

*State Public Works Division*

**2017 CIP**

**Governor's Recommendation**

*Gus Nuñez, SPWD*

*Lori Chatwood, Treasurer's Office*

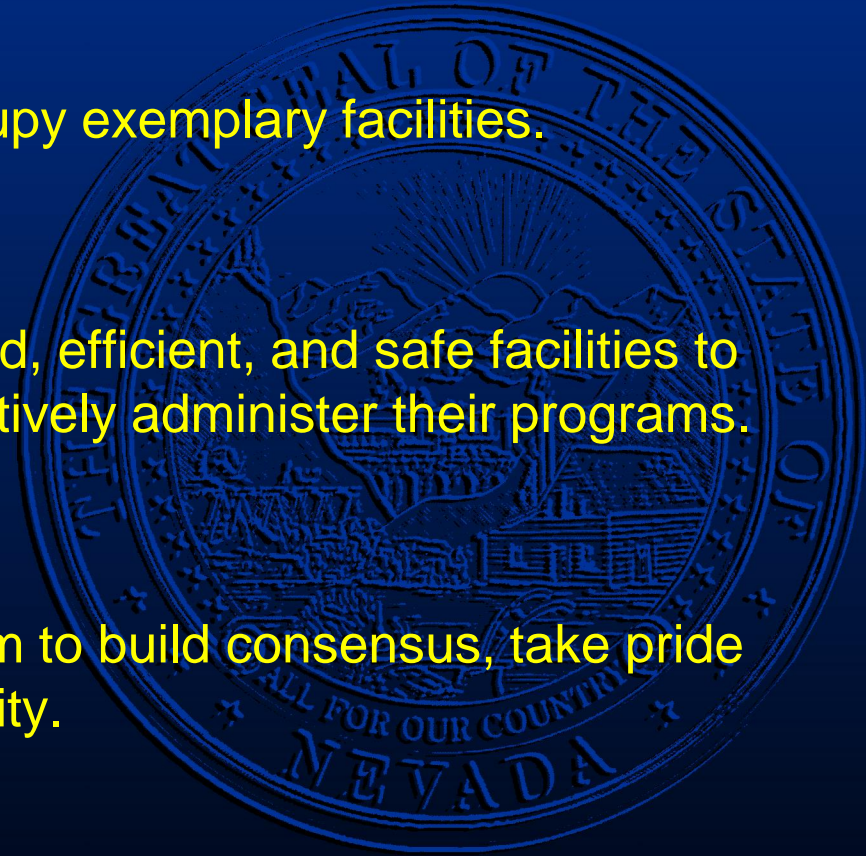
# *Presentation Highlights*

- Vision – Mission – Philosophy
- 2017 Capital Improvement Program
  - Agency Requests by Department
  - Governor’s Recommendation by Department
  - Funding Sources
  - Prioritization Criteria
    - Funding by Priority
    - Project List by Priority
- Facility Condition Analysis
- Major Issues
- Bond Capacity (Lori Chatwood – Treasurer’s Office)

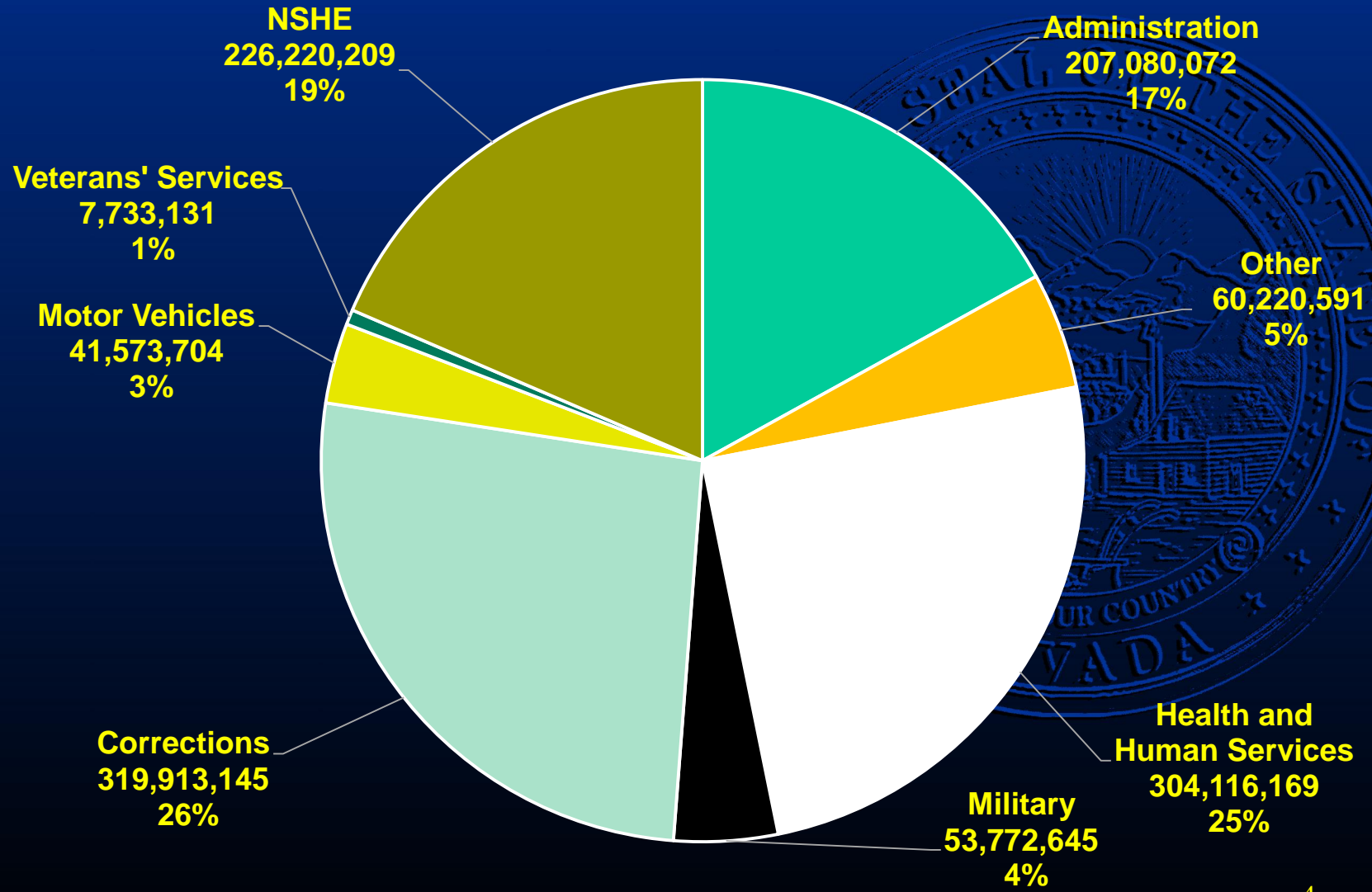


# *Vision – Mission - Philosophy*

- **Vision:** State agencies will occupy exemplary facilities.
- **Mission:** To provide well planned, efficient, and safe facilities to State Agencies so they can effectively administer their programs.
- **Philosophy:** We work as a team to build consensus, take pride in our work, and serve with humility.

