

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Governor Brian Sandoval  
Lieutenant Governor Brian Krolicki  
Attorney General Catherine Cortez Masto  
Controller Kim Wallin  
Len Savage  
Tom Fransway  
Rudy Malfabon  
Bill Hoffman  
Dennis Gallagher

---

Sandoval: Good morning, ladies and gentlemen. I will call the Department of Transportation Board of Directors meeting to order. We will begin with Item 1 of the Agenda, Director's report. Mr. Malfabon.

Malfabon: Good morning, Governor, Board members. I have a few items to go over on this momentous day. It's going to be a long day for some of you that are going to stay up late tonight. I'm going to try to get to bed by 11:00, but there's certain races that are gonna be very close today. I wanted to introduce our new pilot.

Krolicki: Our first disagreement of the day.

Malfabon: Oh, okay. Thank you Lieutenant Governor. There might be some assembly races, come on. I'd like to introduce our new pilot. Scott would you do the honors of introducing our new pilot?

Sisco: This is Shane Warner. He's our new Chief Pilot and I guess he actually started with us last week. We've got him in training. As the Controller said, he moved from (inaudible) and he started -- starts flying tomorrow --

Warner: Yes, sir.

Sisco: -- regular schedule.

Sandoval: Well, welcome aboard and pun intended.

Malfabon: Yes. That will definitely help us be more cost efficient in flight operations, and tomorrow is the safety summit in Las Vegas, so several of us will be traveling down to that event on the state plane. I want to report some good news. In the court case where Granite Construction challenged the rejection of all bids and asked the court to require NDOT to award the Snyder

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Avenue Bridge Contract on the Carson Freeway to Granite Construction. The judge ruled in our favor yesterday saying that because of the software glitch that occurred in the electronic (inaudible) system, that it was proper for NDOT to reject all bids and readvertise, so it wasn't arbitrary and capricious on our part to reject all bids.

Sandoval: So, Mr. Director, what's going to happen now? What will be the process?

Malfabon: Now we will prepare the summary of that decision, allow Granite's attorneys to look at that, and then they can decide whether they want to appeal to the State Supreme Court. Meanwhile, NDOT had postponed the bid two weeks, so it opens in about a week and a half.

Sandoval: So will you -- will there be parallel processes then? So if you're going to open it up and also have a parallel court proceeding, couldn't that lead to contrary results?

Malfabon: We just wouldn't be able to award the contract, and it would be something that would be brought to the Board anyway since it's over five million dollars. So there's time to -- we could open the bids and it wouldn't be against -- we just wouldn't be able to award, I believe.

Gallagher: Governor, the District Judge denied the stay motion that was made after he rendered the decision, so NDOT is free to proceed.

Sandoval: But my point being, you're free to proceed, you run down that process, award it, if Granite chooses to appeal to the State Supreme Court, and the State Supreme Court reverses the decision and says Granite should have been awarded the job, what happens then?

Gallagher: It would probably depend on at what point in the process the Supreme Court would issue its order.

Sandoval: Because like I said, I have some concern that if you go down one road, again, I'm full of puns today, and another contractor besides Granite were to receive that award, and then Granite were to be successful at the Supreme Court level, and the Supreme Court were to decide that Granite should have received the job, then what do we do then? Because then the other side might bring an action as well.

Unidentified Man: Absolutely. And I think the director recognized this early on, that because of the software glitch, it was likely that NDOT would be sued by one party

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

or another, and of course he evaluated the report he received from staff and made his decision to reject all bids which resulted in the filing of a lawsuit by Granite which was anticipated under the circumstances.

- Sandoval: Well, let me ask the question a different way. Is it prudent to go forward on putting this out to bid if it's still uncertain as to what the final rule of law is going to be?
- Gallagher: The option is not to put it out but that the process of it going to the Supreme Court, and the Supreme Court deciding it could take years and, you know, I guess that's a decision for NDOT as to whether or not it wants to proceed with the project with that possibility.
- Sandoval: Okay. Member Fransway?
- Fransway: Governor, and I understand your concern. I'm wondering if there is a deadline to the appellate process.
- Gallagher: Once the Judge enters his order, there will be a clock that starts for the parties to file an appeal. That appeal would need to be filed within 30 days of the entry of order which we hope will be next week. But that's just notice of an appeal. When the briefing schedule might result, and whether or not then the Supreme Court would hear arguments on it, that could be 18, 24 months off.
- Fransway: Okay. But doesn't Granite have to make a move to appeal within a certain amount of time?
- Gallagher: Yes. They'll have to make -- file a notice of appeal within 30 days of the District Court Judge entering his order.
- Fransway: So we could probably wait until they make their decision before we went out to bid, right?
- Malfabon: Just a correction, Member Fransway. The contract was readvertised, but in our process of awarding the contract, it will be within that time that we wouldn't have to make a determination or recommendation of the Board to award. We would still have our process which takes about 30 days to evaluate those bids, so we just would not proceed with recommending an award should that occur were Granite to file an appeal.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Sandoval: I guess the last word would be I just don't want to be sitting here 18 months from now and Granite have successfully appealed this case and then us talking about a litigation with the new contractor who got the award.

Unidentified Man: Are there any (inaudible) rights with this?

Malfabon: We'll have to check. Thank you, Governor. Another item to report is that National Highway Traffic Safety Administration, they review the traffic safety laws of the states for compliance with federal policy on traffic safety, and on the open container law in Nevada, they found that our law is not in compliance in that the driver of a vehicle that's hired -- that's paid for transportation purposes such as a limousine or taxicab, there's no distinction in the NRS that would prevent the driver from having an open container in the vehicle. Obviously that wasn't the legislative intent, and then what NDOT will do is to -- in our bill draft request, we have a primary seatbelt law that's going forward to the legislature for consideration. The intent is for NDOT to request amendment of the open container law at the time when that bill is heard, in the proper committees and the legislature next session. The penalty to Nevada would be that we -- it doesn't take away funding, but we have to shift funding from highway projects to -- and our intent is to shift about seven million dollars is the percentage amount equivalent to shift that to traffic safety projects. So still keep construction dollars in the construction area so it creates jobs, but we will try to address that open container law next session to get it in compliance with federal policy. The next thing to report was the -- I had mentioned last time that due to the authorization bill that we're under right now from Congress which is called Map 21, the Transportation Authorization Bill, the Tahoe Metropolitan Planning Organization lost its status as an NPO, so although some good work in having all the planning functions consolidated into one organization up at Lake Tahoe, they did not meet the population requirements of \$50,000 -- 50,000 population threshold, so they lost that designation, and we will bring forward to the Governor's office, both from California perspective with Cal Trans, and the California Governor, as well as you, Governor, and from the Department of Transportation here, send letters to the appropriate people either in Congress and U.S. DOT to get that corrected, because we feel that the Tahoe NPO did serve a good function in collecting all of that planning information and submitting it to NDOT. For now though they have lost that status as an NPO, and hopefully Congress will correct that in a correction bill. The next item to report was -- it looks like our contractor, Meadow Valley Contractors, Inc. will open Meadow Wood Interchange

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

before Black Friday, or on Black Friday have it open there for the mall and the shopping events there. It was -- it probably won't be complete with the entire project, but they will have it open to traffic. They've been doing some paving there, so it looks like they're gonna be on schedule for opening that, and that brings a great relief to everybody's mind that they've put in the effort to get that open to traffic before Black Friday. And that's what I had to report.

Sandoval: Thank you, Mr. Director. Any questions from Board members? All right. We will move on to Agenda Item Number 2, public comment. Is there any member of the public here in Carson City that would like to provide public comment? Yes, sir.

Price: Thank you Governor Sandoval and members of the Board. For the record, my name is Darren Price. I'm the General Manager for the Sun Valley General Improvement District. We are Nevada's largest general improvement district and I'm here to say thank you for a recent project that NDOT did in our community. Governor, with your permission, I'd like to read the resolution that's going to be presented by me on behalf of our Board of Trustees to the Board. Whereas the Sun Valley General Improvement District Board of Trustees as Sun Valley's local governing board whose vision statement is a commitment to our community by providing excellence in service in community provide, and whereas the vision of the Nevada Department of Transportation is to provide a better transportation system for Nevada through unified and dedicated efforts, and whereas the Sun Valley Boulevard Clear Acre Repaving Project in Sun Valley, Nevada was designed, contracted, installed, and finished expeditiously with dedication and professionalism, and whereas the Sun Valley Boulevard Clear Acre Repaving Project is very much deserving of recognition of a job well done, now, therefore, be it resolved by the Sun Valley GID to give special thanks to the NDOT, all agents involved, for their dedication and commitment to a better transportation system in our community. Thank you very much from the Sun Valley community to the Board of Directors. Thank you.

Sandoval: Thank you, Mr. Price. And Mr. Director, if you'd make sure that the team involved over there who is responsible for this, make sure that they know that they've received this recognition.

Malfabon: I definitely will.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: And we really appreciate your coming here today and bringing this to your attention.
- Price: Thank you.
- Sandoval: Is there any other member of the public that would like to provide public comment to the Board? Anyone in Southern Nevada who would like to provide public comment to the Board?
- Martin: No one here, thank you.
- Sandoval: Thank you. We will move onto Agenda Number 3, approval of October 8, 2012 meeting minutes. Have all the members had an opportunity to review the minutes? Are there any changes? Hearing none, the Chair will accept a motion for approval.
- Wallin: Move to approve.
- Sandoval: We have a motion by Controller Wallin for approval. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? Hearing none, all in favor please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes. We will move onto Agenda Item Number 4, approval of agreements over \$300,000.
- Malfabon: Thank you, Governor. Assistant Director of Administration Scott Sisco will have this time.
- Sisco: Thank you, Governor, and Members of the Board. Real quick, just a note, there are no contracts over \$5 million for your approval this month, so we move onto Item Number 4 which is approval of agreements over 300,000. On Attachment A of that you'll note we have two agreements over 300,000. The first agreement is an amendment in the amount of 100,000. It's an amendment to ITIS Corporation, and it's the vendor who built the safety management system and basically provides programming costs to support the application that allows safety related access such as accident investigations and stuff throughout the state. The second agreement is for

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Chaplin Law Firm and its representation related to Project Neon. Do you have any questions?

Sandoval: Is this Contract Number 2 with the Chapman Law Firm a new contract?

Sisco: I'm gonna let Mr. Gallagher jump in on this one.

Gallagher: Yes, Governor. It is. Each case we enter into a separate contract with whatever outside counsel is involved.

Sandoval: And I know this is a very specialized area, but we have numerous contracts with Chapman Law Firm, do we not?

Gallagher: Yes, Governor. We -- I don't know the exact count, but later on in the litigation report you'll see the number of condemnation -- inverse condemnations related to Project Neon and the Chapman Law Firm has been rendering assistance on those cases.

Sandoval: And I guess the question is, are there other firms that do it, or is it a wise idea to have it all with one firm?

Gallagher: There are a few other firms that do it, Governor. Occasionally I receive an expression of interest, sometimes from even out-of-state counsel. Regrettably, a number of the firms represent the property owners and not the government, but there is only a handful of firms and we compete with other local government agencies as well as utilities in retaining outside counsel on these cases. So it is a very small marketplace.

Sandoval: Yeah. And this isn't any comment on the quality of legal services that are provided by the Chapman Law Firm. I'm just noticing that we are adding a lot of new cases with that firm, and obviously my preference is that we keep it with in-state law firms as well.

Gallagher: Understood. And Governor, we also keep in mind that we believe there are economies of scale, especially with utilizing one or two law firms on these major projects where they'll familiarize themselves with Neon and with the phases of it, and they become very familiar with the law firms that consistently represent the landowners. So we do believe it's in the State's best interest, and that we actually save money awarding these contracts to these law firms.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: Thank you very much. Board members, do you have any further questions? Madam Controller.
- Wallin: Thank you, Governor. I have a question on the first contract, the ITIS. Especially since it's a sole-source contract, my question that I have here is we extended the termination date to allow for a completion of the project, and then gave them an extra hundred thousand dollars to, I guess, complete the project, and my other concern is, if this is a propriety system, are we locked into this vendor for the rest of our life? And second question, are we going and training our staff to be able to maintain the system so we can have some flexibility?
- Sisco: Okay. I'm going to ahead and bring Tom Greco up, our Assistant Director over planning.
- Greco: Thank you, Scott. Madam Controller, Governor, Members of the Board, good morning. For the record, Tom Greco, Assistant Director of Planning. And the answers are this is sole source. It is a needed maintenance effort with the software. In the meantime, NDOT's IT is developing a business intelligence plan. When that is in place, then this software is no longer needed.
- Sisco: Okay. You're welcome.
- Sandoval: Any further questions from Board members? Hearing none, the Chair will accept a motion for approval of the agreements over \$300,000 as described in Agenda Item Number 4.
- Wallin: Move to approve.
- Sandoval: There's a motion for approval by Madam Controller. Is there a second?
- Fransway: I will second, Governor.
- Sandoval: Second by Member Fransway. Any questions or discussion on the motion? Hearing none, all in favor please say aye.
- Group: Aye.
- Sandoval: Motion passes unanimously. We will move onto Agenda Item Number 5, contracts, agreements and settlements.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Malfabon: Thank you. Governor, real fast before I get into this one, we had a chance recently to go around and meet with a lot of the Board members about another item on the Agenda later, and I was asked to maybe explain -- one or more of the Board members asked me to explain this process real quick just to catch everybody up. As you all know, we have four sections, if you will, of the department. There's operations, there's planning, there's administration. I missed somebody. Engineering. I'm sorry. And each one of us assistant directors, we try to get all the information we can on ours. In this particular case for this month, we only have 80 to show you. I think last month we had somewhere in the neighborhood of 320 to show you because we had a couple months backed up. So we try to -- so that's why you kind of see the musical chairs up here, and I try to get as much information as I can on the ones I think you may have a special interest in, and then after that we try to have the people here. So that's kind of why you see a little bit of musical chairs, and I apologize if it takes a little bit extra, but we try to get your questions answered while we can here, so that we don't have to bring them back to you next month. But under Item Number 5, we have contracts that we've actually awarded under five million during the course of the last period. Agreements under 300,000, and then settlements, and then agreements under 300,000 also include some emergencies. So turning first to Attachment A on Page 4, we have a total of six contracts that were awarded under five million dollars under the course of the -- since we were before you last time. I was trying to remember, Governor, do you want me to go through each one of these or their --

Sandoval: Excuse me. What I would prefer is to give an overall review, but allow each of the Board members to ask specific questions. You don't need to go through it.

Malfabon: Okay. Okay. Again, there's six here, all of them were contracts awarded in a low-bid process under five million dollars, and if there's any questions on those, I'll be happy to do it. And again, we're on Page 4 is where Attachment A starts.

Sandoval: Questions Board members? Please proceed.

Malfabon: We move onto Attachment B starting on Page 8. We have a total of 80 agreements this month that were under \$300,000 to let you know about. There's three that I'd like to bring to your attention, and then we'll jump into all your questions. The first one is on Page Number 12, Item Number 23.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

This particular agreement with R.O. Anderson Engineering, this was expert witnesses for the Falcon Capital that we reported on the last time. Unfortunately, the arbitrator did not agree with our expert witnesses, and we just wanted to bring that one out in case somebody else wanted to bring that one out.

Sandoval: Well, I don't know if he didn't agree. We never presented the evidence in that case, correct?

