

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE  
JOINT SUBCOMMITTEE ON HIGHER EDUCATION AND CAPITAL  
IMPROVEMENTS**

**Seventy-Third Session  
March 10, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Higher Education and Capital Improvements, was called to order at 8:00 a.m., on Thursday, March 10, 2005. Chairman Morse Arberry Jr. presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Mr. Morse Arberry Jr., Chairman  
Ms. Chris Giunchigliani  
Mr. Lynn Hettrick  
Ms. Sheila Leslie  
Mr. John Marvel  
Mr. Richard Perkins

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator William J. Raggio  
Senator Bob Coffin  
Senator Barbara Cegavske  
Senator Bernice Mathews

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Mark Stevens, Assembly Fiscal Analyst  
Gary Ghiggeri, Senate Fiscal Analyst  
Connie Davis, Committee Attaché  
Carol Thomsen, Committee Attaché

Chairman Arberry opened the hearing for the Capital Improvement Program (CIP) projects.

Daniel K. O'Brien, P.E., Manager, State Public Works Board, identified himself for the record and introduced Gus Nunez, Deputy Manager, Professional Services, State Public Works Board; and Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board.

Division of Buildings and Grounds, Sawyer Building Tile Repair (CIP 05-C01)

Mr. O'Brien introduced Richard G. Campbell, Jr., Attorney, Senn Meulemans, LLP, Las Vegas, Nevada. Mr. Campbell had been hired as Special Counsel by the Attorney General's Office for the case against Carrera-Marble, the tile contractor charged with not properly fastening the exterior tile to the Grant Sawyer Building.

Mr. O'Brien advised that the Grant Sawyer Building exterior tile failure created a hazard to the public, for which the Interim Finance Committee (IFC) approved \$1,459,657 in November 2004 to remove the tile.

The Capital Improvement Program budget recommended \$8,611,979 in early funding "to proceed without interruption and to avoid further escalation of costs," but Mr. O'Brien indicated the tile repair project could not be put on hold for six to nine months waiting for the availability of funding through the normal process.

Mr. O'Brien advised that the tile subcontractor, currently working on the project, conducted testing to reach the substrate material, in addition to tests already conducted by state forensic officials.

A film, shown by Mr. Campbell, demonstrated the tile removal process and revealed that tiles on a major portion of the building had been fastened simply by placing grout on the edge of the tile. Mr. Campbell pointed out that, although the exact number of tiles that had been compromised was unknown, even 20 to 30 percent was considered a hazard. Mr. Campbell discussed several incidents involving falling tiles, one in which a tile fell from an upper level of the building nearly hitting an employee who was on break and standing nearby and another in which a worker was almost hit by a tile that fell from approximately 7 or 8 feet above him.

In response to a question from Senator Raggio concerning the adhesion process, Mr. Campbell advised that industry specifications required a thin-set mortar application to achieve 90 percent adhesion.

After watching the film, Senator Raggio commented that "very little adhesive" appeared to have been applied to the tiles that were being removed.

With respect to the falling-tile incidents, Senator Mathews questioned whether Occupational Safety and Health Administration (OSHA) should be involved in the process.

Mr. Campbell responded that the worker who was almost hit by a falling tile was an employee of the subcontractor in the process of conducting a test, not a state employee.

Continuing the film and narrative, Mr. Campbell discussed the degree of difficulty associated with the tile removal process and attributed the exterior tile problems to a workmanship issue rather than a product issue.

Although work had been scheduled to begin using the \$1,459,657 approved by the Interim Finance Committee in 2004, Mr. O'Brien explained that a variety of legal issues, such as forensic testing being conducted by the tile subcontractor, had delayed the startup date.

Mr. Campbell provided the following information to the Subcommittee:

- The case was currently before a Special Master in Las Vegas.
- Subcontractors, who the original tile contractor claimed were partly responsible for workmanship problems, were being brought into the case.
- The first phase of the project would include additional testing in order to obtain a representative sample of all tiles and determine a percentage of tiles that needed to be removed.
- Tile removal and installation of replacement tile would occur in the second phase of the project.
- During the entire process, all defendants would have the opportunity to view the removal and installation and to conduct their own testing.

In response to a question from Mr. O'Brien concerning recovery of project funding, Mr. Campbell advised that the contractors represented large construction companies and were solvent. Although there were no guarantees, Mr. Campbell expressed what he indicated was a certain comfort level in recovery.

In response to a question from Assemblyman Marvel concerning whether the monetary recovery would be sufficient to retiling the building, Mr. O'Brien confirmed that it would.

Recalling an earlier discussion concerning retiling the building or using another medium, such as stucco, Ms. Giunchigliani questioned the decision to retiling.

Mr. O'Brien indicated the major concern was focused on the appearance of the Grant Sawyer Building since it was the major state executive office building in the Las Vegas area. While stucco was a medium that could be used, Mr. O'Brien indicated there was no reason not to tile the building again once the old tile and seal were removed.

Ms. Giunchigliani expressed concern that a rough, uneven surface would remain after the tile was removed, which would negatively impact a new layer of tile. It was Ms. Giunchigliani's opinion that using another medium, such as stucco, would be less difficult and less expensive than tile.

Although some problems were anticipated and "certain repairs" would be necessary, Mr. Campbell indicated it was assumed the majority of the tiles would be easily removed and the existing substrate could be used.

Senator Coffin also expressed some reservation and pointed out that because the building sat on sandy soil and was designed to flex to accommodate the earthquake fault, it appeared the tile would always be in jeopardy.

While stucco might save money, Mr. Campbell advised that with proper installation and a full team of architects, structural engineers, tile experts, and the tile manufacturer, future adhesion problems would be avoided.

Senator Coffin pointed out there could be no guarantee against future problems and that it appeared to be in the state's best interest to use a less expensive

medium without sacrificing appearance. Senator Coffin suggested reconsideration of the recommendation in the interest of saving money and to avoid future problems with the tile.

Mr. O'Brien articulated the need to proceed with the request for early funding as quickly as possible and indicated the project could not be put on hold waiting for funding through the normal process.

In response to questions Senator Raggio asked concerning the funding already allocated by the Interim Finance Committee, Mr. Campbell explained that the case was before a Special Master who had placed a hold on any further testing or tile removal pending other parties being brought into the case. The hold was anticipated to be lifted in a meeting scheduled with the Special Master for the following week, which would allow the state to proceed with testing and tile removal.

In response to a question from Senator Raggio concerning the prior IFC allocation, Mr. O'Brien advised that most of the \$1,459,657 remained unspent.

In response to a question from Senator Raggio concerning early funding, Mr. Campbell advised that approval of the request would achieve cost savings by allowing for the "seamless" removal and replacement of tile.

In response to a question from Senator Raggio concerning the lack of project supervision and management during the original tile project, Mr. Campbell explained that the general contractor was the first named party on the lawsuit.

Senator Raggio maintained that a project manager should be required to be on the job during the entire time a major project was under construction.

Mr. Campbell advised that the budget in the next phase of the tile project included funding for a special certified tile inspector, who would be on the job full time during the entire process of the repair.

In response to questions Chairman Arberry asked concerning an inflationary adjustment, Mr. O'Brien indicated "tremendous inflation" was being experienced with all building materials and labor costs. Since scaffolding surrounding the entire Grant Sawyer Building was costly to erect and take down, Mr. O'Brien indicated it would, most likely, be left in place until funding was received. Taking into account the scaffolding costs, Mr. O'Brien pointed out that early funding would provide the opportunity to move through the project without interruption, which would provide cost savings and avoid additional escalation costs.

