

Transcript of Nevada Department of Transportation
Board of Directors Meeting
August 13, 2018

Governor Brian Sandoval
Frank Martin
Virginia Valentine
Len Savage
BJ Alberg
Rudy Malfabon
Bill Hoffman
Dennis Gallagher

Sandoval: Good morning, ladies and gentlemen. Can you hear us loud and clear in Carson City?

Savage: Yes, we can.

Sandoval: All right. Thank you, Member Savage. Good morning. I will begin the Department of Transportation Board of Directors Meeting. We'll commence with Agenda Item No. 1, which is to receive the Director's Report. Director Malfabon, good morning.

Malfabon: Good morning, Governor. We have a lot of information to provide to the Board this morning, so I'll get right into it. First, just to give you an update on emergency operations, we've had a lot of monsoons in southern Nevada and this created some flooding issues, and our maintenance forces have been doing an awesome job maintaining the roads and cleaning up after these monsoon events. That's just a photo of what's happening on State Route 168 in July up there by Mount Charleston, and we've also continued assisting firefighters across the state. This was an incident that occurred on I-80 between Patrick and USA Parkway. The fire department had run out of water, so we provided two water trucks. Unfortunately, another driver cut off our truck and caused our driver to roll over. Our driver, luckily, wasn't seriously injured, but pretty shook up, an unfortunate event. But I just wanted to make the point that we are continuing to support firefighters all across the state as they protect life and property with these wildfires.

A lot to cover on federal update, although it's kind of quiet right now with Congress being on August recess until early September. We provided an update last month to the I-11 Caucus. Members of the delegation from Arizona and Nevada received an update on our efforts for I-11, and the Senate and House are

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very close on their spending levels, their appropriations' levels for federal fiscal year '19. So, we're hopeful that they'll settle their differences and we'll have our funding in place before the start of the next federal fiscal year on October 1st. We submitted our request for August redistribution of federal funds for unused obligation authority, so anything that's not used up gets redistributed to the state DOTs across the nation, and hopefully, we'll be as lucky as we have been in the past in getting a substantial amount of money, that will basically result in more reimbursement from the feds and result in more funding in the state highway fund for other projects in the future. Federal Transit Administration had their auditors here to do a state management review of our transit program. We received an out briefing, but the formal report will be coming with findings in September, and we'll work on those corrections that we need to do in our transit program.

One interesting event, House Transportation & Infrastructure Chairman Shuster unveiled his infrastructure plan, and it was really great to see that he was addressing the rescission that's built into the FAST Act, in the last year of the FAST Act. It's a five-year transportation bill, but in 2020, they had a \$7.6 billion approximately rescission, so a takeback of federal funding anticipated unless they fix that before that federal fiscal year. One of the things that he did was to propose an increase in federal fuel taxes. As we have mentioned many times, that the federal fuel taxes have not been raised in decades, and it's something that they're considering is to address this shortfall in the highway trust fund revenue, so 15 cents a gallon increase in gasoline and 20 cents a gallon for diesel over a three-year period phase-in. And it's unlikely to pass this year, and Chairman Shuster is not coming back next year. He's not running for reelection, so it's unfortunate, but I think that it was good to lay this out on the table so they could have the debate and the discussion with some real issues that they have to address in Congress before the expiration of the FAST Act, so likely to continue into next year's session of Congress.

Wanted to congratulate the RTC of Southern Nevada for completion of phase two of I-11. We had a great event out there. Member Valentine and Member Savage were out there with us to celebrate, and I wanted to—I appreciated the fact that they gave recognition to the partnership between RTC of Southern Nevada and NDOT in delivering this section of I-11 from Railroad Pass all the way out to near the Hoover Dam. And as you can see on that plaque, it recognizes the NDOT Board of Directors, Governor Sandoval, you as Chair, and the other members and me as Director. I was very proud to see that recognition, and it was a great event, well-attended, had the high school band from Boulder City. And the folks from

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the Golden Knights were kind of the cheerleaders. I can't remember what their terminology was, but they were out there kind of—we didn't need any kind of pep talk, but we were—it was great to see just the community come together there. And a lot of the elected officials kind of had the podium to speak about the importance of I-11 and just wanted to repeat again congratulations to RTC of Southern Nevada for a great project. It was an amazing view from that area where they held the event, a view of Lake Mead, a national recreation area, and NDOT will eventually take over maintenance of this stretch of I-11 that the RTC's contractor, Las Vegas Paving, constructed, but there's still a few more months of work to do, and then they'll go through the punch list and final acceptance process. But eventually, we'll take that over.

