

**MINUTES OF THE
JOINT SUBCOMMITTEE ON K-12/HIGHER EDUCATION/CIPS
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Seventh Session
April 4, 2013**

The Joint Subcommittee on K-12/Higher Education/CIPS of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Moises Denis at 8:14 a.m. on Thursday, April 4, 2013, in Room 3137 of the Legislative Building, Carson City, 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 SUBCOMMITTEE MEMBERS PRESENT:

Senator Moises (Mo) Denis, Chair
Senator Debbie Smith
Senator Michael Roberson

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman William C. Horne, Chair
Assemblyman Andy Eisen, Vice Chair
Assemblyman Paul Aizley
Assemblywoman Maggie Carlton
Assemblywoman Lucy Flores
Assemblyman Cresent Hardy
Assemblyman Pat Hickey
Assemblyman Randy Kirner

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Michael Chapman, Senior Program Analyst
Brody Leiser, Program Analyst
Leslie Sexton, Committee Secretary

OTHERS PRESENT:

Gustavo Nuñez, P.E., Administrator, State Public Works Division

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Evan Dale, Administrator, Department of Administration

Chair Denis:

We will be closing five budget accounts within the State Public Works Division (SPWD) of the Department of Administration. The closing document ([Exhibit C](#)) has been submitted.

Brody Leiser (Program Analyst):

Budget account (B/A) 101-1540 is a new account in the Executive Budget.

DEPARTMENT OF ADMINISTRATION

PUBLIC WORKS DIVISION

Administration - SPWD - Administration — Budget Page ADMIN-165 (Volume I)
Budget Account 101-1540

The 2011 Legislature approved the consolidation of the State Public Works Board with the Department of Buildings and Grounds to create the SPWD under the Department of Administration. A Letter of Intent issued by the 2011 Legislature instructed the SPWD to complete a time-and-effort study to support allocating the costs of the SPWD Administrator in the recommended budget for the 2013-2015 biennium.

The SPWD presented the table on page 4 of [Exhibit C](#) during their budget hearing. It reflects the results of the time-and-effort study in percentages. It was used to calculate the recommended cost allocations contained in the Executive Budget for the new B/A 101-1540 .

The administrator position and the legal counsel costs are based on an actual time-and-effort study completed by the Division. The costs for the remaining five positions were based on an estimate by the Division. The SPWD testified at their budget hearing that if the Governor's recommendation is approved, actual time and effort for all of the positions in the new B/A 101-1540 would be tracked so any necessary adjustments to the cost allocations can be recommended for the 2015-2017 biennium.

The Governor recommends the transfer of five positions from the Engineering and Planning account, B/A 101-1562, and one position from the Buildings and Grounds account, B/A 710-1349, a total of six existing positions, to the new B/A 101-1540. The Governor recommends that the costs for legal counsel, in the Attorney General's (AG) cost allocation plan, be funded in the new B/A-101-1540.

Administration - SPWD - Engineering and Planning — Budget Page ADMIN-170
(Volume I)
Budget Account 101-1562

Administration - SPWD - Buildings & Grounds — Budget Page ADMIN-185
(Volume I)
Budget Account 710-1349

The positions to be transferred are:

- Administrator of Public Works, E-902
- Deputy Administrator, Professional Services, E-902
- IT Professional II, E-902
- Administrative Assistant IV, E-902
- Administrative Assistant II, E-900

The total costs for all five positions are \$530,645 in fiscal year (FY) 2013-2014 and \$539,361 in FY 2014-2015. Decision units E-500 and E-502 replace the inspection fee revenues recommended in E-900 and E-902 with cost allocation revenue in an equal amount to fund the positions. Those amounts include travel, training, operating, information technology (IT) and personnel costs. Funding for those positions comes from E-500 and E-502 through the recommended cost allocations.

E-500 Adjustments to Transfers — Page ADMIN-166

E-502 Adjust Trans 4 FTE and Atty fees to SPWD Admin — Page ADMIN-166

E-900 Transfers an AA2 from Planning and to SPWD Admin — Page ADMIN-167

E-902 Trans from SPWD Engr Planning to SPWD Admin — Page ADMIN-168

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The Governor recommends the transfer of the deputy administrator position from B/A 101-1349 to B/A 101-1540.

