

Minutes of Nevada Department of Transportation
Board of Director's Meeting
December 15, 2014

Governor Brian Sandoval
Lieutenant Governor Brian Krolicki
Controller Kim Wallin
Frank Martin
Tom Skancke
Len Savage
Tom Fransway
Rudy Malfabon
Bill Hoffman
Dennis Gallagher

Sandoval: Good morning, ladies and gentlemen. I will call the Nevada Department of Transportation Board of Directors meeting to order. Can you hear us loud and clear in Las Vegas?

Skancke: Yes, we can, Governor.

Sandoval: All right. Thank you. We'll proceed with Agenda Item No. 1 which is to receive the Director's Report. Director Malfabon.

Malfabon: Thank you, Governor. Next slide, please. Just as you got seated at the dais, I wanted to make you stand up again. We wanted to give a special thanks to our two outgoing Board members. Lieutenant Governor Krolicki, thank you for your service, both as the State Treasurer and as the Lieutenant Governor. I think that you are always watching out for the best interests of our citizens and our visitors, looking at tourism, looking at business opportunities for the state as well as looking into economic development in general and watching out for the financial interests of the state. And same goes to Controller Kim Wallin. For the last eight years serving at the State Controller, giving us heads-up of some things. Making sure that we were watching our dollars wisely for the taxpayers of the State of Nevada. So, we do have a small token of our appreciation, some gift cards to Starbucks. I think you all like coffee, right? And, we mounted some photographs of the O'Callaghan-Tillman Memorial Bridge to give to you. So if we could have a photo opportunity, Governor?

Next slide, please.

Sandoval: Before you proceed, I want to give an opportunity for the Lieutenant Governor and the Controller to say any words if they'd like.

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Wallin: I just want to say thank you to all of you guys. It's been great serving on this Transportation Board. I've learned a lot. My husband, we drive down the road, and he'll say, "Well, does that need a chip seal or an overlay?" So, I know the difference and stuff. But I've learned a lot. It's been a learning experience. I know we've come a long ways, and I want to thank the Governor for getting the Board engaged and truly serving as a Board that's doing their job, watching out for the taxpayers and our money. So, I want to thank you Governor, for engaging us as well.

And, Bill, I know the other day you made a comment. You said, "Well, once we figured out that if we just give the Controller what's she's asking for, she'll leave us alone." And, it took a while, but that's all it took.

Sandoval: That's good advice.

Wallin: So, you know, I know it's been hard for some of you guys, and I've always been known as the one that you're going, "All right, what is the Controller going to ask today? What kind of questions is she going to come up with?" So, I'll kind of miss that. I know you guys will, too, probably. You won't know what to do. But thank you very much, and I'll still be around. I'm still going to be up here, up north, and it's been a great eight years. Keep in touch because I consider you guys to be all good friends, so thank you.

Sandoval: Thank you.

Krolicki: Governor, thank you, and Kim, thank you for your words. This is a time of great mixed emotion for me. I am someone who has walked into the same office building, the State Capitol, for 24 years now. And how many years--eight years of watching people retire and get their plaques. And I'm going, "Whoa, they've worked for the State for 20, 30 years." I'm not one of those. Term limits--being the first person term limited twice has perhaps expedited my retirement, but I, too, just want to appreciate NDOT. The picture is terribly appropriate because trivia, if a Governor is not able to perform their duty--all due respect, Governor Sandoval--your predecessor was terribly injured in that horse riding accident and was unable to attend the dedication of the O'Callaghan-Tillman Bridge, so I got to do that. Again, I don't know how many people remember that, but I was there with Governor Brewer, who I had known for some time. And it was just one of those sad reasons, but it was one of those tremendous honors. So thank you for that picture.

But I will--this is hard stuff. I do lots of different things, and as a Constitutional Officer, we sit on many different boards and committees and legislatures. And, we're kind of become a jack of all trades. But these things, the lead time, the amounts of monies. The complexities, this is tough stuff. And, just thank you for your patience with me, Rudy, and your

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predecessors who have taken the time to really advise us. Governor, I thank you for your Chairmanship of this Transportation Committee Board. Because it's so hard, I think doing the monthly meetings has been terribly important because there is just this lag time, and not to be on it every month--I think it takes a lot of time. But, I think it's been well worth it.

But to all the folks who--I live in the mountains, and I saw it was terribly foggy and snowy this morning on Spooner Summit. And what do I see? An NDOT truck and people who are always there helping, being there, making you feel good. But every time I see an NDOT truck or a crew on Kingsberry or Spooner or wherever throughout the state, it just gives me a good feeling that I'm part of that team. So again, I thank you for a wonderful picture. I thank you for eight years of opportunity to be with this team and family, and I think you're in very, very good hands as you go forward. Thank you, and thank you to my fellow Board members and those folks down south. Mr. Hutchison will do an outstanding job. I might bring finance. He'll bring lawyering skills to all of you and helping the Governor do that. So Godspeed. Thank you.

Sandoval:

Thank you. And, I personally want to thank the Controller and the Lieutenant Governor. Madam Controller, it really has been a privilege and honor to work with you. And, as you say, I really also appreciate the way you pick things to the bone, and we need that. And, it keeps people on their toes. And, at the end of the day, it's in the best interests of the people of the State of Nevada. And, I think you've done a remarkable job on this Board of Transportation. I think everybody appreciates and respects the job that you have done. And, you know, I guess there is a little bit of seriousness in every joke, but Bill, when you say a happy Controller is a happy NDOT--but it's true. That means you have to be at the top of your game with regard to everything that's in the respective agenda. So, you're truly going to be missed, and I'm going to miss you. And, I really appreciate your hard work, and I have the benefit of sitting with the Controller on many different Boards and Commissions and interacting with her. And so--you've given a lot of your life, and I think it's the epitome of public service for what you've done. So thank you, Madam Controller.

And the Lieutenant Governor, it's interesting, he says he's been walking the in capitol for 24 years, and I think I've known him for at least 20 of those. And I was thinking, we both started when we were 10. But it was interesting because the Lieutenant Governor was cleaning out his office, and he found this photograph. And, I don't think they even have cameras that make these pictures anymore, but there is a picture of the two of us in 1995 in the hallways of the Legislature. And we do look like we're 10 years old, but it really brings back a lot of memories. And, Lieutenant Governor, and

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I've said this in a lot of different instances, but when you travel the state, and we've had the opportunity to discover your Nevada. We've driven the road, Highway 50, between Washoe County and White Pine County many times, and we've have an event in Ely, it would finish at 9:00 or 10:00 at night, and we wanted to be home so that our families could see us in the morning. So, we would travel across the state at very late hours, and so as I said, you get to know someone in the car when you've been in there the five or six hours.

Krolicki: Yeah.

Sandoval: But in any event, I have a lot of great memories with the Lieutenant Governor, and again, I'm one who really likes to observe how people conduct themselves and how they commit themselves to public service. And, I have never been in the presence of the Lieutenant Governor when he hasn't had the best interests of the State in mind. And, he cares so deeply about the individuals. And when he talks about seeing those NDOT trucks out there, and thinks about the man or woman who is in that cab who had to get up at the crack of dawn and who is traveling in some of the most extreme conditions that you can imagine, and out there and making it safe, and when he says he appreciates that, he means it. He's not just saying that and just somebody who has really done a lot of different things.

And again on this, with his expertise, it's going to be missed. I don't know if we're going to have another lawyer. I don't know if we need another lawyer, but in any event, with his financial background, he has caught things and recognized things that I know I wouldn't. And so, it's a very special skill set that is going to be missed. And so, you know, it's one of those things. You never think these days are going to come, and as the Lieutenant Governor mentioned, you know, we've had the opportunity to see people come through. And, you think about these years of service and coming every day and bringing it, and that's the way the Lieutenant Governor has been. And so, I personally again want to thank you, Brian, for your friendship and the opportunity to work with you. And, whatever the future holds, wherever you go, someone is going to be very fortunate to have your intellect, your character, your work ethic, all those things. So with that, to the both of you, Godspeed. Thank you very much. Member Fransway?

Fransway: Governor, thank you. I would like to add to your comments about our two departing members, both of which, the State Controller and the Lieutenant Governor, I have had the pleasure to see them in action for their entire careers. Particularly, the Lieutenant Governor and I have known each other for 25 years probably, and as in my former life as a Humboldt County Commissioner, as a member of the Board of Directors of the Nevada Association of Counties, I had the distinct privilege to watch the Lieutenant

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Governor in action as President of the Nevada State Senate. And, Brian, you did one heck of a job. We appreciate you, and on this Board, both of you will--there is going to be someone to take your place, but you won't be replaced. And, thank you for my opportunity to work with both of you, learn from you, and I'm very proud to call you my friends. And, I wish you well throughout. Thank you.

Sandoval: Any other comments from Board members? All right then, we'll move on, Mr. Director.

Malfabon: Thank you, Governor. A quick update on federal funding--there was a whirlwind of activity this last week and over the weekend for Congress to take action on the expiration of the continuing resolution. So, last Thursday, the House passed the continuing resolution omnibus, also known as The Cromnibus, but they passed it. And then, both groups passed today, temporary extension just so that the Senate could cover the extension, and they voted on that late Saturday. So Congress took action, the President needs to sign it. I assume that he'll sign it today. Administration supports the bill that was passed that funds transportation as well as other programs, so it's important action taken by Congress this last week and weekend.

One of the things to note that it averts a government shutdown, but they still need to take action on transportation because of the fact that the federal fuel tax is insufficient to meet the demands of the spending authority given to all the state DOTs. So although the transportation bill currently goes to the end of May next year, they have to take action for that gap in funding from June to September, to make up any differences in revenue, versus what's been given to the states to obligate.

Next slide, please. Recently, NDOT had the opportunity to provide some orientations to some new elected members of the legislature. We, on December 3rd, went down there to Las Vegas. Sean Sever and I presented on--just an overview of the department, talked about how we're funded, the major projects that we're working on and the BDRs that they can anticipate coming to them in the next session. We also were requested to provide some information on the VMT and impact of electric vehicles on highway revenues. Talked about fuel revenue indexing and our support of the RTC of Southern Nevada with Clark County's approval of fuel revenue indexing allowed by Assembly Bill 413 last session and the implementation of that, how we benefited, both in Washoe County and Clark County, with fuel revenue indexing. And also, an update on pedestrian safety and the challenges with pedestrian safety with the number of fatalities that we've seen on our streets and highways in Nevada.

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Last week, I also briefed Lieutenant Governor-Elect Mark Hutchison, talked about what to anticipate at these Board meetings, let him know that he could watch this initial Board meeting online, and then he obviously will be present in January, and have our briefings set up with State Controller-Elect Ron Knecht later this week. I think that he was going to try to either watch online or be present today. I don't see him in the audience.

Next slide. This is a very challenging situation that I wanted to update the Board on, and I've mentioned this before. The EPA did an audit of NDOT's maintenance and construction activities in relation to compliance with Clean Water Act, and specifically storm water that can fall on a project. Whether it's a maintenance project, maintenance facilities construction project, we have to make sure that waterways of the U.S. are protected and not contaminated with pollutants. So the EPA revisited us on November 6th, went to the district maintenance facilities, and while there are some improvements that they noted in our program management, they saw two major violations that I wanted to let the Board know about. Since then, we addressed these violations.

Next slide, please. But, the first one was that the Spooner Summit decant facility, so you see this pond of water there. It's not clear water, obviously, and you see a slight gray area right in the middle of that bank of gravel. That's where there was a pipe that was leaking. Although it had plugged, it was leaking, so that water can get to Lake Tahoe. So that was a serious issue that you can see that the seal over with concrete, took care of that leak, but that's not the situation that they found. They found some leakage in that facility.

Next slide. The other area that was a major concern was the back parking lot in the maintenance yard at District Two, on Galletti Way in Sparks there. Had really bad--you can see in the left photo kind of cracking and potholes in the parking lot, and that parking lot drains to a drain that will eventually--and our yard is pretty close to the Truckee River. So that was the concern there, is that water coming through that parking area could carry contaminants to the drain to the Truckee River. Since then, we did a seal project. You can see the difference on the right-hand side where we did what's called a microsurfacing project in that parking lot, so just a temporary seal. We have an emergency contract that we let out to install some storm interceptors, so it will intercept any contaminated water and prevent it from getting to the Truckee River. And, the regarding of this area and repaving to final pavement will be done next spring, but we will be installing those storm interceptors and repaving the project. But, the temporary measures should prevent any kind of dirty water from any potholes and such getting to that drain. The other thing that the District Staff did was to, kind of, close

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off some areas of parking where we didn't want equipment getting in and out of certain areas, and they also made sure that their best management practices, or BMPs, were in place. Those are things that prevent the contaminated water from getting into certain drains; and the EPA observed some areas. And they went out there with the Nevada Division of Environmental Protection as well.

Next slide. The other thing that we did was our stormwater staff inspected 71 facilities in late November, so we had a list of things that they observed to give to the districts to address. And we're working on addressing all of those findings. That's something that we're doing internally and that we will continue to do as part of our normal stormwater water quality program. Also, we're coordinating with the AGC at Las Vegas to provide training for our contractors. I've been speaking a lot about maintenance facilities, but contractors that work on NDOT projects are provided with plans that have these best management practices and controls and measures in place. But, the kind of training, in partnership with AGC, is very helpful to convey to our contractors how important it is, what to watch out for.

Then we're still in the process, although we filled a position for stormwater in each district that reports to environmental, there are still some additional staff to fill. I saw there was an announcement last week. We've been taking these positions from construction crews through attrition, and there was an announcement last week for one more position in Elko. So, although we have one in each of the three districts, we want to have one additional in each of the three districts. I think that job offers are in the works for two of those three districts for those secondary positions. This week, my Deputy Director Bill Hoffman and select members from the district engineers and some of their maintenance managers, will be meeting with EPA and the Division of Environmental Protection on the 16th and 17th, to discuss the stormwater program and some of the needs that we have. In looking at our program, we're putting measures in place. We're putting staff in place. We're doing the mapping.

Next slide, please. This gives you an idea of what we've been doing. You see that this is district by district on the mapping, and this was just a look at what we had accomplished through September and then going to the next slide, you can see that we're making progress in District Two. This is early December's look at what we've accomplished, so far, on mapping. What the EPA wants is that we know the facilities that we own, that we're supposed to be taking care of and watching for--cleaning out those facilities, storm drains, and managing our program properly--but we have to know what we own, and map that and monitor it and document what we're doing to clean those facilities and keep them clean.

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So it shows you that from September to December we've made significant progress on these areas on mapping, and the reason that we've really hit District Two a lot harder is because that is where we had the staff available. And we see that Lake Tahoe, the Truckee River, and Clear Creek water basin, are three areas that are very critical for stormwater management. And we had availability of some of the construction crew surveyors to help us to achieve our goals in this District Two area. Obviously, we have to make a lot more progress in District One and District Three with mapping.

Next slide, please. Also, previous--

Sandoval: Let's--I want to wait.

Malfabon: Yeah. Go back.

Sandoval: Rudy, I want to talk about the EPA situation.

Malfabon: Yes.

Sandoval: So this mapping has been done in the last couple months?

Malfabon: We've been doing it for the last year, about.

Sandoval: But the majority of it has been done in the last couple months.

Malfabon: In District Two, this is just to show you that we went from about 70% to 82% of the area mapped.

