quite small, happen quite often, and it is very difficult to determine over a 2-year, or 2.5-year period, which concrete will heave and need to be repaired, or crack and fail, and need to be repaired. There is generally a fixed amount that we anticipate spending. To answer your question, what we are anticipating is \$50,000 in the North and \$50,000 in the South.

**Senator Neal:**

It should really be \$100,000 not \$150,000, so there is an error of \$50,000.

**David Dutra:**

Correct.

**Senator Seevers Gansert:**

I was looking at that, and it looks like it is \$100,000 per year in fiscal year (FY) 2024 and FY 2025 for the concrete. My question was related to something else. The maintenance projects look like you are going to use 20-year bonds for those and when I look down the list, I saw a couple of lighting expenditures that were separated out. Floors one through three and then floors four through six. It is about \$165,000. Are bonds going to be used for those?

**Daniel Marlow, Administrator, Administrative Services Division, Department of Administration:**

All the projects in Category 14 for budget account 1349 are funded through the rent rate for Buildings and Grounds.

**Senator Seevers Gansert:**

They are not part of the debt, correct?

**Daniel Marlow:**

Correct.

**Chair Backus:**

When you were talking about the rates, can you describe the process that the Department of Administration utilizes in setting the recommended office space rental rates?

**Daniel Marlow:**

The general process for the buildings and grounds rate is taking all the expenses for Buildings and Grounds, and dividing that by the allocated square feet for each agency that occupies a building B&G owns. The Department of Administration and my office, the Administrative Services Division, does not calculate this rate. It is calculated by the Governor's Finance Office.

**Assemblywoman Peters:**

I am going to go back to some of the questions from my colleagues related to your third-party contractors. Can you talk a little bit about some of the rate control measures you take with those contractors? How do you ensure that you are not going over budget? Do you have rate caps for the rate sheets from those contractors?

**Kent A. LeFevre:**

We have a budget for those items, and it would not go over that budget. We have a set budget in the CIP, and when we get proposals from third-party contractors, if they do not meet the budget then we are negotiating or we are going to someone else.

**Assemblywoman Peters:**

During the project management process, say you accept a contract with a contractor—what are the cost controls during the project? Do you have quarterly reporting from them? What is their obligation to not exceed the budget?

**Kent A. LeFevre:**

Their obligation for staying within the budget is the contract that we write with them. The benchmarks for that type of a contract would be like our design services contracts. We would have a benchmark, for example, a schematic design, which is about 30 percent of design, and then design development, which is about 60 percent of design, and then construction documents, and so on throughout the construction process. There are controls that we would be checking throughout the entire life of the contract.

**Chair Backus:**

I will close the hearing on the State Public Works Division budget accounts and open the hearing on the Capital Improvement Projects beginning with the projects for the Department of Administration.

**Kirsten Nalley, Deputy Administrator, Professional Services Section, State Public Works Division, Department of Administration:**

Beginning on page 11 [[Exhibit D](#)] the next few pages of our presentation highlight some of the parameters used in the development of the Capital Improvement Program. To develop the construction inflation rate, we contracted with O'Connor Construction Management, Inc. to assist with construction inflation estimating. The annual inflation rate for construction is based on several sources, including current market wage rates; employment rates; availability of materials and labor; recent bid results; recent project cost estimates; and national, regional, and local construction cost reporting. The 2023 inflation rates that you will see in the CIP book are 8.5 percent for the North and 7 percent for the South. The CIP estimates include construction contingency amounts which are 15 percent for smaller projects of less than \$10 million and 10 percent for larger projects greater than \$10 million.

Construction contingency is used to account for variations in bid climate, design errors and omissions, and unforeseen construction conditions. There are four possible construction allowances to modify standard estimating pricing including remote locations where contractors will likely be spending money on per diem, secure facilities where there is time for check in and check out, phased projects, and occupied facilities where working around building occupants takes a little extra time. We have included allowances for these items.

We are now going to discuss projects from the following groups: Department of Administration, statewide programs, Nevada System of Higher Education (NSHE), Department of Motor Vehicles, and the State Department of Conservation and Natural Resources.

I will begin by presenting the Department of Administration, Construction and Planning projects. Project C15 recommends a basement tenant improvement at the Nevada State Library, Archives, and Public Records. To orient you to the location of this project, the Nevada State Library, Archives, and Public Records building is located to the northeast of the State Legislature building in which we are currently sitting. The project will design and construct a tenant improvement project for the state agencies at the Nevada State Library, Archives, and Public Records basement. The project budget is \$4.3 million and is state funded.

Project C19 recommends demolition of cottages at the former Northern Nevada Children's Home. The location of this project is in Carson City to the southeast of the State Legislature building. This project will demolish the buildings on the site, except the historic gymnasium.

This project includes small ancillary buildings, sheds, tennis courts and unnecessary concrete flat work. The project budget is \$1.4 million and is state funded.

Page 20 [\[Exhibit D\]](#) depicts Hobart Reservoir which is a part of the Marlette Lake Water System. On page 21, Carson City is in the southeast corner of the map, and Lake Tahoe is depicted on the west side of the map. Marlette Lake is located on the east side of Lake Tahoe on the Carson range at an elevation of 7,800 feet. This project focuses on the Marlette Lake Dam and will provide additional funding necessary to complete project 19-CO8. The project will construct structural and functional upgrades to the Marlette Lake dam. The scope of work began in 19-CO8 includes an assessment of existing conditions, including a seismic evaluation, upgrades to protect against seismic events, and replacement of discharge piping and outlet valves.

Project P07 addresses the seismic retrofit and remodel of the old state armory building. The photograph in the lower right-hand corner of page 23 [\[Exhibit D\]](#) is the front elevation of the old state armory building. It was built in 1900, and the stone used to construct the walls is from the Curry quarry at the Nevada State Prison site. It is the same stone that was used to construct the Capitol building. This project will restore the building back to its pristine condition and remove the sheds and service buildings that were constructed without regard to the historical beauty of the original building. The location of this building is to the east of the Nevada State Library, Archives, and Public Records building. This project will provide advanced planning through construction documents and includes structural seismic reinforcement and building rehabilitation utilizing energy-efficient design solutions to provide office space for state agencies. The project budget is \$1.4 million and is state funded.

I would like to introduce Brian Wacker, Chief of Planning, who will continue our discussion of selected projects.

**Brian Wacker, P.E., Chief of Planning, State Public Works Division, Department of Administration:**

I will go over each of these projects briefly, and if the Subcommittees need further information, we can go into more detail. As a background, statewide programs are projects administered by the Department of Administration for other state agencies. Each program comprises several subprojects across the state. You will notice that the same numbers are listed more than once. The National Guard and highway projects are split out from the main statewide programs to keep differing funding sources separated.

The first project on the list is S01 and that is the Statewide Roofing Program. This proposed program will provide 12 roofing projects for state facilities.

Projects S01g and S01h will replace roofs at the Plumb Lane Readiness Center and Donovan DMV Express office building.

Project S02 is the Americans with Disabilities Act (ADA) program which will address issues related to Title II of the ADA statewide. This program consists of seven ADA upgrade projects.

Project S03 is the Statewide Fire and Life Safety Program, which consists of four fire and life safety projects. Much of this program will be used to install fire sprinklers at the Southern Desert Correctional Center. Project S03g will provide a further three projects at Nevada Army National Guard facilities.

Project S04 is a Statewide Advance Planning Program which supports engineering studies and will fund development of the 2025 CIP.

Project S05 is the Statewide Paving Program and consists of 11 paving projects and an additional project to install electric vehicle charging stations at various state facilities.

Project S05g1 will provide four paving projects at Nevada Army National Guard facilities.

Project S05g2 is a project at the Harry Reid Readiness and Training Center.

Project S05h will provide pavement maintenance projects at six facilities with Highway funding.

Project S06 is the Statewide Indoor Air Quality Program that provides mitigation of hazardous materials at state facilities.

Project S09 allows building officials to accept inspection fees for non-CIP projects in support of state agencies.

That concludes the statewide project summary. Details for each of these projects are included in your packet [[Exhibit D](#)].

**Senator Dondero Loop:**

Can you summarize the factors that were considered in the inflation study to determine the projected inflationary rates recommended in the 2023 CIP? Could you also give a brief overview of the inflation study conclusions so it could be better understood?

**Kent A. LeFevre, Administrator, State Public Works Division, Department of Administration:**

The inflation study that we commissioned considered in several factors, including current market wage rates, employment rates, availability of materials and labor, recent bid results that we have experienced, and recent project cost estimates, in addition to national, regional, and local construction trends. The O'Connor Construction Management Group, Inc., which conducted our inflation study this time and last session, does an excellent job in projecting

these qualities. Granted, it is not a crystal ball, but based on the current economy, I think they did a good job estimating where we should be with our inflation rates.

**Senator Dondero Loop:**

The Governor's recommended budget includes \$30 million in previously issued bond proceeds that are available to be allocated to support a portion of the costs in the 2023 CIP. However, the amount that has been identified to the Fiscal Analysis Division staff as being available is approximately \$5 million. Can you give us a brief explanation of how you plan to address the \$25 million shortfall?

**Kent A. LeFevre:**

I will ask someone from the Office of the Treasurer to answer that question.

**Jeffery Landerfelt, Deputy Treasurer, Debt Management, Office of the State Treasurer:**

The \$537 million that you saw in affordability for the CIP included \$30 million of reallocated bonds. After discussion with Public Works staff, we realized that \$30 million included unissued authority from 2019 projects to the tune of about \$25 million. Because unissued authority cannot be reallocated, only excess unspent proceeds in excess of what the need is can be reallocated. That figure was \$5 million, so that created a \$25 million gap in what the bond fund need is to complete the 2023 CIP projects.

**Senator Dondero Loop:**

Is that going to be an issue?

**Jeffery Landerfelt:**

We have reached out to our municipal advisers to run another iteration of the affordability report to include the \$25 million to see what impact that has on the bond interest fund reserve. We should have an answer in the next day or so.

**Senator Dondero Loop:**

Please keep us apprised.

**Assemblywoman Jauregui:**

I want to go to project C15, the basement tenant improvements for the Nevada State Library, Archives, and Public Records. Could you tell me how big that space will be once it is renovated? How many state agencies will the space hold and how many employees? Funding for the project is a little over \$4 million. What are the projected savings from moving state agencies into that new area?

**Kent A. LeFevre:**

The tenant improvement in the basement of the Nevada State Library and Archives is approximately 7,600 square feet, and we are anticipating about 30 employees when it is



renovated. The reason that we are doing this project is because that space, which is currently vacant, was originally planned for storage of books, and that kind of environment does not really lend itself to an office environment. The mechanical systems are different down there, but they will be upgraded with this project, and we can put people down there and have them be comfortable.

