



Office of the Governor

May 18, 2016

The Honorable Brian Sandoval
Governor of Nevada
101 North Carson Street
Carson City, Nevada 89701

Dear Governor Sandoval:

The Spending and Government Efficiency (SAGE) Commission held its second quarterly meeting of 2016 on May 12 to further consider matters relating to capital construction and maintenance of school facilities and to take up the issue of human resource cost drivers (i.e., salaries, benefits, and personnel) in education spending. I am pleased to report the actions resulting from the meeting, pursuant to the requirements of Assembly Bill 421 of the 78th Regular Session (Chapter 414, Statutes of Nevada, 2015).

As with my previous report, since minutes of the May meeting are not finalized, I prepared a preliminary list of the school facilities recommendations approved during this 90-day period. This list will be slightly edited for grammar and may include additional content that I overlooked; such changes will be transmitted in the Commission's final report. However, the themes and core recommendations reflected on the attached page may warrant action on your part and are therefore submitted in compliance with state law. The Commission has not yet issued any recommendations relating to human resource cost drivers. We will revisit that issue in August.

I will be providing the recommendations made to date to the Legislative Committee on Education at its next regular meeting.

On behalf of all my fellow Commissioners, thank you for providing Nevadans with this forum.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dale A. Squiggen".

Chair
Spending & Government Efficiency Commission

SAGE Commission Recommendations Approved on May 12, 2016

With regard to the topic of design, construction, and maintenance of school facilities, the Commission recommends as follows:

1. Districts should turn first to public lands for the acquisition of land for school sites, encourage jurisdictions to establish a committee of relevant parties (e.g., school district officials, developers, county and city agencies) to identify the school site, and require remediation as part of the negotiations process, and recommend legislator to conduct studies of impact fees.
2. The Legislature should commission an independent operational audit to explore opportunities for value engineering to include lifespan of school facilities, the usefulness and possibilities of shared facilities, a comparison of construction costs, and inclusion of deferred maintenance.
3. The Legislature should increase the appropriation for the Account of Charter Schools revolving loan fund and consider offering a matching grant program from existing state funds that seeks to address educational inequities for high performing charters that serve at-risk students.
4. If the Legislature accepts the Commission's recommendations concerning the Account for Charter Schools revolving loans funds and the matching grant program, then the Legislature should consider allowing those funds to be used for leasing cost as well as the construction and purchase of school facilities.
5. The Legislature should consider the feasibility of having the State take on a significant role to assist upon request by small school districts (defined as anything outside of Clark and Washoe County) with design and project management.
6. The Legislature should encourage school districts to explore creating incentives for construction contractors to retain some share of realized savings if they finish under budget or finish ahead of schedule.
7. The Legislature should develop guidelines for district review panels for the evaluation of responses to requests for proposals for construction services and the extent to which outside architects, engineers, and contractors should be used in the selection process. Emphasis should be placed on including participants with private sector construction experience and those familiar with making return on investment decisions.
8. The Legislature should require that the gift limitations that apply to legislators also apply to employees serving in positions related to the construction of facilities in school districts as well as anyone purchasing goods or services for the districts
9. The Legislature should require that the payback period for developers and/or utilities to refund amounts advanced by the districts for "off sites" on their parcels be increased from five to up to 20 years.
10. The Legislature should require the districts to review various measures to lower costs of construction and maintenance functions to include moving more schools to 12-month schedules or double sessions and consider a minimum number of schools on 12-month schedules or double sessions to eliminate or extend the need for new schools.