Sandoval: In that work at the yard and up at that facility near Lake Tahoe, was done in the last month or two.

Malfabon: Yes.

Sandoval: Why weren't we doing that sooner?

Malfabon: One of the things that I've seen, Governor, is that we have been identifying the areas to do projects and getting architecture to identify in our facilities what we need to do. We have to do a better job at that, but it's, I think, a case of not having the training for the field people to identify what needs to be done. In the case of District Two, we wanted to pave that parking lot, but we had run out of the funding in the fiscal year for that effort. The previous Assistant Director for Operations had mentioned that his Maintenance Division Chief didn't have any budget available to do that work, so we put it in this current fiscal year.

Sandoval: How much was that?

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- Malfabon: Does anybody know what the emergency contract was? Bill?
- Hoffman: Yes. So--Bill Hoffman for the record, Deputy Director. I believe it's \$1.5 million, or it's in that ballpark.
- Sandoval: We found it now.
- Hoffman: Right. So what we were trying to do, Governor, is through best management practices, try to keep that stormwater from running off into the drop inlets and in to the pipes that lead into the Truckee River. It was our understanding that those BMPs were stout enough to do that. Unfortunately, when the EPA came to visit, that wasn't the case. So we--
- Sandoval: Well, it wasn't even close. This is no--I went back and got all the minutes. I've been talking about this since 2012, about the EPA. The fact that they inspected those two sites was no surprise, and we knew they were coming to see it. And they were still far out of compliance. And now, the EPA had basically given us a little bit of latitude to get on this, and then they gave us notice of the day that they were coming and told us--and we got to choose the places that they got to see. And, those were the two spots that we picked. And so now, you know, I've met with the Director of Region Nine, and he couldn't believe it.
- And so now, we're at the situation where we're looking at an enforcement action, when we had a lot of time to correct these things. And that's why I've been talking about--I think I counted at least six or seven meetings that I've brought up this EPA. And so now, it's probably too little too late. These are things that we should have done a long time ago. And we talked about staffing. I asked about that, and I was--the statement that was made was that we were okay. And we're still trying to fill those positions. And I don't know why there is not a sense of urgency on this EPA situation. And as I said, I thought it was okay because that's what I was told during the course of these meetings, and it wasn't.
- And now, as I said, we're--you know, the EPA is at its end. And I don't know what's going to happen next, but it's not going to be good. We're going to have that meeting December 16th and 17th. And you're going to show them that we've paved that parking lot and plugged up that pipe, but I don't know if that enough. They tell me it's not enough. And so, you know, I'm really frustrated with this situation because I was under the impression that it was under control when it wasn't.
- And now, as I said, the EPA is in an enforcement mode rather than a maintenance mode when we had a clear opportunity to make it right. So I'm going to say the same thing that I've said six times already in this meeting,

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that, you know, from now on, it's got to be brought up. And I'll give you credit for bringing it up during this Director's Report, and I will give you credit for getting on it now. But this was after the fact. Those were supposed to be cleaned. Those were supposed to be take care of. We knew it, and that was no surprise.

So in any event, I'm going to be conversing very closely with the EPA and hoping that we can avoid some type of action because, as I said in a previous meeting, this isn't a small thing. I mean, this is tens of millions of dollars that we could be looking at in terms of enforcement; and as I said, this is no secret. It is no surprise that we were supposed to be on top of this. So in any event, I don't know if there is any other questions on this situation. You've heard me talk about it before, but when I've got the Director of Region Nine essentially saying, "Governor, I don't know what else to do, I don't how else to try to give you guys an opportunity to make this right." And, you know, then I look at it and you tell me it's just a little bit of cement over a pipe--why didn't we do that sooner?

It's incredulous to me and \$1.5 million, and it's not in the budget. Yet we found it an emergency budget to get it done in a matter of weeks. As I said--the same words I said--we have to have all hands on deck. We have to make it a priority to hire those people, to make sure that they're in place to do whatever it takes. I said it before, if the EPA says jump, we say how high. We have to do what they say with regard to this, and we'll see how this plays out. I'm sure we'll know a lot more on the 16th and 17th, and I'll have representatives from my staff there. We'll have representatives of our Department of Environmental Protection there, to make sure that we are in compliance. So there wasn't a question in there, but I just hope that you have that sense of urgency.

Malfabon:

We do, Governor. And we recognize that we've let the Board down in these findings. We have been working on these efforts because we had to get these positions filled in order to get them out in the field. That took some attrition to occur, vacant positions and moving them over, getting them--it's just a process that, unfortunately, took longer than it should have with the advertisements and filling positions.

We did look at our sister states, Arizona and California. They were kind of in the same position, and the EPA took action to issue orders for them to get in compliance as well for this program. And typically, you need to do it on a certain timeline. We need to commit to these timelines for mapping, for doing our cleaning of these on a regular basis for these projects on our facilities, and along our highways. I did talk to staff months ago about setting up money for this process, and they've been going through,

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identifying what capital improvement projects to do at our facilities and up at Lake Tahoe and other--Clear Creek Basin. We've been doing some of those projects, but those are drainage projects. EPA was concentrated on maintenance facilities this time, and that's going through the process and through our Architectural Division to develop those projects. The one that we did on an emergency basis was the parking lot area, but that should have been done a year ago. So, I recognize that we let you down and let the Board down, Governor. We're going to work harder at this and hopefully, identify and tie down what schedule that we need to meet on these activities.

Sandoval: Thank you. Member Savage?

Savage: Thank you Governor, and thank you, Rudy. And I can certainly understand the frustration. And we've sat here for months on end, and we knew about the Arizona violations. And, I would like to see an internal audit priority in each district, to substantiate a timeline over the last three to five years--probably four to five years--to make it clear as to what we have done internally at each district level, and taken those requests to headquarters and where we dropped the ball. And, I think that would show good faith and good diligence to where we are at this time, and to make it very transparent because that's what the Governor has been about, and that's what NDOT has been about.

And it is what it is, but I got to believe that we have some good substantiation and some good support documents that we can show the individual people and see where we dropped the ball. So I think it's very important. It's a top priority. As the Governor said, it's huge dollars, and I would hope that each district can report to headquarters with substantiation over the last three to five years as to where they have been on this EPA. Thank you very much, Governor.

Sandoval: Let's proceed.

Malfabon: Next slide. An update on where we're at with Interstate 11 Boulder City Bypass. The RTC last week awarded Las Vegas Paving the \$225 million Design-Build Project, Phase 2. Their design-build procurement was based 60% on price and 40% on technical score. There you see the other bids from the other teams. Las Vegas Paving is using CA Group as their main design firm on that project, but you can see the ranking. And, NDOT was involved in the review of the proposals, and we appreciate the RTC offering us that opportunity. Just to mention, the El Dorado Mountain Constructors, that's a joint venture with Granite and Skanska, and you can see Ames Fisher.

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I wanted to also mention that the recent award was done on the airport connector project, and I noticed that Ames Fisher, who are joint venture on this project, were bidders on that project. That was Clark County Department of Public Works, but it's worthy of mention that a significant project that actually has some federal funds from the state and given to Clark County for that major project.

Next slide. Further update on our portion, the NEPA re-evaluation, the environmental re-evaluation for naturally occurring asbestos was for both phases, the RTC's Phase Two and NDOT's Phase One. And that was recently approved by FHWA. So as you see by the award by the RTC of Southern Nevada, that it didn't delay their award from what they had anticipated significantly for us. We're adding in some utility work, which the utilities requested because of these naturally occurring asbestos specification requirements for construction that we add in some of the utility work. We usually enter into agreements with utility companies and say, "You can have our contractor install utilities, or you can have your contractor install your utilities." And they elected, because of naturally occurring asbestos and the construction specifications and restrictions that our contractor be responsible for that work, and they'll pay us for that effort unless they had prior rights, then we already have agreements to pay them for that work.

So we are extending the bid opening. We were supposed to open this Thursday. We're extending it to next Tuesday. Is that date correct, John, 20...I think I might have--okay. I'm sorry. So the 23rd is the--we gave a little bit more time for contractors because it is a substantial amount of utility work to add into the project. Unfortunately, it's hitting around the holidays, but they'll appreciate that we're getting requests from contractors to extend that bid opening date for the millions of dollars of utility work that was added in at this late stage at request of utility companies.

Sandoval: The Lieutenant Governor has a question.

Krolicki: Rudy, on the previous slide, I was just still digesting, and I see Mr. Wellman here. Congratulations to Las Vegas Paving. As exquisitely as you perform your tasks historically and going forward, that is an incredibly significant gap between the winning bid and the cover bid. And, can you just help me a little bit? Beyond efficiencies and all of those kind of things, \$60 million-plus spread. What did someone miss? And what was the estimate that we--

Malfabon: I know that they'll kind of keep some cards close to the vest, but in general, sometimes contractors, because of their positioning, they have their local--obviously, some of the other contractors coming into the area would have

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significant mobilization, but that wouldn't account for much of that cost. Sometimes it's a strategic decision by a contractor to keep their construction equipment working and paying off those costs for equipment costs, rather than have it sitting idle and not making money on it. So they're willing to cut the price. From our discussions with Las Vegas Paving, they're comfortable with their bid price, so I can't speak to any proprietary information about their bid. But they seem to feel confident that they can do it for that price.

And in this case, the RTC of Southern Nevada is using fuel revenue indexing for the project. They're having NDOT manage the construction on it, so the RTC will be making the decisions on any cost increases, should they run across anything unforeseen or anything that is going to add scope to that project and raise the price.

Sandoval: Okay. I'm going to move to Public Comment. Ms. Quigley has a--

Quigley: Sorry. Yeah, I just wanted to let you know that (inaudible)--

Sandoval: Why don't you come to the microphone and make sure they can hear you?

Quigley: Oh, thanks. Tina Quigley with the RTC of Southern Nevada. Our Board as well had the same questions because certainly there is a big delta there. In reviewing it and being briefed on it, we understand there was a lot of innovation as well, that was brought to the project as a result of their proposal, in terms of some of the excavation and the grades. So not only the fact that they've got so much equipment here, they've got asphalt plants here, also some of the innovation.

Sandoval: Thank you.

Malfabon: That's a good point. Thank you, Tina. One of the things that I know that CA Group is proficient at is a software program that maximizes in these major cut-and-fill-type of earthwork projects. It will significantly maximize their approach, and since it's a design-build they have that opportunity to maximize how they approach the earthwork on this project.

Next slide, please. A little update on USA Parkway. We expect to issue the request for qualifications in mid-January for that design-build project. Later on in the Agenda, you'll see the amendment to Jacobs, our engineering consultant, for the design-build design and support that is needed for this project, and that is in order to maintain the schedule for procurement of the design-build contract and the construction schedule. So, we're still looking at maintaining that schedule and opening it in the end of 2017.

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Another thing to mention to the Board is that we've been seeing these reports of crashes in I-80 at or near the interchange at USA Parkway, so it's a concern to us. We're going to be conducting a road safety audit there looking to see if there are any interim measures that have to be constructed there. We're thinking that it's possible that with the amount of traffic backing up onto I-80 at the interchange ramps, that it could provide a need to widen, maybe build auxiliary lanes along that stretch of I-80 so it'll store more traffic. We might look at the top of the interchange where people are making turns to see if there are any modifications we can do there to have better flow of traffic through that interchange, recognizing that those volumes of traffic are going to be significantly increased. So, although these projects are typically designed with a 20-year outlook on traffic volumes, this interchange might need some operational improvements.

Next slide. On the \$13.6 million F Street Project in Las Vegas was recently completed, and it was jointly funded by NDOT and the City of Las Vegas. And Las Vegas Paving was the contractor on this project. So you can see City of Las Vegas Mayor Carolyn Goodman addressing the audience there in that one photograph. And also on the left side, you see some interesting aesthetic panels that the West Side community agreed on what kind of aesthetic treatments to have on this bridge. So significant partnership with the community and with the City of Las Vegas exhibited on this project.

We had some lessons learned on how to conduct better outreach, more direct outreach to the community so they know how projects affect them. As you may recall--some of the Board members that have been around--when we did that I-50 North design-build project, that's when the old bridge was eliminated, and the community felt that they weren't advised in advance although we had public meetings. So now we've made some changes to have more direct outreach in community venues, use community leadership to get outreach out there to let people know that there is going to be a public meeting and get them there. We also have our slide shows. Our presentations are put on our website so that folks that miss a meeting can go back and look at what was presented, and that information on our website for our projects.

And the other major thing was don't have engineers communicating. Use professionals. So engineers tend to use engineering terms and think that they're understood when people just, kind of, eyes glaze over with all these acronyms and engineering terms we use. And be more direct about the project impact. Since this project had the bridge closure, we added two public information staff down there in Las Vegas. So those are some of the lessons learned from this project.

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Next slide. I wanted to give an update on the Cosgrave Rest Area that was reopened the week before Thanksgiving. This is the rest area that is kind of a half-hour away from Winnemucca on I-80, and we had closed it due to water quality problems. We drilled a new well, and we periodically we'll test the water quality to make sure that it's sufficient and potable for the public to use. We also hired a janitorial service to maintain this rest area because it was difficult for our maintenance staff to keep it on--use their staff for regular maintenance when they have significant maintenance needs on I-80 in that area. We felt that contracting out the janitorial service would be a better approach and more consistent service and cleaning of that facility.

Next slide.

Fransway: Excuse me.

Malfabon: Yes? Previous, please.

Sandoval: Tom?

Fransway: So the status, Mr. Director, of Cosgrave is opened?

Malfabon: It's open.

Fransway: It was closed yesterday with a padlock on it.

Malfabon: Was it?

Fransway: Yes.

Malfabon: Hmm. I checked all the way in to last week. So we'll have to check on that, Tom, and see what happened.

Fransway: Okay. Thank you. Thank you, Governor.

Malfabon: Hopefully it wasn't water quality because we do check that, but that's interesting. A little update on RFPs. We're negotiating the ESTIP contract and a freight study contract. Those should be before the Board, I anticipate, in January. Proposals are due December 19th for the operational audit that's going to look at several areas of the Department and where we can make some improvements to check if we're following our established procedures on things like procurement cards. And I wanted to extend appreciation to State Controller Wallin for offering a staff person to help us review those proposals.

Next slide. Next month, we will have a time-certain meeting, Governor, during the Transportation Board for the public hearing on adopting temporary regulations on road relinquishments. As you recall, we did a lot of outreach with the counties directly and with NACO, the Nevada Association of Counties,

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the League of Cities, on these regulations for road relinquishments, road transfers, and we had our public workshops. So now this is kind of the last thing to do, hold a formal public hearing, I believe it's going to be at 9:30, time certain, on our next Board meeting so that we can wrap up adoption of those regulations by this Board.

Next slide. No settlements presented this month or expected next month at Board of Examiners, so they have a breather from NDOT appearing at the Board of Examiners meetings. But they'll pick up again starting in February. We wanted to mention, and you'll receive an update from Cole Mortenson later about where we're at with Project NEON and some of the right-of-way issues and anticipated settlements that will be coming down the road. We recently met with Meadow Valley Contractors, Inc. regarding their Meadowood Interchange construction claim. The amounts increased significantly. We've been briefing some of the members, and I'll be in contact with Member Martin in Las Vegas about where we're at with this claim. But the bottom line--Meadow Valley Contractors is willing to open up their books to NDOT, so we're going to get a forensic accountant down there to review their books, make sure that these costs that they're alleging are actual costs, so that we can decide what the next steps are for resolution of this, whether it's going to be a claim settlement, or a nonbinding mediation, or going to court. But I just wanted to let the Board know that we are actively engaged with the contractor on the project, and there is still a difference of opinion in not only value, but who is responsible. And we'll continue those discussions.