And that event was held August 9th, but we also had a public information meeting in Las Vegas for the—it's the second round. It wrapped up the second round of public information meetings for the northern Nevada alternatives' analysis of I-11. So, we know that we have to look to different alternatives for I-11 as a corridor through the state all the way up to—along 95 and up to Interstate 80 here in northern Nevada, and the idea of the planning and environmental linkages was to look at these alternative corridors and really look at certain criteria, economic development, the infrastructure that's currently out there, freight movement, and try to whittle down the list of corridors that we should look at in the next phase of environmental clearance. So, that finished the last of the meetings in Vegas on that same day that we had the I-11 opening. So, it was a great day down there thanks to our team and our consultants that did a lot of work going across the state to get that public input. We anticipate a draft report in September on the recommendations and then formal approval for adoption by the Board in October. So, you'll see two—the next two months with Agenda items for I-11 for the alternatives' analysis presentation.

I have a lot of information to update the Board on Spaghetti Bowl Express project. We had the request for qualifications review completed, and these are the four teams that have been shortlisted. They're in alphabetical order by the name of the design-build lead. So, Ames and Q&D Constructors with Horrocks as their engineering partner, Granite Construction Company with Parsons, Kiewit Infrastructure West Company with Atkins, Las Vegas Paving Corporation with CA Group. So, these four teams will go forward. As we develop and release the request for proposals, they'll have input on the RFP, and we'll finalize that RFP eventually.

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To remind the Board—next slide—of the scope of the project, this will basically address the issues that we see at Wells Avenue with the merges on eastbound I-80, a lot of safety issues there with crashes as people want to get out of that lane coming up from Wells Avenue to either get on I-80 eastbound or to go to 395 or 580 along with the I-80 traffic that's already heading eastbound that wants to take those same movements. We'll widen the east to south ramp to two lanes. Right now, it chokes down to one lane over the tracks and the river, and we'll restore the third southbound lane at I-80 and address the lane balance issues between I-80 and Villanova exit. So, we'll be doing some widening on southbound, basically, and rebuilding some bridges there over the railroad tracks and the river to add capacity.

So, we always like to show our design-build process, where we're at in following our methods, and we're at the point where we're going to have the request for proposals issued, and then we'll have that industry feedback from those teams as we develop the final RFP. But we're moving along rapidly with this project.

And this gives you a better sense of the schedule. So, we're at the—we've completed the SOQ review, short list of those four teams. We'll have the request for proposals released, and then eventually, in the summer of next year, we'll have the recommendation on the construction team and in the fall of next year, construction can commence. And then we think that it's going to take about three years to build these improvements.

To address the budget issues, as I've mentioned before, it's about \$150 million project. That gives you the range of the contract value. We established a \$250,000 STIPend to unsuccessful teams, and the funding source is bonding for this project. There's probably a little bit of pay as you go for the initial acquisition of right of way for some of the initial efforts with engineering, but the good news is the RTC of Washoe County is also looking at how much they can contribute locally. So, it's subject to their Board approval, but it's good to see that they're willing to put in for this funding of this project using some of their revenues.

Big news, recently, we received an unsolicited proposal August 1st. This was for I-80 corridor. I don't have a lot of information because I'm being very sensitive to the confidentiality of the process, but I wanted to provide the Board some information about this unsolicited proposal. This is not the first unsolicited proposal that the Department has received. We have NRS regulations that define how we go about doing this, but we have also had the Pioneer Program process that we're following. So, we have an advisory committee review to conduct. The

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documents that have been provided have been housed confidentially in admin services so that we develop—follow our Pioneer Program process. We have our team members that are going to be signing confidentiality agreements, basically statements that they'll keep the information confidential until it's appropriate to present the more detailed information to our Transportation Board Members as they consider this.

This gives you a graphic that depicts what they're proposing to do, add another lane each direction on I-80, so widening from four lanes to six lanes. It includes retaining walls, earthwork, pavement, drainage, signs, and other improvements. But it—you can see from this graphic also it depicts you're kind of in a canyon area and the river is on the other side of the eastbound direction. So, it's a very tight corridor. NDOT actually has a feasibility study that's more in depth that's currently going on. Even before we received the unsolicited proposal, we were looking at this corridor for future widening needs.