The costs of the position are \$116,686 in FY 2013-2014 and \$118,519 in FY 2014-2015. Decision unit E-506 replaces the reduction in reserve recommended in E-906 with cost allocation revenue in an equal amount to fund the position.

E-506 Adjustments to Trans from Buildings and Grounds — Page ADMIN-166

E-906 Trans from B&G to SPWD Admin — Page ADMIN-168

The Governor recommends that the responsibilities of the deputy administrator position in B/A 710-1349 be increased to incorporate the existing duties of the chief engineer position, which is eliminated in the Executive Budget. Decision unit E-908 transfers the salary and benefit increases of \$19,301 in FY 2013-2014 and \$19,325 in FY 2014-2015 from B/A 101-1349 to B/A 101-1540. Decision unit E-508 in B/A 101-1540 replaces the reduction in reserve recommended in decision unit E-908 with cost allocation revenue in an equal amount to fund the salary increase. The salary increase will be reviewed and determined when the Unclassified Pay Bill is considered. No action is required by the Subcommittee regarding the Governor's recommended salary increase for this position.

E-508 Adjustments to Transfers — Page ADMIN-167

E-908 Transfers — Page ADMIN-169

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION, WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF; TO ESTABLISH THE NEW STATE PUBLIC WORKS DIVISION ADMINISTRATION BUDGET ACCOUNT, B/A 101-1540; TO TRANSFER THE SIX POSITIONS TO THE ACCOUNT AS IDENTIFIED IN DECISION UNITS E-900, E-902 AND E-906; AND TO FUND THE NEW B/A 101-1540 THROUGH THE ALLOCATION OF COSTS TO THE FOUR EXISTING STATE PUBLIC WORKS DIVISION BUDGET ACCOUNTS.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The table on page 5 of [Exhibit C](#) lists recommended technical adjustments. While the recommended amount to be received within this account through cost-allocation reimbursements is about \$1.7 million over the 2013-2015 biennium, total recommended transfers from the four accounts in which costs are allocated totals about \$2.1 million over the biennium. The Department of Administration has indicated that the discrepancy is the result of the error in the AG cost allocation plan expenditure in this account. It will be addressed in the statewide amendment, which addresses changes to the AG cost allocation amount.

Chair Denis:

We will now discuss the budget for Engineering and Planning, B/A 101-1562.

Mr. Leiser:

There are two major closing issues in this account. The first relates to decisions just made in the new B/A 101-1540 regarding position transfers and cost allocations. Because the Subcommittee is recommending to the full committees the Governor's recommendation, with technical adjustments recommended by staff, these decisions units from B/A 101-1562 should also be recommended to the full committees.

E-900 Transfers an AA2 from Planning and to SPWD Admin — Page ADMIN-177

E-902 Trans from SPWD Engr Planning to SPWD Admin — Page ADMIN-177

ASSEMBLYMAN EISEN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR POSITION TRANSFERS AS OUTLINED IN DECISION UNITS E-900 and E-902 IN B/A 101-1562 TO B/A 101-1540 WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF.

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SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The Governor is recommending that B/A 101-1562 transfer \$540,623 in FY 2013-2014 and \$581,767 in FY 2014-2015 to support the new B/A 101-1540, funded with inspection fees. As with the position transfers, if the Subcommittee approves the new B/A 101-1540, this transfer should also be approved.

M-800 Cost Allocation — Page ADMIN-172

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION, WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF, FOR TRANSFERS OUTLINED IN DECISION E-800 OF B/A 101-1562 TO SUPPORT THE COST ALLOCATIONS IN B/A-1540.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The second major closing issue relates to position eliminations. To address reduced workloads due to the State's declining Capital Improvement Program (CIP), the Governor recommends the elimination of six positions as described in further detail on page 7 of [Exhibit C](#). Over the 2013-15 biennium, this would eliminate inspection fee revenues of approximately \$1.1 million from the SPWD B/A 101-1562. If this

recommendation is approved, 5 building construction inspector and 12 project manager positions would be authorized for the Agency during the 2013-2015 biennium. During the budget hearing on February 19, the Agency testified that the existing staff would be sufficient to handle the existing workload from the prior CIPs and the anticipated workload from the recommended 2013 CIP.