And the next point is about oral arguments that are set for the Ad America Case. This is property associated with Project NEON, and we disagreed with a district court decision that established the value of the property, I think, in October of 2007 even before NEON was out of the planning phase. So we disagree with the court's decision on establishing the date of the taking of the property. Our process dictates that we start those negotiations with the--we advise the landowner that we need their property. That's after the engineering is sufficient to establish what amount of property of we need from an owner, and we disagree strongly that it went all the way back to October of 2007. So that's what we're disputing to the Supreme Court. The counsel for the landowner tried to get NDOT to deposit \$6 million in the court, and they lost that decision by the judge. So we're hopeful that the Supreme Court will take appropriate action in our favor, when they hear this case in January.

Next slide. Wanted to close with just advising the Board of a couple of recent bridges that were hit in Las Vegas by commercial vehicles. These photos are pretty dramatic. You can see kind of daylight or moonlight coming through that. This accident occurred at night on a wet portion of I-15 during a storm, and you can see that truck caused significant damage to that sound wall. But

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had that sound wall not been there, that truck probably would have had to gone over that rail, but significant amount of damage. Typically what we do, is assess that damage, make sure that the bridge is structurally sound so that we can still carry traffic on it, and then make arrangements for an emergency contractor to repair that damage. We work with insurance companies from the commercial truck driver's insurance, to pay back the state for those expenditures.

Next slide. That was the sound wall. This is the Tropicana at I-15 there, an area that we're currently studying about what to do with that bridge, and we'd like to get some of the improvements made eventually there. But just to mention that this bridge has been hit before. You can see some patch material already on that, and then the new damage kind of higher up above that damaged section that was previously patched, so we had our bridge engineers go check this out. And not a structural concern, but we still need to patch that so that the concrete is replaced with some patch material and the rebar is protected from corrosion.

Sandoval: Do we seek reimbursement from...

Malfabon: Yes.

Sandoval: ...the individual who struck the bridge?

Malfabon: Their insurance company will provide that reimbursement.

Sandoval: 100%?

Malfabon: Yes. So we usually--our staff time as well. So design, staff inspection, all those costs are--we issue a work order, so we collect all those costs, as well as the construction costs by our contractor to repair that. Governor and Board members, that concludes my Director's Report, and I'm willing to answer any other questions.

Sandoval: Any questions or comments with regard to the Director's Report? Member Fransway?

Fransway: Thank you, Governor. Mr. Director, relative to your report on the I-11 Bypass and the environmental NEPA report and evaluation for reoccurring asbestos, I thought we were done spending money on that. I noticed that in Item 6 there is another \$250,000 for it.

Malfabon: Yes, and John Terry will respond to that. We can cover that now if it's the pleasure of the Board.

Fransway: If you want to wait until Item 6 that would be fine, Governor.

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Sandoval: Yeah, why don't we do that?

Fransway: Okay, sir. Thank you.

Sandoval: That completes Agenda Item No. 1. We'll move to Agenda Item No. 2, Public Comment. Is there any member of the public in Carson City that would like to provide comment to the Board? Yes, sir.

Cooper: Good morning Board members, Governor. Thanks for your time today.

Sandoval: You need to identify yourself.

Cooper: My name is Chip Cooper, and I'm speaking on behalf of the Nevada Highway Users Coalition today, which is a statewide group of concerned citizens dedicated to encouraging our elected officials to develop a compelling and comprehensive vision to move people and goods safely on the roads throughout Nevada. And I appreciate the opportunity to speak. My comments are in regards to the draft State Highway Preservation Report. I've reviewed the report, and I find the information very discouraging. According to the information in the document, the conditions of our roads are in rapid deterioration. We have many lane miles needing major rehabilitation, or we have as many lane miles needing major rehabilitation as we did in 1987, when road repair needs were amongst the highest ever recorded. The sole reason for this is that we are not investing enough in highway infrastructure.

We currently have a pavement preservation backlog of \$661 million. Just to keep that backlog from increasing, we would need to spend \$323 million each year on highway maintenance, yet we plan to spend a little more than \$100 million a year for the next 5 years. Putting this off only makes things worse. It costs much more to make major road repairs than to properly maintain them. It's just like putting oil in your car. Pay \$39.99 today or put it off and buy a new engine. It's been known for years that there is not enough money in the highway fund and that the revenue sources are inadequate. The state gas tax has not increased since 1992, while the cost of everything else has gone up with inflation.

So I raise two questions. Are the roads in Nevada safe? And when I read the document, it says that 50% of our roads are in less than fair condition unless we triple our maintenance budget, so that makes me worry. And then number two, are we going to do something to generate more revenue for the highway fund? If we don't, we're just digging ourselves a bigger hole. Thanks for your time.

Sandoval: Thank you, Mr. Cooper. Is there any other public comment?

Larkin-Thomason: Hi. Tracy Larkin, Deputy Director for Nevada DOT. And this is to address Member Fransway's statement regarding the closure of Cosgrave. I just

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verified there was a sewer backup on Saturday night. It is just a temporary closure. It has been open and should be reopened again shortly.

Fransway: Okay. Thank you, Tracy. So it was a temporary...

Sandoval: Any other public comment from Carson City? Is there any public comment from Las Vegas?

Unidentified Female: None here, Governor.

Sandoval: We'll move to Agenda Item No. 3, November 10, 2014, Nevada Department of Transportation Board of Directors Meeting minutes. Have the members have an opportunity to review the minutes, and are there any changes? If there are none, the Chair will accept a motion for approval.

Wallin: Move to approve.

Sandoval: Madam Controller has moved for approval. Is there a second?

Savage: Second.

Sandoval: Second by Member Savage. Any questions or discussion on the motion? All in favor, say aye.

Group: Aye.

Sandoval: Opposed? Motion passes unanimously. We'll move on to Agenda Item No. 4, Approval of Contracts over \$5 Million.

Malfabon: Thank you Governor, Assistant Director for Administration Robert Nellis will cover these next two items.

Nellis: Thank you Director, Governor, members of the Board. There is one resurfacing contract under Attachment A found on page 3 of 10 for the Board's consideration. This project is located on State Route 147, about 2 miles east of North Las Vegas, almost to the boundary of Lake Mead. The project will also widen shoulders, flatten slopes, and include (inaudible) improvements. And Governor, that includes the contracts for consideration under Agenda Item No. 4. Does the Board have any questions?

Sandoval: I do. Just with regard to the winning bid, it includes a 3.02% DBE, and that's right at the line, isn't it, for the requirement which is 3%? My question is this: if there is an audit and they don't meet the 3%, does that jeopardize any federal funds?

Malfabon: Governor, I can respond to that. We've been working out with federal highway administration to process so that our resident engineers are monitoring it during

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construction, and there can be corrective action and notice given to the contractor to implement some corrective measures to get their numbers up. But we're developing specifications that--Tracy has been working with AGC, both in northern and southern Nevada, to develop the specs, put them in our contracts so the contractors know, training our resident engineers so they know how to implement these changes, but we're putting a lot more attention and emphasis on achievement during construction, not just a set-it-and-forget-it type of approach.

Sandoval: Well, even in best-case scenario, they have to be perfect at 3.02% to meet it.

Malfabon: The contractor establishes at bid day what he's going to achieve, so it doesn't have to be exact. You just have to meet or exceed that amount.

Sandoval: But that's my point, though. I mean, he has to meet it, has to bat, basically, 1,000 to make it right. The second bid had, I think, a 6.65% DBE within it. And are you comfortable with the 3.02?

Larkin-Thomason: Governor, if I may, Tracy Larkin, Deputy Director for Southern Nevada. With report to the DBE, a goal was set, and then during bid the contractor must exceed that or show a good faith effort as to why he could not achieve it. What we are working on, and we've been talking to the AGC, is basically, as you move through a contract, you have good faith effort opportunities all the way through a contract. Things happen. It is our intent to make sure that they need to achieve the goal, and the contractor, it is incumbent upon him to prove that he has done every opportunity to meet it. If, though, sometimes things happen and they don't achieve it, we do a good faith effort of what efforts were used to do the outreach and so on. And it can be adjusted if necessary.

Sandoval: No, and I get that part. I'm just saying this one is razor thin. And so will it jeopardize--as long as the contractor is able to show good faith, that will be okay. But if not, does that put any federal funds in jeopardy with regard to the project?

Larkin-Thomason: Yes, however, it is as Rudy has mentioned, it is our point of really making sure that there is a good relationship and good conversation and documentation going on between the contractor project manager and our resident engineer, to ensure that everything is documented along the way, so there are no surprises at the end. If there is going to be a problem, we want to know during the contract, not at the end where we don't have an opportunity to fix it.

Sandoval: And I said I get that part.

Larkin-Thomason: I know.

Sandoval: I know you're going to be...

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Larkin-Thomason: All right, I'm not answering the question.

Sandoval: ...auditing and doing that, but is that something...

Malfabon: Governor, if I may...

Sandoval: Let me finish. Is that something that is taken into consideration when you're looking at the bids, when you've got one at 6%, and one at 3%, and the ability to comply with that DBE so we're not going to be having them ensure that a contractor is almost perfect in order to comply with the requirement?

Larkin-Thomason: When the bid comes in, if, let's say, the goal was 2%--I'm just picking a number--as long as they exceed it, their bid is accepted. And I'm sure I'm probably going to miss this a little bit again for what you're asking, but if the first one did not make it--in other words, the goal was 2%. They came in at 0, said we couldn't find anybody, the next one said they had 6% on, that is taken in to consideration. So when you're looking at it, and you're determining the good faith effort, the ability of others to meet and exceed that goal is taken into it. However, it is only necessary for the contractor to meet the goal that was set.

Sandoval: I understand. Other questions on this Agenda item? Mr. Lieutenant Governor?

Krolicki: Just to follow up on your point, so that threshold of 2% in that case, it just makes it a qualified bid. It does not add value to the bid itself. There is no scoring benefit for having 4%, if you will, so razor thin is fine. And for the record, you are...

Larkin-Thomason: It's basically a pass-fail.

Krolicki: ...perfectly comfortable that this contractor will perform...

Malfabon: Yes.

Krolicki: ...at that level, and you'll have the mitigation in place and enforcement capability to make sure that compliance exists.

Malfabon: Exactly. Thank you.

Larkin-Thomason: Yes. It's basically a pass-fail. You achieved it, or you didn't.

Skanche: Governor?

Sandoval: If you fail, then we have problems because then we've used the federal component of it, correct?

Larkin-Thomason: I meant pass-fail as far as for the bid itself.

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Sandoval: Oh, yeah. Okay. Did I hear you, Member Tom Skancke? Did you have a comment?

Skancke: I did, Governor, if I may. For the record, Tom Skancke. Tracy, do we do an analysis or any type of follow-up on if a company, a contractor doesn't meet that DBE, and we've got to do ongoing audits of all of these contractors? And when a contractor is this close on the DBE requirement, do we do an analysis of what the cost is if we don't make it? In other words, if we lose federal funding or we've got to put staff time on this to make sure that a contractor, when it's this close, the contractor is actually meeting that, do we know what it costs the Department in the long run? That's my first question. My second question is, is a contractor penalized if they do not meet the requirement by the bid?

Larkin-Thomason: Let me get through the first part. A contractor can be penalized, and we have withheld payment on contracts if they have not achieved and have not shown a good faith effort to achieve it. As far as an analysis, there is an analysis of when you're looking at a good faith effort and what the outreach was. There has not been an analysis of exactly how much it costs us, other than what it would cost us in federal money being withheld for the contract?

Skancke: Okay. Thank you. And then...

Larkin-Thomason: I'm not sure (inaudible) your question.

Skancke: No, that's helpful because my instincts tell me that in these contracts where these DBE requirements are not being met at a 3%, that it's actually not just costing us project money. But it's costing us internal money to constantly review this process, and it's no secret that this is a hot button for me, that Governor, my suggestion would be is, I think we have to review this rather substantially. When these contractors come in this close, and we can't meet it, to your point, it does affect our federal funding. But what does it affect us internally financially?

And then secondly, I think if there is a contractor that comes in substantially over that amount, they should be rewarded for that. And maybe the scoring system has to change. But I think in this particular case or in any case going forward, anyone who comes in with a 3% DBE and is this close in the bid, I would give preference to the person that's exceeding the DBE requirements, particularly in light of some of the issues that have been brought up around how the Department handles these issues. So I just think this is way too close. I don't know what this costs us in the long run, but I think we've got to take a serious look at how this is measured and weighed in the future. Thank you.

Larkin-Thomason: I did want to point out that recently there has been new rulemaking that has come out from FHWA--well, from US DOT, basically. And those became

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effective in November. The meetings that Rudy had mentioned before with the contractors and the AGC have been specifically to go over it, and this week we are sending out, basically, the revised specification and the new contracting language that is mandated to be put in to the contracts. And they're very specific about what non-attainment of DBE during it is, and it does include penalties, sanctions, and so on. It's spelled out very clearly, and we have tried to make sure that over the last several months that we have been meeting so that there are no surprises to everybody.

And basically how we are administering, we have just started to withhold payments on different contracts, and it has been very clear. And I think NDOT has done a pretty good job of going out and trying to make sure that we are very clear about what to expect, and we have been meeting and are now meeting with RREs in all the districts. We've already met with two of them. We're meeting with a third one this Friday, going over basically the importance of having to monitor during construction. I've communicated...

Skandke: Governor, if I could--Tracy, just as a follow-up, I appreciate that, but I think if the minimum is 3% and we have contractors that are coming in higher in that provision, I just think Nevada can do better. I think this is cutting it way too close. I just have a problem with that, and you know that personally and professionally. And I think this is just way too close. I think we can do better than 3%, and I think we should make a new standard for the State of Nevada.

In my opinion, to hell with federal highways and U.S. DOT. They're minimal requirements as well. We've got to have a serious conversation around this issue, and I think we can just do better than 3%. And then we as a department have to monitor and manage that contractor to make sure they make it. And if they don't make it, then we're the ones penalized. Yeah, they get penalized too, but it's a systemic issue. So I'll get off my soapbox, but I just think we can do better than where we are today. Thank you.

Sandoval: Member Savage?

Savage: Thank you, Governor. I would just like to say that the plans and specifications on this project, it was a design-build-bid project. And you have plans and specifications and minimum standards that we have to meet as a contractor and as a department, and it was clearly stated that the DBE goal was 3%. The contractor exceeded it to 3.02. If it was awarded to the second bidder, there could have been a bid protest because this gentleman did meet the minimum standard. Now it's our job as a department, to ensure that he maintains that percentage. That's all I have to say, Governor. Thank you.

Sandoval: Okay. The Lieutenant Governor has a question.