In response to questions Ms. Giunchigliani asked concerning on-the-job inspection and the cost for such inspections, Mr. O'Brien advised that a certified tile inspector would be hired to specifically monitor the tile installation in addition to project managers and inspectors employed by the Public Works Board. Mr. O'Brien advised that the cost for the tile inspector was included in the total budget.

In response to a question from Ms. Giunchigliani concerning project managers' liability on future projects, Mr. O'Brien advised that Public Works Board project managers were state employees and subject to state personnel rules and disciplinary procedures.

Mr. O'Brien reiterated that a special inspector would be hired for the tile project to test the adhesive and the temperature of the tile since temperatures fluctuated in both the northern and southern Nevada areas.

Ms. Giunchigliani indicated it was her opinion a contract should stipulate that individuals hired for specific positions, such as a certified tile inspector, would be fired for nonperformance.

Division of Child and Family Services, Nevada Youth Training Center Gym and Multi-Purpose Building Remodel (CIP 05-C35)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, provided a presentation on the Capital Improvement Program budget recommendation for \$3,477,399 to remodel the gymnasium and multi-purpose buildings at the Nevada Youth Training Center. The CIP project included replacing roofing, ceiling, flooring, heating and air conditioning systems, and remodeling the lobby and restrooms.

Mr. O'Brien advised that the project was a continuation of two projects, 99-M22 and 03-M11, funded in 1999 and 2003 respectively, from which money was being reverted. Mr. O'Brien explained that due to failure on the scope and the budgeting, both projects had been underfunded.

Originally, Project 99-M22 was funded to replace the ceiling, lighting fixtures, flooring, hot water tank, kitchen improvements, and wall treatments for the multi-purpose building. Approximately \$60,000 had been expended to replace the hot water tank and flooring, and Mr. O'Brien advised that approximately \$199,000 was being reverted to the fund of origin.

Project 03-M11 had been originally funded to replace the fire sprinkler system in the multi-purpose building, and Mr. O'Brien indicated approximately \$55,000 was being reverted to the fund of origin.

A new project manager was assigned to Project 99-M22, which when bid came in over budget. Mr. O'Brien advised that Project 05-C35, if approved, would allow for the completion of the remodel of the Nevada Youth Training Center gym and multi-purpose building.

Addressing the problem of overall increasing costs on recent Capital Improvement Project (CIP) bids, Mr. O'Brien explained that the CIP budgets had been developed to absorb inflationary increases. However, a recent bid for the Department of Public Safety's Emergency Operations Center came in at 25 percent higher, which was attributed to the cost of materials and labor. Mr. O'Brien explained that because the labor force was currently "very" active and not particularly anxious to bid, labor costs had escalated as had the cost of materials. Mr. O'Brien expressed concern with respect to mounting costs and indicated CIP 05-C35 was approximately \$350,000 underfunded.

Mr. O'Brien advised that Public Works Board staff were currently working with the Governor's Office staff to determine whether to reduce the scope of some projects, or defer, for example, furniture, fixtures, and equipment (FF&E) to a future project, or possibly even to eliminate a project. While some projects were underfunded by minor amounts in the \$4,000 to \$5,000 range, Mr. O'Brien indicated that CIP 05-C35, as previously stated, was underfunded by \$350,000. A possible suggestion was to defer the FF&E, estimated in the

\$250,000 to \$300,000 range, until the 2007 Legislative Session since the project would not be completed and ready to occupy until then.

In response to a question from Chairman Arberry regarding additional information concerning mounting costs, Mr. O'Brien advised that the Subcommittee would be provided with a report and a recommendation within a week concerning the cost escalation issue for all projects.

Chairman Arberry pointed out CIP 99-M22 was approved in 1999 and requested a more in-depth explanation on why the maintenance project had not been completed six years after being approved.

Taking responsibility, although the project was approved before his tenure, Mr. O'Brien attributed the problems to the project being underfunded for the amount of work that was necessary as well as a lack of follow through by management. After evaluating the project and assigning a new project manager, Mr. O'Brien advised that, as previously stated, the project was bid but came in over budget. Mr. O'Brien reiterated his concern with respect to the current exceptional inflationary costs being experienced.

In response to Chairman Arberry's admonishment for lack of follow through, Mr. O'Brien advised that the PWB was learning from such experiences and were attempting to finish past projects. Mr. O'Brien told the members of the Subcommittee that management took full responsibility to ensure the completion of the capital improvement projects and to prevent delays, as had occurred for Project 99-M22.

In response to a question from Chairman Arberry concerning the status of the fire sprinkler system under CIP 03-M11, Mr. O'Brien advised that the funding for CIP 03-M11 was being reverted to the fund of origin, and CIP 05-C35 listed \$129,626.50 in the project cost breakdown for a fire sprinkler system.

Division of Child and Family Services, Southern Nevada Child and Adolescent Services, Generator for HVAC (CIP 05-M21)

In his presentation before the Subcommittee, Mr. O'Brien advised that the Capital Improvement Program budget recommended \$421,629 to provide a backup electrical generator for Southern Nevada Child and Adolescent Services, a 56-bed psychiatric hospital for children and adolescents. Currently, the existing generator provided power only to the lighting, security, and other systems, but not to the heating, ventilation, and air conditioning (HVAC) system.

Mr. O'Brien indicated the need for the backup generator was based on ensuring appropriate temperatures were maintained inside the facility for the residents and staff during the summer months. Mr. O'Brien further advised that there was some concern that CIP 05-M21 was underfunded by about \$25,000.

In response to questions from Chairman Arberry concerning the need for a new generator, Mr. O'Brien explained that the existing generator was not adequately sized to power the cooling system, which necessitated a new 800 kilowatt generator.

Department of Information Technology, Redundant UPS and Generator  
(CIP 05-C12)

In his presentation before the Subcommittee, Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the Subcommittee members that the Capital Improvement Program budget recommended \$900,198 in CIP 05-C12 for redundant power systems to maintain critical electrical services at the State Computer Facility.

Mr. O'Brien indicated that the request was based on the need to prevent service interruptions to statewide systems, including the Department of Motor Vehicles (DMV) Genesis computer system, the Welfare Division's Nevada Operations Multi-Automated Data Systems (NOMADS), and the Division of Child and Family Services' computer system. Mr. O'Brien explained that the duplicate electrical generator and new Uninterruptible Power Supply (UPS) backup battery system, with a one-hour capacity, was requested based on security and safety issues and to keep the system "up and running" in the event of an emergency situation.

Mark Blomstrom, Deputy Director, Communications and Computing Division, Department of Information Technology, identified himself for the record. Mr. Blomstrom explained that the redundant power systems for the Computer Facility would integrate into a capital improvement project (CIP) currently underway and "a follow-on" CIP, which reflected inflationary cost increases.

The State Computer Facility was housed in a building that was 32 years old for which renovation, construction, and expansion planning began in 1997, predating the events of September 11, 2001. In 2001, the State Computer Facility contained six servers in addition to the mainframe computer. In 2005, there were 49 servers in the same building with the mainframe, and in 12 to 18 months, the facility would house an additional 50+ systems, including those from the Office of the Secretary of State, Department of Taxation, Real Estate Division and, as previously indicated, the Welfare Division. Mr. Blomstrom pointed out that the impact of any power outage increased with the number of servers being housed, and the reliability of the power and the HVAC subsystem became more critical.

