

**INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE TO REVIEW PUBLIC WORKS BOARD MATTERS**

CHAIRMAN'S REPORT OF MEETING HELD AUGUST 30, 2011

The Subcommittee to Review Public Works Board Matters met on August 30, 2011, to review and make recommendations to the IFC on action and informational items submitted by the State Public Works Division (SPWD) for the agenda of the August 31, 2011, IFC meeting. The following recommendations and information are provided to the IFC:

1. **The Subcommittee's agenda item IV. was a request to cancel seven 2009 CIP projects, including:**
 - a) **09-C01, Retrofit Housing Unit Number 11 at High Desert State Prison to Create the Southern Regional Medical Facility;**
 - b) **09-M13, Replace Boiler #2 at Southern Desert Correctional Center;**
 - c) **09-C11, ADA and Life Safety Retrofit for Western Nevada College;**
 - d) **09-M04, Upgrade Electrical Power at the Stewart Facility;**
 - e) **09-M07, Replace Flooring at the Northern Regional Medical Facility;**
 - f) **09-M11, Replace Doors, Locks and Control Panels at Southern Desert Correctional Center; and**
 - g) **09-M17, Upgrade Electrical Power Supply System at the Blasdel Building.**

Assembly Bill 193 (2011 Legislature) now requires the SPWD to obtain the prior approval of the Legislature or, if the Legislature is not in session, the IFC, before cancelling a capital construction project authorized by the Legislature, or delaying the commencement or completion of such a project beyond the period for which money for the project was authorized.

At the request of the Department of Corrections (DOC), the State Public Works Division (SPWD) is requesting the cancellation of CIP project 09-C01. CIP project 09-C01 is currently in the plan-checking phase and the SPWD indicates that \$492,000 will be expended to complete the project through the plan-checking and construction documents phases. In addition, the SPWD indicates that if the project is cancelled, the remaining cash (\$3,459,225) realized from the sale of a portion of the total bonds authorized for the project would be allocated to other 2009 CIP projects delayed due to insufficient bonding capacity.

A request to cancel CIP project 09-C01 was submitted for consideration at the September 2010 meeting of the IFC; however, the project was instead suspended in order to allow a decision on the project's funding at a later date. A request to cancel CIP project 09-C01 was subsequently submitted for Interim Finance Committee (IFC) consideration at the April 2011 meeting. However, the request was removed from the meeting's agenda.

Cancellation of the project is requested because of declining inmate populations, the lack of funding for the additional positions needed to staff the Regional Medical Facility (RMF), and the housing unit identified to house the RMF will instead be used to house the general inmate population as approved by the 2011 Legislature. In addition, the DOC indicates that in lieu of CIP project 09-C01, the DOC wishes to pursue construction of an approximately 75,000 square foot Long-Term Care facility for inmates at the Northern Nevada Correctional Center in Carson City. In their testimony the DOC stated that for the foreseeable future the agency can continue to address both inmate medical care and long-term care for inmates using current resources, but that in the future additional facilities will be needed for inmate medical care as well as to address the long-term care needs of the state's aging inmate population.

CIP project 09-M13, Replace Boiler #2 at Southern Desert Correctional Center, is requested for cancellation because the project is no longer necessary. The DOC has contracted with a third-party energy company for installation of a well water heat exchange system that provides adequate heating capacity without the replacement boiler included in CIP project 09-M13. The SPWD indicates that total expenditures to date for the project are \$31,800 that have been used for design, plan check, and project management costs.

The SPWD requests the cancellation of the projects listed in the following table because the projects have been replaced with various 2011 CIP projects.

2009 Project:	2011 Project:
09-C11	11-M39, NSHE Deferred Maintenance (HECC/SHECC)
09-M04	11-M08, Upgrade Electrical Power-Stewart Facility
09-M07	11-M49, Replace Flooring-Northern Nevada Correctional Center Regional Medical Facility
09-M11	11-M15, Replace Doors, Locks and Control Panels-Southern Desert Correctional Center
09-M17	11-M09, Upgrade Electrical Power Supply-Blasdel Building

Each project included in the table above has been delayed since October 2010 due to the state's bonding capacity. Replacing these 2009 CIP projects with projects included in the 2011 CIP provides additional time to complete the project and to amortize the costs of the bonds issued to fund the projects. In addition, approximately \$2.3 million in realized bond cash would be transferred from the projects requested for cancellation to other 2009 CIP projects that have been delayed due to the state's bonding capacity.

The Subcommittee recommends the Interim Finance Committee approve the cancellation of seven CIP projects, including 09-C01, 09-M13, 09-C11, 09-M04, 09-M07, 09-M11, and 09-M17.

- 2. The Subcommittee's agenda item V. was a request to modify the scope of CIP project 09-S05, Statewide Paving Program, to eliminate improvements approved for the Bradley Building, the Las Vegas Buildings and Grounds Building, and the Capitol Complex.**

The State Public Works Division (SPWD) requests the cancellation of a portion of CIP project 09-S05, Statewide Paving Program (\$2,393,253 bond funds), including crack and slurring sealing parking lots at the Bradley Building in Las Vegas (09-S05-8), the Buildings and Grounds Building in Las Vegas (09-S05-9), and the Capitol Complex (09-S05-11). The parking lots in these locations have deteriorated to the point where the SPWD has determined that it is no longer cost effective to crack and slurry seal the lots. Instead the SPWD indicated that it will be more cost effective to complete only minor repair and maintenance through the end of the useful life of the pavement, or approximately another three to four years, and then replace the pavement entirely. Funding to replace the pavement will be requested in a future CIP. The SPWD indicates that approval of the request will allow excess bond cash totaling \$156,687 to be transferred to other 2009 CIP projects that are delayed due to the reduction in the state's bonding capacity.

The Subcommittee recommends the Interim Finance Committee approve the request to modify the scope of CIP project 09-S05, Statewide Paving Program, to eliminate improvements approved for the Bradley Building, the Las Vegas Buildings and Grounds Building, and the Capitol Complex.

3. **The Subcommittee's agenda item VI. was information provided by the State Public Works Division for the following projects that have been completed at a total cost that is less than the legislatively approved funding for those projects:**
 - a) **09-M10, Arsenic Treatment System at Humboldt Conservation Camp;**
 - b) **09-M16, Governor's Mansion Safety and Security Upgrades;**
 - c) **09-M25, Lighting Upgrade at the Nevada Historical Society;**
 - d) **09-M28, Sanitary Sewer Upgrade at Northern Nevada Correctional Center;**
 - e) **09-M29, Nevada Department of Wildlife Elko Office Repair and Pavement Project; and**
 - f) **09-M30, Fencing of State Land at the Range Road and Silverado Ranch Road Armories.**

The State Public Works Division reported that total savings from projects that have been completed for less than the funding approved for the project is \$993,612, including the savings depicted in the following table:

Project	Savings at Completion Project
09-M10	\$110,873
09-M16	\$180,000
09-M25	\$164,157
09-M28	\$215,000
09-M29	\$142,000
09-M30	\$181,582

In response to questions from the Subcommittee, the SPWD indicated that the reported savings are the result of the current competitive economic environment. However, when asked if the state could continue to expect savings from projects because of the current economic environment, the SPWD stated that the number of

bidders on state projects has been declining due to construction firms going out of business, and that the price for materials and labor is not decreasing. Therefore, the state should not expect significant savings in the future.