So, what the proposal includes is widening, as I mentioned, for about 13 miles from Vista Boulevard to USA Parkway and then routine maintenance—operations and maintenance, basically, from USA Parkway to Nevada Pacific Parkway. So, it's about a 30-mile project with 13 miles of widening and 17 miles of operations and maintenance. So, one of the things that the proposer has asked is that we expedite the review. We didn't make any obligations to that or commitments, but just wanted to give the sense to the Board of what's being requested by the developer of this proposal, and typically, we would go through the due diligence, the evaluation, make our determination, and then receive Board approval and negotiate on the financial documents, the financial aspects of this deal, which is a P3. With a reasonable process, we believe that it normally would have taken us 17 months. So, we've just started. We received the documents. We've assembled a team. We have Ernst & Young on board under the Pioneer Program to do the financial due diligence, and we also have the technical aspects being reviewed. We were in the midst of updating our Pioneer Program procedures, and we're using that consultant with an amendment to help us with the technical review of the proposal. So, a lot of work still to do, technically and financially. We're not making any decisions without that due diligence. So, I just wanted to present to the Board. I didn't want to present costs or names of firms or anything. I just wanted to give you an overview of what we're looking at here, and it is a substantial effort, though. We're just going to follow our normal process and try to expedite this while we can. As I've given examples of, where we had consultants on board or had the ability to hire consultants quickly for financial

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and technical assistance, we've done that. So, we're doing our part to try to expedite the review, and we'll be presenting more information in the coming months to the Board on this unsolicited proposal. By NRS, the Board will have the option to either accept that—maybe accept it and go competitive procurement, which would take 20 months, as you see on the bottom portion of that slide, or we can just reject it. As we did—as the Board saw on Project NEON, we chose to go with a competitive procurement, and then eventually, we decided, based on the cost of the P3 versus traditional bonding, to go with a design-build with traditional bonding on Project NEON. There's been other unsolicited proposals that we've received in the past that have not developed as much as this one has been developed at, but we are going forward with our due diligence, and I just wanted to apprise the Board of that.

Little update on the Nevada shared radio system. Next month, we should have the negotiations with Harris wrapped up. We'll have that final number. I don't have that due to the sensitivity of the negotiations right now, but we will have that anticipated for presentation to the Board next month for your approval, and we'll coordinate with the Governor's Finance Office on the cost split between general fund agencies and that also use the Nevada shared radio system. The Governor's Finance Office just asked us to look at the most recent usage statistics for these other agencies and NDOT so they could have a reasonable split between highway fund and general fund, but the bulk of the funding will come from the highway fund, obviously. Eventually, we'll take that also to the interim finance committee of the legislature for approval of the budget for the expenditures in this current state fiscal year, and then we're building in that number of the budget expenses into our biennial budget request for the 2021 state fiscal year.

Recently, we had an issue with only one bid being received on a contract for scour mitigation on a bridge near Nixon on State Route 447. Our estimate was a low \$1 million range, and the bid was about three times that estimate. We felt that it was low risk to reject the bids and to look at other countermeasures that we can do. We were surprised by the expense, but the fact that there was only one bidder and it was substantially more than the estimate caused us to reflect on that, look into it. We feel that we could actually replace that bridge for just a little bit more cost than the bid for the scour mitigation contract. So, we're going to go back to the drawing board on this one, but wanted to inform the Board that we did formally reject the bid on this project. And as I mentioned, we felt it was a low risk to reject the bid, because we—although we had a lot of storm events in the last couple years, we didn't see as much scour as we thought we might see at this

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bridge location. So, we think it's a low risk to go back to the drawing board and consider our options for this bridge out by Nixon.

We recently opened up the—or completed the \$34 million widening of I-15 by the Speedway Interchange there of Craig Road to Speedway, and I wanted to also thank the sculptors Simi Dabah, who gave us 14 sculptures. And I kind of showed some depictions there of photos of some of the sculptures that this artist donated. It's pretty cool. Some of these are like 20 feet tall. They were spread out through that project, and it was great to incorporate some artwork that was donated for free by that artist and fit in well with the landscape and aesthetics for that stretch of I-15.

