

**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
April 19, 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 Tuesday, April 19, 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 Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst
Tracy Raxter, Program Analyst
Connie Davis, Committee Attaché
Anne Bowen, Committee Attaché

Chairman Arberry opened the April 19, 2005, hearing for the Capital Improvement Program (CIP) projects.

Division of Forestry, Indian Springs Camp Upgrade CIP 05-M05

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$87,166 to upgrade the fire alarm system, emergency exit signage and egress lighting at the Indian Springs Conservation Camp. Mr. O'Brien said the 7,050-square-foot Division of Forestry building, constructed in 1990, was targeted for renovation after a Public Works Board facility condition analysis inspection of the Indian Springs Conservation Camp in 2002.

There were no questions from the members of the Subcommittee, and Chairman Arberry closed the hearing on CIP 05-M05 and opened the hearing on CIP 05-M27.

Division of Forestry, Las Vegas Native Plant Nursery Renovation CIP 05-M27

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$474,995 to renovate the facilities at the Las Vegas Native Plant Nursery, managed and operated by the Division of Forestry. The nursery, located on 25 acres of property at Floyd Lamb State Park and constructed in the mid-1970s, was targeted for renovation after a Public Works Board facility condition analysis inspection identified renovation projects.

Mr. O'Brien referenced a document identified as the "Las Vegas Native Plant Nursery," ([Exhibit B](#)), which had been distributed to the Subcommittee members. Photographs within the pamphlet documented restoration projects including replacement of deteriorating fiberglass panels and correcting air quality problems being experienced as a result of the deteriorating fiberglass.

In response to questions posed by Assemblywoman Giunchigliani regarding the restoration, Mr. O'Brien deferred to Richard Harvey.

Richard Harvey, Resource Program Coordinator, Nevada Division of Forestry, advised that "small fibers," the result of the deterioration of fiberglass panels, had become airborne necessitating the use of respiratory protection in one of the greenhouses. Additionally, the deteriorating panels did not allow the penetration of the proper amount of light for the germination of plants. Additionally, Mr. Harvey advised that although the greenhouse would be heated with solar energy, a cooling system was required in the summer to maintain the correct temperature.

In response to additional questions from Ms. Giunchigliani regarding the use of new technology, Mr. Harvey advised that double-pane panels would be installed to provide more energy efficiency. While some strides had been made in the construction of the panels, Mr. Harvey advised there had been no major breakthroughs.

Chairman Arberry closed the hearing on CIP 05-M27 and opened the hearing on CIP 05-M28.

Division of Forestry, Kyle Canyon Fire Station Upgrade CIP 05-M28

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$96,930 to renovate the Kyle Canyon Fire Station in southern Nevada. Mr. O'Brien advised that the Kyle Canyon Fire Station, a 24-hour facility, was constructed in 1963 and targeted for renovation after a facility condition analysis inspection determined the need for new flooring, pipe insulation, egress lighting, and exit signage. Although The Executive Budget also recommended funding for a feasibility study, Mr. O'Brien advised the upgrades were needed to address life-safety issues.

Chairman Arberry asked if the upgrades to the fire station could be deferred until the 2007 CIP, pending results of the feasibility study.

Mr. O'Brien defined the \$96,930 recommended in The Executive Budget as an investment that would address life-safety issues that were considered a necessity. The facility would remain in existence for at least another four to six years depending on whether a project was approved ultimately for expansion or new construction.

Chairman Arberry questioned a 20 percent adjustment increasing the total project cost from \$96,930 to \$116,930

Mr. O'Brien confirmed the cost had been adjusted as a result of inflationary increases in construction costs.

Chairman Arberry closed the hearing on CIP 05-M28 and opened the hearing on CIP 05-P18.

Division of Forestry, Kyle Canyon Fire Station Feasibility Study CIP 05-P18

Daniel O'Brien, P.E. Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$44,100 for a feasibility study to determine whether the Kyle Canyon Fire Station could be adapted to meet the future needs of the Forestry Division. Although the facility was the Division of Forestry's primary fire station for the Mt. Charleston Fire Protection District and occupied by firefighters 24 hours a day, Mr. O'Brien indicated the current size and need for the facility, in its present configuration, was in question.

Assemblywoman Giunchigliani disclosed her status as a property owner in the Mt. Charleston area. Additionally, Ms. Giunchigliani requested information regarding first responders and whether the feasibility study would address potential alternative locations as well as expansion.

Richard Harvey, Resource Program Coordinator, Nevada Division of Forestry, advised that the Nevada Division of Forestry's original request was to upgrade the facility. The original request was modified to address the life-safety issues through a Capital Improvement Program (CIP) project and a separate CIP feasibility study to determine, in conjunction with the U.S. Forest Service and Clark County, the best overall plan to provide fire protection for the Mt. Charleston community.

Mr. Harvey advised that one option being discussed was to build a facility on U. S. Forest Service property, located in close proximity to the golf course. The facility would be operated with staff from the Nevada Division of Forestry, Clark County, and the U. S. Forest Service.

In response to questions Ms. Giunchigliani asked regarding first responders, Mr. Harvey advised that the Nevada Division of Forestry firefighters from the Kyle Canyon Station, and Mt. Charleston volunteers were first responders, and Clark County firefighters were used as a backup.

Chairman Arberry closed the hearing on CIP 05-P18 and opened the hearing on CIP 05-M45.

Department of Corrections, Southern Nevada Correctional Facility (SNCC)
Upgrade Sewage Treatment Facility, Phase II – Not in Executive Budget
CIP 05-M45

Daniel O'Brien, P.E. Manager, State Public Works Board (PWB), advised that, if approved, CIP 05-M45 would be Phase II of the upgrade to the Southern Nevada Correctional Facility's sewage treatment plant located at Jean, Nevada. Project CIP 05-M45, although not included in The Executive Budget, was added to the 2005 Capital Improvement Program through a budget amendment submitted by the State Budget Division on March 29, 2005.

Mr. O'Brien advised that CIP 05-M45 would include deepening and installing a pond liner in two lagoons, which, upon completion, would provide sanitation capacity for 900 inmates. Currently Phase I, in the process of being awarded, would provide sanitation capacity for 450 inmates, 250 of which were already being housed at the Conservation Camp.

Mr. O'Brien discussed the 30-year land lease and water agreement the state had entered into with Ivanpah Energy Center to build a wastewater treatment facility for the Southern Nevada Correctional Center (SNCC) in Jean. Ivanpah would use the effluent from the facility to cool the Energy Center's 500-megawatt electrical power generation plant proposed to be constructed north of the SNCC.

Chairman Arberry asked for additional information related to the status of the land lease and water agreement with the Ivanpah Energy Center.

Mr. O'Brien explained that economics had forced delay of the Ivanpah construction. In an effort to provide the needed beds for the Department of Corrections, Phase II of the sewage upgrade was being requested to complete the facility. Mr. O'Brien indicated it was his understanding the Department of Corrections' operating budget was reduced by \$500,000 to pay for the upgrades.

Tom Glab, Chief of Plant Operations, Nevada Department of Corrections, explained that Ivanpah had experienced financial difficulty, and upgrades to the sewage treatment facility could not be delayed. The Southern Nevada Correctional Center was scheduled to open in August 2006, and the Department of Corrections had to complete the sewage upgrade in time for opening the facility.

Chairman Arberry asked for clarification on how CIP 01-M40, that would have replaced the diversion valves to two of the four treatment lagoons and repaired cracks in the asphalt impervious liners for two lagoons, and CIP 03-M20, that would have deepened and relined the wastewater lagoons, were related to CIP 05-M45.

Mr. O'Brien advised that CIP 01-M40 and CIP 03-M20 were included in Phase I of the SNCC, Upgrade Sewage Treatment Facility, and Phase I had been awarded.

In response to additional questions from the Chairman regarding completion of the project by the opening date of the Correctional Center, Mr. O'Brien advised that immediate needs would be met by the time the facility reopened in August 2006. Mr. O'Brien also explained that sanitation needs for the Conservation Camp would be taken care of as well, the facility would be

brought into compliance with the discharge permit issued by the Nevada Division of Environmental Protection, and approval of CIP 05-M45 would enable the PWB to move ahead with Phase II.

Chairman Arberry closed the hearing on CIP 05-M45 and opened the hearing on CIP 05-C19.

Department of Agriculture - Agriculture Branch Office, Elko (CIP 05-C19)

Daniel O'Brien, P.E. Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$4,520,852 for the purchase and remodel of a 5,689 square-foot building in Elko, Nevada. A signed copy of the purchase and sale agreement ([Exhibit C](#)) was distributed to the members of the Subcommittee.

Mr. O'Brien advised that the building remodel would accommodate the Department's needs and would include:

- Veterinarian laboratories
- Office and storage space
- Fencing repairs
- Fire sprinklers
- Backflow prevention
- Site ADA modifications
- Paving repairs

Mr. O'Brien indicated that discussion regarding authority to purchase the building had taken place during several Interim Finance Committee meetings, and finalization of the agreement to purchase the building would move the project forward.