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- Krolicki: And a quick thought. We ask people to jump through certain thresholds and they comply or they don't. So again, I appreciate the comments that are going on, but whatever it is that we're requiring them to do, let's make sure it's very clear. It is, and if we have an expectation that is greater than whatever federal requirement is in place, then let's make that decision. But, you know, again, staff and the bidder, they have done what they were supposed to do, and we have systems in place. But just for emphasis here, have we ever lost funding because of lack of compliance with DBE, or some audit came back and suggested it was not met and we, let's say we're at risk of losing funding but it was resolved, or we actually lost funding?
- Malfabon: The Department has not lost funding. Local agencies, when they've had a problem, they've lost funding, but NDOT itself has not lost the funding.
- Krolicki: Okay, so Member Skancke's question in the beginning was how much money has been--well, the cost of enforcement. But there has also been a cost to RTCs, I suspect, for...
- Malfabon: It was a city.
- Krolicki: ...for the cities. So it is an issue. It is real, so either let's, as a policy for those who follow, you know, build in some buffers. So there is a cushion should we be in the situation, but again, you all are doing what we've asked you to do or the rules that we have. But some way you need to tackle the policy issue. Thank you.
- Malfabon: Thank you.
- Sandoval: All right. Any other questions or comments with regard to Agenda Item No. 4? Is there any further presentation? No?
- Savage: No.
- Sandoval: Okay.
- Savage: Sorry, Governor.
- Sandoval: I guess that answered my question, didn't it?
- Savage: I was already moving on.
- Sandoval: Yeah.
- Savage: Yeah.
- Sandoval: All right. If there are no further questions, the Chair will accept a motion to approve the contract described in Agenda Item No. 4 which is No. 3576.

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- Savage: Move to approve, Governor.
- Sandoval: Member Savage has moved to approve. Is there a second?
- Wallin: Second.
- Martin: Second.
- Sandoval: I'll give that to Mr. Martin. Member Martin seconds the motion. Any questions or discussion on the motion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed? Motion passes unanimously. We'll move on to Agenda Item No. 5.
- Nellis: Thank you, Governor. Again, for the record, Robert Nellis, Assistant Director for Administration. There are four agreements under Attachment "A" that can be found on page 3 of 17 for the Board's consideration. The first one was mentioned in the Director's update. It's amendment number four Jacobs Engineering Group Incorporated. The amendment amount is \$2,931,800. This is an increase in authority and extension of the termination from 4/30/15 to 3/31/16, to assist the Department of Administration Support Services during the design build procurement phase for the USA Parkway Project. I can pause there if the Board has any questions on that particular item.
- Sandoval: Madam Controller has a question.
- Wallin: Yes, I do. When they were hired, they were hired--it said down here it was doing the environmental phase for USA Parkway, and now they're assisting in the design build program administration. So can you explain why we're just going along and increasing their scope and...
- Terry: John Terry, Assistant Director for Engineering. Actually, in the procurement documents, it was clear that at the department's option, we could have them do final design of assistance with final design, which we felt this design build administration falls in. Very typical of how we procure consultant services when we're way early in the environmental phase. We're hiring you for phase one, the environmental phase. It is at the department's option, and they are well aware of the fact that we could give them further services. So it was a potential that it would be added and we chose to execute it.
- Sandoval: And this isn't more cost, it's just part of the--you're just increasing the scope. So the project cost is not increasing, right?
- Terry: True. I mean, somebody would have had to do all of these things. That's correct. It's not added. This is, you know--so we're at, what is this, \$3

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millionish amendment for an over \$60 million construction phase, 5% of the construction to get the design build documents. Add to that our costs. This is a cost that would've had to happen anyway. That's correct.

Sandoval: Yeah. No, I just want to make that clear, so that we're still within budget and on schedule, all of that. And as you say, somebody had to do the work, this particular work.

Krolicki: Governor.

Sandoval: Mr. Lieutenant Governor.

Krolicki: I really find displeasure in having north/south conversations. We make decisions for the entire state, and what's good for parts of the state are good for the entire state. But we did have a moral obligation in these discussions with the parkway, that these funds would somehow be called from a northern pocketbook, if you will. Can you just confirm that that is indeed the case, some of our colleagues in Southern Nevada have issues that we can satisfy them?

Terry: Yes. The numbers we had talked about at, I believe the last Board meeting had a total cost for this project and what projects we deferred in order to do this project, and this was an anticipated cost as a part of that. Correct.

Sandoval: All right. Thank you.

Martin: I have one question.

Sandoval: Member Martin.

Martin: Mr. Chair, you had mentioned that it's 5%, and this is strictly to manage a design build contractor, and so we're paying Jacobs approximately 5% of the contract value just to manage the process, and then you're going to pay the contractor on the construction costs somewhere probably between 7-9% for their design services. Aren't we kind of double dipping here on design? I didn't realize that--I just think 5% for strictly management of a process. We're already paying a contractor on a design build basis. It seems to be kind of massive.

Terry: I'll take a shot at that. Again, John Terry, Assistant Director. It's not just administering the contract. In other words, we developed a design to a level to do a NEPA document. Some additional design has to be done. Much of the money in this is going to things like geotechnical. When you're doing a design build, typically the department or the agency would do extensive geotechnical and turn that over to the teams, and a lot of this money goes towards that. I would disagree a little bit with your figures on how much the design and the build phase would be. But you're right that there is design done by us,

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administration done by us, and then the contractor is paying his designer on top of that.

But I would add that a lot of this is not administration, although that's a good part of it. There's geotechnical. There's advancing the landscape. There's doing the right-of-way setting. There's other engineering tasks as a part of this.

Martin: Okay. Thank you.

Nellis: Governor, if there are no more questions, I'll continue on with the remaining three.

Sandoval: Please proceed.

Nellis: Item number two is in the amount of \$442,000. This is to implement a computer aided dispatch system to replace the roadway reporting system in the districts. Item number three is in the amount of \$300,000. It's for architectural design services for various department buildings statewide. And then finally, item number four is in the amount of \$596,064 for janitorial services for the 42,888 square foot Traffic Management Center. And Governor, that concludes the agreements for consideration under Agenda Item No. 5. Does the Board have any questions for us?

Sandoval: I just have a question on number four. Does it really cost \$13,000 a month for janitorial services?

Nellis: I believe Director Malfabon is going to...

Malfabon: Yes, it's--Governor, as you can see, it's nearly a 43,000-square-foot facility there with NHP, DPS housed there, as well as the FAST folks, the Freeway and Arterial System Transportation, that monitor the operations of the freeways and arterials in Las Vegas. Very large building, a lot of stuff to clean, and this is a four-year contract, so it's a substantial amount. But also, that monthly amount is for regular cleaning of these facilities that are day in, day out occupied by...

Sandoval: How big is this building?

Malfabon: I don't know.

Sandoval: What do we pay to have this building cleaned? Do you know?

Malfabon: We can look into that, Governor, for comparison. But this is a newer facility. This is down in Las Vegas, and we could look into some details of what makes up that \$13,000...

Sandoval: No, and it's probably--it just seems like a lot of money.

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- Malfabon: It is a lot of money.
- Sandoval: Yeah. Was it competitively bid?
- Malfabon: This was a competitive bid. Mm-hmm.
- Sandoval: Okay. Any other questions, Board members, with regard to Agenda Item No. 5?
- Fransway: Governor?
- Sandoval: Yeah. Member Fransway.
- Fransway: Thank you, Governor. Item number two, film and technologies and the CAD system. It's my understanding that that is a statewide system, and it appears that District 3 is going to be making up most of the funding difference. Is there a reason for that?
- Malfabon: I can handle that. District 3 is kind of leading the charge on this one. I appreciate the efforts of our district engineer, Kevin Lee, on this. This is a system that is used statewide by about 16 law enforcement agencies and the Department of Public Safety, NHP. And the idea here was that this would allow everybody to get the same dispatch information, the law enforcement, as well as the NDOT maintenance folks who have to go clean up after accidents, and clean up crash locations and get traffic moving again. The amount here is state funded. Usually what we do is if--they share the load amongst the districts with operating funds. So they see who has money available. If we've had a lighter than normal winter, then Kevin could have some money left over in his operating budget, so he could offer to fund some things.
- But it's usually just sharing the load amongst all of the department and seeing where the operating funds are, because we divvy out the operating funds to the districts and the different divisions. Kevin, here, has offered to work as kind of the lead using Elko roads to--and kind of monitoring this need, which is going to benefit all three districts.
- Fransway: Thank you, Governor. And I do appreciate Kevin Lee's leadership on this worthy project. District 3 is proud to take on that financial responsibility for the state.
- Sandoval: Any other questions or comments with regard to Agenda Item No. 5? Mr. Nellis, any other further presentation?
- Nellis: That's it for this Agenda item, Governor.

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- Sandoval: If there are no questions, the chair will accept a motion to approve contracts one, two, three, and four, as described in Agenda Item No. 5.
- Wallin: Move to approve.
- Krollicki: I'll second.
- Sandoval: Controller has moved to approve. The Lieutenant Governor has seconded the motion. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed, no. Motion passes unanimously. We'll move on to Agenda Item No. 6, contracts, agreements, and settlements. Mr. Nellis.
- Nellis: Governor, there are 36 executed agreements that can be found on Attachment "A", on pages 4 through 7 of 20 for the Board's information. Items number 1 through 8 are interlocal and facility agreements. Items 9 through 16 are grants and leases. And then lastly, items 17 through 36 are service provider agreements. Does the Board have any questions for the department regarding any of these agreements?
- Sandoval: I do. Just out of curiosity, on contract 29. So this is a \$7,600 contract for two one-day sessions of emotional intelligence training.
- Unidentified Male: I believe that's self explanatory. The engineering department (inaudible).
- Sandoval: If it's for engineers, you probably have to triple that amount. The engineers even laughed. Come on. But anyway...
- Unidentified Male: Is that an oxymoron?
- Sandoval: Can we have a little background on that, please?
- Nellis: I'll attempt, Governor and Board members. Emotional intelligence used to be called soft skills or people skills, and it really is training. An author wrote a book called "Emotional Intelligence", and I've taken some of this--read the books and had some exposure to some of the training. But the idea here is that we can improve--it's one of the things that we can improve people's soft skills in working with staff. We have a robust leadership program, but we also want people to understand how to--in difficult situations, whether it's dealing with the employees that have issues and problems and challenges, getting performance out of employees, how to do it strongly but deftly and, you know, with--this is some things that you can learn. It is a significant expense, \$7,600, but I think that it's worthwhile to teach these skills to our people on how to approach difficult situations.

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Some examples that we're not going through, but just examples would be a manager having to let go of somebody, layoffs, things like that, how to deal with the closure of an office, moving things around. You know, when a change occurs, people don't like it, just naturally are resistant to change. But this gives them these skills, what to think of in approaching different challenging situations with employees. And I think that it is a worthwhile effort.

Sandoval: Did you explore whether our Department of Personnel has some programming like that?

Nellis: I don't know if Kimberly is here. We could look into that, Governor. Typically, we're aware, because the training section works closely with the state Division of Human Resource Management on what training they offer. Sometimes they take a DHRM class and modify it to what NDOT's needs are. But they typically do, as a regular course of action, look into what's offered through state personnel.

Sandoval: Because I don't know if state personnel has this, but I know they have other like-minded type courses that, of course, they provide free of charge.

Nellis: Yes.

Sandoval: Madam Controller.

Wallin: How many people are going to be attending this class?

Nellis: I don't have the specific numbers, Madam Controller, but I think that it was between 30 and 40 per class. It's a large facility, so we can--and our training room typically handles that amount per class.

Wallin: Okay. And to follow up on personnel. Personnel had a class that they've been doing and it's called, Difficult Conversations. And a lot of my staff has attended that class, and it really touches on a lot of the things that you're talking about right here. So you might want to...

Nellis: Thank you.

Wallin: ...future check that out. Because everyone in my staff that's gone to it said it's been a wonderful class. You have to pay a little extra because they have to get a book, but check it out.

Malfabon: Madam Controller, was it crucial confrontation or conversations?

Wallin: Yeah.

Malfabon: I took that class, and it was a limited amount of seats available. So for us to try to capture 30 to 40 NDOT staff at one time, I think is what the goal of this class

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is, rather than having a few seats available to the department through that. It was a very good class though, and I've been kind of coaching and mentoring some of our assistant directors on how to use some of those skills that they taught.

Wallin: Yeah. It definitely was. All right. Thank you.

Sandoval: Any other questions with regard to Agenda Item No. 6? Madam Controller.

Wallin: Yes. I have questions on the--and I think Member Fransway was going there, wanting to know about item number 18, the additional \$250,000 for asbestos mitigation plans. So...

Terry: Once again, John Terry, Assistant Director for Engineering. And in fairness to this Board, we have, I believe, briefed you all along the way. No more is coming in NOA. We're going to amend this, we're going to amend that. Never did we tell you we were going to do this. We had a hole, basically, in what we were doing for NOA. We had Tetra Tech doing all of the field monitoring, et cetera. CDM Smith had been working all along for the RTC, and we needed to get our specifications in line with their specifications, and our contract documents even though we were designed bid build and they were designed build. In compliance with theirs, and frankly, we couldn't get it done with the team we had. We wanted to add CDM Smith to make ours in compliance with theirs. We did not want to go through the process of us amending the agreement with RTC, them having to go to their Board, us going to our Board because frankly, the work would've been done by the time we would've been through that process.

So we chose to sole source them, and ask for their help to get us in conformance with this. We did not tell the Board, in previous months, that this was going to happen. We needed it in order to get our contract out on schedule.

Wallin: So we're done with--I know, or do you want to just say you don't know so that way you don't...

Terry: All I can say is, I do not know of any other services that we need to cover NOA, and we do have now the FHWA's approval to move forward with our environmental document. And we believe that our specifications are now in conformance with what we said we would do in our re-evaluation.

Wallin: All right. And I have item numbers 31, 32, and 33, and they're all for application development, all for \$100,000 apiece, to different people. And I can't tell what the difference is between--what are they doing? I mean...

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- Nellis: Yeah, Madam Controller. Again for the record, Robert Nellis. We thought you may have a question on that so we have our IT Chief, Dave Wooldridge available just for you.
- Wooldridge: Yes, Madam Controller. David Wooldridge, IT Manager for the Department of Transportation. We were just looking at some ways that we could try to get more IT projects off the books. So we went out on a competitive bid, procured these three contractors, and as we have projects come up, the plan is to get them a scope of work, and have them deliver those projects for us.
- Wallin: So these are three--because, you know, couldn't one contractor do the same work or--because I know a few months ago you guys kind of separated out contract to keep it under the limit. So I want to make sure we're not doing this again.
- Wooldridge: Right. No, this is--we've got three different contractors with different skills sets. So some of them have a GIS, some of them do just regular dot net development, so we were just looking for options to try speed up the delivery of some of these projects.
- Wallin: Okay. Thank you.
- Sandoval: Member Fransway.
- Fransway: Thank you, Governor. I have a bunch of them. Some have been discussed by other Board members, Madam Controller being mainly the one. But items 9 through 13, just a question, Mr. Director. Are we being the grantee--am I to assume the grantor is the feds on those awards?
- Malfabon: Yes, these are FTA grants, Federal Transit Administration grants that flow through the department to these sub-recipients that provide transit services for seniors and folks in those rural communities.
- Fransway: Okay. Thank you. Number 18, same comments as the controller. And the answer seemed--the question seemed to be, are we done yet funding this NOA thing? And the answer I heard was maybe. We don't know, do we?
- Terry: Again, John Terry, Assistant Director for Engineering. We're starting construction. We're certainly done with everything that gets us to construction. We don't know what's going to happen during construction, but we believe we had it covered with what we have. I just hate to make guarantees, it's such a new item to us here to deal with. I'm just not going to guarantee that we're not going to spend more money on it, but I do not know of anything else that we have to spend money on. We're just moving in to the construction phase.
- Fransway: Well, all I can say is I hope we're done.