As I mentioned before, our team is working out the environmental issues and looking at the HOV plan update in southern Nevada due to the MGM and the stadium developer informing us about concerns with the Hacienda HOV ramp location. We're updating that HOV plan with our consultant, and we're also looking at that City Parkway HOV concept at the 515 Expressway in downtown Las Vegas, and then we'll finish out the environmental clearance for the Tropicana Interchange. We're also looking at a feasibility study of what we call the gap, the I-15 gap from Sahara, the southern boundary of Project NEON, and Flamingo. So, Tropicana Interchange Project was covering kind of the Harmon to Hacienda area, and if we address this gap, we can look at what some of the needs are for future widening of I-15. It's not going to be as soon as possible type of thing for the widening of I-15 in that section. We want to give people a breather from Project NEON, but it's wise to look at the alternatives there and what are some of the pinch points that are affecting I-15 future widening. The City of Las Vegas has proposed a concept about Martin Luther King extension to the south all the way to Desert Inn, and we wanted to understand if that affects some of the future widening possibilities for I-15, what are we giving up if we look at more of the local road and that arterial concept for widening and extending Martin Luther King as an option by the city's concept. Also, we're going to be receiving—go back—a briefing on Boulder Highway. This is a jointly funded study that we looked at with RTC of southern Nevada, and it has a lot of interest from the city of Henderson and from some of the Clark County commissioners that would look at a complete street approach for Boulder Highway. I've been very cautious about committing NDOT to construction of this project because of the nature of the project of complete street. We wanted to look at is it something that other entities can jointly fund with NDOT. It's basically taking Boulder Highway, which was the old entrance into Las Vegas back in the day, and it doesn't need as many lanes

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as it has now. We'd be looking at some transit lanes dedicated to buses only and also looking at the issues with sidewalks, landscape and aesthetics, what's the future look of Boulder Highway. But I've been hesitant to say that NDOT will fully fund this project in the timeframes that some of these public officials would like us to, and I'd also like to discuss the possibility of a road transfer on Boulder Highway with some of the local agencies down in southern Nevada. As I mentioned, city of Henderson and Clark County are involved. This study encompasses all the way up to Fremont Street on the north end of Boulder Highway with the city of Las Vegas as the entity at that end of the corridor. So, more to come as far as a presentation on some of these recommendations, but I wanted to apprise the Board of my position as Director is to be more cautious about committing the funding to this. I wanted to address some of the choke points with some of the freeway-to-freeway interchanges. That's what we've been doing with some of our funding that's available in future years.

I also wanted to thank the efforts of our traffic operations, our district sign crews, and the headquarters sign shop. They've done a lot to address requests for signage on some of the highways. I'm showing a picture of the Infinity Highway signs on USA Parkway. We finally got those up. The Purple Heart depiction there was one that Nye County had requested and ran into them at the I-11 event, and they were very grateful for NDOT getting that Purple Heart Town for Pahrump and Purple Heart County for Nye County, signs up recently. And as you'll see in your packet today, there's contracts that had—in District II for installation of the new state park signs that show the Division of State Parks logo on there and larger signs. And I know, Governor, you've made it a point to kind of visit these sites and have mentioned that a lot of people don't see these small signs when they're traveling in rural Nevada, and it's good to draw some attention for tourists that might not otherwise know of a scenic view or something that's a really nice stop along the way along our rural highways to visit some state parks that they might not necessarily be aware of. So, I wanted to just reiterate thanking all the efforts of our staff that have been helpful in those signage efforts throughout this year.

Governor, I also wanted to recognize Ryan McGinnis. I know that he's mentioned that Tyler Klimas is going to be taking over a lot of the reins and the—carrying the—or leading the Governor's Office in Washington D.C. Ryan was very instrumental in joining with us as we visited our delegation, giving us heads up of any Congressional issues so that we could address those with our delegation, but he was a great help for us. I know that he's still going to be working back there in D.C., but wanted to mention that we really appreciated his efforts as the Director

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of the Nevada Governor's Office in Washington D.C. I don't even know how many years, but I know he's worked for several governors and just wanted to thank him for his assistance through the years. He's been very helpful to NDOT.

No settlements at the August Board of Examiners meeting, but we did receive a lawsuit filed against us for inverse condemnation. That basically is when we didn't actually acquire the property, but they say that we affected the property values in a negative way for the property owner. Obviously, we have our position on this, but we'll have to address this in discussions with the legal team for the landowner, First Presbyterian Church, and if we have to, we'll have to go to court to fight this battle on this inverse condemnation claim. It could be substantial. Millions of dollars is probably what they're going to be requesting, but we feel that we have a good position on this. We didn't actually take their property for Project NEON, but we'll keep the Board apprised of the status of that lawsuit. With that, that concludes the Director's Report. I know I gave you a lot of information with Spaghetti Bowl Express and that unsolicited proposal. I'm willing to answer any questions, but in some cases, some of the information is confidential at this point while we do our due diligence.