**Assemblywoman Jauregui:**

To me it sounded a little expensive—over \$4 million for about 7,000 square feet—is that where the bulk of that money is going? Bringing infrastructure to that area so that there can be office space; it sounded high. Also, you said 30 employees, but how many state agencies will leave their current physical location and move into this new basement? If you could please also touch on how much is projected to be saved by doing the renovation.

**Kent A. LeFevre:**

I can answer the first question regarding the mechanical system. That is taking the lion's share of the cost to retrofit that space. The space itself is not terrible. It has painted walls and carpet, but it needs mechanical retrofit. There is an opportunity to put some private offices around the perimeter and an open bullpen-type cubicle farm in the middle. That is how we intend to approach that project. As for the question of the agency that may occupy it, we are thinking that it will probably be one agency. Although that agency has not been identified, there has been interest from Department of Administration agencies.

The third question as to how much savings will we realize by doing a tenant improvement in the basement of Nevada State Library, Archives, and Public Records, we could realize more than \$4 million to \$10 million in savings as opposed to building a structure, because we already have walls, the roof, and the floor. Those elements are there, so it is basically a tenant improvement.

**Assemblywoman Jauregui:**

I have one more question on the former Northern Nevada Children's Home cottages. I know that the gymnasium is a historical building, and you have \$8,000 budgeted for the historical evaluation. How much would be needed for a cost mitigation plan should the Office of Historic Preservation determine the project would adversely affect the gymnasium?

**Kent A. LeFevre:**

The impact to the gym is minimal. I do not think it is attached to anything right now, and it is basically a freestanding structure. Kirsten Nalley has a response for that question.

**Kirsten Nalley:**

I agree there would be minimal impact to the gymnasium as a part of this project. Future considerations for what would need to be done to the building would be under future projects, but it would require seismic evaluation to determine what would need to be done to make that a usable building.

**Assemblywoman Jauregui:**

My last question is along those lines. What is the timeline, and when do you think you will be back to request funding for the gymnasium?

**Kent A. LeFevre:**

Likely, we will be back next session for that funding.

**Senator Dondero Loop:**

Following up on that, and I may have missed it, but what is the plan for the use of that historic gymnasium? Will it just be a historic building that people can visit, or will there be something in there?

**Kent A. LeFevre:**

The plan for the gymnasium building has not been completely defined. Currently it is used as storage for spare parts and furniture, but it certainly has the potential of being either an office space for a small agency, or perhaps a community venue. It is small, but at the same time we do not want to tear it down because of its historical value.

**Senator Dondero Loop:**

I totally agree with saving the historical value. I was concerned about renovating and all the funding and all the work that we will do if we are not going to use it or show people what it is.

**Senator Titus:**

My question also revolves around the former children's home; it is a part of Nevada history. We have spent a lot of time talking about the Stewart Indian School and what happened there, and that was not a positive event for the state. We recognized that with the Stewart Indian School, and we are using it to showcase what we did wrong. Has there been any outreach regarding the Northern Nevada Children's Home? I know people who were there as children, and that is part of Nevada's history. We do not really have orphanages anymore, but those buildings have a story to tell. I am wondering if anybody has reached out regarding the gymnasium to perhaps use that as a chance to showcase some of the children that went to that orphanage to tell their story and convey what happened to them. I am wondering if we are not missing an opportunity to share some of Nevada's history. That is the question.

The second thing is whether there has been any thought given to the grounds? It is such a lovely piece of property. The Carson deer herd will go there frequently as a source of food. I am hoping that we can have some forward thinking on opportunities for that piece of property. But, also, thank you for addressing that. It has been ignored for decades, and thank you for stepping up and saying we need to do something here. The question is, has anybody reached out to determine the historical value of that property—perhaps a museum showcasing the history, and then use of the grounds.

**Kent A. LeFevre:**

Thank you very much for that comment. Yes, I agree with you that it has historical value, and the story needs to be preserved. Has anyone reached out to us specifically for that? No, but our intention is to document those cottages before we tear them down, and then we are going to restore the area to kind of a park-like setting. At present, the thinking for that property is to eventually move into state offices for state employees on the Roop Street side and on the Stewart Street side so that we can put our people back in state-owned facilities.

**Assemblywoman Peters:**

I am glad that my colleague brought this up because I love those little buildings. There is something that is so Carson about having them in the middle of this industrial area that speaks to the history of this region. It is underappreciated, in my opinion. I have had fantasies of what could we do—a childcare facility, a park, a community venue—I love those ideas. My worst nightmare for that facility is that it is turned into a building because it is just so perfect for other community uses.

But my questions today have to do with Marlette Lake and the rehabilitation of that dam, which we know is desperately needed, and the implications for the community at large of what that project entails. My understanding is that to restore the dam we must drain part of Marlette Lake to be able to access enough space to reconstruct the dam. What impact will that have on water supply for those who are using the Marlette Lake water system?