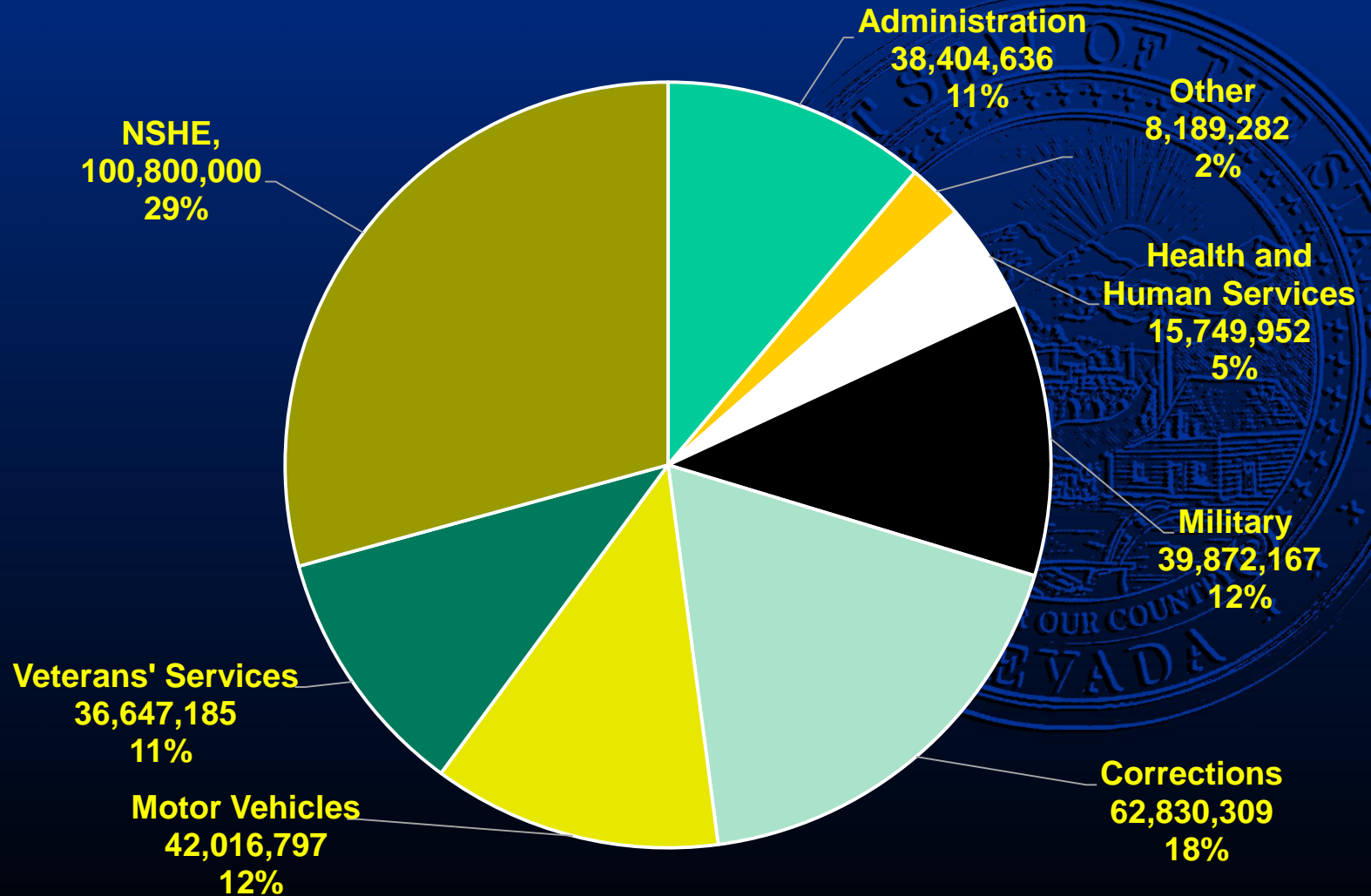


*Agency Requests by Department*  
*Analysis of Total Funding Distribution*  
*(425 projects \$1,221m)*





*Governor's Recommendation by Department*  
*Analysis of Total Funding Distribution*  
*(92 projects \$344m)*



# *Funding Sources*

- State Funding
  - General Funds
  - General Obligation Bonds
  - Reallocation from prior Capital Improvement Programs
  - Special Higher Education Capital Construction (SHECC)
  - Lease Purchase Funds
- Other Funding
  - Highway
  - Federal
  - Agency



# *Prioritization Criteria*

## 1 Legal Requirements

- ADA
- Court Orders/Legal Requirements
- Life Safety/Code Violations/Seismic

## 2 Deferred Maintenance

- Essential Facilities (Prisons, Hospitals, NHP Command)
- Governance Centers (Capitol, Mansion, GSOB, EITS)
- Statewide Programs (Roofing, ADA, Fire Sprinklers, Indoor Air Quality, Paving)
- Other Facilities

## 3 Project Continuations

- F.F.& E. from previously funded construction projects
- Ongoing Phases from previously funded construction projects
- Other Funding

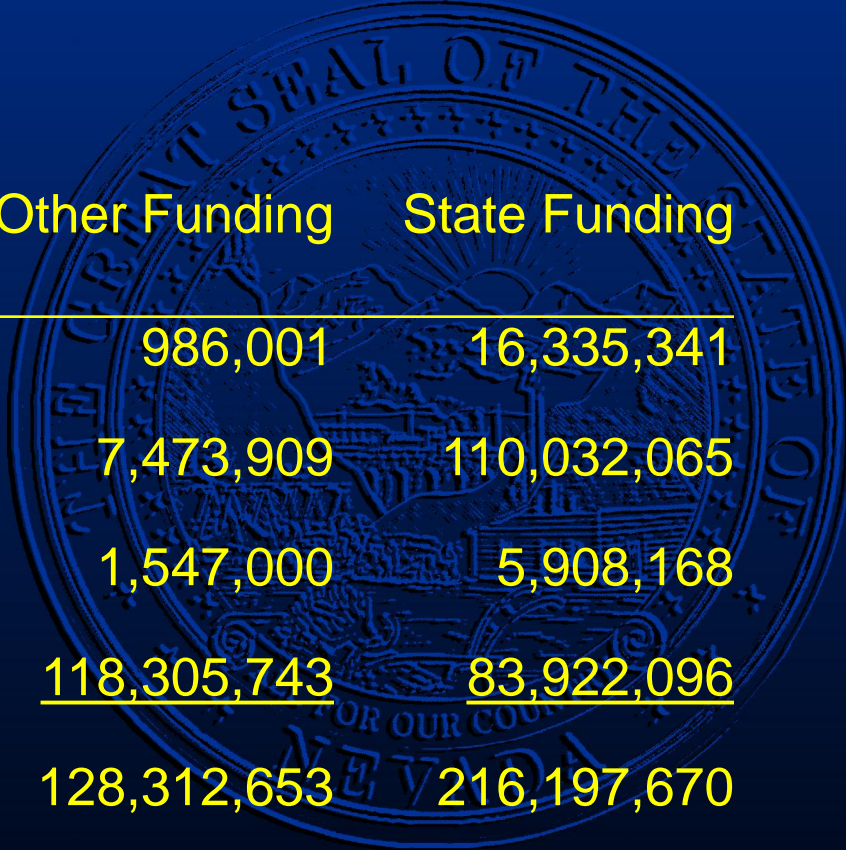
## 4 New Construction

- Required for State Programs
- Historic Renovations
- Planning for future needs (includes Master Planning)





# *Funding by Priority*



Priority Group	Other Funding	State Funding
1 Legal Requirements	986,001	16,335,341
2 Deferred Maintenance	7,473,909	110,032,065
3 Project Continuations	1,547,000	5,908,168
4 New Construction	<u>118,305,743</u>	<u>83,922,096</u>
Grand Total	128,312,653	216,197,670



# *Project List by Priority*



# Legal Requirements



Overall Priority	CIP Title	Other	State
C01	NNCC ADA Retrofit (Northern Nevada Correctional Center)	-	11,287,393
M04	Water Supply Nitrate Treatment (Humboldt Conservation Camp)	-	1,244,457
C07	Protective Barriers at Nursing Stations (Rawson Neal Hospital)	-	852,156
C09	Roof Replacement and Roof Seismic Stabilization (Old Gym - Stewart)	-	1,255,207
C14	Building Demolition (Kinkead Building)	-	1,696,128
S09	Statewide Building Official Program	986,001	-