There are two decision units to facilitate the Governor's recommendation.

Decision unit E-247 recommends the elimination of one building construction inspector position and two project manager positions.

E-247 Efficient and Responsive State Government — Page ADMIN-173

Decision unit E-250 recommends the elimination of two building construction inspectors and one program manager position. Five of the six positions in these two decision units are vacant. The SPWD testified during the budget hearing of February 19 that this account has sufficient funding for a terminal leave payout if the incumbent is laid off.

E-250 Efficient and Responsive State Government — Page ADMIN-173

Assemblywoman Carlton:

We are aware of the acceleration of building plans in the future. I have concerns about eliminating inspectors and subsequently finding out, in the interim, that more staff is needed because of an increased workload.

Mr. Leiser:

During the budget hearing of February 19, the SPWD testified that the remaining staff would be sufficient to complete the work from prior CIPs and the work for the Governor's recommended 2013 CIP.

Assemblywoman Carlton:

What will be the cost of terminating the employment of the individual in the occupied position?

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Mr. Leiser:

I do not have the specific termination costs. The SPWD testified that this account has sufficient funding for a terminal leave payout.

ASSEMBLYMAN KIRNER MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION, WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF, THE ELIMINATION OF THREE BUILDING INSPECTORS AND THREE PROGRAM MANAGERS IN DECISION UNITS E-247 AND E-250 IN B/A 101-1562 FOR A SAVINGS OF \$1,050,258 IN INSPECTION FEES COLLECTED FROM THE STATE'S CIP DURING THE 2013-2015 BIENNIUM

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Denis:

There are six remaining decision units in this budget account. Seeing no closing issues with them, we will vote on them as a block.

E-225 Efficient and Responsive State Government — Page ADMIN-172

E-710 Equipment Replacement — Page ADMIN-175

E-720 New Equipment — Page ADMIN-175

M-801 Cost Allocation — Page ADMIN-172

E-801 Cost Allocation — Page ADMIN-176

E-805 Classified Position Reclassifications — Page ADMIN-176

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ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES THE GOVERNOR'S RECOMMENDATIONS, WITH TECHNICAL ADJUSTMENTS AS RECOMMENDED BY STAFF, IN DECISION UNITS E-225, E-710, E-720, M-801, E-801 and E-805 OF B/A 11-1562.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Denis:

We will now discuss the budget for the Facility Condition and Analysis account, B/A 101-1560.

Administration - SPWD - Facility Cond & Analysis — Budget Page ADMIN-179
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Budget Account 101-1560

Mr. Leiser:

The major closing issue with this budget account relates to the cost allocation, in decision unit M-800, to support the new B/A 101-1540.

M-800 Cost Allocation — Page ADMIN-180

The Governor is recommending General Fund appropriations of \$81,838 in FY 2013-2014 and \$86,566 in FY 2013-2015 to support the new cost allocation. Mechanically, the recommendation is to appropriate General Funds to this account, and subsequently transfer those same funds to the new B/A 101-1540, if approved.

During the budget hearing of February 19, the Subcommittee requested that consideration be given to the possibility of making a direct General Fund appropriation into B/A 101-1540 to support the costs allocated to B/A 101-1560. This will eliminate the need for this account to act as a pass through of

General Fund dollars. The Administrative Services Division has indicated that a direct allocation could be made to the new B/A 101-1540. However, the Administrative Services Division has further indicated that having General Fund monies pass through this account would allow for accounting intentions to be easily understood, and would maintain the integrity of the cost allocation. The Facility Condition and Analysis account is the only section within the SPWD that receives General Fund support. As such, General Fund monies that would be transferred to the new B/A 101-1540 would solely be for the costs allocated to the Facility Condition and Analysis account. It does not appear that a direct appropriation of General Fund dollars to the new B/A 101-1540 would jeopardize the ability to reconcile or identify the portion of funding in the new B/A 101-1540 attributable to the Facility Condition and Analysis account. Fiscal Staff recommends that a direct appropriation of General Funds to the new B/A 101-1540 be approved by the Subcommittee. The alternative is to approve a pass-through of General Fund appropriations to the new B/A 101-1540 to fund the costs allocated to the Facility Condition and Analysis account.

Chair Denis:

In short, either the Administration Account Fund would receive General Fund monies or the Facility Condition and Analysis account would process the cost allocation..

Mr. Leiser:

That is correct.

Assemblyman Horne:

The recommendation of the Fiscal Division Staff for a direct appropriation seems reasonable.

Assemblyman Kirner:

The two options seem equally reasonable. If anyone has a preference, I would like to hear the rationale for that preference.

Gustavo Nuñez, P.E. (Administrator, State Public Works Division):

We prefer to use the pass-through method because we will know the reasoning behind the allocation. It will reflect the distribution of effort across budget accounts. I want to ensure that, in the future, as staff turns over, the history of

how to calculate that amount will remain in the Division. When direct appropriations are used, that history can be lost.

Evan Dale (Administrator, Department of Administration):

The new B/A 101-1540 will be scrutinized by other entities, including the federal government. They will want to know how it is funded. With a General Fund appropriation, as opposed to a transfer from the new B/A 101-1540, it is not clear that the Facility Condition and Analysis account is paying the new B/A 101-1540. It is necessary to translate the General Fund appropriation into a revenue stream from the Facility Condition and Analysis account. Someone needs to remember to do that each budget year. We will always be asked to explain the source of funding for the new B/A 101-1540. This is more difficult when the direct appropriation is used. The transfer method will clearly show our intentions.

Assemblyman Hardy:

If we choose the direct General Fund appropriation, should our motion quote exact dollar amounts?

Chair Denis:

No.

Assemblywoman Flores:

Using the direct appropriation from the General Fund to the new B/A 101-1540 to cover costs attributable to the Facility Condition and Analysis activities would be a clear statement of intent, written in the State budget. Why would that not be clear to the Division? If the Division maintains written policies and procedures for financial transactions, staff turnover should not be a concern.

Mr. Dale:

We can use either method to handle cost allocations. The Legislature and the Division are not the only entities that use this information. The federal government and others inspect our records. I do not see an added benefit in not using the transfer method. I do see a benefit in using it. We will have a better idea of how much the Facility Condition and Analysis costs. If we use the direct appropriation method, we will not know how much the management and oversight of the Facility Condition and Analysis costs.

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Assemblyman Eisen:

Please explain the federal scrutiny that takes place.

Mr. Dale:

The new B/A 101-1540 will charge the Buildings and Grounds account, B/A 710-1349, for some costs through a bona fide internal service fund, which is allowed to charge any operation in State government for their services. It receives that authority from the federal government. The federal government reviews all the costs that come to the Buildings and Grounds. They will see the charge from the new B/A 101-1540 in the Buildings and Grounds cost structure. That link will cause them to investigate the activities in the new B/A 101-1540 further.

Assemblyman Eisen:

How likely is such an investigation? Will it cost the State any money? I am not concerned that the federal government's questions will not be satisfactorily answered. I am concerned about any costs to the State as a result of any decision we make today.

Mr. Dale:

We submit all of our accounts annually to the federal government. They tell us if the costs we propose are allowed and if our allocation scheme is acceptable.

Mr. Leiser:

The Facility Condition and Analysis account is the only account in the Division that receives General Fund support. Any General Fund revenue, directly appropriated or passed through to the new B/A 101-1540, is going to be attributable to the Facility Condition and Analysis account. Those dollar amounts will be easily identified as the Facility Condition and Analysis portion of the cost allocation. The Division would not have the authority to carry over any General Fund dollars remaining in the Facility Condition and Analysis account at the end of the fiscal year. Those remaining General Fund dollars would have to be returned to the General Fund. The intent is for any General Fund dollars attributable to the Facility Condition and Analysis, remaining in the new B/A 101-1540 at the end of the fiscal year, to revert directly back to the General Fund, rather than being passed back through the Facility Condition and Analysis account.

ASSEMBLYMAN KIRNER MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR A PASS-THROUGH OF GENERAL FUND APPROPRIATIONS IN THE AMOUNTS OF \$81,838 IN FY 2013-2014 AND \$86,566 IN FY 2014-2015, TO B/A 101-1540 TO FUND THE COSTS ALLOCATED TO B/A 101-1560 IN DECISION UNIT M-801.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

In addition, the General Fund does not support the SPWD's AG cost allocation plan expenditures in the current biennium. General Fund appropriations are not used to support the AG cost allocation plan, since the AG cost allocation plan is a General Fund recovery mechanism supported by revenues other than State appropriations. The Governor's recommended budget includes funding from this account to support 15 percent, or \$60,317 over the biennium, of the total recommended AG cost allocation plan expenditures of \$402,111 over the 2013-2015 biennium in the new B/A 101-1540. Based on subsequent discussions with the SPWD and the Department of Administration Budget Division, all parties agree that the AG cost allocation plan expenditure in B/A 101-1540 should not be supported with General Fund monies from this account. Removing this portion of the recommended cost allocation would result in a General Fund savings of \$60,317 over the 2013-2015 biennium. The AG cost allocation plan totals in the new B/A 101-1540 are also incorrect, as discussed in the closing document for the new B/A 101-1540. Those will be corrected. Staff recommends that the portion of the AG Cost Allocation Plan allocated to this account, for transfer to the new B/A 101-1540, be removed.

SENATOR SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEES TO REMOVE THE PORTION OF THE AG COST ALLOCATION PLAN

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ALLOCATED TO B/A 101-1560, THAT IS RECOMMENDED FOR TRANSFER
TO B/A 101-1540.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Senator Denis:

There are five other closing items listed on pages 11 through 12 of [Exhibit C](#).
Seeing no objection, we will vote on them as a block.

E-225 Efficient and Responsive State Government — Page ADMIN-181

E-240 Efficient and Responsive State Government — Page ADMIN-181

E-710 Equipment Replacement — Page ADMIN-183

E-720 New Equipment — Page ADMIN-183

M-801 Cost Allocation — Page ADMIN-181

E-801 Cost Allocation — Page ADMIN-183

E-804 Cost Allocation — Page ADMIN-184

ASSEMBLYMAN EISEN MOVED TO RECOMMEND TO THE FULL
COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATIONS,
WITH TECHNICAL ADJUSTMENTS RECOMMENDED BY STAFF, IN
DECISION UNITS E-225, E-240, E-710, E-720, M-801, E-801 AND E-804 IN
B/A 101-1560

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Senator Denis:

We will now discuss the budget for Buildings and Grounds, B/A 710-1349.

Mr. Leiser:

The Governor originally recommended approximately \$1.54 million from reserves in order to fund building renovation projects in the 2013-2015 biennium. By way of comparison, Buildings and Grounds spent \$847,156 in FY 2011-2012 and has authority to spend about \$1.8 million in FY 2012-2013 for building renovation and deferred maintenance. Budget Amendment A130011349 has been transmitted to the Fiscal Analysis Division for this account, and includes the recommended changes to the AG cost allocation plan, the Statewide Cost Allocation Plan, and the Enterprise Information Technology Service (EITS) rates. The full money committees will consider statewide closing issues, including statewide cost allocations and changes in the M-100 and M-300 decision units, at a later date. However, included in the amendment is an additional \$25,000 in FY 2014-2015 for the purpose of deferred maintenance projects. The SPWD has provided Fiscal Staff a revised project list based on the amendment. Therefore, the Governor now recommends about \$1.57 million for decision unit E-850.

E-850 Special Projects — Page ADMIN-194

On the top of page 15 of [Exhibit C](#) is a revised list of deferred maintenance projects provided by the SPWD. The HVAC upgrades for the Bradley Building, on the first line of that chart, is a new item on the list. It has been elevated to top priority based on updated information from the SPWD showing that it is in an irreparable state. The water system upgrade at the Stewart complex has been removed from the deferred maintenance list because, as originally proposed, it was insufficient to address the issues at that location. A future CIP project for the water system upgrades will be submitted in the 2015 CIP.

The Subcommittee raised concerns about the life safety projects and the backlog during the SPWD budget hearing. The SPWD has reported to Staff that the backlog

of life safety projects are primarily fire sprinkler projects at older facilities where the building codes do not require sprinklers. The Division further indicated that the fire alarm systems in the buildings are antiquated; however, they are currently functioning and replacing them can be deferred to a future biennium.

Assemblyman Eisen:

What is the cost of all the life safety projects that are being deferred?

Mr. Nuñez:

I will provide that information to you. In every biennium, we ensure that our buildings comply with code with respect to exits and fire alarms. If we meet code, we can say that the occupants of the buildings are being protected. If we meet code and an issue occurs in that building, the State is protected. The State Fire Marshal requires that all State buildings be equipped with fire sprinklers. In some cases, those requirements are above and beyond the code requirements. The State Fire Marshal's requirements are better protection for the occupants; however, the code says they are already being protected. It also protects the property, the fixed asset.

We make sure that a fire alarm is installed and is operational. We assign a priority for fire alarms on our facility condition analysis report. Priority 1 needs to be replaced in the next 2 years. Priority 2 needs to be replaced in 3 to 5 years. Priority 3 needs to be replaced after 5 years. Fire alarms are automated digital systems. Like any other electronics, after 3 years, they are replaced with new technology and after 7 years, they are no longer supported. They may last another 3 or 4 years with spare parts. After that, when failures occur, the only choice is a full new upgrade. At about 7 years of age, fire alarms are placed on the deferred maintenance list because we know that they will have to be replaced quickly.

All new buildings have fire sprinkler systems. Older buildings were compliant with codes and State requirements at the time they were built. Because the State Fire Marshal issued new regulations, those older buildings do not have fire sprinkler systems. The Blasdel Building in the Capitol Complex fits this description. The replacement cost of that building is less than a retrofit of a building with a sprinkler system. The State should dispose of that building in the near future.

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We treat dormitory facilities in the prison system as a first priority. We require both a fire alarm and a fire sprinkler system where people sleep.

Page 15 of [Exhibit C](#) lists the projects that need our immediate attention in the next 2 years.

Assemblyman Horne:

Have you provided us with the cost-benefit analysis for the Blasdel Building? I am uncomfortable when you say that the State Fire Marshal's requirements are better protection for the occupants, yet the code says they are already being protected. I am not comfortable with your rationale that the further out we defer maintenance, the less expensive it will be to correct. In many other budgets, we have seen that it costs more, not less. It does not seem prudent to only maintain an alarm system in a particular building because people do not sleep there.

Mr. Nuñez:

Every time our facility condition analysis group conducts an inspection, they list everything that building will need over the subsequent 10 years. Those needs are quantified in dollars. They compare the total cost of those repairs to the building replacement cost. An index number is computed by dividing the cost of repairs by the building replacement cost. When the index number reaches 0.6, industry standard says that you should start looking at replacement. When the index number reaches 1.0, costs are equal; when it exceeds 1.0, replacement is the better option.

In the case of a building over 50 years old, it was built to meet the needs of the program or offices it housed at the time. As programs change, building needs change. Building modifications are made over time. A building eventually becomes obsolete when it does not serve the updated needs of the program.

Assemblywoman Carlton:

Have we previously deferred the buildings on the list on page 15 of [Exhibit C](#)?

Mr. Nuñez:

I would have to research the buildings on the list to give you specific answers.

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Assemblywoman Carlton:

If we keep deferring the same projects year-to-year, eventually we will have to address them. If the projects we are talking about today have not been previously deferred, I would be more comfortable knowing where they are.

With concerns about the safety issues and lacking all the information I need to make an informed decision, we must make a recommendation today and subsequently receive more information. We must remember that decisions about life safety projects must be made. We cannot continue to defer our responsibilities to employees and the public.