4. **The Subcommittee’s agenda item VII. was information provided by the State Public Works Division for the following projects for which the division has received a favorable construction bid:**
- a) **09-C05, Medical Education Learning Lab Building – University of Nevada Health Sciences System;**
 - b) **09-C13, Field Maintenance Shop Facility at the Las Vegas Readiness Center;**
 - c) **09-C23L, Cheyenne Campus Laboratory Renovations and Main Building Fire Alarm, HVAC and Lighting Upgrades – College of Southern Nevada;**
 - d) **09-M03, West Entry Wind Break for the Richard H. Bryan Building;**
 - e) **09-S01, Statewide Roofing Program;**
 - f) **09-S01f, Statewide Roofing Program – Office of the Military;**
 - g) **09-S02, Statewide ADA Program; and**
 - h) **09-S03, Statewide Fire and Life Safety Program.**

The State Public Works Division reported that the total amount projected to be saved due to the receipt of favorable construction bids is \$11,083,554, including the savings depicted in the following table:

Project	Bid Savings
09-C05	\$6,212,000
09-C13	\$900,000
09-C23L	\$1,200,000
09-M03	\$59,554
09-S01	\$910,000
09-S01f	\$760,000
09-S02	\$151,000
09-S03	\$891,000

5. **The Subcommittee’s agenda item VIII. was a request to reconsider the action approved on February 3, 2011, by the Interim Finance Committee regarding cancellation of CIP project 09-M34, Install Panic Alarm System at Dini-Townsend Hospital, to restore a portion of the expenditure authority for the project.**

The State Public Works Division requests reconsideration of the action approved by the Interim Finance Committee at its February 2011 meeting to cancel CIP project 09-M34, Install Panic Alarm System at Dini-Townsend Hospital, and to reduce the project’s funding to \$42,000 (bond funds) and to revert approximately \$40,000 in realized bond cash to the Bond Interest and Redemption account. The project was approved for cancellation at the request of the Department of Health and Human Services, which indicated that because of lower staffing levels the panic alarm system was no longer needed.

The current request, which is merely technical in nature, requests an increase in the authorized funding for the project from \$42,000 to \$83,880 in order to transfer \$41,880 in realized bond funding to other 2009 CIP projects that have been delayed due to the state's bonding capacity. CIP project 09-M34 would continue to be cancelled.

The Subcommittee recommends the Interim Finance Committee approve the request to reconsider the action approved on February 3, 2011, regarding CIP project 09-M34, Install Panic Alarm System at Dini-Townsend Hospital, in order to restore a portion of the expenditure authority and to transfer realized bond funding to other 2009 CIP projects that have been delayed due to the state's bonding capacity.

6. The Subcommittee's agenda item IX. was information regarding the CIP Project Exception Report pursuant to NRS 341.100(8)(g).

No new projects have been added to the exception report since the June 2011 report, which was the last report reviewed by the Interim Finance Committee. The following projects are the only projects included in the August 2011 report that are of note:

- a) **07-C27**, Civil Support Team Weapons of Mass Destruction Facility in Las Vegas (\$20,546,936; \$6,546,936 state funds / \$14.0 million federal funds) – Because the federal funds authorized for the project are not anticipated to be received by the state until October 2012, the 2011 Legislature approved a two-year extension for the project. In response to questions from the Subcommittee regarding the project's funding, the SPWD stated that it felt comfortable that the level of funding currently approved for the project should be sufficient to complete the facility as long as the federal funds are received by October 2012.
- b) **09-C13**, Field Maintenance Shop Facility at the Las Vegas Readiness Center (\$24,307,660; \$2,905,908 state funds / \$21,401,752 federal funds) – The SPWD indicates the project is delayed because the federal funding organization has not reviewed and approved the project's design. Federal review and approval of the project's design is anticipated to occur by October 2011.
- c) **09-M05**, Sedimentation Remediation for the Marlette Lake Water System (\$743,220 state funds) – A request to cancel the project will be submitted in the future as the improvements are no longer necessary.
- d) **09-S01**, Statewide Roofing Program (2,970,439 bond funds) – A portion (09-S01-1) of the project to replace 11 roofs at the Nevada Youth Training Center in Elko has been delayed while the using agency determines if certain buildings that were approved for replacement roofs will be demolished. The SPWD testified that two buildings are being considered for demolition, including the superintendant and assistant superintendent residences, and that estimates of the cost of the demolition range from \$38,000 to \$66,000. Funding for demolition of the buildings will be requested in a future CIP.

The Subcommittee recommends the Interim Finance Committee accept the August 2011 CIP Project Exception Report as submitted by the State Public Works Division.