Noting the building had initially been appraised for \$550,000, Chairman Arberry asked for comments concerning the \$625,000 purchase price.

Pam Wilcox, Administrator and State Land Registrar, Division of State Lands, identified herself for the record. Ms. Wilcox advised that the building was appraised for the state in 2004 for a value of \$550,000. Subsequently, the owner, who felt the appraisal was too low, commissioned an appraisal that was received in January 2005 for a building value of \$625,000. Ms. Wilcox advised that both appraisals were performed by competent, professional appraisers, and the second appraisal was appropriately upgraded for upward movement of the market.

Ms. Wilcox indicated that negotiations with the seller included a request for early occupancy and to hold the property from being placed on the market. Ms. Wilcox advised that the building met the state's needs, and agreement was reached to purchase the property for \$625,000, which included early occupancy and no additional fees for the agency with approval of the CIP. Ms. Wilcox indicated real estate values were increasing, and the purchase of the property would benefit the state.

Chairman Arberry expressed some reservations concerning the value of the building indicating that it should have appraised at more than \$625,000 if the market value had increased.

In response to Assemblyman Marvel who questioned the total overall savings, Don Henderson, Director, Department of Agriculture, pointed out that the project cost estimate had been revised ([Exhibit D](#)), placing the total cost for the building purchase, renovation, and upgrade at \$2,506,346. The original Capital Improvement Project for construction of a new building had been projected at \$4,378,210 for a savings of \$1,871,864.

In response to a question from Chairman Arberry regarding the age of the building, Mr. Henderson indicated the building was built in 1997.

In response to questions from Assemblywoman Giunchigliani regarding the length of time an appraisal was considered useable, Ms. Wilcox indicated appraisals were considered stale at a year and sooner in markets with more movement.

Ms. Giunchigliani shared the Chairman's concern with respect to the difference in the two appraisals. Ms. Giunchigliani asked if appraisers tended to give the State a "deceptively low cost estimate."

Ms. Wilcox advised that all appraisal reports were, in reality, educated estimations based on an evaluation of the market. Ms. Wilcox considered both appraisals competent and appropriate analyses of the market. With various approaches to using appraisals, Ms. Wilcox advised that there were times when one averaged the difference between them. Taking into consideration the current market, and the need for early occupancy, Ms. Wilcox indicated it appeared the latest appraisal was a reasonable estimate of the value of the building.

In response to questions Ms. Giunchigliani asked regarding whether the two appraisals were based on the same considerations, Ms. Wilcox advised that the appraisers used similar procedures, but the second appraisal included an upward adjustment for "the passage of time and the movement of the market."

In response to a question from Ms. Giunchigliani regarding the early occupancy issue, Ms. Wilcox indicated early occupancy was not considered by the appraisers, but was taken into consideration by the State.

Ms. Giunchigliani indicated the State should have also requested an appraisal at the point when the seller initiated the second appraisal.

Senator Raggio commended the Department of Agriculture and State Lands for their work in securing a building less than ten years old that appeared to meet the needs of the Department and at the same time would save the state \$1,871,864.

Senator Mathews expressed agreement with the previous comments, especially since the seller had held the property from being placed on the market.

Assemblyman Hettrick also agreed with the members of the Senate indicating a need to recognize the reality that an appraiser did the best job possible for the entity or person who paid them. Additionally, Mr. Hettrick pointed out that early occupancy offset the difference between the value of the two appraisals.

In response to questions Assemblywoman Leslie asked regarding early occupancy, Ms. Wilcox indicated the availability of bond money was an unknown factor, but the building could be occupied as soon as the CIP was

approved. Ms. Wilcox pointed out the seller had held the property from being placed on the market since 2004.

In response to a statement by Ms. Leslie that early occupancy savings would not amount to much, Ms. Wilcox indicated the lease fees would prove substantial if the CIP was approved June 1, 2005, and the bonds were not sold until September.

Ms. Leslie noted that in the last three months the revised project cost estimate reflected a 90 percent increase in construction costs and a 47 percent increase in renovation costs and asked Mr. O'Brien to discuss the reason for the increased costs.

Although unable to address the specific percentages, Mr. O'Brien advised that remodeling the facility to include laboratories was an additional expense, which adjusted the cost. Additionally, Mr. O'Brien indicated that remodeling always proved more expensive and underfunding a project was one way to ensure a project would be unsuccessful.

Chairman Arberry expressed concern with the continual increase in costs submitted by the Public Works Board whether the increases were attributed to steel and concrete costs or renovation costs.

Chairman Arberry closed the hearing on CIP 05-C19 and opened the hearing CIP 05-P09.

Department of Agriculture - Agriculture Headquarters and Laboratory Building, Sparks – Advance Planning CIP 05-P09

Daniel O'Brien, P.E. Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$1,309,763 to complete the design of a new office and laboratory facility for the Department of Agriculture. Mr. O'Brien explained that CIP 05-P09 was a continuation of CIP 03-P03, a programming and schematic design planning project initiated in the 2003 Capital Improvement Program. If approved, Mr. O'Brien advised that CIP 05-P09 would provide the means for construction drawings of the Department of Agriculture's new facility in preparation for a construction project that would be included in the 2007 Capital Improvement Program.

Mr. O'Brien advised that construction plans would provide the best information to accurately estimate the cost of the Department of Agriculture's new facility in Sparks that would include veterinary labs, chemistry labs, incinerator vault, and offices.

In response to a question from Chairman Arberry regarding an increase in the design fees, Mr. O'Brien reiterated that CIP 05-P09 took the project through construction drawings, while CIP 03-P03 developed the Department of Agriculture's needs through schematic design.

Considering the inflationary increases in construction costs, Chairman Arberry asked if utilizing 10 percent of the construction cost was a reliable indicator to estimate project design fees.

Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, advised that the \$1.2 million estimate would take the project from design through construction administration, including bidding. To date,

\$150,700 had been expended on programming and schematic design, and the estimated cost for completion of the design, as proposed in CIP 05-P09, would be \$591,273 for a total design cost of \$741,973. Mr. Nunez said the remainder of the fees would be negotiated during the construction project, which would be a future CIP.

Senator Raggio asked whether design fees were normally based on 10 percent of the estimated cost of construction and whether the design fee increased with inflationary increases for the cost of construction.

Mr. Nunez advised that indexing was used to estimate design costs, normally only providing for the actual design, not programming or construction administration. For example, Mr. Nunez indicated a soil analysis would be required for the structural and mechanical engineering designs that would be included in the programming and in addition to the index. Additionally, Mr. Nunez indicated that, as previously stated, construction of facilities that included a laboratory or a hospital were more expensive to construct than an office building.

Senator Raggio asked why the cost of the design doubled from \$741,973 to \$1.2 million.

Mr. Nunez advised that the \$1.2 million in design fees was based on the total cost of construction. While the Public Works Board would attempt to negotiate for 9.5 percent of the construction cost, Mr. Nunez said the cost for design fees could be as much as 10 percent by the time the construction phase was reached.

Since it appeared the design fees were based on 10 percent of the construction cost, Senator Raggio expressed concern that increased construction costs would increase the design fees as well.

Mr. O'Brien explained that one advantage to taking a capital improvement project from construction drawings through actual construction was that the project was based on workload. Mr. O'Brien further explained that payment for professional services was based on the scope of work, and the architects' workload was not necessarily increased as a result of an increase in the cost of steel or concrete. Mr. O'Brien said that higher fees for professional services would have to be negotiated during contract administration and justification would be required for estimates of work that needed to be done. In closing, Mr. O'Brien reiterated that the advantage to having projects designed prior to the bidding process was that design fees did not increase as a result of the cost of construction.

Chairman Arberry closed the hearing on CIP 05-P09 and opened the hearing on CIP 05-P10.

Department of Education – Programming CIP 05-P10

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$167,981 for programming of the total office space needs for the Department of Education in Carson City. Mr. O'Brien advised that the programming would address the Department's short- and long-range space needs and would provide a basis for future space allocation within new buildings built within the Capitol Complex.

Mr. O'Brien advised that the Department's current facility, purchased from the Carson City School District in 1995, was remodeled but no longer accommodated their needs. Initially, the Department requested a 20,000-square-foot addition, but since the building was not included in the Capitol Complex Master Plan, Mr. O'Brien said an addition was not a practical solution. Rather, Mr. O'Brien indicated the Board proposed to determine, through a programming project, the Department's total space needs and a location for a facility within the Capitol Complex and return to the Legislature at a future date with that information. Currently, Mr. O'Brien said the Department was leasing space in Carson City and was contemplating leasing additional space.

Chairman Arberry questioned why the project cost estimate was based on 47,000 square feet instead of the 38,000 square feet included in the Capitol Complex Master Plan.

Mr. O'Brien indicated the request for 47,000 square feet was an estimate by the Department, and the programming project, if approved, would define and quantify the Department's current and long-term growth needs.