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- Terry: Me too.
- Fransway: Item 25. This is for--to remove weeds, \$200--minus a few bucks, \$250,000. Can we treat that soil to?
- Malfabon: I can respond to that, Tom.
- Fransway: Go ahead.
- Malfabon: Member Fransway, when we did construction on Interstate 580 there in Washoe Valley, there was an agreement in place with Saint James Village, as a property owner that we acquired property from, and it was within their viewshed. So we agreed to certain requirements, as far as treatments on preventing weeds from growing, unsightly weeds, for that community. They saw that we were getting a lot of Russian thistle and cheatgrass growing in there. So we took some measures to have some hydro seeding in there, some treatments, prevent erosion, but it was in compliance with the agreement that we, as we acquired their property for this freeway project.
- Fransway: Okay. Is that a permanent fix then, or will we have to revisit that?
- Malfabon: We agreed to monitor the area that was of their concern, and we hope that this addresses it with the hydro seeding and establishment over the period of time to get these plants established, that it will address the issue and we won't have to revisit it. But we're going to monitor it to see if there is any further action required next year.
- Fransway: Okay. I think it covers it, Governor. Thank you.
- Sandoval: Member Savage.
- Savage: Thank you, Governor. Just one quick question. Item number 30, the I-80 work on the cattle guard, just a question on why that is not federally reimbursed.
- Malfabon: Governor, in response to the question, typically when these needs are identified, we've already obligated the federal funds for these major projects. So we've reached our obligation limit, and these smaller projects that are needed, we typically have either contracted out or had maintenance address it so that--we've basically met our cap of federal funding available in the fiscal year, and we just take care of these things as they arise.
- Sandoval: Is there any potential for reimbursement?
- Malfabon: Typically not. I wouldn't go through that much effort for a project of this small size. It's just not worth it with the federal requirements and programming it and making sure that everything is done a certain way. It's just not worth the effort.

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- Savage: Thank you, Mr. Director. Thank you, Governor.
- Sandoval: Member Fransway.
- Fransway: On Mr. Savage's comment on 30, what do we do with the cattle guards when we remove them because I see one--we're going to remove four and place one. Do we--are we able to reuse them on different projects? Do we stockpile them? They're very expensive. I know that.
- Malfabon: From my observations, typically maintenance forces will determine whether something is in good enough condition to keep in stockpile and reuse later at another location. They do that with pipe culverts, too, when they're making some changes. They'll hang on to stuff to save costs. They hang on to things that they may reuse, pole, sign poles, things like that, that may be removed during a construction project. They assess whether it's in good enough shape to stockpile and hold for later use.
- Fransway: Okay. So it's maintenance discretion then.
- Malfabon: Yes, their discretion. Yes.
- Fransway: Okay.
- Sandoval: Are there any questions from Southern Nevada?
- Martin: No, sir.
- Sandoval: Before we leave Agenda Item No. 6, any other questions or comments?
- Nellis: Governor, Attachment B is settlements, and those can be found on page 9 of 20 for the Board's information. The first item is in the amount of \$900,000. This would be paid to the Smith Family Trust for just over a third of an acre of commercial property in Las Vegas for Project NEON. The second item is in the amount of \$50,000. This is a settlement and dismissal of the counterclaim to fully resolve the lawsuit for Project NEON. And Governor, that does conclude the informational items under Agenda Item No. 6. Does the Board have any questions for Mr. Gallagher on either of these two settlements?
- Sandoval: Any questions with regard to the settlements described in Agenda Item No. 6?
- Krolicki: Governor?
- Sandoval: Mr. Lieutenant Governor.
- Krolicki: And this probably is for counsel. Could you just--the Smith Family Trust issue, I understand all your words and it's safer to do--I mean, I'm not questioning the judgment, but could you just package this a little bit more, and maybe give--I'm

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not sure if I saw a total value of this imminent domain action, including the legal aspects of it, the costs.

Gallagher: For the record, Dennis Gallagher, counsel for the Board. The Smith Family Trust is a property located within the NEON footprint. It was home for a printing press that was operated by the family. It turned out to be a very expensive property to relocate, given the needs of the printing business, both from an electrical consumption point of view, as well as air handling equipment in order to keep the new building at a temperature in which the equipment could properly operate.

We're all in on this, I believe, total for just under \$1.5 million, which settles all claims. It acquires the property. It included the relocation expenses. It was determined both by the department with concurrence from the Attorney General's Office that this was a fair price, and that the interest was in the best--the settlement was in the best interest of the taxpayers.

Krolicki: So again, it was just the--I think it was \$575,000 original payment, plus the \$900,000 and some moving costs.

Gallagher: The original deposit with the court, Mr. Lieutenant Governor, was for the appraised value of the property. So over and above that, we have now the relocation expenses. And of course, this should come to no surprise to any member of the Board, the property owner's appraisers had it appraised much higher.

Krolicki: All right. Thank you.

Wallin: Governor?

Sandoval: Madam Controller.

Wallin: Now, with the relocation--because my understanding is this printing company was pretty much not even in business anymore. They have actually had to submit receipts for moving in to their new location. We're not just saying, "Oh, well here's how much we think it's going to cost you." So they're actually moved and into this new building and what have you, right? Because my concern is, I don't want us to be giving them a check, and then they decide, well, you know, "I really don't want to continue the business because it was pretty much gone anyway."

Gallagher: Yes, Madam Controller. Under the Uniform Relocation Act though, we are obligated to pay certain relocation expenses to any displaced property owners. In this particular case, I'm going to look to my colleague in the audience if he recalls if they've already moved.

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- Saucedo: For the record, Paul Saucedo, Chief Right-of-Way Agent. I do not believe they have moved as of yet, and I'm not so sure that they are going to, so.
- Wallin: I mean, to me that just isn't right, if you're just going to take the money and not open the business up. I mean...
- Gallagher: Madam Controller, I understand your perspective, but we're obligated to pay--if we're going to displace a business or any property owner, be it residential or business, we're obligated to pay certain funds to them. And this was the negotiated settlement. It could've gone, you know, much higher. But if they've decided that they don't wish to remain in the printing business and want to use the funds for something else, that's up to them.
- Sandoval: Any other questions with regard to settlements? All right. Thank you. We'll move to Agenda Item No.--Mr. Nellis, did you have anything else?
- Nellis: No, sir.
- Sandoval: Okay. It was an informational item, so we won't be taking action. We'll move to Agenda Item No. 7, public auction.
- Malfabon: Thank you, Governor. This is for disposal of NDOT right-of-way located on the southeast corner of Desert Inn Road and Western Avenue. The department acquired the property in previous project for the Desert Inn, kind of Spring Mountain area, the improvements on I-15 and Spring Mountain. So we have about .64 acres of land there that we've appraised at \$270,000, and we're requesting to put it up for public auction for disposal.
- Sandoval: Are there any questions with regard to Agenda Item No. 7? Member Savage.
- Savage: Thank you, Governor. Mr. Director, I noticed in the advertisement on attachment number three, the amount was \$320,000 back in 2011. And I was wondering why the decrease in appraised value at the \$270,000 in 2014.
- Malfabon: Typically, the--Paul, you can probably respond to this. But typically, appraisals are for the current value, and if property values at the time--sometimes this is just the remnant, so it doesn't have as much value as the larger parcel that we acquired back in the day. I don't know if, Paul, you wanted to add anything else to that.
- Saucedo: Paul Saucedo, Chief Right-of-Way Agent. I really don't have any more to add to that. I mean, it was appraised. The appraiser was aware of the previous appraisal. And I could get back with details on that, but I'm not sure exactly why it fell.
- Savage: I just thought the pricing was increasing rather than being devalued.

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- Sandoval: No, I mean, it begs the comment, I suppose, that whenever we're buying, it's going up. Whenever we're selling, it's going down.
- Savage: That's my point. Thank you.
- Saucedo: It is a public action, so we'll receive the bids and...
- Sandoval: Okay. Thank you.
- Skanche: Governor?
- Sandoval: Member Skanche.
- Skanche: Thank you, sir. Is this a minimum bid, or is this--I'm not understanding this properly. It says here, "Has been set at \$270,000." So is that where the bid is going to start, or is that what we hope to get?
- Saucedo: Again, Paul Saucedo, Chief Right-of-Way Agent. That's a minimum bid. And so it has to be at least that amount for us to be able to complete a sale. It can go over.
- Skanche: So I'll give you \$250,000, and then when you guys need to buy it back, I'll sell it to you for \$1.4 million like we just went through that transaction. How's that? I think it's ironic that for .64 acres we'll get \$270,000, and for .34 acres we just paid \$1.4 million. But I digress. Thank you, Governor.
- Sandoval: All right. Any other questions with regard to Agenda Item No. 7? If there are none, the chair will accept a motion to approve the public action for the property as described in Agenda Item No. 7.
- Wallin: Move to approve.
- Sandoval: The controller has moved to approve. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? Hearing none. All in favor say aye.
- Group: Aye.
- Sandoval: Opposed, no. Motion passes unanimously. We'll move on to Agenda Item No. 8, resolution of relinquishment.
- Malfabon: Thank you, Governor. This is to dispose of an island in the Truckee River. Now this could be a...
- Sandoval: I didn't even know we had islands in the Truckee River.

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- Malfabon: But this is basically transferring the property over to the Department of Conservation and Natural Resources, it's the Division of State Lands. And this is related to the other--they apparently are acquiring any properties that are in waterways in the Truckee River. NDOT doesn't have any business--we don't conduct any business on this island, so we are looking at just disposal to this other state agency in effect for this item on Item No. 8, an island on Truckee River south of State Route 647.
- Sandoval: So Lawton, Nevada. It says Fourth Street. So is this island a name in it of itself, Lawton, Nevada?
- Malfabon: I noticed that too, and I don't know why it's--Paul Saucedo, do you know? It must be historic because--when did we acquire this? May of 1923, so it might have been an older name from a community that was out there.
- Sandoval: No. And I'm just looking at the photo, and there are some houses there. And I think I know where that is but--it's along Fourth Street and perhaps right off of I-80 there. But in any event, I just didn't know that we named islands. And I don't know if it's only an island in a drought year.
- Krolicki: The water rights.
- Sandoval: But in any event, I'm not going to--that's curiosity. But I like to see that it's going to the Department of--or staying within the state and within Conservation and Natural Resources. So are there any questions?
- Krolicki: The controller is playing with her iPad, and if you put in the location, it does come up as Lawton, Nevada.
- Wallin: Yeah.
- Krolicki: So it's real.
- Sandoval: Well, if there are any historians in the audience? Yeah, if there's a historian in the audience, I'd be really curious how that came to be, but we'll spend a lot of time on that. So if there are no questions, the chair will accept a motion to approve the resolution of relinquishment of state highway land, as described in Agenda Item No. 8.
- Krolicki: Governor, in my long career, I've never had a chance to move an item that's an island. So I would make a motion to approve.
- Fransway: I'll second.
- Sandoval: The Lieutenant Governor has moved to approve. Member Fransway has seconded the motion. Any questions or discussion? All in favor say aye.

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- Group: Aye.
- Sandoval: Did Mr. Martin come back?
- Martin: He's in. Aye.
- Sandoval: Just for the record, Mr. Martin, you just voted aye on Agenda Item No. 8, resolution of relinquishment. Is that right?
- Martin: Yes, sir.
- Sandoval: All right. Opposed, no. Motion passes unanimously. We will move on to Agenda Item No. 9, which is another resolution of relinquishment.
- Malfabon: Thank you, Governor. This is for disposal of a portion of Wells Avenue, a strip of land over and across the Truckee River. So a similar situation where it's going to another state agency, the Nevada Department of Conservation and Natural Resources, Division of State Lands.
- Sandoval: And questions or discussion with regard to Agenda Item No. 9? If there are--pardon me? Member Fransway.
- Fransway: Thank you, Governor. I assume that this is going to include the bridge structure.
- Saucedo: Yeah. Paul Saucedo, Chief Right-of-Way Agent. Yes, sir.
- Fransway: Okay. My question is, I see in the resolution itself that it is going to be designated as part of the City of Reno street system. Should there not be an additional agreement between either NDOT or Department of Conservation and Natural Resources that the City of Reno agrees to accept that?
- Saucedo: Yes, sir. My understanding is the city has been working--or that State Lands has been working with the city. And so this came as a request from State Lands to the department to proceed in this respect. So it was a--State Lands knows what they're getting in to. They know that the bridge is part of this relinquishment. The city--and apparently they're going to go ahead and enter into a permanent easement agreement with the city to go ahead and finalize that transfer. So they actually approached us in order to do this.
- Fransway: Well, to me, we've got the cart before the horse here. I would like to see an agreement that indeed the City of Reno is willing to accept that portion of Wells Street for maintenance.
- Saucedo: I believe they have, sir. We've relinquished Wells Avenue years ago, to the city. And this is more of a clean-up action at this point.

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- Fransway: Okay. If and when--Governor, if and when there's a motion, I would like to ask it be contingent upon that.
- Sandoval: Contingent upon the City of Reno...
- Fransway: The city agreeing.
- Sandoval: ...agreeing to take on the maintenance--or ownership of the bridge. Not ownership because it wouldn't...
- Fransway: Well, take on maintenance.
- Saucedo: Yeah. They do maintain the bridge. They do maintain Wells Avenue. I believe when we transferred the road, I would image that that ownership transferred. I don't know if it was specific to the bridge. I'm sure that that agreement--we can pull that agreement up and provide it to you for...
- Sandoval: Are we talking about the Wells overpass? What...
- Fransway: Yeah. Over the river.
- Saucedo: This is over the river, correct.
- Fransway: It's a big structure. I just want to be assured that everybody is on board with this.
- Saucedo: Correct. Well, all I can tell you is State Lands did approach us to do it this way. I mean, so we can get you the back-up information. I'll be happy to get the agreement to you, and I can get with State Lands and see what their agreements are with the city.
- Sandoval: Is there any jeopardy if we continued this item to the next Agenda, just so that we can have this information for Member Fransway?
- Saucedo: Yeah, I don't believe so, Governor.
- Sandoval: It's routine, I would imagine.
- Saucedo: It is. And it's a clean up action. There's no time limit here or anything pressing.
- Fransway: Do you need a motion in that effect, Governor, to continue it?
- Sandoval: Is there any objection from any of the members? Yeah. Why don't you go ahead and make that motion.
- Fransway: Okay. Mr. Chairman, I would move to continue Item No. 9, until more information is obtained in relation to the bridge structure.

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Sandoval: So Member Fransway has moved to continue Agenda Item No. 9 until our next scheduled meeting, Mr. Fransway?

Fransway: That would be fine.

Sandoval: Okay. Is there a second?

Krollicki: Second.

Sandoval: Second by Lieutenant Governor. Any questions or discussion? All in favor say aye.

Group: Aye.

Sandoval: Opposed, no. The motion passes. We'll move to Agenda Item No. 10, discussion and possible approval of the Annual Work Program fiscal year 2015, Short and Long Range Element FY 2016 to 2017, and possible acceptance of the STIP for FY 2015 to 2018.