Malfabon: I would have to defer to Mr. Gallagher. Okay. That's one. Item Number 2 here on Page Number 14, Item Number 27 actually, again, I believe the controller actually brought this up last time. This is the same discussion of the UNR contract. This is the other end of the state, the University state, and again, we are working towards building our own in-house expertise for developing of these cost benefit studies, but again, in the meantime, this handles the south end of the state. And the last of the items that we wanted to bring to your attention, Item No. 60 on Page 22 with Schindler Elevator Corporation. Again, these are for the escalators there on Las Vegas Boulevard, and a reminder we are looking to seeing if the Las Vegas Convention Center Authority can't use some of the AB 595 funds to replace these, and we're also in discussion with them with the Tropicana on taking care of -- taking over their own corner, and I'll turn it over to the Director in case he wanted to...

Unidentified Man: Yes, Governor. We are having some conversations with the executives at the Tropicana Hotel and Resort. They're looking at revitalizing that corner of Las Vegas Boulevard and Tropicana, putting in some more retail space for their resort, and it would require them to move the location of the existing escalators -- there's four escalators on that corner, and they would, at their expense, relocate those at the -- the bridge doesn't relocate, but the escalators would be more in parallel with the existing sidewalk. So it would be their cost, and we'll have to negotiate an agreement with them, and it looks to be at least it would address one of the corners and the replacement of the escalators on one of the corners.

Sandoval: Because it does beg the question, this is somewhat Groundhog Dog, because we've had this conversation for several meetings with regard to the ownership and maintenance of these escalators, and I know that it's been a constant debate. It was being debated when I was the Attorney General.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

This has gone on for several years, and I don't know -- this may provide some finality with regard to this one, but where are we with the others?

Malfabon: With the others, as the Assistant Director of Administration had mentioned, we are discussing with the Las Vegas Convention and Visitors Authority for the balance of their bonding. They sold the bonds for the I-15 South Design Build Project as well as the Express Lanes Project on I-15, and they have a balance left that we're asking them -- this would be in the resort corridor, it would be a good use of that available funding, and it would replace the escalators. A lot of tourists use those escalators to get around that intersection.

Sandoval: Because I think -- I believe the last conversation that we had was that they were looking for us to buy the new escalators then turn them over. Was that --

Malfabon: That was with Clark County, so we will have those discussions also with Clark County Public Works about taking over this and also looking at the roadway itself. The Tropicana is still an NDOT -- a Nevada State Route, so from the interchange with I-15, all the way to, I believe, to Nellis, or to Boulder Highway, that is a State Route, and we would look at what we have to do to improve that road and transfer it over to the county along with the pedestrian bridges and the escalators.

Sandoval: And I just am concerned that the longer it takes, the stronger their argument becomes that it needs to be replaced rather than just maintained, and I believe it was what, \$16 million is my vague recollection on replacement cost.

Malfabon: Yes.

Sandoval: Somewhere around there. Okay.

Unidentified Man: Governor, those are the three that we identified, that we've had previous discussions on and wanted to bring forth, and now we're available and have staff available here to answer questions on any of the others you all may have.

Sandoval: And this may be more of a comment than a question on 23 and 80, those are the Falcon Capital experts and, you know, at least from my rudimentary math, we paid \$217,500 for expert testimony that wasn't even used at the arbitration.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Gallagher: Governor, these consultants did testify. I think the reference that you're making is there was no testimony presented on behalf of the state as to the value of water rights, but there was a great deal of research done, and testimony concerning the water flow issues in Washoe Valley with the various creeks and watersheds.
- Sandoval: But they did provide an expert opinion as to the value -- their opinion on the value of the water rights which was zero.
- Gallagher: No, sir. There was --
- Sandoval: They did no?
- Gallagher: No. These consultants testified as to water issues, not value, but, you know, there was a great deal of discussion in the case that centered around whether or not there was a taking of the water, and these individuals from their various perspectives formulated their expert opinions and offered them in the arbitration regarding whether or not there was a taking. You are absolutely correct, none of these individuals offered an opinion as to the value of those water rights.
- Sandoval: But they couldn't have because their opinion was there was no taking.
- Gallagher: That was part of their opinion, yes, sir.
- Sandoval: Okay. Board members, do you have any questions on any of these contracts? Madam Controller?
- Wallin: Yes. I have a few here, and just a comment here. On the Page 8, Items 2 through 5, it would be nice to go and put down what project it is that we're working on. I mean, we have the Cactus Interchange on one, but then the rest we don't really know what it is that we're doing for the acquisitions and easements.
- Unidentified Man: Okay.
- Wallin: If we could do that, that would be helpful.
- Unidentified Man: Madam Controller, we can do that.
- Wallin: Okay. And then -- hang on here. Let me get to my next page here. All right. We covered that one. Okay. This is Page 17 -- did I skip too far? Page 17, Item Number 43, for Kimley-Horn and Associates, and that's

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

talking about the statewide bicycle plan, and when I read here, it says that we're -- the reason why we're giving them an additional \$14,935 is to provide assistance in the development and implementation of a State Bicycle And Pedestrian Conference in Las Vegas. That just seems like a lot of money to pay to plan a conference.

Malfabon: Let me bring Mr. Greco up here to answer that one.

Taylor: Governor Sandoval, Madam Controller, Members of the Board, Dennis Taylor, Chief Transportation Multimodal Planning. In past years we formerly had two conferences and they were getting extensive in price. They were running about \$14,000 a piece. What we have done is we have decided to only run one conference a year, one in the south and then the following year, one in the north. So \$14,000 is the best we could negotiate for the costs, but this does come out of the 821 money which is the money that we get off the revenue from the license renewals.

Wallin: I still think that, I mean, if you're to hire a meetings planner to plan a conference, it might be cheaper, you know, than --

Taylor: Actually, Madam Controller and Governor, we did look at that, and it was not as cheap as we expected. These conferences are extremely, extremely well attended by members of the public school system as well as the bicycle and pedestrian advocacies, highway patrol, the general -- or the local police forces, and the primary impetus of the conference itself is to remote and educate on pedestrian and bicycle safety statewide.

Wallin: Okay. So are they paying for the meals and all that, or what are we getting for that \$14,000?

Taylor: We do get some meals, but it's based primarily on the number of attendees. We do negotiate for some additional and some free rooms like we do in any other conference. We get vendor space and of course the vendors actually have to pay the hotel for that space, so it works out quite well. We get a lot of bang for our buck actually.

Wallin. Okay. Thank you.

Taylor: You bet. Thank you.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Wallin: All right. (Inaudible) Page 18, Line Number 46, Link Technologies for database administrator. I know that we talked before that you can't get an in-house database administrator.
- Malfabon: Right. Yes.
- Wallin: How many hours are they providing there?
- Malfabon: On these MSA, Master Service Agreements, from state purchasing, we get -- that's a full one-year contract.
- Wallin: It's for however many hours for one year?
- Malfabon: Right. Yes.
- Wallin: So kind of like an on-call basis?
- Malfabon: Yes. Mm-hmm.
- Wallin: And then next question, Page 19, Item Number 50, CDM Smith, Wilbur Smith and Associates. We gave them another \$149,944. It says it's to increase and consultant services to keep pace with the accelerated schedule implemented by the design build contractor. Can you explain that one?
- Malfabon: It looks like Mr. Hoffman has pulled his microphone forward.
- Hoffman: Good morning, Governor, Madam Controller. What I'll do is, I received information from our project management division and I can share that with you. The amendment is necessary to the unanticipated level of effort that was required on I-80 Design Build Project. So -- and I think back, when I was involved with that project, there was a lot of work done during the winter. It was a light winter, so there was a lot more work done. There were a lot more hours spent on that project, hence the need for our consultant agreement to work more hours and help us monitor the quality of the contract that was being performed at that time. So I think it's a combination. We undershot a little bit on the estimate, but then there was an accelerated piece by Granite Construction who did a great job on that project, finished on time, but the acceleration during the winter I think put us a little bit behind in terms of the estimate.
- Wallin: Okay. All right. Thank you. That's all I have, Governor.
- Sandoval: Member Fransway.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Fransway: Governor, can I address something on that very same line item 50 as the Controller was just talking about?
- Sandoval: Yes, please.
- Fransway: And once again, I'm referring to Page 19. I noticed -- or I don't notice that Amendment 2 and Amendment 1 are incorporated on the spreadsheet, and Amendment 2 is an increase of \$2,224,908, and Amendment 3 is a \$500,000 increase. So if we look at this whole Item 50, are we excluding some pretty outstanding figures here? Do you see what I'm saying?
- Hoffman: Governor, if I could, to Mr. Fransway. This is -- we actually discussed the way that these contracts are put together during our construction working group meeting. What happens is there's two phases when we hire a consultant for design build oversight services. There's the Phase 1 where they come in and help us put an RFP together, and do that quality, you know, design build specification assembly, and then there's Phase 2 where they -- if we like the work that they're doing, they can move into Phase 2 and then actually come out and help us administer and provide oversight for the contract. So the Amendment 2 that you're seeing, that increase, is actually for the Phase 2 increase.
- Fransway: Okay. So am I correct by saying that we will see that amendment at some other time?
- Hoffman: Actually, it should have come through. It should have come through at a previous board meeting. I don't know exactly when that would have come through.
- Fransway: Oh.
- Hoffman: Specifically, but it would have been approved. The dollar amount would force it to be approved by the Transportation Board.
- Fransway: Okay. Then actually it should not have even been on -- mentioned here? Because that's confusing to me.
- Malfabon: We try to give you the -- all of the amendments so you have the history of the additional money added to those agreements.
- Fransway: Okay. So it would help me if you were to say, previously approved Amendment 2 and 1.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Malfabon: We'll do that in the future.
- Hoffman: We can certainly do that.
- Fransway: Okay.
- Hoffman: Okay.
- Fransway: Thank you. Thank you, Governor.
- Sandoval: Member Savage?
- Savage: Thank you, Governor. Mr. Hoffman, same concerns as Member Fransway and Madam Controller Wallin. The doubling of the amount from two million to a total four million eight is shocking to say the least. I understand the pre-construction services, and I know the contractor did an excellent job in finishing the job early, but it's just hard to swallow. And I think if the dates that the Board approved the different amendments would help, I believe in facilitating some of our concerns, but I think the staff and the department needs to be very careful with the Phase 1 and Phase 2, Phase 3 amounts, and remaining competitive with the consultants. Thank you, Mr. Hoffman. Thank you, Governor.
- Hoffman: Sure.
- Sandoval: Any further questions from Board members? Madam Attorney General, good morning. Do you have any questions?
- Cortez-Masto: No, I do not. Thank you, Governor.
- Sandoval: Okay. One last question. Back to my favorite subject, on the Falcon Capital case, has the State been presented with a bill of costs, fees, and interest?
- Malfabon: Governor, we've received the interest calculation, and late last week we received the proposed cost and fees. I've not yet seen it myself, so I don't know what the dollar amount is.
- Sandoval: Do you know the dollar amount on the interest piece?
- Malfabon: The interest piece was under five million. It was about 4.8.
- Sandoval: So if you would provide each of the Board members a tally for how much we're into this case for the water rights, the land piece, the attorneys' fees, the interest, and the costs.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Malfabon: Yes, Governor, I will.
- Sandoval: Thank you. Member Savage?
- Savage: Governor, I have two other items of comment. The first item would be Number 28 where the Department is paying an annual rent, and I believe this is under Project Neon, but I was wondering how close we might be to resolving transfer of the property?
- Malfabon: We're gonna bring up our Right-of-Way Manager.
- Saucedo: For the record, Paul Saucedo, Chief Right-of-Way Agent. Governor, and Members of the Board, I'll have to get back to you on that one. I'm sorry. I don't know exactly if we've actually taken that to the Board previously, or whether it's coming it shortly. I just don't recall at this point. So I can report that back to you at a later date if that works for you.
- Savage: Okay. That would be very good.
- Fransway: Governor, could I comment...
- Sandoval: Just one moment. Member Savage, did you ask both of your questions?
- Savage: No. I had one more question.
- Fransway: I have comments on the one he's talking about, 28.
- Sandoval: All right. Please proceed.
- Fransway: Okay. Thank you, Governor. Thank you, Mr. Savage. So I had -- 28 caught my eye also, and the way I read it is that we either purchase the property or are paying the right-of-way. Now, my question is, we are in the meantime, leasing this property at \$8700 a month plus. Is that lease -- is that a lease option to purchase, and so that that money will go toward the purchase price if in fact we do purchase it?
- Saucedo: No, sir. What it is, it's what we call a lease to hold vacant. And what that does is it -- we're in negotiations with the property owner and the property right now is vacant. So to keep it vacant so that we don't have to relocate subsequent tenants, we lease the property from the property owner. It would be something that they could probably get from us in a legal matter anyway because they would say well, no one's renting the property because, you know, you're buying it from us and we have to disclose that there's an

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

acquisition happening. And so there's a -- it's kind of a relief that we're allowed through the federal rules to allow us to do this. So it's kind of a cost of doing business. It saves us money in the end without having to relocated subsequent tenants that might enter the property, and then it relieves the property owner from having that, you know, having a building vacant that they can't rent.

Fransway: If we are interested in purchasing the property, and we are leasing the property on a monthly basis, those lease payments should go toward the purchase of the property.

Saucedo: Well, in this case -- remember this is a condemnation. It's an acquisition on our part, so we're forcing the sale. There is some relief when we go to -- if we go to condemnation because there's a loss of business there for them, a loss of income so to speak because they can make the argument that our action is preventing them from leasing the property. And so there is an opportunity for them to recoup that cost whether it's through legal proceedings or through a lease to hold vacant if that makes sense.

Fransway: I can ask legal counsel, Dennis, does that make sense to you that these payments should these payments should go toward the purchase price? If we do, I mean, if we don't condemn it, and we purchase it anyway, then we're throwing money away unless it goes to the purchase price.

Gallagher: Board Member Fransway, first let me preface my comments by I'm not familiar with the particulars of this item, but I believe that the concept behind this is to keep the property owner whole during the negotiation periods for ultimately purchasing it or condemning the property, because under the circumstances, the property owner cannot rent it to any other third parties, and under the federal rules, my understanding is this is allowed and encouraged, again, to try to keep the property owner whole during the process of these negotiations that either could result in an agreement to purchase the property, or if we can't reach an agreement, we go to condemnation.

Fransway: I'm still --

Savage: If I may, Tommy, wouldn't not paying rent encourage the process of negotiation? We need to be fair. I mean, I absolutely get that's private property, they deserve to be made whole, but I don't understand the delay or the generosity of the State entering into a negotiation, and I'm sorry to

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

interrupt, Tommy, but I think that's the spot you're at. I mean, is this a common practice?

Saucedo: Yes, sir. It is a common practice. And basically a lot of time what will happen is we'll actually relocate the tenants before we actually own the property, and therefore, there's a loss of income at that point. And so -- this one isn't the case on this particular issue. This building is vacant right now, but a lot of them, you'll see that will actually -- the tenants will actually relocate prior to our acquisition of the property. Therefore there's a loss of income that the business -- the property owner would have had if it wasn't for our action.

Savage: And what's the typical length of the negotiation process. I mean, every month we don't have a successful negotiation is rent being paid?

Saucedo: Yeah. It varies. I mean, we try to complete these within 90 days, but, you know, I would imagine they go out 120, 180. We try to get these to the Board as soon as we can. Once we get Board approval for condemnation action, we file with the courts, get possession of the property at that point.

Savage: So this courtesy to make a private landowner whole, which again is good practice. I mean, it's appropriate. These negotiations typically don't take longer than 90 or 180 days, something like that?