Sandoval: All right, thank you, Rudy, and I didn't ask questions along the way because I didn't want to interrupt you. So, that's a good, lengthy report. I'll go through just a few questions and comments. With regard to that unfortunate accident with the water truck, I'm glad that our employee is okay, but I would imagine that we're making a claim against the individual who was driving the car that cut him or her off.

Malfabon: Yes, Governor. I wanted to check into that to see if that driver was cited, but it sounded like he cut off our vehicle unsafely. So, I was hopeful that we could file that insurance claim with his insurance coverage.

Sandoval: Yeah, just having gone through the inventory, I don't know how old that water truck was, but I know they're not cheap. So, in any event, every little bit helps. With regard to I-11 and the Boulder City bypass, I apologize that I wasn't in attendance. It was a great event. It's something that has been literally decades in the making. I know that there had been an effort in the three sessions of the legislature to pass legislation that enabled the construction of the project.

Malfabon: Oops. Governor, somebody—oh, there you go.

Sandoval: Yeah, I got it. Backing up, I wanted to congratulate Senator Joe Hardy. We worked together to get that bill through early on, and frankly, we had a little

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signal where we crossed hands, because we linked it with another piece of legislation to make sure that it got through, and it literally passed within the last half-hour of the legislative—of the legislature that year that it passed, but it was really nice to see all this come to fruition, and it's going to make a massive difference and, you know, just so well attended, and I was glad to see the federal delegation along to lend its support as well. On the Spaghetti Bowl Express, again, thank you for making that a priority. It's going to be, I think, a transformative project for Washoe County and for what's happening in the northern part of the state with regard to the growth, and given, I guess, suppose—juxtaposing it next to Project NEON, we're getting ahead of the—the growth right now. So, I think it's really going to save a lot of time and effort on behalf of the citizens up in northern Nevada that we're moving along on that. So, congratulations on that. Just a question, Rudy, and I understand the sensitivity of the unsolicited proposal associated with the widening of Interstate 80 and that it is a proposed P3, but do we have—is there any obligation to—if there are other entities out there that would like to do the same thing, for them to be able to compete for this project or do we only work with one entity on this?

Malfabon: So, the Board's options are to accept with the sole—I mean, the company that proposed it or to accept it and go out for a competitive procurement or to reject it. So, it's something that the Board can consider. We don't necessarily have to be committed to just one provider. It's just an option that's available to the Board as to—if we conduct a price analysis and financially see that it's a good deal for the state of Nevada, then we can—it's an option available to the Board to accept it as proposed and after negotiations and financial close. But one thing to point out is that it is unique in that it has a substantial amount of mileage compared to Project NEON for the—the P3 operations and maintenance for Project NEON didn't make as much sense for the state. I think that this team is proposing something that's more substantial with that amount of miles, but we want to just conduct our due diligence. But in direct response, Governor, we don't have to accept it, we can actually go out for kind of a competitive procurement. It's just an option available.

Sandoval: No, P3 is obviously unprecedented, and I know that we almost—we were almost at the threshold with regard to Project NEON when we decided to do something differently. I'm not going to be here to review this. I just don't—I guess my comment would be, how would we ever know for sure unless we had some other private entities that if they were interested, had the ability to present a proposal as well? And so I just would plant that thought with the other Board Members who

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are going to continue on, because it is an absolutely necessary project. P3s, because it's unprecedented, I want to make sure that we are getting the best deal, the best price, and the most thorough project, and I don't—again, don't know if we would ever know that for sure unless some other entities may have an opportunity to make their own proposals as well. So, just a comment, not a question. Radio systems, southern Nevada projects look good. Thank you for getting those signs up.

Malfabon: You're welcome.

Sandoval: I've been—with regard to the state parks, truly, we have—you know, and I have; I've visited every state park, and they are just treasures. And I can't imagine how many people would have liked to have visited them if they knew they were there. I mean, they're in some pretty remote places, but in any event, I saw the signage coming out of Carson for Washoe, Washoe Lake Park, and they're really nice. They catch your attention. I know that we've put them up statewide, and I'm thankful, and I know the rural communities will be the beneficiaries of some of that rural tourism are thankful as well. I'm sure Mr. Alberg can comment with regard to the beautiful state parks that are in White Pine County, but in any event, I know that there was a lot of time and effort put into that as well as the Infinity Highway sign. I think that's something that's going to catch a lot of people's attention, and given the potential for development even above and beyond what's happening right now, it's really going to complement what's going on out there. I'm really sorry to see Ryan McGinnis go. He's truly been a—provided a lot of benefits for our state and somebody who's a Nevadan—a native Nevadan and was educated here and then has gone on to do so many good things for the state. But as you say, he's still going to be around and working on behalf of Nevada. Final question on this lawsuit, so is the—and maybe this is for Mr. Gallagher. Are we—is the theory that we should have tried to take that property, and because we didn't, we should pay money? I just want to be clear on that.