**David Dutra, Deputy Administrator, Buildings and Grounds Section, State Public Works Division, Department of Administration:**

Currently, we are looking at a drawdown of Marlette Lake of 12 feet. Our recharge capabilities, which is what the snowpack would provide to recharge the lake to full, will take several seasons. We are anticipating an interruption in water services to our customers for a two-year period. That would not impact Storey County or Virginia City and surrounding communities. It may have an impact on Carson City, but we are in discussions with them because they are also going forward with a rehabilitation project of their treatment facility. We are trying to get these projects to coincide with one another. Does that answer your question?

**Assemblywoman Peters:**

It does answer my question. I would appreciate if you could follow up with us on what resolution you arrive at with Carson City. I do not want to leave Carson City high and dry in those couple of years during the construction process. When you have that information, will you let us know?

**David Dutra:**

I can offer that roughly a third of the water comes from springs that are fed from the east slope side through six catchments, and those flows will continue. Although there will be

somewhat less water, we will be providing Carson City with water. We provide about a third of the water that Carson City requires.

**Assemblywoman Peters:**

One third is pretty significant. Can you provide us with the grant period for the \$10 million in federal grant funds that are being used for this project?

**Brian Wacker:**

The federal grant is a Federal Emergency Management Agency (FEMA) grant that has not been awarded to the state yet, so I do not have a grant period. Design is underway on that project through a prior CIP, 19-C08. We have gotten to the point in the project where FEMA is conducting what they call an environmental historic preservation review of the project before they award the grant funds. We are waiting for them to complete that effort.

**Assemblywoman Peters:**

I am glad you brought up that project. Regarding CIP project 19-C08, are you intending to request an extension, or do you anticipate that their review will be completed by the end of fiscal year (FY) 2023?

**Kent A. LeFevre:**

We are anticipating a request for extension on that project simply because we do not know what the FEMA timing is, and we are still going to need those funds.

**Assemblywoman Peters:**

Will that be a no cost one-year or two-year extension?

**Kent A. LeFevre:**

Typically, the extensions are two years.

**Chair Backus:**

Do we have any other questions before we move on to the Nevada System of Higher Education? [There were none.] I believe we are now on page 40 of the agency's presentation [\[Exhibit D\]](#).

**Kent A. LeFevre:**

We have three Nevada System of Higher Education (NSHE) projects to present today.

Project M01 is for deferred maintenance funded with Higher Education Capital Construction Funds (HECC)/Special Higher Education Capital Construction Funds (SHECC). Project M37 recommends funding for the central plant renovations at Desert Research Institute. Project M51 is for additional deferred maintenance.

Project M01 is deferred maintenance that meets the requirements of *Nevada Revised Statutes* (NRS) 463. It is a \$15 million obligation that is written into statute.

Project M37 recommends funding for the chilled water central plant. This project is at the Desert Research Institute in Reno and replaces the chilled water plant equipment which is approximately 23 years old and past its service life. This is a \$5.4 million project that is 100 percent state funded.

Finally, project M51 is for additional deferred maintenance. This project will behave similarly to a HECC/SHECC type of project in that the design and planning will be done by NSHE and projects will be permitted and inspected by the State Public Works Division.

**Senator Neal:**

What steps have been taken by NSHE to address the recommendations included in the Legislative Audit that was issued on January 12, 2023, relating to capital projects?

**Andrew Clinger, Chief Financial Officer, Administrative Services, Nevada System of Higher Education:**

Our initial 60-day response is due back to Fiscal Analysis Division staff on April 10, 2023. The Chancellor has formed, or is in the process of forming, three committees or working groups, which will address each of the findings in that audit. The Chancellor, just as a reminder to the Subcommittees, did accept all the findings in the audit.

**Senator Neal:**

My second question is would NSHE or the State Public Works Division manage the maintenance projects recommended by the Governor in the 2023 CIP?

**Andrew Clinger:**

The Nevada System of Higher Education would manage those deferred maintenance projects.

**Senator Neal:**

My final question is given that the projected slot tax revenue is not sufficient to support the \$15 million project as recommended by the Governor, what is the plan to move forward with the funding for these projects?

**Andrew Clinger:**

This may be a question for the Governor's Finance Office, but in the past when the slot tax was not sufficient, they have backfilled with state funds.

**Assemblywoman Jauregui:**

I have a question on that slot tax revenue, too, because since 2013 it has not been enough to fund these projects. What is the long-term plan? We cannot keep saying we are going to use

slot tax and then fund it with General Funds. This funding source is probably going to decrease in future biennia. Is there a long-term plan for this?

**Andrew Clinger:**

I think the long-term plan is to continue to backfill with state funds unless the Governor's Finance Office has a different answer. In addition to the HECC/SHECC funding that we normally receive, the Governor recommends an additional \$50 million. The \$15 million has been in place since the 1970s, and obviously our buildings and enrollment have grown significantly since then. The \$15 million is not sufficient.

**Senator Cannizzaro:**

I have a question on the deferred maintenance budget for the \$50 million. If that recommendation is approved, what is the estimated cost of the remainder of your deferred maintenance that needs to be completed, and what does that backlog look like?

**Andrew Clinger:**

What we have identified in specific projects of deferred maintenance is about \$274 million. In what we call the priority one level, which are projects that are needed within the next two years, there is \$91 million in projects. So, \$50 million will obviously only cover part of those priority one projects.

**Senator Cannizzaro:**

Can you clarify for us what funding sources, other than those that are approved through the CIP, are used for the institutions to address those ongoing maintenance needs?