The State Computer Facility was defined as the major communications nerve center where critical computer hardware and a "large amount" of irreplaceable data were held. Mr. Blomstrom indicated a strong need to safeguard the data and pointed out that even occasional outages and scheduled maintenance downtime were unacceptable.

In conclusion, Mr. Blomstrom indicated the need for redundancy of critical systems had become apparent since a movement toward secure environment requirements had begun. Redundant HVAC generator and UPS systems had become an accepted best practice in the industry, and Mr. Blomstrom advised that the Clark County Data Center was designed in such a fashion, as were most telecommunication buildings that involved switching nodes and equipment. Mr. Blomstrom cautioned that if any major system within the State Computer Facility, such as the HVAC system, the diesel backup, or the UPS system were interrupted, state computing and communications would stop.

In response to a question from Assemblyman Marvel concerning the time line for CIP 05-C12, Gustavo Nunez, Deputy Manager, Professional Services, Public

Works Board, advised that although he did not have the schedule for the project in front of him, design, plan check, and construction for similar projects was normally 12 to 14 months.

Mr. Marvel asked if the Computer Facility was currently under jeopardy.

Mr. Blomstrom advised that while the Computer Facility was at a higher risk level than it would be once the project was completed, he did not consider the facility in jeopardy.

Chairman Arberry asked PWB staff to address the discrepancy between the 15.76 percent inflation factor, which it appeared represented a 36-month period to start construction, and the cash flow schedule indicating the project would be constructed in fiscal year 2006.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board, explained that during the budget preparation process, a bid received for a southern Nevada project generated higher than anticipated inflationary costs than those built into the CIP. During the last few days prior to submitting the Governor's recommended 2005 CIP to the 2005 Legislature, all projects were reviewed and those projects determined to be underfunded were increased using an inflation factor of 15.76 percent rather than the normal 10.25 percent.

In response to a question from Mr. Marvel concerning funding availability, Mr. Dale advised that the cash flow presented in the Capital Improvement Program budget reflected adequate funding for the projects.

In response to questions from Chairman Arberry concerning the accounting method used in calculating the inflation factor, Mr. Dale indicated that while the final figures presented for the project were ones that could be used, the 2004 year column could be adjusted up and the inflation rate adjusted down to arrive again at the same figures. Although the final figures would be the same, Mr. Dale indicated those adjustments could be made if the Subcommittee members so desired.

Although an exceptional inflationary increase was being experienced, Mr. O'Brien clarified that the 15.76 percent inflation factor would not be extended for a period of 36 months, but that the accounting method, described by Mr. Dale, had been used in the interest of saving time.

Department of Information Technology, Renovation/Addition to Computer Facility – Supplemental Funding (CIP 05-C20a)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the budget request for CIP 05-C20a recommended \$2,368,500 in supplemental funding for the Computer Facility renovation and building addition under CIP 03-C10, which was approved by the 2003 Legislature. Mr. O'Brien explained that the bids received and opened for CIP 03-C10 on November 15, 2004, exceeded the approved funding.

Additionally, the following items, listed as deductive alternates to help control the price, were requested by the Department of Information Technology (DoIT) to remain in the project:

- Landscaping, irrigation and paving
- Bulletproof glass

- Access floor replacement, grounding system, and under floor wire management system
- Redundant utility service and keeping the existing electrical panel boards
- Light monitors above large common space work areas
- Sunshades, transoms, and interior office glazing

Mark Blomstrom, Deputy Director, Department of Information Technology, indicated the Computer Facility renovation and building addition was planned and designed in the late 1990s. During the actual planning phase, Mr. Blomstrom said it became apparent additional security features were needed.

A security consultant, hired at the suggestion of the architect, provided a detailed report concerning security issues, and plans were developed to:

- Redesign the lobby area to provide a secure entrance
- Construct a wall around the utility yard
- Move the electrical transformer from the street corner into a protected walled utility yard
- Move generator to the utility yard
- Installation of security devices within the building to create accountability pass points to track personnel access to the building and equipment

Mr. Blomstrom advised that the security considerations and design modifications also increased the overall design cost.

In response to questions from Senator Raggio concerning the early funding request, Mr. O'Brien indicated that project plans had been completed for the renovation and addition, and \$2,368,500 in early funding was requested to avoid incurring additional inflation costs.

Since the project design was complete and construction would be ready to be bid upon approval of supplemental funding by the 2005 Legislature, Senator Raggio questioned the necessity of an inflationary adjustment in addition to the increase in the construction funding.

Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, explained that recent bids were received with higher than anticipated costs. Specifically, the mechanical and electrical contractors' bids for the Department of Public Safety's Emergency Operations Center were 25 percent higher than originally estimated. Mr. Nunez advised that the PWB could move forward with the renovation/addition to the Computer Facility with authorization from the Legislature to do so.

In response to questions from Senator Raggio concerning approval of the early funding for Project C20a, Mr. Nunez advised that the deductive alternates needed to become a part of the base bid.

Senator Raggio commented on the fact that there were four projects for which early funding was requested and asked if additional information would be provided to the Subcommittee before proceeding with a decision.

Mr. Nunez advised that funding for Project C20a was adequate to begin the bidding process, and additional funding would not be required until after the start of fiscal year 2006.

In response to Mr. Marvel, who asked how soon approval would be required, Mr. Nunez advised that authorization within the next 30 days would be of great benefit to the project.

Senator Raggio indicated that while there appeared to be consensus on the part of the members of the Subcommittee to provide the authorization, the Subcommittee could only vote to recommend early funding. Since a bill draft request introduction and a vote by the entire Legislature to approve a bill would be required, Senator Raggio indicated it would be preferable to place all early funding requests in one bill. Senator Raggio asked whether additional information would be submitted before the Subcommittee proceeded with a recommendation.

Mr. O'Brien explained that the additional information to which he had referred would be provided for other CIP projects determined to be underfunded and not the projects that required early funding.

Senator Raggio suggested focusing on the projects for which early funding was requested, and to move ahead, if consensus was reached, in order to save some of the inflationary cost increases.

Chairman Arberry supported Senator Raggio's analysis but also had questions with respect to additional information concerning inflationary cost increases.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, discussed staff's concern with respect to the request for an additional 10.25 percent inflationary increase to arrive at the recommended supplemental funding of \$2,368,500. Mr. Ghiggeri indicated the inflationary increase appeared to have been added in twice.

Mr. O'Brien indicated there was an apparent misunderstanding concerning the inflationary cost increase and explained that in an effort to save time and ensure the availability of adequate funding, a 15.76 percent inflationary factor was used to calculate the amount needed for the underfunded project budgets. Mr. O'Brien advised that the PWB had not intended to represent a 15.76 percent inflationary factor existed.

If the projects were ready to bid and the members of the Subcommittee understood an inflation factor had been built into the budget that might provide a cost savings, Senator Raggio suggested moving ahead with a vote on the early funding recommendations, which did not include C13, the Las Vegas Readiness Center.

SENATOR RAGGIO MOVED TO RECOMMEND EARLY FUNDING  
FOR CIP 05-C01 SAWYER BUILDING TILE REPAIR; CIP 05-C20a,  
RENOVATION/ADDITION TO COMPUTER FACILITY –  
SUPPLEMENT; CIP 05-C14 ADDITION OF FOURTH POD TO  
PSYCHIATRIC HOSPITAL; AND CIP-05 C09 EMERGENCY  
OPERATIONS CENTER ADDITIONAL CONSTRUCTION.