Saucedo: Something like -- yeah. I would say that's correct.

Savage: Thank you.

Sandoval: And I think the confusion is that we're paying the landowner full rent for a vacant property.

Saucedo: Right. But --

Sandoval: Which is -- the logic of it is hard to --

Saucedo: Yeah. It is -- it is, but you have to realize -- I guess the thing is that we're placing this, I don't want to say burden on the owner. We're actually coming out and, you know, acquiring the property from you. It's a forced sale, and...

Sandoval: No. And I understand --

Saucedo: ...some of our actions -- okay.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: -- the policy reason is that when we begin the negotiations, that eliminates the landowner's ability to let the property because they're not going -- no one's going to want to come in and lease the property because they know it's in a negotiation with the State and they're going to have to move out in a few months anyway.
- Saucedo: Correct.
- Sandoval: But as I say, it's hard to get over that hump of the fact that when we -- before they even knew that we're going to go into that negotiation they had no tenants, and suddenly they're getting full pay for an empty commercial property.
- Saucedo: And that summarizes it appropriately.
- Sandoval: Any further -- you had another question, Member Savage?
- Savage: Yes. And just to close, so if we had the size of the building would be interesting, and also a list of other properties that we're renting would be helpful. Last item, Governor, would be Item Number 55 for the ice services for the Tahoe CMAR Project for Atkins North America. I understand what that ice contractor does -- estimator. It just seems excessively high to me personally for a cost estimate for the CMAR Project that we're to discuss later on, and I was wondering if that was -- other people had submitted their qualifications on that project, or if Atkins was selected solely.
- Malfabon: It is a professional services procurement, so other -- it's competitive. One thing that I've noticed and I've directed staff to address this, is that I notice that the fixed fee, which is added typically to consultant engineering contracts seemed a little bit too high for the -- there's little to no risk for the ice -- the independent cost estimator. They're not gonna have to build the job if they are lower than the contractor's bid, so it -- I've looked into that and asked staff to negotiate those a little bit tighter and lower the fixed fee.
- Savage: Thank you, Mr. Director.
- Krolicki: Governor, if I may. Aren't we getting -- we're receiving a presentation on the State Line to State Line Project soon?
- Malfabon: Yes.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Hoffman: Lieutenant Governor, next month Tahoe Transportation District will be in at the December Board Meeting to give you a 15 to 20 minute presentation, not only on the bike trail project, but also on all of the transportation efforts and initiatives they have up at Lake Tahoe.
- Krolicki: They paved over my riding trail, but it looks really nice.
- Sandoval: Further questions from Board Members on this agenda? Mr. Fransway.
- Fransway: Thank you, Governor. And I think probably this is mostly clarification. Items 9, 13, 14, 15, and 16, and I'll refer you to Page 10 for the last four that I referred to, I noticed the receivable amount, and then I look at the original agreement amount and the payable amount are the same, and then we receive a credit. So I'm wondering if that's -- the reason behind that is because the job was -- the cost was underestimated.
- Malfabon: These are transit agreements typically for, I believe this is Southern Nevada Transit Coalition. So they provide services for four areas that are indicated there, Boulder City to Las Vegas, and some other areas in Clark County, Laughlin. What I believe these are is that we -- there's still a local match for these federal grant funds from the Federal Transit Administration. So that's the receivable amount.
- Fransway: Okay. So the receivable amount is given back to us because of the match?
- Malfabon: Yes.
- Fransway: I see. Okay. Thank you.
- Sandoval: Any more questions? Thank you. We'll move onto Agenda Item Number 6.
- Sisco: Actually, Governor, we've still got --
- Sandoval: We have more?
- Sisco: -- two more items in here.
- Sandoval: I apologize.
- Sisco: If you turn to Page Number 28, I'll just pass the Attachment C cover. Again, just this is an emergency contract, emergency agreement for removing and replacing vandalized and damaged draining pipe under State Route 493. Again, anytime we have an emergency agreement where we have to bypass some of our normal procurement processes, we report that to the Board, so

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

that's on that item there. And then the last item, Item Number D is an informational item on a settlement in a domain lawsuit if you have any questions on that.

Sandoval: Well, I'm glad you brought this one up. Perhaps, I mean, I know the attorney general and I both obviously sit on the Board of Examiners, and there was this issue, and I think it would be beneficial to this Board to have a description of what happened in that case in terms of the doubling in value over a one-year period. So I don't know who is best equipped to take us through that.

Malfabon: What occurred in this case, is we had an appraisal of the subject property owned by Vegas Group, LLC, and there were -- the other parties had provided some newer comparable sales in that area. This parcel is located on Charleston Boulevard itself right next to the interstate, and the newer sales -- comparable sales, were more in that arts district and downtown. For those familiar with what's happening in downtown Las Vegas, a lot of revitalization with the movement of Zappos down to the old City Hall, a lot of vacant parcels and older facilities are being bought up and demolished for redevelopment. So those -- with consideration of the recent comparable sales, we did an appraisal of the property -- a newer appraisal, and so we were feeling that it was higher than the original appraisal that we had done for this subject parcel, and so we negotiated a settlement which went to the Board of Examiners for that, and part of the negotiations is to consider the risk of going to court on an eminent domain issue and, you know, negotiating not only the appraised value of the property, but also addressing the risk if -- should we go to court how much would be on the hook for should we not prevail in court.

Sandoval: In this case we have two separate appraisals. We have the one that was done the year before, and then we have a second one that essentially doubled the value, and, you know, I'm sure the Attorney General may have some comments, but I did vote for approval of this because I didn't want to see the state exposed anymore given that in a one-year period alone the property or the value had doubled. And my concern, and I've talked with the director privately about this, is -- are these appraisals and how perhaps we should start maybe getting more than one in the beginning of this process so that this doesn't keep happening to us in terms of these extreme increases in value over a short period of time. My other question is, is my recollection

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

from Board of Examiners is this was not a final approval is that there was an easement --

Malfabon: There was a --

Sandoval: -- if I recall, and there was somebody --

Malfabon: There was a contingency --

Sandoval: -- who was seeking some money with regard to an easement, and counsel who was with the Chapman law firm who brought this issue up the day of the Board of Examiner's meeting and asked for a contingency on this resolution was that there was going to be a phone call or some effort at trying to resolve this easement issue, and I guess that's my question for today.

Malfabon: Thank you, Governor. And subsequent to that, about a week later that utility company withdrew their request for compensation for that easement. There were several utilities that had easements to the subject parcel and all but one didn't put any value to their easements. They withdrew those, and it was just that they had -- what I had was there was a new outside counsel for that particular utility company, Century Link I believe it was, and they -- eventually after they were communicated with some more, they withdrew that request for compensation. So in the future we would not take any kind of contingencies to the Board of Examiners on these types of settlements.

Sandoval: No. And I know that you were as surprised as anybody when that came up the day o the meeting, that you hadn't received any notice. So as we sit here today, is this the final final, have we resolved the case?

Malfabon: Yes. Yes.

Sandoval: All right. Any questions or comments from Board Members? Member Fransway?

Fransway: Thank you, Governor. Before we move onto the next one, Attachment C, Page 28, the emergency action. That emergency action, according to what I'm reading, became necessary because of vandalism, and we're talking about \$134,000 worth of vandalized stuff. And I'm wondering if there has been a report on it, and if it has been investigated?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Malfabon: In this case, Member Fransway, and Board Members, the -- it was a -- I believe it was a high-density polyethylene pipe, a drainage pipe, and what occurred, we believe was that homeless people were camping near the -- in the drainage channel, started a fire which caught the pipe on fire and the pipe burned back underneath the sidewalk and further back in, so that it was a dangerous situation, possible collapse of the sidewalk and part of the roadway, so that's why we had an emergency. We didn't feel that would be able to catch the culprits, but we felt that it was necessary to do an emergency contract to perform the repairs to the pipe.
- Fransway: Okay. Do we have some sort of insurance for that type of a situation, or are we just out of \$134,000 because someone set our pipe on fire?
- Malfabon: I think in this case we're out the 134,000. I know that in some cases, such as with driver's damaging our guardrails and such, improvements on the highways, we can get an insurance company for those types of expenses, but in this case, we don't submit a claim to the State since the State is self-insured. We just use our funds to repair that.
- Fransway: So basically, the taxpayers have been victimized?
- Malfabon: Yes.
- Fransway: Okay.
- Sisco: Governor, one last thing that I wanted to clarify on, on Page four at the very beginning we talked about the six contracts awarded under \$500,000. The very first one, again on Page 4, we originally awarded it to Southwest Civil Construction based on low bid, but they failed to execute within the time frame it allowed, and we ended up annulling that award and then awarding the contract to (inaudible), so I just wanted to put that on record. Thank you.
- Sandoval: Thank you. Any further questions or comments from Board Members on this Agenda item? Thank you, Mr. Sisco. We'll move onto Agenda Item Number 6, condemnation resolutions.
- Malfabon: Thank you, Governor. On Item Number 6, we have parcels associated with Project Neon. In the case of condemnation actions, we always try to do our best to negotiate a settlement with offers and counter offers with the owners, but in this particular case we feel that it's proper to request that the Board approve condemnation actions to proceed through the courts in order to finalize the acquisition of these parcels or temporary easements.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: And these two items are a bit more complicated because they're both in bankruptcy.
- Malfabon: Yes. We -- they can get very complicated. I don't know what to -- if Paul Saucedo wants to add, but typically we have to deal with the people that receive the property as well as -- so it gets very complex.
- Saucedo: Paul Saucedo for the record, Chief Right-of-Way Agent. Governor, Members of the Board, essentially in these, the bankruptcy is causing some difficulty. Also the first ownerships, there's three different owners, and they're having trouble just meeting together to even agree on anything. So there's some very complicated issues in regard to -- and I think it really, like you noticed, it does go back to the bankruptcy on that issue.
- Sandoval: So it actually may provide some order to the chaos to get into this -- get this to a litigation mode?
- Saucedo: Yes, Governor. And those that are in bankruptcy, typically we have to go to the bankruptcy court first, get a lift stay before we can file in the state court for the condemnation.
- Sandoval: I have no further questions. Board Members any further questions? Okay. Hearing none, the Chair will accept a motion to approve the condemnation resolution as described in Agenda Item 6A, and that would be Condemnation Resolution Number 437.
- Fransway: So moved, Governor.
- Sandoval: We have a motion for approval by Member Fransway. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. Any questions or discussion on the Motion? Hearing none, all in favor, please say aye.
- Group: Aye.
- Sandoval: Motion passes unanimously. We will move onto Agenda Item Number 7, relinquishments.
- Malfabon: Thank you, Governor. The previous month we had a relinquishment to the property owners along what's indicated at Lake Mead Drive has actually been renamed by the City of Henderson to Lake Mead Parkway. The

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

subject areas in this packet item are for the local streets that the City of Henderson will maintain, this portion that used to be along the state right-of-way. So we're giving that to the City of Henderson to maintain, and it's just the subject parcels are on the cross streets that connect to Lake Mead Parkway.

- Sandoval: And if you'll move onto 7B as well, please.
- Malfabon: On 7B, this is some property in Fernley along US 50A and US 95A, and it's property disposal through relinquishment. We've determined that through the surplus property process that it's no longer needed for the Department's needs.
- Sandoval: Is there any value to that property?
- Krolicki: It looks like it's commercial.
- Malfabon: Is this just an easement, Paul?
- Saucedo: Yes, sir. Yeah.
- Malfabon: So when we have an easement, it's only to be used for transportation purposes. We can't sell it for development.
- Sandoval: Any further questions from Board Members with regard to Agenda Item 7A and B?
- Fransway: Governor, would you like a motion for both?
- Sandoval: Yes, please.
- Fransway: Okay. Governor, I would move for approval of relinquishments Item A and B as described.
- Krolicki: Second.
- Sandoval: We have a motion for approval by Member Fransway, second by the Lieutenant Governor. Are there any questions or discussion on the Motion? All in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. Agenda Item Number 8, Quit Claim Deed.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Malfabon: Thank you, Governor. In this particular case, it's a corrective action required in the City of Ely for a parcel. We acquired this parcel originally from two property owners. In September of 1986, NDOT filed a resolution of abandonment releasing an easement for a 25-foot strip along US 50, US 93. For the areas held in easement, the resolution was binding. However, those areas held in fee, the resolution was invalid as it was in direct conflict with Nevada revised statutes 408.533, which doesn't allow for the abandonment of rights-of-way owned in fee. So following the filing of the resolution of abandonment, adjacent property owner recorded a map indicating that the resolution was valid. They're under the mistaken impression that they own those areas for which the resolution was not binding, so we're trying to clean up the issues created by the incorrect actions taken in 1986. We're preparing a quit claim deed for the Transportation Board's approval here. Prior to obtaining that approval, the staff had the quit claim deed signed and recorded on August 31, 2012. If there's any questions about that?
- Sandoval: Any questions from Board Members?
- Fransway: Governor, the quit claim deed would go to the city of Ely?
- Malfabon: Paul, could you answer that?
- Saucedo: Yes. For the record, Paul Saucedo, Chief Right-of-Way Agent. I believe it's going to a private property owner. I don't believe it's going to the city because it is a quit claim deed. Usually if it was going to the city it would be a --
- Fransway: Relinquishment.
- Saucedo: Relinquishment, yes.
- Sandoval: This essentially fixes something we should have done 26 years ago.
- Saucedo: Yes, sir.
- Krolicki: And not that it's terribly important, but I suspect it is to them, it's the Chachas family C-H-A-S.
- Saucedo: Okay.
- Krolicki: It's misspelled a lot.
- Sandoval: Any other questions?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Fransway: So Governor, are we being asked to validate the signature of August 31, 2012 then?
- Sandoval: Yeah. What specific action would you like the Board to take?
- Malfabon: Yes, sir. We had -- somebody made a mistake here is what happened, and so we're asking for the Board to approve this as surplus so that we can correct the mistake that was made which is filing the quit claim deed. We never should have done that. We should have waited for your approval before we moved forward with that action. So we're asking for, I guess, approval of that surplus action.
- Fransway: Okay. And that action was August 31 of this year, correct?
- Malfabon: That's -- yes, sir. Well, that's when the deed was recorded.
- Fransway: Okay. So you're asking for authorization of that signature?
- Malfabon: I guess authorization for the action.
- Saucedo: It was already signed, so this is something that should have been brought to the Board's attention. It was already -- the action was already performed, so now we're asking for Board approval for an action that was already performed. So we made an error in trying to correct this. It should have been brought to the Board's attention for approval for a property rights issue.
- Sandoval: So essentially you're seeking for us to validate a --
- Malfabon: A ratification, Governor.
- Sandoval: -- a ratification of the action that was already taken.
- Saucedo: That was taken to correct an error that occurred in 1986.
- Sandoval: Well, 1986 and August of this year.
- Saucedo: Two wrongs don't make a right.
- Sandoval: Two wrongs are gonna make a right.
- Krolicki: You know, again, we've been having some interesting choreography in our conversations the last two meetings. That would have been a great way to start this item in description knowing that we were fixing a problem of just a short while ago, and I appreciate Mr. Fransway's question on that, but to

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

hear that at the end after a question is not the way I'd like to receive that information. And I know everyone's trying real hard, but that shouldn't be discovered in questioning, that should have been (inaudible).

