

**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  
May 4, 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 Wednesday, May 4, 2005. Chairman William J. Raggio 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, Chairman  
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  
Carol Thomsen, Committee Attaché

**DIVISION OF BUILDINGS AND GROUNDS, BUDGET ACCOUNT 710-1349,  
EXECUTIVE PAGE ADMIN-82**

Tracy Raxter, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, addressed the following closing issues:

- ✓ New Management Analyst for Contracts/Leases – Decision Unit E-251
- ✓ New Grounds Maintenance Positions – Decision Units E-252 and E-253
- ✓ New Building Maintenance Position – Decision Unit E-254
- ✓ Building Maintenance Renovations – Decision Unit E-850
- ✓ Deferred Maintenance – Decision Unit M-425

Mr. Raxter advised that Decision Unit E-251 in The Executive Budget, recommended a new Management Analyst position to provide oversight to the Buildings and Grounds Division's Leasing and Contract Services Section.

During the last four years, the number of negotiated and administered contracts had increased by 95 percent, and the number of negotiated and administered leases had increased by 56 percent.

During fiscal year 2004, overtime costs for the Leasing and Contract Services Section totaled \$12,900, which Division representatives had indicated could be reduced by 50 percent with the addition of a new position. Additionally, Mr. Raxter advised that Division representatives had also indicated funding for a temporary position, currently being utilized in fiscal year 2005, and which had not been included in The Executive Budget, could be eliminated.

Mr. Raxter recommended that if the Subcommittee chose to approve the Management Analyst position, the overtime expense be reduced by \$6,450 in each year of the biennium. Additionally, Mr. Raxter recommended a technical adjustment that would reduce the cost of computer hardware to reflect the current pricing provided by the Purchasing Division.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE NEW MANAGEMENT ANALYST POSITION AS RECOMMENDED BY STAFF, INCLUDING THE REDUCTION OF OVERTIME EXPENSE BY \$6,450 IN EACH YEAR OF THE BIENNIUM.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Mr. Perkins was not present for the vote.)

Mr. Raxter advised that Decision Units E-252 and E-253 in The Executive Budget recommended three new grounds maintenance positions to provide service for state-owned buildings located in Carson City and Reno. Mr. Raxter advised that Division representatives indicated a grounds maintenance position was last approved in 1995 and, since that time, the Division had assumed responsibility for five facilities, including the buildings in Carson City housing the Department of Education, the Attorney General, the former Employers Insurance Company of Nevada (EICON), the former National Guard Armory, and the Nevada Highway Patrol Hammill Lane Building in Reno. Additionally, in July 2005 the Division would assume responsibility for the new building in Carson City housing the Department of Conservation and Natural Resources.

Mr. Raxter advised that, if approved, the three new positions would increase the Division's grounds maintenance staff for Carson City and Reno from an existing four positions to seven positions. Additionally, Mr. Raxter indicated that one of the positions would maintain irrigation systems, supplementing an existing position for that function while the other two positions would perform general grounds maintenance.

In view of the additional responsibility assumed since 1995, Assemblyman Marvel questioned whether three new positions would be sufficient to adequately provide the services needed.

Responding to Assemblyman Marvel's question, Cindy Edwards, Administrator, Division of Buildings and Grounds, indicated three new positions would be

adequate in addition to the utilization of inmate labor for which the Division had budgeted.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE THREE NEW POSITIONS FOR GROUNDS MAINTENANCE AS RECOMMENDED IN THE EXECUTIVE BUDGET.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Mr. Raxter discussed a recommendation in The Executive Budget, Decision Unit E-254, for one new Maintenance Repair Specialist I position that would provide service for the new Department of Motor Vehicles (DMV) building located in North Las Vegas, the existing DMV building located on Donovan Way in Las Vegas, and to provide backup support for the Sawyer Building in Las Vegas. Division representatives indicated the position was recommended primarily because the DMV building on Donovan Way and the DMV building in North Las Vegas were located 10 and 25 miles respectively from the Buildings and Grounds Division office on east Sahara Avenue.

Mr. Raxter noted that the Division currently had seven maintenance repair positions located in Las Vegas that serviced ten buildings with a combined area of approximately 450,000 square feet, or approximately 64,000 square feet per position. Mr. Raxter advised that the addition of the new position would decrease the area for which each position provided service by only 5,000 square feet.

Mr. Raxter recommended approval of the new position.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE POSITION AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Mr. Raxter discussed a recommendation in The Executive Budget, Decision Unit E-850, to provide \$1,175,405 in fiscal year 2006 and \$669,355 in fiscal year 2007 for building maintenance and renovation projects funded through building rent revenue.