**Andrew Clinger:**

As part of the registration fee we collect for each institution there is a capital improvement fee component. For example, for the University of Nevada, Reno, I believe the fee is \$20 a credit, and for the University of Nevada, Las Vegas (UNLV), it is \$13 a credit. The fee is less for the colleges. They use a portion of that fee revenue, but it is also the funding source that the campuses will bond against. For instance, the UNLV engineering building that was approved, a matching portion of that was bonded against the capital improvement fee revenue source. A portion of the fee revenue is used for capital and planning and then a portion of it is used for deferred maintenance.

**Senator Cannizzaro:**

I want to make sure I have it clear that other than those funds approved through CIP, it is student fees that are bonded against, and that is what comprises the remainder of that funding source.

**Andrew Clinger:**

That is correct. There may be some other fees specific to institutions that they collect, but generally it is that capital improvement fee.

**Chair Backus:**

Are there any other questions regarding the Nevada System of Higher Education capital improvements. [There were none.] We will move to the Department of Motor Vehicles.

**Brian Wacker, P.E., Chief of Planning, State Public Works Division, Department of Administration:**

I am going to present the capital construction projects for the Department of Motor Vehicles (DMV).

The first project I will present is the Silverado Ranch DMV facility, located in Las Vegas. As shown on the map on page 45 [\[Exhibit D\]](#), this new DMV building will be located on the southeast corner of Valley View Boulevard and Silverado Ranch Boulevard. Page 46 contains a rendering of the proposed facility. The Silverado Ranch DMV facility will consist of two single-story buildings. The main DMV is a larger structure on the right side of the rendering and the Commercial Driver's License building is located near the center of the picture. The large, paved area on the left side of the building is a rendering of the proposed commercial driver's license course. The site will include several shade canopies, vehicle identification number inspection station, drive-through kiosks, test course, secure parking for state vehicles, and parking. Some of the parking will also have carports to support a photovoltaic system.

Page 47 [\[Exhibit D\]](#) contains a rendering of the main 61,000-square-foot DMV building. There is a rendering of the interior of the proposed DMV building on page 48. This building will include customer service stations, classrooms, testing space, offices, and a waiting area. One of the key things I want to point out as an efficiency feature of this building is the large windows in the roof. The windows will let natural light into the structure, but also protect the interior from direct sunlight. The total budget for this project is \$106 million of Highway funding. Design is well under way and expected to be completed this summer. We intend to bid the project in approximately August 2023, with the goal for construction to commence in July 2024, and the facility open to the public in July 2026.

Project C07 will renovate customer counter millwork and install an exterior service kiosk at the DMV in Carson City. This facility is located between Stewart and Roop Streets, north of Fairview Drive, as shown on the map on page 50. There are four buildings on that campus that make up the DMV, but this project is in the northeast building.

The Carson City DMV is showing its age: customer counters are not compliant with the Americans with Disabilities Act (ADA), the information desks are delaminating, and other finishes are beyond their useful life. There is a self-service kiosk, which you can see in the upper left photo on page 51. The location of the kiosk is a bottleneck in the facility as lines frequently obstruct other activities. The project will replace the existing customer counters with information desks, replace the ceiling and flooring, and construct a secure Kiosk room that can be accessed from the exterior to provide 24-hour access to the public. The Carson

City DMV will be kept operational during construction. We are proposing to develop a phased construction plan with assistance of a construction manager at risk to help manage the project complexities. The total budget for this project is \$2.7 million of Highway funding.

Project C10 will construct a secure parking lot for state-owned vehicles at the Flamingo DMV in Las Vegas and will be located on the northeast side of the DMV building. The DMV has experienced vandalism of state-owned vehicles and theft of auto parts. Secured parking will help protect state assets and reduce disruption to the DMV's operation. This project will construct a fenced 20,000-square-foot parking lot that will accommodate approximately 20 vehicles. The lot will include a powered access gate, lighting, cameras, and three electric vehicle charging stations. The total budget for this project is \$922,000 funded with Highway Fund appropriations.

**Assemblywoman Monroe-Moreno:**

I would like to address the Silverado Ranch Facility DMV, project C02. If I remember correctly, and you can correct me if I am wrong, in the 2021 Legislative Session, when you presented before the Subcommittees, the size of that building was about 67,000 square feet and its estimated cost was about \$80.3 million. However, the building size has increased to just over 73,000 square feet, with a current cost of \$105.9 million. Could you explain the change in square footage, where that square footage was added, as well as the price difference and where that extra money is going?

**Kent A. LeFevre:**

The extra square footage has been kind of sprinkled around the entire campus. During the planning process some additional countertops or counter stations were added, which increased counter space and increased lobby space. That square footage grew a little bit and so did the cost. The cost increases that we have experienced on this project is not really coming from the additional square footage but is coming from the cost of building things in this current market. That is the main driver of these costs.

**Assemblywoman Monroe-Moreno:**

You said the added square footage was kind of sprinkled around. Were there major changes to the approved blueprints and plans and did that incur additional costs as well?

**Kent A. LeFevre:**

There were no major changes to the plan as approved in the 2021 planning, just minor changes here and there that added up.

**Assemblywoman Monroe-Moreno:**

Staying on that same project, you have made changes to other DMV facilities throughout the state, and the payment for those projects was not directly from Highway funds. Could you



explain why you are changing the funding source to come directly from the Highway Fund for this project?