MR. MARVEL SECONDED THE MOTION

THE MOTION CARRIED UNANIMOUSLY.

Chairman Arberry requested the Public Works Board staff to work with the Subcommittee's staff and provide the result of the bids to the members of the Subcommittee.

Mr. O'Brien agreed to work with staff and to provide the requested information.

Division of Mental Health and Developmental Services –Southern Nevada Adult Mental Health Services Projects – Addition of Fourth Pod to the Psychiatric Hospital (CIP 05-C14).

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program budget recommended \$11,334,293 in supplemental funding to complete construction of the 150-bed Southern Nevada Psychiatric Hospital, CIP 03-C01, approved by the 2003 Legislature, and for design and construction of a fourth wing that would provide an additional 40 beds.

Mr. O'Brien advised that approval of the request for early funding would provide for the completion of deferred work without interruption and additional costs. The early funding would also provide the opportunity to negotiate the price for the fourth pod, under a sole source contract, since the contractor was already working on the Southern Nevada Psychiatric Hospital project. Mr. O'Brien explained that the exterior walls for the fourth pod were being built to complete the perimeter.

While funding, if approved, would not necessarily be spent on July 1, 2005, Mr. O'Brien reiterated that approval would provide the authorization needed to negotiate the contract to complete the fourth pod.

In response to a question from Senator Raggio concerning reducing the higher inflationary factor, Mr. O'Brien advised that inflationary cost increases would "definitely" be reduced since negotiations with the contractor could begin immediately upon authorization to proceed.

Senator Raggio indicated that any motion the Subcommittee made on the early funding requests would be subject to revision by the Subcommittee's staff. Additionally, Senator Raggio asked that the PWB staff work with the Subcommittee's staff to determine any cost savings that might be recognized for bill drafting purposes. Using the Sawyer Building tile repair project as an example, Senator Raggio recalled that maintaining the scaffolding as constructed throughout the project would provide cost savings.

Mr. O'Brien agreed that he and his staff would work with the Subcommittee's staff.

Assemblywoman Leslie asked for information on the SCAN system, including whether the Dini-Townsend Hospital in northern Nevada had such a system, and whether the system was included in the original budget for the Southern Nevada Psychiatric Hospital.

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, identified himself for the record.

Dr. Brandenburg explained that the SCAN (Silent Communications Alarm Network) was the distress system installed in the Southern Nevada Psychiatric Hospital for the safety of the staff as well as patients.

The SCAN system had also been planned for the Dini-Townsend Hospital but was value engineered from the budget. Dr. Brandenburg explained that the necessary electrical conduit for the SCAN was placed in the Dini-Townsend Hospital, but the necessary funds to install the actual system needed to be secured.

In response to questions from Ms. Leslie, Dr. Brandenburg explained that SCAN was essentially a panic button that had replaced outmoded "red buttons" used extensively throughout older medical institutions. The SCAN ultrasound system placed receivers throughout the hospital and exterior courtyard. Staff needed only to press a button to send out a sound vibration that would be picked up by a receiver and sent to an "enunciator" device located in a control room, which identified an incident location for staff response.

In response to questions from Ms. Leslie, Dr. Brandenburg confirmed the funding for the SCAN was in the budget for the Southern Nevada Psychiatric Hospital.

Department of Public Safety Emergency Operations Center, Additional Construction Funding not included in The Executive Budget (CIP 03-C06).

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the bid for the Department of Public Safety's Emergency Operations Center project exceeded the approved funding by \$1.8 million. Mr. O'Brien explained that statewide cost increases were being experienced in materials as well as in work required by mechanical and electrical subcontractors, and an additional \$2 million was being requested in order to proceed with issuing a contract for construction.

Mr. O'Brien informed the members of the Subcommittee that the grant providing federal funding for the project required that construction be completed within 30 months of receiving the federal appropriation, which occurred in September 2003. Mr. O'Brien pointed out that a construction completion date of March 2006 allowed 11 months of construction.

In response to Senator Raggio, who asked whether construction had to begin on April 1, 2005, Mr. O'Brien advised that the contract to proceed had to be signed by April 1, 2005.

Kamala Carmazzi, Deputy Chief, Division of Emergency Management, identified herself for the record. Ms. Carmazzi advised that there were no future prospects for receipt of additional federal funding.

Although Ms. Carmazzi agreed that completion of the project faced "a fairly stringent time line," the Division of Emergency Management had just learned an additional six months had been granted to complete the construction. However, Ms. Carmazzi pointed out the Division risked loss of the federal grant by failure to complete the project within the established performance period.

Even with the time extension, Mr. O'Brien indicated that receipt of the funds could not be delayed by six to nine months. Mr. O'Brien clarified that while authorization was needed to proceed with construction, funds would not be needed to proceed.

Senator Raggio clarified for the record that the date the funds were spent made no difference since authorization meant the project was funded.

Mr. O'Brien agreed and explained that proceeding with construction did not depend on the immediate receipt of the funds.

SENATOR RAGGIO MOVED TO RECOMMEND EARLY FUNDING OF CIP 05-CO1 SAWYER BUILDING TILE REPAIR; CIP 05-C20a RENOVATION OF THE COMPUTER FACILITY; CIP 05-C14 ADDITION OF FOURTH POD TO PSYCHIATRIC HOSPITAL; CIP 05-C09"A" EMERGENCY OPERATIONS CENTER ADDITIONAL CONSTRUCTION AND THAT THE PUBLIC WORKS BOARD CORRELATE WITH THE SUBCOMMITTEE STAFF ON A BILL DRAFT REQUEST THAT THE AMOUNT OF FUNDING REQUESTED FOR EACH PROJECT TO ACCOMMODATE AN APPROPRIATE INFLATIONARY INCREASE AND ANY COST SAVINGS THAT MIGHT RESULT FROM A REVIEW OF THE PROJECTS.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

Chairman Arberry instructed the Public Works Board staff not to approach the Legislature with a request for additional funding.

THE MOTION CARRIED UNANIMOUSLY.

Division of Mental Health and Developmental Services, Rehabilitation of Food Services Facilities, Buildings 4 and 5 (CIP 05-C15)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program budget recommended \$1,898,598 to rehabilitate the food services facilities in Buildings 4 and 5 located on the West Charleston campus of the Southern Nevada Adult Mental Health Services' facility.

Citing numerous health and safety code deficiencies, as well as non-compliance with the Americans with Disabilities Act (ADA), Mr. O'Brien reported that Building 4 was constructed in 1977 and Building 5 was constructed in 1976.

Additionally, Mr. O'Brien reported that funding was provided by the 2003 Legislature for advance planning to rehabilitate the food services facilities, and the funding recommended for CIP 05-C15, if approved, would be used to rehabilitate the buildings. Mr. O'Brien advised that the food services facilities currently provided meal services to the existing inpatient hospital, other state services on campus, and would also serve the new Southern Nevada Psychiatric Hospital projected to open in May 2006. Mr. O'Brien expressed concern that the project appeared to be underfunded by approximately \$100,000.

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, identified himself for the record. Dr. Brandenburg said the facility provided food services for the West Charleston campus of the Southern Nevada Adult Mental Health Services' facility, Division of Child and Family Services, Mental Health and Developmental Services, and Desert Regional Center, and, as indicated by Mr. O'Brien, would also provide food services for the new 190-bed Southern Nevada Psychiatric Hospital.

Dr. Brandenburg reported that Buildings 4 and 5 were cited by the State Fire Marshal as being in violation of life-safety code deficiencies, which made replacement of the fire suppression system necessary.