Mr. Raxter advised that the amount compared to the approximately \$3 million approved by the 2003 Legislature for building renovation projects in the 2003-05 biennium. A list of the building maintenance and renovation projects recommended for the 2005-07 biennium had been reviewed by Fiscal Analysis Division staff who determined the projects appeared to address routine maintenance needs and did not duplicate 2005 Capital Improvement Program projects.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE RECOMMENDATION FOR BUILDING MAINTENANCE AND RENOVATION PROJECTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Mr. Raxter discussed a recommendation in The Executive Budget, Decision Unit M-425, to provide \$4,978,607 from the General Fund and \$150,000 from the Highway Fund in fiscal year 2006 for deferred building maintenance projects.

Mr. Raxter advised that \$2.5 million of the funding was recommended for sealing the exteriors and \$1.5 million for repairing the roofs of a number of buildings at the Stewart Complex in Carson City. Also included in the recommended funding were exterior repairs for the Bradley Building, Attorney General's Office, Department of Motor Vehicles (DMV) office building in Carson City, the Laxalt Building, and repairs and replacements to concrete sidewalks at various building locations in Carson City.

Mr. Raxter advised the members of the Subcommittee that the Budget Division had submitted a budget amendment on April 1, 2005, recommending that \$880,000 in repairs to the exteriors of buildings at the Stewart Complex and \$115,000 in repairs to the Bradley Building exterior should be deferred.

Mr. Raxter pointed out that the Division of Buildings and Grounds had historically funded maintenance projects through building rent revenue and not through a General Fund or Highway Fund appropriation as recommended in The Executive Budget.

Additionally, Mr. Raxter indicated a number of technical adjustments in the Buildings and Grounds base budget and in Decision Unit M-200 resulted in an increase in the reserve of approximately \$700,000 over the biennium. Mr. Raxter recommended approval of the funding in Decision Unit M-425 with the following recommendations in the funding structure:

- Fund the \$2,517,670 in building exterior repairs for the Stewart Complex buildings and \$623,880 in roofing repairs, reflecting the \$880,000 budget adjustment, from the 2005 Capital Improvement Program funds.
- Eliminate \$115,000 for the Bradley Building, as recommended in the Budget Division's April 1, 2005, budget amendment and fund the building exterior repairs for the Attorney General's Office, Laxalt Building, and the DMV Carson City office building with \$561,807 from the General Fund and \$150,000 from the Highway Fund.
- Fund the building exterior repairs for the Buildings and Grounds Division building, repair/replacement of sidewalks around the Capitol Complex and the Stewart Complex, and installation of a retaining wall at the Governor's Mansion with \$280,000 from the Buildings and Grounds Division Reserve category.

Chairman Raggio asked why funding for exterior repairs to the Bradley Building had been eliminated.

Cindy Edwards, Administrator, Division of Buildings and Grounds, advised that the Bradley Building, currently occupied by the Department of Business and Industry, had been determined to not require a new finish after a Public Works Board inspection.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE FUNDING FOR DEFERRED MAINTENANCE PROJECTS AS RECOMMENDED BY STAFF.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

In response to a question from Assemblyman Marvel, Mr. Raxter advised that the savings to the General Fund in Decision Unit M-425 would be \$280,000.

The following other closing issues were addressed by Mr. Raxter:

Decision Units M-200 and M-201 recommended additional revenue and expenditure authority, from building rent revenue, to operate and pay utility costs for the new Department of Conservation and Natural Resources building in Carson City and the new DMV building in North Las Vegas.

Mr. Raxter recommended an adjustment reducing the building rent revenue by \$177,348 in fiscal year 2006 and the building operating and maintenance expenses by \$67,976 in fiscal year 2006 to reflect the delayed completion of the DMV building in North Las Vegas.

Decision Unit E-250 recommended funding for a new Water System Operator position that would be funded 25 percent from the Buildings and Grounds Division Budget Account 710-1349 and 75 percent from the Marlette Lake Budget Account 712-1336.

Mr. Raxter advised that the new position would support both the Stewart Facility Water Treatment Plant and the Marlette Lake Water System, which were operated on a 24-hour, 7-day-a-week basis. Currently, Mr. Raxter advised that the Division had one position that supported the Stewart and Marlette Lake facilities and one seasonal employee, who was recommended to be eliminated in The Executive Budget.

Decision Unit E-275 recommended additional funding of \$3,107 in fiscal year 2006 and a decrease in funding of \$709 in fiscal year 2007 for staff training. Mr. Raxter recommended a technical adjustment to realign the funding by approving \$1,265 for fiscal year 2006 and \$1,133 for fiscal year 2007.

Mr. Raxter addressed the following other technical adjustments to the base budget:

- Reduction of building operating and utilities costs to reflect the planned vacancies of the Campos Building and the Nevada Highway Patrol building in Las Vegas during the 2005-07 biennium
- Reduction of building maintenance contractual services costs for elimination of one-time expenditures incurred in the base year.
- Realigning building rent revenue to reflect the actual occupancy data

SENATOR COFFIN MOVED TO APPROVE THE BUDGET CLOSURE ON ISSUES 1 THROUGH 5 BASED ON THE SUBCOMMITTEE'S DECISIONS AND AS RECOMMENDED BY STAFF FOR OTHER CLOSING ISSUES.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chairman Raggio turned the chairmanship duties over to Chairman Arberry.

CLEAR CREEK YOUTH CENTER, BUDGET ACCOUNT 101-1353, EXECUTIVE PAGE ADMIN-102

Tracy Raxter, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided the following closing information for the Clear Creek Youth Center:

Maintenance Staffing – Clear Creek Youth Center

Mr. Raxter advised that Decision Unit E-250 recommended funding for two seasonal positions for six months per fiscal year and Decision Unit E-600 recommended the elimination of one existing full-time Maintenance Repair Specialist. Additionally, Mr. Raxter advised that the seasonal positions would provide minimal maintenance to prevent further deterioration to the facility, which had been in "mothball status" and vacant since the beginning of fiscal year 2004.

During a previous hearing, Mr. Raxter indicated representatives from the Division of Buildings and Grounds testified that a Request for Proposal (RFP) was being issued to determine the feasibility of an outside vendor to operate and maintain the Clear Creek Youth Center on a long-term basis. Mr. Raxter advised that Division representatives had indicated the process for preparation, issuance, and evaluation of potential RFP responses would not be completed before January 2006. In order to expedite the process, Mr. Raxter said the Division was requested by the Subcommittee to initiate a separate process to issue a Request for Information from vendors. Responses were received from the Nevada FFA Foundation, Rite of Passage, and YMCA of the Sierras.

Additionally, Mr. Raxter advised that the Division responded to a Subcommittee directive to provide cost information on the funding needed to remodel the Clear Creek Youth Center and to correct building code deficiencies ([Exhibit B](#)), which amounted to a total cost of \$7 million. Mr. Raxter pointed out that \$1.6 million was approved by the 2001 Legislature to provide upgrades to the facility, and only \$65,000 of that amount had been expended to date.

Mr. Raxter provided two options for the Subcommittee's consideration:

1. Approve the elimination of the full-time Maintenance Repair Specialist position and provide funding to establish two seasonal positions pending the Division entering into an agreement with an outside vendor to operate and maintain the facility on a long-term basis.

If the Subcommittee approved the first option, Mr. Raxter said the Division should be directed to reserve the remaining funding appropriated for maintaining the facility beginning with the date an agreement became effective, with reversion of the funds at the end of each respective fiscal year.

2. Approve the budget as recommended in The Executive Budget including the elimination of the full-time Maintenance Repair Specialist position, and fund two seasonal positions to provide minimal maintenance for the facility to prevent further deterioration until a decision was made by the Legislature or Interim Finance Committee on the future plans for the facility.

In response to questions Assemblyman Marvel asked, Cindy Edwards, Administrator, Department of Administration, Division of Buildings and Grounds, advised that the Request for Proposal would be issued in search of a nonprofit organization to operate and maintain the property. Ms. Edwards indicated that in a previous attempt to secure a vendor, some difficulty was encountered with the terms of the lease agreement and the vendor's ability to secure a grant or other short-term funding. After discussion with representatives of the State Lands Division, Ms. Edwards indicated it was determined the State could provide a 50-year lease.

In regard to a question Mr. Marvel asked regarding the amount of the lease payment, Ms. Edwards advised that, although the lease payment had yet to be established, the amount it would cost the vendor to upgrade the facility should be determined by the results of the Request for Proposal.

In response to a suggestion from Mr. Marvel to perhaps amortize the State's investment in the Clear Creek Youth Center, Ms. Edwards advised that remodeling and meeting current code requirements would be "quite costly."

Senator Raggio indicated an obligation had been incurred along with the decision to retain the property and suggested that expending the balance of the \$1.6 million, authorized by the 2001 Legislature for maintenance, would be beneficial in attaining appropriate responses to the Request for Proposal.

Ms. Edwards agreed that in order to receive a meaningful response to the RFP and meet current building code requirements for a Certificate of Occupancy, the RFP should include the availability of funding authorized by the 2001 Legislature to address building code, life-safety, and ADA requirements.

With information from staff that the \$1.6 million funding would be reverted to the General Fund if not utilized by the close of the fiscal year, Senator Raggio questioned how the funding could be expended prior to the conclusion of the RFP process in January 2006.

Mr. Raxter indicated staff's budget closing recommendation related to the building operating costs.

In response to a question from Senator Raggio regarding the adequacy of the two seasonal positions, Ms. Edwards indicated the two positions would be adequate to ensure the prevention of further deterioration to the buildings and grounds at the facility. Additionally, Ms. Edwards advised that a Division staff member who lived at Clear Creek provided security services and a few of the houses were rented, from which some income was received.

Ms. Edwards recommended proceeding with the RFP to find a successful operator for the facility and to use the \$1.6 million to upgrade the facility to provide a potential vendor "a good start."

Senator Raggio noted, however, that even if the State expended \$1.6 million to upgrade the facility, a potential vendor would need to make additional and significant capital improvements.

Ms. Edwards agreed but envisioned a nonprofit operator would utilize and rehabilitate the facility in phases.

In response to questions Senator Raggio asked regarding access to the facility from Highway 50, Ms. Edwards advised that there was no current access to the camp from the highway. Ms. Edwards advised, however, that Division representatives were working with State Lands and Department of Transportation representatives regarding removal of a truck ramp and placing an access road through the camp on Highway 50 pending a developer's interest.

Mark Stevens, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, indicated that as previously pointed out by Senator Raggio, the \$1.6 million authorized by the Legislature in 2001 for CIP 01-M05 had a four-year reversion cycle and would be reverted to the General Fund in about 50 days.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board, indicated he believed an extension had been requested for CIP 01-M05 and, if not, would be added to the 2005 Capital Improvement Program extension list.

In response to a question from Mr. Marvel regarding the use of conservation honor camps, Ms. Edwards advised that conservation honor camp labor had been utilized to assist Division staff in cleanup and maintenance of some of the Clear Creek buildings.

Assemblyman Hettrick advised that innovation and flexibility would be required to move the project forward since it appeared another \$5.3 million, in addition to the previously authorized \$1.6 million, was needed to remodel the facility and correct building code deficiencies,

Mr. Hettrick discussed several possibilities in negotiating with potential vendors, depending on their ability to secure grants or other funding, which included the Division expending the \$1.6 million for upgrades before leasing the facility, or to rent it for \$1 a year and have the vendor fund the upgrades. Mr. Hettrick indicated using an innovative approach, such as perhaps providing a 50-year lease in exchange for a vendor upgrading the facility and only charging rent after the facility was in operating condition. In order to preserve the valuable as well as beautiful Clear Creek property, Mr. Hettrick reiterated the need for flexibility to determine how best to provide the assistance a vendor might need to operate the facility.

In response to questions Senator Mathews asked regarding the number of rentals on the facility and security provisions, Ms. Edwards reiterated that a staff member, who resided at the facility, provided security for the property including five rental units.



Senator Raggio addressed the need to approve the request for the two seasonal positions and to authorize an extension of the \$1.6 million authorization provided in CIP 01-M05. Additionally, Senator Raggio indicated the appropriateness of Mr. Hettrick's remarks to negotiate a proposal with vendors who would agree to utilize and rehabilitate the premises and receive credit for the renovations.

Senator Matthews agreed with Mr. Hettrick and Senator Raggio's comments, but expressed some dismay that the Legislative body had been discussing upgrading the Clear Creek Youth Center for ten years and nothing had been accomplished thus far.

In response to questions Mr. Marvel asked regarding Rite of Passage, Ms. Edwards indicated Rite of Passage had expressed an interest in leasing the facility but assumed that current residents would express opposition to leasing to Rite of Passage just as they had in the past.

SENATOR RAGGIO MOVED TO APPROVE THE ELIMINATION OF A FULL-TIME MAINTENANCE REPAIR SPECIALIST POSITION AT THE CLEAR CREEK YOUTH CENTER AND PROVIDE FUNDING TO ESTABLISH TWO SEASONAL MAINTENANCE POSITIONS; TO EXTEND FOR TWO YEARS THE \$1.6 MILLION APPROPRIATED BY THE 2001 LEGISLATURE FOR CIP 01-M05 CONTINGENT UPON ISSUANCE OF A REQUEST FOR PROPOSAL (RFP) AS INDICATED, AND THAT A DECISION ON THE RFP BE SUBJECT TO CONFIRMATION BY THE LEGISLATURE OR THE INTERIM FINANCE COMMITTEE, WHICHEVER WAS APPROPRIATE.

SENATOR MATHEWS SECONDED THE MOTION.

Senator Coffin expressed concern that the Clear Creek facility, while in "mothball status" and with only one staff member on site, could be exposed to damage by vandals.

In response to questions from Chairman Arberry, Ms. Edwards advised that the facility was insured.

In response to questions from Senator Coffin regarding the extent of the insurance, Ms. Edwards, although uncertain, indicated she believed the facility was insured through the Risk Management Division for its replacement value.

Assemblywoman Leslie also expressed concern that two part-time seasonal employees could not provide enough security for the facility.

Ms. Edwards advised that the two part-time seasonal employees would replace the Maintenance Repair Specialist position and would provide maintenance for the grounds and the buildings, and the staff member who resided at the facility would carry out security duties.

Chairman Arberry called for a vote on the motion before the Subcommittee.

THE MOTION CARRIED UNANIMOUSLY.

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MARLETTE LAKE, BUDGET ACCOUNT 710-1366, EXECUTIVE PAGE  
ADMIN-106

Tracy Raxter, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised the members of the Subcommittee that no major closing issues were identified for the Marlette Lake budget account.

With regard to other closing issues, Mr. Raxter advised that:

- Decision Unit E-250 recommended the addition of a new Water System Operator position that would be funded 75 percent by the Marlette Lake account and 25 percent by the Buildings and Grounds Division account.
- Decision Unit E-900 recommended the transfer of pass-through revenue and expenditure authority for treated water sales to the Buildings and Grounds Division.

Additionally, Mr. Raxter advised that technical adjustments had been made for the assessment cost for the Statewide Cost Allocation Plan.

SENATOR RAGGIO MOVED TO CLOSE THE MARLETTE LAKE  
BUDGET AS RECOMMENDED BY STAFF.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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PUBLIC WORKS BOARD ADMINISTRATION, BUDGET ACCOUNT 101-1560,  
EXECUTIVE PAGE ADMIN-112

Tracy Raxter, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, addressed the following closing issues:

- ✓ Electronic Document Storage System
- ✓ Videoconferencing System
- ✓ Facility Condition Analysis Program Performance Indicators

Electronic Document Storage System

Mr. Raxter advised that Decision Unit E-277 in The Executive Budget recommended \$80,000 in each year of the biennium for an electronic document storage system for Public Works Board plans and specification documents. The annual cost estimate to store the documents on an outside vendor's file server was based on the agency's current inventory of documents. Access to the electronic version of the documents would be controlled through an appropriate security clearance to which only authorized individuals would have access.

Mr. Raxter advised that the Public Works Board indicated it lacked the necessary software development and maintenance capability to establish and maintain an internal electronic storage system. Additionally, Mr. Raxter pointed out that annual costs, based on a per document fee, would increase in future biennia since the number of documents intended for storage increased with each succeeding Capital Improvements Program.

In response to Chairman Arberry's questions regarding consideration of an in-house system and the consequences if the vendor went out of business, Dan O'Brien, P.E., Manager, State Public Works Board, indicated it was determined that electronic storage of documents was better accomplished by the private sector considering ongoing costs for additional personnel and equipment needed to accomplish the task. With respect to information retrieval, Mr. O'Brien advised that, if for some reason the vendor went out of business, the files would be returned to the Public Works Board and stored with a subsequent vendor.

Senator Raggio questioned potential security risks and asked if restrictions on access should be required since the documents stored on the vendor's file server included building plans and specifications as well as electric and security systems for public buildings that included the Governor's Mansion and the Capitol Building.

Mr. O'Brien advised that the Public Works Board representatives were satisfied with the security imposed on the storage system and were working with the Division of Emergency Management and the vendor to provide accessibility to emergency providers including fire departments and police.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board, compared the system's security technology to the technology used to secure access to online banking accounts.

Additionally, in response to Chairman Arberry's question regarding the ongoing cost, Mr. Dale advised that a year-to-year agreement was being negotiated with the vendor.

Expressing concern regarding control, Chairman Arberry indicated the Public Works Board, at some point, should consider bringing the system in-house for total control.

Mr. O'Brien agreed that in-house development would be evaluated once the system and parameters had been established. While an in-house system provided total control, Mr. O'Brien advised that there were also opinions that the private sector could provide the service less expensively.

ASSEMBLYMAN MARVEL MOVED TO APPROVE \$80,000 FOR THE ELECTRONIC DOCUMENT STORAGE SYSTEM IN EACH YEAR OF THE 2005-07 BIENNIUM WITH THE UNDERSTANDING THE FUNDING WAS A ONE-TIME APPROPRIATION FOR THE 2005-07 BIENNIUM ONLY.

MS. LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

#### Videoconferencing System

Mr. Raxter advised that \$53,258 recommended in The Executive Budget for a videoconferencing system was placed in the Information Technology Projects, Budget Account 101-1325, administered by the Department of Administration. Mr. Raxter reported that during the Public Works Board budget hearing, the Subcommittee was made aware, through the Technology Investment Request (TIR) document, that the videoconferencing system would provide "considerable savings" in travel and overtime costs for Public Works Board members and

staff. As a result of expected savings that would be realized from the implementation of the videoconferencing system, Mr. Raxter indicated the Subcommittee directed the Public Works Board representatives to establish an amount that could be placed in the Reserve category for travel. Mr. Raxter advised that the Public Works Board responded they did not see an opportunity to reduce travel costs below the amount requested in The Executive Budget.

Mr. Raxter provided a historical summary that compared in-state travel costs for fiscal year 2002 through fiscal year 2004 and the budgeted amount for fiscal year 2005 and the amounts recommended in The Executive Budget for fiscal years 2006 and 2007. Mr. Raxter reported that "a significant increase" in travel costs was seen in fiscal year 2004 compared with fiscal year 2003 and fiscal year 2002.

Mr. Raxter asked if the Subcommittee wanted to consider moving a portion of the in-state travel funding to the Reserve category in the Administration and the Inspection accounts to recognize the potential savings in travel costs expected to be realized through utilization of the proposed videoconferencing system.