# *Deferred Maintenance (1 of 9)*

## *(Essential Facilities)*

Overall Priority	CIP Title	Other	State
C12	Building Systems and Finishes Renovation (SDCC Housing Unit 8)	-	6,656,502
M02	Upgrade of Building Door Controls-Phase 2 (HDSP)	-	5,752,965
M03	Secondary Water Treatment Installation (Veterans Home)	-	309,542
M05	Replace Transformers (FMWCC)	-	248,407
M07	Emergency Generator and Transfer Switch Replacement (Building 3-Stein Hospital)	-	697,769
M08	Replace Emergency Generator (Desert Regional Center)	-	708,051
M10	Heating Water and Electrical Distribution System Replacement (NNCC)	-	9,867,890
M11	Emergency Generator Upgrade (NNCAS)	-	375,263
M15	Upgrade Intercom, Door Controls & Security Camera Systems (FMWCC)	-	3,468,136
M16	Access Control System (Dini-Townsend Hospital)	-	646,741
<b>Total</b>		-	<b>28,731,266</b>



# *Deferred Maintenance (2 of 9)*

## *(Essential Facilities)*

Overall Priority	CIP Title	Other	State
M17	Surge Protection (Southern Desert Correctional Center)	-	524,909
M18	Upgrade Wastewater Treatment Facilities (WCC)	-	524,736
M19	Power Panel & Switchgear Infrared Survey (HDSP)	-	276,553
M20	Communications System Upgrade (Caliente Youth Center)	-	2,143,624
M21	Security System Installation (Desert Regional Center)	-	1,990,824
M22	Replace Locks, Control Panels, Distress Buttons and Wing Gates (NNCC)	-	3,032,675
M25	Install Water Storage Tank (Ely Conservation Camp)	-	1,198,044
M26	Temperature Controls Replacement (SNAMHS)	-	332,687
M27	HVAC Systems Renovation (Nevada Youth Training Center, Gym Building)	-	1,161,808
M28	Heat Exchanger Replacement (Ely State Prison)	-	2,638,781
<b>Total</b>		-	<b>13,824,641</b>



# *Deferred Maintenance (3 of 9)*

## *(Essential Facilities)*

Overall Priority	CIP Title	Other	State
M29	Install Water Storage Tank & Connect Well 6 (SDCC)	-	3,788,465
M30	Replace Air Handling Units at Building 3 (Lovelock Correctional Center)	-	2,324,318
M31	HVAC Replacement - Multiple Buildings (Caliente Youth Center)	-	820,779
M32	Door & Lock Replacement (Summit View Youth Correctional Center)	-	437,844
M33	Domestic Water Pump House Replacement (Wells Conservation Camp)	-	329,499
M35	Boiler Replacement (Desert Willow Treatment Center)	-	305,907
M37	HVAC System Renovation (Sierra Front Interagency Dispatch Center)	-	933,049
M38	Boiler Plant Upgrades (Wells Conservation Camp)	-	544,843
M41	Chiller Replacement (Building No. 7)	-	263,165
M42	Chiller Replacement (NNAMHS Building 8)	-	304,885
<b>Total</b>		-	<b>10,052,754</b>

# *Deferred Maintenance (4 of 9)*

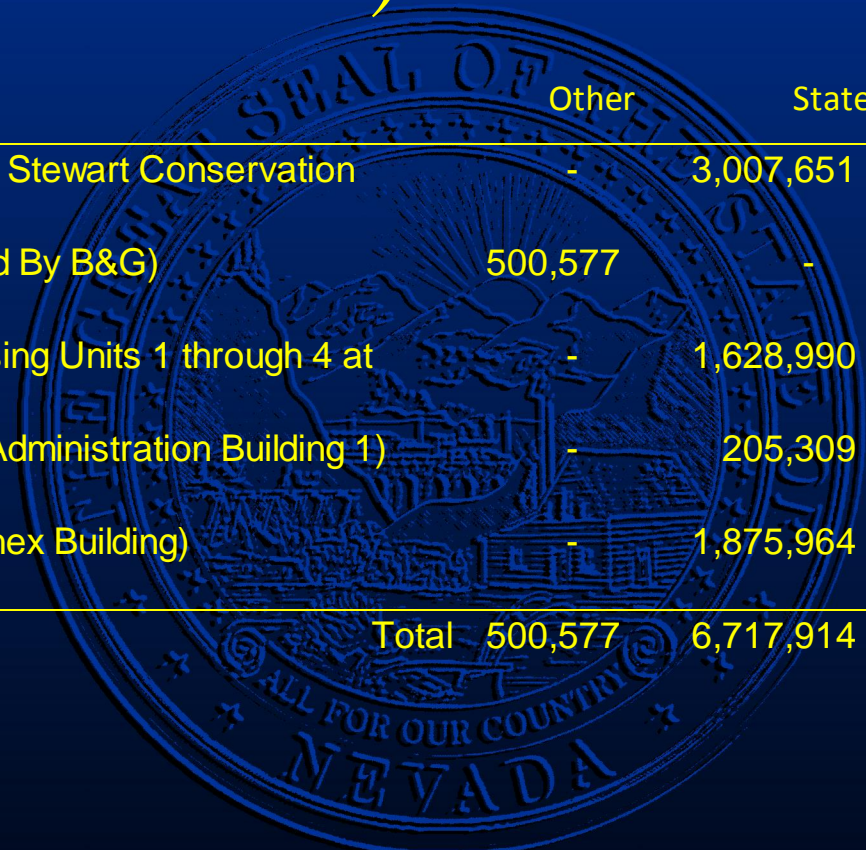
## *(Essential Facilities)*

Overall Priority	CIP Title	Other	State
M44	Communications System Upgrade (NYTC)	-	637,938
M46	HVAC System Renovation, Regional Medical Facility (Northern Nevada Correctional Center)	-	2,052,587
M47	HVAC Replacement (Buildings 11, 13, and 14)	-	214,098
M48	Plumbing Fixture & Water Control Renovations (Housing Units 1 through 3, Northern Nevada Correctional Center)	-	2,000,539
M49	Air Handling Unit Replacement (NNAMHS Administration Building 1)	-	1,087,645
M52	Air Handling Unit Replacement (Lake's Crossing)	-	1,012,204
M53	Upgrade Access Door Controls (Rawson Neal Psychiatric Hospital)	-	1,551,253
M54	HVAC System Renovation (Elko Interagency Dispatch Center)	-	948,277
M58	Upgrade Site Water Pressure Control (SDCC)	-	273,462
M60	Central Plant and Control System Upgrades (NHP Headquarters)	549,113	-
<b>Total</b>		<b>549,113</b>	<b>9,778,003</b>

# *Deferred Maintenance (5 of 9)*

## *(Essential Facilities)*

Overall Priority	CIP Title	Other	State
M62	Remodel Showers & Restrooms (5 Housing Units - Stewart Conservation Camp)	-	3,007,651
M63	Lighting Upgrades (DMV & NHP Facilities Managed By B&G)	500,577	-
M66	Plumbing Fixture Water Control Renovations (Housing Units 1 through 4 at SDCC)	-	1,628,990
M69	Direct Digital Control System Upgrade (NNAMHS Administration Building 1)	-	205,309
M70	Exterior Renovation (Nevada State Capitol and Annex Building)	-	1,875,964
<b>Total</b>		<b>500,577</b>	<b>6,717,914</b>





# Deferred Maintenance (6 of 9) (Governance Centers)

Overall Priority	CIP Title	Other	State
M09	Central Plant Renovation (Sawyer Building)	-	3,362,317
		Total	- 3,362,317