**Tonya Laney, Deputy Director, Division of the Office of the Director, Department of Motor Vehicles:**

The last two facilities that we had built in the state for the Department of Motor Vehicles (DMV) were funded partially from the Highway Fund and fee-funded from our emissions program. The Reno and Sahara facilities, which were the last two facilities that were built, have emissions stations on the properties, and this new facility does not include that emission station. One hundred percent of the staff that work in the Silverado Ranch Facility are Highway-funded positions. There is the exception of two individuals that will be placed in the new facility. There are emissions-funded investigators, but it is less than 1 percent of the funding for that new facility.

**Assemblywoman Monroe-Moreno:**

We have heard that we do not have the funds that we need in our Highway Fund to do the work that the Highway Fund is supposed to do. While I know that this is an acceptable use of Highway Funds, why was the issuance of general obligation bonds not considered, since we are already underfunding our Highway Fund?

**Tonya Laney:**

My understanding is, although it is 100 percent Highway-funded, it is done through general obligation bonds over a 20-year period, but it is the Highway Fund that pays those bonds back.

**Assemblywoman Monroe-Moreno:**

I wish we could find another way, because we must get more money into the Highway Fund. I am sure there will be some other people who will have questions about that. It has been a touchy subject, but let us move on to the Carson City facility. You mentioned that the construction there will be in a phased plan, but could you go into a little more detail of how you are going to minimize the disruption for the daily operations of that facility during the renovation?

**Kent A. LeFevre:**

In compact quarters like the Carson City DMV, we "tent off" certain areas. For example, maybe we will take down five service stations, finish those, and then go to the next five and so on. We do not create a complete construction zone for people conducting business at the DMV. This has been done in the past where we have been able to compartmentalize our construction activities so there is minimum impact to the agency.

**Assemblywoman Monroe-Moreno:**

If this project is approved and the construction project is completed, will it be 100 percent ADA compliant?

**Kent A. LeFevre:**

Yes, it will.

**Chair Backus:**

I want to circle back on the general obligation bonds versus utilizing the Highway Fund. If you look at The Executive Budget appendix 13, it has zero for the bonds and the full \$122.8 million going out of the Highway Fund. I do not know if anyone is here from the Governor's Finance Office that may be able to address that, but that is what we are seeing and that is why we are asking the questions we are asking.

**Robin Hager, Deputy Director, Office of Finance, Office of the Governor:**

Amy Stephenson, the Director of the Governor's Finance Office, is in a different hearing. She would have more information than I do, but I also believe it was to be funded with Highway Funds. We will clarify that and provide more information.

**Chair Backus:**

That would be appreciated. Thank you.

**Assemblywoman Jauregui:**

I have questions along the same lines around the Silverado Ranch DMV facility. I know you said because there is not going to be a smog check facility there that you cannot use pollution control funds. Can you still use pollution control funds to fund the project, or are you just choosing not to because there is not going to be a smog check system at that facility? I completely agree with my colleagues that we cannot keep drawing down the Highway Fund because if I am correct, I do not think we are bringing in as much as we are taking out every year.

**Tonya Laney:**

I could get some more specifics on the fee structure and how we are allowed to fund out of the emission control program. My general understanding is that the program is self-funded through fees, and it supports the staff and the facilities that are involved directly in the emission control program. Because there is not going to be an emission control program at this facility, we would not be able to utilize those funds for this facility.

**Assemblywoman Jauregui:**

Is there an emission control program at the Henderson and the northwest Las Vegas facility, that you are closing? If you are closing those two facilities and everything is going to be diverted to this new location and there is no emission control program there, that is a service that is going to be lacking in our community again.

**Tonya Laney:**

There is not currently an emission control program: there are two staff members that are emission control investigators who will be moving over to the new office space. The bulk of the emission control programs are being done at different facilities that are funded with those emission control program funds. One of them is in northern Nevada in our Reno facility and the one in the south is at our Sahara building.

**Senator Neal:**

I have two questions about the Silverado Ranch Facility. With the square footage increase, I guess what I am trying to understand is the justification for that size when the DMV has gone to online appointments. The system is not the way it was when individuals could just show up and you would have many individuals sitting in all those chairs. I am confused as to why you need that level of change.

**Tonya Laney:**

We asked for the new facility. This is to replace an existing facility. We are increasing the number of windows because the population has grown. As opposed to continuing to ask for new buildings, we are trying to accommodate the population growth with the addition of online services. We know that our brick-and-mortar buildings can never go away, because there will still be a portion of the population that has to come into the DMV, either because they have a disability, they need to have that face-to-face interaction, or our technicians need to see whatever documentation they need to do a particular transaction. The square footage has increased slightly in that building, not just based on the growth of the population and the staff that we need to support the population, but we have different services that we did not offer at the time of the initial design. We have REAL ID compliance where we have scanners that must scan passports to be compliant with the REAL ID program. Administrator LeFevre had spoken of the additional counter space, and as those counter spaces get wider, the lobby must get bigger to accommodate the counter space at the number of windows that we need in the facility. That was the bulk of the growth in that building. Again, it was not a major change, it was minor. It is to accommodate the new programs that we offer now, that we did not offer at that time.

**Senator Neal:**

Can you also put on the record, it was a generic statement about supply chain, but I think it is very important to note the differences from 2021 to 2023 that you saw in supply chain disruption. I think what worries me are blanket statements about supply chain disruptions. What exactly is the difference between 2021 and 2023 when there may not be huge market changes between 2021 and 2023? Can you identify those supply change disruptions that increased this cost for 2023?