In response to questions Chairman Arberry asked concerning the project being underfunded by \$100,000, Mr. O'Brien explained that Public Works Board staff wanted to apprise the Subcommittee of budget shortfall concerns and the need for adjustment. Mr. O'Brien indicated he hoped to provide some alternatives from the Governor's Office and eventually a recommendation for modifications to the Subcommittee's staff.

Mr. O'Brien pointed out that a \$2 million project underfunded by \$130,000 was not significant and suggested perhaps a 4 to 5 percent increase would be necessary to ensure appropriate funding.

In response to additional questions from Chairman Arberry concerning the date the recommendations would be available to staff, Mr. O'Brien agreed to provide the information by the following Friday.

Senator Cegavske expressed concerns over the increase in funding and rehabilitation of food services facilities in Buildings 4 and 5 rather than installing a kitchen in the new Psychiatric Hospital, which she indicated might have been less expensive.

In response, Dr. Brandenburg advised that installing a kitchen in the new Psychiatric Hospital was reviewed in the design plans and was determined to be cost prohibitive. The food services buildings located on campus, which were constructed during the 1970s, required only a modern fire suppression system and correction of health and life-safety code deficiencies.

Chairman Arberry predicted the PWB would appear before the Legislature again in a year asking for a kitchen for the new Psychiatric Hospital, and asked Mr. O'Brien to determine how much additional funding would be required to install a kitchen in the new Psychiatric Hospital.

Assemblywoman Giunchigliani also expressed concerns with respect to the changes and modifications to the budget and indicated that the recommendations to staff would be accepted no later than the following Friday.

Senator Coffin indicated his preference was to hear "bad news" concerning the budget delivered during the current session rather than later, which would require waiting until the next budget cycle to address problems.

Senator Coffin asked whether the Statewide Paving Program on the West Charleston campus would improve the road used for food delivery, particularly on the northwest section of the campus where the Desert Willow Treatment Center and the Oasis Family Learning Homes were located.

Dr. Brandenburg advised that food would be transported on the existing road within the Desert Regional Center campus and on new roads that would be built when the new hospital was constructed.

Senator Coffin indicated he was referring to the road within the northern section of the southern campus and wondered if that road would be used to deliver food from the existing kitchen facilities.

Mr. O'Brien advised that there was a \$900,000 budget recommended in the proposed Statewide Paving Program to engage in paving work on the Desert Regional Center's West Charleston campus.

In response to a request from Senator Coffin, Mr. O'Brien agreed to fax a map of the Statewide Paving Program projects to him.

With respect to hearing "the bad news" sooner rather than later, Mr. O'Brien indicated the PWB staff had taken a lot of time during the past few weeks to bring the budget increases to the Subcommittee's attention and a recommendation would be brought to the Subcommittee's attention as a one-time issue.

With respect to the kitchen for the new Southern Nevada Psychiatric Hospital, Mr. O'Brien advised that modifying the site design and the plans for the hospital, which was under construction, would be significant. Although uncertain that it was even possible to put a food preparation area into the facility, a meeting could be scheduled with the architect to determine if there was any area in which a kitchen could be incorporated.

Chairman Arberry indicated that while it was not necessary to pursue a modification to the construction plans, a future request for a kitchen facility within the new Psychiatric Hospital would not be entertained.

Mr. O'Brien advised that he would defer to agency representatives to make any future determination on their needs.

Chairman Arberry reiterated that future requests for a kitchen in the Psychiatric Hospital would not be considered.

Assemblywoman Leslie expressed "relief" that construction of the hospital would not be delayed by a modification to the construction plans.

#### Desert Regional Center, Replace Emergency Generators (CIP 05-M07)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program budget recommended \$261,486 to replace emergency generators for buildings at the Desert Regional Center. The Bureau of Licensure cited the facility for insufficient emergency lighting for the exit corridors, and the replacement would bring the facility into compliance.

In response to questions Assemblywoman Giunchigliani asked concerning the utilization of energy efficient lighting equipment, Mr. O'Brien indicated "the industry" was providing some energy efficient equipment.

Assemblywoman Giunchigliani indicated she was sponsoring legislation to adopt energy saving programs and equipment "code standards" to ensure a better maintenance process.

Mr. O'Brien reiterated that efficient mechanical systems that met industry standards were used in CIP projects.

Ms. Giunchigliani asked to be provided a list of equipment currently being used that met industry standards, and a list of equipment that was more energy efficient than what was being used.

Mr. O'Brien agreed to provide the information.

After a brief recess, Chairman Arberry called the meeting back to order and called upon the Budget Division to provide information that identified the projects included in the Governor's recommended 2005 Capital Improvement Program that would be funded through the issuance of general obligation bonds and those that would be funded with General Fund money.

Jim Rodriguez, Budget Analyst, Budget Division, Department of Administration, identified himself for the record and advised that the information was available and would be provided to the Subcommittee's staff.

Senator Raggio pointed out that the CIP projects listed in The Executive Budget were based upon the expectation that the state's \$0.16 portion of the property tax revenue would be increased by approximately 8 to 9 percent. Senator Raggio indicated those percentages required a realistic analysis since the property tax relief suggestions being discussed would accommodate far less than the percentages on which the CIP projects were based. Senator Raggio indicated a limitation on property tax would impact the anticipated revenues for the bonding needed to fund the projects. Senator Raggio discussed the possibility of funding important projects from the General Fund, which raised many issues.

Along with Chairman Arberry's request, Senator Raggio advised Budget Division representatives to also be prepared to provide alternatives based upon the 63 property tax relief proposals being discussed.

Mr. Rodriguez indicated the property tax relief proposals were being reviewed and information would be provided to the Subcommittee's staff as soon as a determination could be made on where the "numbers were going to fall" and how the bonding capacity would be affected.

Expressing agreement with Senator Raggio, Assemblywoman Giunchigliani indicated a similar request had been made of the Budget Division for the Distributive School Account (DSA). Ms. Giunchigliani asked that the Budget Division include budgets other than the CIP and the DSA that were based on that 9 percent projection. Additionally, Ms. Giunchigliani asked that information be provided on the availability of other non-state revenue sources for CIP projects.

#### Lake's Crossing Center, Platform Guardrail for Rooftop HVAC (CIP 05-M02)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$18,196 for fabrication and installation of a safety guardrail for a heating ventilation and air conditioning (HVAC) access platform at Lake's Crossing. The access platform was installed as part of CIP project 01-M23, and the guardrail around the rooftop was deleted because it could not be constructed with available funds. CIP 05-M02 requested funding for the guardrail as a result of safety concerns expressed by the maintenance staff.

Mr. O'Brien indicated the \$18,000 request should perhaps be moved into the agency's operating budget since it was not always efficient for the Public Works Board to engage in such small projects.

Lake's Crossing Center, HVAC System Renovation (CIP 05-M26)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) recommended \$167,193 to test, balance, and renovate the existing heating and air conditioning systems at the Lake's Building. Mr. O'Brien advised that the Lake's Building was constructed in 1974 and continuing problems were being experienced with air distribution and temperature imbalances.

Lake's Crossing Center, Replacement of Failing Doors and Hardware (CIP 05-M34)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$114,499 to re-key 32 high-security locks and to replace 123 doors at the Lake's Crossing facility. Mr. O'Brien advised that the doors and locks in use since 1977 had exceeded their service life, and the agency requested the project to maintain client and staff safety.

Chairman Arberry asked for information concerning the status of licensing the facility as a psychiatric hospital.