Gallagher: For the record, Dennis Gallagher, Counsel for the Board. The plaintiffs, Governor, are alleging that due to the Project NEON construction, the net effect has been a taking of their property. This particular congregation has indicated that early on that it wanted the State to assist it in relocating from that location to a site in the Summerlin area. Obviously, that was not part of Project NEON, and the Department bent over backwards, if you will, to make sure that no part of that property was taken for the project. They did some reengineering, and the only physical affect on the property is, I believe, one of the utilities that had to relocate

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because Project NEON relocated part of the power lines on church property, but the church would have received fair compensation for that.

Sandoval: All right, thank you, Mr. Gallagher. That's all I have. Board Members, any other questions or comments with regard to the Director's Report?

Martin: I have one, sir. Rudy, on the express short list, how many total firms submitted? You shortlisted four firms. How many submitted a package on it?

Malfabon: Thank you, Member Martin. I should have mentioned that all four firms were the four that submitted, and they were qualified.

Martin: Thank you. No further questions.

Sandoval: Thank you, Mr. Martin. Member Valentine.

Valentine: On the unsolicited proposal project, you say that a certain part of that road, they proposed operation maintenance. What operations are they proposing?

Malfabon: Basically, it would take care of all the maintenance efforts that we currently do, so any patching. They would build in—since it's a long-term P3, they would build in resurfacing of that stretch and then a hand back to the Department at the end of the term of the public-private partnership contract. So, it would be basically what NDOT does currently on that stretch for operations and maintenance, everything, basically.

Valentine: For the duration of the project.

Malfabon: For the—yes, for about a 30-year term.

Valentine: How are your conversations going with the Reno Airport on the [inaudible] action?

Malfabon: I'm going to—Member Valentine, I'm going to let Cole Mortensen respond to that question.

Mortensen: Good morning, Governor, Members of the Board. For the record, Cole Mortensen, Assistant Director of Engineering. The last contact that we had with the Reno-Tahoe Airport Authority was when I presented to their Board on June 14th. We're presently looking at the alternatives that they would like to have us include into the project, and so we're doing the due diligence on that at this point in time, and we're hopeful that we will be able to work with them and get that squared away. As part of the draft environmental process, they've been given the

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draft EIS and have the opportunity to comment on it, and then we'll be holding a public hearing for the DEIS, I believe, in November.

Valentine: Thank you.

Sandoval: Other questions or comments from Board Members? Member Savage.

Savage: Thank you, Governor, and good morning. Two comments. It was a privilege and an honor to be at the I-11 ribbon-cutting ceremony, representing the Department and RTC, and Governor, without your leadership over the last seven-and-a-half years, I don't believe that would have happened. I sincerely and personally thank you and your people, the NDOT people as well, and it's a lot to look forward to. Nevada is leading, and you've always led, Governor, and this is a classic example of we're leading the nation on this new interstate. And God only knows when it's going to be complete, but the Department is doing the right thing. They're doing due diligence. So, I thank you, Rudy, as well. Secondly, on the unsolicited proposal, there's no doubt it's necessary, but the timing and the due diligence are everything. The Department has a priority right now on Spaghetti Bowl up at the north, and we have a lot of other work here in the state. We just need to ensure that both the short-term and long-term value is for the betterment of the state, and I appreciate the Governor's comments. I appreciate Rudy's composure and comments for this unsolicited proposal. The Department does have a lot of experience in the P3, as you mentioned, Governor, with NEON, and the competitive nature that we had with the NEON has been very successful. So, I thank you, and that's all I have at this moment.

Sandoval: All right, thank you, Member Savage. Rudy, I did think of one more question. How are we doing on the Electric Highway?