**Kent A. LeFevre:**

We have a supply chain document which I would be happy to share.

**Senator Neal:**

Thank you, that answers my question.

**Assemblyman Yeager:**

I want to ask about the three charging stations at a cost of \$30,000 each for a \$90,000 expense. Had you explored other potential funding for that? I know there is a lot of money out there for electric vehicles and for charging stations.

**Kent A. LeFevre:**

I am assuming you are referring to the charging stations at the Flamingo DMV. We have no grant funding for charging stations because we are not certain that they are going to be available in another year or two when we do this project. As a rule, we always go after those rebates, especially with NV Energy and other utilities, when we have the opportunity to do so.

**Assemblyman Yeager:**

At the Flamingo location it appears there will be a 20-space parking lot with 3 charging stations. My question is how you determined to have three charging stations, and will the public have access to those stations, or are they going to be restricted to use by DMV?

**Tonya Laney:**

The charging stations would be in a secure facility for state vehicle parking. Those three charging stations would be for any of the hybrid vehicles that the state leases through the motor pool.

**Assemblyman Yeager:**

You went with 3 charging stations, and I think there were 20 spaces there, so presumably that is based on some kind of matrix of how many electric vehicles you think will be in the parking lot at any given time.

**Tonya Laney:**

That is correct.

**Senator Dondero Loop:**

Following up on Assemblyman Yeager's question on the Flamingo office, that office backs a school. If you go down Cimarron, there is a school just down the road, which means we have parents in and out, along with the multimillion people that pull into the DMV every day. I know there is a light at Cimarron and Flamingo, but is there any anticipation of some traffic control going into the DMV. It is already a little dicey pulling off that left turn into that facility because you enter it just before the traffic light. If you go to the traffic light, I think you must make a U-turn to come back to it. I was wondering, with a school there and now more parking, if there was any anticipation of more traffic control.

**Kent A. LeFevre:**

As far as the parking goes, I do not think 20 additional stalls is going to tip the scale on the parking for the entire facility, but we can certainly look at that. Currently there is not a traffic study or light participation at the corner for this project.

**Senator Dondero Loop:**

Thank you very much for doing that. I recognize that 20 spaces are not going to tip the scale, but like I said, we have an elementary school, we have middle schoolers, and high schoolers who all walk in that area. I know because I drive that way a lot. It is dicey at times, and we know that. Like I said, the parents are going to pick up kids, we have school buses, we have a lot going on right there at that corner.

**Tonya Laney:**

We hope that implementing appointment only service, which has spread out some of that traffic throughout the day, has helped that situation. To add to what Administrator LeFevre is stating, with the 20 additional spaces not being a big impact, we do think that going appointment only has had an impact on that traffic, because we do not have hundreds of people showing up in the morning to try and get services.

**Chair Backus:**

Along that line of traffic studies, was one done for the Silverado DMV location?

**Kent A. LeFevre:**

Yes.

**Chair Backus:**

I would ask that you provide a copy of that traffic study to us. That would be greatly appreciated. We will move on to the State Department of Conservation and Natural Resources Capital Improvement Program.

**Kirsten Nalley, Deputy Administrator, Professional Services Section, State Public Works Division, Department of Administration:**

I will now present projects for the Department of Conservation and Natural Resources. Page 55 [\[Exhibit D\]](#) shows our beautiful Valley of Fire State Park.

Project C08 will demolish two different abandoned fire station facilities located in Spring Creek to the southeast of Elko. Each facility has a residential structure, a shop, and outbuildings. This vicinity map on page 56 shows the location of the first abandoned fire station to be demolished off Bluecrest Drive. Page 57 shows the second vicinity map and the location of the second abandoned fire station to be demolished off Engle Drive. The garage at this site will remain and parking sites with RV hookups will be established for seasonal forestry staff. The two sites are approximately six miles apart. The project budget is approximately \$728,000 and is both agency and state funded.

Project C23 will reconfigure the west entrance of Valley of Fire State Park. The Valley of Fire State Park is located approximately one hour northeast of Las Vegas. This project will design and construct a reconfigured west entrance at the Valley of Fire State Park to incorporate additional entrance lanes that can utilize self-pay stations. The project budget is \$1.2 million and is state funded.

The State Department of Conservation and Natural Resources has four maintenance projects in the recommended CIP that I will briefly present. Projects M30 and M31 will replace comfort stations at Sand Harbor State Park. Project M34 will make security upgrades to the Nevada Division of Forestry at the Ely Industrial Shop. Project M36 will install an emergency generator for the Nevada Division of Forestry at their Northern Region 2 Headquarters.

**Kent A. LeFevre:**

We will be happy to answer any questions on the State Department of Conservation and Natural Resources projects.

**Assemblyman Miller:**

My first question is regarding project C08, the abandoned fire station on Bluecrest Drive. Can you discuss what the future uses will be for that site upon completion of the project if it is approved?

**Kent A. LeFevre:**

Once the dilapidated building is removed and the site is prepared, it will be used for trailer parking for staff, if they need to pull a trailer out there for a week or two, or whatever the case may be. It will be available for that purpose.

**Assemblyman Miller:**

My next question is about the Valley of Fire State Park renovations. How do you plan to minimize the impact to visitors to the park during the west gate expansion?