# Deferred Maintenance (7 of 9)

## (Statewide Programs)

Overall Priority	CIP Title	Other	State
S01	Statewide Roofing Program	-	8,606,942
S01g	Statewide Roofing Program (Military)	620,365	684,404
S01h	Roofing Replacement, Henderson DMV and Inspection Station	585,329	-
S02	Statewide ADA Program	-	2,374,275
S03	Statewide Fire & Life Safety Program	-	569,558
S05h	DMV Pavement Maintenance & Construction (Carson City DMV)	1,087,135	-
S06	Statewide Indoor Air Quality - Environmental Program	100,000	100,503
Total		2,392,829	12,335,682

# *Deferred Maintenance (8 of 9)*

## *(Other Facilities)*

Overall Priority	CIP Title	Other	State
M01	Deferred Maintenance (HECC/SHECC)	-	15,000,000
M12	Power Service Upgrade (Army Aviation Support Facility)	484,783	32,381
M13	Power Service Upgrade (United States Property & Fiscal Office)	345,125	23,256
M14	Upgrade Electrical Distribution & Circuitry (Attorney General's Complex)	-	799,329
M23	Upgrade Transformers, Switches & Sub-metering (Stewart Campus)	-	570,197
M24	Generator Replacement (DMV Carson City)	959,833	-
M34	Ventilation & Temperature Control System Upgrades (Stewart Buildings 6 & 107)	-	682,306
M36	Replace Domestic and Fire Water Main (Stewart Facility)	-	2,925,215
M40	Central Plant Renovation - Phase 2 (Supreme Court Building)	-	1,866,240
M43	Power Service Upgrade (Plumb Lane Readiness Center)	135,143	57,367
M45	Complete Phone & Data Network - Phase II (Stewart Campus)	-	536,630
<b>Total</b>		<b>1,924,884</b>	<b>22,492,921</b>

# *Deferred Maintenance (9 of 9)*

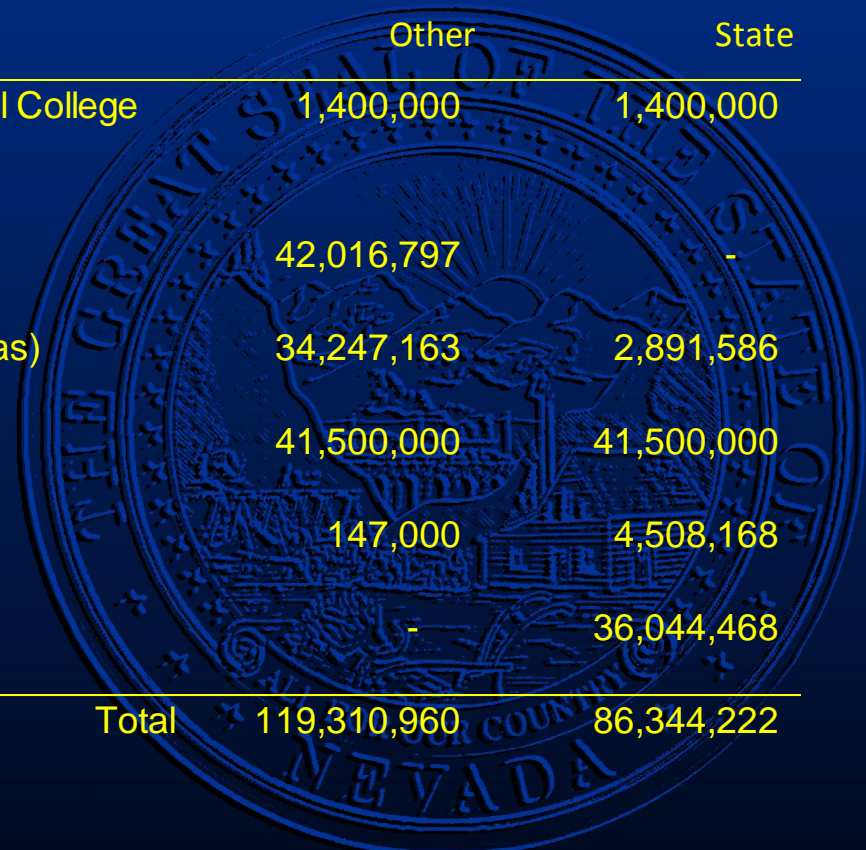
## *(Other Facilities)*

Overall Priority	CIP Title	Other	State
M51	Air Handler Renovation (Southern Nevada Veterans Home)	-	293,175
M57	Central Plant Renovation and Building Remodel (Carlin Readiness Center)	214,520	957,735
M59	Boiler Plant Renovation (Nevada State Museum in Carson City)	-	239,003
M64	Remodel Restrooms & Showers (AASF)	441,871	41,236
M65	Replace Exterior Entry Doors and Glazing Systems (DMV East & West Wings)	514,721	-
M67	Refurbish Compact Shelving (Nevada Historical Society Building)	-	148,960
M68	Roofing Replacement and Roof Seismic Stabilization (Heroes Memorial Building Annex)	-	577,668
M72	Replace Plumbing Fixtures (DMV Building in Carson City)	149,358	-
M74	Remodel Loading Dock (Nevada State Museum, Las Vegas)	-	216,778
M75	Water System Improvements (Mason Valley WMA Headquarters)	786,036	262,012
<b>Total</b>		<b>2,106,506</b>	<b>2,736,567</b>



# Project Continuations

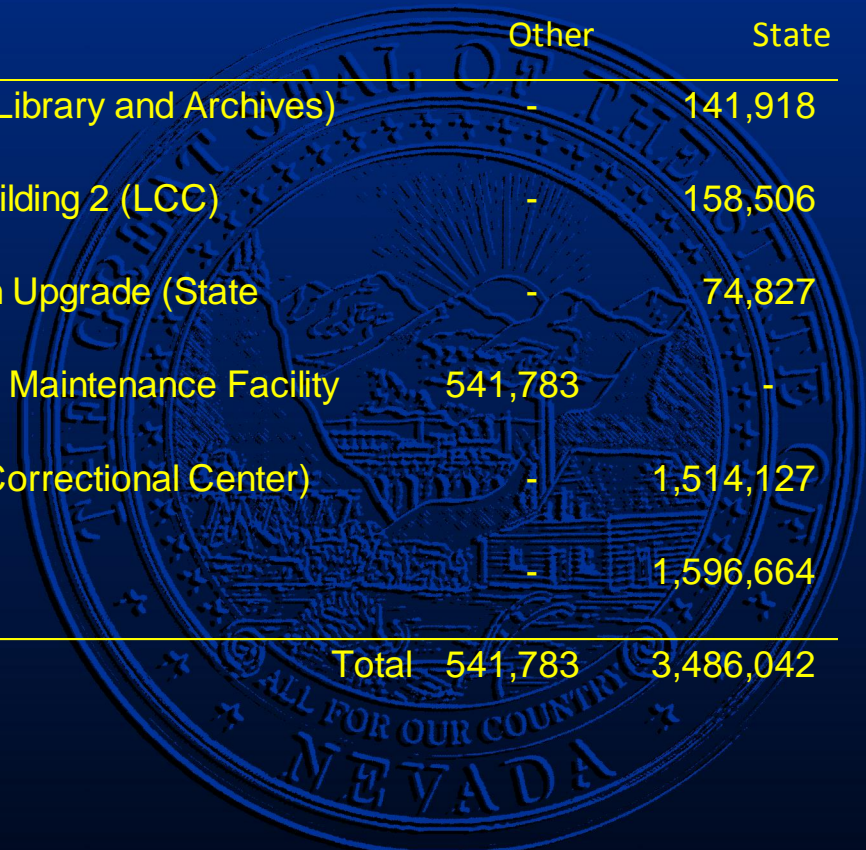
Overall Priority	CIP Title	Other	State
C02	Furniture, Fixtures & Equipment for the UNLV Hotel College Building	1,400,000	1,400,000
C04	DMV Facility in South Reno	42,016,797	-
C05	National Guard Readiness Center (North Las Vegas)	34,247,163	2,891,586
C06	New Engineering Building (UNR)	41,500,000	41,500,000
C08	Cultural and Welcome Centers (Stewart Campus)	147,000	4,508,168
C13	Northern Nevada Veterans Home	-	36,044,468
Total		119,310,960	86,344,222





