

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session
February 6, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 9 a.m. on Wednesday, February 6, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblyman William McCurdy II, Vice Chair
Assemblyman Alex Assefa
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Richard Carrillo
Assemblywoman Bea Duran
Assemblyman John Ellison
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Melissa Hardy
Assemblyman Glen Leavitt
Assemblywoman Susie Martinez
Assemblywoman Connie Munk

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Asher Killian, Committee Counsel
Geigy Stringer, Committee Secretary
Trinity Thom, Committee Assistant



OTHERS PRESENT:

Patrick Cates, Director, Department of Administration

Jeffrey Haag, Administrator, Purchasing Division, Department of Administration

Ward Patrick, Administrator, State Public Works Division, Department of Administration

Kent A. Lefevre, Deputy Administrator, Professional Services, State Public Works Division, Department of Administration

Branden Pearson, Chief of Planning, State Public Works Division, Department of Administration

Ronald Cothran, Deputy Administrator, Buildings and Grounds Section, State Public Works Division, Department of Administration

Chair Flores:

[Roll was called. Committee protocol and rules were explained.]

We have two presentations scheduled. We will start with our first order of business, which is a presentation by the Purchasing Division of the Department of Administration. We will let everybody speak and, at the end of your presentation, we will have some questions for you.

Patrick Cates, Director, Department of Administration:

Thank you for inviting us here today. In the Department of Administration, we have about 600 employees. We have an annual operating budget of about \$170 million a year. Many people are not familiar with what we do. Most of the functions that we perform support other state agencies in fulfilling their missions. We provide many back-office functions, many support functions, and oversight of other agencies' activities. Our department enables them to be successful in their missions.

We provide human resource (HR) services and fiscal services; we provide technology, as well as infrastructure. We do everything from hiring and developing employees, to provisioning them with technology and building and maintaining the buildings in which they work. I like to think of our functions as people, technology, and infrastructure.

Jeffrey Haag, Administrator, Purchasing Division, Department of Administration:

As you heard from Director Cates, the Administration Department is focused on customer service. In the Purchasing Division, we strive to be a value-creating partner for the agencies that we support. A question we get regularly is, What type of purchasing contracts do you perform in Purchasing? The easiest way to answer that is to tell you first what we do not do.

Anything related to highways and roads is governed under *Nevada Revised Statutes* (NRS) Chapter 408 and handled by the Nevada Department of Transportation. Anything to do with construction and public works is governed under NRS Chapter 338 and managed by the State Public Works Division. Everything else comes through Purchasing, whether it is office supplies or custodial supplies. We manage the managed care solicitation for the Department of Health and Human Services. Our work runs a wide gamut.

Our processes are governed under NRS Chapters 333 and 334 and are further defined in *Nevada Administrative Code* Chapter 333 [page 2, ([Exhibit C](#))]. One of our core responsibilities is procurement support. Additionally, we manage a portfolio of statewide contracts; we conduct training in the procurement contracting and contract management function; and we oversee the state's surplus property program and the federal surplus property program. When agencies are finished using the products that we help them buy, if there is a value that we deem over \$1,000, then we send those items to auction, or we make them available to other state agencies. The federal government has a similar program that we facilitate on behalf of state agencies. It makes available a wide range of assets that the federal government deems surplus, of which state agencies can take advantage.

We are a small and mighty team of 25 individuals, located just behind the State Capitol, on Musser Street. The team represents over 100 years of public procurement experience and a profound knowledge in our craft. We are working very hard to leverage that experience. You will hear in our overview that Purchasing is going through a bit of an evolution. Through the aid of technology such as NevadaEPro, we are transitioning from what was a very transactional process in the manner that we engage with our customers to more of a consultative one. Having over 100 years in public procurement experience helps us achieve that consultative approach.

We have organized ourselves into three interdependent working groups [page 3, ([Exhibit C](#))], Procurement Services, Contract Management, and Procurement Operations. We are supported in all that we do by our in-house general counsel, Kevin Doty, who is here with us this morning, and a dedicated deputy attorney general from the Office of the State Attorney General.

Here is our organizational chart [page 4, ([Exhibit C](#))], showing how we are structured and naming the employees that make up our team. I will walk you through each of those work groups to help you understand what they do on a day-to-day basis and how each group contributes to our overall mission.