**Kent A. LeFevre:**

The plan is to put a bypass lane around the west entrance so that guests coming from the west simply go around the area of work, which is fairly isolated.

**Assemblyman Miller:**

My next question is about the proposed \$14 million new visitor center at the Valley of Fire State Park. If it is approved, what type of coordination would be necessary to implement both the new visitor center as well as the west entrance expansion?

**Kent A. LeFevre:**

I will ask a member of the State Department of Conservation and Natural Resources staff to come forward to answer that question. While he is coming up, I will say that these projects are a couple of miles apart. I do not see an impact on visitor experience or construction.

**Robert Mergell, Administrator, Division of State Parks, State Department of Conservation and Natural Resources:**

It is our interpretation as well, that the projects are far enough apart from each other. There probably would not be a huge cost savings to try to incorporate them into the same project, so they will likely be run as two separate projects. Where the new construction is going to be happening for the proposed visitor center, if that were to be funded, is largely off the road in an area that we have not built anything before. Most of that construction should not impact visitation.

**Assemblyman Miller:**

Thank you for that. What would the timeline look like from the completion of the west entrance to the completion of the visitor center?

**Robert Mergell:**

We are on an aggressive timeline for the visitor center, hoping to get that constructed as soon as humanly possible, and we would be managing that project in house at State Parks. We are hoping that it would be about a two-year build process. We are in the process of designing that building right now, so we are hoping to be able to go out to bid for construction as soon as we get the funding available.

**Kent A. LeFevre:**

I could comment on the schedule for the west entrance. Currently that is not in design until the visitor center project is funded. It looks like it will fall behind the schedule of the visitor center. Possibly a year behind the visitor center.

**Assemblyman Miller:**

So that I am clear, the west entrance construction will be a year behind the visitor center?

**Kent A. LeFevre:**

It could potentially be that long.

**Assemblywoman Peters:**

I work in this world, in the permitting arena, but also on making sure that we have people mobilized in the right area—project management. The mobilization cost is often the greatest cost figure in some of these projects. I do not feel like the assessment that the two-mile difference is not going to make that big of a difference in cost savings to the state is accurate. I would encourage you to look back at what it would look like to mobilize one contractor to

do these services at the same time rather than having two contractors mobilize there. I anticipate you would see some cost savings.

My question has to do with project M36, the installation of an emergency generator. We know that emergency generators are essential out in rural communities, we have wildfires all year, and we have snow events that are taking down power lines. I understand the need for the generator, but my question regards funding. The federal government currently has many, many programs on solar and battery storage projects that would get to emergency power generation. Have you considered potentially applying for those grant programs to help facilitate a cleaner generator, but also save some money for the state, or use these dollars as a match on those federal grant dollars to enable us to install a few more generators or battery storage across the state?

**Kent A. LeFevre:**

The generator is out in the boonies and probably not on grid, or far away from it. We may be looking at alternate sources of energy, whether it is solar or some other version of that. But these generators also have a long lead time. Right now, we are experiencing 10 to 12 months to get these generators, so we will also take into consideration the availability of the equipment.

**Assemblywoman Peters:**

We have a battery storage producer in Sparks producing batteries for backup battery systems, and there is a Department of Agriculture grant for rural communities that addresses the energy resiliency and is really focused in on ensuring that there is battery storage in rural communities. I would encourage that we investigate those grants. This \$700,000 that is currently allocated to this maintenance project would be a great match for a project like that to get just a little bit farther.

**Kent A. LeFevre:**

Thank you for that recommendation. We will follow up.

**Chair Backus:**

Maybe I did not hear you correctly, but I wanted to understand, since the visitor center is asking for a General Fund appropriation from this fiscal year, why is it not going to get started until after the construction is done on the additional lane? I do not understand why you cannot just move forward sooner than later.

**Kent A. LeFevre:**

Once this project is approved in July, we will begin the design and that takes time. We have to be able to retain a civil engineering company to design it, then bid it, and build it.



**Chair Backus:**

I understand that. I thought you were waiting until the other construction project was completed before you went to that design phase, but the intention would be to start as soon as possible. Thank you.

We have finished and we can close the Capital Improvement Program portion of this budget, and we can now move on to public comment. [Public comment was heard.]

Are there any questions or comments from the Subcommittees? [There were none.]

Meeting adjourned [at 10:11 a.m.].

RESPECTFULLY SUBMITTED:

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Anne Bowen  
Committee Secretary

APPROVED BY:

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Assemblywoman Shea Backus, Chair

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

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Senator Marilyn Dondero Loop, Chair

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

Assembly Committee on Ways and Means  
Senate Committee on Finance  
Subcommittees on K-12/Higher Education/CIP  
February 16, 2023  
Page 34

**EXHIBITS**

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "State Treasurer's Office Budget Account 1082 Bond Interest and Redemption Fund February 16, 2023," presented by Jeffery Landerfelt, Deputy Treasurer, Debt Management.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Department of Administration preserving the past, serving people today, planning for tomorrow, Governor's 2023-2025 Budget Request, State Public Works Division, Engineering & Planning, Buildings & Grounds, Capital Improvement Projects, Senate Finance Assembly Ways and Means Subcommittee on K-12/Higher Education/CIPS, February 16, 2023," presented by Jack Robb, Director, Department of Administration, and Kent A. LeFevre, Administrator, State Public Works Division, and other Department of Administration staff.