

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

**Eighty-second Session
February 13, 2023**

The Senate Committee on Government Affairs was called to order by Chair Edgar Flores at 3:29 p.m. on Monday, February 13, 2023, in Room 2149 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 Edgar Flores, Chair
Senator James Ohrenschall, Vice Chair
Senator Skip Daly
Senator Pete Goicoechea
Senator Lisa Krasner

STAFF MEMBERS PRESENT:

Jered McDonald, Policy Analyst
Heidi Chlarson, Counsel
Spencer Jones, Committee Secretary

OTHERS PRESENT:

Kent LeFevre, Administrator, State Public Works Division, Nevada Department of Administration
Jack Robb, Director, Nevada Department of Administration

CHAIR FLORES:

The Senate Committee on Government Affairs will come to order, and I will open the hearing on Senate Bill (S.B.) 25.

SENATE BILL 25: Implements process for long-term planning for state office space. (BDR 28-217)

KENT LEFEVRE (Administrator, State Public Works Division, Nevada Department of Administration):

Senate Bill 25 is a response to a 2020 executive audit which considered how the Executive Branch and Legislators make capital improvement decisions without the full context of the State's long-term office space needs, which often compete with more appealing projects.

To better inform decision makers and formalize the consideration of the State's long-term office space needs, the auditors recommended proposing legislation to implement and maintain a long-term Statewide office needs assessment, require agencies to biennially submit updated long-term facility needs and identify consolidation opportunities to reduce reliance on third party leases for office space needs.

Senate Bill 25 proposes legislation in compliance with the executive audit recommendation. Senate Bill 25, section 2, amends *Nevada Revised Statutes* (NRS) 341.127 and requires the State Public Works Division and other State agencies to cooperate, implement and maintain long-term office plans that address their future office space needs. Senate Bill 25, section 1, amends NRS 341.083, the statute that requires the State Public Works Board to submit biennial Capital Improvement Program (CIP) recommendations to the Governor, to require the Board consider long-term office planning when making its recommendations.

SENATOR OHRENSCHALL:

Does the Division have any information regarding how much space is rented from third parties versus how much is State-owned? And if not, could we get that a later date?

MR. LEFEVRE:

The State leases roughly 700,000 square feet in northern Nevada and over 1 million square feet in southern Nevada.

SENATOR OHRENSCHALL:

In the next biennium, do you foresee the amount of rented space increasing, or do you think that we are going to maintain that level?

JACK ROBB (Director, Nevada Department of Administration):

We are looking to adjust our office leases; 1.2 million square feet of those leases are held by individuals or corporations that do not reside in the State. Payments on those leases is money that leaves the State and never comes back. The Department of Administration and the State Public Works Division's Leasing Services are trying to figure out how to get our employees into better locations and State-owned office spaces so we do not lease these buildings going forward. A cost analysis of the space that we lease shows we can own a building in less than eight years. Taxpayers are paying enough to buy these buildings many times over since we lease some of them for 30 to 40 years.

If individuals can lease a building to the State, that increases the value of that building for sale because they know that the State is a long-term tenant. We are trying to change our leasing model. We support S.B. 25.

CHAIR FLORES:

We will close out the hearing on S.B. 25 and move on to S.B. 26.

SENATE BILL 26: Revises provisions relating to public works. (BDR 28-211)

MR. LEFEVRE:

Senate Bill 26 updates the change order limits for NRS 341.145, which outlines the powers and duties of the Administrator of the State Public Works Division. The statute includes how and when the Administrator, on behalf of the Division, can change project scope and costs once the projects are approved by the Legislature in the CIP. The proposed revisions apply when the Division wants to change the contract amount in the approved project budget because of unforeseen conditions or owner-directed changes.

The Interim Finance Committee (IFC) must approve a change order if it exceeds 15 percent of the total awarded contract price. The Administrator is allowed to make change orders on projects where the total awarded contract price is less than \$50,000 up to the total awarded contract price without IFC approval. The last time these numbers were adjusted was in 2007 by S.B. No. 387 of the 74th Session, which raised the IFC approval threshold percentage on change orders from 10 percent to 15 percent. It also raised the maximum total awarded contract amount which the Administrator could double via change orders, without IFC approval, from \$10,000 to \$50,000.

Senate Committee on Government Affairs
February 13, 2023
Page 4

Senate Bill 26, section 1, amends NRS 341.145, subsection 1, paragraph (g), keeping the 15 percent limit but only on contracts that are more than \$1 million and allowing a 20 percent limit on contract amounts between \$100,000 and \$1 million. Additionally, S.B. 26, section 1, raises the ceiling on change orders which can be doubled without IFC approval from \$50,000 to \$100,000. We support this bill.

CHAIR FLORES:

We will close the hearing on S.B. 26. Senate Bill 52 will not be heard since the sponsor has withdrawn the bill.

SENATE BILL 52: Revises provisions relating to the standards for the design and construction of buildings or other projects of this State. (BDR 28-241)

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

Senate Committee on Government Affairs
February 13, 2023
Page 5

CHAIR FLORES:

The Senate Committee on Government Affairs is adjourned at 3:47 p.m.

RESPECTFULLY SUBMITTED:

Spencer Jones,
Committee Secretary

APPROVED BY:

Senator Edgar Flores, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster