

In The Matter Of:
State of Nevada Public Works Division Meeting

December 18, 2018

*Capitol Reporters
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Carson City, Nevada 89706*

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STATE OF NEVADA
PUBLIC WORKS DIVISION BOARD MEETING
TUESDAY, DECEMBER 18, 2018
9:00 A.M.
CARSON CITY, NEVADA

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THE BOARD:

BRYCE CLUTTS, Chairman
SEAN STEWART, Vice Chairman
PATRICK CATES, Member, Director
TITO TIBERTI, Member
ADAM HAND, Member
CLINT BENTLEY, Member
KEVIN LEWIS, Member

FOR THE BOARD:

SUSAN STEWART, ESQ.
Construction Law Counsel
JEFF MENICUCCI, ESQ.
Deputy Attorney General
WARD PATRICK,
Administrator
KENT LEFEVRE,
Deputy Administrator

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TUESDAY, DECEMBER 18, 2018, 9:00 A.M.

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CHAIRMAN CLUTTS: This is the time and the place for the State Public Works Board meeting for December 18th, 2018 at 9:00 a.m. Agenda Item Number 1, roll call.

MS. PASCIAK: Chairman Bryce Clutts.

CHAIRMAN CLUTTS: Here.

MS. PASCIAK: Vice Chair Sean Stewart.

Member Clint Bentley.

MEMBER BENTLEY: Present.

MS. PASCIAK: Member Adam Hand.

MEMBER HAND: Present.

MS. PASCIAK: Member Tito Tiberti. Member Kevin Lewis. Member Patrick Cates.

MS. STEWART: Four?

CHAIRMAN CLUTTS: Three.

MS. STEWART: There's so many people in the room. How can we not have a quorum? Okay. Well, we're going to have to wait a minute.

(Pause in the proceedings)

MS. PASCIAK: We'll go back to Member Patrick Cates.

MEMBER CATES: Present, now.

MS. STEWART: Mr. Chairman, we have a quorum.

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CHAIRMAN CLUTTS: Thank you. Moving on to Agenda Item Number 2, public comment. Is there any public comment? MEMBER BENTLEY: Any public comment? None down here.

CHAIRMAN CLUTTS: Hearing none, I would just like to acknowledge that Member Tiberti and Member Stewart are now present.

MEMBER CATES: I'm glad I beat them. Just by a nose.

CHAIRMAN CLUTTS: Moving on to Agenda Item Number 3 for possible action, acceptance and approval of Public Works Board meeting minutes from August 22nd and 23rd, 2018, and September 6th, 2018. Is there a motion for approval?

MEMBER HAND: So moved. Member Hand for the record. So moved.

MEMBER CATES: I'll second.

CHAIRMAN CLUTTS: All those in favor.

(The vote was unanimously in favor of the motion)

CHAIRMAN CLUTTS: Thank you. Moving on to Agenda Item Number 4 for possible action, overview of State Public Works requirement on contractor qualification. Past board reports for January and July 2017, government statutes and regulations, State Public Works Division application, scoring, historical information, 2002 board minutes,

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1 contractor qualification report updated.

2 MS. STEWART: Mr. Chairman, if you would like, I
3 will go ahead and present this for the board.

4 CHAIRMAN CLUTTS: Please.

5 MS. STEWART: For the record, Susan Stewart,
6 construction law counsel. And for members of the board in
7 the south, good morning.

8 MEMBER TIBERTI: Good morning.

9 MS. STEWART: And I'm sorry you had to set up
10 your own meeting down there. Did any of the staff down there
11 hand you a two-page Agenda Item Number 4?

12 MEMBER BENTLEY: Yes.

13 MS. STEWART: Okay. Great. Thank you. My
14 apologies. For some reason, some of the board packets have a
15 correct Agenda Item Number 4 and for some reason -- reasons,
16 others of them only have a single page as opposed to two
17 page.

18 So, Member Cates, do you have a two page? Could
19 you please pass that. Thank you. My apologies.

20 Okay. Thank you. Throughout the years -- This
21 is regarding our contractor qualification process. And
22 throughout the years, the board has from time to time asked
23 for information regarding our process.

24 And would you let the record reflect that Member

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1 Lewis is now present.

2 I wanted -- Before I gave you the most updated
3 information, I wanted to just go back and just do a little
4 bit of background on the prior reports. There's a board
5 report. This should be January 27th, 2017. And that is
6 Exhibit A in your board packet. And when we presented it on
7 January 27, we did an overview of the statutes and
8 regulations. We went over the qualification application and
9 also the scoring.

10 We did a follow-up report at a board meeting July
11 25, 2017. Those -- That packet information is included as
12 Exhibit B. And during that report we provided a copy of the
13 January 29, 2002, board meeting minutes that showed the
14 board's approval at that time of the scoring process.

15 We also included a contractor qualification
16 report that showed the number of applications that we
17 received, the number of appeals, and then the result of those
18 appeals. And that is at the end of Exhibit B. And that's
19 the contractor qualification report, 2006 to 2017.

20 So Public Works Division we follow NRS 338 and
21 the NAC 338 in implementing the contractor qualification
22 process. We only consider the criteria that's allowed by
23 statute and then we assign a score that's been previously
24 approved by the board.

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1 Kathy Pasciak does the initial review and

2 scoring, which is then finalized and approved by a
3 qualification committee. That includes two project managers
4 and then also the deputy administrator. All of them sign off
5 on that.

6 If it appears from the initial scoring that a
7 contractor may not pass, Kathy brings that to myself and
8 Administrator Patrick and we review it just to make sure that
9 the scoring is being done accurately. And then the scoring
10 is finalized. The administrator signs all the qualification
11 letters and/or the denial of qualification letters. And, as
12 you know, staff has no discretion in how they score those
13 applications.

14 Now, if the contractor wants to appeal, they
15 simply -- they have ten days and they send a letter to the
16 administrator. It's just that simple. And then I coordinate
17 with them. We schedule a meeting with the board. As you
18 know, from prior appeal hearings, the board in our regs is
19 specifically given discretion. They're not bound by the
20 technical scoring that staff implements.

21 And I will say that there are occasions that
22 because of the nature of the scoring and otherwise what we
23 would consider a presumably qualified contractor may be
24 disqualified. And we've seen that with examples where

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1 there's a large number of OSHA violations or a large number
2 of wage hour violations.

3 And it's my opinion that those are the exact
4 circumstances where maybe we do want a contractor to come in
5 and appear before the board to make sure that that is a one
6 off, to make sure that that's just an outlier and the board
7 could drill down to make sure that it is not really
8 indicative of their ability to qualify for public works
9 projects.

10 Between 2006 and present day, 14 contractors were
11 scored not eligible. And of those that appealed, only one
12 was denied. And since 2011, the earliest that we've been
13 keeping records, we've got between 273 and 315 qualification
14 applications annually.

15 And, if you look, the final document that I have
16 attached as Exhibit C is an updated contractor qualification
17 report. And you'll see -- Kathy actually put this together
18 for me. Thank you, Kathy. You'll see we've added the 2018
19 information. And, again -- And that's actually summarized
20 here. Only one has ever been denied an appeal.

21 And that's the conclusion of my report. This is
22 an action item. At the board's discretion if they had any --
23 wanted staff to follow up or legal to follow up in any way,
24 we would be happy to discuss how you would like us to do

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1 that. Thank you.

2 CHAIRMAN CLUTTS: Thank you, Ms. Stewart.

3 Is there any questions or comments from the
4 board?

5 MEMBER TIBERTI: Tito Tiberti for the record. I
6 would like to ask Sean Stewart, our evil vice chairman and
7 head of the contract association, is there any heart pain or
8 anything about the contract in the industry with what Susan
9 presented in your opinion being representing all of these
10 different contractors?

11 MEMBER STEWART: Tito is doing this because I
12 lost my voice and so he wants to hear me talk, I guess. No,
13 I don't think so. I think it's a stringent standard, but I
14 also think that as I go around in the industry, the State
15 Contractors Board requirements are -- or the State Public
16 Works Board requirements are what everybody tries to get to.
17 So I think we've struck a balance. I think it's what she
18 said is exactly right. When they come and present to the
19 board, if it's a reasonable cause, we've always reversed
20 those.

21 But, thanks, Tito. I appreciate it. Sean
22 Stewart for the record.

23 CHAIRMAN CLUTTS: Member Hand.

24 MEMBER HAND: Member Hand for the record. I

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1 think at the last meeting when Granite -- we had the hearing
2 with Granite, the question I guess I posed a question that
3 Granite would be back in two years. And if nothing has
4 changed then it's likely they'll be back in two years. Is
5 that correct, Susan?

6 MS. STEWART: That's my understanding. Although
7 some of them it's five years. So some of the OSHA violations
8 may fall off. And if that's the case, they may score
9 differently so that they wouldn't have to come back.

10 MEMBER HAND: I think that's why I asked the
11 question about -- at the last meeting about reviewing is, you
12 know, if we had -- if we had heard from a company and, you
13 know, was clearly qualified, we're going to have to keep
14 hearing from them every few years. And I guess if that's a
15 one off that that happens then we probably don't need to make
16 a change. That was really why I asked the question before,
17 to bring everybody's memories back up to speed.

18 MS. STEWART: Well, it never hurts to go over it.

19 CHAIRMAN CLUTTS: Okay. Are there any other
20 questions or any action that we're requiring of staff?

21 Hearing none, we'll move on to the next agenda item.

22 Agenda Item Number 6, legislative update.

23 Ms. Stewart.

24 MR. PATRICK: Number 5.

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1 CHAIRMAN CLUTTS: Oh, sorry about that. Agenda
2 Item Number 5, staff update on deferred maintenance.
3 Mr. Patrick.

4 MR. PATRICK: Thank you, Chairman. Ward Patrick
5 for the record. This is an item that the board has been
6 thinking about for quite some time. If you recall, largely
7 in the early -- in this early decade there was a shortage on
8 bond funding and so what that means is there's a lot of
9 deferred maintenance that's happening and a lot of capital
10 construction that's not happening. And so throughout the
11 decade, basically, there's been some discussions on this item
12 of deferred maintenance and how to handle it.

13 And the staff did some research with the
14 neighboring states and we found that those that separate
15 their deferred maintenance funding from their capital funding
16 are successful. And those that dedicate to deferred
17 maintenance funding.

18 And so as a result of that, I believe, the board
19 decided to give a letter to the governor's office making some
20 recommendations in that light where we're looking at
21 dedicating some funding around two percent of the gross
22 valuation of the buildings.

23 And so apparently that letter was warmly received
24 at our last CIP board meeting. The governor's chief of staff

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1 approached the chairman and asked for a meeting on this item
2 for deferred maintenance. And we got together with some of
3 the administrative personnel here, including Chairman Cates
4 was here.

5 MEMBER CATES: Chairman?

6 MR. PATRICK: Director Cates. Director Cates.
7 Thank you very much.

8 MEMBER CATES: Wrong board.

9 MR. PATRICK: Yep. And Chairman Clutts. And so
10 we went through a pretty healthy discussion there and we
11 talked about basically two items. The items were funding
12 deferred maintenance, how are we going to fund deferred
13 maintenance, and how can we mitigate the fact that deferred
14 maintenance exists. Like, is there a way where we can
15 decrease the amount of deferred maintenance that needs to be
16 funded?

17 And so we went through some of those items in
18 discussion. Later in the administrator's recommendation
19 we'll talk about the status of the 19 CIP, which is kind of
20 two directly-related items where the amount of funding that
21 will be applied to the 19 CIP if there's a deferred
22 maintenance pool recommended by the governor's office, we
23 would have more to report at a later board meeting.

24 But so we went through funding options and we

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1 went through ideas to decrease the amount of funding
2 necessary.

3 And so I would point out that in the meeting in
4 August, we have a significant increase in deferred
5 maintenance where we're working at -- The CIP deferred
6 maintenance requests were higher, 623 million. The CIP
7 deferred maintenance approved by the board was higher at 146
8 million. And then the facility condition analysis deferred
9 maintenance recommendations were higher. And these were all
10 very significantly higher as approximately 25 percent higher
11 than in past -- past sessions.

12 So with that, that concludes the report on
13 deferred maintenance. But we'll have more to report after we
14 get the governor's recommendation and ultimately the
15 legislative approved.

16 CHAIRMAN CLUTTS: Thank you, Mr. Patrick. The
17 question that I have is what has transpired since that
18 meeting with the governor's office that we had? Have there
19 been any further -- Have they requested any additional
20 information or have we provided anything? Has there been any
21 further conversations? What's happened since then?

22 MR. PATRICK: Thank you. Ward Patrick for the
23 record. One thing that has been happening is the deferred
24 maintenance surcharge is a method of creative funding. And

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1 so Director Cates has put in the department administration
2 budget two enhancements units. One is to create a deferred
3 maintenance funds for buildings and grounds buildings. And
4 the other is for essentially all state buildings except
5 largely executive agency buildings.

6 And so that's a continuing process. And so that
7 is moving along through agency recommendation in the budget
8 process and is being further developed, to my understanding.

9 CHAIRMAN CLUTTS: Thank you.

10 MEMBER CATES: I'll make a comment on that. So
11 we did put that in our budget, as Ward described. And we --
12 And sort of the gist of the meeting that we had with the
13 chief of staff that you were present, and I would
14 characterize as potential alternatives to that surcharge,
15 one-shot money where they could get something to chip away at
16 deferred maintenance without having to go to 18 cents or 36
17 cents. So we talked about it conceptually. We really
18 haven't had any further deep dive on that.

19 And, as you know, the governor's budget is
20 confidential until he releases it. So I'm not sure. It
21 becomes a math game at the end, that they have to decide
22 things pretty quick, what's in or out. And I only have
23 certainty on a few things for the department that I know they
24 are going to add. And that is not one of them.

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1 Like I say, I know they're very interested. I
2 would be surprised if there wasn't something in there for
3 that. I just don't know what it's going to look like. And
4 if I did know, I couldn't tell you in a public meeting
5 anyway. But I'm hopeful we'll see something come out the
6 other end in January.

7 CHAIRMAN CLUTTS: Thank you, Director Cates.

8 Any further comments or questions regarding
9 deferred maintenance?

10 MEMBER TIBERTI: Tito Tiberti for the record. My
11 instructor, he's a little bit bigger than me, so he tries to
12 cower me in the parking lot, Vice Chairman, he said we really
13 have to -- And I happen to agree with him on this. We really
14 have to push this thing forward because I think at that
15 August meeting, and we've heard these numbers before, when
16 you start hearing a billion, a billion-two, billion-five, all
17 of these nice new buildings we built over the last 15, 20
18 years, I think for our watch we really have to step up. And
19 I know it's going to be a contentious legislature and there's
20 never any money.