Malfabon: Good question, Governor. So, we've had some meetings with Federal Highway Administration about the issue of using public lands for a company such as Valley Electric Association that wanted to install—using the Volkswagen settlement funds on BLM easement, basically, to the Department. We're making some progress on that point to—the issue has been can an entity that installs an electric vehicle charging station be able to assess a fee for usage by a motorist that's charging their vehicle. We're—it is something that was unanticipated in the federal regulations, but the Federal Highway Administration is working with us on this issue. Specifically for Tonopah, we've made some contacts with the utility companies that were in the way, and I'm keeping the pressure on our folks, keeping, hopefully, our options open with that contractor that was willing to

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basically—right now, he's still under contract. We were looking at possibly re-procurement, but I wanted to—I thought it would be easier and more timely if we kept that contractor on board and negotiated on some of the pricing with the redesign elements of the retaining wall that was affected by the utilities. So, we're still hopeful that we want to try to get that, weather permitting, finished this year in Tonopah, and then we're looking at the other locations such as Amargosa Valley and the rest stop there. NDOT is willing to help where we can with some of our resources available and also working with the Governor's Office of Energy on coordination of other locations along the Electric Highway 95 and other parts of the state as well.

Sandoval: Okay, thank you, Rudy. I just really, really would like to see that get done, and I know there's been some unanticipated delays, but hopefully, we can finish it, and Tonopah has been in the conversation for many years now. So, hopefully, we can get that done. I guess that's all I have with regard to that.

Malfabon: Thank you.

Sandoval: Board Members, any other questions or comments with regard to the Director's Report? All right, then we'll move on –

Malfabon: Governor, if I may, I wanted to just add one more thing. You know, school is back in session in Washoe County. I know they start next week in Carson City. I just wanted to remind people to drive safely and watch out for those school zones. Watch out for those kids walking and biking to school, and also, there's a restriping project that we're having a public information meeting in Henderson for the interchange between the 515 Expressway and the 215 Beltway there in Henderson. We're restriping to make some safety improvements, and on Wednesday, August 22nd, from 4:00 to 7:00 we're going to have—at the Henderson Convention Center, have a public information meeting about that project, and that is everything for the Director's update.

Sandoval: Thank you very much. Agenda Item No. 2, Public Comment. Is there anyone present in Las Vegas that would like to make public comment to the Board? There is no one coming forward. Move on to Carson City. Is there any individual present that would like to make public comment to the Board?

Malfabon: Yes, there is, Governor. You can just go ahead and state your name for the record. Thank you.

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Rodriguez: Good morning. My name is Lori Rodriguez, and I'm a member of the Golden Valley Property Owners Association, and I hope you all don't mind that I just read this instead of trying to wing it like I normally do. Three years ago in August, I came before this Board and asked that the 395 southbound freeway be widened from the valleys north of Reno. I am amazed at the progress that has been made in that time. The Lemmon Valley intersection has been reengineered. Ramp meters have been installed, as well as signs and reader boards that have been set up. Paving has started to widen the choke points, and prepping has begun to restripe the existing roadway into three lanes. Maintenance has been done with the crack-filler, and the more troublesome potholes are being monitored. Several traffic studies have been completed with the result of plans extending to the year 20—pardon me—2040, and the plans are everything we could have hoped for, four lanes going both ways as far as Lemmon Valley, with three lanes beyond that until near the state border. With the now close to 22,000 homes that are currently being built and are in the development stage, as well as the booming warehouse industry, these added lanes will be more than welcome. In my opinion, this project is moving at rocket speed. What would normally take 20 years will be done in eight to ten. All the agencies involved have been doing an outstanding job of working and communicating not only with each other, but with the developers who also want to solve the traffic issues. But none of this would have happened without the support of this Board, and that is why I am here today, to say thank you. You have all been supportive of this project from day one. When I talk to people about this project, I always give credit to the people doing the work at NDOT, RTC, the cities, and the counties, but I always tell them that the Transportation Board has been behind this 100%, and without that support, this would not have been possible. I also want to give a special thank you to Governor Sandoval. Your support has been invaluable. Without it, I think this project would have been a much longer process, if at all. So, thank you to everyone from myself and on behalf of current and future residents of the north valleys. Thank you.

Sandoval: Ms. Rodriguez, thank you, and thank you for your kind words, and it's great to see you again, and we'll keep it up. Is there any other public comment from Carson City? I hear and see none. We'll move to Agenda Item No. 3, which is the approval of the July 9, 2018 Board Meeting Minutes. Have the Members had an opportunity to review the minutes and are there any changes? If there are none, the Chair will accept a motion for approval.

Martin: So moved.

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Sandoval: Member Martin has moved for approval. Is there a second?

Almberg: Second.