Malfabon: Thank you, Governor. Sondra Rosenberg, Assistant Director for Planning, will handle this item.

Rosenberg: Thank you. Good morning, Governor, members of the Board. For the record, Sondra Rosenberg, Assistant Director of Planning. This is an item that was continued from last month because the Board had some questions. Based on our notes from last month's Board meeting, as well as meeting with the individuals, looking at the minutes from last month, what we heard from you all is some questions on how members of the public can find information in this document, being that it is such a large document, what are some of the big projects in each county, and then it led into a discussion of how our funding is spent between counties and the districts.

So we've provided an executive summary to you in your Board packet. That's a first draft based on conversations with you all. We are modifying that draft a little bit. We will be providing some summary information, as well as a "how to" document on our website for ease of public use. Next slide, please.

So just to summarize, again. The transportation system of projects is actually a combination of two separate documents. That's the Work Program, as well as the Statewide Transportation Improvement Program. Next slide. And the STIP is required by federation regulations, CFR23N49. It includes transportation projects that use federal funds, both highway and transit, and regionally significant projects as well, whether they're locally or federally funded. The Work Program includes all of the state-funded and state-administered projects, as well as all the federal projects, and that is to comply with NRS408203. There

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is a large overlap in the projects listed in these two documents. They're just reported in different ways to meet those different regulations.

The process for developing each of these is quite robust and lengthy. It shows that the Work Program--we begin our county consultation process. This is actually a mistake. We've actually already begun our county consultation process for next year. We hold workshops in the fall. In the spring, we go to each county commission with our proposed work program. So it's really a year-long effort of reaching out to our constituents, gathering information on necessary projects, as well as bringing our draft plan to all the counties and boards and commissions.

The STIP really begins with--the state projects some from the Work Program process. The MPO projects are developed in those regions, in coordination with their boards and commissions as well. The MPO has developed their tips in the springtime. Contingent on those approvals, they're submitted to NDOT. We incorporate those projects that are in the tips exactly as they are. We don't have the ability to change those documents. So then these two documents get sort of merged for a 30-day public comment period, and then we come to you for acceptance of the STIP and approval of the work program. Next slide.

Now we'd like to do a little demonstration on how someone can find a project if they're looking for it in their region. And again, we'll provide step-by-step instructions on the website as well because it is a very lengthy document, knowing where to search for specific things. So if we go to the Work Program. And Member Controller, you brought up last month that something easy, a list and a map, like we have with our country tours, that's the Work Program. We have maps and just a listing of projects. So it's much, much easier for someone to find a project they're looking for in that part of the document. The STIP has a lot more detailed information in terms of the different pots of federal funding. It's all available, but if you're just looking for a list, that's the Work Program.

So if we go to the CAMPO section, and that's the Carson Area MPO, that's one is a little bit different. They're typically by counties. Because Carson MPO includes a couple of counties, all of those projects are in this one section of the document. So if we go to the map, and you can see there's just a listing of all of those. So the map has each project that's in the Work Program shown on this map. And if you scroll down to--so CC200701, that is the Carson Freeway. So if you copy that number, either by hand or cut and paste, and then we do a search for it, all of the records with that number will show up. So if you go to the first one, that's the near term project to continue that--building that freeway to US 50. And then the next record on there is a long range element to finish the completion of that interchange.

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So that's how you would find a project in the Work Program. If you also want to find it in the STIP, you want more detailed information on the specific types of funding, you can go back to the STIP or go open the entire TSP document, search the same number, and every single record will show up. Let's go ahead and do that. So if we go to the full TSP document--and again, the STIP is listed on the website by section as well, so by MPO or by county. And so we'll do the same search, type in the same number. It's a lengthy document, so it takes a minute or two to find it. So there you'll see--and you can zoom in and see, you know, the different funding sources, the phases. So that's a lot more detail. And that's primarily for the federal approval to ensure that we are only spending the money that is allocated to us.

In addition, if you go back to the search item, if you know of a particular project you want more information on, maybe you don't know the county but you hear a lot about, say, Project NEON, you can just type in NEON. And every record that references NEON shows up, and you can just scroll through each one. So that was kind of quick and dirty. We have other examples if you like, but just to show you, kind of, from the county level, looking at the map, through the work program, or searching the full TSP document, that's how you would find information. In addition, on our website we have a phone number to call. It's actually Joseph Spencer's phone number here or whoever is sitting at that desk, if someone would like some assistance in finding a project or just wants some information. So we have the technical documents available. Again, we'll have a step-by-step "how to" available on our website, as well as a phone number to call if anyone is interested in more information.

So if we go back to the presentation, additionally there were questions on distribution of funding. In your packet we actually have year-by-year. We find it's easier to look at, kind of, several year segments, so we have--this is the past four years, so federal fiscal year '11 through '14, shown by county, Clark, Washoe, or other. We didn't want to have 17 little slices of that pie. Those are sort of the big ones by federal funding, state funding, other dollars, which is typically local funds, and then the total as well. And we also did it, next slide please, by district. So those are similar, but there are some slight differences in that District 1 covers a little bit more than Clark County, and District 2 covers a bit more than Washoe County. And then the next slide, we've also done this for--this is for the document that's in front of you, so the four years going forward, again, federal, state, local or other, and total for the counties. And then the next slide, by district.

And so the next slide, what's more exciting than all of this, and I hope that we've answered the questions that came up last month, but really, we're working on--as Rudy mentioned, we're negotiating with the vendor for the electronic STIP, which will include the Work Program elements as well. We're very excited

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because a lot of this consolidation of those numbers took quite a bit of staff time because everything has to be done by hand right now. What we're working on is building a more robust system where we can automate a lot of these reports. We can have--I believe our current agreement says up to 50 standard reports. We've only identified a handful of them, so the information you provided over the past month has been very valuable in terms of what do we want to build in to automatically generate every time we update this document. It interacts with the Federal Management System, the MPO, state, and FHWA. It's all going to be electronic. Everyone is going to have access to it. The approvals--everything will be much quicker, much more integrated. We're all very excited to get going on this next element of the STIP so that it will be much more user friendly. It'll be much easier for the public to search those maps interactively, rather than on a static map.

So we're very excited about this, sort of, next chapter, and we should have that working by next summer, and certainly by the next approval of this document. And with that, I'd be happy to take any questions.

Sandoval: Very well done.

Rosenberg: Thank you.

Sandoval: That's a lot of work in a short amount of time, but I think it puts it in a much more understandable fashion. And also, that demonstration was really good in terms of how easily somebody can get that specific information. So I want to thank you and everyone else who was responsible for putting the time and effort into that because it is a great product.

Rosenberg: Thank you.

Sandoval: Thank you for that. Questions from Board members. And then just one those pie charts, you know, when you look at--you have Clark and Washoe and the rest, but sometimes the rest--you've got to appreciate that's the interstate.

Rosenberg: Correct. Correct.

Sandoval: And so...

Rosenberg: Yes. A lot of that is the Preservation Program. It's those very important corridors that lead to those major metropolitan areas. So it is very important to the state as well.

Sandoval: Other questions? Member Savage. And I just--for everyone's benefit, it's a little bit after 11:00. A couple of our members have commitments at noon. So I'm going to move things along a little more to make sure that they have the benefit of the presentations. But Member Savage.

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- Savage: Thank you, Governor. And I too would like to thank you, Sondra, and I know Joseph, you had the courtesy to meet with myself personally. But I just want to compliment yourself and your staff and the department. It's about transparency. You've accomplished this. You've done it internally. I really want to commend yourself, Sondra, and the department to making it so transparent and so simple that the map really gave me simplicity and it facilitated the fact of where I needed to look at. So I thank you for that. I had one question, and I'll make this quick. Is on pages 37 to 39, the year 2017 was not completed, and I didn't know if there was a reason for that or not, on page 37, or if that might have just been a quick oversight, before we approve this document. Or does it just go through...
- Rosenberg: So this piece of your packet just highlights the major projects, the large projects in each county. So I believe, on this page for example, the US 6 shoulder widening project is the only one in federal fiscal year, on this particular page. So there might be some gaps because it's just each year of funding for each of those major projects. So I don't think it's missing.
- Savage: So that is correct, is my question. I think...
- Rosenberg: Yes, sir.
- Savage: Okay. Thank you, Sondra. Thank you, Governor.
- Rosenberg: Mm-hmm.
- Sandoval: No, I thought you were going to say that you made it so simple that even the Board members could understand it. Other questions from Board members with regard to Agenda Item No. 10?
- Skanske: Governor?
- Sandoval: Member Skanske.
- Skanske: Thank you, Governor. Sondra, this is an outstanding presentation, and I echo the Governor's comments that you've made this--you and your team have done a superb job. I have just one quick question. So how does this new format help the department and help us save time, money, and be more efficient?
- Rosenberg: Thank you. That's an excellent question. This new tool we're going to is going to be much more interactive. Currently, we're going to have a lot of staff time savings with this new tool. Currently, for example, all of the--I mentioned all of the MPOs approved their tips, that comes to us. Our staff has to hand-enter every single project exactly as it is in their tips. So as you can imagine, that's quite a bit of staff time for our planners that we hire to do transportation planning, and they're spending a bulk of their time entering data. So by automating this process--and it's going to be quite a bit of staff work for the first

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year. Once we have it up and running, everything is going to be integrated, so that when the RTC of Southern Nevada approves their tip, that automatically enters into our system. It's all one. So there won't be this duplication of effort. That will free up our staff time to actually do transportation planning, which is what they came to NDOT to work for, what we need them to do.

There's a lot of exciting prospects in the future that we need good transportation planners to work on. So that frees up a lot of their time. It also will hopefully, free up some administrative time as well. Financial management, as well as IT, are all very excited about this tool in helping their staff time as well.

Sandoval: Member Fransway.

Fransway: Thank you, Governor. And Sondra, I'll echo--I know how much time you've been expending on this particular item, and I appreciate the personal help also. Have we got buy in, basically, from the other user and partners in this document that indeed we will be going electronic? In other words, it won't become a shock to the counties and cities that they don't have this via hard copy anymore, or will they?

Rosenberg: Creating a hard copy is always a possibility, but we have been working with particularly MPOs to develop something that is going to work for all of the users of this. And again, we can build in automatic reports so that any user of this document can request a specific report that's useful to them, rather than providing that giant document that has everything. If a particular user wants the information formatted in a certain way, for example, for Clark County, we'll be able to build that into the system. We have been working--the MPOs, the Federal Highway Administration have all been working together to make sure our requirements of this system take into account all of those users.

Fransway: Okay. I would think that it might be a good idea to establish contact with the other entities, cities and counties, and let them know what we're doing, and perhaps go through this same slide presentation that you did for the Board with them so that they are aware ahead of time.

Rosenberg: We'd be happy to. It has been a topic of conversation in our county workshops that are under way right now. I'm hoping that by the time we do our county tours in the spring, we'll have it up and running. We'll probably still be working out some of the kinks, but hopefully we can use that for our presentations in the spring.

Fransway: Okay. Thank you, Sondra.

Rosenberg: Thank you.

Fransway: Thank you, Governor.

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- Sandoval: Thank you. And finally, Sondra, this is a consensus document; is it not? I mean, it's been vetted by all of...
- Rosenberg: Yes.
- Sandoval: ...the local agencies, and it is basically, the product of everyone working together and...
- Rosenberg: Yes.
- Sandoval: ...there's unanimity with regard to this document.
- Rosenberg: Correct. There's been--there have been many meetings, many discussions. There are no surprises in this document. Everyone knows what projects are in there, what the schedule is going forward. So yes, that is correct.
- Sandoval: Are there any other questions or comments with regard to Agenda Item No. 10? If there are none, the chair will accept a motion to approve the Annual Work Program fiscal year 2015, Short and Long Range Element FY 2016 to 2017, and to accept the Statewide Transportation Improvement Program for FY 2015 to 2018.
- Skanske: So moved.
- Sandoval: Member Skanske has moved for approval. Is there a second?
- Wallin: Second.
- Sandoval: Second by Madam Controller. Any questions or discussion? All those in favor say aye.
- Group: Aye.
- Sandoval: The motion passes unanimously. Congratulations.
- Rosenberg: Thank you.
- Sandoval: Good luck. We'll move to Agenda Item No. 11, which is the status of Project NEON.
- Malfabon: And Cole Mortensen, our Project Manager for Project NEON, will provide this update to the Board.
- Sandoval: Good morning, Mr. Mortensen.
- Mortensen: Good morning. Good morning, Governor, members of the Board. For the record, I'm Cole Mortensen, Project Manager for Project NEON. And what I'd like to do today is just briefly bring the Board up to speed on some of the new

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developments for Project NEON, and then provide you with an update on where we're at with our right-of-way acquisitions.

So our schedule and moving forward, today I'll announce the proposed shortlisted teams for the project. In January, we anticipate a release of the draft RFP to those teams. Through working with those teams, in March we anticipate being able to release the final RFP with proposals due in August, which if they're due in August, we should have a preferred proposer selected in October unless, of course, we go to interview, which may take a little bit more time. And then so finally, we're looking forward to having the contract executed in December of 2015.

So the shortlist of proposers are the Kiewit and Atkins team, Las Vegas Paving and Jacobs, and NEON Mobility Constructors, which are a JB between Granite and Skanska, and their engineering teams are Aztec and Louis Berger Group.

Some new developments with the City of Las Vegas, we're having to redo the agreement with them. The old agreement was heavily weighted on the P3 language, and so now we're putting one together for the design build project. One of the things that I did want to point out in this meeting was that we're working with the city to have what's been shown to you as Phase "A" of the project, which is the Grand Central Industrial Connector, which is shown here on the board. The lines--or the road moving from the north--or the upper left hand corner to the lower right-hand corner is actually the UPR Railroad in this drawing here. And the new facility that you see in the upper right-hand corner is Grand Central Parkway crossing Charleston. And so the portion of the project here that the city will be paying for will be the portion from the intersection of Grand Central and Western Avenue over to Industrial Drive.

And we're excited about getting this incorporated into the project because then we just have one contractor working in one footprint, and when the project is open and done, we have that much more benefit, and we don't have another contractor following in on the heels of our job or trying to work in the same location that our contractor is. And it allows the city to take advantage of the economy of scale that we should be getting with Project NEON as well.

So quickly, on our right-of-way status, for Phase 1, we have ownership, legal occupancy, or condemnation authority for 53 of the 60 individual parcels that we are acquiring for Phase 1. Out of the seven parcels that are outstanding, six of those are actually city parcels that we'll be working on the transfer of right-of-way between NDOT and the city at a later date when we have the full understanding of what that final design is going to end up being. We have seven relocations remaining for Phase 1, one residential, five small business,

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one large business, and three billboards. So basically at this point, we're wrapping Phase 1 up.

Sandoval: Are you feeling good about that? I mean, is this where you want to be?

Mortensen: I'm very comfortable with where we are with Phase 1. We still have a lot of wood to chop for the design build portion of the project, and I'll get to kind of where we're at there.

Sandoval: But just on this piece...

Mortensen: Correct.

Sandoval: ...we're good.