In response to questions Chairman Arberry asked regarding the potential savings, Dan O'Brien, P.E., Manager, State Public Works Board, pointed out that the proposed Capital Improvement Program budget for the 2005-2007 biennium had increased by \$100 million over the previous biennium. Mr. O'Brien indicated that even with the additional staffing requested, a savings in travel would be realized since the amounts proposed for fiscal year 2006 and 2007 had not increased over the actual amount expended for fiscal year 2004. However, Mr. O'Brien pointed out that project managers would continue to be required to travel to project sites and indicated that placing a portion of the in-state travel funding in a Reserve category would create an additional administrative process.

Mr. Raxter advised that in order to show an "apples to apples" comparison of actual travel with prior fiscal years, the recommended in-state travel for fiscal years 2006 and 2007 for Budget Account 1562, Public Works Inspection, reflected only the base amounts and did not include travel for the additional positions being recommended. Although the Capital Improvement Program budget did increase, Mr. Raxter pointed out that an increase in the number of positions being recommended increased the travel costs in the total budget over the recommended amount in the base budget.

Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board, advised that travel costs for the Public Works Board was an expense that varied with the agency's activity. Additionally, Mr. Dale pointed out that the work accomplished by the agency in fiscal year 2004 was significantly greater than in fiscal year 2003, and staff was attempting to increase the CIP implementation rate, which he indicated was a factor "driving" in-state travel costs.

While use of the videoconferencing equipment would reduce some travel, Mr. Dale advised that the largest advantage was eliminating overtime costs associated with staff travel. Mr. Dale explained that a project manager traveling from the north to the south to review plans or for a meeting, would record more than eight hours of time and would only be able to work on one project. Videoconferencing, Mr. Dale said, would provide a project manager the capability to review a set of plans in either the north or south office and only spend a few hours on a particular project with the remainder of the day to work

on other projects. Another advantage, pointed out by Mr. Dale, was the ability to immediately respond to issues in either the north or south by videoconference rather than arranging for travel and meetings.

In response to questions Assemblywoman Giunchigliani asked regarding Computer Aided Design (CAD), Mr. Dale advised that CAD drawings were used for Capital Improvement projects, but did not provide the opportunity for staff to engage in a verbal and visual exchange between the northern and southern offices.

In response to questions Ms. Giunchigliani asked about staff being required to travel to the location of the videoconferencing equipment, Mr. Dale advised that staff in the State Public Works Board office in Las Vegas and staff in the Public Works Board's Carson City office would view the plans through the videoconferencing system in their respective locations.

In response to questions Ms. Giunchigliani asked regarding the location of staff in various areas of the state, Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, advised that the videoconferencing system would facilitate plan examiners working out of the Carson City office. Mr. Nunez indicated that inspectors, working in the field in southern Nevada, sometimes had questions regarding interpretation of code versus what was reflected on the drawings and would normally call the plan examiner. Mr. Nunez advised that videoconferencing, which included a "smart board," provided the ability to view drawings making it easier to identify code problems. Additionally, Mr. Nunez indicated that normally inspectors assigned to southern Nevada projects were located in the south and inspectors in northern Nevada to northern Nevada projects although, depending on the workload, assignments were sometimes adjusted.

In response to questions Ms. Giunchigliani asked regarding employment of private consultants, Mr. O'Brien advised that private consultants were employed in an "extended project manager," capacity with oversight provided by a Public Works Board project manager. Additionally, Mr. O'Brien advised that ideally, project managers were assigned to projects in the areas where they resided, which was one of the reasons additional project managers were being requested in the Public Works Board Inspection, Budget Account 1562. Mr. O'Brien explained, however, that a project, such as the University of Nevada, Las Vegas, Engineering and Science Building, required the experience of one of the Public Works Board project managers who was from the north.

Chairman Arberry expressed his preference to approve the funding for the videoconferencing system and reduce the in-state travel budget for the Public Works Administration Budget Account 1560, for fiscal years 2006 and 2007 from \$28,411 to \$23,171, which was the amount budgeted for fiscal year 2005.

SENATOR RAGGIO MOVED TO REDUCE BUDGET ACCOUNT 1560  
IN-STATE TRAVEL IN FISCAL YEAR 2006 AND FISCAL  
YEAR 2007 FROM \$28,411 TO \$23,171 BUDGETED FOR FISCAL  
YEAR 2005 AND TO APPROVE \$53,258 IN FISCAL YEAR 2006  
FOR THE VIDEOCONFERENCING SYSTEM.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Coffin was not present for the vote.)

Senator Raggio clarified that 15 percent of the funding for the videoconferencing system in the Information Technology Projects, Budget Account 1325, was from the General Fund and 85 percent from Project Management and Inspection charged to Capital Improvement projects.

Mr. O'Brien expressed concern that the reduction in funding for in-state travel would place restrictions on staff in the Facility Condition Analysis program whose work involved inspecting state facilities.

Assemblyman Marvel questioned whether the agency could approach the Interim Finance Committee for a transfer of funds if a shortfall in travel funds was experienced.

Chairman Arberry indicated the Interim Finance Committee had an "open door" policy with respect to requests.