# Planning for Future Needs

Overall Priority	CIP Title	Other	State
P01	Advance Planning: Central Plant Renovation (State Library and Archives)	-	141,918
P02	Advance Planning: Replace Air Handling Units at Building 2 (LCC)	-	158,506
P03	Advance Planning: Computer Room Cooling System Upgrade (State Computer Facility)	-	74,827
P04	Advance Planning: Southern Nevada Fleet Services Maintenance Facility (Grant Sawyer Site)	541,783	-
P06	Advance Planning: Housing Unit (Southern Desert Correctional Center)	-	1,514,127
S04	Statewide Advance Planning Program	-	1,596,664
<b>Total</b>		<b>541,783</b>	<b>3,486,042</b>



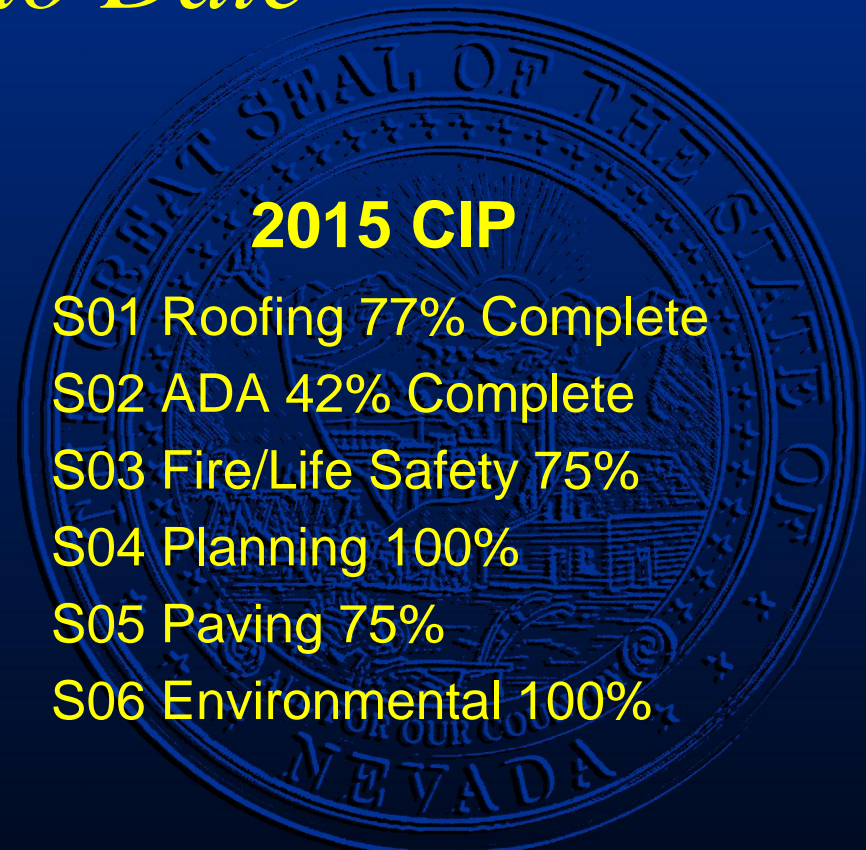
# *Statewide CIP Projects: Progress to Date*

## **2013 CIP**

- S01 Roofing 100% Complete
- S02 ADA 95% Complete
- S03 Fire/Life Safety 100%
- S04 Planning 100%
- S05 Paving 100%
- S06 Environmental 100%

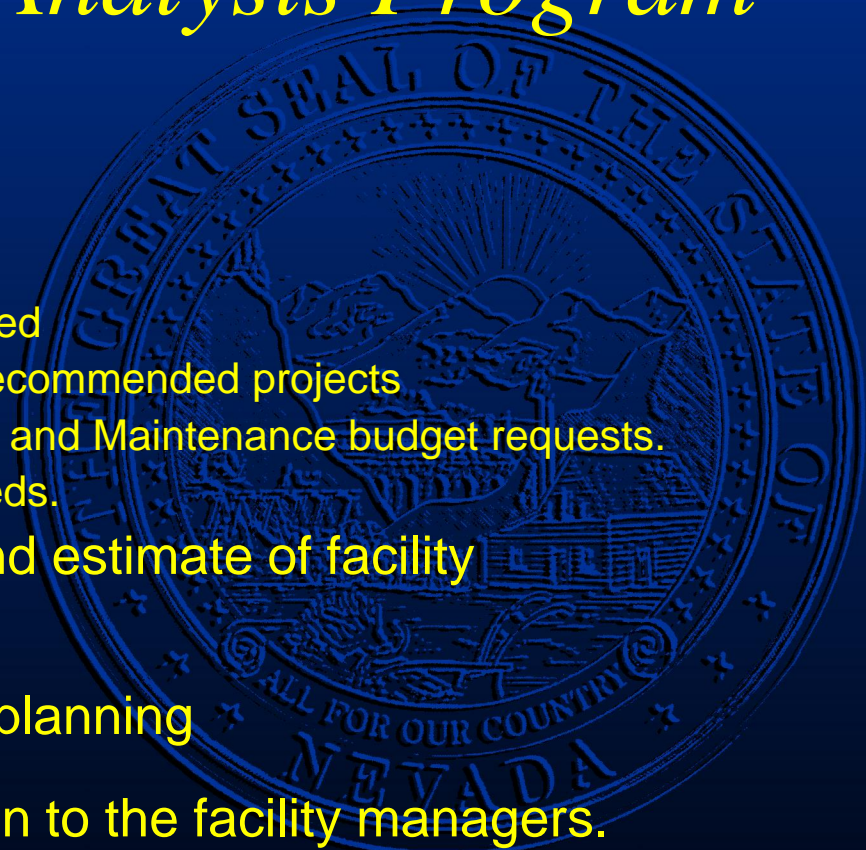
## **2015 CIP**

- S01 Roofing 77% Complete
- S02 ADA 42% Complete
- S03 Fire/Life Safety 75%
- S04 Planning 100%
- S05 Paving 75%
- S06 Environmental 100%



# *Benefits of the Facilities Condition Analysis Program*

- Document necessary repairs
  - Assure Safety issues are documented
  - Provides a prioritized database of recommended projects
  - Planning level basis for Agency CIP and Maintenance budget requests.
  - Address Deferred Maintenance Needs.
- Provides a building inventory and estimate of facility replacement costs.
- Provides information for facility planning
- Provides Maintenance Education to the facility managers.
- Fulfills Statutory Requirements to visit State Buildings