Mortensen: And this next slide--but when we start looking at kind of where we're at, there's some interesting numbers in here. Thirty-one of the parcels, 29 different property owners were settled through the normal negotiations process. So 22 parcels have been referred to condemnation, and so that kind of gives you an understanding of the challenges that our right-of-way teams are facing right now. Five of those have reached legal settlement, one has gone to trial, and six are pending legal settlement or trial. Right now we've expended about \$90.2 million, but of course with the six properties that we have pending, that has the potential to go up significantly.

Sandoval: Are we in our budget for that?

Mortensen: We are right now, but we still have many of those properties, as you can see, that are still pending that legal settlement or trial. So those are some that are obviously more complicated at this point in time and could be more expensive parcels for us.

Sandoval: But you have a--I mean, we haven't hit the capacity yet though of what our estimates were.

Mortensen: No, we have not yet hit the capacity (inaudible).

Sandoval: So in a worst case scenario, do you think we'll still be within our estimates of what we thought it was going to cost for acquisitions?

Mortensen: For Phase 1, right now, what we have is--we have programmed about \$120 million. What I've been told is that through some of our settlements, we haven't actually got them executed yet, but we anticipate another \$14 million on some of the properties that we're already in the process on, which leaves \$16 million for the remaining six properties. And so at this point in time, I don't know if

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we'll actually end up under that \$120 million program. It'll depend on how the legal settlement turns out.

Sandoval: Okay.

Mortensen: But we're in the ballpark. It's not going to be an enormous surprise. For the design build phase, we've made 45 offers on the 118 acquisitions. We have nine property owners that have reached agreements, and those are in process right now. We have three relocations completed, which is a pretty low number, but we just started that process in October. We actually have 125 relocations in process. So they're staying plenty busy moving forward with that. We anticipate having all of the appraisals completed in the second quarter of 2015, and so once that appraisal is done, then just compensation is set, and then they make those offers. And we anticipate having all of the offers presented by the third quarter of 2015.

To give you a layout of what those properties are, we have 16 business--or 61 business relocations. We've got 25 commercial properties being impacted partially or totally, 34 single-family residences being acquired, six other residential parcels being impacted, two 24-unit apartment complexes, and one 18-unit, one 27-unit, and 34 plex structures, 280 plus or minus residential relocations, and seven billboards to relocate. So we do have a mix of uses on the property that we're acquiring for the design build phase of the project. And that concludes the right-of-way portion and the update for Project NEON. I'm willing to take any questions that you may have.

Sandoval: We're on schedule it sounds like as well.

Mortensen: Correct. Yeah.

Sandoval: Member Savage.

Savage: Thank you, Governor. One question, Cole. How many submitted? How many proposers submitted? I know you shortlisted three. How many...

Mortensen: Yes. We had three proposers submit, and we shortlisted all three.

Savage: You did? Okay. Thank you. Thank you.

Sandoval: Any other questions from Board members on this Agenda item? Thank you very much. It was very helpful.

Mortensen: Thank you.

Sandoval: We'll move to Agenda Item No. 12, which is a briefing on the 2014 State Performance Management Report.

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Malfabon: Thank you, Governor. Peter Aiyuk who is our Performance Management Division Chief, is visiting his family out of country, so I'm going to cover this item today and be very quick, and allow you and the Board members to answer any--ask any questions of me. Next slide, please.

We prepare this performance report annually and present it to the Board. Although it's an information item, we are open to any kind of guidance or direction that we receive from the Board under this item. The first performance measure, reduce workplace accidents, we saw an increase in injuries slightly but medical claims were decreased, although the value of those claims did slightly increase. On employee training, we look at required training for our employees, and we saw an improvement in that performance measure, as far as achievement of that performance. Employee satisfaction, we do an employee survey annually. We saw that satisfaction of our employees is up very slightly. A lot of the dissatisfaction is related to things out of NDOT's control, more of state funding issues with things that are cuts in pay or benefits.

Streamlining the agreement process, significant increase, up 6% there, and I think that we're going to see a continued improvement on streamlining the agreement process as we implement an electronic signature process with our agreements. Customer and public outreach. We did a survey in the previous fiscal year, 71% approximately customer satisfaction. We need to do another survey this current fiscal year to relook at that customer satisfaction, what we can improve. Reducing and maintaining congestion levels. This one has been a struggle, and we feel that a revision is required to this. We have transferred this performance measure to our Traffic Operations Division to determine what's a better, more understandable performance measure for this because we--as I've said, we've struggled with it. It tends to lead to engineering terms and just--people in the general public will not understand what we're trying to achieve with congestion relief. And it's a difficult one to put our arms around, but we're working on this one. So not much to report on that performance measure as far as improvement.

Streamlining project delivery, bid opening to construction completion, 92% were on schedule, 76% on budget, and that can be either way. As the Board sees from month to month, we sometimes miss on our engineer's estimates. They're low or high, and in some cases we're just following the market conditions with construction materials and construction labor and equipment and prices. So we do our best to stay on top of that, but you can see that we still have a ways to go on budget and estimating that properly.

Maintaining state highway system. You'll receive a report later on the preservation report on our highways and our bridges, but in general, a good performance of categories, the highest level of categories, the interstates that--

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the major US routes that carry a lot of the traffic. Maintaining the NDOT fleet. We saw an increase in the fleet requiring replacement. We do keep some of our fleet in operation. We don't have enough money to go around in this area for equipment replacement, but we are doing some things that we're going to be looking at with the operational audit and the rebuild program. And we saw an improvement in the preventative maintenance on our vehicles, so that people are getting the preventative maintenance done on those vehicles when it's due.

On maintaining NDOT facilities, we had a new method developed in fiscal year '13, but we did see a 1% improvement in facilities conditions, getting them up to code with various code regulations that are in place for facilities. On emergency management, security, and continuity of operations, we saw an 87.5% compliance. Our goal is to get 100% compliance on this, so that we can have secure facilities and very quick response. You've seen us in action on some operations with I-15 getting washed out. But in general, when there's a major event, we want to make sure that we're ready to take appropriate actions.

Reducing fatal accidents has really been a challenge. We saw some improvement over a five-year rolling average, but we are really going to have to pay more--put more emphasis and dollars, I think, into this area. And just to mention--you'll see it in the fatality report, but you'll see that we're higher this year as compared to this time last year. There was a recent report in Las Vegas, and the Las Vegas Sun, I believe, did this article, "20 Dead in 13 Days in Las Vegas". And it just really highlights the challenge that people were--things that are out of our control, people speeding, losing control of their vehicles, motorcyclists getting hit by motorists that don't see them, pedestrians that are walking outside of crosswalks. It's a really significant challenge, but we want to continue to drive fatalities down in our state on our roads, and in partnership with our other safety partners.

In streamlining project delivery, slight increase of percent completed on schedule. Completed on budget dipped to 25%, and we're looking into measures to improve that performance measure. Cost estimating, as I've said, is volatile, especially with increase in construction activities, not only by the state but also by locals and by the private sector. So we'll stay on top of that estimating process. Maintaining state bridges is another area that--we met the target with two bridges replaced this last fiscal year, but we'll have more information on the bridge condition report that is a subsequent item. And then the last one is streamlining the permitting process. 97% of those permits were processed within 45 days. So good performance measure there.

And I'm willing to take any questions from the Board members on those performance measures.

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Sandoval: Questions from Board members? Member Fransway.

Fransway: Thank you, Governor. Mr. Director, it's a good document, for sure.

Malfabon: Thank you.

Fransway: I do have some personal comments on the vision, mission, and goals section in our packet, particularly where it talks about core values. Some of it doesn't seem to indicate the department's true feelings on core values, to me. On the honesty, I would like to--we've been working on transparency for, I don't know, several years, and we've been trying to improve it, trying to make sure that we get the ultimate in transparency in this department. And so when we talk about honesty, I think it wouldn't hurt to have being truthful and transparent in the honesty. And commitment really doesn't seem to be NDOT when we say, putting the needs of the department first. I think that we should be basing the needs of the department on the best transportation system for the public. That's who we all work for.

And accountability, I think we should be accepting accountability, instead of being responsible for. I think we should probably change being responsible for, with accepting responsibility for. I hope I'm not the only one that feels this way, but I just feel that over time we have worked very hard to make sure that this is the public's system, and I'm not so sure that the wording in core values represents that.

Malfabon: And in response to Member Fransway, Governor and Board members, we had this mission, vision, core values, and goals for the department established several years ago under previous leadership. I think that those are valid points that Member Fransway raised. I've set aside a date in January to have our assistant directors, deputies, and myself get together and talk about the department's strategic plan. I think that we want to approach it differently to get some Board input on the plan. What I would request would be, allow us to have that interaction with the Board in the first quarter. I know it's a busy time with the sessions starting. But I think that it's time that we revisited the department's strategic plan, get Board input on that just as was provided today, but go with--this is kind of the previously adopted mission, vision, core values, and goals. And I'd like to have a more definite, defined process for interaction with the Board on development of a new strategic plan for the department going forward after the new year.

Fransway: I think that's a great idea, Governor.

Sandoval: I'd support that as well, rather than trying to edit it on the fly. We have a thoughtful process, and if you could bring something back at some point in the first quarter of next year, that would be great.

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Malfabon: Thank you.

Sandoval: Other questions? Madam Controller.

Wallin: Thank you, Governor. Thank you, Rudy. This is a great document, and I'm glad that the packet that you left on our desks today has the right Board members on there.

Malfabon: Yes.

Wallin: And I noticed, because you had put the AG back in on the one we got in our advanced materials, and then today when I pulled into the parking lot, you have a reserved spot for the Secretary of State. I didn't know that they were on the Board now.

Malfabon: Wow.

Wallin: Mm-hmm. Yeah. Yeah. You finally got rid of the Attorney General, but now you put the Secretary of State on there, so.

Malfabon: We'll have to talk to Buildings and Grounds about that one.

Wallin: Yeah. But good report. I'm glad to hear that you're training. You're doing a lot better in training because I think that that mitigates a lot of problems and issues and stuff. But I have some questions here in the pavement condition versus the annual target. And in category one, two, three, we're doing great. Category four we're, like, at 69.5%, and in category five we're at 30.2%.

Malfabon: Mm-hmm.

Wallin: What might be the fallout from that if we don't start doing something? The gentleman spoke earlier today about our road preservation and...

Malfabon: If I may, Madam Controller. If you could defer the question and wait for the response during the next item, it'll get more in to detail. Assistant Director for Operations, Reid Kaiser will present the Highway Preservation Report and get into the details...

Wallin: Okay. I can do that.

Malfabon: ...of those, and then explain kind of the categories of roads, and a significant change in the performance report that's of note, that he's going to cover today.

Wallin: Okay. And then I have one last question here, the percent of projects completed on schedule and within budget. When we're going along in 2012, we're at 45% completed on budget, '13 42%, and then '14 we dropped down to 25%. Can you explain what happened?

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- Malfabon: I don't know if John has something on that.
- Terry: John Terry, Assistant Director of Engineering. If there's any good news in that, it's because most of them were because the bids were under our estimate, not over.
- Wallin: Okay.
- Terry: I continue to say, we struggle with our estimates to match the changing construction industry. And while some of them are things that happen during construction, a lot of it is we're struggling with our estimates. We're beefing up how we review those estimates, before we bring it to this Board to award. But we're taking actions to try and increase the accuracy of those estimates.
- Wallin: Okay. Oh, and I have one more. Thank you. Thank you, John. On the cost-benefit analysis, I'm assuming that the Boulder City Bypass, Phase 1, it was at a .9 cost benefit. I'm assuming that this is without the I-11...
- Malfabon: Yes.
- Wallin: ...proposal.
- Malfabon: So what you'll see in the benefit costs for individual projects or phases of projects, it can be significant when it's only one phase that doesn't really serve its purpose when you need both phases, for instance, on Boulder City Bypass, I-11, you need both phases to make that...
- Wallin: Okay.
- Malfabon: ...function. You'll see a lower benefit cost when it's just an individual phase.
- Wallin: All right. That's what I thought. Thank you.
- Sandoval: Member Savage.
- Savage: Thank you, Governor. Mr. Director, again, as others have said, it's an amazing measuring stick. It shows accountability to the department, and I'm very proud that we have this document to keep everybody on track. A couple of housekeeping issues, because I know this is one document, I think, that does go to the legislature.
- Malfabon: Yes.
- Savage: And I know this is a draft, so I appreciate the opportunity to look at it before that. Page 101, where you have the major projects listed, those numbers don't correlate with the items behind it. So that's a minor housekeeping item. And then item number five regarding Project NEON, I think the verbiage P3 ought to

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be eliminated, since we've moved on to the design build. Small, minor housekeeping, other than that, I appreciate it. Thank you, Governor.

Malfabon: We'll adjust those, Governor.

Sandoval: Any other questions with regard to Agenda Item No. 12? Any questions from Southern Nevada?

Savage: No.

Sandoval: Thank you. We will move on to Agenda Item No. 13, briefing on the draft February 2015 State Highway Preservation report.

Malfabon: And Reid Kaiser, our Assistant Director of Operations, will present this and cover a significant change in how we estimate the backlog of the department. I think, Governor, you had brought it up before about previous preservation reports saying, this huge backlog. This was if we achieved perfection, basically, and eliminated all of the backlog in 12 years time. It was a good question, and a point that Reid, when he was chief of the materials division, took to heart and looked at what's a reasonable approach in looking at the backlog and preservations needs for the department. Reid.

Kaiser: Governor, Transportation Board, Reid Kaiser, Assistant Director for Operations. This document is required by the Nevada Legislature to be submitted every February 1st of every odd year. It's just the quick accounting of where we're spending our money, in regards to our pavements and our bridges, and it also discusses the estimation of the adequacy of our funding for our program.

Okay. Back in my former position as Chief Materials Engineer, when I first read this document back in 2008, I took a look at it and I noticed that our backlog was set at \$2 billion. And I also--when I was out driving Nevada's roads, that number appeared to me, to be way high. You know, I couldn't see where \$2 billion is our backlog, because our roads seem to be in pretty good condition. They didn't seem to be rutting, cracked, or anything. So what I did is I got with our pavement management section in the materials division. And what they informed me was that the way we calculated that dollar amount was by age. So all of our category one roads, which are the interstates, we would set a maintenance project up for every eight years. So that number was calculated by looking at all of the different categories. By category one, we would plan on doing a maintenance project in eight years; category two, 10 years; category three, 12 year; and so forth.

And so we would take every stretch, every road that we maintain, and we'd calculate a dollar amount for that construction project that was not up to speed at that time, and that's where we calculated the \$2 billion. Again, in my

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opinion, that wasn't realistic for the amount of budget that we had to deal with. And so what we did is we changed the method and how we calculated that dollar amount. And going from an age-type system, we moved over to a condition-type system. So we would go out and we would measure the present serviceability index of each section, which I'll cover here in awhile, and that essentially measures the cracking, the rutting. Essentially, that gives you a good indicator on the shape of that stretch of that road. So I'll get--like I said, I'll get to that point here in a little bit.

Right now, Nevada categorizes our roads in five different ways. That's based on control of access, the amount of truck traffic, and the volume of traffic that roadway carries. Okay. This slide gives you an idea on the amount of money that we have spend the last few years, in 2013 and '14. You'll notice we have two columns here. One is for contract maintenance, and one is for contract rehabilitation. Contract maintenance, what those projects entail is work that our NDOT maintenance forces can do, and also we give a portion of that money that our contractors can do. That's crack sealing, chip seals, (inaudible) seals, those kinds of things.