21 On the other hand, to see these -- even in Las
22 Vegas, these roads are just going to pot holes. We haven't
23 paved anything in the last ten, 12, 15 years. And it's
24 starting to get serious. We've gained a bigger population.

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1 And I think the same thing with these buildings. As time
2 goes by, we're supposed to be the responsible ones here
3 because we know about buildings and we're supposed to be
4 knowing about it and I do think I know. And I've owned them
5 and I own them now. And they just need a lot of maintenance.
6 And I just hate to be on the public watch and have all of
7 these public buildings decay, which they will in our doing.

8 And I just think we should -- We counter what we
9 can do. But I think we need to keep the hot fire on the
10 governor's office. It's a new governor. It's a new
11 legislature. And I understand all of that. And it's very
12 complicated. But I think we have to be the voice that pushes
13 it because this is one of the biggest items I think we've got
14 dumped on us in the last ten, 12 years that I've been around,
15 and I think it's very serious.

16 CHAIRMAN CLUTTS: Thank you, Member Tiberti.
17 Member Stewart.

18 MEMBER STEWART: Sean Stewart for the record. I
19 second what Tito said. He's our spokesman for the day.

20 MEMBER TIBERTI: You told me to say that.

21 MR. PATRICK: Ward Patrick for the record. So I
22 discussed kind of the two areas that we talked about. One
23 would be the supply of funding. So various items that were
24 discussed was the maintenance surcharge, which is a charge on

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1 building rent, say. And so other items that were discussed,
2 and this one was brought to the attention by the governor's
3 office, was use of the rainy day fund. So if that fund
4 accumulates to a certain threshold level or trigger level,
5 that's a possibility.

6 Another item that was mentioned was, as we know,
7 the veterans home had the ribbon cutting last night. And so
8 that project was funded solely with state funding. But
9 there's a grant for reimbursement of 33 and a half million
10 dollars. So I believe the governor's office is in
11 consideration of using that for deferred maintenance as well
12 as part of the discussion back in -- back in September.

13 And then -- So there's some other ideas about
14 being able to fund these things, you know, not just general
15 fund or the general obligation bonds. You've got the
16 surcharge, the rainy day fund, as well as the reimbursement
17 from this big capital project.

18 And other ideas about decreasing the demand would.
19 be strategic building replacement. So you could see where
20 this would in the effort to separate deferred maintenance
21 from capital construction. Dueling capital construction will
22 help decrease deferred maintenance. So buildings such as,
23 say, the Belrose building that's under the careful watch of
24 the Public Works Division is a building that needs a high

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1 level of care and maybe should be demolished. And so within
2 your 2019 board recommendation there's a building that could
3 work to help improve the inventory and maybe be able to lose
4 some of the older buildings that are a little more decrepit.

5 So strategic building replacement would be one.
6 Possibly increasing the funding for maintenance in the
7 operating budgets. So we call this M425 or deferred
8 maintenance. And so basically what M425 is, is an area where
9 the agencies get funding to, say, improve the facility such
10 that it will be able to keep running in the, you know, the
11 five-year time frame. So it's not a major maintenance
12 project to replace a system, but it extends the life of the
13 building systems.

14 And so we went through and discussed these in
15 various levels of detail at that meeting. But as Director
16 Cates pointed out, the meeting -- we haven't heard a lot
17 since then. So these are still on the table is what I
18 understand. Thank you, Mr. Chairman.

19 CHAIRMAN CLUTTS: Thank you, Mr. Patrick.

20 Any other comments or questions? Thank you.

21 Moving on to Agenda Item Number 6, legislative
22 update. Ms. Stewart.

23 MS. STEWART: Thank you. Susan Stewart, deputy
24 attorney general, construction law counsel, for the record.

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1 Just briefly I wanted to update the board on the
2 upcoming 2019 legislative session. This is a pretty skinny
3 update. But this is what's going on so far. You'll see the
4 next page, Assembly Bill 56. This is the State Public Works
5 Division bill. Administrator Patrick gave a summary of this
6 bill at the last meeting. This clarifies the administrator's
7 delegation of authority and puts actual requirements in the
8 legislation. And you'll see -- You've got a copy of the bill
9 attached in your packet.

10 If an agency is not given delegation, they have a
11 right to appeal before the board. It expands some of the
12 exemptions in place. And what the governor's office did
13 when -- Because our bills go through the governor's office --
14 they combine our bill where we're adding a requirement for a
15 recommendation of deferred maintenance project. So, as
16 another tool for addressing deferred maintenance, what we're
17 proposing is when the board puts together their capital
18 improvement program, there's a separate carve-out
19 specifically for deferred maintenance projects. So that's
20 going to be -- Hopefully that will move forward and get
21 passed in this upcoming legislative session.