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, identified himself for the record. Dr. Brandenburg advised that during the coming biennium, the Division would attempt to secure licensure through the Joint Commission on Accreditation of Health Care Organizations (JCAHO) or the Commission on Accreditation of Rehabilitation Facilities (CARF).

In response to Chairman Arberry, who asked about a projected date for licensing the facility, Dr. Brandenburg advised that funding was included in the Division's budget to hire a consultant and to request the funds for licensure with JCAHO or CARF during the 2007 Legislative Session. Dr. Brandenburg indicated that one of the problems that had to be addressed was whether JCAHO or CARF licensure would be most applicable since the Lake's Crossing was somewhere between a psychiatric hospital and a maximum security correctional facility.

Chairman Arberry asked why security/access allowance funding that was 20 percent of construction costs was recommended for the heating ventilation and air condition system renovation, CIP 05-M26, and the hot water system upgrade project, CIP 05-M35, but not recommended in CIP 05-M34 for replacement of doors and locks.

Mr. O'Brien advised that Public Works Board staff would review the concern and provide information to the Subcommittee's staff.

Lake's Crossing Center, Domestic Hot Water System Upgrades (CIP 05-M35)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$56,720 to upgrade the Lake's Crossing Center domestic hot water recirculation system and to install a new water pump, piping, insulation, and a seismic gas shut-off valve. Mr. O'Brien advised that the facility was built in 1974, and the hot water recirculation system currently did not provide hot water in a reasonable time period, which was a licensure issue.

Northern Nevada Adult Mental Health Services Projects, Central Kitchen Furnishings, Fixtures and Equipment (CIP 05-C07)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$437,778 for furnishings and equipment costs for the new central kitchen facility on the Northern Nevada Adult Mental Health Services' campus. Mr. O'Brien advised that CIP 03-M63 was approved by the 2003 Legislature for the design and renovation of Building 10, and in June 2004, the Interim Finance Committee (IFC) approved a project scope change to allow the State Public Works Board to utilize funding approved to remodel the existing central kitchen for the construction costs to build a new central kitchen facility.

In response to concerns expressed by Chairman Arberry with respect to hiring a kitchen consultant, Mr. O'Brien advised that a consultant would be hired to design the kitchen and determine the type and size of equipment needed.

Mr. Hettrick discussed his personal experience in hiring a consultant to design the kitchen in a building he was in the process of constructing. The consultant designed the size, load capacities, entrances, exits, ventilation, ducting, and other areas not within the purview of the architects.

Northern Nevada Adult Mental Health Services, HVAC Renovation – Building 5 (CIP 05-M32)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$245,179 to renovate the existing heating and air conditioning system serving Building 5 at the Northern Nevada Adult Mental Health Services' campus. The project included the replacement of two boilers and a cooling tower, renovations to the air distribution system, modifications to temperature controls, and testing and balancing the system.

Mr. O'Brien advised that the heating ventilation and air conditioning (HVAC) system was approximately 30 years old and had exceeded its service life. The HVAC system also served Buildings 3 and 4, which were slated to be demolished within the next three to five years but needed to continue to be served by the system until demolition. After demolition of Buildings 3 and 4, Mr. O'Brien indicated the renovated HVAC system would continue to serve Building 5.

Northern Nevada Adult Mental Health Services, HVAC Renovation – Building 8 (CIP 05-M33)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$341,997 to renovate the existing heating ventilation and air conditioning (HVAC) system serving Building 8 at the Northern Nevada Adult Mental Health Services campus.

Mr. O'Brien advised that the 20 year-old HVAC system, which served a 26,000-square-foot building, was reaching the end of its service life.

Northern Nevada Adult Mental Health Services, Secure Uninhabited Buildings (CIP 05-M42)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$265,943 to disconnect utilities and secure Buildings 6, 7, 9, 10, 11, and 24, which had exceeded their service life.

Mr. O'Brien advised of the need to ensure liability issues were addressed until the overall master plan was completed and funding was secured to demolish the buildings.

Senator Raggio asked for an update on the status of the master plan to rehabilitate the Northern Nevada Adult Mental Health Services campus.

Mr. O'Brien advised that CIP 05-P19 addressed the funding for the master plan and was the next topic of discussion on the agenda.

Northern Nevada Adult Mental Health Services, Consolidated Facilities Building Study (CIP 05-P 19)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$277,411 for a master plan, feasibility study, and programming designs for a new "consolidated facilities building" that would meet the future needs of the Northern Nevada Adult Mental Health Services site.

The deterioration of the site and the buildings prompted an inspection by campus and Public Works Board (PWB) staff to determine which buildings should be "mothballed," which could continue to be used, which could be rehabilitated, and the cost to do so. Mr. O'Brien indicated it was advisable to demolish a large part of the existing facilities currently not serviceable and to construct a new facility. Additionally, Mr. O'Brien advised that PWB staff would continue to work with agency representatives and the architect to develop the master plan.

In response to questions from Senator Raggio concerning the length of time it would take to develop a master plan, Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, advised that an initial study had been conducted during the first year of the current biennium. Dr. Brandenburg explained that CIP 05-P19 was based on the results of the study that determined there were 29 buildings on campus for which funding should no longer be spent.

As previously indicated by Mr. O'Brien, Dr. Brandenburg advised that CIP 05-P 19, if approved, would provide the funding to study the buildings targeted for demolition and demolition costs. Additionally, Dr. Brandenburg informed the members of the Subcommittee there were buildings on campus constructed in 1864 that had been a requirement to Nevada becoming a state and buildings dating from the 1950s that were constructed with asbestos. Dr. Brandenburg projected the demolition would be costly, but indicated the Division of Mental Health Developmental Services intended to return to the 2007 Legislature with a plan for the Northern Nevada Adult Mental Health Services campus.

Assemblywoman Leslie expressed concern on waiting another two years for a plan. Citing safety issues, Ms. Leslie asked if the Division could present the Subcommittee with a short list of essential projects that could be considered during the current legislative session.

Dr. Brandenburg explained that the Capital Improvement Program budget recommended \$265,943 in CIP 05-M42 to secure Buildings 6, 7, 9, 10, 11, and 24, which were identified as buildings that could be demolished.

In response to a question from Ms. Leslie concerning the cost, Mr. O'Brien agreed to provide an estimated cost to demolish Buildings 6, 7, 9, 10, 11, and 24.

In response to questions Senator Coffin asked concerning preserving historical buildings on campus, Dr. Brandenburg anticipated the first stone building constructed in 1864 would be preserved as an historical site. However, Dr. Brandenburg indicated there were 1940 and 1950 era buildings on campus that should be demolished.

In response to questions from Assemblywoman Giunchigliani, Dr. Brandenburg indicated a request had not yet been made to nominate the 1864 building to the National Register of Historic Places.

Ms. Giunchigliani suggested a request should be made to nominate the building to the National Register. Additionally, Ms. Giunchigliani asked whether demolishing the buildings would require replacing beds.

Dr. Brandenburg advised that the buildings targeted for demolition were vacant and replacing beds was not required.

In response to questions Ms. Giunchigliani asked concerning condemnation proceedings, Dr. Brandenburg indicated there had been no condemnation proceedings thus far.

Ms. Giunchigliani suggested that perhaps condemnation proceedings should be pursued since structures that were structurally compromised might generate moving "one-shot money" into rebuilding.

Dr. Brandenburg reiterated that the Capital Improvement Program budget recommended funding in CIP 05-M 42 to disconnect utilities, weatherize indoor plumbing, and to secure access to the six buildings.