- Sandoval: Any further questions or comments from Board Members? Hearing none, the Chair will accept a motion.
- Fransway: Okay. Governor, I'll stab at it. I would move to approve and validate quit claim deed signed and recorded on August 31 of 2012.
- Sandoval: Member Fransway, perhaps if you'd use the word ratify.
- Fransway: Didn't I say -- okay. Approve and ratify. I will amend the motion.
- Sandoval: Board members, you've heard the motion. Is there a second?
- Wallin: Second.
- Sandoval: Second by Madam Controller. Any questions or discussion on the motion? All in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. Agenda Item Number 9, review and ratify the selection of the contractor for the State Line to State Line Bikeway Phase 1C Construction Manager-at-Risk Project in Stateline, and a proven agreement with Q&D Construction Company, Inc. for preconstruction services for the project.
- Hoffman: Governor, Bill Hoffman, Deputy Director. We had a presentation planned out for the Board this morning, and unfortunately our Project Manager is home ill with his family. So we apologize for that. I was hoping to just maybe read through some of the summary in the Board packet and answer any questions on the ratification of the scoring and the approval of the selection for the construction manager-at-risk. Now, we will be coming back as I said, next month with Tahoe Transportation District to talk about all that's going on up at Lake Tahoe including phases 1 and 2 of the Bike Trail Project up there. So with that said, this selection was made after a request for proposals was issued. Proposal were received and evaluated to determine a short list of best qualified firms, an invitation to interview was issued to short-listed firms. The procurement process was in accordance with the Departments pioneer program process, and you have the

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

confidential evaluation and selection plan that you received approximately a week ago. So with that, I'll just kind of -- I'll wrap this up with background information on the bikeway project. It's 30 miles shared-use trail on the east side of Lake Tahoe. There is two phases. Phase 1, it's divided up into three separate phases, 1A, 1B, 1C. We're talking about 1C right now. Madam Controller?

- Wallin: Yeah. I have a question. You said that we received a confidential evaluation plan a couple weeks ago, and --
- Hoffman: There should be confidential --
- Wallin: -- I have stuff in my material.
- Hoffman: Okay.
- Wallin: But I don't have any -- I didn't receive anything else.
- Hoffman: No scoring information?
- Wallin: No. Just what's in the Board packet. I didn't receive anything. I don't know if anyone else did.
- Hoffman: Did the other Board Members receive --
- Malfabon: I think typically that's handed out during the meeting, and then it becomes public information after the acceptance of the award. So apparently because the project manager is unavailable, that information didn't get here.
- (Indistinct conversations)
- Hoffman: We will -- let me go step back to the microphone. Madam Controller, we'll make sure to fix that problem. We're gonna need to figure out how to get you that information. So maybe we just --
- Wallin: Well, you can send it to me -- when you have confidential stuff, just send it the old way, that's fine.
- Hoffman: Sure, will do. Will do. So we apologize for that. So there were four contractors that were pre-qualified, and then there two that were shortlisted that went through the proposal evaluation process and through the interview process. And what you have are two sheets, one for the scoring of the proposals, and another scoring sheet for the actual interview with the final scoring and ranking. And with that, we have a beautiful picture of Lake

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Tahoe up on the board, and you can see very small red print, it says Phase 1C towards the bottom, and that's the project we're talking about. There was an agreement in for discussion earlier in Item 5 for agreements that were less than 300,000. This is the ice services is part of this project, and then the construction manager services would be part of that as well. And we do firmly believe that the cost of both the ice services and the pre-construction services will save the state money in the long run due to the efficiencies of having contractors help with the design process, especially up at Lake Tahoe. Environmental permitting -- environmentally sensitive area. It's a very difficult place to work.

- Sandoval: Board Members, do you have any questions with regard to Agenda Item Number 9? Member Savage?
- Savage: Governor, just one question. Mr. Hoffman, is there an estimate on the construction costs?
- Hoffman: Yes. The estimate I have, the most recent estimate, is \$3,410,000.
- Sandoval: And that is for Phase 1C?
- Hoffman: That is just for Phase 1C, yes.
- Sandoval: And how long is that segment?
- Hoffman: That segment is a mile long, 12 feet wide, through some pretty difficult terrain, you know, forest, and things like that. So it's a difficult area to work in.
- Sandoval: You start doing the math on 32 miles, and you're talking some real money here. But this is to get it going?
- Hoffman: Right. And there are federal funds, two million of the project cost -- construction costs are public land funding from the federal government that goes to the NPS, our metropolitan planning organizations for projects just like this.
- Sandoval: So this will be a bike path that all or part is not on the road itself, is that what we're trying to accomplish here?
- Hoffman: Yes, sir. Yes, Governor. Yes.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Unidentified Man: And Governor, the slope -- especially Round Hill, I mean, you're probably taking most of the verticality right there, and to get through the old abandoned part of Round Hill Beach, you know, the resort, but you've got the abandoned piece up there, it's coming around on the lake side, correct? That's I think what it --
- Hoffman: Do we have anybody from -- yes. Please. So if you could just state your name, and --
- Kirkland: Governor, and Members of the Board, Derek Kirkland with Tahoe Transportation District. I can help answer some of these questions. And yes, it is on the lake side of the Round Hill, kind of the west side right there. It skirts around and then basically what it does is extend -- 1B is under construction right now. It should be finished in December. So what 1C does is extend the bike trail -- and let me back up a little bit. 1B goes from (inaudible) Drive, we did some parking lot improvements there, you'll see a restroom going in there, some trailhead improvements, and then that skirts about one mile through (inaudible) Meadow area, and connects to the existing bike trail at Elks Point Road. 1C will connect from Elks Point Road around the west side of Round Hill all the way to around Hill Pines Beach, little pass around Hill Pines Beach and come out at US 50.
- Krolicki: I say this with gentleness. I mean, I appreciate what's happening, but it is a very massive footprint. When you have a 12-foot wide, you know, and the construction that's been going on, the locals use that are and have heavily for many years, you know. This is really providing just the biking access just for the record, there really is a heavy footprint and it changes the character of those areas tremendously that are currently in use. So now I have to get out of the way, and that's where people walk animals and things like that. So I know it's a welcome project to many, but not by all. Just I don't know how else to say that, but if you ever have the occasion to go up there, you should look at it, but I would hope that we can -- especially if you're going on the lake side of Elks Point, or of Round Hill itself. You know, that's pretty significant. Just saying. I don't know if I have a point other than the locals are not necessarily delighted with this new construction and what it will bring into those areas that have been not as heavily used. Thank you.
- Sandoval: And do we know as we sit here today whether the TRPA has approved any of this?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Kirkland: Yeah. The TRPA, what it is with the project is we have a project development team which consists of the forest service, it consists of NDOT, TRPA, some of the counties, and so everyone's been -- all this -- all Phase 1 has been approved and the environmental process by TRPA as well.
- Krolicki: Why was the existing bike trail that was on the east side of Highway 50, I mean, we've had that for some time. It just wasn't deemed to be adequate?
- Kirkland: I guess I'm not familiar with it.
- Krolicki: There are two bike trails now, because there's one on the Kingsbury side if you will, that goes from Kingsbury all the way down to Round Hill currently with the shopping corridor, you know, the commercial Round Hill. So this new bike trail is certainly a much bigger footprint, but it's duplicative, if you will. There already is a bike trail, and I think that was some of the complaint, and I know it's federal money, but this is a terribly expensive project, and I just think we really need to really be careful how we are spending federal tax dollars or our own, but I'm not saying it's something that shouldn't be done, but, you know, if we're being, you know, what is our role as Board in this project? We've not had a chance to see it, and we've already, as you said, made the completion between (inaudible) Drive and Elks Point Road.
- Kirkland: Elks Point Road, yeah.
- Krolicki: So I just, you know, this is just another item and, you know, I feel like we've been having this conversation, and I apologize, but we're as a Board, if I'm to have input as a Board member on these projects, it's already completed, or at least this first phase, which is probably the heaviest impact, because that's the residential area and the traditional use of Kale (ph) area and Round Meadow.
- Kirkland: Yeah. That whole Kale area is very heavily used through -- because it provides access to Nevada Beach,
- Krolicki: You've just opened it up extensively more, and remember there are campgrounds down there already, there's Nevada State Beach recreation ground campground.
- Sandoval: Mr. Hoffman, did you have a comment?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Hoffman: Well, I just wanted to -- Bill Hoffman, Deputy Director -- apologize to Lieutenant Governor that we hadn't gotten in before to share the project with you. Quite honestly, I thought we were just gonna have you guys seek -- well, we were seeking approval to have you guys approve the CMAR contract for construction, so I was unaware that there was such a lack of information regarding the bike trail, so I apologize.

Krolicki: I'm sure if I ask questions it would, you know, information would be available, but in a transparent way, in the role of this Board, are we to, you know, were we ever to approve this project, or is something we would be, you know, shown later and just be apprised of the efforts going on by NDOT in conjunction with other parties?

Malfabon: Typically to Lieutenant Governor and other Board Members, the Federal A projects are included -- in the case of Tahoe when they were an NPO, they were included in their TIP, Transportation Improvement Plan, which gets forwarded to NDOT for inclusion in the stip, which our Board approves. So you see the projects there, but it's not enough information to give you a total picture about the width, the location of the project, so we could take that into consideration. As Mr. Hoffman had indicated, Tahoe folks are going to -- Tahoe Transportation District is going to present some information next month, but that's obviously late for this series of projects, but I think that we'll take that into consideration, Lieutenant Governor, and look at the Board approval of projects and the information that you would receive, I think it would require not just the stip approval, but give you a lot more information on the projects. We do keep a website at NDOT that has a lot of the project information, but to maybe look at making that information available directly to the Board Members so that they have more specific project information location, what the scope of work is, the cost estimates and such to make that into a hard copy document that gives a lot more information. I think in the future that's something that we could look into.

Sandoval: Oh, I'm sorry. Madam Controller.

Wallin: Thank you. To follow up on Lieutenant Governor's comments. I have a concern when he says well, there already is a bike trail there, and we might be duplicating efforts here. I have a real concern that, I mean, you don't even -- you're not even aware of this other bike trail. What type of research do we do, and is, you know, I guess my point is, we should look to see if

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

there really is a duplication, and do we really need to do this if we already have one there, or if maybe we need to do a smaller section just to link it.

Kirkland: Madam Controller, I should kind of back up too a little bit. This picture actually came from a feasibility study that was completed in 2011 and was very extensive. I mean, it went out to all the agencies, a lot of public -- there was a huge public involvement process as part of that. It kind of identified -- basically what it did is it kind of identified some preliminary alignments, where a trail should go, as far as environmental improvement, safety, just a lot of those kind of concerns. And then what it did is it established the demonstration projects, which Phase 1 is what we refer to as the South Demonstration Project. It kind of gives people an idea of what this -- the overall 30-plus-or-minus miles could look like, and then as well as Phase 2, which we refer to as the North Demonstration Project, extends the existing incline bike network to Sand Harbor. And those are the two most heavily used areas, so it's a good -- it establishes a good point to show people how this could work and how it could work for the entire east shore of Lake Tahoe as well as the vision that TRPA has and a lot of agencies share to have a bikeway that eventually will go all the way around the lake.

Krolicki: And Governor, if I may. You know, I'm absolutely comfortable that all of those venues existed. But now NDOT is being a partner in something, and this Board, that's my conversation, has not had really a viewing or a presentation to show what it is that NDOT would be partnering, despite, you know, all these other public, and, you know, the Tahoe Trust. I mean, there are many parties involved. But the impact is significant, you know, 12 foot wide paved bikeway changes the nature of being along the side of Lake Tahoe. You know, the ability to bike around the lake is a wonderful thing. We need to get people off their bikes on Highway 50 because it's terribly dangerous. You know, I know that. But, you know, my point is almost procedural. It's -- if we are partnering as NDOT with such a significant project with significant dollars with significant implications to the Tahoe area which, you know, is a sacred trust that we all have, you know, it is Lake Tahoe, more formal, more broad information prior to construction and NDOT's participation by this Board Member would be appreciated. Thank you.

Sandoval: And I think you're sensing the frustration is that the Board is the last to know about a project like this when there's been a series of public meetings. So again, as we move forward, if we could have Agenda items just so that

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

we're, you know, we're basically put in a position where we can't say no because you're so far down the road, and we -- I think this Board, given the governing body of this department, would like to have the ability to have input prior to those decisions being made.

Malfabon: Thank you, Governor.

Sandoval: Member Fransway?

Fransway: Thank you, Governor, and a question for the presenter. Was there any question one funds applied for for this project?

Kirkland: Yes. Actually Phase 1B was -- the construction of that was funded with about 50 percent question one dollars, and I don't believe we're going to have any question one dollars in 1C, but we are looking for question one dollars for Phase 2A, but that's all kind of up in the air at this point.

Fransway: Do you know what the amount of the grant was?

Kirkland: For 1B I believe it was right around a million dollars in question one funds for construction.

Fransway: Okay. And that was for rec trails?

Kirkland: We also had for 1B, we also had federal funds in the amount of about 200,000 in federal rec trails.

Fransway: Okay. Thank you.

Sandoval: Any further questions? Okay. Hearing none, the Chair will accept a motion to ratify the selection of the contractor the Stateline to Stateline Bikeway Phase 1C Construction Manager-at-Risk Project, and Stateline and Improvement Agreement with Q&D Construction Company, Inc. for preconstruction services for this project. I don't think the Lieutenant Governor's going to make the motion. Is there a Member that will make a motion for approval on this? I'll make a motion then. I will move to ratify the selection of the contractor as described in Agenda Item Number 9. Is there a second?

Cortez-Masto: Governor, I'll second he motion.

Sandoval: Okay. We have a second by the Attorney General. Any questions or discussion on the motion? Hearing none, all in favor please say aye.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously.
- Krolicki: Governor, I was going to -- the Attorney General beat me to it. I was going to second. I don't want to be argumentative or confrontational here. I just want to make sure we have a process that, you know, we are participating and we have oversight, that we have an ability to really understand, not part of the TIP program, what's about to happen, because it has a serious implication, you know, at the lake. Maybe that's not clear to folks. I have an emotional conflict of interest, because that's an area that I use really on a daily basis, and, you know, they're, you know, all the proper public input, all the proper forms, but, you know, this citizen of the Stateline's (inaudible) did not participate in those, and it just surprises me the size of what has gone in. I mean, the new bridge that was built across the wetland area. I mean, it's extraordinary. And those kind of things with that kind of visual impact, and the activity impact is important whether it's in Boulder City or wherever it's going to be, if this Board of NDOT is to be approving things, reviewing things, partnering with other folks for these kind of projects, please do it on the front end and not in process or, you know, after a lot of Tahoe Meadow has been paved. Thank you.
- Sandoval: Agenda Item 10, approval of development and RFP for Project Neon.
- Malfabon: Thank you, Governor. Deputy Director Bill Hoffman, and Assistant Director for Administration, Scott Sisco, will present this item.
- Hoffman: Okay. Good morning Governor, Members of the Board. Bill Hoffman, Deputy Director. So I'm back to talk about Project Neon. So back in June I presented this project. We were seeking approval for us to move forward with the development of a request for proposals, just that first step of request for proposals, and we got, I would say we received 15 to 20 questions at that Board meeting, and rightly so. We went back, the team -- the NDOT Neon Project team, including me, Scott Sisco, Cole Mortensen, poured through the meeting minutes and pulled out all of those questions that the Board had -- that you all had. We boiled them down into about seven questions. We tried to lump some together. A lot of them were along the same lines quite honestly, in terms of affordability, what are we doing, where are at with the project. So these are the seven questions that I'm going to walk the Board through this morning. So we've heard this issue before, how does this recommendation tie into those earlier proposals. Well, Neon is one of the

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

State's highest transportation priorities. It's been around a while. We're trying to find a way to deliver an affordable version or phases of Project Neon, so the crash rate in this corridor is close to double that of the rest of the state, the highest traffic volumes in the state, and I have some graphics to show you. So on top is Project Neon compared to other major corridors throughout the state, and then at the bottom in the yellow are state average crash rates. That's -- those are state numbers. Washoe County average crash rates, so this is Washoe County, and then, of course, Clark County. The corridors that are in green, there's not been anything done with these corridors here. So Neon ranks very highly at the top of the list for those corridors statewide that need some attention.

Hoffman:

Oh, I'm sorry. The corridors in green are the corridors that have had work done recently, or within the last few years. So then if you move down to -- we have the traffic volume comparisons. So in red here we have the section of I-15 that would fall within this Neon Project limits. You see this dip here in 2009. We're thinking that was due to the Design Build North Project. People were finding their way around I-15 while we were building that project. But then other sections, US 95/515, I-215, Clark County, Beltway 215, I-5/80, I-80, so these are all stacked up, and of course Neon, again, is at the top of the list in terms of needs. Redevelopment down in southern Nevada. So we've got crash rate, we've got volume of traffic. Another big thing that -- very important thing that's going on in Southern Nevada right now is redevelopment, and you can see I-15 in red here. US-95 takes off in blue, and then you have Charleston Boulevard just to kind of give you guys a feel for where we're at exactly. But where the stars are here located along I-15, these are Project Neon improvements that will improve access to all of this redevelopment. All of these ten major redevelopment areas just outside of Fremont Street, we've got the Symphony Park area here. So all of this, and then really what this also does is it improves with Phase 2, which is part of the City of Las Vegas, funding and design wise, they'll improve Charleston, that'll help improve access under I-15, get traffic from the west side to the east side, and then there's actually improvements in this area to connect the casino industry, the resort corridor with this redevelopment area. So it makes a lot of sense from a redevelopment and economic development standpoint. So still on the first question. We've heard this issue before, how does this recommendation tie into those earlier proposals. Funding continues to be an issue and it will continue to be an issue. It was an issue back in 2005 when the late Governor Kenny Guinn put together the Blue

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Ribbon Committee and the Transportation Task Force spun out of this Blue Ribbon Committee which really started the Pioneer Program. So all of that information out of that task force allowed the Pioneer Program, and those initiatives to come out of that Pioneer Program that included alternative financing, or P3s; Design Build, we're doing that right now; CMAR, we just started doing that; and, I mean, one of the main purposes today is to try to get closure on the unsolicited proposal that we've received that is kind of driving this process. So, the pay-as-you-go option is least desirable due to the years added to the project delivery. I've got a slide that will show this very clearly, but delivering Phases 1 and 3 as proposed reduces traffic impacts to the current 270,000 vehicles a day. Phasing is a possibility, but still adds substantial costs. So whenever you break something down into smaller components and try to build that, it's more expensive to do that. There's a lot of button-up or throw-away costs if you start splitting it up into manageable chunks, I guess. The availability payment concessions have become highly competitive and attractive. Presidio Parkway in San Francisco, there's other DOTs that are doing this availability payment project type of delivery method. NDOT received an unsolicited proposal, design, build, finance, operate, maintain for Phases 1 and 3. I think we've made that clear enough over the last several months. Contractor is responsible for operating and maintaining the project. So this is the issue -- the person that has to maintain it, you would have to think that in order to reduce their maintenance costs that they would actually put that extra quality in to building it initially. So this just reiterates where we were back in June, recommending to develop an RFP to move forward with the P3 availability payment. So there was -- Director Malfabon wanted us to be open. So all of these components, design, build, finance, operate, maintain, Director Malfabon wanted us to be open moving into the RFP process, and just see, you know, what would the cost be if we pulled the operate and maintain out of this from the concessionaire's responsibility, and we continued to operate and maintain. So we just wanted some options, stay flexible, see what those costs were. How does the tolling issue fit into Neon discussion? Tolling is not part of this proposal at all. Tolling is a revenue source, and is completely separate from this mortgage. Really what we're doing is we're finding a way to finance Phases 1 and 3 of the project, and that's really the finance or delivery piece. Tolling is completely separate. It could -- now, if we -- we do have a bill draft request in. We could get tolling authority, and wherever that tolling takes place statewide, those revenues could go towards other projects within the state that would leave more room for federal funds

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

to cover the Neon Project availability payments, but really they're completely separate. Tolling and availability payments are completely separate. So would breaking apart the project into additional phases make a difference on your recommendations? It wouldn't. Breaking it up, as I spoke earlier, actually makes it more costly. So we have three sections here. We have as originally proposed, so I told you this project's been around for awhile. Design, bid, build was the traditional delivery model, and that's what existed several years ago when, you know, when we first started working on. So you have a project cost, oh, right around -- if you shoot in the middle here, about 300 million and about 250 million, that comes up to approximately 508 to 617 million. That's if you do the traditional standard delivery model. Now, these are today's construction costs. Today's construction costs. So the unsolicited proposal --

Hoffman: Sorry, year of expenditure costs. So it is, you know, they are -- there is inflation and so it's year of expenditure. I apologize about that. So you have the unsolicited here because of the cost savings in combining Phases 1 and 3, taking advantage of not having those throwaway costs by combining 1 and 3. You don't have to build temporary walls, you don't have to pave temporary ramps, that then will be taken out to build Phase 3 later. And then Director Malfabon wanted to see, okay, well, what would that look like if we broke this up into smaller chunks, or smaller phases, and it actually ends up costing a lot more because of those button-up and throw-away costs, and because the way it works with availability payments, you start paying when the facility becomes available to the public to use. So we wouldn't pay anything -- well, we'd pay very small amounts, possibly operate and maintain through this period, but, you know, for three-and-a-half or four years we would not pay anything. We would not pay those availability payments until we have approved the project as being built and full access to the traveling public. So by breaking it down even further here, you've got -- we're looking at it 2027, and a lot of these years in between would look like this with construction orange, construction signs as we're trying to build yet the next phase of the project. So increased temporary construction costs, that's if we go, you know, if we split it down even more. Additional engineering costs, longer impacts to traffic, larger reduction in yearly capital program safety issues due to added traffic.

Sandoval: Before you move on --

Hoffman: Yes, sir.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Sandoval: -- will you go back to that previous slide?

Hoffman: Sure.

Sandoval: So where do the availability payments come from?

Hoffman: Where do they come from?

Sandoval: Yes.

Hoffman: What we're doing is mortgaging -- what funding revenue?

Sandoval: Well, you said the first payment isn't due for three or four years.

Hoffman: Right.

Sandoval: What is the source of that first payment? Would it be the State, would it be highway funds, or --

Hoffman: It would be -- well, at this point, we're planning on a small amount of state highway gas tax funds. We're looking at federal revenue, federal gas tax. So federal funds to pay back the availability payments.

Sandoval: And what if there's not enough of those? Where would the balance come from?

Hoffman: Well, and we'll let Mr. Sisco go. He's going to take one of these questions in terms of affordability. I think based on --

Sandoval: Okay. If that's coming later, we can save that question.

Hoffman: Yes. Right. Right.

Sandoval: And then on the unsolicited proposal --

Hoffman: Mm-hmm.

Sandoval: -- would we go -- what if there's more than one solicitor out there who wants -- who might be interested in this? Are we locked into this one unsolicited proposal, or would we make an RFP to see if there are others interested in doing that?

Hoffman: Well, that's exactly right, Governor. What we do is we would put together an RFP, send that out, and then everyone who's interested in that project would then have the opportunity to submit a proposal for that project.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: Okay.
- Hoffman: So it would open the door to competition essentially.
- Sandoval: All right. Thank you.
- Hoffman: Sure. So we have the five phases of the project. Today we're here talking about Phases 1 and 3. We do have -- so the question is, what is the current status of Neon, including expenditures and right-of-way purchases. This is the funding, if this is blank then we haven't spent any money. Here what we had to do is go through the environmental process. We had to get environmental clearance for the project, and there is a minimal amount of preliminary engineering that you have to do, and you have to do that for all the phases, so that's why these boxes are filled in. So typically these costs run between, I don't know, six to ten percent. We're running at about two percent. Cole Mortensen has done a fantastic job of trying to trim the footprint from a right-of-way standpoint. I know that may be tough to see with all the right-of-way actions that we have come before the Board, but he has done a really good job of trimming the footprint and working with other, you know, his engineers and other staff and trying to really reduce the total cost of this project.
- Sandoval: And my understanding is we're still within budget despite this recent payment that we talked about today, we're still within budget on right-of-way?
- Hoffman: Yes, Governor, we are. We are. Well, for Phase 1 we've got 89.3 to 139.2 million. That's -- and I apologize for the ranges, but that's based on risk analysis and probability and statistics and things like that. But you can see that we're running under even the low estimate. Now, this is -- we're in the middle of this process, so --
- Sandoval: Yeah. That's -- I want to be careful there with the wasp.
- Hoffman: Thank you. That was (inaudible).
- Sandoval: But on this -- I mean, to be fair, to make sure that we're on track we might be under, but have we purchased 20 percent of the property, have we purchased 80 percent of the property? Where are we?
- Hoffman: So the parcels identified that we need for the project are 48 in total. We've acquired 19 parcels. The parcels referred to condemnation are eight, and the

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

parcels in process are 21. So that's where we're at with the property acquisition. We foresee spending right-of-way and utilities, a total of 104 to \$161 million, and the cost to date for right-of-way and utilities is 54.2 million. That's all property at this point. We haven't expended anything in the utilities area.

Fransway: Governor?

Sandoval: Member Fransway.

Fransway: Thank you. As far as the parcels identified for NDOT to secure, and the ones that we have secured, how many of the ones that are in the fold now are in condemnation?

Hoffman: Eight.

Fransway: Okay.

Hoffman: Okay.

Fransway: Okay. So we have 13 left that are liable to come before this Board in some process, whether it be condemnation or whether they settle, right?

Hoffman: And we're hoping it's not condemnation --

Fransway: Right.

Hoffman: -- that we can reach a settlement, but in the best, you know, for the State, we're hoping to keep all costs down --

Fransway: And do you have a time estimate as to when you feel that these properties would be secured?

Hoffman: Do we have an estimate Paul? We're looking at 2014 to be completed with all property acquisitions.

Fransway: Okay. And have we secured all of the properties that we need to as far as Phases 1 and 3?

Hoffman: No. We're only working on Phase 1 right now. So the numbers you see are only for Phase 1. We haven't started on Phase 3 unless there was a property that needed to be taken for both Phases 1 and 3, and then we went ahead and acquired that property if it was needed in both phases.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Fransway: Okay. But aren't we being asked to approve RFPs for Phases 1 and 3?
- Hoffman: Well, for the project, Member Fransway, yes. So that's future work that we would have to do from a right-of-way standpoint. So we haven't done anything in the Phase 3 right-of-way area yet. Very minimal. So with the design builder coming on, we might have the opportunity or the option for this design build concessionaire team to help us acquire the property. That could be an option.
- Fransway: Okay. So how much of the project, relative to the phases, has the unsolicited proposal then brought forward?
- Hoffman: How much has the project --
- Fransway: Yeah. How much of the project has the unsolicited proposal been brought forward?
- Hoffman: I'm not understanding, Member Fransway. I'm sorry.
- Unidentified Man: I think the question is, how -- about what percentage, or how many parcels have been brought to the Board for approval for acquisition compared to what you need to acquire for what was --
- Hoffman: How many parcels. So how many parcels are there total in both phases, and then how much of that have we acquired? Is that the question?
- Fransway: Yes.
- Hoffman: Do you guys know how many parcels there are in three?
- Unidentified Man: We don't. Not off the top --
- Hoffman: We'll have to get that info to you, Member Fransway.
- Unidentified Man: We haven't proceeded with engineering enough yet on Phase 3 to --
- Fransway: Okay. Where I'm confused is --
- Hoffman: Okay.
- Fransway: -- we're being asked to approve the development of RFPs.
- Hoffman: Yes, sir.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Fransway: Have we got all of the properties that we need for the project to go forward with an RFP?
- Hoffman: We still need Phase 1 -- or Phase 3, I'm sorry. We have -- you saw the numbers for Phase 1. We still need to acquire Phase 3.
- Sandoval: And I think the question is --
- Hoffman: But it's part of the --
- Sandoval: -- is this, is if we -- why are we approving an RFP for Phase 1 and Phase 3 when we haven't acquired any of the property for Phase 3? Is that --
- Sisco: Governor, if I could just real fast. The way the availability payment is set up, we did the prework, including all the right-of-way engineering and stuff like that for Phase 1 prior to the availability payment. The availability payment we're going to be talking about here in a minute, includes the cost for the right-of-way as part of that. So while the first part was handled through our normal process, the second part of the right-of-way is going to actually be financed right in with the availability payment and the second part of it.
- Sandoval: If you'll go back a slide, does that -- go back -- forward there -- that 443 to 489, does that include the right-of-way purchased amount?
- Unidentified Man: Yes.
- Sisco: Yes, it does. For Phase 3.
- Sandoval: Okay.
- Sisco: The Phase 1 right-of-way we're paying prior to that.
- Sandoval: So that's only Phase --
- Unidentified Man: That's just Phase 3.
- Unidentified Man: Phase 3. It's Phase 1 and Phase 3 construction, and right-of-way for Phase 3.
- Hoffman: Does that make sense or not?
- Sandoval: It does not.
- Wallin: Well, yeah -- no. Can you go to that slide where you have the different phases and --

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Hoffman: Yeah. There.

Wallin: Yeah. That one.

Hoffman: So the right-of-way -- let me come in here. So the right -- we're planning to acquire the right-of-way for Phase 1. Now, the Phase 3 right-of-way is part of this availability payment that we'll be paying to this concessionaire. The cost of acquiring Phase 3 right-of-way will be -- that'll be part of the availability payment. We're currently purchasing right-of-way now because we had already started down this path of traditional design, bid, build. So now we've changed gears to be flexible, to handle this, and to do -- actually handle the payments for right-of-way purchases and everything else in Phase 3.

Sandoval: Again, I just want clarity on my question.

Hoffman: Yeah.

Sandoval: If you'll back up a slide please. Right there. What is loaded into that 443 to 489?

Hoffman: Cole, do you want to talk about that?

Unidentified Man: Versus the 116 that was on the last slide?

Mortensen: Governor, Members of the Board, for the record my name is Cole Mortensen. When I put this comparison together, the one thing that isn't included in here is funding that we actually already have allocated and that we're already spending. And so it does not include the Phase 1 engineering, the Phase 1 right-of-way, or the Phase 1 utility costs that we're already currently expending, because that wasn't included as part of the unsolicited proposal that we analyzed. So I took that out of what we would have originally proposed to do for the bonding scenario as well as the package scenario down below. So what this number includes for the unsolicited proposal is remainder of the construction costs necessary for Phase 1, as well as all of the costs necessary for Phase 3 which would include that engineering, that right-of-way, the construction costs and the utility costs.

Sandoval: And the same analysis would go for the green and the pink, I guess --

Mortensen: Correct, absolutely.