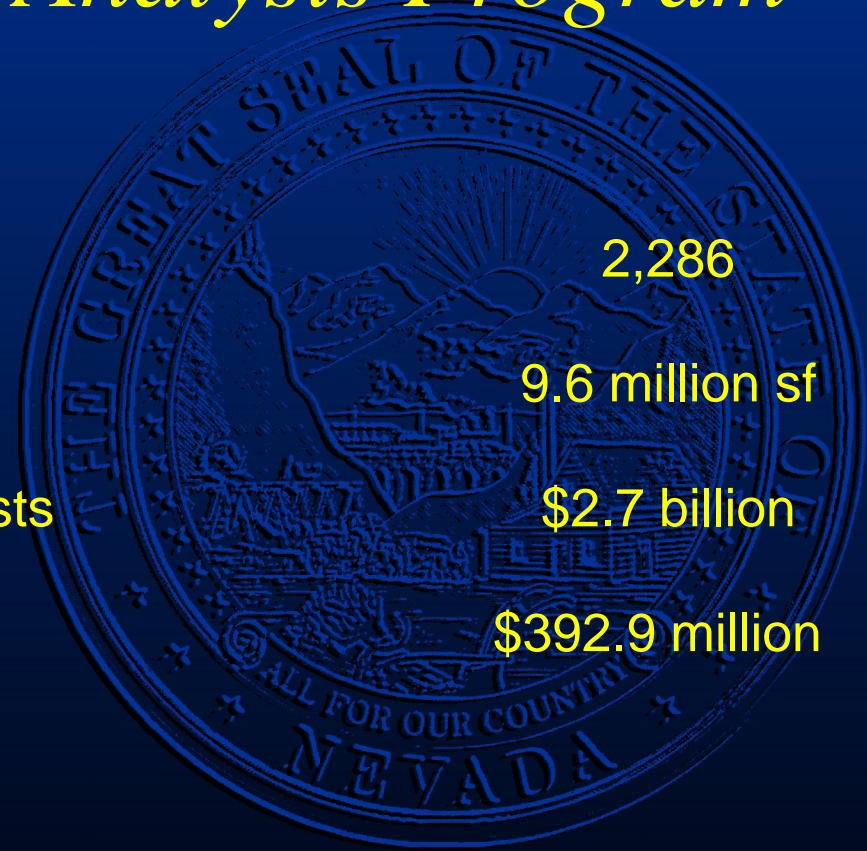


# *Statistics in Brief*

## *Facilities Condition Analysis Program*

- Number of Buildings 2,286
- Building Area 9.6 million sf
- Estimated Facility Replacement Costs \$2.7 billion
- Recommended Repairs \$392.9 million

*Excludes NSHE, Legislature and NDOT*



# *Facility Condition Analysis - Priorities*

Priority 1: 0-2 Years	\$ 100.2 million
Priority 2: 2-4 Years	\$224.9 million
<u>Priority 3: 4-10 Years</u>	<u>\$ 67.9 million</u>
Total Facility Repair Needs: \$392.9 million	

*Excludes NSHE, Legislature and NDOT*

# Performance Indicators

## Facilities Condition Analysis Program

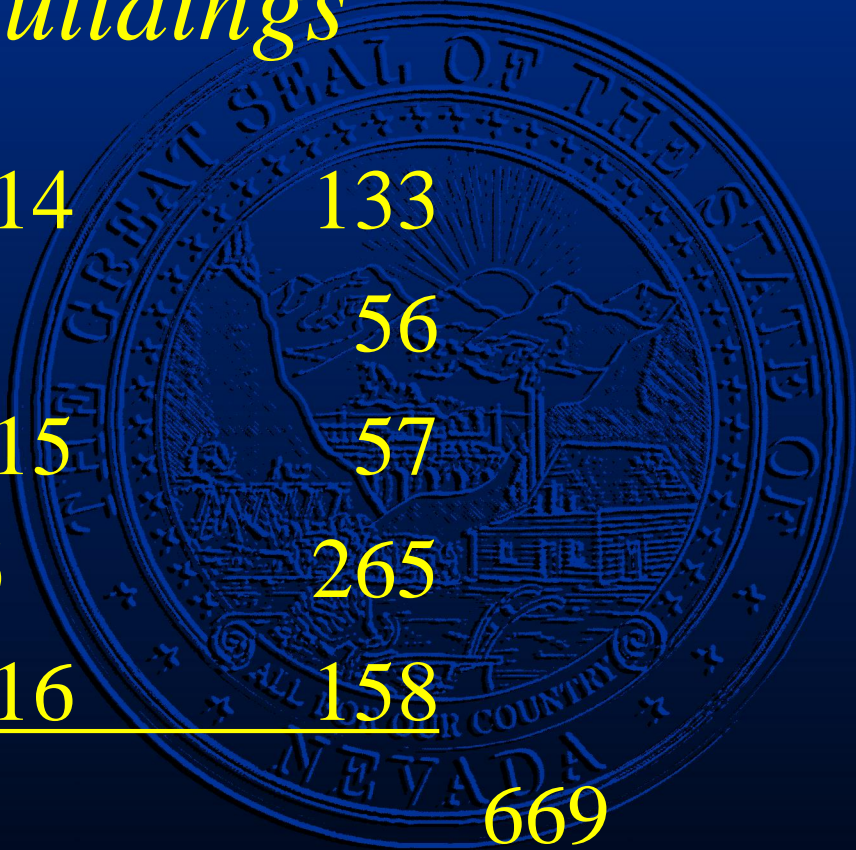
Description	\$ Millions	Percent	Performance Indicator Goal
Total Recommendations	392.9	100%	
2013 Agency Requests for Funding (from FCA Recommendations) (Performance Indicator*):	79	20%*	45%
Governor's Recommendation (CIP from FCA Recommendations):	29	7%	
Projects Completed (Performance Indicator*):	35	9%*	15%

*\*Excludes NSHE, Legislature and NDOT*



# *Facility Condition Analysis*

## *Surveyed Buildings*



The seal of the State of Nevada is visible in the background, featuring a mountain range, a sun, and a building, with the text 'THE GREAT SEAL OF THE STATE OF NEVADA' and 'ALL FOR OUR COUNTRY'.

• July thru December 2014	133
• January thru June 2015	56
• July thru December 2015	57
• January thru June 2016	265
• <u>July thru December 2016</u>	<u>158</u>
» Total	669

# *Facilities Surveyed*

South Fork State Recreation Area Site (9936)  
Elko Agriculture Office Site (9822)  
Wild Horse State Recreation Area Site (9935)  
Agriculture Site - Sparks (9868)  
Nevada State Museum Complex - C.C. Site (9907)  
Mormon Station State Historic Park Site (9925)  
Marlette Lake Water System Office Site (9899)  
Rawson-Neal Psychiatric Hospital Site (9894)  
Campos Office & Parking Complex Site (9794)  
Fleet Services - Las Vegas Site (9790)

Ely State Prison Site (9941)  
Las Vegas Readiness Center Site (9842)  
Winnemucca Office Building (2433)  
Lake Tahoe Nevada State Park - Spooner (9928)  
Lake Tahoe Nevada State Park - Sand Harbor (9927)  
NDF Western Region Site (9957)  
Southern Nevada Correctional Center Site (9994)  
Kershaw-Ryan State Park Site (9944)  
Echo Canyon State Park Site (9945)  
Spring Valley State Park Site (9943)



# *Facilities Surveyed (cont.)*

Las Vegas State Tree Nursery Site (9966)  
Nevada State Museum, Las Vegas Site (9817)  
Data Center Site (9855)  
Tonopah Conservation Camp Site (9975)  
Kirch WMA Site (9953)  
Eastern Region Wildlife Office Site (9880)  
Elko DETR Office Site (9823)  
Spring Creek Fish Rearing Station Site (9882)  
Humboldt Conservation Camp Site (9972)

Marlette/Ash Canyon Site (9895)  
Elko Armory Site (9937)  
Wells Conservation Camp Site (9974)  
Marlette Water System Site (9788)  
Washoe Casual Labor Office Site (9847)  
High Desert State Prison Site (9952)  
Henderson Armory Site (9912)  
Boulder City Railroad Museum Site (9951)  
Spring Mountain Ranch State Park Site (9930)