Senator Denis:

When the SPWD prepares future deferred maintenance project lists, it would be helpful to include information on the length of time a project has been on the list.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S AMENDED RECOMMENDATION TO FUND DEFERRED MAINTENANCE AND BUILDING RENOVATION PROJECTS IN THE AMOUNTS OF \$520,000 IN FY 2013-2014 AND \$1,045,000 IN FY 2014-2015 IN DECISION UNIT E-850 OF B/A 710-1349.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Leiser:

The Governor recommends that the responsibilities of the deputy administrator position be increased to incorporate the existing duties of the chief engineer position, which is recommended for elimination in the Executive Budget. The SPWD testified during the February 19 budget hearing that there is no need to maintain both of these positions, and from an organizational standpoint, combining the

duties into a single position was preferred. Furthermore, the Agency testified that the existing deputy administrator position has been vacant for this reason since February 14, 2012. In the current biennium, the chief engineer incumbent has taken on increased duties previously completed by the deputy administrator position, including the oversight of facility maintenance, grounds, custodial, Marlette Lake and the professional engineer, as well as retaining the HVAC system oversight. Each of these areas would be the responsibility of the consolidated position, with additional duties to include oversight of the Leasing Services section of Buildings and Grounds. To effect the merger of these positions' duties, the following two actions are recommended.

The Governor recommends eliminating the unclassified chief engineer position in this account as described in decision unit E-248. The companion decision unit, E-806, incorporates the position's duties into the deputy administrator position responsibilities. This recommendation reduces position expenditures of \$120,517 in FY 2013-2014 and \$121,898 in FY 2014-2015, and places equal amounts in reserve.

E-248 Efficient and Responsive State Government — Page ADMIN-190

E-806 Unclassified Position Salary Increases — Page ADMIN-194

In conjunction with combining the duties of the unclassified Buildings and Grounds deputy with those of the chief engineer position, the Governor recommends an unclassified salary increase for the deputy administrator position. The decision unit recommends \$19,301 in FY 2013-2014 and \$19,325 in FY 2014-2015 to support the salary and benefit increases, funded by a reduction to reserves. The Subcommittee need not take action on this decision unit today, because it will be included in the Unclassified Pay Bill, which Staff will monitor.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION, WITH TECHNICAL ADJUSTMENT MADE BY STAFF, IN DECISION UNIT E-248 TO ELIMINATE THE CHIEF ENGINEER POSITION; AND TO INCORPORATE THE CHIEF ENGINEER'S DUTIES INTO THE DEPUTY ADMINISTRATOR POSITION IN B/A 710-1349.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

* * * * *

Mr. Leiser:

The Governor recommends transferring the deputy administrator position from B/A 710-1349 to B/A 101-1540. This would reduce position costs, including travel and training costs, by \$116,686 in FY 2013-2014 and \$118,519 in FY 2014-2015 in this account for decision unit E-906. Fiscal Staff has made a technical adjustment to equalize airfare across all SPWD budget accounts, resulting in a reduction to the transfer of \$1,200 in in-state travel expenses in each fiscal year. The Subcommittee has recommended approval of the creation of the new B/A 101-1540.

M-800 Cost Allocation — Page ADMIN-187

E-800 Cost Allocation — Page ADMIN-192

E-906 Trans from B&G to SPWD Admin — Page ADMIN-195

E-908 Transfers — Page ADMIN-195

ASSEMBLYMAN KIRNER MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE DEPUTY ADMINISTRATOR POSITION FROM B/A 710-1349 TO THE NEW B/A 101-1540; TO APPROVE THE TRANSFERS TO SUPPORT THE COST ALLOCATION FOR THE NEW B/A 101-1540 INCLUDING THE TECHNICAL ADJUSTMENT MADE BY FISCAL STAFF; AND AUTHORIZING STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON AND ASSEMBLYMAN HICKEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

* * * * *

Mr. Leiser:

The Governor recommends a new administrative assistant III position in decision unit E-244 at a total cost of \$82,717 over the biennium, funded through reserves. The position will support operations in the southern Nevada office. The position will be responsible for the duties listed on page 17 of [Exhibit C](#).

E-244 Efficient and Responsive State Government — Page ADMIN-189

The southern Nevada office currently has one administrative assistant I position to support 14 maintenance and professional staff. Maintenance and management staff routinely are required to assist with administrative activities, which hinders their ability to perform their daily duties. The Agency indicated that the new position would reduce, or eliminate, the need for the maintenance and management staff to assist in administrative activities. The Governor recommends that the position have an effective start date of October 1. The position pay level is budgeted at a Step 1.

SENATOR SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR A NEW ADMINISTRATIVE ASSISTANT III POSITION IN DECISION UNIT E-244 IN B/A 710-1349.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON AND ASSEMBLYMAN HICKEY WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

* * * * *

Mr. Leiser:

There are ten other closing items in B/A 710-1349.

Chair Denis:

Please review the first item on building rent rates and then we will decide whether to take individual votes on the ten items or vote on them as a block.

Mr. Leiser:

The Subcommittee has raised concerns with the rent rate increase that was included in the Executive Budget. Initially the Executive Budget included office space rent increasing from \$0.96 per square foot to \$1.00 per square foot. The SPWD testified during their budget hearing that the increase was due to an error in the statewide cost allocation charged to this account. To address the statewide cost allocation plan and the EITS rates, Budget Amendment A130011349 has been remitted to the Fiscal Analysis Division. That amendment will be considered later. The amendment will decrease the rental rates charged by the Buildings and Grounds. In addition to building rent revenue reduction, the amendment reduces the transfer to the Capitol Police by \$333,677 over the biennium as a result of the recommendation to eliminate two officer positions in the Capitol Police budget account. Transfer from this account would be dependent upon closing actions to be taken by the Joint Subcommittee on Public Safety, Military and Veterans' Services with regard to the Capitol Police budget account, B/A 710-4727.

DPS - Capitol Police — Budget Page PUBLIC SAFETY-212 (Volume III)
Budget Account 710-4727

The table on the top of page 18 of [Exhibit C](#) reflects the base rental rates during the current biennium compared to the rates originally contained in the Executive Budget and the rates based on Budget Amendment A130011349. The largest source of rent revenue is from office space, which will be reduced to \$0.95 per square foot.

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No action is required of the Subcommittee today. Based on subsequent decisions made, those rates will need technical adjustments, which Staff will make.

Senator Denis:

The consensus of the Subcommittee is to vote on the other ten closing items, located on pages 17 through 20 of [Exhibit C](#), as a block. A motion to recommend will eliminate decision unit E-230 should the Legislature not approve Senate Bill (S.B.) 473. It will also include reducing the cost of equipment in the Maintenance of Buildings and Grounds expenditure category by \$766 in each fiscal year.

E-225 Efficient and Responsive State Government — Page ADMIN-188

E-226 Efficient and Responsive State Government — Page ADMIN-188

E-230 Efficient and Responsive State Government — Page ADMIN-188

E-240 Efficient and Responsive State Government — Page ADMIN-189

E-710 Equipment Replacement — Page ADMIN-191

E-720 New Equipment — Page ADMIN-192

M-801 Cost Allocation — Page ADMIN-187

E-801 Cost Allocation — Page ADMIN-192

E-802 Cost Allocation — Page ADMIN-193

E-805 Classified Position Reclassifications — Page ADMIN-194

SENATE BILL 473: Revises provisions relating to certain internal service funds. (BDR 18-1128).

Mr. Leiser:

If S.B. 473 moves forward, the money committees will hear it.

ASSEMBLYMAN HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATIONS IN DECISION UNITS E-225, E-226, E-230, E-240, E-710, E-720, M-801, E-801, E-802 AND E-805 IN B/A 710-1349, AND TO GIVE STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON AND ASSEMBLYMAN HICKEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Mr. Leiser:

The final account contained in [Exhibit C](#) is for Marlette Lake, B/A 712-1366.

Administration - SPWD - Marlette Lake — Budget Page ADMIN-198 (Volume I)
Budget Account 712-1366

The Subcommittee did not previously hear this account because it was recommended for closing by Staff. There are no major closing issues in this account.

SENATOR SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION AND TO AUTHORIZE TECHNICAL ADJUSTMENTS BY STAFF IN B/A 712-1366.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON AND ASSEMBLYMAN HICKEY WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT
FOR THE VOTE.)

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Chair Denis:

Seeing no public comment, this meeting is adjourned at 9:20 a.m.

RESPECTFULLY SUBMITTED:

Leslie Sexton,
Committee Secretary

APPROVED BY:

Senator Moises Denis, Chair

DATE: _____

Assemblyman William C. Horne, Chair

DATE: _____

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<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	22	Public Works Division	Closing List #1 April 4, 2013