We are responsible for the majority of goods and services procurements in the state [page 5, ([Exhibit C](#))]. It is the largest of those procurements that is our focus. Any services acquisition valued over \$100,000 comes through Purchasing. To date, in the current biennium, we have processed, managed, and overseen over 120 service solicitations for state agencies, representing over \$4 billion in state spending. Purchasing is responsible for handling commodity bids that are valued in excess of \$50,000. To date, in the current biennium, we have supported state agencies in over 323 commodity bids, representing over \$61 million in state spending. A significant amount of state spending is coming through our office. We have awarded over 1,000 services and commodity contracts to date in the current biennium.

One of the projects that we are working on today is the Silver State Modernization Approach for Resources and Technology in the 21st Century (SMART 21), the state's enterprise resource planning project. We are working with the Office of Finance in the Office of the

Governor and the Nevada Office of Project Management to support them in that solicitation. The Silver State Modernization Approach for Resources and Technology in the 21st Century will replace the state's finance and HR technology. It will provide a data integration platform that will leverage other technology platforms within the state, to allow us to make data-driven decisions.

Another project is NevadaEPro, the state electronic procurement system. This technology solution was approved in the 2017 Session. As a result, we are beginning to learn much more about the suppliers whom we are contracting with and with whom we are spending our state dollars. The exact number of contracts that we have awarded since the inception of NevadaEPro is 1,084 contracts.

The next slide will show where those contracts are going [page 6, [\(Exhibit C\)](#)]:

- 377 of those contracts went to businesses that are based in Nevada, an awesome number that we are going to see grow over the short term;
- 5 of those contracts went to local service-disabled veteran-owned businesses;
- 27 of those contracts went to veteran-owned businesses;
- 20 went to emerging and small businesses; and
- 302 of those companies certified to having policies that ensure equal pay for equal work. Assembly Bill 106 of the 79th Session, an important initiative that we worked on with Assemblywoman Ellen Spiegel, permitted us to implement our own requirements around equal pay for equal work. It is exciting to see that the vendors to whom we are awarding these contracts have a similar culture and philosophy as the state, in this regard.

To add, Governor Steven Sisolak's executive order [2019-1], issued his first week of office, directs us to collect sexual harassment and discrimination policies from existing state vendors and future vendors. We are utilizing NevadaEPro to gather that information. We are about two weeks into the process. We have roughly 5,000 vendors registered in the NevadaEPro system; we have collected just short of 700 policies to date. Many more have acknowledged that they have these policies but have not submitted them yet. We are learning more about whom we are doing business with and are able to report on that, which is a great use of technology.

Next, we will go on to Contract Management [page 7, [\(Exhibit C\)](#)]. This is a new group within our team. This group is focused on the post-award environment. Procurement support is responsible for everything leading up to an award; Contract Management is responsible for everything after an award. Contract Management is responsible for ensuring vendors in our statewide contract portfolio are meeting their contractual obligations and that state and local government agencies are aware of the contracting opportunities that are available to them. This team is currently managing a portfolio of over 100 statewide contracts that represent over \$200 million in state spending. We define "Good of the State Contracts" [page 7, [\(Exhibit C\)](#)], or statewide contracts, as those contracts that represent an enterprise-wide need: office supplies, custodial supplies, some software—things that we all need commonly. We want to make sure that we are optimizing our collective spend.

Through NevadaEPro, we are collecting more data regarding how and what we are buying through these contracts. Over the course of the next biennium, we will be leveraging that data to obtain competitive bids in order to drive further value to state agencies.

The Contract Management team also manages the state procurement card program (P-card Program). The P-card Program saw \$22 million in spending in fiscal year 2018. That is up from the previous fiscal year. There are 96 state agencies utilizing the P-card. At that level of participation, we were able to give rebates of over \$318,000 to those participating state agencies for reinvestment into their programs. We are excited about that.

Lastly, the Contract Management group oversees one of the more important programs that we have in Purchasing, the Preferred Purchase Program. The Preferred Purchase Program is codified in law. Prior to the 2017 Session, there was a program managed by the Department of Employment, Training and Rehabilitation. It was transitioned to Purchasing last session. The Preferred Purchase Program allows us to contract directly with organizations who employ or provide rehabilitative services to people with disabilities, or as I like to say, special abilities. Having that direct contracting authority while serving those folks in our community who probably need the most help is a special opportunity that we have. Since we have managed this program, the most recent quarter is showing that we are employing over 800 Nevadans with special abilities, representing 119 contracts with roughly \$1.2 million in state spending. Those are impressive numbers. I am more excited to share with you what is to come.

We have partners in these programs from organizations like Opportunity Village. Opportunity Village is very proven in this space. They provide great services for our citizens with special abilities. We are thoughtfully engaged with them to understand how we can expand the good work that they are doing. More importantly, we are having conversations with our colleagues at the Department of Health and Human Services to understand how we can better engage with organizations across the state that, similar to Opportunity Village, work with our citizens with special abilities, to see how we could work with them through the Preferred Purchase Program. I would like to explore how we can, through the Preferred Purchase Program, work with state agencies and local government offices in the rural and frontier areas that employ and provide services to folks with special abilities. Stay tuned for more exciting announcements regarding the Preferred Purchase Program.

The last group is our Procurement Operations group [page 8, [Exhibit C](#)]. Their primary focus right now is NevadaEPro. An initiative of the last legislative session, NevadaEPro is the statewide e-procurement system. We contracted for the system with Periscope Holdings, Inc. In awarding the contract, it was our intention that the technology provider have intimate knowledge of government and be able to make the solution available not only to Executive Branch agencies but to local government, as well, at no cost. We were able to achieve that. We kicked off this project in July of 2017 and—I am excited to report—it went live to Purchasing in January, only over six months later. We began financial integration to the state's Advantage Financial System not long after we started, and that financial integration went live in December of 2018. As a result of a favorable decision by the Interim Finance

Committee and, we are hoping, a favorable decision by the State Board of Examiners next week, we will begin rolling out the system to state and local government agencies later this month.

We are funding NevadaEPro through legislation that allows us to collect an administrative fee on statewide contracts [Assembly Bill 483 of the 79th Session]. We spoke about statewide contracts earlier—they are those contracts that we all use equally across the enterprise—they are our highest touch contracts. That legislation allows us to assess up to a 4 percent administrative fee on statewide contracts. We have chosen to impose a 1 percent administrative fee. We began implementing that fee in July of 2017. It has taken us nearly 12 months to process the necessary contract document amendments to be able to levy the fee and to begin collecting it. To date, we have collected over \$1.2 million in administrative fees from state and local government level contracts. All administrative fees collected have been invested back into the technology. We will continue to see future collections of the administrative fee reinvested in the technology to ensure that it provides the efficiencies that we need and that it continues to be available for procurement and contracting users in government, both at the state and local level. There will be much more discussion on the administrative fee as time goes on. There has been conversation around whether we would further reduce the fee; that is absolutely something that we will consider. What we contemplate today is that, as the technology matures and the capital investments slow, we would look to those administrative fees to offset our agency assessments, which is how we are currently funded today.

Procurement Operations is also responsible for the Excess Property Program. In fiscal year 2018, the group managed six statewide auctions with 26 participating entities. The program returned roughly \$1.4 million to the participating state agencies whose assets were sold at auction. This team also oversees the Nevada Certified Contract Manager training course. That curriculum was updated in 2016. We are moving it online in 2019, to allow us to develop a more robust and specialized curriculum that will support our agencies in their procurement contracting functions.

Lastly, I would like to talk briefly about our 2019 legislative initiatives [page 9, ([Exhibit C](#))]. We have no major budgetary bills for review this session. Our key legislative initiative is Assembly Bill 86. We look forward to the opportunity to discuss this bill with you. This bill revises provisions relating to government purchasing. It is an effort by procurement and contracting officials from state and local government, including the Nevada Public Purchasing Study Commission (NPPSC). The intent of this bill is to refresh the procurement laws articulated in NRS Chapters 333 and 332.

Nevada Revised Statutes Chapter 333 was codified into law in 1951. Minor changes have been legislated over the years, but upon our examination, we could not find any indication of a wholesale refresh of the language since its enactment. First, we are looking to modernize the language. Second, we want to identify additional methods of procurement currently in use that are allowed by law but are not specifically identified within the law. Two examples are: Request for Qualifications, a prequalification step that is not specifically defined in law;

and the solicitation of Request for Information, another process that it is not specifically addressed in the statutes. Third, we want to better define the time for an appeal. Contract appeals are a part of our process. While the process is defined in statute, we have found ourselves in a situation over the last biennium that we feel strongly is detrimental to the best interest of the state. I refer to a statewide grant management system that some of you may have discussed in conversations last session. It was an initiative that was approved in the 2017 Session but, unfortunately, has been tied up in an appeal for over a year. As a result, it is our opinion that the state has lost, at a minimum, millions of dollars in grant opportunities that this system would have made us aware of and allowed us to participate in. We want to better define the law as regards to the appeal process, to enable the rendering of a decision within a manageable amount of time that allows the state to continue to meet its business needs and not suffer losses.

Nevada Revised Statutes Chapter 332 touches on local government purchasing [page 9, [\(Exhibit C\)](#)]. Our key objectives here are, again, a general refresh of the law. This law was refreshed in the early 2000s, but the refresh does not allow local governments to take advantage of modern procurement methodologies. That is the number one objective. Local government is also looking to increase the advertising threshold to \$100,000. Currently, they are required to advertise a solicitation at \$50,000. An increase to \$100,000 would provide more efficiencies within their local shops. They would like the ability to award contracts based on best value. A best value award would be defined by a set of criteria identified in law, in a way very similar to how it is in NRS Chapter 333. Local governments are looking to streamline technology procurement. Lastly, they would like the NPPSC to have the ability to submit bill draft requests, in order to address future procurement contracting needs.

That wraps up our presentation. We would be happy to answer questions now or at the end of Public Works' presentation.

Chair Flores:

We have questions now, and then we will move on. Members, I remind you that we will have an opportunity to fully vet the bills that he has referenced. I would prefer that you refrain from asking questions directly on point as to those bills, as we are going to have a full vetting process for them. I would prefer that we focus on questions, in general, as to how they function and what they are doing, or on questions regarding any specific issue that has been raised by a constituent.

Assemblywoman Bilbray-Axelrod:

Regarding surplus items that are valued in excess of \$1,000, could you give me an example of what those are and how you make those available. If done by auction, how is the public notified of available items?

Jeff Haag:

It runs the gamut: from chairs, desks, and file cabinets, to vehicles, street sweepers, and heavy equipment. It is amazing what shows up on the auction yard. Our first approach is to make items available to other state agencies and local government entities within the state.

Tremendous cost savings and efficiencies are realized by these entities when purchasing items that may not ordinarily be within their budget. Items that are not sold as surplus to state agencies or local government entities that we perceive are valued in excess of \$1,000 go up for auction. We have three auctions in southern Nevada and two auctions in northern Nevada, annually. All of those auctions are advertised extensively in the newspaper and through an intensive media campaign using press releases and media interviews. We do our best to make sure that the public is aware of them.

Assemblyman Leavitt:

You spoke about expanding the program you are working on with Opportunity Village to the rural areas. Where are you in that process, and is there a cost associated with the expansion of that particular program?

Jeff Haag:

It is a big project. Opportunity Village (OV), as you are aware, is the most proven program in its space. We are currently working with them on expanding the services that they provide in the space of custodial services, shredding, and imaging, which are some of the business functions and services that they deliver. We are looking at how we can expand the state's contracting opportunities with OV in those areas. We have also entered into conversations with them and other organizations similar to OV and the Department of Health and Human Services to identify other agencies through which we can expand the Preferred Purchase Program model. We are looking to the north, initially, because we have nobody in northern Nevada like Opportunity Village, and then expanding out to the rural areas. The cost of that expansion would be on the supplying organization, in building a business unit that would allow them to provide the types of services that we procure from Opportunity Village, such as custodial and landscaping services. High Sierra Industries is another organization in northern Nevada. They did landscaping for Churchill County. However, they recently lost that contract. We want to see where, through the Preferred Purchase Program, we may be able to leverage some of our landscaping services to High Sierra Industries, or somebody similar to High Sierra Industries, to enable them to provide jobs and rehabilitative services to folks with special abilities. The expense to the state would be minimal to none, other than redirecting a contract. There would be an investment required of those organizations that want to perform those functions for the state.

Assemblyman Ellison:

You say you did a lot of advertising prior to the auctions. Do you run a website for that, for the public? The stuff moving around all through the state is a great idea, instead of throwing stuff in warehouses or taking them to landfills. Many people can use these. Do you have a website that you use strictly for that?

Jeff Haag:

Yes, sir. Our auction company, TNT Auction, has a website that makes the items available for preview in advance of the auction. One has the ability to bid on auctioned items online. If you cannot go to the physical auction, you can bid on those items in real time through their website. The website is great, for both preview and actual participation in the auction. We

do not advertise the particular items on the Purchasing Division website, but we do make public the policies and procedures around the program, and we advertise available auctions.

Assemblyman Carrillo:

As a follow-up to Assemblyman Leavitt's question, what is the pay rate for those individuals serving the state through those services provided by Opportunity Village?

Jeff Haag:

All of those rates are at minimum wage or above. For instance, the custodial contracts are paying wage rates as we would to a private sector company. All of the Preferred Purchase Program contracts are at minimum wage or above.

Assemblyman Assefa:

Is your department making efforts to learn from practices of other states or other agencies, to make your purchasing processes more efficient and more affordable for our state?

Jeff Haag:

Absolutely. The Contract Management group, in support of the Procurement Support team, does extensive research not only on our peers in government, but also through other technology tools that give us a window into public procurement. This ensures that we are approaching projects in the right way, that another governmental entity has not found a more innovative procurement strategy to approach the needs, and that we are current in our practices. We are thankful that government is transparent and that we can look to our partners in other states and governmental jurisdictions to understand how they are managing their procurement processes and get insight on specific projects that they are procuring, in order to ensure that we are leveraging the best value for Nevada.

Chair Flores:

Are there any other questions from members? Seeing none, we will move on.

Patrick Cates:

I introduce Ward Patrick. Members who have been around for a while may remember Gus Nuñez, who was the administrator for the Public Works Division for a number of years. Gus retired last year, and we are happy to have Ward Patrick take over. Ward has been with the Division for a very long time, has a high level of skill and knowledge, and I am very happy to have him as part of our team.

Ward Patrick, Administrator, State Public Works Division, Department of Administration:

The Public Works Division was created by *Nevada Revised Statutes* Chapter 341. The Division consists of the Administrator, the Buildings and Grounds Section, Compliance and Code Enforcement Section that operates as the building official for the State of Nevada, the Professional Services Section, and the State Public Works Board itself. The staff is under the supervision of Director Cates with the Department of Administration.

Nevada Revised Statutes Chapter 331 covers the duties of the Buildings and Grounds Section of State Public Works. *Nevada Revised Statutes* section 341.1405 states that the planning, maintenance and construction of public buildings is a specialized field requiring a high degree of skills and expertise; involves the expenditure of large amounts of public money; involves a public trust; and provides for a consistent, coordinated, and cost-effective approach. The statute further declares it is the policy of this state that these functions be supervised by, and final authority for its completion and acceptance be vested in, the State Public Works Division.

Our goals are best described by our mission: to provide well planned, efficient, and safe facilities to state agencies so they can effectively administer their programs. How we conduct ourselves is best defined by our philosophy. We work as a team to build consensus, we take pride in our work, and we serve with humility. Our organization is composed of four sections. We are currently at 119 employees and we have a seven-member appointed board. Four of the board members are appointed by the Governor, two by the Legislature, and the seventh member is the Director of the Department of Administration, Patrick Cates. We have a dedicated construction law counsel in Deputy Attorney General Susan Stewart. The board establishes policy and serves as an appeals board for the bidder's qualification process and the contract dispute resolution process.

Next, we will present some of our architectural accomplishments and processes.

Kent A. Lefevre, Deputy Administrator, Professional Services, State Public Works Division, Department of Administration:

I am the deputy in charge of professional services for the division. If I could sum up in a single phrase what we do, it is this: We repair, renovate, and build buildings. On your screen is one of our recently completed buildings, the University of Nevada, Las Vegas, William F. Harrah College of Hospitality [page 6, ([Exhibit D](#))]. Our division is composed of architects, engineers, the building official, building inspectors, and other construction industry professionals and an incredible support staff.

I will describe to you how we develop our Capital Improvement Program (CIP) [page 7, ([Exhibit D](#))]. It all begins with an agency request. For example, an agency may tell us, I need an educational building to support my program. Such a request, and hundreds like it, are processed by our division staff. The request will be assigned to a project manager who is responsible for putting together a scope of work and a budget. Once that is done, we conduct an internal jury wherein the project is vetted from various points of view. This stage may also be called a peer review. Projects are then prioritized through the application of a prescribed set of criteria. Revisions and additional passes are also vetted, until the point that the project is ready to be presented to the management of the using agency. Once the projects are ready, they are presented to the State Public Works Board that, in turn, will make a recommendation to the Governor's Office on October 1 of even-numbered years. Once the Governor makes the recommendation to the Legislature, we stand ready to support his budget moving forward.