Senator Cegavske suggested that, in the meantime, perhaps the Department's current large "meeting room" could be remodeled to provide additional office space, and the Legislative Building could be used as a location for their meetings.

Chairman Arberry closed the hearing on CIP 05-P10 and opened the hearing on the University and Community College System projects.

University and Community College System of Nevada Projects

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), told the members of the Subcommittee that Interim Chancellor Jim Rogers would provide an overview of the University and Community College System capital improvement projects.

Mr. O'Brien advised that site maps of the University and Community College System campuses were distributed to the members of the Subcommittee.

Awaiting the Chancellor's arrival, Dan Klaich, representing the University and Community College System of Nevada (UCCSN), brought several items to the attention of the Subcommittee. Mr. Klaich referenced a document titled, "University and Community College System of Nevada, 2005 Legislative Session, State Public Works Board, April 19, 2005, Legislative Budget Hearing" ([Exhibit E](#)). The document included a chart that reflected the distribution of funding from the Capital Construction Fund for Higher Education (HECC) and funding from the Special Construction Fund for Higher Education (SHECC), brief project descriptions, and capital improvement project priority lists.

Additionally, Mr. Klaich advised that representatives from the various campuses were available to respond to questions regarding individual projects recommended by the Governor, and other projects as well.

Jim Rogers, Interim Chancellor, University and Community College System of Nevada, identified himself for the record. Providing an overview of the UCCSN capital improvement project requests, Chancellor Rogers discussed changes that

had taken place during the last few years with respect to private sector fund-raising.

Although little community interest had been generated in the past to raise private sector funds, Chancellor Rogers indicated there was a new national awareness regarding limited state funding and that the future success of public universities would rely on raising funds from the private sector.

Chancellor Rogers discussed a University of Nevada, Las Vegas (UNLV), capital campaign that began with efforts to raise \$250 million and currently was anticipated to reach at least \$500 million. After participating in several capital campaigns across the country, Chancellor Rogers indicated even the \$500 million mark could be exceeded.

After a speaking engagement before the UNLV Foundation, Chancellor Rogers said the Foundation supplemented the salary of Carol Harter, Ph.D., President, UNLV, by \$90,000. Chancellor Rogers indicated the salaries of all UCCSN presidents should be supplemented as they were far below those of other university presidents across the country.

Chancellor Rogers also indicated that appearances before the University of Nevada, Reno (UNR) Foundation provided an understanding of how the future of the UNR was based upon the Foundation's ability to raise private funds.

As the members of the Subcommittee reviewed each of the projects requested by the UCCSN, Chancellor Rogers asked that they be aware of the amount of private funding attached to each project.

With respect to the UNLV's William S. Boyd School of Law, Chancellor Rogers advised that William Boyd originally contributed \$6 million to the school's construction and operation. Since that time, \$75 million more in commitments had been raised, and Dean Richard Morgan recently indicated that the \$75 million would be increased to \$100 million "fairly soon." Chancellor Rogers also advised that after speaking with Mr. Boyd regarding the Law School name, Mr. Boyd contributed another \$25 million.

With respect to his initial involvement with fund-raising for the Nevada State College, Chancellor Rogers recalled he believed it would be impossible to raise seed money for a college, but once the college was built he could raise funds for the programs and for the continued construction of new buildings. Based upon the probability of state funding for the initial construction of the Nevada State College, Chancellor Rogers indicated the private sector provided an additional \$7.5 million. Chancellor Rogers pointed out that the Nevada State College Nursing and Science Building appeared on the list of capital improvement projects and that it would not prove difficult to raise funds for such an important project.

Additionally, Chancellor Rogers discussed the business community's interest in higher education, especially when businesses were being recruited to southern or northern Nevada. Indicating that he and the business community needed "an act of faith," Chancellor Rogers asked the members of the Subcommittee to consider investing the \$300 million in state surplus funds in the UCCSN.

Chancellor Rogers expressed concern that if state funding was not provided for new construction and upgrade projects recommended in The Executive Budget for a total of \$106 million, and the UCCSN's unfunded request for new

buildings, upgrade projects, and planning, totaling approximately \$95 million, the private sector would not be as willing to accommodate requests for funding.

Chancellor Rogers asked the Subcommittee to consider providing the total \$200 million request for the UCCSN capital improvement projects and advised that currently, obligated private funds totaled \$77 million, and funding from the estate tax totaled \$29 million. Chancellor Rogers pointed out that \$200 million in state funding was a good investment of the taxpayers' money in a capital campaign at the UNLV that was anticipated to reach \$500 million or \$600 million.

With respect to the \$50 million UNR Science and Math Education Building, and the request for \$32 million in state funding, Chancellor Rogers expressed confidence that the UNR Foundation could mount a successful capital campaign to raise the \$18 million needed to make up the difference.

In closing, Chancellor Rogers advised that the eight university presidents spent between 70 and 80 percent of their time in fund-raising, and emphasis was being placed on the deans to do the same thing. Chancellor Rogers said that in going forward, the UCCSN community was in a mindset to understand the state's limited funding ability and to look to the private sector for additional funds.

Although a perception of a large surplus existed, Chairman Arberry said there were other priorities "on the list" in addition to higher education. Comparing the members of the money committees to a board of directors for the taxpayers, he said the Legislature could "only do so much." Chairman Arberry indicated the business community should be aware the Legislature was concerned about and wholeheartedly supported higher education and would spend the surplus money wisely.

Senator Raggio expressed agreement with Chairman Arberry's comments and commended the Chancellor's strong advocacy for higher education. Although the work of the joint subcommittees was to consider and provide recommendations on all priority funding requests, Senator Raggio pointed out final determination was voted on by the entire legislative body.

Senator Raggio expressed support for higher education and its capital improvements campaign, but indicated he was "somewhat troubled" by the priority listing of the projects. While appreciative of the business community's involvement, Senator Raggio indicated that some of the projects that had a much higher need, from an academic point of view, might receive a lower priority, if less attractive to a donor. Senator Raggio explained, for example, a project lacking the charisma of an athletic field, or a science building might be listed as a priority project only because a donor was willing to contribute the funding, which would preclude listing a more academically-oriented project.

Although necessary, Senator Raggio made it clear that private investment should not be the total consideration as to the priority of capital improvement projects.

In response, Chancellor Rogers indicated that UCCSN representatives and regents, while mindful of the strength of the private sector, attempted to balance all interests and opportunities simultaneously. Although "a little tricky from time to time," Chancellor Rogers provided assurance that the primary

concern on the part of UCCSN officials was to build a major university and community college system.

Senator Coffin also commended Chancellor Rogers' strong message regarding the continuation of public and private funding for the UCCSN and said there was no question regarding the availability of money for at least "one-shot" funding.

Senator Coffin expressed appreciation for the Chancellor, the Board of Regents, and the presidents' ongoing and aggressive efforts to raise private funds, but expressed strong disagreement with the Board of Regents' endorsement to supplement the salaries of two UCCSN presidents with a \$90,000 subsidy. Senator Coffin said that any additional salary for the presidents should be based on their merit, approved by the Legislature, and funded in the budget. Senator Coffin expressed disagreement with the policy of private contributors funding such a large percentage of salaries since such an arrangement could compromise the presidents' loyalty.

Chancellor Rogers explained that funding from a number of private donors, not just one particular donor, was placed in the UNR and UNLV Foundations' General Fund to be distributed to the presidents. Additionally, Chancellor Rogers advised that more than 50 percent of the public universities across the country provided presidents a supplemental salary through their foundations. Chancellor Rogers further advised that there had "never" been a question of interference by the foundations in any of the schools in which he had been involved. Additionally, Chancellor Rogers pointed out "the extra funding was necessary for the UCCSN to compete with other universities."

Senator Coffin reiterated that if the presidents merited an additional \$90,000, the Board of Regents should increase the salary through the budget.

Chancellor Rogers explained that the Board of Regents had increased the presidents' salary to approximately \$300,000, and requested the increase through the UNLV and UNR Foundations. Expressing a belief in the buy-in concept, Chancellor Rogers pointed out that professors' salaries at Idaho State were supplemented by outside sources. Additionally, Chancellor Rogers said that a third of the faculty at the William S. Boyd School of Law in Las Vegas was supplemented by a number of private contributors, one of whom was himself. Chancellor Rogers said he had yet to phone Richard Morgan, Dean of the Law School, to tell him what he wanted Professor Robert Lawless, for example, to teach.

Although aware the Board of Regents had, in the past, rejected some donor gifts since the research would be driven by the donor, Senator Coffin said university presidents, whose salaries were supplemented by private donors, should be accountable to the university and not to corporate America.

While the risk of being accountable to corporate America appeared "very remote," Chancellor Rogers indicated the Board of Regents and the UNLV and UNR Foundations would be mindful of the possibility a problem could occur. Chancellor Rogers provided his assurance that any accountability impropriety would be prevented just in the way the documentation had been drawn between the UNR Foundation and Dr. Lilley and the UNLV Foundation and Dr. Harter.