In response to a statement from Mr. O'Brien, who indicated the Subcommittee's staff had recommended that a portion of the in-state travel fund be placed in the Reserve category, Mr. Raxter clarified that the motion was not to place a portion of the in-state travel funding in the Reserve category but to reduce the budget.

Chairman Arberry confirmed that the intent of the motion was to reduce the budget and not transfer the funding to the Reserve category.

#### Facility Condition Analysis Program Performance Indicators

Mr. Raxter advised the members of the Subcommittee that The Executive Budget included one performance indicator for the Facility Condition Analysis Program regarding the annual amount of building square feet audited. Mr. Raxter advised that a 2003 Letter of Intent was issued to the Public Works Board requesting that the Board continue to develop additional performance indicators for the Facility Condition Analysis Program. However, the only other indicator provided by the Board was the number of buildings reviewed on an annual basis.

In response to a question regarding whether additional performance indicators had been developed, Mr. Raxter said the Board indicated the two existing indicators were the most appropriate for the Facility Condition Analysis Program.

Mr. Raxter recommended that the Subcommittee consider directing the agency, through a Letter of Intent, to develop additional performance indicators and report to the Interim Finance Committee on a semiannual basis regarding their progress. Additionally, Mr. Raxter advised that the performance indicators should, at a minimum, measure the benefits realized from identifying deferred maintenance issues, providing state building officials with training on preventative maintenance practices, and identifying capital improvement and deferred maintenance projects recommended for funding in The Executive Budget.

In response to questions Senator Raggio asked regarding the Public Works Board plan to audit all state buildings within a six-year cycle, Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, advised that

the first cycle in the process would be completed in the first year of the 2005-2007 biennium immediately followed by the next cycle. Mr. Nunez acknowledged the first cycle took over six years to complete, but that beginning with the second cycle the Board should "definitely" proceed to come within the six-year cycle.

In response to a question Senator Raggio asked regarding whether any current recommended CIP projects originated in the Facility Condition Analysis Program, Mr. Nunez advised that the majority of the maintenance projects had their origin within the Facility Condition Analysis Program.

In response to a question Assemblywoman Giunchigliani asked regarding the Facility Condition Analysis Program and the life cycle of buildings, Mr. Nunez explained that the analysis identified and prioritized maintenance needs for already constructed state facilities over a ten-year period. Additionally, Mr. Nunez advised that new Capital Improvement projects included building-related costs over the lifetime of a structure.

SENATOR RAGGIO MOVED THAT THE PUBLIC WORKS BOARD BE DIRECTED, THROUGH A LETTER OF INTENT, TO DEVELOP ADDITIONAL PERFORMANCE INDICATORS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Coffin was not present for the vote.)

With respect to other closing issues, Mr. Raxter recommended technical adjustments on equipment pricing and technical adjustments in the base budget for administrative services assessments and one-time operating expenses.

SENATOR RAGGIO MOVED TO CLOSE BUDGET ACCOUNT 1560 WITH THE TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF AND ACTION TAKEN BY THE SUBCOMMITTEE.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Coffin was not present for the vote.)

\* \* \* \* \*

PUBLIC WORKS BOARD INSPECTION, BUDGET ACCOUNT 401-1562,  
EXECUTIVE PAGE ADMIN-118

Tracy Raxter, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, addressed the following closing issues:

- ✓ Seven New Project Management and Inspection Positions
- ✓ Additional Staff Training

Seven New Project Management and Inspection Positions

Mr. Raxter advised that although Decision Unit E-250 in The Executive Budget recommended the addition of one Project Manager, a February 25, 2005, amendment, submitted by the Budget Division, recommended 6 additional

positions, 2 Project Managers and 4 Building Inspectors for a total of 7 new positions.

Mr. Raxter said State Public Works Board representatives reported that the recommended positions were based on an analysis of workload and schedule requirements. Mr. Raxter advised that a comparison of the 2005 Capital Improvement Program (CIP) with the two previous Capital Improvement Programs showed that the recommended number of projects and cost for those projects had increased in the 2005 CIP.

Additionally, information provided by the Public Works Board indicated that 42 CIP projects, previously approved by the Legislature, would continue into the 2005-07 biennium. The 42 projects, along with the 99 projects recommended in the 2005 CIP, represented a total of 141 active projects for the 2005-07 biennium. If the recommended staffing increase was approved, Mr. Raxter indicated 16 of the 141 active projects were expected to extend beyond the 2005-07 biennium. Additionally, Mr. Raxter indicated 6 of the 16 projects would be constrained by cash flow and completion delayed until fiscal year 2008.

Based on the information provided by the State Public Works Board, Mr. Raxter advised that it appeared the recommended new positions would allow the Public Works Board to manage the increased size of the 2005 CIP projects and allow the agency to reduce the number of remaining uncompleted projects at the end of the 2005-07 biennium.