Senator Mathews also expressed her support for saving the 1864 stone building.

Southern Nevada Adult Mental Health Services, Southern Nevada Psychiatric Hospital – FF&E (CIP 05-C 03)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members of the Subcommittee that the Capital Improvement Program (CIP) budget recommended \$4,593,047 to furnish and equip the new 150-bed Southern Nevada Psychiatric Hospital in Las Vegas.

Chairman Arberry indicated the project cost estimate for furnishings and equipment submitted to the 2003 Legislature reflected \$1.7 million while the

recommended funding to furnish and equip the facility in the 2005 CIP was estimated at \$4,593,047. Chairman Arberry asked Public Works Board (PWB) representatives to address what appeared to be a 170 percent increase in cost.

Mr. O'Brien asked to be permitted to return to the Subcommittee with an outline on the cost differences.

Chairman Arberry asked why certain deferred construction items were not recommended in CIP 05-C 14 along with another \$3.7 million in deferred construction items for the Southern Nevada Psychiatric Hospital.

Mr. O'Brien recalled Interim Finance Committee approval for a change in scope to defer certain site and interior improvements to the 2005 Capital Improvement Program.

Chairman Arberry asked the PWB representatives to explain why an additional \$193,000 in design costs was being recommended for the project.

Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, explained that the additional design costs could be attributed to either the architect for interior design or to hire a separate interior designer.

Mr. Nunez agreed with the Chairman's suggestion to provide the Subcommittee's staff with specifics on the \$193,000 in additional design costs.

Southern Nevada Adult Mental Health Services, Secure Egress Area Building 3A (CIP 05-M08)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members that the Capital Improvement Program budget recommended \$130,703 to construct a secure outdoor patio area for patients and a secure exit on the southern exterior of Building 3A. The project was originally recommended in the 2003 Capital Improvement Program, but was not funded. Mr. O'Brien said that the funding, if approved, would provide a safe outdoor area for the patients and address State Fire Marshal and Bureau of Licensure requirements.

Chairman Arberry asked the PWB representatives to address why the project costs increased from \$58,622 in 2003 to \$130,703 in 2005, an increase of 123 percent.

Mr. O'Brien agreed with the Chairman's request to provide the Subcommittee's staff with a justification on the 123 percent increase.

Southern Nevada Adult Mental Health Services, Remodel Bathrooms Buildings 1, 2, 3, and 3A (CIP 05-M41)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members that the Capital Improvement Program budget recommended \$1,236,722 to remodel 60 bathrooms in Buildings 1, 2, 3, and 3A on the Southern Nevada Adult Mental Health Services campus.

Mr. O'Brien pointed out that the buildings, constructed in 1972 and 1988, were in differing stages of disrepair having had only minor refurbishment through the years. The remodeling project would also bring the facilities into compliance with the Americans with Disability Act (ADA) requirements.

Chairman Arberry asked the PWB representatives to address why the project costs increased from \$736,160 in 2003 to remodel 50 bathrooms to \$1,236,722 in 2005 to remodel 60 bathrooms, an increase of 68 percent.

Mr. O'Brien agreed with the Chairman's request to provide the Subcommittee's staff with a justification for the increased cost.

Chairman Arberry also asked the PWB representatives to explain the \$110,272 cost for hazardous materials abatement expected to be necessary in the remodeling of the bathrooms.

Mr. O'Brien explained that the mud used in the installation of sheetrock and the tile used at the time of construction contained asbestos. Mr. O'Brien indicated the asbestos would have to be removed through an abatement process, which he would verify for the Subcommittee's staff.

Office of the Military, Las Vegas Readiness Center (CIP 05-C13)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members that the Capital Improvement Program (CIP) budget recommended \$23,154,030 for additional design services and for construction of a new 94,470-square-foot Military Readiness Center that would house five Army National Guard units.

In a brief overview of the project, Mr. O'Brien indicated that originally the 2003 Legislature authorized funding through CIP 03 P05 for the design of a 76,000-square-foot facility. However, the size of the facility was increased to 94,470 square feet to meet federal National Guard Bureau requirements.

Additionally, Mr. O'Brien advised that CIP 05-C13 included additional professional design services for the increased square footage, which was 50 percent into the design. Specifically, approximately \$300,000 in early funding was requested to comply with specific time frame requirements associated with the federal grant that supported a portion of the project costs. Mr. O'Brien also indicated that should the Subcommittee desire, a separate project could be initiated for just the early funding appropriation rather than the entire project.

In view of recent bids, Mr. O'Brien expressed concern that the Readiness Center project was underfunded by about \$4 million. However, he indicated the possibility existed that \$2.2 million that had been set aside for land acquisition costs could be used for construction purposes. Additional federal funding was also a possibility, which Mr. O'Brien indicated would address a shortfall.

Chairman Arberry requested clarification on the date legislative funding was needed in order to prevent placing the federal funding in jeopardy.

Major General Giles Vanderhoof, the Adjutant General of Nevada, identified himself for the record. General Vanderhoof reported that federal funding not obligated in the year it was provided would not jeopardize the project but would place future funding for other projects in jeopardy. Specifically, General Vanderhoof advised that the \$12.9 million, from the federal government, was expected to be executed prior to September 30, 2005.

Senator Raggio requested clarification concerning the following issues:

- 75 percent federal funding to 25 percent state funding for a total project cost estimate of \$23,154,030
- \$4 million in additional funding required to cover the underfunded project
- \$2.2 million budgeted for land costs that could be used for construction

General Vanderhoof confirmed the 75 percent to 25 percent ratio and explained that, under federal government requirements, the state was responsible for the land acquisition and bringing utilities to the property, which increased the state's cost.

In response to questions from Senator Raggio concerning the location and privately held parcels of land, General Vanderhoof explained that the site was southwest of McCarran bordered by South Decatur on the west and Gorner Road on the south. General Vanderhoof advised that the site included some private parcels the state would have to purchase, but the major portion of the property was Bureau of Land Management (BLM) land that was being given to Clark County. General Vanderhoof indicated it was believed the land would be provided to the state and, as previously indicated by Mr. O'Brien, the \$2.2 million budgeted for land acquisition could be used for construction.

In response to questions Senator Raggio asked concerning the \$4 million shortfall, General Vanderhoof advised that the bids received for almost every new construction project were 30 percent higher than projected.

In response to questions Senator Raggio asked concerning the availability of additional federal funds or having to reduce the project, General Vanderhoof advised that the project would have to be reduced unless he could negotiate a special provision for the Congressional allocation.

General Vanderhoof advised the members of the Subcommittee he had just been informed by Colonel Louis Cabrera that the Office of the Military had just been provided a federal contingency fund and would be able to provide several million dollars more to the project, if necessary.

Senator Raggio expressed the Subcommittee's collective concern with respect to the funding authorization that would be required by the Legislature.

Mr. O'Brien advised that recent bids for a similar project were received with higher than anticipated costs, which increased concern that the Readiness Center would be underfunded by approximately \$4 million. Attributing the recent cost increases to inflation and the current bidding climate, Mr. O'Brien advised that the \$2.2 million budgeted for land acquisition and the additional contingency fund from the federal government could address the shortfall.

In response to additional questions Senator Raggio asked concerning completion date requirements, General Vanderhoof advised that the funding had to be obligated by September 30, 2005, and early funding was requested by August 2005 in order to provide a margin.