Senator Coffin again commended Chancellor Rogers on delivering a strong commentary on continued public and private funding for the UCCSN, although he strongly disagreed with the policy of supplementing salaries through private donations. Senator Coffin said that with regard to the question of "who paid the piper, somebody would call the song."

Chairman Arberry referred to Senator Coffin's comments about the availability of surplus money and pointed out that if one-shot funding was appropriated for a capital improvement project, an obligation would exist to also provide funding for operation and maintenance of the building.

In agreement with Senator Coffin's statements regarding private sector funding to supplement salaries, Ms. Giunchigliani expressed her preference for a policy that established salaries based on the size of the institution. Ms. Giunchigliani pointed out that the President for the Nevada State College was paid \$235,000 for "a very small institution" and indicated other disparities might have inadvertently been created in an attempt to increase salaries through private sector donations.

Additionally, Ms. Giunchigliani agreed that a one-shot appropriation for a capital improvement project would create a long-term budget commitment to provide funding for operation and maintenance. Ms. Giunchigliani pointed out that the Legislature had just approved a property tax reduction, which would reduce General Fund money in the next two years.

Ms. Giunchigliani also commended ongoing efforts to raise private funds, but called for a cautious approach to approving programs based on private funding until the "cash was in the bank."

Chancellor Rogers recalled his first meeting with the Board of Regents and a discussion on salary disparities for UCCSN presidents. It was determined at that meeting that salaries would be adjusted as each president's contract was renewed. Chancellor Rogers indicated that the presidents and the Board of Regents, after a "thorough analysis," had collectively agreed with the budget priorities. Chancellor Rogers asked for the Legislature's continued support for Nevada's higher education system.

University and Community College System – Community College of Southern Nevada (CCSN) Health Sciences Building CIP 05-C04

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$5,200,000 to purchase furnishings and equipment for the new Health Sciences Building located on the West Charleston campus of the Community College of Southern Nevada.

Mr. O'Brien said advance planning was approved by the 2001 Legislature, and construction, approved by the 2003 Legislature, would be completed in July 2005. Mr. O'Brien advised that approval of the funding was critical in order to provide the furnishings and equipment necessary for nursing and medical office classes scheduled to begin in August 2005.

Chairman Arberry asked the PWB representatives to explain why the furnishings and equipment costs for the project increased from \$3,500,000 in 2003 to \$5,200,000 in 2005.

Mr. O'Brien attributed the increased cost to inflation for partitions, desks, laboratory equipment, steel, and construction costs.

In response to a request from Chairman Arberry, Mr. O'Brien agreed to provide a list of furnishings, equipment, and the estimated cost for each to the Subcommittee's staff.

In response to a request for clarification from Assemblywoman Giunchigliani, Mr. O'Brien confirmed that approval of the funding to purchase furnishings and equipment would complete the project.

Chairman Arberry closed the hearing on CIP 05-C04 and opened the hearing on CIP 05-C05 UNR Knowledge Center – Deferred Construction.

University and Community College System of Nevada, UNR Knowledge Center – Deferred Construction – CIP 05-C05

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$16,800,000 to complete construction of the Knowledge Center on the University of Nevada, Reno campus.

- The University of Nevada, Reno (UNR) Knowledge Center design and construction was approved by the 2001 Legislature.
- A request to defer the costs for the Automated Storage and Retrieval System (ASRS) until the 2005 Legislature, accept an additional \$1.6 million in donated funds, and reduce square footage by up to 15,000 square feet was approved by the Interim Finance Committee in January 2004.
- As a result of inflationary increases, a request to accept an additional \$8.8 million in university funding and defer \$11.2 million in construction costs was approved by the Interim Finance Committee in September 2004.

Mr. O'Brien advised that the proposal before the Subcommittee requested approval of funding to complete construction of the Knowledge Center and to defer the purchase of the ASRS and furnishings and equipment to the 2007 Capital Improvement Program. Additionally, Mr. O'Brien indicated the project would be ready to bid in about three months.

Chairman Arberry pointed out that S.B. 584, of the 71st Legislative Session, prohibited the State Public Works Board from executing a construction contract until the funding from donations had been secured and made available to the PWB. Chairman Arberry asked Mr. O'Brien to comment on when the \$22 million in donated funding would be available.

Mr. O'Brien advised that the Public Works Board and University and Community College System (UCCSN) representatives were working together to verify and ensure availability of the funds.

Assemblywoman Giunchigliani requested a more definitive answer regarding funding availability.

Ronald Zurek, Interim Vice President of Administration and Finance, University of Nevada, Reno, identified himself for the record. Mr. Zurek advised that on April 14, 2005, the members of the Board of Regents approved two resolutions to provide funding for the Mathewson/IGT Knowledge Center:

- \$30.8 million - student CIP bonding authorization
- \$22.0 million - gifts and pledges

Mr. Zurek indicated the \$52.8 million would be deposited with the State Public Works Board within the next 60 days before the end of the fiscal year, which would fulfill the UNR institutional obligation.

In response to a question Ms. Giunchigliani asked regarding student generated funds, Mr. Zurek explained the monies resulted from a \$4 per credit student capital improvement project fee.

In response to a request from Ms. Giunchigliani for the total cost of the Mathewson/IGT Knowledge Center, Mr. O'Brien provided the following:

- | | |
|---|----------------|
| ○ University Revenue Bonds - | \$30.8 million |
| ○ Donated Funds - | \$22.0 million |
| ○ State Funds (included ASRS and furnishings and equipment) | \$34.0 million |
| ○ Total project cost | \$86.8 million |

Chairman Arberry closed the hearing on CIP 05-C05 and opened the hearing on CIP 05-C06.

University and Community College System of Nevada, UNLV Science and Engineering Building – CIP 05-C06

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record. The Executive Budget recommended \$15,822,050 to cover the cost of additional inflationary construction costs and to purchase furnishings and equipment for the new Science and Engineering Building. Mr. O'Brien indicated the bid opening was scheduled for May 24, 2005, and the project completion date was projected for the fall of 2007.

Mr. O'Brien advised that the PWB received approval from the Interim Finance Committee in September 2004 for a change in scope to delete \$6.8 million in construction costs from the project and to leave the fourth floor as "shell" space to be funded in the future by the UNLV and not by the state.

Assemblywoman Giunchigliani asked whether the UNLV would be obligated to include the cost of furnishings and equipment for the fourth floor shell.

Carol Harter, Ph.D., President, University of Nevada, Las Vegas, identified herself for the record. Dr. Harter confirmed that the UNLV would provide the furnishings and equipment for the interior of the Science and Engineering Building's fourth floor shell space.

In response to a question from Senator Raggio, Dr. Harter advised that the cost for the UNLV Science and Engineering Building, including furnishings and equipment, totaled \$84,900,000.

Chairman Arberry closed the hearing on CIP 05-C06 and opened the hearing on CIP 05-C10.

University and Community College System of Nevada, Nevada State College – CIP 05-C10

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record.

The Executive Budget recommended \$3,936,114 for furnishings and equipment for the Liberal Arts (Academic and Student Services) Building for the Nevada State College and for preparation of a detailed master plan for the college that would include future building locations, roadway and path alignments, and development of building and site design guidelines.

Mr. O'Brien explained that the square footage for the project, which had been on hold, was reduced, and since construction would not be complete, it was determined the furniture, fixtures, and equipment (FF&E) would not be needed in the current funding session. Mr. O'Brien advised that the FF&E costs would be requested in the 2007 Capital Improvement Program.

Mr. O'Brien explained that the project before the Subcommittee recommended funding to prepare a detailed master plan design that the City of Henderson required. Originally, a preliminary conceptual master plan was prepared, which included a design for FF&E, including specialty case work for the laboratories that would be included in the construction.

The total funding request of \$1,364,336 included:

- \$551,250 - Nevada State College master plan and design costs for furnishings and equipment
- \$446,513 - Specialty case work for laboratories
- \$41,043 - Other furnishings and equipment
- \$284,445 - Moving costs

Chairman Arberry asked why it was necessary to fund moving costs in the 2005 CIP when the majority of furnishings and equipment were recommended to be deferred to the 2007 Capital Improvement Program.

Mr. O'Brien expressed some uncertainty regarding the request for moving funds and indicated the information would be researched and provided to the Subcommittee's staff.

In response to a question from Chairman Arberry regarding changing the scope of the project, Mr. O'Brien indicated that while the total dollar amount commitment remained the same, the escalation in costs and the reduction in square footage had prompted discussion to appear before the next meeting of the Interim Finance Committee to request a change in scope.

Mr. O'Brien indicated that matching funds from the UCCSN would move the project forward and advised that when it was initially determined that matching funds were not available all design work on the project was halted. Mr. O'Brien reiterated that without the matching funds, the project would continue to be held.

In response to Assemblywoman Giunchigliani's inquiry regarding the availability of funding and a request to use unobligated estate tax revenue, Mr. O'Brien indicated it was his understanding the UCCSN would provide additional funding and deferred to Chancellor Rogers.

Ms. Giunchigliani pointed out that the use of unobligated estate tax revenue was not what was originally proposed.

Mr. O'Brien reiterated that the PWB staff would need to schedule an appearance before the Interim Finance Committee to more clearly define the issues related to the project.

Ms. Giunchigliani discussed the UCCSN's commitment to provide funding after the State provided funding, which she indicated did not comply with the original recommendation that construction not go forward until \$10 million in private donations was raised. Thus far only \$1 million had been raised, and Ms. Giunchigliani questioned the use of unobligated estate tax revenue.

In response Chancellor Rogers provided a brief history of funding for the Nevada State College indicating that in his long association with higher education, he was unaware of ever having seen start-up funds donated for a college. As the first Chairman of the Foundation, Chancellor Rogers recalled the early discussions regarding the availability of donations from \$10 million to \$50 million. However, as opposition to the college grew, raising funds became increasingly difficult, and Chancellor Rogers left the Foundation. Chancellor Rogers recalled advising Nevada State College representatives to tell the members of the Legislature there were no written commitments to provide \$9 million in donations.

Although "promises were made and promises were broken," Chancellor Rogers said that the Nevada State College was now an essential and viable unit of the system, with far more students than anticipated. With the proper building facilities, Chancellor Rogers said the Nevada State College would attract even more students. Additionally, Chancellor Rogers expressed confidence in the nursing program, and indicated the College could assist with limiting enrollment at the University of Nevada, Reno, and the University of Nevada, Las Vegas.

In a discussion regarding his fund-raising campaign for the Nevada State College, Chancellor Rogers said \$7.5 million was raised in 30 minutes after just five phone calls. Although indicating additional funds could have been raised, Chancellor Rogers viewed the \$7.5 million as a substantial commitment from substantial people who pointed out to him they would support the college if the State of Nevada was responsible for building the facility.

Despite what the Legislature decided to do, Ms. Giunchigliani said that several lessons had been learned from the Nevada State College endeavor, which included the fact that donations should never be counted upon as start-up money, and politics, which Ms. Giunchigliani attributed to a lack of public support, should have been avoided.

While Ms. Giunchigliani indicated the Nevada State College could become a necessary component of the UCCSN, she questioned duplication of programming and that a college program, initially intended to produce teachers and nurses, had been expanded to include other degrees in order to increase the number of students.

Ms. Giunchigliani extended her appreciation to Chancellor Rogers for admitting that initially there were no written donor commitments to fund the college.

Chancellor Rogers indicated that in his campaign to raise the \$7.5 million, each donor had signed an unconditional agreement to donate money if the college was constructed by the State.

Ms. Giunchigliani noted that there were several projects on the agenda that looked like a re-creation of the Nevada State College, which she indicated would require careful consideration.

Chairman Arberry closed the hearing on CIP 05-C10 and opened the hearing on CIP 05-C16 UNLV Greenspun College of Urban Affairs.

Chairman Arberry recessed the hearing for a five-minute break, and called the meeting back to order at 9:48 a.m.

Mr. O'Brien notified the Chairman that during the break and after a brief discussion with the Subcommittee's staff, the Public Works Board would prepare a breakdown on the total cost and funding sources for two projects, UNLV CIP 05-C06 and the UNR CIP 05-C05.

University and Community College System, Greenspun College of Urban Affairs, CIP 05-C16

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record.

The Executive Budget recommended \$37,221,940 to construct a 90,000-square-foot building for the Greenspun College of Urban Affairs. Mr. O'Brien indicated that the Greenspun family had provided \$3 million to begin the design process, and the PWB had participated in choosing the design professionals for the project. Additionally, Mr. O'Brien indicated that the Greenspun family had pledged \$13 million toward the construction costs for a total of \$16 million, and the design team had moved ahead with the project.

Mr. O'Brien indicated the Greenspun College of Urban Affairs had become the preeminent program in Nevada for research and education regarding urban affairs, counseling, human services counseling, communication, criminal justice, environmental studies, public and health care administration, and social work.

Chairman Arberry noted an additional \$20 million was recommended for expansion of the building project and asked why additional funding was requested.

Carol Harter, Ph.D., President, University of Nevada, Las Vegas, identified herself for the record. Dr. Harter explained that in planning the facility with the Greenspun family and the Dean of the College, it was determined that 90,000 square feet could not accommodate all the departments and state-of-the-art studios needed to train students in radio and television production. Additionally, Dr. Harter advised that a \$9 million digital system was essential to provide the most up-to-date studio equipment to train students in broadcasting.

A supplemental project that would expand the building to accommodate all the needs of the College was discussed with the Greenspun family, who indicated a willingness to contribute 51 percent of the \$20 million additional cost. In summary, Dr. Harter advised that the expanded 116,000-square-foot building would accommodate all the college departments in addition to two studios and

the digital equipment, a \$60 million project of which the Greenspun family was willing to donate \$25 million.

Chairman Arberry closed the hearing on CIP 05-C16 and opened the hearing on CIP 05-C18.

University and Community College System, Great Basin College Electrical and Industrial Technology Building, CIP 05-C18

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record.

The Executive Budget recommended \$13,174,032 for completion of design and for construction of a 36,000-square-foot Electrical and Industrial Technology Building on the campus of Great Basin College.

Mr. O'Brien advised that the proposed Technical Center would house the mill and electrical shop programs, instrumentation laboratory, classrooms, a conference room, reception areas, and faculty offices. Mr. O'Brien also advised that the 2003 Legislature approved funding for programming and schematic design costs for the facility, which had been completed. A total adjusted cost of \$15,131,069 was being requested for construction drawings and construction of the facility while the majority of the FF&E would be requested in the 2007 CIP since the facility would not be completed for occupancy prior to that time.

Chairman Arberry asked why renovation costs for the mill shop building had increased from an estimated \$150,000 in 2003 to \$952,000 in 2005.

Carl Diekhans, Vice President, Administrative Services, Great Basin College, indicated the architect had not looked at the facility prior to when the costs were originally estimated. Mr. Diekhans reported that during an inspection of the facility, asbestos was discovered in the insulation wrapping the water pipes, and it was determined the 4,000-square-foot metal building required more remodeling than originally anticipated.

Chairman Arberry closed the hearing on CIP 05-C18 and opened the hearing on CIP 05-C20c.

University and Community College System, Community College of Southern Nevada, CIP 05-C20c

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), identified himself for the record.

The Executive Budget recommended \$10,000,000 for design and construction of a 28,500-square-foot classroom facility on the West Charleston campus of the Community College of Southern Nevada.

Mr. O'Brien reported that the Community College of Southern Nevada was currently experiencing difficulty meeting classroom space needs. The project requested funding for programming, design, and construction of a new 28,500-square-foot classroom facility that would meet those needs. Mr. O'Brien advised that the design was proposed to be funded in the first year of the biennium and construction would be funded in the second year.

Chairman Arberry asked for the number of classrooms included in the project scope.

Richard Carpenter, Ph.D., President, Community College of Southern Nevada, advised that 26 classrooms were included in the project scope.

Chairman Arberry closed the hearing on CIP 05-C20c and opened the hearing on CIP 05-M03.

University and Community College System, Truckee Meadows Community College, Red Mountain Building Fire Code Renovations, CIP 05-M03

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), advised that The Executive Budget recommended \$2 million to address fire code and life-safety issues at the Red Mountain Building located on the campus of the Truckee Meadows Community College. Mr. O'Brien further advised that representatives from the college and the Public Works Board had worked with representatives from the Reno Fire Department and the State Fire Marshal to determine what needed to be done to bring the building up to current fire code standards and life-safety requirements.

Mr. O'Brien reported that in attempting to achieve a "balance" of needs in the total Capital Improvement Program, the \$2 million cost for the Red Mountain Building project was reduced by 50 percent, and funding for the remaining portion of the project would be requested in the 2007 Capital Improvement Program. Mr. O'Brien explained that the project was originally projected to be funded in the second year of the biennium and that deferring 50 percent of the funding to the 2007 CIP did not change the timing of completing the work.

Chairman Arberry asked how the reduced funding would affect fire code and life-safety deficiencies that needed to be addressed in order to meet current standards and requirements.

Mr. O'Brien indicated that the Reno Fire Department and the State Fire Marshal were cooperative, understood state funding limitations, and acknowledged the fact that the state was moving ahead with addressing the issues.

In response to a question Assemblywoman Leslie asked regarding whether the proposed new corridors and classroom relocation were being eliminated or delayed, Mr. O'Brien advised that the new corridors and classroom relocation were being delayed until the next biennium.

In response to questions Senator Raggio asked regarding the original construction date of the building and fire code/life-safety issues being the result of recent renovations, Mr. O'Brien said the Red Mountain Building was constructed in 1976 and deferred the question on renovations to Philip Ringle, President, Truckee Meadows Community College.

Philip Ringle, Ph.D., President, Truckee Meadows Community College, identified himself for the record. Dr. Ringle indicated the fire code and life-safety issues were identified when the new student center was constructed. The student center was "built into" the Red Mountain Building, and State Fire Marshal and Reno Fire Department inspections determined the student center had "significantly impacted the Red Mountain Building," requiring that the building be brought up to current code standards. A consultant working with the Public Works Board staff estimated the cost and established the scope of work.

Ms. Leslie expressed concern with regard to delaying the project two years since life-safety issues represented a major portion of the project.

Dr. Ringle responded that the college would not object to the availability of an extra million dollars in order to more quickly address the fire code and life-safety requirements.

Ms. Leslie indicated the issue was not a matter of funding but rather a matter of priorities, which she indicated came before a new building.

Chairman Arberry closed the hearing on CIP 05-M03 and opened the hearing CIP 05-M09.

University and Community College System, Western Nevada Community College
Bristlecone Building Life Safety, CIP 05-M09

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), advised that The Executive Budget recommended \$79,398 to renovate the existing fire sprinkler system in the Bristlecone Building on the Carson City campus of Western Nevada Community College. A March 16, 2005, budget adjustment increased the funding request to \$89,398.

Carol Lucey, Ph.D., President, Western Nevada Community College (WNCC), reported that all WNCC fire, and Occupational Safety and Health Administration (OSHA) issues had been packaged together, which she said was the highest priority for the college.

Dr. Lucey advised that CIP 05-M09 was originally part of a \$6 million request to implement Americans with Disabilities Act (ADA) compliance-related health and safety issues at the college. Dr. Lucey said that since the WNCC did not receive a large percentage of Capital Construction Funding for Higher Education (HECC) and Special Capital Construction Funding for Higher Education (SHECC) and fire suppression and health and safety issues did not attract donor interests, a planning project was recommended. CIP 05-P04 requested funding for advance planning of ADA improvements, which reduced the funding request to about \$4 million.

Additionally, Dr. Lucey commented on the WNCC Rural Nursing Program that had been established several years ago at the Fallon campus. The program, she said, had attracted a number of new students to the Fallon campus and to the chemistry and biology classes required for pre-nursing students. Dr. Lucey indicated there were safety issues with the size of the chemistry laboratory, which was too small for the number of students taking classes. A similar problem existed in the Machine Tool Technology Center on the Carson City campus, which lacked adequate space to house the machine tools needed by the students. Dr. Lucey indicated that both the Fallon chemistry laboratory and the Machine Tool Technology Center could be expanded by removing a wall.

Chairman Arberry indicated some consideration was being given to moving Unfunded Priority 8 Health, Safety, and Code Upgrades to Item G CIP Projects, which were recommended for funding.

Mr. O'Brien advised that CIP 05-M09 would renovate the fire suppression system and provide new code-compliant fire sprinkler heads in the Bristlecone Building that was constructed in 1974.

Chairman Arberry asked why the construction cost increased 83 percent in the last seven months and why the design fees represented 20 percent of the overall project cost.

Mr. O'Brien attributed the increase to inflation and pointed out that increasing a small project by \$5,000 for inflation gave the appearance of a large percentage.

In response to a request from Chairman Arberry, Mr. O'Brien indicated that Public Works Board staff would address the 83 percent inflationary increase with the Subcommittee's staff.

Chairman Arberry closed the hearing on CIP 05-M09 and opened the hearing on CIP 05-M10.

University and Community College System, Western Nevada Community College, Fallon Pinion Hall – New Fire Sprinkler System, CIP 05-M10

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), advised that The Executive Budget recommended \$184,950 to install a fire sprinkler system in the Pinion Hall building on the Fallon campus of Western Nevada Community College. Mr. O'Brien referenced a site map of the WNCC Fallon campus ([Exhibit F](#)), which was distributed to the members of the Subcommittee.

Mr. O'Brien reported that although the Pinion Hall facility was small enough to be exempt from fire sprinkler requirements when originally constructed, a lack of fire sprinklers was not considered to be in the best interest of the state.

In response to questions from Chairman Arberry regarding a cost breakdown for the project, Mr. O'Brien advised that the cost estimate was based on square footage. Mr. O'Brien further advised that an addition to Pinion Hall increased the size of the building from about 5,000 square feet to 7,800 square feet. Based on a cost per square foot, Mr. O'Brien advised that the estimated construction cost for the project was \$101,753. Additionally, Mr. O'Brien indicated that if so desired, additional information could be provided to the Subcommittee's staff.

In response to a question from Chairman Arberry regarding whether the fire sprinkler and the fire alarm were components of the same system, Mr. O'Brien advised that installation of a sprinkler system required an upgrade to the fire alarm system to ensure that both worked as a unit.

Chairman Arberry closed the hearing on CIP 05-M10 and opened the hearing on CIP 05-P04.

University and Community College System, Western Nevada Community College, Americans with Disabilities Act (ADA) Advance Planning, CIP 05-P04

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), advised that The Executive Budget recommended \$275,775 for advance planning of Americans with Disabilities Act (ADA) improvements for the buildings and grounds of the Carson City campus of Western Nevada Community College (WNCC). Mr. O'Brien advised that CIP 05-P04 was the project previously referenced by Dr. Lucey.

Mr. O'Brien pointed out that the WNCC, built on the side of a hill, as was Truckee Meadows Community College (TMCC), presented ADA compliance issues regarding travel paths between buildings and parking lot accessibility. Mr. O'Brien advised that CIP 05-P04 was a planning project for design through construction drawings of miscellaneous modifications across the WNCC campus. Funding for construction would be requested in the 2007 Capital Improvement Program.

Chairman Arberry asked why the ADA improvements were necessary for the four buildings that were constructed in the last seven years.

Mr. O'Brien responded that while newly constructed buildings would comply with ADA requirements, there were significant campus-wide issues involving how the handicapped accessed parking lots and travel paths between buildings. Mr. O'Brien indicated that although much of the project involved site work around the buildings, the older buildings would also require some work within.

Chairman Arberry closed the hearing on CIP 05-P04 and opened the hearing on CIP 05-P20.

University and Community College System, University of Nevada, Reno, Biotechnology and Genomics Research Facility, CIP 05-P20

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), advised that The Executive Budget recommended \$5,446,333 in agency funding for advance planning through construction documents of a 110,000-square-foot teaching and research facility on the University of Nevada, Reno campus, to expand research and development activities in biotechnology.

Chairman Arberry asked for information regarding an estimate of the future construction cost, including furnishings and equipment.

Mr. O'Brien advised that information regarding future construction costs as well as a time line would be provided to the Subcommittee's staff.

Chairman Arberry asked representatives of the Public Works Board or the University of Nevada, Reno, to identify the specific funding source for the design of the facility.

Ron Zurek, Interim Vice President of Administration and Finance, University of Nevada, Reno, advised that the design cost would be paid for with "other funds, not state funds," assuming 100 percent retention of the indirect cost recovery, which was another item being considered relative to the base budget.

Assemblywoman Giunchigliani asked how many of the UCCSN Capital Improvement Program projects anticipated retaining the entire indirect cost recovery.

Mr. Zurek indicated 100 percent retention of the indirect cost recovery was anticipated for the project under discussion and the Biotechnology and Genomics Research Facility.

In response to a request from Ms. Giunchigliani, Mr. Zurek agreed to provide a comparison of costs using estimates with and without retention of the indirect cost recovery.

Chairman Arberry closed the hearing on CIP 05-P20 and opened the hearing on CIP 05-U01.

University and Community College System, Campus Improvement Projects,
CIP 05-U01

Daniel O'Brien, P.E., Manager, State Public Works Board (PWB), advised that The Executive Budget recommended \$15 million in funding from the Capital Construction Fund for Higher Education (HECC) and Special Capital Construction Fund for Higher Education (SHECC) for the University and Community College System (UCCSN) Campus Improvement Projects.

Dan Miles, Consultant to the Chancellor's Office, provided a brief history on funding from the Capital Construction Fund for Higher Education (HECC) and Special Capital Construction Fund for Higher Education (SHECC). Mr. Miles advised that the HECC and SHECC, under the control of the UCCSN, received revenue from the annual slot machine tax, formerly a federal tax that had been turned over to the State.

Mr. Miles explained that the first \$5 million generated each year by a \$250 excise tax on slot machines, currently collected by the State, was deposited to the HECC while 20 percent of the revenue generated by the \$250 excise tax on slot machines was deposited to the SHECC.

Mr. Miles explained that funding from the HECC was used for the UCCSN capital improvement projects and funding from the SHECC was used to redeem bonds issued to build structures such as the Thomas and Mack Center in Las Vegas and the Lawlor Events Center in Reno. Funding had also been used for other projects on some of the campuses as well as additional work at the Thomas and Mack and Lawlor Events Centers and the Sam Boyd Stadium in Las Vegas.

Mr. Miles reported that the growth in the number of slot machines had increased the amount deposited to the SHECC, and the Legislature, for many years, had dedicated up to \$2.5 million each year from the SHECC account for capital improvements. Mr. Miles advised that the UCCSN used the Gaming Control Board's estimates of the annual slot tax to determine whether there would be sufficient money in the SHECC account for the \$2.5 million per year appropriation for capital improvements. Based on the December 1, 2004, Economic Forum projections, Mr. Miles indicated sufficient funds would exist to continue the \$2.5 million through fiscal year 2007.

Mr. Miles advised that the total \$15 million from the HECC and SHECC was divided among the campuses based upon small individual renovation and repair projects estimated under \$500,000. Additionally, Mr. Miles said the projects were ranked and rated by a committee of facility officers based upon a number of factors. The distribution of funds to individual institutions was reflected on page 8 of the document, "University and Community College System of Nevada, 2005 Legislative Session, State Public Works Board, April 19, 2005, Legislative Budget Hearing," ([Exhibit E](#)).

Mr. O'Brien discussed the possibility of the funds being sent directly to the University System, rather than being administered by the Public Works Board, which he indicated would be more efficient.

Assemblywoman Giunchigliani commented on the UCCSN energy savings project, which she indicated “illegally converted some bids to non bids” allegedly under the guise of maintenance projects. Ms. Giunchigliani asked for some assurance the HECC and SHECC funding would be used for renovation and repair projects.

Additionally, Ms. Giunchigliani requested that PWB representatives provide the Subcommittee’s staff with a list of health, safety, and code upgrade projects versus maintenance projects that were listed under unfunded priorities.

Ms. Giunchigliani also asked for information regarding the total cost to construct the Community College of Southern Nevada Classroom Building (CIP 05-C20c), in addition to the projected cost of \$10 million.

Richard Carpenter, Ph.D., President, Community College of Southern Nevada, advised that the original need was based on 110,000 square feet for a projected cost of \$30 million. Dr. Carpenter said the \$10 million recommended in The Executive Budget covered Phase I of the project.

In response to questions Ms. Giunchigliani asked, Dr. Carpenter advised that 26 classrooms were projected to be built in Phase I, and a total of 75 new classrooms were projected to be built by the end of Phase III.

Dr. Carpenter commented on the need for additional library space and with an accreditation visit scheduled in 2006, the CCSN was on the margin of non-compliance.

In response to questions Ms. Giunchigliani asked regarding the library and the site of the classroom building, Dr. Carpenter advised that Phase I included 10,000 to 15,000 square feet of space that would be dedicated to accommodate the library’s “emergency need.” In regard to the site, Dr. Carpenter advised that the new facility would be in the center of the Charleston campus and was reflected on the architectural drawings in the document, “CCSN Capital Construction List 2005-CIP Request,” ([Exhibit G](#)) that had been distributed earlier in the meeting.

Chairman Arberry closed the hearing on CIP 05-U01 and indicated the Subcommittee would devote the remainder of the hearing to public testimony.

Dan Klaich, representing the UCCSN, asked for time to discuss the UCCSN’s projects listed under unfunded priorities. Those projects included:

- Desert Research Institute’s Computational Research and Visualization Building (CAVE)
- Community College of Southern Nevada, Cheyenne Campus, Automotive Technology Building
- University of Nevada, Reno Academic Medical Center
- University of Nevada, Las Vegas Student Services Building
- University of Nevada, Reno Mathematics and Sciences Building
- Community College of Southern Nevada, Pahrump College Building

Chairman Arberry asked that UCCSN staff work with the Public Works Board representatives and provide projected operations and maintenance (O&M) costs for the proposed projects to the Subcommittee's staff

Desert Research Institute's Computational Research and Visualization Building (CAVE)

Stephen Wells, Ph.D., President, Desert Research Institute (DRI), referenced a document distributed to the Subcommittee entitled "DRI Capital Priorities of the Desert Research Institute FY2005-FY2007" ([Exhibit H](#)) and provided a brief presentation on the Desert Research Institute's request for \$14.40 million to build a six-sided environmental virtual reality laboratory. Funding of \$3.47 million in federal and private appropriations had been provided for a total of \$17.87 million.

If approved, Dr. Wells said the laboratory would be one of four in the nation and the only facility dedicated to environmental sciences in the United States. Additionally, Dr. Wells said the CAVE would attract federal centers of research in ecology and hydrology, such as those being funded by the National Science Foundation.

Dr. Wells described visualization as cutting edge technology and "rapidly" becoming a cornerstone of world-class science. Dr. Wells also advised that the facility would assist the DRI in leveraging activities with industry, such as the CAVE facility in Iowa being used by the John Deere Company to look, for example, at the effectiveness and efficiency of combines and engines.

Dr. Wells said the CAVE facility would increase the number of faculty who would be supported by federal appropriations and other competitive research grants. Additionally, Dr. Wells discussed the DRI's \$2 million sustainability business plan and the \$3 million provided by federal and private appropriations, \$100,000 of which had been spent for the CAVE conceptual design including prototypical program suites and common spaces.

In response to questions from Ms. Giunchigliani regarding the location, Dr. Wells advised that the CAVE would be located in the Dandini Research Park, which was operated by DRI Research Parks, Ltd. Dr. Wells indicated the goal was to place a four-sided CAVE in Las Vegas, which would provide the ability to interact across the state. Additionally, Dr. Wells reported that constructing the CAVE facility in the building that would be placed on the DRI campus would require a phased-in approach beginning with a four-sided virtual reality space with screens located to the left, front, and right of the user and in a later phase the six-sided CAVE facility, which would add the ceiling and back wall to simulate a variety of environments.

Community College of Southern Nevada, Cheyenne Campus, Automotive Technology Building

Richard Carpenter, Ph.D., President, Community College of Southern Nevada, referred to the document titled "CCSN Capital Construction List 2005-CIP Request" ([Exhibit G](#)), and referenced the tab "Unfunded Priorities, New Projects." Dr. Carpenter advised that \$11 million was requested to build a 50,000-square-foot automotive facility, the first phase of a project to build a 100,000-square-foot automotive technology building. Funding for the remainder of the project would be requested in a subsequent session.

Dr. Carpenter advised of the availability of \$1 million from private sources and the considerable donation of equipment from General Motors, Ford Motor Company, DaimlerChrysler, Honda, American, and BMW.

With 800 students enrolled in the current program each semester and an additional 450 students turned away each semester, Dr. Carpenter said the CCSN Automotive Technology program was one of the largest such programs in the western United States. Dr. Carpenter pointed out there was a "tremendous shortage" of automotive technicians in the Las Vegas area and advised that Clark County, with a fleet of 3,000 vehicles, had a need for additional technicians and wanted to partner with the state.

University of Nevada, Reno Academic Medical Center

Dr. John McDonald, Vice President for Health Sciences and Dean of the University of Nevada, School of Medicine, identified himself for the record. Dr. McDonald advised that funding was requested for advance planning to develop an academic medical center at Union Park, a city-owned, 61-acre land parcel in downtown Las Vegas.

In response to questions Ms. Giunchigliani asked regarding the first building planned for the new academic medical center, Dr. McDonald advised that the Lou Ruvo Center for Alzheimer's and Brain Aging would be the first building and the anchor planned for the academic medical center.

Dr. McDonald indicated that in working with the University of Pittsburgh Medical Center, there was some question as to whether the next building planned for the medical center would be developed as a joint project with the University of Pittsburgh Medical Center, or as a separate building with a bridge between the Alzheimer Center and the hospital.

University of Nevada, Las Vegas Student Services Building

Carol C. Harter, Ph.D., President, University of Nevada, Las Vegas (UNLV), identified herself for the record. Dr. Harter advised the members of the Subcommittee that funding had been requested for the Student Services Complex for the last five biennia. Expansion of the Student Services Complex would consolidate registration, admissions, financial aid, and student counseling services into one 22,700-square-foot addition to the original facility.

Dr. Harter advised that the UNLV would provide \$1 million in student capital fees and \$9 million in State funding was requested for a total project cost of \$10 million.

In response to questions Ms. Giunchigliani asked, Dr. Harter indicated design plans were being developed to incorporate certification costs attributed to the Green Building Rating System in accordance with the Leadership in Energy and Environmental Design (LEED). Dr. Harter noted for the record that the Greenspun College of Urban Affairs Building and the Science, Engineering and Technology Building would be certified at the Silver Level in accordance with the Leadership in Energy and Environmental Design

Mr. Klaich advised that the University of Nevada, Reno Student Center design had also incorporated the Green Building Rating System.

University of Nevada, Reno, College of Science

David Westfall, Ph.D., Dean, University of Nevada, Reno, College of Science, advised the members of the Subcommittee that a 100,000-square-foot Science and Mathematics Building was requested for the University of Nevada, Reno, College of Science.

The projected cost was \$50 million, and Dr. Westfall advised that \$32 million in state funding was requested. As discussed earlier in the hearing by the Chancellor, Dean Westfall indicated he would become one of the Deans who would become involved in a campaign to raise funds from private donors.

Dr. Westfall commented that the last building built for science education at the University of Nevada, Reno, was in 1972, when most of the University's current students had not even been born. Dr. Westfall pointed out that current classes were being taught in a space that was made for a different era. In 1972, 6,000 students were enrolled in classes at the University of Nevada, Reno, and Dr. Westfall indicated a "great need" existed for a new building with current enrollment at 16,000 and projections for 20,000 to 30,000 students by 2020.

Dr. Westfall expressed concern in regard to safety issues in some of the buildings and laboratories where chemistry was being taught. The new Science and Mathematics Building would contain teaching laboratories, classrooms, and mathematics faculty. Dr. Westfall advised that virtually all students enrolled in classes at the University of Nevada, Reno, would take some classes in the building.

Chairman Arberry noted a letter in support of the building ([Exhibit I](#)) from Michael D. Pennington, Public Policy Director, Reno-Sparks Chamber of Commerce. Chairman Arberry advised that the letter would be made a part of the record.

Community College of Southern Nevada, Pahrump Education Center

Richard Carpenter, Ph.D., President, Community College of Southern Nevada, presented a request to build a 16,000-square-foot building to house the Pahrump Education Center ([Exhibit J](#)). Dr. Carpenter projected construction costs at \$6.8 million and advised that Nye County had committed to a \$1.5 million match and local businesses had pledged \$500,000.

Dr. Carpenter advised that the Community College of Southern Nevada, Pahrump Center, adjacent to Pahrump High School, had a 30 percent high school enrollment with students taking dual-credit classes. In view of the community's needs and future growth, Dr. Carpenter asked for the Subcommittee's consideration in funding the Pahrump Education Center.

Vicki Hafen Scott, a Pahrump community advocate, who grew up and taught high school in Pahrump, also asked for the Subcommittee's consideration to further higher education needs in the Pahrump Valley. Ms. Hafen Scott conveyed her thanks to the Subcommittee members for their consideration and review of the project and asked that she be remembered as "the mouse that roared for the small community of Pahrump."

With a rapid population growth and a commitment by Las Vegas developers to build 11,000 new homes in Pahrump within the next five years, Ms. Hafen Scott emphasized the need to build a college facility to provide daytime college programs. Additionally, Ms. Hafen Scott pointed out that attending college classes in Las Vegas was too far a distance for many, especially the 49 percent of economically disadvantaged students who qualified for assistance under the Title I program.

Ms. Hafen Scott provided the following additional information:

- The campus would be sited on a 280-acre parcel of Bureau of Land Management land currently listed for disposal.
- The Nye County Board of County Commissioners pledged \$1.5 million from the Special Projects Fund 492.
- The Hafen family guaranteed \$500,000 in infrastructure support for roads and utilities to the property.

Ms. Hafen Scott advised that construction plans duplicated an existing 44,135-square-foot building on the CCSN Henderson campus and explained the difference between the 16,000 square feet planned for the Pahrump Education Center and the 44,000-square-foot building, which was what the Public Works Board determined could be built for the projected available funding. Additionally, Ms. Hafen Scott indicated discussion regarding construction costs had taken place with Bob Gilbert, Director, Site Planning and Construction Management for the Community College of Southern Nevada, and Carl Diekhans, Vice President, Administrative Services, Great Basin College.

In closing, Ms. Hafen Scott asked the members for their support in funding one small community project.

In response to a question Assemblywoman Giunchigliani asked regarding a \$5 million building constructed in 1999, Ms. Hafen Scott confirmed funding appropriated by the Legislature constructed the Technical Center on the high school campus. As indicated earlier by Dr. Carpenter, Ms. Hafen Scott explained that the Technical Center was used during the day by the high school for students enrolled in dual credit courses and also in the evening for community college courses.

Ms. Giunchigliani expressed some concern regarding full-time equivalency (FTE) and questioned whether an actual need for additional space existed. Additionally, Ms. Giunchigliani indicated it was her understanding the Nye County Commission had proposed a four-year college.

Ms. Hafen Scott advised that the request was for a Community College of Southern Nevada building and a "2 + 2 + 2" program for which the Nevada State College could offer third and fourth year classes in Pahrump.

In response to a request from Ms. Giunchigliani for more specific information, Ms. Hafen Scott clarified that third and fourth year classes would be offered in conjunction with the Community College, and Nevada State College classes offered at the Pahrump College complex would be expanded so that students could continue with third and fourth year classes after completing their community college classes.

Ms. Giunchigliani indicated a better understanding was needed regarding whether the proposal was actually a request for a four-year college campus. Additionally, Ms. Giunchigliani asked for additional information regarding the commitment for infrastructure to the site.

Ms. Hafen Scott explained that the 280-acre parcel was on the BLM disposal list, and the CCSN had applied for the property. Additionally, Ms. Hafen Scott advised that Senator Harry Reid had introduced a bill in Congress to patent the land over to the UCCSN. The property was in close proximity to Highway 160 providing good access to the community and to individuals arriving from Las Vegas. Additionally, Ms. Hafen Scott said the property, located on a hill with a view of the entire Pahrump Valley, had water, sewer, utilities, grading, and drainage.

In view of the projected development, Ms. Giunchigliani questioned who owned the property surrounding the 280-acre BLM parcel.

Ms. Hafen Scott advised that the largest piece of land was owned by the Focus Group in Las Vegas, who were in the process of developing property in the area. Another developer, William Lyons, was also selling homes in the area. Additionally, letters had been submitted to Tim Hafen, President, Pahrump Utility Company, from representatives of Adaven Management Inc., American West Homes, Concordia, and Beazer Homes requesting annexation of their property to the Pahrump Utility Company service area for both sewer and water service.

Ms. Giunchigliani expressed concern in learning the Pahrump Utility Company, owned by Tim Hafen, would be providing utility service to the developers.

University of Nevada, Science and Mathematics Education Center

Erin Lankowsky, President, Associated Students of the University of Nevada (ASUN), introduced Lauralie Ezra, Legislative Lobbyist, ASUN.

As representatives of the University of Nevada, Reno, undergraduate student body, Mr. Lankowsky and Ms. Ezra appeared before the Subcommittee to speak in support of funding the University of Nevada, Science and Mathematics Education Center.

Mr. Lankowsky discussed the need to fund facilities to house additional classroom and laboratory space, which he indicated would help to meet the technologically advanced research needs of Nevada's higher education system.

Additionally, Mr. Lankowsky advised that the Science and Mathematics Education Center project was first proposed in 1992 when there were 11,000 students on campus. While the current student enrollment of 16,000 students had placed a burden on the space available for classroom and laboratory instruction, Mr. Lankowsky said projected enrollment growth would only further increase the lack of classroom facilities.

Citing the lack of space and outdated laboratory facilities as some of the reasons preventing students from gaining an enhanced level of education, Lauralie Ezra indicated some high schools laboratories were better equipped than the chemistry laboratory UNR students currently utilized.

Also citing safety issues, Ms. Ezra told the members about overstocked storage rooms and flammable chemicals being placed on wooden shelves without sprinklers as well as periodic evacuations of the facility as a result of carbon monoxide problems. Ms. Ezra said the aging and marginally compliant science facilities did not provide an adequate environment for instruction.

Ms. Ezra advised that 400 signatures had been obtained from students, faculty, and staff who asked for the Subcommittee's favorable consideration to support the request for funding.

Mr. Lankowsky, in closing, urged the Subcommittee to provide students the necessary learning environment by funding the University of Nevada Science and Mathematics Education Center project, which he said would provide the educational infrastructure necessary to further diversify and strengthen Nevada's economy.

Assemblywoman Giunchigliani extended her appreciation to the students for their presentation and congratulated them on a job well done.

In response to a question from Ms. Giunchigliani, Mr. Lankowsky confirmed that the same presentation had been delivered to the University Board of Regents.

Chairman Arberry adjourned the hearing at 10:50 a.m.

RESPECTFULLY SUBMITTED:

Connie Davis
Committee Attaché

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

Senator William J. Raggio, Chairman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Higher Education and Capital Improvements</u>			
Date: <u>April 19, 2005</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda - April19, 2005
	B	Daniel O’Brian	Las Vegas Native Plant Nursery
	C	Purchase and Sale Agreement	Between GSL Nevada Properties and State of Nevada
	D	Nevada Department of Agriculture	Revised Project Estimate
	E	University and Community College System of Nevada	University and Community College System of Nevada, 2005 Legislative Session, State Public Works Board, April 19, 2005, Legislative Budget Hearing
	F	Public Works Board	Site Map of WNCC Fallon Campus
	G	Dr. Richard Carpenter	“CCSN Capital Construction List 2005-CIP Request”
	H	Dr. Stephen Wells	“DRI Capital Priorities of the Desert Research Institute FY 2005-FY2007”
	I	Michael D. Pennington, Public Policy Director, Reno-Sparks Chamber of Commerce.	Letter in support of the Science and Math Center at the University of Nevada, Reno.
	J	Dr. Richard Carpenter	Pahrump College Building pamphlet