Additionally, Mr. Raxter said the Public Works Board had also provided information indicating that the number of outstanding projects would decrease from 42 projects to 26 projects even without the 7 new positions. Mr. Raxter also pointed out that the cash flow projections for the 2005 CIP indicated that approximately 50 percent of funding would not be available until the second year of the biennium. Mr. Raxter advised that if approval was authorized to fund the 7 positions, the Subcommittee might want to consider delaying the start date of several positions to coincide with the cash flow available for the CIP projects.

Assemblyman Marvel questioned whether Public Works Board officials were agreeable to phasing-in the positions.

Dan O'Brien, P.E., Manager, State Public Works Board, advised that with a need for knowledgeable Inspectors and Project Managers to work on the CIP projects and the inherent delays in recruiting, the process to hire qualified employees needed to begin as soon as possible. Mr. O'Brien advised that during the previous biennium one Inspector position was eliminated after determining it was not needed. Although indicating he believed filling positions was a management decision, Mr. O'Brien advised that Inspectors and Project Managers would not be hired unless needed. However, Mr. O'Brien indicated that deferring the positions was not in the State's best interest.

Gustavo Nunez, Deputy Manager, Professional Services, State Public Works Board, pointed out that only three of the proposed CIP projects were not scheduled to begin in the first year of the 2005-07 biennium. Mr. Nunez indicated it was anticipated that approximately 21 projects would be managed by 3 new Project Managers, while 31 projects in southern Nevada would require inspections during the first year of the biennium and 22 during the second year. Mr. Nunez further advised that 6 Inspectors could provide inspection duties for



21 projects in addition to inspections for the Nevada System of Higher Education (NSHE) projects.

Assemblyman Marvel indicated it appeared that the Public Works Board needed the flexibility to hire the additional positions.

Senator Cegavske questioned how the Public Works Board need for the positions would be affected by the passage of legislation, providing the school districts and the Nevada System of Higher Education would contract for their own Public Works projects.

In response, Mr. O'Brien indicated it was his understanding the legislation would only remove the plan check process from the purview of the Public Works Board. Additionally, Mr. O'Brien advised that the Public Works Board did not currently inspect or manage K-12 school projects. Mr. O'Brien indicated that although passage of the legislation would benefit the Public Works Board insofar as plan checking, it did not address the 2005 Capital Improvement Program projects.

Senator Coffin expressed support for approving the positions and indicated that in the long run, the State would save money by placing a Project Manager or Inspector on site everyday, which would help to prevent lawsuits and dissatisfaction in workmanship problems.

SENATOR RAGGIO MOVED APPROVAL TO FUND THE SEVEN  
NEW POSITIONS WHO WOULD BE HIRED AS NEEDED BY THE  
PUBLIC WORKS BOARD.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

#### Additional Staff Training

Mr. Raxter advised that Decision Unit E-251 in The Executive Budget recommended \$22,733 in fiscal year 2006 and \$20,769 in fiscal year 2007 for additional staff training in the areas of pavement and pavement maintenance, Americans with Disabilities Act, indoor air quality, concrete testing and inspection, Uniform Electrical, Mechanical, and Plumbing Codes, and computer software training.

Mr. Raxter noted that the recommended funding for training increased the base amount by approximately 92 percent, which he explained represented approximately 66 training opportunities for agency staff. Mr. Raxter advised that the additional funding recommended in Decision Unit E-251 would provide 38 additional training opportunities for a total of approximately two training opportunities for each staff member during each fiscal year of the 2005-07 biennium.

In response to questions Senator Raggio asked regarding the need for additional training, Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board, attributed the large percentage increase with requesting too little in the base year. Mr. Dale explained that the base year training consisted primarily of maintaining certification for Inspectors, while the funding request was an attempt to bridge the deficit in Project Management training.

Chairman Arberry expressed concern that once the Project Managers and Inspectors were trained, they would move on to other jobs.

In response, Mr. O'Brien advised that losing employees to higher paying jobs was a problem across the state and although salary was not always an issue, providing training, especially in the area of the new uniform codes, was not only beneficial to the employees but also to the State.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE FUNDING REQUESTED IN EACH YEAR OF THE BIENNIUM FOR ADDITIONAL STAFF TRAINING.

ASSEMBLYMAN PERKINS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Raxter advised that Decision Unit E-225 recommended pass-through funding in the amount of \$127,000 in each year of the 2005-07 biennium to pay for contracted plan review services on non-CIP projects by state agencies.

Additionally, Mr. Raxter advised that technical adjustments were made to funding requested for computer hardware and software and base budget adjustments were made for administrative services assessment and one-time costs in the base year.

ASSEMBLYMAN HETTRICK MOVED TO CLOSE BUDGET ACCOUNT 1562 AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

With no further business before the Subcommittee, Chairman Arberry adjourned the hearing at 9:35 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  
May 4, 2005  
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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: May 4, 2005**

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

| Bill | Exhibit | Witness / Agency                       | Description          |
|------|---------|--|----------------------|
|      | A       |  | Agenda               |
|      | B       | Tracy Raxter, Fiscal Analysis Division | Clear Creek Facility |
|      |         |  |                      |