Sandoval: So it's apples to apples for all three.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Mortensen: Yes. Yes. Absolutely.
- Sandoval: All right. And then if you'd move forward a couple slides as well, one more, okay, back up. Sorry. On this one you've got estimated total costs for right-of-way and utilities 104 to 161, and then if you go back one more slide, it's 189 to 139. So then you add in the utilities to get to that 160?
- Mortensen: Yes. Yes, correct.
- Sandoval: Okay. Okay. And then -- no. I -- and then the last question is -- I keep saying last, they're not. I'm sorry. We've spent 54 million of -- get me to that slide with all the --
- Mortensen: With the right-of-way information, or --
- Sandoval: Yes. Right there. All right. So we have acquired 19 for 54 million. Do we have an estimate for what it's going to cost to get the rest of -- the remaining 29? In other words, we're going to have to get the other 29 for 110 million to stay within budget.
- Mortensen: Correct. Early on, to give the Board a level of comfort with the right-of-way process and what we've looked at, we anticipated the original cost of the right-of-way to be around the \$90 million. Now, that doesn't include the risks that we associated with that project and knowing that the results of the pistol law being enacted, which is also another reason why we haven't proceeded with any of the Phase 3 right-of-way, because we'd have to move forward with that within five years of acquiring that property, and at this point we haven't had a financial mechanism to move forward with Phase 3. With that being said, what I've done, given some of the properties that we've had to settle on, is I actually look back at the peak of the market values for the properties that we had anticipated acquiring for Phase 1 being right there, 2005, and about 2007, and the total value of those properties during that period of time would roughly put us in the 120 million ballpark which is actually still within that budget that we have allocated for the right-of-way acquisition. So at this point in time we still anticipate being within that budget.
- Sandoval: And I guess what I'm -- the reason why it's important for me, I'll speak for myself, is that we approve this RFP, we put it out for that amount in the slide -- one more, let's say we go with the unsolicited proposal, do an RFP for 489 million, and then suddenly the cost of the property go way up, above

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

what we estimated, and then suddenly well, Board, well, State, well, Governor, our availability payments, we thought it was going to be X, but now it's going to be X plus Y, but we hadn't budgeted for that. So that's why I'm trying to get as much clarity now, so that we will now.

Mortensen: Absolutely. And that's something that as we move forward with this, you know, we're gonna still be continuing to put the same effort into the risk management that we have getting us to where we're at, and that's going to include making sure that we do keep an eye on those property values and what we anticipate those will be, and throughout this process, and we'll go over the schedule with you here in just a few more slides, but you'll see that by the time we come back to the Board with the actual RFP, that we'll have been able to tighten the estimates, not only for Phase 1, but for Phase 3, and keeping in mind those right-of-way costs as well and basically with the market and the interest rate so that we have more refined numbers and estimates to bring to you the next time we come before you.

Sandoval: And I guess it's just a little raw because of that settlement that we just said where property doubled in value in a year. And so I think you can appreciate, at least my concern --

Mortensen: Mm-hmm, absolutely.

Sandoval: -- when it comes to these estimates on property acquisition costs.

Mortensen: And currently we're maintaining an extremely high level of interest in those properties that we view as being potentially more problematic for us as we move forward with the acquisition process.

Sandoval: Madam Controller?

Wallin: Let me ask you this question so I can kind of get some comfort. That settlement that we just approved today, where the property doubled, I wish my house would double down there. The price that we settled on, and I don't know if you know this or not, is that price less than what the price would have been in the 2005/2006 prices when we were at the peak, or do you know?

Mortensen: Yeah. I don't really have any idea. We could look at that.

Wallin: Because I'm just kind of curious, because Cole you mentioned that the way you estimated the property values on the high side, you looked at what the

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

values were before the recession hit when property was just sky high, correct?

Mortensen: Yes. That's something that we've done in looking back, and that's somewhat of how our risk values were identified when we're assigning those. It's an entire process that we go through, but yes, essentially we took a look back at those prices to try to give us a rough ballpark as to what sort of range we would anticipate.

Wallin: So this property we just settled on --

Mortensen: I would have to look to see where that actually was.

Wallin: I would like to see that.

Mortensen: Yeah.

Wallin: I would like to see that definitely.

Mortensen: And I'd be happy to provide you that information.

Wallin: Because that's my big fear is that we go out and all of a sudden the properties -- now we're paying more. I don't see Las Vegas getting that type of appreciation though. I'm shocked that that one property down in Las Vegas appreciated -- it doubled in a year. It's like, God, I should have bought some property there. So I just have some concerns that we're just paying the long dollar on a lot of these things just because they know that they can.

Sandoval: And as I said, I don't want to revisit that whole case again, it's done. But my understanding is we did a second appraisal. That second appraisal used comps in the area, and there was a partial next door that had just been sold, and that was the basis for the valuation of the property that we purchased, and it had gone up dramatically, the other parcel which affected this one, and again, we can speculate all day, but I do want to move on with this, but if you could get that information.

Hoffman: Sure. Will do, thank you. Okay. Well, here you go.

Sisco: Thank you. Governor, Members of the Board, again, Scott Sisco for the record. I'm over administration and kind of the Chief Financial Officer for the department. Question number five, how will Neon as an availability payment concession affect our overall program, and we heard this in a

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

couple different ways. One was show us your cash flow projections for that time period. NDOT's a unique animal. I've been Chief Financial Officer for State agencies for 26 plus years, and quite frankly I can tell you better how to pay for forest fires than I can for roads at times, and for good reason. It's because we're very creative with maximizing our intake of those federal funds. Most state agencies get a grant for some type of project, and they have that money plus the required match, and that moves forward from year to year to year to year. NDOT actually, because of the way the federal funding (inaudible) is constantly moving things around in order to get the money into the silo that's going to do us the most good, and projects also slip on a regular basis and everything else. So we're constantly kind of actually overextending ourselves and moving things around to best maximize those federal funds. And again, NDOT gets, because of the amount of federal land in the state, we get 95 percent match, which mean the feds are paying for 95 percent of our roads which is unheard of for most other state agencies in regards to the match requirement. So we take advantage of that and we do a good job in that particular area. So figuring out exactly what our cash flow is going to be, you know, four of five years from now is a little bit difficult. So we went at it kind of at a different way. First of all, are the availability payments affordable, and I'm talking about the payments themselves, and the answer is yes, and I'm going to show you why here in just a second. What we did is, I went at this a different way to get to the information you needed. What we did is we extracted an average capital program for the years 2007 through 2011 and we went in and we removed everything that was one shot. We removed the federal stimulus, we removed the state stimulus, we removed the AB 595, and we removed, you know, pretty much everything that wasn't continuing and ongoing, and we discovered that our average capital program has been \$378 million a year expended. So that was the number that we were shooting for, if I did this right. So on this chart here -- by the way, I do need to put a caveat out there. This availability payment, this doesn't solve our financial problems. We still have financial problems. We've had to divert some money from the highway fund in order to help the state solve some problems. We've got, you know, gas taxes and everything else. This is strictly just talking about whether or not we can or cannot afford a payment, but it does not solve our financial problems either at a state or a federal level, but again, for all practical purposes, this train has left the station. We've got this out there. We need to move forward. It's one of the State's highest priorities, so if it looks at the best way to afford it. This particular chart here is like most of

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

you may have become familiar, it's a typical state budget chart. It has revenues over the top with gas, special fuels, you know, everything that goes into the highway fund as well as our federal aid, and then on the bottom it talks about our expenditures, which coming out of the highway fund we have the NDOT capital program. Again, I told you this was the average 2007 through 2011, less the one shot, 378 million, other NDOT expenditures, our operating costs. Total NDOT expenditures, DMV and Department of Public Safety that takes money out of the highway fund, other appropriations and the bond seeking funds paying for our bonds, because we're paying for our bonds (inaudible), and it kind of -- and it gives us our average. And I've kind of highlighted the sections that I want to draw your attention to. So if we do this as availability payment, we go out here and start out in about 2017 is what I'm being told when they would be finished with the road and we would start making our mortgage payments. So again, I've taken this 378, we've added a modest three percent to it, \$390 million in 2017. To figure out where or whether or not we can afford it, what my warm and fuzzy is, is \$90 million in the highway fund. It takes us about one-and-a-half months worth of capital, and one month worth of operating costs to keep \$90 million in the fund in order to make our payments. And as you can see here along the bottom, this is where we would start our availability payments at \$36 million, and again, right above it, we're still making our bond payments, and starting in 2017 and beyond it keeps pretty much the \$90 million that I need to keep in the highway fund in order to pay our bills. So while I can't tell you exact what our expenditure will be, I can show you that we can keep an average capital program near \$378 million along the way and make our availability payments and still keep the \$90 million that we need in order to make our payments. And again, like I said, if you go back here and you kind of look at this year, 6279, we've had some tough times in this last couple years because of those diversions to the highway fund, but, you know, we're managing to bring federal money as fast as we can and everything else. But this does put our program out there, our capital program, along with availability payment, and you can also see above here the reason why we're starting to be able to increase (inaudible) is you can see that the bond payments that we're making are slowing starting to work their way down, and I believe it's just about a couple years past this that we're actually paying off the existing bonds that we have now. One of the things I want to mention is, once we start this here in 2017 where we start making it, we're building it in this four-year period before, but we're also doing our regular availability payment. So for the

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

state's economic problems and job creation problems, we're kind of double dipping here, because we get to put our regular program out on the street, plus we're putting these 4100 jobs, I think is what the estimates were, out there, so during this period of time here, we're really stimulating the state's economy, and again, we start making our payment here in 2017.

- Krolicki: Scott, you said that in one breath. Bond sinking fund, is that actually the debt service (inaudible) or is that a defeasance account which would be a sinking fund? I mean, sinking fund to me means something very different than actual bond payment.
- Sisco: This is the -- correct me if I'm wrong but this is -- our bond payment. It is our bond payment.
- Krolicki: Sinking usually implies some kind of reserve.
- Olsen: Yeah. We transfer the money --
- Sisco: Yeah.
- Krolicki: And then use that sinking fund to make the debt service?
- Sisco: Pay it, right. I'm like you. The technical (inaudible). But again, like I say, it shows that we will be able to have an average capital program. We will be able to make the availability payments, and we will maintain the \$90 million that I need in order to make the monthly payment so to speak in there, and like I say, again, we can't emphasize enough that it creates, in addition to our normal program here, it creates the economic stimulus and everything else that goes along with a program of this size in the four to five years directly prior to that, which, of course, for this particular state right now is very critical to that whole effort.
- Fransway: Question, Governor.
- Sandoval: Member Fransway.
- Fransway: Thank you. Scott, are you comfortable with the 90 million if you figure in any inflation over the years?
- Sisco: Well, and you'll actually see that we did. We started figuring inflation in. Not only did we add the percentage to the NDOT capital program, but we also added it to the other expenses from some of these other agencies also. The total NDOT expenditures and other appropriations and stuff, and what's

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

happening is the bond payments are going down, allowing us to put a little bit more up top here.

Fransway: Okay. So the answer is yes?

Sisco: The answer is yes.

Fransway: Okay.

Fransway: Not a lot and not like we've had in past years, but we are able to add a little bit of inflation as we go along.

Krolicki: The bonds that we are selling, are they still like a five year, ten year, or are you going out further on the (inaudible).

Sisco: 2022, is that when we pay them?

Krolicki: So you're doing ten-year bonds?

Sisco: Yeah.

Olsen: The maximum we can do is 20 years.

Krolicki: But you're not doing that. You're doing ten years (inaudible).

Sisco: Well, they were -- no. They were 20-year bonds and then we refinanced.

Unidentified Man: (Inaudible).

Cortez-Masto: Governor, this is Catherine. I would ask whoever speaking to get to the microphone so we could hear here in Las Vegas.

Sisco: Dave Olsen, our Chief Accountant, would you just reiterate what you just said?

Olsen: If we go with the availability payment option, we would not be issuing anymore bonds under the current scenario. But if we were to issue them, the most we could do would be 20 years. Does that answer your question?

Sisco: Moving onto the next slide --

Savage: Excuse me, Mr. Sisco, Governor.

Sisco: Okay. No problem.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Savage: Madam Controller, go ahead. I didn't -- one quick question. Did an outside independent third party review and discuss any of these numbers?
- Sisco: These numbers were actually created by an outside independent third party, one of our consultants. And again, what we're here today about is to put an RFP out on the street and basically there's two parts to that. There's hiring a financial consultant, and there's hiring a legal consultant. Ultimately when we come back to you next on this, that's where all of these numbers are going to be fine tuned, proved, or disproved, and you're going to have the ability at that point in time to determine what happens to this availability payment, can we afford it, are we going to move forward, or are we not. So -- but it actually was a third-party consultant that put this whole project together.
- Savage: Okay. And I do want to thank you and Cole as well as Mr. Hoffman to come by and discuss what we're discussing today. That was very beneficial, but I think it's very clear here that no member of the Board would like to see anyone come back to the well to ask for more money as to what is already published, because whatever we can afford is what we can afford --
- Sisco: Right.
- Savage: -- and nothing more. So I think that message is very clear today. Thank you, Governor.
- Sisco: One of the things I would like the mention is these availability payments that the consultant has worked out down where, 36 million, you know, and gradually increasing, those were based on the very original estimates for Phase 1 and Phase 3, and the project has been reengineered several times since, and we've dropped \$100 million out it?
- Unidentified Man: We've dropped \$300 million over the total project, and \$65 million out of Phase 1, so we would anticipate those numbers to reduce.
- Sisco: So for Las Vegas, we've dropped 300 million out and 61 million, so we're hoping that this is actually going to be a pleasant surprise in the other direction when we come back as a result of the RFP and we will see some dropping to this.
- Sandoval: Madam Controller.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Wallin: Okay. On these availability payments so how many years would we be paying the --
- Sisco: Right now the spreadsheet I got yesterday took it out 31 years. Originally it was estimated 35 years, and again, just a reminder, Mr. Hoffman mentioned that the new Director would like to see the RFP actually go out on the street for two options, either design, build, finance, operate, and maintain, and again, there's some advantage to that, because if they're going to operate and maintain it, they're going to do a better job building it so it will last longer, or just design build and finance, and based on that, you know, you will see what it does to the payments, because again, the interest rates that we're going to be paying and everything else, we'll want to tighten that up as much as we possibly can.
- Wallin: So this is for design, build, operate, maintain?
- Sisco: This right here now is for design, build, operate, maintain. If we end up going out to -- just to design, build, finance, we would anticipate that those would be must lower.
- Wallin: And then, you're talking about -- Cole, you said that of the total project, which is like 1.2 to 1.8 billion, right, that we've dropped off like 300 million off of that. So -- and Scott, don't go away -- so this availability payment here, is that for saying that we're going to go and do the whole entire project, spend 1.2, 1.8 billion, or is it for --
- Mortensen: No. This is still for Phase 1 and 3. The point of mentioning that in the past year that we've reduced the overall program costs for the project by 300 million is that we're taking the time to look at what's been done, look at what's been planned, and actually verify the decisions that have been made, and as I've mentioned, we've reduced the cost of Phase 1 by an anticipated \$65 million in just doing just that, and the numbers that you see before you were actually produced with the last cost risk assessment that we did, not the most recent one which actually shows that \$300 million savings. And so these numbers are conservative compared to what I would anticipate them being now had we rerun the entire analysis based on the most recent cost risk assessment that we've done.
- Wallin: Okay. Do you have -- since this includes operate and maintain, do you have an estimate of what those costs would be per year?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Mortensen: For the operation and maintenance costs?
- Wallin: Yeah.
- Mortensen: Our estimates for those preliminarily here roughly \$4.3 million a year is what we had had.
- Wallin: Okay.
- Mortensen: And that includes the yearly maintenance cost as well as the periodic larger maintenance cost averaged out.
- Wallin: Okay. All right. Thank you.
- Sisco: Any additional questions? I'll move onto the next slide. Okay. Again, still on the same question, kind of just summarizing, including availability payment, we're, you know, we're projected to maintain over the \$90 million (inaudible) and again, that's kind of my warm and fuzzy in order to make sure -- and also -- whoops, go back there. Also it shows here if we do operate, build, finance, operate, maintain, we should see some savings within the district costs for what they would have been doing and now the vendor is doing, and like I say, just kind of summarizing up, it meets our cash flow needs while maintaining an average (inaudible) of \$390 million. Now I'll turn it back over to Mr. Hoffman.
- Hoffman: Thank you. Okay. So Bill Hoffman, Deputy Director. So really the Board has three options. It can reject the unsolicited proposal. Rejecting the proposal ends the process and then we would have to wait to receive another unsolicited proposal. We'd have to go through our process, and that could easily delay us a year, year and a half, easily, by going through that process. Accept the unsolicited proposal. That's certainly an alternative, but what we're pushing for today is to solicit for competitive proposals. We're recommending that just because of competitive process, want to see who's really interested. We want to open up the door certainly to in-state contractors and in-state work force. So we would -- and, of course, the unsolicited proposal team does have in-state contractors in labor force, but this would just -- this would allow the group that submitted the unsolicited proposal to actually submit through a competitive process with all the other contractors and firms that would want, you know, to try to propose on this project. So what are the risks and rewards in moving forward with RFP development? The primary risk is that if we're allowed to move forward

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

today with putting together an RFP, that's going to cost us \$3 million, and there could, I mean, there could be that opportunity, or that chance, when we get to the end -- we're going to come to you very often. We're going to come to you monthly, give you updates, plus there's a process that will actually require us -- that requires us to come ask for approval before we move to the next step. But there is that risk. We might get to that point and your, or NDOT telling you, might say hey, this isn't good. We feel very strongly that we're going to come back and say we got a good deal, we want to continue on. But in order to do that, in order to evaluate the proposals, we don't have that expertise and that -- those resources needed to do that. We don't have that internally. We need groups -- we need consultants that have done this throughout the country that know how to do this, help us put together design build specifications, the whole entire package, plus the financial piece. We need \$3 million to do that, one and a half per legal and financial -- yes. Yes, sir?