22 Our regulations that the board adopted, NAC 338
23 and 341, the legislative commission is having its meeting
24 tomorrow. And those regulations are on the agenda for

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1 adoption by the legislature. Ward and I will be attending
2 that meeting.

3 As far as prior legislation, Assembly Bill 100
4 from last session, this was AGC's bill regarding public works
5 no damage for delay clause, AGC has reached out to both Ward
6 and I regarding their intention to resurrect this bill. Ward
7 and I are both -- Administrator Patrick and I have both been
8 working with AGC. I should say AGC north. I haven't talked
9 to anyone in the south.

10 But we've sent some draft language and we're
11 hoping that we can come to some agreement where we can
12 address AGC's concerns with the current legislation but that
13 the Public Works Division is still able to effectively manage
14 the risk of delay.

15 We are also very preliminarily tracking
16 legislation, which I've listed here. And then we're also
17 tracking several bills that are related to B and G's
18 operations.

19 And that's the conclusion of my update, if
20 anybody has any questions. Thank you, Mr. Chairman.

21 CHAIRMAN CLUTTS: Thank you, Ms. Stewart.

22 Any questions or comments?

23 Okay. Moving on to Agenda Item Number 7, for
24 possible action, discussion on cost containment measures,

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1 staff report and update.

2 Mr. Patrick.

3 MR. PATRICK: Yeah, Mr. Chairman. I would like
4 to formally introduce Kent Lefevre, our deputy of
5 professional services. And if you would allow, Kent has a
6 brief summary of our past activities and bring everybody up
7 to date on this.

8 MR. LEFEVRE: Thank you. Kent Lefevre for the
9 record. In your packet is a spreadsheet that summarizes
10 eight projects that we were asked to look at, as well as just
11 to remind everyone the criteria for this exercise was to look
12 at our projects specifically over the last sessions and
13 evaluate the initial cost that's against the final project
14 cost.

15 So, with that, there are eight projects we
16 identified that fall in to this criteria. And if it please
17 the board, I'll just summarize each project.

18 Item number one was the Sahara DMV which had the
19 initial cost estimate at 22.9 million and the final cost at
20 20 million -- 20.4 million. So we saw an actual savings
21 there of roughly 2.5 million.

22 The UNLV Hotel College, item number two, the
23 initial cost estimate was 48.7 million. And the final
24 project cost was 47.7 million, roughly saving approximately

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1 one million dollars.

2 Item number three is the veterans services
3 building. Currently estimated -- the estimate was 50.1
4 million dollars. That project is not completed yet, but
5 we're tracking some savings on that project as well.

6 Item number four is the Northern Nevada
7 Correctional Center ADA retrofit. The initial estimate was
8 11.2 million. And the final project cost is projected at
9 10.4 million.

10 Item number five is the UNR engineering building
11 estimated originally at 84.7 million. The final project cost
12 is estimated at 88.9 million. That project is just coming
13 out of the ground at this point. And the reason that there
14 is an increase is because the UNR folks decreased the project
15 for their purposes and that was handled at the IFC, I
16 believe, in August.

17 Item number six is the Speedway Readiness Center.
18 That project is estimated at 37.1 million. We had a very
19 successful bid on that in October and early November. I
20 believe the November GMP. And that project is moving forward
21 to approval in January.

22 Item number seven, the DMV South Reno originally
23 estimated at 42. -- 42 million dollars. The final estimate
24 is 50.6 million dollars. And this project has seen quite a

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1 bit of inflationary impact. There is a CIP prepared to
2 address the shortfall of 8.6 million.

3 And item number eight is the medical education
4 building originally estimated at 60 million dollars. That
5 project, due to UNLV's funding, continues to remain on hold.

6 MR. PATRICK: Thanks, Kent.

7 MR. LEFEVRE: Thank you.

8 CHAIRMAN CLUTTS: Thank you very much. So the
9 question -- Chairman Clutts. The question that I have is in
10 the initial project cost estimate, is that the initial cost
11 estimate that this board saw in the CIP presentation or is
12 that the initial project cost estimate of the CMAR?

13 MR. PATRICK: Ward Patrick for the record. Yeah,
14 these are the approved project costs here in the initial
15 project cost estimate. So those are board recommendations to
16 the governor numbers and went through the legislative
17 process.

18 And I would point out, Mr. Chairman, that these
19 are all CMAR projects. And so we do have other projects that
20 met the criteria. But they are still in design. So these
21 are all construction projects. We have the fleet services
22 building is planning to be designed big build project, which
23 is approximately a ten million dollar project, and also we
24 have a design bid build project in the 19 CIP, which the

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1 board is aware of. But for a reminder, two housing unit
2 expansion at the Southern Desert Correctional Center,
3 approximately a hundred million dollar project.

4 And the reason for those being designed big build
5 selection for the delivery method is that there's a large
6 percentage of the projects that are prototypical. So we've
7 built parts of these projects before.

8 CHAIRMAN CLUTTS: Chairman Clutts again for the
9 record. So with items one and two, maybe you can just
10 explain. Those seem like awfully round numbers in terms of
11 savings. Are they rounded or are those the actual numbers?

12 MR. PATRICK: Yeah. Ward Patrick for the record.
13 Those are rounded numbers. But, as it turns out, the two and
14 a half million dollars for the Sahara DMV, that's the actual
15 number in legislation that is authorized to move ahead to
16 help fund the next DMV process. And regarding the Hotel
17 College, it's above one million but it was rounded down.

18 CHAIRMAN CLUTTS: Are there any other questions
19 or comments?

20 MEMBER CATES: I have some questions. Can you
21 clarify your comment, Ward, on what you just said? The 2.5
22 million dollars was to do what?

23 MR. PATRICK: In the legislation for the South
24 Reno DMV, there's authority to use the bond availability.

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1 MEMBER CATES: Okay.

2 MR. PATRICK: Okay. From the southern Nevada
3 DMV.

4 MEMBER CATES: Okay. And I just want to
5 understand this column, final project cost. It seems you've
6 got a mixture here of what is a true final cost and what is
7 an update to a cost estimate, because the South Reno DMV
8 obviously hasn't been built, whereas the north or the Sahara
9 DMV has been built, the South Reno DMV has not been built.
10 So we don't have final cost on that.

11 MR. PATRICK: Right. Ward Patrick for the
12 record. Projects that were labeled as completed are the
13 final cost. So I apologize. We can update the record to
14 reflect that the final completed costs are only for those
15 projects that are completed. So if you see the right-hand
16 column, there's a comment that says these two projects are
17 completed. So the balance of the projects were not
18 completed. So they are indeed the current project budget.

19 MEMBER CATES: So I guess I'm not sure if this
20 really gets at the original question that you asked, which is
21 what activities were done to detain cost on projects. And, I
22 don't know, you've got some estimates that are updated. I
23 don't know. I'm just not sure that really gets what your
24 original question was. Not to speak for you, but --

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1 CHAIRMAN CLUTTS: Thank you, Director Cates. It
2 doesn't. And I think what I was going to reiterate here at
3 the end is I guess what I'm looking for is when a CIP
4 presentation is brought to this board and there are estimated
5 construction costs, what I want to know is when the GMP is
6 established or when the lump sum bid comes in or when the
7 design bill bid comes in, what I would like to see,
8 obviously, is that the numbers are less than the CIP estimate
9 that was created by the State Public Works Division. I'm
10 sensing, and I could be wrong, that the budgets -- that the
11 GMP's that are coming in are either close to or identical to
12 the CIP estimates that are prepared, which would be
13 concerning to me. And maybe I'm wrong in that assumption.
14 But the numbers just too often appear too close.

15 And so I'm just not -- I'd like to know
16 historically in maybe a year or two years when we -- when we
17 review and approve a CIP based on the estimates provided by
18 staff, how are we doing in terms of the actual bids and the
19 final project costs that are coming in? That's really what
20 I'm looking for. And, beyond that, if our CIP estimates are
21 low and the costs are coming in higher or if we're seeing
22 that these projects are becoming expensive -- And when I look
23 at these numbers, I would argue that they are -- what are we
24 doing to mitigate the costs, contain them and to some degree

1 lower them? Or is this just -- And with all due respect to
2 the architectural and engineering community, are we keeping
3 them in check with respect to the designs? Because we have a
4 budget problem. I mean, we keep talking about it. We've
5 talked about it for years and years and years. Deferred
6 maintenance is just one issue. The cost and expense of these
7 buildings that we're building is a whole 'nother issue.
8 That's really what I'm trying to get to.

9 MR. PATRICK: Ward Patrick for the record. Thank
10 you. We're working hard to satisfy the needs of the
11 departments. And so you'll note that many of these projects
12 are university projects that have university funding. And
13 some of these are, for instance, the Hotel College is an
14 entertainment-type facility. And so, you know, you can see
15 where the driver on the quality of the building and the
16 architecture would be higher and therefore the cost per
17 square foot would be higher.

18 Last night at the ribbon cutting for the veterans
19 home, the governor took great pride in the fact that he
20 thought the building was the highest caliber veterans home in
21 the country. And so apparently that was part of the
22 standard. And so those costs are included in here. I would
23 point out that in the area of the military type projects,
24 there seems to be very just -- these features are -- these

1 are just very usable and durable as opposed to architectural
2 masterpieces.

3 And so, as it turns out, these projects, you'll
4 find, are more in line with conserving the state's funding.
5 But, again, the two projects previously mentioned, over 50
6 percent other funding and there's other projects like that
7 that the programs are somewhat driven by donor expectations.
8 CHAIRMAN CLUTTS: Thank you, Mr. Patrick. And I
9 understand that, especially given the projects on this list.
10 However, there is, I don't know, a hundred million dollars
11 worth of other projects that are smaller in scale obviously
12 but nonetheless make up a large portion of the budget.

13 So I think just in totality I just want to be
14 ensured that we're doing everything that we can to contain
15 the cost and to ensure that the budgets that we're
16 presenting, especially when it comes to CMAR, that the GMP's
17 that are being established are really being closely monitored
18 so that they are not so ironically close to the budget that
19 y'all prepared. That's ultimately what I'm asking. And I'm
20 not necessarily looking for any kind of response to that.
21 Just a statement more than anything.

22 MR. PATRICK: One more comment. Ward Patrick for
23 the record. So a part of our process, we have a statute that
24 strongly advises that we go through a planning process prior

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1 to the construction process. So our projects -- There's a
 2 project that's over ten million, which is to always meet that
 3 criteria, it's normal that the project would have a design
 4 done and usually through whole design in a separate project.
 5 And so when we're establishing fees for these planning
 6 projects, those estimates that are developed for those are
 7 for the basis of developing the CMAR's pre-construction
 8 funding and the architect's and engineer's funding. So these
 9 follow-on projects are the result of that design process and
 10 the estimating process that largely includes the CMAR's work
 11 and guidance and coordination with the architects and
 12 engineers.

13 So, just as a little preview of maybe two years
 14 down the road, the estimates that the public works staff is
 15 generating and preparing for the board are largely estimates
 16 that are prepared by the CMAR, the architects and engineers,
 17 as well as professional construction cost estimators.

18 So part of the reason for using this procurement
 19 method is to give some assurance that they're closer. So
 20 there's a little informational background about how these
 21 projects might end up having estimates similar to the result
 22 because they're based on the CMAR's input.

23 CHAIRMAN CLUTTS: Thank you.

24 Any other questions or comments?

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1 MEMBER LEWIS: Yeah, actually I had -- Kevin
 2 Lewis, board member. Just to add to Chairman Clutts'
 3 comments, I was just asking Patrick if there's any processes
 4 that during the construction process, is there any other
 5 metrics that can help us monitor or processes to stay on top
 6 of that estimated cost?

7 MR. PATRICK: Ward Patrick for the record. Any
 8 other method that we can use to stay on top of that estimated
 9 cost? So we're consulting with the owner community here in
 10 State of Nevada. So we consult with Washoe County School
 11 District. They're a major builder in the north. We're
 12 consulting with Clark County School District as well and
 13 working to keep apprised of this. And, you know, so even in
 14 recent years we've had, you know, inflationary impact to the
 15 projects. And so, you know, us here as a group, our owners,
 16 and we are subject to, you know, the tariffs in the metal
 17 industry and lack of subcontractor labor due to, you know,
 18 the ups and downs in the economy, those types of labors.
 19 Leaving and returning causes issues in pricing on the
 20 projects.

21 So we are working to coordinate with other
 22 owners. But the variability and pricing is leaving most
 23 owners in a reactionary -- a reactionary stance and we're
 24 finding that it's great advice in the statute where it says

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1 do planning as a separate project to establish solid
 2 construction estimates. And so we just really only reference
 3 what would be working with other owners in our community.
 4 MEMBER LEWIS: Thank you.

5 CHAIRMAN CLUTTS: Any other questions or
 6 comments?

7 Moving on to Agenda Item Number 8,
 8 administrator's report, administrator report on division
 9 activities. Mr. Patrick.

10 MR. PATRICK: We've got three items underneath
 11 this agenda. Thank you, Mr. Chairman. Ward Patrick for the
 12 record. Major projects, CIP update, and staffing updates.

13 Major projects. At the August board meeting I
 14 handed out a little status report. And there's not many
 15 differences from there. We're basically at the -- We're
 16 basically at the end of our contracting process for the 17
 17 CIP. So we had a series of projects that were significant
 18 construction projects, five or six significant construction
 19 projects for which the last one that was bid was bid in the
 20 fall here, the Speedway Readiness Center. And so that was a
 21 project that you saw in the 19 CIP, there was a request to
 22 defer some of the scope and move that in -- move that funding
 23 beyond the 17 CIP.

24 And, as it turns out, we had a very favorable bid

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1 on the Speedway Readiness Center. It's for the Department of
 2 Military and the Army National Guard. And so that project
 3 has multiple funding sources within it that only can be used
 4 for certain things. And so during the design process there
 5 is an extensive accountability for what can be a small
 6 portion of the project would be used is for off-site type
 7 work and what the federal component can be used, which this
 8 project was considered a hundred percent federally-funded
 9 project but yet the states are required to provide project
 10 management as well as off-site construction and improvements.

11 And so that project is successfully contracted
 12 and will be -- successfully bid and will be at the next board
 13 of examiners meeting for the new governor in January as a
 14 contract. And we anticipate the notice to proceed the week
 15 after that, January 25th.

16 The other big one that is still outstanding is
 17 the DMV project and so that project is still basically in the
 18 same condition it was before where you saw on the cost
 19 containment project we still have request for funding of
 20 highway funding in the 19 CIP. And so that's -- Any comments
 21 or questions about the major projects?

22 Hearing none, Mr. Chairman, CIP update. We have
 23 very little to report on that. We are informed that, as you
 24 know, the governor's office received the CIP board

1 recommendation on October 1st, per statute, and we're
2 anticipating meetings to help them with any final changes
3 that they might be interested in making to the capital
4 improvement program.

5 The capital improvement program went over to the
6 governor's office at approximately 350 million dollars of
7 state funding and 150 million dollars of other funding. And
8 so we look forward to meeting with the governor's office and
9 the new transition team to work through any modifications
10 that they may have. That's the CIP update.

11 And then, finally, staffing updates. You know,
12 we've tried to keep you apprised of leadership of the Public
13 Works Division. And so we had quite some turnover in the
14 past year or so. Myself, Kent, Ron Cochran, and even Jeff
15 Graham from the building official, it turns out Jeff Graham
16 turned in his resignation to go be with his family and help
17 his father run their ranch in the Ely area. And so we're
18 pursuing on various building official websites applicants for
19 that. That's been, I believe, on the street for about three
20 weeks or so.

21 And so with that I would also -- Oh, one last
22 thing I would comment on is we were in the airport the other
23 day with Army National Guard and one of their leaders there
24 is Brian Hunsager. And he was commenting that the newer

1 that wants to work.

2 MR. PATRICK: Mr. Tiberti, we find that some of
3 them 60 and 70-somethings have been retiring here and we've
4 got to go out and find replacements. We've got a whole bunch
5 of boxes that we're actively managing. But we appreciate
6 those 60 and 70-somethings as well here.

7 MEMBER TIBERTI: Thank you.

8 CHAIRMAN CLUTTS: Any other comments on the
9 administrator's report?

10 Hearing none, moving on to Agenda Item 9, for
11 possible action, board comment and discussion, board comments
12 on any agenda items, items to be included in future agendas,
13 review of action items for state Public Works Division
14 management, and setting of a future meeting date, if needed.

15 Are there any board comments on any agenda items?
16 Hearing none, items to be included in future agendas?

17 MS. STEWART: You can do it.

18 CHAIRMAN CLUTTS: One item that came up is I
19 received a letter in the mail from Mr. Paul Corrado,
20 C-o-r-r-a-d-o, regarding lead and sights V2 rating systems.
21 So I would like to give this letter to staff. If you could
22 review and then appropriately respond, I would appreciate it.

23 MS. STEWART: And for the record, Susan Stewart.
24 We'll just make sure it's included in a future agenda and so

1 architects and engineers that we have on staff have been
2 performing, you know, in an astounding manner and comparable
3 or better than prior individuals.

4 And so I would point out that the average time at
5 the Public Works Division for our architects and engineers is
6 approximately only four years on average for the architects
7 and engineers that are on staff. It turns out we have
8 construction project coordinators and other PM's that aren't
9 licensed and there's quite a senior group in that area.

10 But we have been very fortunate to replace what I
11 would call our 60-somethings with some 40-somethings and
12 we're attracting individuals that understand our work because
13 they're coming from consultants that have been supporting the
14 division. So that concludes the administrator's report.

15 CHAIRMAN CLUTTS: Thank you, Mr. Patrick.

16 Any questions?

17 MEMBER CATES: If I can just make a comment. I
18 just want to make sure that everybody knows that the State of
19 Nevada welcomes 60-somethings to the state and in no way
20 discriminates based on age. I just want to state that for
21 the record.

22 MEMBER TIBERTI: Tito Tiberti for the record.

23 Thank you, Mr. Cates. What about the 70-somethings?

24 MEMBER CATES: 70-somethings are great. Anybody

1 it's just a matter of public record.

2 CHAIRMAN CLUTTS: Perfect. Any other items to be
3 included in future agendas? Any review of action items for
4 the State Public Works Division management? Setting future
5 meeting date? TBD?

6 MS. STEWART: TBD.

7 CHAIRMAN CLUTTS: All right. Moving on to Agenda
8 Item Number 10, public comment. Is there any public comment
9 in the south?

10 MEMBER BENTLEY: No.

11 CHAIRMAN CLUTTS: Any public comment in the
12 north? Hearing none, I move to adjourn at 9:56. Thank you.
13 (Hearing was concluded at 9:56 a.m.)
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1 STATE OF NEVADA)
2 CARSON CITY) ss.
3

4 I, CHRISTY Y. JOYCE, Official Court Reporter for
5 the State of Nevada, State Public Works Board, do hereby
6 certify:

7 That on Tuesday, the 18th day of December, 2018, I
8 was present at the State Public Works Division, Carson City,
9 Nevada, for the purpose of reporting in verbatim stenotype
10 notes the within-entitled public meeting;

11 That the foregoing transcript, consisting of pages
12 1 through 36, inclusive, includes a full, true and correct
13 transcription of my stenotype notes of said public meeting.

14
15 Dated at Reno, Nevada, this 28th day of December,
16 2018.

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20 CHRISTY Y. JOYCE, CCR
 Nevada CCR #625
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