

**MINUTES OF THE JOINT MEETING OF THE  
SENATE COMMITTEE ON FINANCE  
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-sixth Session  
June 1, 2011**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Steven A. Horsford at 8:00 a.m. on Wednesday, June 1, 2011, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Steven A. Horsford, Chair  
Senator Sheila Leslie, Vice Chair  
Senator David R. Parks  
Senator Moises (Mo) Denis  
Senator Dean A. Rhoads  
Senator Barbara K. Cegavske  
Senator Ben Kieckhefer

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Assemblywoman Debbie Smith, Chair  
Assemblyman Marcus L. Conklin, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin D. Atkinson  
Assemblyman David P. Bobzien  
Assemblywoman Maggie Carlton  
Assemblyman Pete Goicoechea  
Assemblyman Tom Grady  
Assemblyman John Hambrick  
Assemblyman Crescent Hardy  
Assemblyman Pat Hickey  
Assemblyman Joseph M. Hogan  
Assemblyman Randy Kirner  
Assemblywoman April Mastroluca

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**COMMITTEE MEMBERS ABSENT**

Assemblyman John Ocegüera

**STAFF MEMBERS PRESENT:**

Rex Goodman, Principal Deputy Fiscal Analyst  
Eric King, Program Analyst  
Mark Krmpotic, Senate Fiscal Analyst  
Jackie Cheney, Committee Secretary

**OTHERS PRESENT:**

James R. Lawrence, Administrator, Division of State Lands, State Department  
of Conservation and Natural Resources  
Bob Ostrovsky, City of Las Vegas  
Stacey Crowley, Director, Office of Energy, Office of the Governor

**CHAIR HORSFORD:**

Today, we are finalizing the budget closing for the Capital Improvement Program (CIP). We had a work session on these items yesterday in the Joint Subcommittee on Human Services/CIP.

ERIC KING (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will be presenting the Joint Subcommittee's recommendations for the CIP. Please refer to the three-page worksheet entitled Recommended Capital Improvement Program for the 2011-2013 Biennium ([Exhibit C](#)). The first item is Project No. 11-C01.

Project No. 11-C01 – Culinary, Laundry, and Dining Improvements at Southern Desert Correctional Center (Core Expansion Phase III)

This project proposes to complete Core Expansion Phase III of a culinary, laundry and dining improvement at the Southern Desert Correctional Center. The cost is approximately \$4,988,400. Through the course of the CIP submission, the construction contingency was reduced by \$26,528.

Project Nos. 11-E02 and 11-E04 propose to fund the advance planning for a new 28,000 square foot Department of Motor Vehicles (DMV) office building in Reno and a 28,000 square foot DMV office in Las Vegas. Together, these projects cost approximately \$727,000 and are paid for with Highway and Pollution Control funds.

Project No. 11-E02 – Advance Planning – DMV Building in South Reno

Project No. 11-E04 – Advance Planning – DMV Building in Las Vegas

Project No. 11-E03 proposes \$466,429 for advance planning through construction to install a pipeline and water treatment infrastructure to address the quagga mussel infestation at the Lake Mead Fish Hatchery.

Project No. 11-E03 – Lake Mead Fish Hatchery-Advance Planning for Pipeline and Water Treatment Infrastructure

Project No. 11-M03 recommends \$35,034 for safety improvements for the Laxalt Building in Carson City. A ceiling system would be installed to prevent the spread of fire, including relocation of light fixtures, electrical, data conduit, junction boxes and sprinkler heads. Fiscal Staff recommend funding this with reallocated funds from the 2007 CIP rather than using bond funds.

Project No. 11-M03 – Laxalt Building-Ceiling and Wall Repair

Project No. 11-M08a proposes funding in the amount of \$401,388 to design a fire and smoke control system to replace the existing system and address heating and air conditioning problems at the Grant Sawyer State Office Building.

Project No. 11-M08a – Separate Fire/Smoke System and Upgrade HVAC at Grant Sawyer Building-Advance Planning

Project No. 11-M39 proposes to complete deferred maintenance projects for the various Nevada System of Higher Education (NSHE) campuses. The Governor submitted an amendment on February 24, 2011, that rolled nine other NSHE projects into this project with no overall increase in CIP or increase in the funding for NSHE. The items moved into this project include 11-M07, 11-M19, 11-M22, 11-M24, 11-M28, 11-M35, 11-M41, 11-M42 and 11-M46.

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Project No. 11-M39 – NSHE Deferred Maintenance (HECC/SHECC)

Project No. 11-M07 – ADA and Life Safety Retrofit

Project No. 11-M19 – HVAC Renovation-Building A CSN West Charleston Campus

Project No. 11-M22 – HVAC Renovation-Red Mountain Building

Project No. 11-M24 – HVAC Renovation-WNC Child Development Center

Project No. 11-M28 – HVAC Pipe and Heat Pump Replacement-DRI Southern Nevada Science Center

Project No. 11-M35 – HVAC Renovation-WNC Aspen Building

Project No. 11-M41 – HVAC Equipment Replacement-WNC Pinion Hall

Project No. 11-M42 – McMullen Hall Roof Replacement

Project No. 11-M46 – Exterior Building Envelope Restoration-Red Mountain Building

Project No. 11-M60 provides funding to design and install video monitoring and recording equipment in all common inmate and visitor areas at the Ely State Prison. The Governor recommended, through an amendment, to reallocate funds from the 2007 CIP Project No. 07-M48 to pay for this project. The total cost of this project is \$2,683,208.

Project No. 11-M60 – Surveillance Cameras and Recording Devices-Ely State Prison

Project No. 11-S10 proposes to accept and spend funds from various agencies for the State Public Works Board (SPWB) to manage and inspect non-CIP projects. The Subcommittee does not recommend approval of this project.

Project No. 11-S10 – Statewide Agency Project

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SENATOR RHOADS:

What is the status of the National Guard Armory in Elko?

MR. KING:

I do not know the exact status. I believe the sale of that property is still being negotiated. The last I heard, the federal government had not yet approved the transfer of those funds from Elko to the Carlin Center.

CHAIR HORSFORD:

The spreadsheet before us shows what the Governor recommends compared to what the Joint Subcommittee recommends. Is that correct?

MR. KING:

That is correct. The Joint Subcommittee recommends \$52,925,351 for the 2011 CIP. The column immediately to the right of that total on page 3 of [Exhibit C](#) shows the cost difference between what the Governor recommends versus what the Joint Subcommittee recommends.

CHAIR HORSFORD:

What would it cost to restore the Wells Conservation Camp?

MR. KING:

The Governor's recommendation was amended to remove the Wells Conservation Camp improvements at the time it was determined that the camp would be closed. My notes indicate \$259,680 was removed from the 2011 CIP.

CHAIR HORSFORD:

We need to add \$259,680 to the \$52,925,351 recommended by the Joint Subcommittee for that camp to remain open.

MR. KING:

That would enable the completion of the originally recommended improvements.

SENATOR KIECKHEFER:

Is there anywhere in the documents that shows the total unfunded or deferred maintenance costs?

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MR. KING:

It is not shown in the information that has been provided to you. I do not have that information with me. It is possible SPWB could provide that number.

Based on the way the CIP is now recommended to be funded, we have approximately \$242,000 worth of excess bond capacity and \$6,800 of funding remaining from the reallocated funds. These funds could be combined to cover most of the Wells Conservation Camp improvements costs.

CHAIR HORSFORD:

Senator Rhoads, do you mind if I include that?

SENATOR RHOADS:

That would make me happy.

CHAIR HORSFORD:

Senator Kieckhefer, do you have anything else?

SENATOR KIECKHEFER:

I did not get an answer to my question, but it is not something that can be resolved at this moment. I will continue reviewing the unfunded and deferred maintenance items as we go along.

CHAIR HORSFORD:

During the May 31, 2011, Joint Subcommittee hearing for the CIP closing, inquiries were made about the status of the State Museum at Lorenzi Park and the State's obligations for the building. My understanding is the State has a lease agreement with the City of Las Vegas and has been using the building for a museum. Based on the budget closings, the primary functions of the museum will be transferred by October 31, 2011, to a new museum at Springs Preserve.

There is not, however, a plan for the vacated space. Although I have no specific plans for the building, I do not want this facility to be used for storage or to remain vacant for any length of time. The State, in coordination with the City, should identify feasible uses based on the needs of the community and bring that forward to the Interim Finance Committee (IFC) to amend the lease agreement. Can we get an update on the status?

JAMES R. LAWRENCE (Administrator, Division of State Lands, State Department of Conservation and Natural Resources):

The State has leased the land at Lorenzi Park from the City of Las Vegas for the past 30 years. The existing lease is a 99-year lease. The State owns the building currently being used as a museum, but it plans to vacate the building by October 31, 2011, and move the museum to the Springs Preserve. The terms of the lease indicate that if the building is not used for three months, the City may terminate the lease at the end of a two-year period. If this occurs, the State would be required to vacate the premises and the building and contents would go to the City. In summary, the worst-case scenario is the building could sit vacant for two years. We have received correspondence from the City of Las Vegas indicating an interest in using a portion of the land for a parking lot. This would require an amendment to the lease.

No decision has been made about the building. If it is decided to use the building for another purpose or lease it to a new tenant, the existing lease would need to be terminated or amended.

BOB OSTROVSKY (City of Las Vegas):

The City of Las Vegas sent a letter to the Governor's office stating the City will allow the State to stay in the building another two years to allow time to find another use for the building. However, I understand the approved budgets for the 2011-2013 biennium contain no funding for the building.

The City can take the building and provide maintenance, but is not prepared to occupy it immediately. A use plan needs to be developed. The City's preference is to find a tenant who will provide community services. There are a number of agencies, some public and some quasi-public, that can be considered. This is a good building in a location where there are needs to be serviced. The City is willing to work with this body, local partners and the State to come up with the best possible use. No one wants to see the facility vacant or used for storage.

CHAIR HORSFORD:

Last week I spoke with the councilman who represents the Lorenzi Park area. There needs to be a broader discussion regarding the use of the building beyond City services only. Assemblyman Denis and Assemblywoman Mastroluca, among others, would like to participate in that discussion. Obviously, the State has made a significant investment in that facility. I am not in support of the

parking lot idea without getting input from the nearby residents. I propose representatives from the City, State, local community and this Committee work together to develop a long-term plan for the best use of this building going forward.

MR. OSTROVSKY:

I am in total agreement. This must be done expeditiously so the building is not vacant for any length of time.

SENATOR KIECKHEFER:

Mr. Ostrovsky has indicated the City is willing to take over the property immediately. My understanding is the State will retain its ownership for at least the next two years which will allow the opportunity to continue negotiating the use of the building. Is that accurate?

MR. LAWRENCE:

That is correct. After the building is vacant for three months, the lease is terminated, but the State has up to two years to totally vacate the premises. At the end of that two-year time period, the building becomes the property of the City. The goal is to expedite the planning to prevent the building from being vacant.

CHAIR HORSFORD:

It is critical we find another use so the building is not left vacant.

MR. OSTROVSKY:

Although the State can keep the building for two years, the approved State budgets for the 2011-2013 biennium contain no funding for utilities, security or maintenance. The City is willing to step in and take responsibility for the building, but if the State maintains ownership of the building for the two-year period, the State will be responsible for maintenance costs. This needs to be worked out between the State and the City.

CHAIR HORSFORD:

The operational costs for this building are projected to be approximately \$71,000 annually. After a plan for use of the building is developed, this plan and any proposed expenses for the State, can be brought back to IFC for consideration. This, however, needs to be determined in partnership with the



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City and other stakeholders because there may be costs that can be shared. What I do not want is an alarm system in a vacant building for two years. That cannot happen.

STACY CROWLEY (Director, Office of Energy, Office of the Governor):  
Assemblywoman Smith requested an update on the Master Services Agreement that the Office of Energy is working on for solar projects on State-owned buildings.

A master services agreement has been secured with GA-SNC Solar, LLC to perform a feasibility analysis on 55 public State properties to assess the feasibility of solar installation. To date, this company has met with the Department of Corrections, DMV, Office of Veterans' Services, Department of Health and Human Services, City of Las Vegas, University of Nevada, Reno and University of Nevada, Las Vegas. A feasibility analysis is being done for these sites and a recommendation will be provided to those agencies through our office for draft power purchase agreements (PPA). A third party consultant has been hired to analyze GA-SNC Solar's numbers to ensure they are as accurate as possible. That should help the agencies, our office and GA-SNC Solar come up with appropriate PPAs for the projects that make sense for the State.

We have been working with the SPWB to determine agency needs. When we get to the construction stage, the SPWB will serve as the permitting and plan-checking agency for these projects.

ASSEMBLYWOMAN SMITH:  
As these projects are not included in the CIP reports, how will we know the status of these projects?

MS. CROWLEY:  
We are in the process of compiling all the work that we have done through the American Recovery and Reinvestment Act of 2009 as well as this project. We are gathering information to understand how much energy savings have been accomplished and the number of solar devices, and other renewable energy items, installed. I am happy to provide that information on a regular basis.

ASSEMBLYWOMAN SMITH:  
That is good. I want to follow these projects.

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CHAIR HORSFORD:

I will entertain a motion at this time to accept the Subcommittee recommendations with the addition of the maintenance requirements for the Wells Conservation Camp.

ASSEMBLYWOMAN SMITH MOVED TO ACCEPT THE SUBCOMMITTEE RECOMMENDATIONS FOR THE 2011 CIP TO APPROVE PROJECT NOS. 11-C01, 11-E02, 11-E03, 11-E04, 11-M03, 11-M07, 11-M08A, 11-M19, 11-M22, 11-M24, 11-M28, 11-M35, 11-M39 11-M41, 11-M42, 11-M46, 11-M60 AND 11-S10; AND APPROVE THE ADDITION OF APPROXIMATELY \$259,680 TO PAY FOR THE MAINTENANCE REQUIREMENTS FOR THE WELLS CONSERVATION CAMP.

SENATOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HORSFORD:

There being no further business, this meeting is adjourned at 11:08 a.m.

RESPECTFULLY SUBMITTED:

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Jackie Cheney,  
Committee Secretary

APPROVED BY:

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Senator Steven A. Horsford, Chair

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

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Assemblywoman Debbie Smith, Chair

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

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Eric King	Recommended Capital Improvement Program for the 2011-2013 Biennium