Krolicki: I'm sorry, Governor.

Hoffman: No problem.

Krolicki: And where does that \$3 million bogie come from?

Hoffman: The three million -- well, what we did --

Krolicki: It just seems high for this development stage, and I --

Hoffman: Well, good question. Good question. What we did was we checked with other states throughout the country, Florida, some other state DOTs, and just kind of ballparked how many hours are put in when they hire their financial and legal consultants. So we just kind of ballparked it. Cole, I don't know, is that about right?

Mortensen: Correct. Yes.

Hoffman: So we, I mean, we will not exceed three million. I promise you that right now. We will not exceed that.

Krolicki: (Inaudible) done on a contingency basis?

Hoffman: Yes. Yes.

Sandoval: What do you mean by contingency basis?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Krolicki: (Inaudible).
- Hoffman: Oh, oh, oh, oh , I'm sorry. I thought you meant contingent upon the work that they do.
- Krolicki: (Inaudible) pay people, and I understand they're real costs and that we do that -- this -- NDOT does it all the time and I understand that there are costs incurred, and it's a fair way to do it. But, you know, I would think some of the participants in this could potentially do it on a contingency basis upon the successful moving forward of the proposal. That's how they get paid. Is there any kind of hybrid here, or three million is three million?
- Sisco: There's been nothing in all of the -- and P3 -- one of the sites you saw earlier, they're getting very competitive and there's more and more of them. So there's a lot of companies out there, and we hope to see, of course a lot of bids. But there's nothing in that arena yet. One of the promising things that is coming out of Map 21, unfortunately it's going to be a little slow to help us, is one of the federal requirements are that they're going to set up the contracts in the future for P3s, you know, availability payments and whatnot, and I had an opportunity on a webinar to make a suggestion that they also did the RFP process, because most governmental entities, you know, flow their, you know RFPs right into their contracts. Unfortunately, it doesn't meet our timelines, and the feds are going to be working on that. But right now, every state's different, every one of these deals is different, and you pretty much have to have somebody come in and customize it to meet your need.
- Hoffman: I'm sorry, Lieutenant Governor, I thought you meant contingent upon the work that they do, not contingent upon moving forward. So I apologize for that. Okay. So primary -- actually, I'd like to just step back. So there is a risk, three million. There is a huge reward though too with job creation, economic boost, the redevelopment that I talked about, crashes, congestion. All of those costs taken into account, I think it's a -- and of course we're going to manage this to the T. Cole's already, I mean, he's already discussed and shared examples with you all about how diligent he's been about managing this project. Three hundred million trimmed off right away, footprint way, way pulled back, so we will manage this to a T. The first step as I said is just taking this first RFP step, \$3 million, we won't spend more than that. The reward is really to take that next step, but also to find out, you know, where -- we have a pretty -- we have a very good idea

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

financially. Scott talked about it. We'd like to see where those availability payments would go based on the conservative estimates we've made. So some of that expertise that can be pulled in, we're very interested to see how innovative we can get and if we can drive the cost of the project down even further. So that would be another reward. So the anticipated schedule, there is Stage 1, and that's what I was talking about here. We would come back monthly, we'd give you updates. What's going on, what are we doing, come make individual trips out to update Board Members on the information that we're gathering, and the analyses that we're doing. So this is the schedule for Stage 1, and this is what we would get for Stage 1. There's a lot of work involved with putting together an RFQ, RFP, design build specifications, the whole thing. There's a lot of work involved there, and we want people that are qualified and can handle this task. So that's Stage 1, so that gets us just up to advertising the RFP, okay? And what we wanted to make sure that you understood that there's a Stage 2. You have every, I mean, you're going to have the opportunity on a monthly basis to oversee what we're doing. We'll come and give you reports, but there is this last step here. Before we move into this next step, or into Stage 2, and before we march down the Stage 2 process, you'll get a chance for approval as part of our process. And here's -- if we do move into that second stage, there will be most costs involved. I just want to be up front and honest with you from a consultant standpoint, because now we're going to actually -- so we've put the documents together, and now that we're going to come back and evaluate those proposers that want to be part of this project. We're going to have to do that and, again, we're going to need legal and financial experts to help us close the deal that's standard practice around the county.

Sandoval: And then that last stipend number is to pay the proposers to submit their response?

Hoffman: Yes, Governor. So it takes quite a bit of money to put a proposal together. Probably way more than what's shown here. So that would just, you know, that ensures --

Sandoval: Well, I know we've approved those before.

Hoffman: Yes. Yes. On design build projects.

Sandoval: Then --

Hoffman: Yeah.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: And what is the advantage of doing it this way versus just the traditional bond?
- Hoffman: Well, this actually -- I should probably let the financial expert talk about this, but there's the program -- our program, Pavement Preservation and other projects throughout the state, makes it more affordable over the long run. Over the long term there's more room for our current program. But I'll let Scott talk about that.
- Sisco: It kind of goes back to this one here. You can kind of see this period of time in here. We have to literally break it apart because we do -- in order to not get our bond payments over a hundred million dollars a year, we would have to literally have about a five-year period in here in which we'd have to wait before we could sell bonds again in order to do it at this point. And again, this is an interesting proposal because it's kind of like how the roads go. If we build it this way, the roads actually get built this way and this way, and then later on have to be torn apart and brought together as compared to down here where we build it all as one and we're building a single road instead of two that are actually not lining up together, and one has to be torn down and put back together. But that's kind of the difference is, in order to keep our bond payments where we can afford them, we have to big gap in between it, and then we have, you know, 20 years out here. We drop the payments down low enough so we could start adding to them, and then they go out.
- Sandoval: Madam Controller, you have a question?
- Wallin: Yeah. I was just -- for clarification, Phase 2, that would be the City of Las Vegas there?
- Sisco: Yeah. Phase 2 is totally to be funded by the City of Las Vegas.
- Wallin: And our doing Phase 1 and 3, say the City of Las Vegas doesn't have money to go and do Phase 2, it's not going to affect Phase 1 and Phase 3?
- Mortensen: That's correct. At this point in time, the local facilities that we have in part of Phase -- or in Phase 2 have independent utility from what we'd be doing with Phases 1 and 3. Really, the two phases of the project that would have some sort of relationship interdependently is that we would have to build Phase 3 before we can build Phase 5. And so we're really not worried about

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

that at this point. But yes, Phase 2 has independent utility from Phases 1 and 3.

Sandoval: And then just for my clarification, we can't afford bond payments, but we can afford availability payments?

Sisco: Well, again, it's not that we can afford bond payments, but it's the timeframe, because we can only bond, as Mr. Olsen mentioned earlier, we can only bond for a maximum of 20 years out. We can take availability payments out to the life of the project because again, it's kind of like a mortgage -- we keep using that same analogy, a mortgage on a house, you know, goes longer.

Sandoval: Tom, please proceed.

Fransway: Thank you. Would there be any consequence to the entire project if the City of Las Vegas for some reason opted out of funding Phase 2?

Mortensen: Boy, as I mentioned earlier, Phase 2 really can be built at any time, and so that would be something where I would imagine that an agreement would have to be met with the City of Las Vegas and the RTC in the south as far as, you know, how that project would be funded and to move forward. It is a part of the overall project, and the facilities that Phase 2 provides are important facilities to the area, but really, each phase of the project has the same impact, you know. They're all important to the project, and really, all five phases are the final outcome, and so that would be something that would have to be addressed in the future.

Fransway: Okay. But the figures that we're being shown on Page 7 do not reflect Phase 2 because there are being --

Mortensen: We anticipate it being -- correct.

Fransway: -- funded by the City of Las Vegas. If that does not materialize, then NDOT is going to held holding the bag. And I'm not saying that's going to happen. I'm just saying it's out there.

Mortensen: That would be -- as I said, I believe that would be something that would just have to be addressed in the future as --

Fransway: Okay.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Mortensen: -- as it becomes an issue. That's all right. It's a part of the project, but the Phase 2 facilities are local facilities, and as I've mentioned, they really don't necessarily impact the I-15 work that we'd be doing and the ramps that we'd be changing as part of the project.

Fransway: Okay.

Mortensen: What ends up happening, to take a step back, maybe to help provide a little bit more clarification, is when we come into an area like this, and we say okay, well, we want to do Project Neon, we have to go out, if we're following the federal guidelines for the NIPA (ph) process, we have to go out to local agencies and say what other projects do you have in the area, so that we actually make that full study, the environmental impact, so we have an understanding of all the projects, not just NDOT projects, which is how local projects, local streets, can end up in a project like Project Neon, and we can turn around say well, Phase 2 is really a city-funded project or a city facility. And so it's a part of the overall project, but really the bulk of the -- the benefit to that project is city funded.

Fransway: Okay.

Hoffman: Okay. You guys ready for the last slide?

Sandoval: Member Savage.

Savage: Governor, Deputy Director, Mr. Hoffman, at the CWG meeting last month, there was discussion about the stipend as to either NDOT discussing the stipend, or the possible proposer coming up with what their reimbursement might be. Was there any further thought and discussion on that issue?

Hoffman: Member Savage, Bill Hoffman, Deputy Director, there was. We did. We brought that concept back and we're still thinking about the impact that might have on the DOT. Without knowing kind of where the numbers would come in at, we might have to pay quite a bit more than we're currently set up in our pioneer program for stipends, but we do want to be fair. We want to make sure that contractors are getting their stipend amounts that are commensurate with the proposal work that they do. So we're just -- we're trying to figure out what the out -- what would happen if we did that, because that would be a major step in an area that I'm not sure a lot of other state DOTs have gone. So we've actually talked about that internally.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Savage: Because it was two ways. I mean --

Hoffman: Right.

Savage: -- the fairness question --

Hoffman: Yes.

Savage: -- is a huge issue because the department always wants to be fair.

Hoffman: Yes.

Savage: But the suggestion was, does department dictate what that stipend, or would each individual proposer dictate that amount of stipend in their proposal, possibly saving the state money? That was the discussion.

Hoffman: Right. Well, and I can just say that we've had internal discussions and we're still thinking through that.

Savage: Okay.

Hoffman: And it's going to require even more additional thought, but we just want to be -- we just want to make the right decision.

Savage: Okay.

Hoffman: But we will certainly keep you in the loop on that, but we have had internal discussions, yes.

Savage: And one last question. The accounting firm that came up with these numbers was, remind me again?

Hoffman: KPMG.

Savage: KPMG, thank you. Thank you, Governor.

Hoffman: Okay.

Sandoval: Any further questions? Okay. Please proceed.

Hoffman: Okay. Last slide. So today we're recommending to the Board approval to proceed with the development of procurement documents for Phases 1 and 3 for Project Neon. So --

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Savage: Question Governor, if I may. Bill, does it also require rejection of the unsolicited proposal as part of that? It's a given that we are not accepting that, right, or the Board is not accepting --
- Hoffman: No. No.
- Savage: So we would actually have to --
- Hoffman: So moving forward with the development of an RFP would really set the process in a different direction. So as far I know, we can certainly check on that.
- Savage: Just wondering if the Board action would be rejection of the unsolicited proposal as well as approving --
- Unidentified Man: No.
- Hoffman: No. No. I think what we want to do is just -- I don't think we want to do both.
- Savage: Okay. So the unsolicited proposal stays out there?
- Hoffman: No. I think this brings closure in that now the process has changed paths now. So it's either rejected, accepted, or we put out an RFP. So I'm afraid to do two things with the action item. I'm 99 percent sure that this is within our purview to move forward as stated. Cole, correct me if I'm wrong.
- Mortensen: I believe rejecting the proposal would eliminate to move forward.
- Hoffman: Yeah. I don't think we want to reject -- well, but that's a decision of the Board. If you would like to move forward to develop RFPs, we should not be rejecting the proposal -- the unsolicited proposal. I hope that's clear. Is that clear? We don't want to do two actions.
- Sandoval: I think what you're saying is you're going to consolidate the unsolicited proposal with this RFP.
- Hoffman: Yes.
- Gallagher: Governor, if I may. The Board's action would be limited by what's on the Agenda, which is consideration for approval of the RFP. So it would not an appropriate action item for the Board to reject the unsolicited proposal.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: And that would mean that the accepting of unsolicited proposal would also be off the table.
- Gallagher: Unless you wanted to put it on a future Board Agenda.
- Krolicki: I mean, this really -- again, you're contracting and RFPing is very different from where I've had my experience, but can you really -- could this Board accept it, I mean, without an RFP process? You know, the only time in the State procurement you can do these things if it's, you know, sole source, or some unique ability, but, you know, there are others who could do it. We didn't solicit it, but the capacity to do this exists with other contractors and things, but we really would have the option to accept it if we wished?
- Hoffman: Yes. Yeah.
- Sandoval: Well, I guess at this point for a future Agenda let's have this question answered whether we have to formally accept or reject this unsolicited proposal. But I don't believe our action today will any way complicate that issue.
- Gallagher: That is correct, Governor.
- Sandoval: And then my last question before I take a motion, unless there are any other questions, I mean, just stepping back from this, is it fair to say we're building Neon, but we are trying to figure out the best way to get that done. And is it, you know, as you say, the traditional process as originally proposed, the unsolicited proposal, or that package deal as you've described it here. But we're, I mean, we've been spending months acquiring property and so we're moving forward.
- Hoffman: Yes, Governor. So yes. That was the decision that was made a few years ago to start purchasing right-of-way, so for all practical purposes --
- Sandoval: And that's what I had (inaudible) trying to put this all in perspective for this Board, is that --
- Hoffman: Right.
- Sandoval: -- this is a process of determining what is the best way to pay for a project that we've already essentially approved and are moving forward with.
- Hoffman: Yes. So the most affordable way to move forward, and the most efficient and effective way to move forward as well.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: Right. And as you say, today we're approving a contract for \$3 million to get more specific information so that we can make an informed decision of the best way to finance this project.
- Hoffman: That's exactly right, Governor.
- Sandoval: And again, to put the pieces on the table, and by putting it in a holistic approach, or blending phases together, there's, you know two, \$300 million, I mean, there are hundreds of millions of dollars in potential savings by doing so. There's an acceleration of the economic development for this three million of --
- Hoffman: Yes.
- Sandoval: And there are merits and demerits to each, and that's why I want the best information possible. That's why I'm going to support this motion today that we're going to spend \$3 million perhaps to save tens of millions of dollars down road. I mean, I think, and correct me if I'm wrong, this will be the largest public works project in the history of our state.
- Hoffman: Yes.
- Krolicki: In current dollars.
- Sandoval: So we, you know, I do believe that it's prudent for this Board to spend this \$3 million now. I think it's prudent for this Board to open it up to many contractors who may have an interest in this, rather than going to this, but by the same token, it may be that based on the information that we get on this \$3 million expenditure that we may determine we can't afford to do this payment over 35 years, that we may have to go to an alternative that costs more, but what we can afford. So these are all outstanding questions that this Board will have an opportunity to review and consider. Member Fransway?
- Fransway: Okay. A fundamental question to me, and I think the Governor hit it when he said what we're doing today is we are approving the \$3 million to proceed with an RFP. But we will still get the opportunity to approve or reject individual RFPs. My question is, how can we proceed with an RFP when we have not secured all of the right-of-way that we will need to go for the project? When those RFPs come before us, and we have a project going and we're sitting next to somebody's property with a bulldozer idling, are we

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

not going to be held hostage for any inflated price that he has on his private property?

Sandoval: Well, let me stop you there, because I want to make sure I don't -- we are not approving an RFP today.

Hoffman: No.

Sandoval: We're approving --

Fransway: The three million.

Sandoval: -- the three million to get the information whether we -- to determine whether we want to go the RFP route. That's what we're doing today. We're not binding ourselves to go to an RFP process whatsoever. We're getting -- we're paying for the information that we will need to determine whether we're going to RFP at all.

Hoffman: Right. So we'll be -- and Governor, just to make sure we're clear. The RFP documents will be being put together through that process, but there's -- as we showed in this step, right, I mean, before we actually advertised the RFP, and you're absolutely right. I just wanted to make sure that we will be developing an RFP. This information will be gleaned from that that you're talking about.

Sandoval: Right. Understood. You're preparing an RFP, but we're not approving that RFP.

Hoffman: You're exactly right.

Sandoval: And it may come back that you say, oh, sorry Board, the availability payments are going to be double than what we thought, so this may not be -- I'm saying that hypothetically, but we don't have that information as we sit here today. And as I said, I'm trying to simplify this to exactly what we're approving here.

Hoffman: Right.

Sandoval: And as I said -- or I should synthesize, not simplify.

Hoffman: Right.

Sandoval: To the fact that we are spending three million to get a consultant, to get some financial advice so that we know we have the exact information so that

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

we can decide whether we want to put out an RFP at all to the university of contractors who may be interested.

Hoffman: Yes, sir.

Fransway: So, Governor, could we incorporate into the motion the figure of \$3 million?

Sandoval: Well, and I heard you say, Mr. Hoffman, that that's all it's going to take.

Hoffman: You can hold me to it.

Sandoval: All right.

Hoffman: I'll be accountable for that.

Fransway: And I can tell you that it is going to be imperative to me as a Board Member to make sure that we have secured the property necessary to complete the project before we proceed by saying okay, let's go for it.

Hoffman: Right. Well, in -- I'll just give you a little quick answer, and hopefully this will help satisfy your question. The FHWA process forces us to have to make sure that we've -- everything's cleared environmentally and all the right-of-way properties are acquired or cleared or something. So there are federal and state NRS and CRFs that require us to do that, Member Fransway. Okay?

Sandoval: Before I take a motion, Board Members, do any of you have any further questions? Hearing none, the Chair will accept a motion. Will you put that last slide on there so I have the form correct?

Hoffman: Yeah.

Sandoval: To approve to proceed with the development of procurement documents for Phases 1 and 3 for project Neon to be limited to a maximum amount expenditure of \$3 million.

Fransway: That's correct. And I would, Governor, if I may state that according to Stage 1 of this Page 15, that's what we're paying \$3 million for is Stage 1, correct?

Hoffman: Yes, sir.

Fransway: Okay. If we could incorporate that into the motion?

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: Well, I just was giving the form of the motion. If -- you may make any motion you like.
- Hoffman: I'm not sure if that last part's necessary.
- Fransway: I would move, Governor, that the Board approves the development of an RFP for Project Neon as described in Stage 1 of Page 15 of your documentation at a cost estimated at \$3 million, or do you want to me to say not exceed.
- Sandoval: You're the one who wanted it -- the not to exceed three million.
- Fransway: Okay. Not to exceed \$3 million.
- Sandoval: Counsel, I see you're reaching for your microphone.
- Gallagher: I just want to make sure that all the Board Members as they look at Stage 1 they recognize the qualifies that are around there, anticipated schedule, estimated completion dates as to whether or not you as individual Board Members accept those as being fluid, or expect those to be hard dates.
- Fransway: What I was referring to, Governor and Board Members, is the task.
- Gallagher: But your question, sir, is because of his inclusion of the Stage 1 language, is that why?
- Fransway: And the referenced to this particular slide.
- Sandoval: I'm not sure if we need that Stage 1 language though, Tom. I just want to make sure we don't make this so tight that we cause problems that we never envisioned. I mean, this is about developing, in house, with consultants, not to be for distribution, you know, this RFP for Project Neon. And, I mean, I think --
- Fransway: What if I was --
- Unidentified Man: And not to exceed \$3 million.
- Fransway: What if I was to state in my motion that it includes the tasks on Stage 1. That doesn't include the duration or the estimated (inaudible) completion. To me, that's where the \$3 million came from is those four tasks in Stage 1.
- Sandoval: And does that, Mr. Hoffman, limit, and again, I -- this is the law of unintended consequences ,and I want to make sure that we don't put a --

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

after all this work and all this time, that we don't have a motion today that accidentally limits your ability to perform all the functions --

Hoffman: Right.

Sandoval: -- that you need to do. I don't want you to come back after you've spent that three million and because of our motion we didn't get everything that we needed or wanted.

Hoffman: Right. This is out of our pioneer program guidelines, the process, so I don't know. Honestly, I think the Governor's motion would be fine, Tom. I know you want more detail in there, and that provides a vehicle to hold us accountable, I understand that. We need some flexibility to --

Fransway: Okay. Well, I would be comfortable with just removing Stage 1 out of my motion.

Hoffman: Okay.

Sandoval: And Madam Controller, you have a comment?

Wallin: No. I was just going to say I think that your motion really made more sense, and we're giving them three million, they really can't spend it on Stage 2 before we've done Stage 1, so --

Sandoval: Right. So if you would go back to that slide and just for clarity of the record, I'd ask Member Fransway to rephrase or remake his motion, please.

Fransway: Okay. I withdraw my original motion. I would move to approve the development of an RFP for Project Neon not to exceed \$3 million.

Wallin: Can I add Phases 1 and 3 to your motion, because we want to be clear that we're only developing an RFP --

Fransway: Yes.

Wallin: -- for Phases 1 and 3.

Fransway: For Phases 1 and 3 of the project.

Sandoval: So we have a motion from Member Fransway to approve the development of procurement documents for Phases 1 and 3 for Project Neon.

Fransway: Correct.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: Is there a second?
- Wallin: I'll second.
- Fransway: At \$3 million.
- Sandoval: Oh, excuse me, yes. At a maximum amount of \$3 million. Is there a second?
- Wallin: Second.
- Sandoval: Second by Madam Controller. Any questions or discussion on the motion? Hearing none, all in favor please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. We will move onto Agenda Item Number 11, supplement to request for approval of light fleet purchase.
- Malfabon: Thank you, Governor. This is supplemental to provide some information to the Board that was not submitted back in May when we received the Board's approval of a light fleet purchase. Several vehicles meet the mileage and age requirements for replacement, so we had requested replacement of 66 light fleet vehicles. One of the pieces of information that was not provided to the Board at that time was lease information for one-ton dump trucks or one-ton trucks. These trucks are typically used for survey crews and for maintenance crews to perform their duties on the state highways. So we had equipment division obtain the lease information for the one-ton trucks, and this is in order to be in compliance we Nevada Revised Statutes 408.389, which states that we have to provide that lease information so that the Board is informed of that before they make those determinations to purchase. So we did provide the one-ton truck lease information in this Agenda item. The other portion of this item is to request four additional vehicles for District 2. They came back with a reassessment of what they felt were high priority vehicles to replace that met age and mileage requirements. We reduced that to four vehicles and we're providing that to the Board for approval to add to that previously approved 66 vehicles. So in total it would be another additional \$92,000 estimated based on the state purchasing contracts with the State of Nevada vendors in that vehicle purchase program.

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

- Sandoval: Questions from Board Members? Just a simple question, I mean, the replacement criteria is 150,000 miles and/or eight years, and I see, you know, some of these trucks we're getting 150,000 miles more than others.
- Malfabon: Yes.
- Sandoval: And so I don't know, is this 150,000 just this number when whereas we could perhaps be getting more life out of these vehicles?
- Malfabon: In some cases, some vehicles will perform better even at the high mileage. We try to maintain all our vehicles properly, but just some vehicles are more apt to break down, more prone to break downs than others. But we try to use them as often as we can, even in excess of that mileage criteria.
- Sandoval: I guess my question, more specifically, is that I don't want it to be the arbitrary number. We've hit 150,000, time to get a new truck. If it's running properly, and the cost of maintenance isn't high, do we continue to use it?
- Malfabon: Yes, we do. And that was -- the entire purpose of asking the districts to identify what were the vehicles they wanted to classify as high priority for replacement, that was to look at how often do these break down, not just that they met that replacement criteria.
- Sandoval: Okay. Any other questions from Board Members? Okay. The Chair will accept a motion.
- Savage: Governor, I'll make a motion to approve the purchase of the additional four vehicles.
- Sandoval: Motion by Member Savage to approve the purchase of the addition four vehicles. Is there a second?
- Wallin: I second.
- Sandoval: Second by Madam Controller. Any questions or discussion on the motion? Hearing none, all those in favor please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. Agenda Item Number 12, old business.
- Malfabon: Thank you, Governor. On old business we have a report on outside counsel costs on open matters. Obviously in certain cases where -- if you look at

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

also the monthly litigation report, there may be some cases that are still active, and because of confidentiality of attorney-client issues and privilege, we are providing the information and in general we can respond to some general questions, but we couldn't really get into the details of the merits of the case or the state's strategy in defending in some of these cases. Also provided, Governor and Board Members, is a report on fatalities on our state highways. As you can see, we're a bit higher than we were. This report is dated October 23, but we're a bit higher than compared to last year. As I mentioned in the Director's Update, we are going to be putting on a safety summit this week with law enforcement participating, as well as emergency responders, engineers, and the folks that work in safety education. We hope that through the efforts of our strategic highway safety program will drive those numbers down to meet our goals in improving highway safety, but it is necessary to report that unfortunately we are a bit higher than last year on our number of fatalities.

Sandoval: And most of that is occurring in Clark County, and do we --

Malfabon: Yes. We've had some horrible accidents down there.

Sandoval: Yeah. Just horrific. And do we have any type of relationship with local law enforcement? I know they've tried to do some programming to try to reduce the amount of these types of fatalities and accidents.

Malfabon: Yes. Particularly we're working with the local law enforcement in collaboration with the Nevada Highway Patrol on the law enforcement side. So we're dealing with Washoe County, Clark County, sheriff's offices, and other law enforcement agencies around the state to drive those numbers down.

Sandoval: Yeah. Because we've almost doubled, and most of which is in Clark County, and as I said, I don't know -- I wish I had the answer sitting here today, but I know that they're very cognizant of that in Clark County. But I guess there's just no way to explain why it's happening.

Malfabon: Unfortunately, often it's cases of impaired drivers. As you may have heard the report of the driver that ran into the bus stop and killed several people there in Clark County. It's unfortunate. You know, people make dumb decisions and drive impaired and put other people's lives at risk, as well as their own, but we will continue, and one of the efforts in the Strategic

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

Highway Safety Program is impaired driving. So we will double our efforts in that area.

Sandoval: But didn't we, in a previous agenda, we spent some money on advertising campaign. We have been investing in that piece of it, have we not?

Malfabon: Yes.

Sandoval: And that is ongoing as we speak as well?

Malfabon: Yes.

Sandoval: Okay. Any questions from Board Members with regard to Agenda Item Number 12?

Fransway: Governor?

Sandoval: Yes. Member Fransway.

Fransway: Just an observation. I look at Lyon County and it's been incredible improvement on crashes and fatalities, and I'm wondering if any of that could be attributed to the improvement and the widening of the road between Fernley and Silver Springs. That was a tough stretch.

Malfabon: We often look back and try to attribute what efforts we've done in the past, and it's obviously difficult to have a direct linkage, but we can look into that Member Fransway, and see if the numbers have gone specifically on that highway, because that would be good news. That's what the intent of those widening projects is, is to improve traffic safety so we don't want to have those head on collisions.

Fransway: Thank you.

Sandoval: Move onto to Agenda Item Number 13, public comment. Is there any member of the public that would like to provide comment to the Board?

Madole: Good afternoon, Governor, Board Members. John Madole, the AGC in northern Nevada. I would just like to briefly comment regarding Item Number 10, Project Neon. And perhaps I think we've kind of got caught in the same trap as maybe the rest of the country. We're tending to plan in two-year budget cycles, and I think your own presentation on Project Neon said that this is one of the most important projects in the state, and yet we're not treating in the context of -- your probably managing tens of billions of

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
November 6, 2012

dollars worth of transportation network, and we don't get to see how it all fits together. I think what you need that seems to be missing in my opinion is a long-term comprehensive plan that fits all this in together, and it seemed to me like perhaps that was even a little bit of the confusion as you dealt with the issue is we don't see how all this comes together. A \$1.8 billion project is obviously -- your own webpage refers to it as essential, and I'm sure we would all agree it needs to be built, but you're managing resources and trying to figure out where to direct those resources, and you're isolating it on just one project. I think what you need is to make some sort of a long-term plan that says, this is what we need, this is how it's going to be paid for, and it'll be better -- speaking as a member of the public, it would certainly be better for the rest of us to try to understand those things. Thank you.

Sandoval: Thank you, Mr. Madole. Any further question -- or, excuse me, any comments from Board Members? I mean, from the public. It's been a long day. All right. We'll move to southern Nevada. Is there any member of the public that would like to provide public comment to the Board?

Terry: No. There is no one here.

Sandoval: We'll move onto Agenda Item 14, adjournment. Is there a motion for adjournment?

Krolicki: So moved.

Sandoval: Motion by the Lieutenant Governor. Is there a second?

Wallin: Second.

Sandoval: Second by Madam Controller. All in favor, please say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes. Thank you. This meeting is adjourned.



Secretary to the Board



Preparer of Minutes