The rehabilitation column, that gives you an idea on the amount of money we spent in those two years on construction projects dealing with rehabilitation of our pavements. Okay. The condition aspect that we use here at NDOT is called the Present Serviceability Index. And that is a very long calculation that we use that measures smoothness, cracking, rutting, and it's a number between zero and five, with five being a good pavement and zero being a failing pavement. Okay. There's a lot to this graph here, a lot of information. You'll notice on our left-hand side there, that measures the PSI. That's your number from zero to five, and the bottom number is the years. That's the amount of money we've spent in each year, the red column being on the rehabilitation projects, and the green is on the maintenance site projects. And the line you can see, that's the measure between zero and five, and that shows right now that we are slowly on the downward trend. And that gives all of the roads for Nevada--not the different categories. That combines them into one graph, and it tells you that slowly our PSI number is slowly decreasing.

Sandoval: Is that spike stimulus?

Kaiser: Yeah. That spike there was the ARRA funds, and we did see a slight leveling out of the PSI number. But again, it's still--wasn't quite enough to get us back on track, but that's exactly what that was. And if you guys have any questions, don't be bashful. Let me know.

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Sandoval: I'm just looking at that and processing that. And you're right, I mean, there was a huge expenditure that was double, almost triple in some years, but it didn't bend that curve at all, with that expenditure.

Kaiser: No. You're right. And this next slide will hopefully explain some of those numbers a little bit better. What this slide shows is that our goal with pavement management is keeping 95% of our roads at a fair or better condition. So on the right-hand side, you'll see the different categories that I mentioned earlier. And on the--this shows you that what the different levels there, they're very poor, poor, mediocre, fair, good, and very good. Right now with the 95% goal of achieving those pavements in fair or better condition, categories ones, twos, and threes are meeting that goal. And categories four and five, as you mentioned earlier, Controller, is not meeting that goal.

And right now we are spending most of our funds in categories two and threes--ones and twos and threes, just for the simple fact that in our opinion, it's good to keep the commerce and keep those highways open where most of our traffic is flowing, the interstates, the larger arterials, and those type of things. And one of the problems that we're finding with our categories fours and fives is 15-20 years ago, our current method of maintaining those was never that big of an issue. With the increase in the number of mines, a lot of those rural roads were not built or constructed to be able to handle the large volume of heavy loads that we're receiving on those roads.

Take for instance, one of the mines on one of our rural roads, it was--I think it was a couple of years ago, every 10 minutes it had a fully loaded truck driving down one of those rural roads. Well again, that's not the interstate. We're not throwing money at that road like we have in the past. So with that in mind, those heavy volumes that we're getting, tears up those roads, and we just don't have the funding capacity to at the same time keep up our categories ones and twos and threes, to go spend on our lower-volume roads. I don't know if that answers your question, but that kind of gives you...

Sandoval: No, it helps. So it would be good to know where those roads are that are getting that extra use.

Kaiser: Mm-hmm. That road was the highway between Carlin and Eureka at that time. So I mean, most of our low-volume roads--you can see from the graph here, a lot of those roads, they're not being able to hold up, and we have all of that information in the materials division. We can tell you what roads are in very poor or poor shape. We have that information. Okay. Any other questions on pavement? That's all I have on pavement. Okay.

Bridge preservation. Right now, Nevada owns about 1,154 bridges in Nevada. There are up to about 1,900 bridges in Nevada and we inspect them all, but we

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only own and maintain about 1,154 of them. And also, just so you know, Nevada--there was an article that came out a year or two ago, that Nevada has the third highest rated bridges when you compare all of the other states with being structurally deficient and functionally obsolete. And what structurally deficient is, it's if a load carrying member of that bridge is in poor condition. The bridge is fine. It's going to stay up. You know, it's not going to fall down on us or anything. But it's just that one load carrying element of that bridge is in poor condition. And what a functionally obsolete bridge is, is it's a bridge that's structurally sound but there are problems with the geometrics or not a wide enough shoulder, things like that. And when these bridges were built, you know, 15, 20, 50 years ago, they were fine. They met industry standards for design. But that standard has changed through the years and has forced these bridges to be functionally obsolete.

Okay. That's just kind of a listing of who owns our bridges and where they're located--not where they're located, just who owns the bridges. And this map here is a map of Clark County, and those bridges there is a list of all of the bridges that are functionally obsolete. Again, what we're finding is a lot of these bridges that are functionally obsolete, they were built 50-60 years ago in the '60s and '70s when there was a big push to build the interstate system. So that's why we have so many bridges and these corridors that are functionally obsolete because, like I said, those standards keep changing.

Okay. This is the Reno area in Northwestern Nevada, and again, this just kind of gives you an idea of what bridges and where they're located are functionally obsolete. And again, those are--the yellow ones and the red ones are the ones that are structurally deficient. Are there any questions? Okay.

Krolicki: Yes. Governor, if I might. Perhaps, this is the engineer speaking to the lay person in this, but when we say things are structurally deficient, you just defined it orally, you know, that it doesn't mean that it's about to fall down, but it would be nice to put a definition or something on here. If someone is just going to read a cover page, which many people do, they're just going to see this, and they don't see the good, they see the bad. And especially when we--I think I saw the example of the Minneapolis bridge in here. You've got a bridge falling down in the same section that, you know, you're using the term structurally deficient. So, if there was some way to at least up front define what these really pejorative, scary terms are to--really are to the lay person. Just my spin in there, but it can really be misunderstood. Actually, the quality of the 1,900 bridges, and we're only talking about 34, but they're very safe...

Kaiser: Right.

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- Krolicki: ...but they just--maintenance required would be a far more vanilla terms and not as startling.
- Kaiser: Okay. Appreciate it. Lieutenant Governor, you hit it on the head. (Inaudible) has been dealing with that issue because of concern with those terms and what they mean. They're not very--people's imagination goes to that extreme, that they're not safe. And they want to change those terms, but they haven't established a terminology that would replace that yet for structurally deficient and functionally obsolete.
- Krolicki: If you were to define a human being as operationally deficient, I mean, that's not a good thing. So, you know, just saying. But yeah, if we could maybe have our Nevada Lexicon and operations at least define these federal terms very quickly, so people don't misunderstand.
- Kaiser: Yes. We can make that change to the report. Okay. And this slide here, again, is Northeast Nevada. And just so you know, a couple of the bridges that you see near Dunphy, we are reconstructing at this time, and one bridge is scheduled to be reconstructed next year in Fallon. We do have four bridges in Nevada that are structurally needing maintenance. Yes. They are needing maintenance badly.
- Sandoval: But in this report, it sounds like every road in Nevada--is there a road in Nevada that doesn't need maintenance?
- Kaiser: You know, what our maintenance strategists do is we go out above every four years, we'll put an overlay or a chip seal on them. So at that time, after about four years, then they will be needing, like, a maintenance type procedure.
- Sandoval: I mean, that's under a definitional...
- Kaiser: Yes.
- Sandoval: So under the definition, every road in Nevada needs maintenance.
- Kaiser: Not a brand-new road, but a road that's probably more useable--you're right.
- Sandoval: So that would be a yes.
- Kaiser: That would be a yes.
- Sandoval: So that's--I mean that's, like I said, a definitional term. So it kind of, you know, I guess I'm just keying off what the Lieutenant Governor said, because I don't want there to be this widespread concern suddenly that, you know, our roads are really lousy. Because under this definition, a road that is one day old needs maintenance.

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Kaiser: And I agree with you, and that was what I was trying to achieve by taking that backlog from \$2 billion back to \$663 million, because most of that \$663 million is the category four and five roads. But we can go back and we can look at where we derived that \$663 million, and see if we can't push those out, you know, if they are in the calculation, take those out. I mean, I agree with you. If it's a brand new road...

Sandoval: Because under this analysis, if we--I wish we did. If I had a magic wand and created \$660 million. A year from now you'd come back and say, we need \$663 million worth of maintenance.

Kaiser: Yeah. You know, I can't argue with you. You're right.

Sandoval: So I'm just trying to find--I'm not trying to belittle anything.

Kaiser: No, I understand.

Sandoval: I'm just trying to find that accurate place where we can describe exactly what we need.

Kaiser: Yeah. We can go back and look, and try and reduce that dollar amount because...

Sandoval: Well, and I'm not trying to chop it, I'm just--as I said, I'm trying to find that happy--I shouldn't say happy, but accurate report because again, it just gives the impression that every road is bad and there's potholes everywhere, and the Lieutenant Governor said, suggesting that bridges are about to fall down, and it's not there. I mean, we know there's work to do and acknowledge that, but just finding where that place is so we know exactly what we need to do.

Kaiser: That's what we--in our performance measure also, the present serviceability index, that's why we only calculated the dollar amount for those that are in very poor to poor condition. So if they're in the other three conditions, that's not accounted for in that \$663 million. It's just those roads that are in poor or very poor. Okay.

Currently, there's about \$119 million required in backlog for our bridges, and that's just in maintenance projects. And also, as I had mentioned earlier, numerous--most of our bridges that were built on the interstate system are approaching 50-60 years of age, and they're in good shape. But we are in the process of developing a plan to replace those bridges as their condition does dictate. And again, no bridges on the interstate are going to fall down. Those are all in good shape. But we do need to come up with a plan in the long term to deal with that, when those bridges start deteriorating on us. Okay.

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In conclusion, the department will continue to strive to balance the needs of economic development and capacity with preservation. We'll continue to use research. Research is a great tool for us. There's always new products, new methods to maintain our roads, to keep our bridges up. So we'll continue to use the research, and we'll continue to prioritize projects that work best for all of Nevada. That concludes my presentation.

Sandoval: All right. Questions from Board members. Member Fransway.

Fransway: Thank you, Governor.

Sandoval: Or wait, before I go to you, Tom, questions from Southern Nevada?

Martin: None here, sir.

Sandoval: Please proceed.

Fransway: Thank you, Governor. Reid's presentation of preservation, you state that your \$119 million currently needed for preservation on bridges.

Kaiser: Yes.

Fransway: Is that \$119 million somewhere? Are we going to be able to find that in our budget, or is that a shortfall?

Kaiser: Right now we do have a list of projects that is out on our five-year plan, and what we do is we look to see what bridges are most critical and we add that to our five-year plan. So if there's a potential for some work to be done to alleviate some of that backlog, then that's what we do. But I have to say there probably is not anything in our long-term budget to deal with that, but we are required every other year to inspect all of our bridges. And so we keep a good handle on the condition of our bridges. So we know if there are any problems associated with them, that we can deal with them quickly.

Fransway: Okay. And how much of bridge maintenance, and I'll include the inspection, is performed in house, as opposed as to has to be contracted out? Do you know?

Kaiser: You know, I couldn't tell you. I think John Terry is getting up, so he can probably answer that.

Terry: Again, John Terry, Assistant Director for Engineering. We have two full crews that do our bridge inspections, but we also contract out for additional bridge inspections. I would say we do in the range of 50% of them ourselves and about 50% contracted out, but it could vary year to year. And that's an ongoing contract, one of which we're going to have on the Agenda next month.

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Fransway: Okay. Because I know that in the past we have approved budget items for apparatus design for bridge work underneath, and so mainly is that for inspections?

Terry: Yes. We do our own inspections, but we also use consultants on, I think it's a biennial basis, to do our bridge inspections for us under our direction. That's correct.

Fransway: Okay. Mr. Terry, thank you. Thank you, Governor.

Sandoval: Other questions? Thank you very much.

Kaiser: Yeah. Thank you.

Sandoval: We'll move to Agenda Item No. 14, old business. First report of outside counsel costs. Why don't I just leave it to you (inaudible).

Malfabon: Yes. Thank you, Governor. Just to go over these old business items rapidly. We have items "A" and B, report of outside counsel costs and open matters and the monthly litigation report, and Dennis Gallagher, our Chief Deputy Attorney General, is here to respond to any questions you have. Seeing none.

The fatality report is tab C of this item. You can see that, as I had mentioned previously, that we have a significant challenge. We're 16 fatalities over, as the date of this report of December 1st, over this time last year, December 1st, so a significant challenge. I think that--we've had some discussions with our safety group about really looking at pedestrian fatalities and emphasizing some things to drive those numbers down. But as I mentioned previously, a lot of things are unfortunate, crashes, due to inattentiveness and people not--pedestrians, motorcyclists, drivers of vehicles not paying attention, and we want people to just be safe this holiday season, and buckle up, and don't drive impaired.

Item D is overhead costs. Governor, you had a previous question on the research program that we brought back for additional information on the indirect costs rates or overhead rates. We negotiated a rate of 23%, although the UNR and UNLV indirect rates are actually 43.5% and 44% respectively, for research work. And we negotiated that rate down to 23%, as I stated. And I looked online at a little bit of other rates that other research institutions charge the Federal Government. The Federal Government has to pay the going rate. And it's been an issue of concern, but because we have negotiated a rate between the state--the Department of Transportation and the state universities, at least we're doing better than not paying the actual that is eligible.

Sandoval: Well, at the end of the day the goal is for more money to go to the actual research...

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Malfabon: Yes.

Sandoval: ...than overhead so we get more bang for our buck.

Malfabon: Yes. And in some cases the universities work with us to cover some of the research costs with grad students to help us achieve the research findings and implement those findings.

The other item that was old business was tab E, report on potential construction employee shortage. And as the economy is improving in Nevada, construction workforce is an issue. We did attach some facts that were compiled by our public information officer in Southern Nevada, Tony Elia, does a lot of investigation of this topic and staying on top of construction workforce issues, labor issues. We do a lot of collaboration with the AGC, and the AGC provided a letter saying that they feel that it is a challenge, but they are meeting that challenge in Southern Nevada. But, it is something that we will continue to work with our construction partners in the industry. We do a lot of outreach also, to the schools, to try to get people interested in these careers of construction and engineering in general.

And, the last item was the freeway service patrol quarterly report. So if there's any questions on that item, we can respond to that.

Sandoval: Questions or comments from Board members? And, I appreciate the follow up on the overhead and the construction worker shortages. And, I don't want to--there isn't a shortage, at least if you read that AGC letter from Southern Nevada. So I don't want to create the impression that there is. But given what we've talked about in terms of the programming we have here and competing construction, not on the road part piece but in other projects, we just want to make sure that we have that workforce and that Nevadans are working and we're not--the contractors aren't having to go out of state to get their workforce.

And, it sounds like--this is in this AGC letter, there's still quite a bench of workers in Southern Nevada who are seeking employment. So I--I mean, it looks like we have a lot of folks who still need a job, and I'm hopeful that as the economy improves, they'll become employed as well. All right.

Malfabon: That concludes...

Sandoval: That concludes that report. Any questions, Board members, with regard to Agenda Item No. 14? Then we'll move to Agenda Item No. 15, public comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment to the Board?

Martin: No, sir.

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- Sandoval: Agenda Item No. 16, a motion for adjournment.
- Wallin: Move to adjourn.
- Krolicki: I would second.
- Sandoval: I wasn't going to take a motion from anybody else. So we have a motion to adjourn from the Controller, a second by the Lieutenant Governor. Any questions or comments? All in favor say aye.
- Group: Aye.
- Sandoval: This meeting is adjourned. Thank you, ladies and gentlemen.



Secretary to Board



Preparer of Minutes