# *Major Issues*

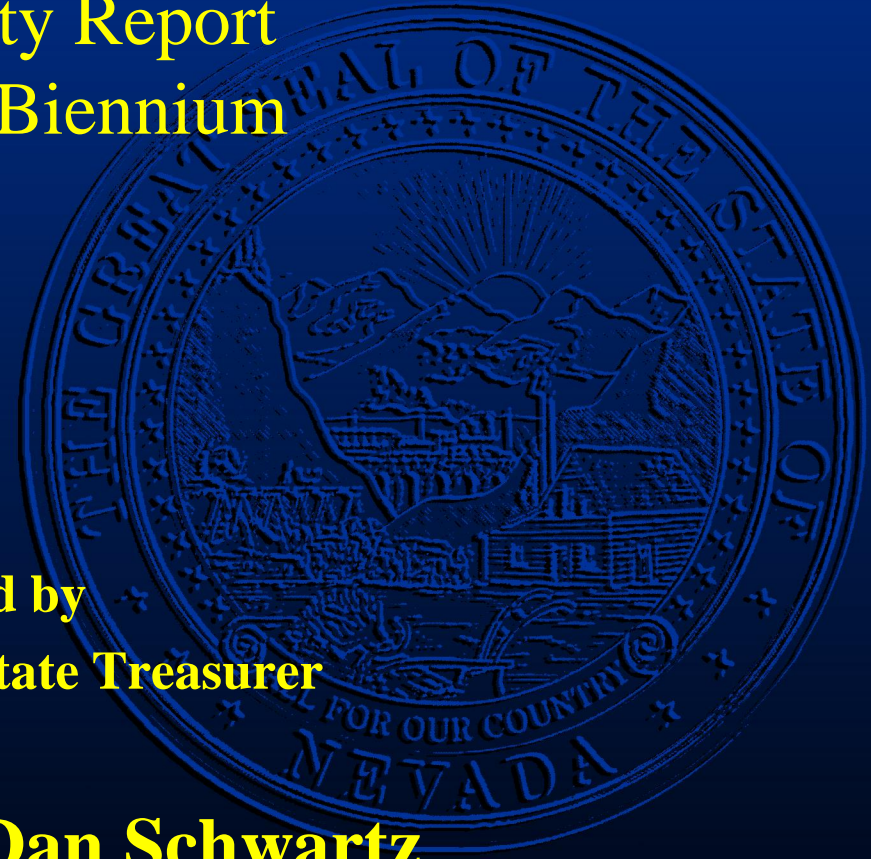
- SPWD Staffing Levels – The proposed CIP is \$100 million more than last session, as a result SPWD will need to hire more employees to manage the larger CIP.
- Qualified Employees – With the recovery of the design industry, competition for qualified design professional/ Project Manager employees is fierce and will make finding qualified employees difficult.



State of Nevada  
General Obligation Debt Capacity and  
Affordability Report  
2017-2019 Biennium

Prepared by  
The Office of the State Treasurer

**The Honorable Dan Schwartz**  
Treasurer





# State of Nevada Bonding Programs Paid with Property Tax

## Subject to the Constitutional Debt Limitation:

Cultural Centers and Historic Preservation  
\$3,000,000/fiscal year

Open Space, Parks, and Cultural Resources-Q1  
State Lands

2015 Capital Improvement Projects

## Exempt from the Constitutional Debt Limit:

Water System Grants-AB198

Lake Tahoe Basin Projects

Open Space, Parks, and Natural Resources-Q1

State Parks

State Wildlife

State Lands

## Outstanding Authorized but Unissued

NRS 383.530

AB9 2001

\$12,556,000

AB491 2005

\$21,900,472

## Outstanding Authorized but Unissued

NRS 349.986

\$71,281,324

AB18 2009

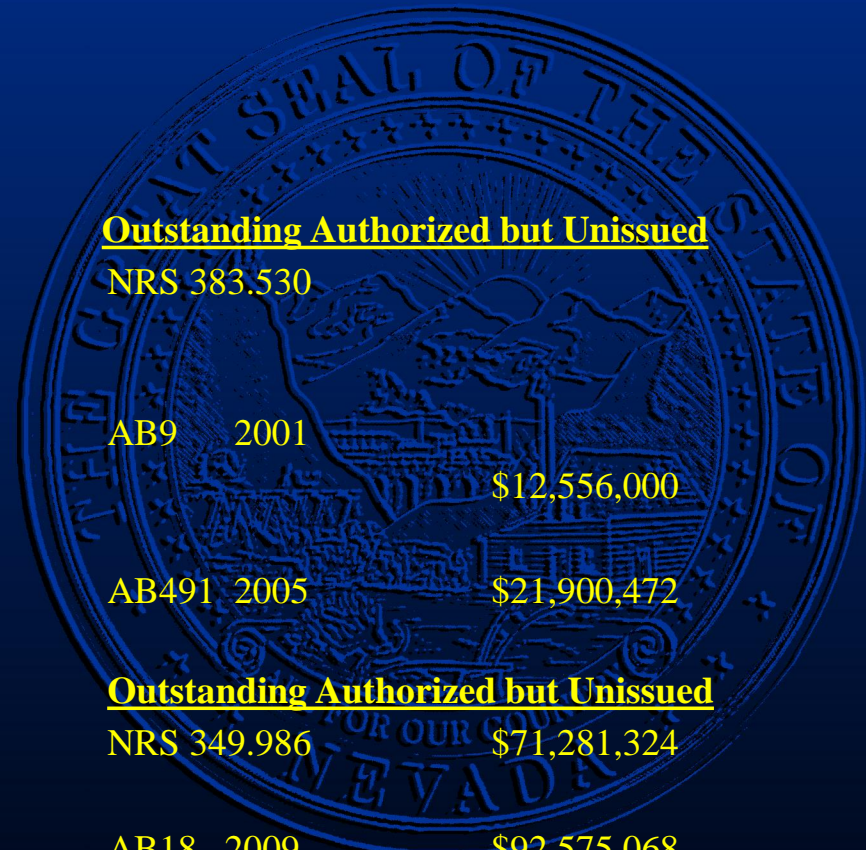
\$92,575,068

AB9 2001

\$1,776,531

\$1,941,187

\$6,090,151







# Constitutional Debt Limitation

## Debt Capacity

The Constitution of the State (Article 9, Section 3) limits the aggregate principal amount of the State's general obligation debt to 2% of the total reported assessed valuation of the State. The limitation does not apply to debt that is incurred for the protection and preservation of any property or natural resources of the State or for the purpose of obtaining the benefits thereof.

### Constitutional Debt Limitation

Effective June 30	Assessed Valuation	Debt Limitation	Outstanding GO Debt Subject to Limitation	Remaining Constitutional Debt Capacity
2013	\$85,058,177,087	\$1,701,163,542	\$1,178,185,000	\$522,978,542
2014	92,727,490,889	1,854,549,818	1,151,010,000	703,539,818
2015	101,414,649,154	2,028,292,983	1,127,220,000	901,072,983
2016	108,331,564,829	2,166,631,297	1,082,845,000	1,083,786,297
2017	108,331,564,829	2,166,631,297	1,099,210,000	1,067,421,297



# Property Tax Revenue Actual and Estimated

In December 2016, a committee comprised of the Departments of Taxation and Education, the Governor's Finance Office, the State Treasurer's Office, and the Legislative Counsel Bureau met to discuss and prepare a forecast of property tax revenues. They projected revenue for the 2017-2019 biennium and the growth rate for the outlying fiscal years in order to estimate the revenue to be received from the \$0.17 ad valorem tax levy.

The Table below reflects the actual revenue received to pay the State's general obligation debt from the current property tax levy of \$0.17 per \$100 of assessed valuation for fiscal years 2010-2016 and the estimated revenue to be received for fiscal year 2017.

Fiscal Year	Tax Rate Per \$100 of Assessed Valuation	Property Tax Revenues	Percentage of Change Over Prior Year
2010	\$0.17	\$186,714,279	-.43%
2011	0.17	158,172,271	-15.29%
2012	0.17	146,097,340	-7.63%
2013	0.17	138,178,568	-5.42%
2014	0.17	134,627,753	-2.57%
2015	0.17	139,599,461	.73%
2016	0.17	146,066,216	3.69%
2017	0.17	141,865,083	-2.57%



# Affordability Analysis Assumptions

## Projected Net Property Tax Growth Rates:

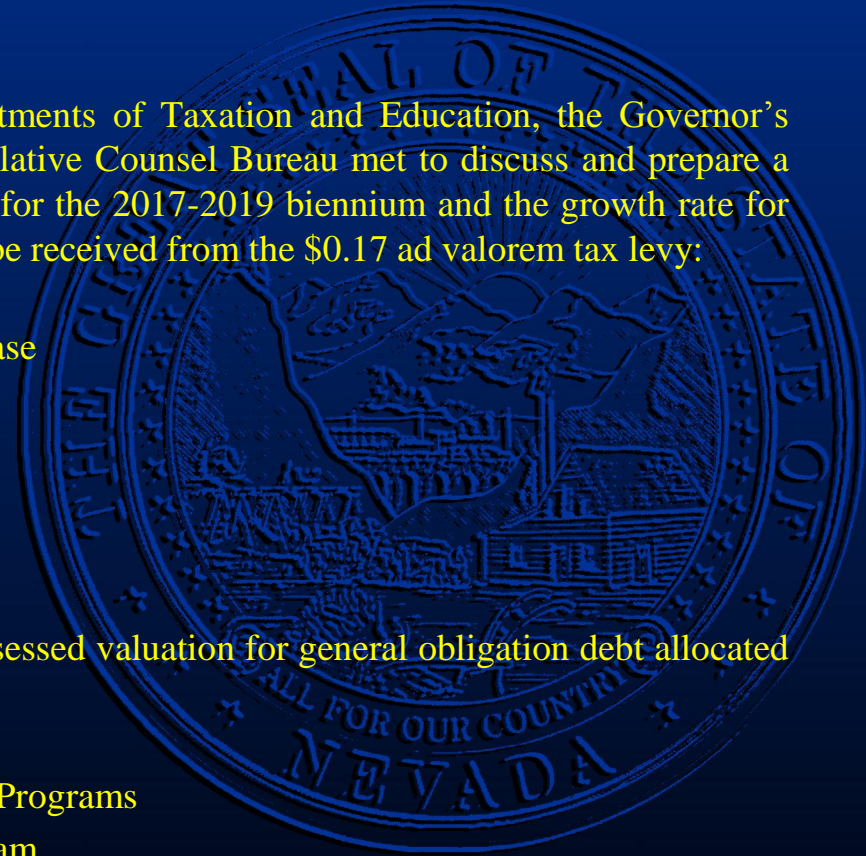
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FY 2017		0.02%	Increase
FY 2018	4.42%	Increase	
FY 2019	4.22%	Increase	
FY 2020-2025	3.00%	Increase	

## State's Property Tax Levy:

The State continues its current levy of \$0.17 per \$100 of assessed valuation for general obligation debt allocated as follows:

FY 2017-2021	\$0.1545 Allocated to Non -Q1 Programs \$0.0155 Allocated to Q1 Program
FY 2022-2031	Allocation to Q1 Program may increase dependent upon additional Q1 debt issuance







# Affordability Analysis Assumptions (Continued)

## Projected Net Proceeds of Minerals:

Due to the sun setting of the prepayment of the taxes on net proceeds of minerals (NRS 362.115) in Fiscal Year 2016, and without current projections from the Department of Taxation, net proceeds of minerals revenue projections have not been included in this analysis.

FY 2017-35      \$0.00

## Estimated Future Borrowing Cost:

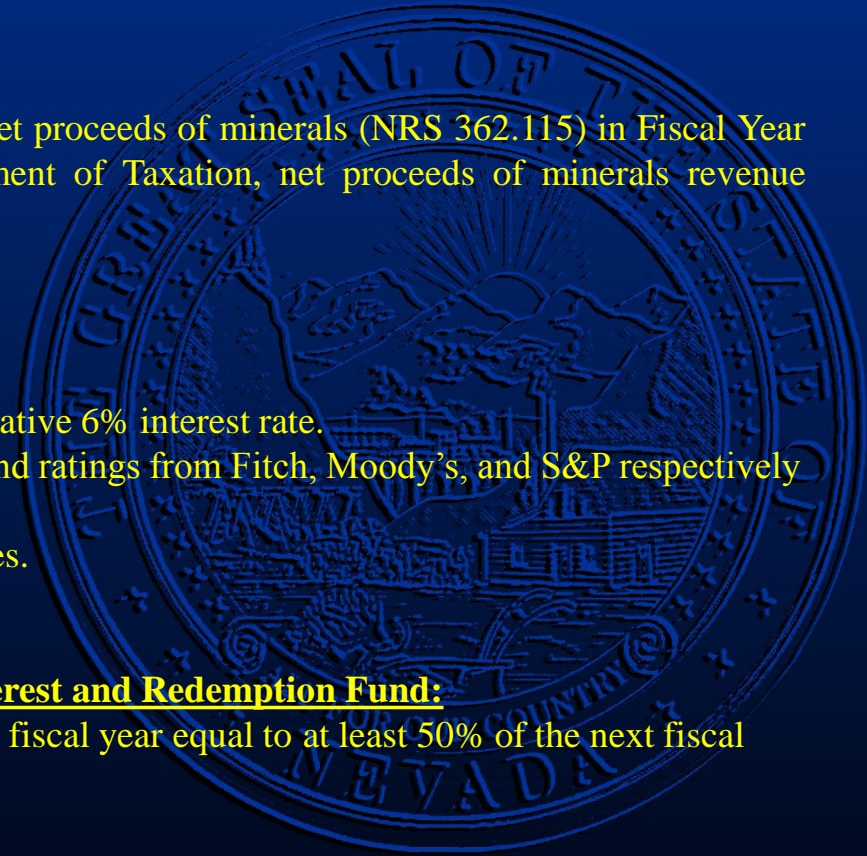
- Future borrowing costs are modeled at a conservative 6% interest rate.
- The State maintains its current AA+/Aa2/AA bond ratings from Fitch, Moody's, and S&P respectively throughout the amortization of all bonds.
- Tax-Exempt bonds issued for capital expenditures.
- Fixed rate debt.

## Reserves maintained within the Consolidated Bond Interest and Redemption Fund:

- Reserve balance maintained at June 30th of each fiscal year equal to at least 50% of the next fiscal year's debt service.

## Constitutional Debt Limit:

- Outstanding and proposed general obligation debt subject to the Constitutional debt limit shall not exceed the Constitutional debt limit.





# Conclusion

The results of the Affordability Analysis indicate the State's bonding affordability for all capital programs paid with property tax is \$145 million for the upcoming 2017-2019 biennium and additionally, \$125 million for the 2019-2021 biennium and a minimum of \$100 million for each of the subsequent bienniums (actual bonding capacity in future bienniums is dependent largely on actual property tax revenue growth as compared to estimates).

Based on current assumptions for property tax revenue growth and bond issuances, a portion of the reserves in the Consolidated Bond Interest and Redemption Fund will be required to support the projected debt service payments through fiscal year 2021. However, in each fiscal year the projected reserve balance within the Consolidated Bond Interest & Redemption Fund is expected to meet or exceed the State's policy of maintaining a reserve balance at June 30th of each fiscal year equal to at least 50% of the next fiscal year's debt service (actual amount of reserves required for future debt service is dependent upon future growth rates in property tax revenue, bond interest rates, and amortization periods as compared to estimates).

# *Questions*