Mr. O'Brien clarified that legislative authorization was needed for early funding of approximately \$300,000 in architectural fees to complete the design in March 2005 and keep the project moving.

General Vanderhoof informed the members that Senator Nolan, Chairman of the Nevada Commission on Homeland Security, had planned to attend the hearing to express his support for the Readiness Center, which would also house the Civil Support Team. However, Senator Nolan was unable to attend the hearing because of other commitments.

Office of the Military, Acquire Land for Future National Guard Facility and Training Sites (CIP 05-C25)

The Capital Improvement Program (CIP) budget recommended \$546,000 to patent 790.5 acres of land in North Las Vegas to meet the current and future needs of the Military Department in southern Nevada as well as to provide potential sites for other state agencies.

General Giles Vanderhoof, the Adjutant General of Nevada, advised the Subcommittee that 790.50 acres had been leased from the Bureau of Land Management (BLM) several years ago for a training area adjacent to the North Las Vegas Armory. CIP 05-C25 requested funding to patent the land, which would be used as a training area for tanks and would also house other state agencies. Additionally, General Vanderhoof indicated the property was more than reasonably priced at \$700 an acre and would be returned to the Bureau of Land Management if not purchased by the State. General Vanderhoof suggested moving ahead with the purchase as quickly as possible.

In response to questions Assemblyman Marvel asked concerning whether the sale of the property would include a reversionary clause, Mr. O'Brien explained the sale would include certain restrictions. Mr. O'Brien more fully explained that once the property was sold to the State, zoning restrictions could not be modified, for example, to sell to a developer.

Colonel Louis Cabrera, United States Property and Fiscal Officer for Nevada, National Guard Bureau, identified himself for the record. Colonel Cabrera explained that the land was acquired under a recreational public-purposes lease for which a master plan was required. Colonel Cabrera advised that amendments could be submitted when changes for the use of the land were intended, but even after acquisition of the patent, the State had to continue to abide by the master plan. Colonel Cabrera explained that the patent provided the State the privilege of being first holder of the land, and if the State did not acquire the patent, others could apply to the Bureau of Land Management for the land.

In response to questions Senator Coffin asked concerning the problem of dust control during maneuvers, General Vanderhoof explained that currently most of the tanks were located at the National Training Center at Fort Irwin, California, and the difficulty in sending members of the Guard out of state for drill and exercises.

Colonel Cabrera advised the members a dust abatement program and a driver's training track, which was covered with gravel and watered before and after training, kept dust at a minimum.

Office of Veterans Services, Veterans Home Central Dining Room (CIP 05-C17)

Daniel K. O'Brien, P.E., Manager, State Public Works Board, advised the members that the Capital Improvement Program (CIP) budget recommended

\$1,116,915 for design and construction of a central dining room for the 180-bed Veterans Home in Boulder City.

In a brief overview Mr. O'Brien explained that after studying the layout of other Veterans Homes in 1997, Veterans Services staff decided on a design that utilized one dining room in each of the three residential wings.

The current administration requested a more centralized dining area after indicating concerns that dining facilities did not meet the residents' needs. Specifically those concerns were that a large percentage of residents were restricted to wheelchairs, which limited dining room seating capacity, and residents eating in their rooms presented a "choking liability."

Mr. O'Brien indicated the Boulder City facility's current centrally located town hall adjacent to the kitchen could be expanded into the courtyard area and converted to a central dining area. The addition, which measured 2,000 square feet, and the existing dining areas would also be utilized as a multi-purpose area.

In response to concerns Chairman Arberry expressed with respect to the facility's design and construction in 2003, Mr. O'Brien advised that the current design was one used in other Veterans Homes across the country. Although Mr. O'Brien indicated an understanding of the request and concerns, he deferred to Office of Veterans Services' staff to address the request.

Darrel Hansen, Administrative Services Officer, Office of Veterans Services, identified himself for the record. Mr. Hansen indicated the current Administrator, Gary Bermeosolo, had concerns the current layout would ultimately contribute to a "choking" death. Mr. Hansen explained that many residents in a skilled nursing facility were stroke victims who suffered a risk of choking.

The existing dining rooms seated 29 to 36 residents, and the town hall area was being utilized to serve an additional 36 residents. Smaller rooms near the existing dining rooms, originally intended for activities, were also being utilized for residents who needed assistance to eat. As the population increased, Mr. Hansen indicated the living room area might also need to be utilized, which would increase the number of locations to ten in which food was being served. Mr. Hansen explained that serving food in so many locations presented challenges in staffing and in keeping the facility clean and free of rodents and insects.

In response to questions Assemblywoman Giunchigliani had concerning seating capacity and staggered serving arrangements, Mr. Hansen reiterated that 29 to 36 residents could be seated dependent upon the number of residents in wheelchairs and in electric wheelchairs. Mr. Hansen explained that certain time requirements had to be adhered to. For example, a resident who chose to have an early dinner and a late breakfast would put the facility out of compliance in meeting time requirements.

In response to additional questions from Ms. Giunchigliani concerning staggered serving times and compliance with time requirements, Mr. Hansen advised that residents needed as much freedom and choice as possible. He indicated, however, that the issue had not been addressed with residents since the facility had not transitioned to a double shift.

In response to additional questions from Ms. Giunchigliani concerning one large dining room versus the current layout, Mr. Hansen explained that one large room would provide the capacity to serve all the residents within the same time period. Mr. Hansen also explained that after being served, the residents required personal attention from staff, and a second shift would necessitate additional staff.

In response to questions from Ms. Giunchigliani concerning sufficient staffing, Mr. Hansen clarified that the facility was budgeted for sufficient staff to serve the current population of 145 residents in one shift, but not two.

In response to a question from Ms. Giunchigliani concerning the number of residents in wheelchairs, Mr. Hansen indicated he would provide the statistics to staff.

Mr. Hansen advised that 65 percent federal funding would be contributed to the project with the approval of state funding.

Chairman Arberry asked if confirmation on the federal portion of the funding had been received and whether it could be provided to staff.

Mr. Hansen advised that confirmation had been received and would be provided to staff.

In response to questions Ms. Giunchigliani asked concerning additional staffing, Mr. Hansen advised that if the recommendation was approved, additional staff would not be required. The cost for additional staffing required for two shifts was projected in excess of \$400,000.

In response to Ms. Giunchigliani, who specifically asked if the testimony was that no additional staffing would be required, Mr. Hansen confirmed his testimony that no additional staffing would be required if the funding for the expansion was approved.

Chairman Arberry noted the cost estimate for the project indicated funding in the amount of \$120,155, or 20 percent of construction costs for furnishings and equipment. Chairman Arberry asked why the furnishings and equipment in the three existing dining rooms could not be utilized in the new central dining room.

Gustavo Nunez, Deputy Manager, Professional Services, Public Works Board, indicated he would investigate the furnishings and equipment requirement and provide the information to staff.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, advised the members of the Subcommittee the members of the Joint Subcommittee on Human Resources/K-12 and General Government would meet on the following day.

Chairman Arberry adjourned the hearing at 10:48 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Connie Davis  
Committee Attaché

APPROVED BY:

\_\_\_\_\_  
Assemblyman Morse Arberry Jr., Chairman

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

\_\_\_\_\_  
Senator William J. Raggio, Chairman

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

Assembly Committee on Ways and Means  
Senate Committee on Finance  
Joint Subcommittee on Higher Education and Capital Improvements  
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## EXHIBITS

**Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Higher Education and Capital Improvements**

**Date:** March 10, 2005

**Time of Meeting:** 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda