

**MINUTES OF THE MEETING OF THE
SENATE COMMITTEE ON FINANCE
AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIP**

**Eighty-first Session
May 4, 2021**

The joint meeting of the Subcommittees on K-12/Higher Education/CIP of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Marilyn Dondero Loop at 8:04 a.m. on Tuesday, May 4, 2021, Online and in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Julia Ratti
Senator Nicole J. Cannizzaro
Senator Ben Kieckhefer
Senator Heidi Seevers Gansert

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Sandra Jauregui, Vice Chair
Assemblywoman Teresa Benitez-Thompson
Assemblyman Jason Frierson
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblyman Glen Leavitt
Assemblyman Tom Roberts

STAFF MEMBERS PRESENT:

Alex Haartz, Principal Deputy Fiscal Analyst
Brody Leiser, Principal Deputy Fiscal Analyst
John Kucera, Program Analyst
Joko Cailles, Committee Secretary
Barbara Williams, Committee Secretary

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 2

OTHERS PRESENT:

Chris Daly, Nevada State Education Association

CHAIR DONDERO LOOP:

Today we will hear budget account (B/A) 395-1082, Bond Interest and Redemption and the Capital Improvement Program (CIP).

ELECTED OFFICIALS

Treasurer - Bond Interest & Redemption — Budget Page ELECTED-192
(Volume I)
Budget Account 395-1082

BRODY LEISER (Principal Deputy Fiscal Analyst):

The CIP was heard over three separate hearings on February 11, March 11 and April 2. We had a work session on the State Infrastructure Bank (Bank) on April 13.

The Bond Interest and Redemption account begins on page 3 of K-12/Higher Education/CIP Joint Subcommittee Closing List #5 ([Exhibit B](#)). This account provides the funding necessary to pay the principal and interest on the debt instruments issued by the State of Nevada. There are no major closing issues.

There are two technical adjustments, described on page 4. The first technical adjustment aligns property tax revenues in the budget for fiscal year (FY) 2021-2022 and FY 2022-2023. As submitted, the Executive Budget had carried forward the base amount for property tax revenues. Since the projected revenues were used by the Treasurer's debt affordability analysis, the technical adjustments presented do not have any impact on the identified affordability to issue State general obligation (GO) bonds in the 2021-2023 biennium.

Other closing item 3 is a technical adjustment to the source of debt service payments for the University of Nevada, Reno (UNR), Engineering Building. The Seventy-ninth Legislature had approved the issuance of bonds for the building and funded the repayment of those bonds through General Fund appropriations.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 3

The Governor's recommendation is to eliminate the General Fund appropriations and service the debt from the Bond Interest and Redemption account. The technical adjustment removes the transfer of \$2.9 million in each year of the 2021-2023 biennium and would be contingent upon the Senate Committee on Finance and the Assembly Committee on Ways and Means, known as the money committees, approving the UNR 2017 Engineering Building Debt Service budget, B/A 101-3015.

EDUCATION

NSHE

NSHE - 2017 UNR Engineering Building Debt Service — Budget Page NSHE-132
(Volume I)
Budget Account 101-3015

In the April 13 work session on the Bank, there was discussion on how to fund the operational costs of the Bank if it is approved. One of the options was to fund the operational costs out of reserved interest from B/A 395-1082.

On April 22, the Governor's Office of Finance submitted Budget Amendment No. A216704672 ([Exhibit C](#)) that recommends supporting salary and related costs for an executive director and an administrative assistant and operating expenditures for staff and board members. This amendment would establish a new budget under the Nevada Department of Transportation (NDOT) and would be funded with unobligated reserved interest earnings from B/A 395-1082 of \$438,616 over the 2021-2023 biennium.

If the Governor's recommended funding of \$75 million to launch the State Infrastructure Bank and the referenced budget amendment is approved by the full money committees in closing the NDOT budgets, Fiscal staff would recommend a technical adjustment to reflect the transfer of unobligated reserved interest from this budget to support those costs.

SENATOR KIECKHEFER:

Is this recommendation for the CIP as well, or just the Bond Interest and Redemption account?

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 4

MR. LEISER:

This is just for the Bond Interest and Redemption account.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF THE OTHER CLOSING ITEMS IN B/A 395-1082 AS DETAILED ON PAGES 4 AND 5 OF [EXHIBIT B](#) WITH AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BENITEZ-THOMPSON WAS EXCUSED FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

I will now begin to go through the Governor's recommended CIP. Pages 7 through 9 of [Exhibit B](#) is a narrative summary that discusses the changes that have occurred to the CIP as compared to initially submitted and recommended by the Governor. Page 11 is a set of tables that reflect the funding summary as recommended and the changes I will be going over. This page also includes the recommended funding for the bond programs managed and overseen by the Department of Conservation and Natural Resources (DCNR).

Pages 13 through 19 of [Exhibit B](#) is the itemized closing document for the CIP projects, which I will go over in detail.

On page 7 there are delineated CIP funding changes. In working with the Department of Administration (DOA), Fiscal staff identified \$9.8 million in bond proceeds that were previously issued and available for reallocation to support a portion the 2021 CIP. Of that amount, \$8 million is recommended to support three new projects.

Slot Tax is projected by Fiscal staff to be insufficient to support the Governor's recommendation of \$1 million to support a portion of the costs for CIP Project 21-M06, Deferred Maintenance for the Nevada System of Higher Education (NSHE). We will be discussing that project when we go through the maintenance projects. There will be a recommendation to replace the Slot Tax revenue with GO bonds.

Project No. 21-M06—Deferred Maintenance NSHE (HECC/SHECC)

The third funding change is a clarification that approximately \$1.8 million identified in the Executive Budget as "other" funding is actually federal funds to support Project 21-C09.

Project No. 21-C09— Comfort Stations (Valley of Fire State Park)

The fourth funding change is the addition of \$711,495 in federal funds to support a scope expansion for CIP Project 21-C03, the Washoe County Training Center Addition. This was discussed in the April 2 meeting.

Project No. 21-C03—Washoe County Training Center Addition (Nevada Army National Guard)

The last funding change is a clarification on the funding for Project 21-C04, Cave Creek Dam Rehabilitation. The CIP had identified that the project would be supported with \$2.6 million of GO bonds and \$6.9 million of federal funds. During the March 11 hearing, the Nevada Department of Wildlife (NDOW) testified the \$6.9 million would come from a variety of funding sources, not all federal funds. Fiscal staff, in working with the DOA and the NDOW, identified the funding sources as \$2.3 million of federal grant funds, \$3 million of funding from bonds issued under the Assembly Bill (A.B.) No. 84 of the 80th Session and \$1.6 million in sportsman revenue.

Project No. 21-C04—Cave Creek Dam Rehabilitation

The Fiscal Analysis Division received a CIP Budget Amendment ([Exhibit D](#)) on April 28, 2021. The budget amendment included the addition of three projects listed at the bottom of page 7 of [Exhibit B](#).

There are 4 projects, listed on the top of page 8 of [Exhibit B](#), which have been identified as having a useful life of less than 20 years. These projects are recommended to be funded through the issuance of GO bonds with a shorter repayment term based on the useful life of these projects. In building the affordability analysis for the 2021-2023 biennium and subsequent biennia, the Treasurer's Office has confirmed that the affordability analysis accounted for the issuance of up to \$10 million in bonds for projects with shorter repayment terms.

Project No. 21-M09—Switchgear Renovation and Electrical Testing
(Lovelock Correctional Center)

Project No. 21-S04—Statewide Advance Planning Program

Project No. 21-S05—Statewide Paving Program

Project No. 21-S06—Statewide Indoor Air Quality – Environmental Program

During the March 11 hearing, the DOA State Public Works Division (SPWD) testified that, as a result of the Governor's recommendation to support a single consolidated maintenance project, Project 21-M02 for the Department of Health and Human Services (DHHS), the construction cost contingency could be reduced from 15 percent to 10 percent, which would result in \$1 million of GO bond savings.

Project No. 21-M02—Deferred Maintenance (DHHS)

One project, 21-C03, had its authority increased by the CIP Budget Amendment [Exhibit D](#). The amendment requested an increase in scope for the Washoe County Training Center Addition with \$1,464,348. This amendment added planning efforts in advance of construction. The increase would be funded by \$711,495 in federal funds mentioned in the fourth funding change on page 7 of [Exhibit B](#), along with \$752,853 in State GO bonds. The amendment stated the GO bonds to support the increased scope of this project would be covered by the savings realized by the authority reduction previously mentioned in Project 21-M02.

The CIP projects are approved with expenditure authority for a four-year period. The CIP legislation requires the reversion of any unspent funds at the end of four years. If a project is not completed or it is anticipated that it will not be

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 7

completed within the four-year time period, the Legislature can grant an extension for individual projects. The SPWD has identified 14 projects for which it is requesting an extension. The projects are listed beginning on the bottom of page 8 and on to the top of page 9 of [Exhibit B](#).

ASSEMBLYWOMAN JAUREGUI:

Is it common to approve project extensions, or are these due to Covid-19 pandemic delays?

MR. LEISER:

It is normal for the SPWD to request extensions. A number of these particular extensions are necessary as a result of barriers related to the pandemic.

ASSEMBLYMAN LEAVITT:

When an extension is approved, does the project need new funding allocation?

MR. LEISER:

The project extensions are facilitated through the CIP legislation. The Seventy-ninth Session CIP bill required any unspent funds to be reverted by June 30, 2021. The language of this Session's CIP bill will extend the authority and funding granted in 2017 for another two years.

ASSEMBLYMAN LEAVITT:

When discussing shortening the repayment term of GO bonds for projects with a life of less than 20 years, is the repayment term for the expected useful life?

MR. LEISER:

Typically, the bonds issued to support the CIP have a 20-year repayment cycle. The State does not issue 100 percent of the authorized bonds at one time. The SPWD and the DOA work with the Treasurer's Office to identify how much bonding will be needed prior to issuing only the amount of bonds for projects to be started at that time. Bonds issued for projects with a shorter useful life are issued for a repayment term approximating the expected useful life.

ASSEMBLYMAN ROBERTS:

Have the projects slated for extension been started? Do they require an extension simply because, for whatever reason, they have not been completed?

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 8

MR. LEISER:

Yes. The purpose of the extension is to ensure the SPWD has time to complete the projects as approved.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES THAT FISCAL STAFF BE DIRECTED TO INCLUDE BACK LANGUAGE IN THE CIP LEGISLATION THAT WOULD APPROVE THE TWO-YEAR PROJECT EXTENSIONS REQUESTED BY THE SPWD AS LISTED ON THE BOTTOM OF PAGE 8 AND THE TOP OF PAGE 9 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

Page 11 of [Exhibit B](#) shows two sets of tables. The tables on the left reflect a summary of the Governor's recommended funding in the Executive Budget. The tables on the right summarize the funding as it reflects the changes we have just discussed. The substantial differences are the addition of the bond proceeds that were previously issued and are available for reallocation, the addition of the three projects submitted through the CIP Budget Amendment, [Exhibit D](#), and the scope change also submitted through the Budget Amendment. The tables at the bottom of page 11 include the bonds recommended for the DCNR. These were presented in the Subcommittees meeting of March 11.

The Governor recommends \$20 million of bonds to be issued under the authority of A.B. No. 84 of the 80th Session. At the time, the Legislature authorized the future issuance of bonds in an amount not to exceed \$217.5 million to protect, preserve and obtain the benefits of the property and resources of the State.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 9

The Governor recommends \$12 million to be issued for the Lake Tahoe Environmental Improvement Program, which was created following the Lake Tahoe Presidential Forum in 1997. It is a partnership of federal, state and local agencies, private interests and the Washoe tribe. Projects are carried out by the Nevada Tahoe Resource team, which consists of staff from the DCNR Division of State Lands, Division of State Parks, Division of Forestry and the NDOW.

The Governor recommends the issuance of \$4 million in bonds for the Cultural Centers and Historic Preservation Grant Program. This Program focuses on the preservation and promotion of cultural resources and includes a program of awarding grants of financial assistance to preserve and protect historic buildings to be used as cultural centers. The Commission for Cultural Centers and Historic Preservation will solicit information for specific projects.

The Governor recommends \$8 million for the DCNR Division of Environmental Protection Water Infrastructure Grant Program. This Program provides grants to purveyors of water to assist with costs of water conservation. The Water Infrastructure grants are awarded at the discretion of the Board for Financing Water Projects.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF \$44 MILLION IN STATE GO BONDS TO SUPPORT FOUR RESOURCE PROTECTION PROGRAMS, INCLUDING \$20 MILLION FOR THE CONSERVATION BOND PROGRAM ESTABLISHED THROUGH THE PASSAGE OF A.B. NO. 84 OF THE 80TH SESSION, \$12 MILLION FOR THE LAKE TAHOE ENVIRONMENTAL IMPROVEMENT PROGRAM, \$4 MILLION FOR THE CULTURAL CENTERS AND HISTORIC PRESERVATION GRANT PROGRAM AND \$8 MILLION FOR THE WATER INFRASTRUCTURE GRANT PROGRAM.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 10

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

Projects in the CIP are grouped by project type. The first grouping are the construction projects, followed by maintenance projects, economic development projects, planning projects and Statewide projects.

The spreadsheet, beginning on page 13 of [Exhibit B](#), shows each project, funding recommended, funding sources and remarks providing a brief description.

Project 21-C01 is for a heavy equipment repair shop and shop renovation for DCNR. The Governor recommends approximately \$5.5 million to complete design development through construction of a 7,200 square foot (sq ft) heavy equipment repair shop and to renovate the existing 4,600 sq ft shop building at the DCNR facility in Elko. This project is a continuation of Project 19-P08, which had design work deferred pursuant to Senate Bill (S.B.) No. 1 of the 31st Special Session. This new building would provide for a facility that can house larger equipment indoors and space to perform maintenance and mechanical repairs. The equipment is used by the Division of Forestry across northern Nevada.

Project No. 21-C01—Heavy Equipment Repair Shop and Shop Renovation
(Northern Region 2 Headquarters)

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C01 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

Project 21-C02 is a recommendation for a Southern Nevada Fleet Services maintenance building at the Grant Sawyer State Office Building in Las Vegas. The Governor recommends approximately \$9.3 million in Agency funds to construct a 6,150 sq ft fleet support facility. This construction project is a continuation of the planning project, 17-P04, approved by the Seventy-ninth Session Legislature. A similar project was recommended by the Governor during the Eightieth Session, however, the project was withdrawn by the Governor due to insufficient Agency funding. The new facility would focus on supporting vehicle maintenance and include charging stations to expand the capacity to electrify the State's fleet.

Project No. 21-C02—Southern Nevada Fleet Services Maintenance Building
(Grant Sawyer Site)

Following the release of the Executive Budget, additional information was provided by the Agency to clarify the funding for this project would be bond issuance, with debt service to be paid out of the Fleet Services Division budget, B/A 711-1354.

FINANCE AND ADMINISTRATION

ADMINISTRATION

Administration - Fleet Services — Budget Page ADMIN-66 (Volume I)
Budget Account 711-1354

The DOA has confirmed the Executive Budget does not include funding or have sufficient funding in the Fleet Services budget in the 2021-2023 biennium to support the debt service costs and that the Fleet Services budget would not account for those costs until the 2023-2025 biennium.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 12

Given that the Governor's recommendation is to fund this project through the issuance of GO bonds with debt service to be paid from the Agency's budget and that Governor's recommended budget does not account for the necessary debt service payment obligations in the 2021-2023 biennium and rather would depend upon approval by the 2023 Legislature to budget for and approve funding in the 2023-2025 biennium to repay the debt, Fiscal staff would recommend CIP Project 21-C02 not be approved. Fiscal staff further recommends that the Subcommittees direct the DOA, if it chooses to, to request the project as part of the 2023 CIP and that in doing so, the Fleet Services budget request include revenue and expenditure authority to support the project costs or debt service payments.

ASSEMBLYMAN LEAVITT:

If we push this to 2023, are we still expecting the Agency to have the funding to repay the bonds?

MR. LEISER:

The DOA has indicated the Fleet Services budget has some existing debt service that will be retired over the 2021-2023 biennium, and that it will be able to support the debt service in the following biennium. If the project is not approved for the 2021 CIP, the DOA or the Governor could come forward to the 2023 Legislature and recommend funding for this project and demonstrate the budget has sufficient revenue and authority to support the project costs at that time.

ASSEMBLYWOMAN CARLTON:

I look forward to this project being done, but it seems we cannot afford it at this time.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES THAT CIP PROJECT NO. 21-C02 NOT BE APPROVED DUE TO A LACK OF FUNDING TO SUPPORT DEBT SERVICE PAYMENTS IN THE 2021-2023 BIENNIUM AND DIRECT THE DOA, IF IT CHOOSES, TO REQUEST THE PROJECT AS PART OF THE 2023 CIP AND THAT IN DOING SO, THE FLEET SERVICES BUDGET REQUEST INCLUDE REVENUE AND EXPENDITURE AUTHORITY TO SUPPORT THE PROJECT COSTS IN THE 2023-2025 BIENNIUM.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 13

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN FRIERSON WAS EXCUSED FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

Project 21-C03 is the Washoe County Training Center Addition for the Nevada Army National Guard. As originally submitted, this was an approximately \$44.6 million project consisting of \$25.3 million in GO bonds and \$19.3 million in federal funds to design and construct a 55,000 sq ft addition to the existing building at the Harry Reid Training Center in Stead. The existing training center does not comply with National Guard requirements regarding facility allowances and lacks adequate training area, administrative space, supply room space, arms vault support space and vehicle parking critical to the Guard's mission. The Office of the Military indicated the existing facility is being used at 200 percent capacity.

There was discussion during the budget hearing regarding the timeline for this project. The SPWD indicated that in order to receive the federal funding by September 2023, when construction would begin, the design work must be completed and the project biddable and in an awardable state. This project was discussed earlier under funding changes to the Executive Budget. The budget amendment, [Exhibit D](#), requested authority be increased for this project by approximately \$1.5 million. This change would enable the planning and design to be completed in order to secure the grant funding for construction.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C03 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 14

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

Project 21-C04 is the Cave Creek Dam Rehabilitation for the NDOW. The Governor recommends approximately \$9.5 million to complete design and construct improvements on the dam at Cave Lake State Park. The DCNR Division of Water Resources has classified the dam a high hazard as it does not meet dam safety standards or Nevada codes. If the structural issues are not addressed, the dam could be decommissioned or fail. A failure of the dam may result in the loss of the area as a recreational destination. Currently, the water levels are being kept low through a pump and siphon system.

As I noted in the overview, we received subsequent information from the DOA and NDOW that the funding recommended to support the project would consist of approximately \$2.6 million in GO bonds, \$2.3 million in federal grant funds, \$3 million in funding from bonds issued under A.B. No. 84 of the 80th Session and \$1.6 million in sportsman revenue.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C04 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATORS RATTI AND SEEVERS GANSERT WERE EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

Project 21-C05 is the Engineering Academic and Research Building at the University of Nevada, Las Vegas (UNLV).

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 15

Project No. 21-C05—Engineering Academic and Research Building (UNLV)

The Governor recommends approximately \$73.7 million, consisting of \$36.8 million in State funds and \$36.8 million in University funds, to construct a new 52,000 sq ft building. The building would include laboratory and support facilities, space for teaching, and space for projects and collaboration for students and faculty.

The project recommends \$5.8 million for furniture, fixtures and equipment. The SPWD indicates the amount would cover 100 percent of the facility needs.

If approved, it is anticipated the building would be ready for occupancy in June 2023. Subcommittee members may recall there was funding approved in the Eightieth Session to support a portion of the costs to fund this building; however, that particular project was cancelled pursuant to S.B. No. 1 of the 31st Special Session.

During the budget hearing, UNLV confirmed its portion of the funding would be provided by the issuance of bonds. The debt service for those bonds would be paid through a combination of the Capital Improvement Fee revenues that are charged to students and donor funding as available. The College of Engineering at UNLV has experienced program and enrollment growth and needs space expansion to meet its program demands and workforce needs. The University also indicated the College of Engineering has been instrumental in its achievement of Research I status from the Carnegie Classification of Institutions of Higher Education.

ASSEMBLYMAN LEAVITT:

It looks like an even split of funding—is this a required match?

MR. LEISER:

Over the last several biennia, the policy of the money committees has been to use a 50:50 split for funding university projects. The funding split recommended here is consistent with recent projects.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 16

ASSEMBLYWOMAN CARLTON:

This project has been a long time coming. This will be an SPWD project, and *Nevada Revised Statutes* (NRS) specifies State dollars are the last dollars in. The first half comes from the other funding sources. I hope donors step up so the burden will not fall primarily on student fees.

Can Fiscal staff confirm that is correct?

MR. LEISER:
Confirmed.

CHAIR DONDERO LOOP:

We have a great engineering program at UNLV, and we should embrace it.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C05 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATORS RATTI AND SEEVERS GANSERT WERE EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

Project 21-C06 is the Hobart Reservoir Dam Rehabilitation for the Marlette Lake Water System (MLWS).

Project No. 21-C06— Hobart Reservoir Dam Rehabilitation (Marlette Lake Water System)

The Governor recommends approximately \$13.9 million, consisting of \$3.9 million in GO bonds and \$10 million in federal funds, to complete the design and construct structural and functional upgrades at the Hobart

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 17

Reservoir Dam. This would include seismic and spillway upgrades, access bridge construction and replacement of discharge piping and outlet valves.

The SPWD indicates it expects a status update in June 2021 on the federal approval of grant funding. During the budget hearing, there was discussion regarding the recommended State funding and whether the MLWS customers, Carson City and Storey County, had available funding to contribute towards this project. Neither jurisdiction has the ability to support the costs of this project.

It was further testified that while the MLWS supplies water to local entities, the Water System as a whole benefits a larger scope of population and other State agencies. The MLWS is owned by the State and is an asset of the State and therefore the responsibility of the State to maintain. The Legislature has approved projects in the past for the MLWS, funded through the issuance of GO bonds.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C06 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATORS RATTI AND SEEVERS GANSERT WERE EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

Project 21-C07 is to construct organizational parking area at the Washoe County Armory in Stead.

Project No. 21-C07— Construct Organizational Parking (Washoe County Armory)

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 18

The Governor recommends approximately \$1.4 million, consisting of \$1 million in federal funds and \$432,627 in GO bonds to construct a gravel-top parking area with fencing for organizational vehicle parking.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C07 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATORS RATTI AND SEEVERS GANSERT WERE EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:
Project 21-C08 is to purchase a Navy Operational Support Center in Stead.

Project No. 21-C08— Purchase of Navy Operation Support Center

The Governor recommends approximately \$4.5 million, consisting of \$3.8 million in GO bonds and \$686,035 in federal funds to purchase the Navy Operational Support Center and complete interior renovations. The building is owned by UNR.

The Office of the Military indicates this site would be used by the Stead Training Center Unit to support training and mobilization of the Nevada Army National Guard northern units. The Office further indicates the purchase of the property would allow them to address the 2018 National Defense Strategy by providing a site to develop the capability of mobilizing units in support of State and federal missions independent of external resources and training needs.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C08 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 19

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATORS RATTI AND
SEEVERS GANSERT WERE EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:
Project 21-C09 is for comfort stations in the Valley of Fire State Park.

The Governor recommends \$816,297, consisting of \$436,579 in GO bonds and \$379,718 in federal funds to replace six restrooms at various remote locations throughout the park.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL
COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C09 AS REFLECTED
ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS
EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:
Project 21-C10 is for an aircraft storage hangar and sitework at the Harry Reid
Training Center.

Project No. 21-C10— Aircraft Storage Hangar and Sitework (Harry Reid Training
Center)

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 20

The Governor recommends approximately \$6.5 million, consisting of \$2.8 million in GO bonds and \$3.7 million in federal funds to complete design and construct a 16,355 sq ft storage hangar for the Army Aviation Support Facility. The Nevada Army National Guard has 12 aircraft but only has hangar space for 6 aircraft.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C10 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

Project 21-C11 is supplemental funding for cemetery expansion at the Southern Nevada Veterans Memorial Cemetery.

Project No. 21-C11— Cemetery Expansion Supplemental Funding (Southern Nevada Veterans Memorial Cemetery)

The Governor recommends approximately \$4.1 million, consisting of \$3.5 million in federal funds and \$607,271 in GO bonds to support the continuation and expansion of CIP project 19-C03. Project 21-C11 provides the necessary 10 percent match for both projects to be completed.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C11 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 21

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HAFEN WAS EXCUSED FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

Project 21-C12 is for a welding lab addition and renovation at Great Basin College in Elko.

Project No. 21-C12— Welding Lab Addition and Renovation (Great Basin College)

The Governor recommends approximately \$6.3 million, consisting of \$5.7 million in GO bonds and \$600,000 in funds from the College, to complete design and construct a 4,500 sq ft welding lab addition. Great Basin College indicated the student Capital Improvement Fee revenues would be the funding source, and the entire amount is available to support this project.

This project is a continuation of the Project 19-P70, approved by the Eightieth Legislature. There was discussion during the budget hearing concerning the project's coordination and the need for the construction to not disrupt the program, given that the welding program is in high demand. Testimony during the hearing indicated the approach would be to build the addition first and have working welding stations before beginning the renovation in order to lessen disruption to the program.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C12 AS REFLECTED ON PAGE 13 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HAFEN WAS EXCUSED FOR THE VOTE.)

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 22

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS
EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The last construction project is shown on page 14 of [Exhibit B](#). Project 21-C13 is for renovation of the Marlette Lecture Hall at Western Nevada College in Carson City.

Project No. 21-C13—Renovation of Marlette Lecture Hall (Western Nevada College)

The Governor recommends approximately \$1.5 million of GO bonds to complete design through construction to renovate the 1,950 sq ft Marlette Lecture Hall. The renovation would reconfigure the hall from a 120-seat tiered auditorium to a collaborative teaching classroom with 50 to 60 seats. The classroom would be interactive and allow students to present projects on large screens and facilitate distance learning and collaboration.

This would be a continuation of Project 19-P71 that had its scope reduced as part of the Thirty-first Special Session.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL
COMMITTEES APPROVAL OF CIP PROJECT NO. 21-C13 AS REFLECTED
ON PAGE 14 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HAFEN WAS
EXCUSED FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS
EXCUSED FOR THE VOTE.)

* * * * *

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 23

MR. LEISER:

[Exhibit B](#) has a number of maintenance projects on pages 14 through 16 that are shaded in gray. Based on the Subcommittees review of these projects during hearings and follow-up information provided to Fiscal staff, there are no major issues identified as needing additional discussion with this subset of projects.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NOS. 21-M01, 21-M03, 21-M04, 21-M05, 21-M07, 21-M08, 21-M09, 21-M10, 21-M11, 21-M12, 21-M13, 21-M15, 21-M16, 21-M17, 21-M18, 21-M19, 21-M20, 21-M21, 21-M23, 21-M24, 21-M25, 21-M26, 21-M27, 21-M28, 21-M29, 21-M30, 21-M31, 21-M32, 21-M33, 21-M34, 21-M35, 21-M36, 21-M37, 21-M38, 21-M39, 21-M40, 21-M41, 21-M43, 21-M45, 21-M46, 21-M47, 21-M50, 21-M51, 21-M52, 21-M53, 21-M54, 21-M55, 21-M56, 21-M57 AND 21-M58 AS REFLECTED ON PAGES 14 THROUGH 17 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN HAFEN WAS EXCUSED FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The first maintenance project to be discussed is 21-M02, deferred maintenance. As originally submitted, the Governor recommended \$28.2 million in GO bonds to support a single consolidated CIP deferred maintenance project for DHHS, which is a new approach.

The estimated cost is based on 19 individually identified projects for various DHHS facilities throughout the State that previously would have been recommended as individual projects within the CIP. The 19 individual projects are identified as priority 1 projects by SPWD. Priority 1 projects are typically

ones the Agency has identified to be addressed within two years. In addition, SPWD has identified 16 projects as priority 2 projects that could be funded if the priority 1 projects result in savings after completion.

Fiscal staff has not identified any issues with the individual projects; however, this consolidated approach would represent a budget policy change for maintenance projects. In testimony, SPWD indicated this approach is similar to what is done in Statewide programs.

The Division identified two primary benefits of the consolidated project approach. One is the ability to address emergencies or contingencies as they arise. The other is the potential to begin work immediately to fund priority 2 projects with any savings realized in priority 1 projects.

The SPWD provided information that through this consolidated approach, the construction contingency, budgeted at 15 percent, could be reduced to 10 percent. As a result, the overall project costs can be reduced by \$1 million, as reflected on page 14 of [Exhibit B](#).

It has been the policy of the Legislature to limit the use of funds in any given biennium to individual projects approved within the CIP, with limited exceptions. The CIP legislation has historically included language that allows for some flexibility with approval of the Interim Finance Committee (IFC), permitting the SPWD to request approval to move funding from one project to another within the biennium's approved CIP and within the same agency.

This project, as recommended, would remove that requirement and the oversight of the IFC and provide the flexibility to the SPWD to transfer funding between and among all DHHS deferred maintenance projects. Under NRS 341.145, the SPWD must obtain approval from IFC before any change in scope of an approved project, if that change results in an increase or decrease of costs or total square footage by 10 percent or more compared to the legislatively approved project.

By consolidating the 19 individual projects, the SPWD may not be required to bring forward such requests to the IFC should there be a change in scope or cost.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 25

Given the recommended change in policy, the Subcommittees may wish to consider the following options.

Option A: Approve CIP Project 21-M02 as recommended by the Governor, with an adjustment to reduce the budgeted construction contingency by \$1 million, with total funding of \$27,142,079 as reflected on page 14 of [Exhibit B](#). This would provide funding for the SPWD to complete all 19 priority 1 projects identified in the project cost estimate and authorize the SPWD to use savings realized from actual costs of any or all priority 1 projects to be used to fund one or more of the identified priority 2 projects. If this option is recommended, the Subcommittees may wish to recommend the Agency report to the IFC on a quarterly basis summarizing the status of approved projects in the consolidated approach, identifying any savings realized by project, and identifying when savings from priority 1 projects is expended on either priority 2 projects or emergency projects through the issuance of a letter of intent (LOI).

Option B: Approve all 19 priority 1 projects identified in CIP Project 21-M02 as individual projects in the CIP legislation consistent with prior policy of the money committees in approving maintenance projects for the DHHS, which would eliminate the \$1 million in savings as the construction contingency would be restored to 15 percent for each individual project at a total cost of \$28,153,124.

ASSEMBLYWOMAN CARLTON:

Changing policy like this was a tough decision for me as a Legislator—giving up authority, especially when it comes to the purse strings. Since these are maintenance projects, they are not quite as detailed or long-term as construction projects, and we need to keep the maintenance going. If we treat this as an experiment for this biennium, the quarterly reporting will give us an idea of its success.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-M02 AS RECOMMENDED BY THE GOVERNOR WITH AN ADJUSTMENT TO REDUCE THE BUDGETED CONSTRUCTION CONTINGENCY BY \$1 MILLION WITH TOTAL FUNDING OF APPROXIMATELY \$27.1 MILLION AS DETAILED ON PAGE 14 OF [EXHIBIT B](#) AND TO

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 26

ISSUE AN LOI DIRECTING THE AGENCY TO REPORT TO THE IFC ON A QUARTERLY BASIS SUMMARIZING THE STATUS OF APPROVED PROJECTS, IDENTIFYING ANY SAVINGS REALIZED BY PROJECT AND IDENTIFYING WHEN SAVINGS FROM PRIORITY 1 PROJECTS ARE EXPENDED ON EITHER PRIORITY 2 PROJECTS OR EMERGENCY PROJECTS.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

In Project 21-M06, the Governor recommends \$15 million in funding to support deferred maintenance projects for NSHE. Historically, NSHE has received \$15 million each biennia for this purpose as part of the legislatively approved CIP. As indicated during the overview, the Governor's recommendation to support this project includes \$1 million in Slot Tax. Based on Slot Tax projections used to fund existing debt service obligations and with the remaining authority to support a portion of the 2019 deferred maintenance projects for NSHE, Fiscal staff's analysis reflects there would not be sufficient revenue to support the Governor's recommendation.

Therefore, the Subcommittees may want to consider replacing the \$1 million in Slot Tax with GO bonds to fund the project in whole at the \$15 million level, consistent with the historic level of funding approved by the Legislature to support deferred maintenance at NSHE facilities.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF \$15 MILLION IN STATE GO BONDS TO SUPPORT CIP PROJECT NO. 21-M06 AND NOT APPROVE THE AUTHORITY OF \$1 MILLION IN SLOT TAX REVENUE OTHERWISE

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 27

RECOMMENDED BY THE GOVERNOR FOR ALLOCATION TO SUPPORT A
PORTION OF THIS PROJECT.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATORS KIECKHEFER AND
SEEVERS GANSERT WERE EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

I will discuss the next two projects together, Project 21-M14 and
Project 21-M44.

Project No. 21-M14—Data Center Facility Site Upgrades (Enterprise IT Services)
Project No. 21-M44—Computer Room Cooling System Upgrade (State
Computer Facility)

The Governor recommends \$325,633 in Agency funds for Project 21-M14 and
\$2.2 million in Agency funds for Project 21-M44. Subsequent information
clarified these projects were not intended to be funded with Agency funds. The
intent was to fund the projects through the issuance of bonds, with debt service
to be paid from the DOA's Division of Enterprise IT Services (EITS) budget.

Administration - EITS - Office of the CIO — Budget Page ADMIN-29 (Volume I)
Budget Account 721-1373

The Executive Budget does not include funding or have expenditure authority in
the EITS budget in the 2021-2023 biennium to support debt service costs for
these projects. In presenting these projects during the budget hearing and
information provided subsequently, the Agency's intent was that the necessary
revenues and expenditure authority to support the debt service would be built
into the 2023-2025 biennium.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 28

Given that the Governor's recommendation is to fund these two projects through the issuance of GO bonds with debt service to be paid from the Agency's budget, that the Executive Budget does not account for the necessary debt service payment obligations and rather would depend upon approval of the 2023 Legislature to budget for and approve funding in the 2023-2025 biennium to repay the debt, Fiscal staff recommends CIP Projects 21-M14 and 21-M44 not be approved, and that the Subcommittees direct the DOA, if it chooses to, to request the projects as part of the 2023 CIP. In doing so, the EITS budget request should include revenue and expenditure authority to support the project costs or debt service payments based on the recommended funding of the project at that time.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES THAT CIP PROJECT NOS. 21-M14 AND 21-M44 NOT BE APPROVED DUE TO A LACK OF FUNDING TO SUPPORT THE DEBT SERVICE PAYMENTS IN THE 2021-2023 BIENNIUM AND DIRECT THE DOA, IF IT CHOOSES, TO REQUEST THE PROJECTS AS PART OF THE 2023-2025 CIP AND THAT IN DOING SO, THE EITS BUDGET REQUEST INCLUDE REVENUE AND EXPENDITURE AUTHORITY TO SUPPORT THE PROJECT COSTS OR DEBT SERVICE PAYMENTS BASED ON THE RECOMMENDED FUNDING OF THE PROJECT AT THAT TIME.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:
The next project for discussion is Project 21-M49.

Project No. 21-M49—Purchasing Warehouse Renovation

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 29

The Governor recommends \$969,423 in Agency funds to renovate the purchasing warehouse in Las Vegas with a replacement roof and addition of a fire alarm and sprinkler system. The Executive Budget did not include funding in the 2021-2023 biennium to support costs for this project. Based on information from the DOA and the projected ending balance in this budget account for FY 2020-2021, it appears the Agency's budget could support 100 percent of the projects cost in the 2021-2023 biennium.

Administration - Purchasing — Budget Page ADMIN-133 (Volume I)
Budget Account 718-1358

In closing the Purchasing Division's budget, the Subcommittees on General Government did provide Fiscal staff with the authority to make an adjustment to that budget to reflect the project costs, if Project 21-M49 is approved.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-M49 FUNDED WITH RESERVED ASSESSMENT AND FEE REVENUES IN THE PURCHASING B/A 718-1358 AS REFLECTED ON PAGE 16 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The last two maintenance projects, 21-M59 and 21-M60, were submitted through the previously mentioned budget amendment shown in [Exhibit D](#). The Subcommittees have not heard these projects.

Project No. 21-M59—Central Plant Replacement (Nevada State Museum, Las Vegas)

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 30

Project No. 21-M60—Replace Cell Doors and Locks (Northern Nevada Correctional Center)

The central plant replacement for the Nevada State Museum in Las Vegas would be funded by approximately \$3.1 million in GO bonds. The project would provide for replacement of chilled water equipment, cooling towers, boilers, pumps, temperature controls and other associated equipment. The additional funding for this project was discussed during the funding summary on page 11 of [Exhibit B](#).

The second project, 21-M60, is to replace cell doors, sally port exterior doors, door locks, wing gate operators, door controls and door control wiring in Housing Units 4,5 and 6 at the Northern Nevada Correctional Center.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NOS. 21-M59 AND 21-M60 ADDED TO THE GOVERNOR'S RECOMMENDED CIP THROUGH A BUDGET AMENDMENT RECEIVED ON APRIL 28, 2021 AND AS REFLECTED ON PAGE 17 OF [EXHIBIT B](#).

SENATOR RATTI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN JAUREGUI WAS EXCUSED FOR THE VOTE.)

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The next group of seven projects are in the Economic Development section, listed at the bottom of page 17 and the top of page 18 of [Exhibit B](#). A similar category was approved by the Seventy-sixth Session but has not been recommended since that time.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 31

The Governor's recommendation would include approximately \$6.2 million, including \$2.3 million in State funding for seven projects. Based on information presented by the Division, these are projects that have other sources of funding available for project costs but require some sort of investment or match by the State. These projects are being recommended specifically because of the funding they will bring to the State, thereby bringing economic development.

Based on the Subcommittees review of these projects during previous hearings and follow up information provided to Fiscal staff, there are no major issues identified with this group of projects. Fiscal staff would recommend a single motion be taken for consideration on these projects.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NOS. 21-E01, 21-E02, 21-E03, 21-E04, 21-E05, 21-E06 AND 21-E07 AS REFLECTED ON PAGES 17 AND 18 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR KIECKHEFER VOTED NO. SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The next group of seven projects in the CIP are the planning projects, found on page 18 of [Exhibit B](#). Based on the Subcommittees review and information provided to Fiscal staff, there are no issues identified with Projects 21-P02 and 21-P04. Fiscal staff would recommend a single motion be taken for consideration on these projects.

Project No. 21-P02—Advance Planning: Seismic Retrofit and Renovation (Heroes Memorial & Annex)

Project No. 21-P04—Advance Planning: Headquarters Building (Department of Public Safety)

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 32

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NOS. 21-P02 AND 21-P04 AS REFLECTED ON PAGE 18 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

I will go through each of the remaining planning projects individually. All can be found on page 18 of [Exhibit B](#). The first is Project 21-P01.

Project No. 21-P01 – Advance Planning (Grant Sawyer Office Building Remodel)

The Governor recommends approximately \$4.9 million in GO bonds to complete the advance planning for the remodeling of the Grant Sawyer State Office Building in Las Vegas. Details are listed on page 18 of [Exhibit B](#). Future construction costs are estimated at \$93 million. The planning project was previously approved by the Eightieth Session Legislature but was reduced in scope pursuant to S.B. No. 1 of the 31st Special Session.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-P01 AS REFLECTED ON PAGE 18 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 33

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS
EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The next planning project is 21-P03.

Project No. 21-P03—Advance Planning: Remodel and Addition (Southern
Nevada Veterans Home)

The Governor recommends approximately \$4.2 million, including \$2.6 million in federal funds and \$1.6 million in GO bonds to complete programming study and design through construction documents to complete interior renovations and remodel shared rooms at the Southern Nevada State Veterans Home in Boulder City. The proposed remodel will consist of 82,000 sq ft of existing space, including bedrooms, common areas, central dining, nursing station, physical therapy spaces, staff work areas, chapel, culinary and other support spaces. The project would also add 14,400 sq ft of new space for resident rooms. The project would convert double occupancy rooms to single occupancy which the Agency testified is a requirement of the federal grant funding and would result in the 180-bed capacity being reduced to 120 beds.

During the closing of the Veterans Services budgets, the census for this facility was 132 residents with a wait list of 32, of which 6 were expected to be admitted at the end of April, 9 in May and 17 applications that were being reviewed at the time. During that meeting, it was also testified that both the Southern and Northern Nevada Veterans Homes were Covid-19 free.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL
COMMITTEES APPROVAL OF CIP PROJECT NO. 21-P03 AS REFLECTED
ON PAGE 18 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 34

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

The next planning project is 21-P05.

Project No. 21-P05—Advance Planning: General Instruction Building (Floyd Edsall Training Center)

The Governor recommends approximately \$5.5 million, including \$4 million in federal funds and \$1.4 million in GO bonds to complete design through construction documents for a general instruction building, barracks, dining facility and supporting facilities within the Floyd Edsall Training Center north of the Speedway Readiness Center in Las Vegas. The new facility is required for the 421st Regional Training Institute to maintain its accreditation for training the National Signal Non-Commissioned Officer Corps.

According to the Agency, a self-contained educational facility with barracks and a dining facility is required to provide adequate space to conduct necessary training.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-P05 AS REFLECTED ON PAGE 18 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

The next planning project is 21-P06.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 35

Project No. 21-P06—Advance Planning: Department of Motor Vehicles
(Silverado Ranch Facility)

The Governor recommends approximately \$6.3 million in Highway Fund appropriations to complete design through construction documents for a new, full-service Department of Motor Vehicles (DMV) facility with commercial driver's license (CDL) services on Silverado Ranch Boulevard in Las Vegas.

The building is estimated to be 67,000 sq ft and would include customer service stations, classrooms, testing spaces, offices, emission stations and waiting areas. In testimony, the project justification given was that the Donovan CDL Express facility could not handle customer demand, and the Henderson DMV customer service stations were inadequate to meet the Agency's operational processes, equipment needs and accessibility requirements.

If the Silverado Ranch DMV facility is approved and constructed, the DMV anticipates closing both the Donovan CDL Express and Henderson facilities. During the hearing, there was discussion on whether those two offices could be kept open if the new Silverado Ranch facility were completed. The DMV indicated it would be unable to keep the Donovan and Henderson facilities open and remain within the statutory Highway Fund cap in its budget.

ASSEMBLYWOMAN CARLTON MOVED TO DEFER A DECISION ON
CIP PROJECT NO. 21-P06 AND REFER IT TO THE FULL COMMITTEES.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLYWOMAN CARLTON:

I had some concerns and unanswered questions I would like to investigate further before we decide on this project.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 36

MR. LEISER:

The next planning project is 21-P07.

Project No. 21-P07—Advance Planning: Wastewater System Upgrade (Lovelock Correctional Center)

This project was added to the CIP through the budget amendment, [Exhibit D](#). It would provide preliminary analysis, wastewater system modeling and design through construction documents to upgrade the wastewater treatment system at the Lovelock Correctional Center.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECT NO. 21-P07, ADDED TO THE GOVERNOR'S RECOMMENDED CIP THROUGH A BUDGET AMENDMENT RECEIVED ON APRIL 28, 2021, AS REFLECTED ON PAGE 18 OF [EXHIBIT B](#).

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. LEISER:

The last group of projects in the CIP is the Statewide projects, found on pages 18 and 19 of [Exhibit B](#). Projects 21-S01 through 21-S09 are shaded in gray. Based on the Subcommittees review of these projects during previous hearings and follow up information provided to Fiscal staff, there are no major issues identified with this subset of projects. Fiscal staff recommends a single motion be considered.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF CIP PROJECTS 21-S01, 21-S01W, 21-S02, 21-S03, 21-S04, 21-S05, 21-S06, 21-S07, 21-S08 AND 21-S09 AS REFLECTED ON PAGES 18 AND 19 OF [EXHIBIT B](#) AND WITH

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 37

AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS
AS NECESSARY.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR SEEVERS GANSERT WAS
EXCUSED FOR THE VOTE.)

* * * * *

MR. LEISER:

The final project for consideration today is Project 21-S11, funding for the State Infrastructure Bank (Bank).

Project No. 21-S11—Statewide Infrastructure and Economic Development
Program

The Subcommittees have had thorough discussions regarding funding to launch the Bank. Testimony was heard originally on March 11, followed by a work session on April 13. The Governor recommends \$75 million in GO bonds to fund and launch the Bank, established pursuant to NRS 408.55069.

The Bank was established through the passage of A.B. No. 399 of the 79th Session for the purpose of providing loans and other financial assistance to various governmental units for the development, construction, improvement, and operation of certain transportation facilities and utility infrastructure.

The Bank could be used as a match to federal funding that may become available or be received. As communicated in his State of the State address on January 19, launching the Bank is a priority for the Governor. The Bank is recommended to address the many needed infrastructure upgrades throughout the State and as a job-creating measure for Nevadans.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 38

Following the March 11 hearing, the DOA provided a list of 162 potential projects from the Governor's office and identified by local governments as shovel-ready projects.

The Bank is to be administered by a Board of Directors consisting of the NDOT Director, the State Treasurer, the Director of the Department of Business and Industry, the Executive Director of the Office of Economic Development and two members of the public appointed by the Governor.

There was discussion regarding the operational costs associated with the Bank and the timing challenges to fund it with GO bonds to ensure the Executive Director could be brought in and the Board could put procedures in place to establish an application process. Options were presented during the work session to address those concerns.

As mentioned in closing the Bond Interest and Redemption Account, B/A 395-1082, the Governor's Office of Finance submitted Budget Amendment No. A216704672, [Exhibit C](#), on April 22 that recommends supporting salary and related costs for an executive director and an administrative assistant and operating expenditures for staff and Board members. This amendment would establish a new budget under NDOT and would be funded with unobligated reserved interest earnings from B/A 395-1082. The budget amendment will be presented to the money committees when the NDOT budgets are brought forward for final approval.

There was also discussion during the hearing and work session about a bill draft request relating to the Bank. That bill, [S.B. 430](#), has been introduced and referred to the Senate Committee on Growth and Infrastructure.

[SENATE BILL 430](#): Revises provisions governing the Nevada State Infrastructure Bank. (BDR 35-1110)

The provisions in [S.B. 430](#) are consistent with the testimony previously provided by the Governor's Office. The bill would revise the eligibility provisions to add Indian reservations, Indian colonies and private entities created for charitable or educational purposes. The bill expands the type of eligible facilities that could be financed through the Bank to include water and wastewater,

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 39

renewable energy, recycling and sustainability, digital, social and other infrastructure related to economic development. The bill provides clarifying language that the Bank shall operate under the direction of the Board and adds the Director of the Office of Energy to the Board of Directors. It would expand the list of agencies that may provide technical support and assistance to the Bank to include the Department of Business and Industry, the Office of Economic Development, the DCNR, the Office of the State Treasurer and the Office of Energy.

Given that the SPWD would not have oversight or management responsibilities associated with the Bank, Fiscal staff recommends that if the Subcommittees recommend approval of the funding as recommended by the Governor or at a different level, that the CIP project number reference be removed when the CIP legislation is drafted to ensure that it is clear the Bank is not administered by the SPWD under the provisions of NRS 341.

SENATOR KIECKHEFER:

I am a supporter of the State Infrastructure Bank, but I do not support using GO bonds to fund it. Especially with the expansion of eligibility, I cannot support using State debt to fund charitable private entities. I would prefer to seed the Bank with cash on hand or unallocated ending fund balance.

ASSEMBLYWOMAN CARLTON:

I share some of Senator Kieckhefer's concerns but am comforted by knowing there are a lot of off-ramps in this thing before it gets where it is going. This is just a Subcommittees closing. There will be a bill hearing, and I look forward to seeing what the end result looks like.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES APPROVAL OF \$75 MILLION IN STATE GENERAL OBLIGATION BONDS TO FUND THE LAUNCH OF THE STATE INFRASTRUCTURE BANK ESTABLISHED PURSUANT TO NRS 408.55069.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 40

SENATOR SEEVERS GANSERT:

I will also be voting no. I am concerned with the Bank's broad definition of economic development. I look forward to seeing the legislation and considering how to grow and diversify our economy.

ASSEMBLYMAN ROBERTS:

I too have the same concerns as Senator Kieckhefer and will also be a no.

ASSEMBLYMAN LEAVITT:

I will also be voting no.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HAFEN, LEAVITT
AND ROBERTS VOTED NO.)

SENATE: THE MOTION CARRIED. (SENATORS KIECKHEFER AND
SEEVERS GANSERT VOTED NO.)

* * * * *

MR. LEISER:

Finally, Fiscal staff requests authority to make technical adjustments as necessary to the CIP projects and to the State Infrastructure Bank recommended for approval by the Subcommittees.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL
COMMITTEES TO GRANT AUTHORITY FOR FISCAL STAFF TO MAKE
TECHNICAL ADJUSTMENTS AS NECESSARY TO THE CIP PROJECTS
AND TO THE STATE INFRASTRUCTURE BANK RECOMMENDED FOR
APPROVAL.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 41

CHRIS DALY (Nevada State Education Association):

The Nevada State Education Association has been the voice of Nevada educators for over 120 years. Our letter of public comment to the K-12 Budget Subcommittees ([Exhibit E](#)) is submitted.

Remainder of page intentionally left blank; signature page to follow.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on K-12/Higher Education/CIP
May 4, 2021
Page 42

CHAIR DONDERO LOOP:

Seeing no further public comment, this meeting is adjourned at 10:28 a.m.

RESPECTFULLY SUBMITTED:

Barbara Williams,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda
	B	4	Brody Leiser / Legislative Counsel Bureau	K-12/Higher Education/CIP Joint Subcommittee Closing List #5
	C	1	Brody Leiser / Legislative Counsel Bureau	Budget Amendment No. A216704672
	D	1	Brody Leiser / Legislative Counsel Bureau	CIP Budget Amendment
	E	1	Chris Daly / Nevada State Education Association	Letter of Public Comment to K-12 Budget Subcommittee