Once a project is approved, our project management procedures comprise a 143-step guideline to ensure the success of each project [page 8, ([Exhibit D](#))]. The project manager's general tasks list is a roadmap for each project manager to follow throughout the duration of the project. The checklist comprises tasks from the beginning of the project until the paint is dry.

During the course of our work, we comply with and coordinate with state regulatory and other agencies. On the screen [page 9, ([Exhibit D](#))] is a list of several of the agencies we work with, including the State Fire Marshal.

The three delivery methods that we use for projects are as follows [page 10, ([Exhibit D](#))]: design-bid-build, design-build, and construction management at risk. The delivery method for each project is selected with the end result in mind. We ask ourselves, What is the best delivery method for this project? As each project is unique, so are the delivery methods needed to be tailored to each project, for the best interest of the state and the using agency.

Ward Patrick:

The Capital Improvement Program (CIP) project funding sources fall under two categories: state funding and other funding [page 11, ([Exhibit D](#))]. State funding consists of state General Funds, general obligation bonds, and reallocations from the prior CIPs. Other funding consists of highway funds, federal funds, and agency funding.

Recent federal funding sources [page 12, ([Exhibit D](#))] include: the Southern Nevada Veterans Memorial Cemetery expansion; the Nevada Army National Guard; the Northern Nevada State Veterans Home (\$32 million) that is opening in March for certification; wildlife and water system improvements; and the Caliente Youth Center Bridge (\$1.8 million), whose funding we worked on with the Federal Emergency Management Agency.

We have federal grant requests that are included in the 2019 CIP [page 13, ([Exhibit D](#))]. These are:

- the Northern Nevada Veterans Memorial Cemetery columbarium expansion and
- the Southern Nevada Veterans Memorial Cemetery expansion,

each of which is an approximately \$4 million federal grant program. We have three projects from the Federal Emergency Management Agency:

- the Hobart Reservoir Dam,
- the Marlette Lake Dam, and
- an emergency generator at the Reno Purchasing Warehouse to support the food programs.

We have these additional projects:

- heating, ventilation and air conditioning renovations,
- construction of wells and water systems for the Department of Wildlife, and
- military projects, including the statewide paving program and six maintenance projects.

Branden Pearson, Chief of Planning, State Public Works Division, Department of Administration:

I am going to present a brief overview of the Facility Condition and Analysis Program, also known as the FCA program. The program was initiated in 1997. Since then, we have surveyed all the buildings, except for new buildings, approximately three times. When a new building is built, we wait five or six years before surveying it, because it would not have any repairs necessary at the beginning.

The FCA staff is responsible for surveying over 2,500 buildings, which is about 9.7 million square feet [page 14, ([Exhibit D](#))]. These numbers do not include the Nevada System of Higher Education buildings, the Department of Transportation buildings, or the legislative buildings. If we were to include those buildings, the total would be about 4,000 buildings and 30 million square feet of building area. The FCA estimates the replacement costs and repairs needed for each building. The replacement cost of the 9.7 million square feet is about \$3 billion, whereas the repairs recommended in the FCA reports total about \$560 million. These estimated repair costs are for planning level purposes, and the actual project cost will vary from those generated by the FCA Program.

During an FCA survey, the necessary repairs are documented and entered into a database [page 15, ([Exhibit D](#))]. The findings include recommendations pursuant to the Americans with Disabilities Act, safety issues, and general repairs. All the projects are prioritized in the database to aid decision makers. The database contains the building inventory, replacement costs of those buildings, and the recommended repairs. The information about the buildings is used for facility planning, which often includes guidance on whether to repair or replace any particular building.

In conclusion, the Facility Condition Analysis Program fulfills statutory requirements to inspect and assess state buildings.

Kent Lefevre:

Our office also houses the state Building Official [page 16, ([Exhibit D](#))]. This individual represents the authority having jurisdiction for projects constructed on state land. Some of the duties of this office include:

- plan checking,
- permit issuance,
- building inspections, and
- issuance of Certificate of Occupancy.

Ronald Cothran, Deputy Administrator, Buildings and Grounds Section, State Public Works Division, Department of Administration:

The Buildings and Grounds Section, known as B&G, manages 1.8 million square feet of state-owned space [page 18, ([Exhibit D](#))]. The B&G team is knowledgeable in energy conservation, code compliance, habitability, and safety. The B&G team oversees and performs heating, ventilation, air conditioning, electrical, plumbing, carpentry, painting, grounds maintenance, and custodial services.

Maximo is B&G's work order system [page 19, ([Exhibit D](#))]. It holds equipment data and automatically generates work orders to let the team know when to conduct preventative maintenance, regular maintenance, and equipment replacement. By performing preventative maintenance on equipment, the B&G team can save energy and prevent premature failure. We want to prevent reactive maintenance. As an example, heating and air conditioning equipment has a 20-year life expectancy. We do not want a heater to fail or to stop working prematurely, causing the building to be uninhabitable. Our goal is to replace the equipment before it reaches the end of its useful life expectancy.

The Buildings and Grounds Section also has a leasing section [page 20, ([Exhibit D](#))]. The leasing section oversees 325 leases for all state agencies, with the exception of the Nevada System of Higher Education, the Supreme Court, and the Legislature. The team manages 1.8 million square feet of state-owned space, 2.4 million square feet of non state-owned space, and approximately \$52 million in lease payments for fiscal year 2018.

The state leasing program fulfills the requirements of NRS 331.110. The team locates new space for state agencies, inspects leased facilities, and negotiates and manages the rates and terms of leases, build-to-suits, and tenant improvements. Additionally, the team prepares lease contracts.

Chair Flores:

Members, do you have any questions?

Ward Patrick:

Mr. Chair, we have a few more pages to our presentation. Could we proceed?

Chair Flores:

I apologize. I thought you were stopping there. If we could hold it there for a second, however, as there has been quite a bit of information directed our way. Please proceed, Assemblywoman Bilbray-Axelrod.

Assemblywoman Bilbray-Axelrod:

Would you, as a team, think it is more important to build new rather than repair buildings? How would you prioritize that?

Ward Patrick:

Our Facility Condition Analysis group develops a list of repairs and cost estimates for those projects. Branden Pearson presented the replacement costs for these buildings [page 14, ([Exhibit D](#))]. One of the yardsticks that we use is, if the repairs are greater than 50 percent of the value, we should consider replacing the building. It is not a firm rule. There are a number of other determinations that are considered, but that is the general rule we use.

Assemblywoman Bilbray-Axelrod:

Is it a determination that the building is deemed historic if it was built during a certain period? For example, the Legislative Building that we are in was redone and expanded.

Some of us liked the old façade as a matter of personal choice. Is that determination made, and how would you come to the decision?

Ward Patrick:

I first started in state employment when this building still had the old façade. The pylons to hold up the new addition were being pounded in. I appreciated the cobblestone look, as well.

Historic preservation is the primary goal. It is very rare that a historic building would be razed. That can happen, on rare occurrences, but in close communication with the State Historic Preservation Office. Our division manages buildings at the Stewart Indian School. Since I have been here, we have not torn any of those down.

Patrick Cates:

The State Public Works Board uses several criteria to rank projects. One of those criteria is historic preservation; it is one of the key criteria that the board considers.

Assemblyman Leavitt:

You mentioned that you are looking to replace certain items before they reach the end of their useful life. Is there a preventative maintenance program in place to reach or extend that useful life, one that ensures items are not being replaced so often? Is there a program in place to extend the useful life of, for example, an air conditioner, beyond what you are currently doing?

Ward Patrick:

The budgetary process requires the Legislature to be proactive, in order that things do not fail before you have the opportunity to fund them. We use national standards for the expected useful life. We are continuing to work on extending useful life by utilizing deferred maintenance funding.

Regarding your question about a program that helps to extend useful life, I would call that our standard maintenance program.

Chair Flores:

Members, are there any other questions? [There were none.] I note that part of your presentation will discuss some of your bills. Please do a quick summary when you get to that point, as we are going to be going through the vetting process in Committee.

Ward Patrick:

Many people do not know that the state owns a water system. The Marlette Lake Water System consists of Marlette Lake, which is 1,700 feet in elevation above Lake Tahoe, and Hobart Lake, which is above the Washoe Valley area and includes natural springs on the east slope of the Sierras. The Marlette Lake Water System [page 23, ([Exhibit D](#))] is staffed by three certified operators who are onsite and responsible for maintaining the system and all of its components. The system was built by the Virginia and Gold Hill Water Company in 1873, for the purpose of supplying water to the silver mining operations of the Comstock.

The system has changed name and ownership several times over the years. It ultimately was purchased by the State of Nevada in 1963 for \$1.65 million. Runoff from snowfall provides the fresh water for the system's reservoir. This raw water, which needs to be treated to be suitable for domestic purposes, is distributed to Carson City and Storey County for their use. The system is the sole source of water for Storey County.

Marlette Lake Water System is funded primarily from raw water sales. The city and county typically are supplied 500 million to 600 million gallons per year. The volume has been decreasing recently. Capital improvements are made with goals of increasing safety and the amount of water the system can supply, as well as improving the quality of the supplied water. An improvement to the system's infrastructure, completed last summer, is the solar-powered aeration system on Hobart Reservoir. Operating agreements are completed as needed.

Lakeview Tank is the location of the system's inverted siphon piping system, which was considered an engineering feat in its time. Piping runs down to Lakeview Hill, under Interstate 580, and up the east side of Washoe Valley, to the 5-Mile Reservoir for Virginia City. Raw water is also conveyed in the pipeline to Carson City treatment facilities from this location. The lower right-hand picture of the Lakeview Tank [page 25, ([Exhibit D](#))] was taken on a typical August day approximately two years ago. The other two photographs were taken in heavy snowfall, and it is likely to look the same now. We do not have access to the tank at this time of the year, under current conditions, with the soft snow and avalanche conditions. This site is at approximately 7,100 feet in elevation.

In the spirit of keeping time, the next two pages show information about what we have completed in capital projects [page 26, ([Exhibit D](#))] and what we are hoping to complete in the short- to medium-term [page 27, ([Exhibit D](#))].

Assembly Bill 56 develops a reporting system for deferred maintenance projects. It includes an appeals system for the delegation of authority provisions and increases the authority of certain agencies relative to planning, maintenance, and construction.

Chair Flores:

Members, do you have any questions?

Assemblywoman Bilbray-Axelrod:

I am intrigued by the solar-powered aeration equipment. Can you tell me more about that? In southern Nevada, we have a lot of sun.

Ward Patrick:

The brand name of this equipment is SolarBee. It stirs the water and cascades it up in the air to create oxygenation. Oxygenation is a healthful thing for drinking water supplies.

Assemblyman Leavitt:

Going back to the page regarding your funding [page 12, ([Exhibit D](#))], is there a percentage breakdown of each funding source? Is it stated there per project, or do you have a general breakdown of the funding sources broken down over various projects?

Ward Patrick:

This page [page 12, ([Exhibit D](#))] shows the recent funding sources from the last three sessions; it is an accumulation. We can provide you a detailed report on the breakdown per project. I would point out that the current Capital Improvement Program has \$346 million of total funding, of which other funding [non-state funding] is \$65 million.

Chair Flores:

If we look back at your department over 20 years and compare how you are looking at longevity or working with solar, I would like to gauge whether there has been a change in your philosophy and your approach to repairs or the construction of a new building. For example, would you say you have noticed that there is a push for renewables or there is a push for doing things differently in comparison to the past? Many of our members have not been here before, and this is the first time they have heard your presentation. Given your expertise, can you give them insight into what is different now from before and what the division's vision is moving forward, and how that vision changes with different leadership?

Ward Patrick:

We were very active in the solar arena when NV Energy had available rebates. We installed approximately \$20 million worth of solar items, partially funded out of the state's matching funds, but largely funded with NV Energy's rebates. We are very concerned about the solar arena and green building. Our adopted standards include not necessarily the Leadership in Energy and Environmental Design (LEED) program but a Nevada version of a green building LEED program, which constitutes decreasing the use of water, optimizing the use of power and, on occasion, the use of solar.

Regarding the longevity of the buildings, for the decade before last session, our average maintenance in the Capital Improvement Program was approximately \$44 million per session. Last session, it was up to about \$114 million. The current recommendation by the Governor is in the order of magnitude of \$150 million. It has been recognized in the last few sessions that maintenance is going to create longevity and extend the life of the facilities. In our current CIP, we have additional planning projects for state administrative buildings. We hope to build those so they have a sustainable life of 50 years or more.

Chair Flores:

Members, are there any other questions? I see none. Thank you for your time, gentlemen. Members may reach out to you, moving forward.

Is there anyone here for public comment? [There was no one.] This meeting is adjourned [at 10:06 a.m.].

RESPECTFULLY SUBMITTED:

Geigy Stringer
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Department of Administration, Purchasing Division, Agency Overview," dated February 6, 2019, presented by Jeff Haag, Administrator, Purchasing Division, Department of Administration.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Department of Administration, State Public Works Division, Agency Overview," dated February 6, 2019, presented by Ward Patrick, Administrator, State Public Works Division, Department of Administration.