Sandoval: Second by Member Almberg. Any questions or discussion on the motion? If there are none, all in favor please say aye. [Ayes around]. Opposed, say no. That motion passes unanimously. We'll move on to Agenda Item No. 4, Approval of Contracts over \$5 million. I assume, Mr. Nellis, we turn it over to you.

Nellis: Good morning, Governor, Members of the Board. For the record, Robert Nellis, Assistant Director for Administration. There is one contract that can be found on page 3 of 18 for the Board's consideration. The project is located on US 95 at mile post 88 and 215 from Grand Montecito to Tenaya Way in Clark County to construct northbound US 95 to westbound 215 flyover, southbound US 95 to eastbound 215 flyover, and eastbound 215 to southbound US 95 ramp. The Director recommends award to Las Vegas Paving Corporation in the amount of \$61,500,000, and there are several factors our engineers believe account for the difference in \$12.3 million over the Engineer's Estimate. Some of the primary factors are prices of concrete, plus high resource demand on labor and equipment and constructing multiple frames and multiple bridges simultaneously with an aggressive schedule. Additionally, steel escalation, mobilization, and contractor risk and drilled shaft construction account for the majority of the difference.

And we're sure the Board will have some questions on how several contracts this month exceed the Engineer's Estimate, so we thought it would be important to put into context these differences by looking at some historical data. Roadway Design created a chart for us of all the contracts since October 2014, and I hope you can see this down in the South. I know there's a lot going on, on this chart, but I would like to direct your attention to the red dots, if you can see them, with the solid red line representing the Engineer's Estimate for 139 contracts. Secondly, the blue dots represent the award price for each of the contracts, and the dotted blue line is the average award price. As you can see from this chart, notice how the average award is below the Engineer's Estimate over nearly a four-year period of time. This translates into a \$17 million savings—or I should say \$17 million in favor of NDOT between the Engineer's Estimate and the awarded price, and this accounts for about \$1 billion worth of projects that have been put out. So, on average, NDOT is doing good, even though you see prices shifting month to month. Some Engineer's Estimates are high. Some are low, but over the past four years, it looks like we're doing really good, and our engineers are doing just as great as they can possibly do. So, just wanted to give you that perspective

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before we launch into discussion on the contracts. So, that concludes this Agenda Item, Governor. Does the Board have any questions regarding this contract?

Sandoval: No, thank you, Mr. Nellis, and I know you would anticipate the questions on those estimates. Just a couple questions. First, was there only one bidder on this contract?

Malfabon: Actually, Governor, we have—we provided a short slide show that will hopefully respond to a lot of—what we anticipated as questions possibly on this contract award. So, I'm going to defer to Cole Mortensen to cover some of these key points while we get that loaded up.

Sandoval: Are you waiting on me, Rudy?

Malfabon: Governor, we're just getting the—here it is, the presentation loaded up. So, it will cover some of the reasons why we felt that award was appropriate and go over some of the findings that we saw as we looked into this contract.

Sandoval: Okay, thank you. Please proceed.

Mortensen: Good morning, Governor, Members of the Board. For the record, Cole Mortensen, Assistant Director of Engineering. As you can imagine, ending up with a bid on a project like this that was 25% higher than what our engineers estimated had caused quite a bit of excitement. So, our group went back to the drawing board and evaluated what had happened and kind of the scenario that we're in, I guess. So, what I want to do is kind of step through what we're actually talking about for this project, the effort that the team made, and again, why we're still recommending approval of the contract.

So, I think one of the biggest things that we're having—or we had difficulty anticipating is the cost of falsework. So, the cost of falsework ends up being an incidental cost to the Class D concrete item. In previous contracts, the Class D concrete item has been used for reinforced concrete boxes in the ground for conveyance of drainage and flood waters and that kind of thing. In this situation, the Class D concrete is being used to bid the large structures that require all the falsework and the formwork.

Here's just another picture of what that formwork and falsework looked like on Phase 3A.

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And again, some of the difficulties with constructing concrete up in the air is you end up having to have pump trucks there to get it up to the level of your falsework and where that bridge needs to be.

So, quickly, Robert had already kind of gone over some of the improvements. The improvements that we're talking with 3C are the items listed there in the pink and shown in the pink, and so you can see the bulk of this project happens to be those two flyover bridges.

Here is a rendering of those structures, and as I mentioned, you know, concrete in the ground is a lot less expensive to construct than concrete in the air. The anticipated height of the southeast connection there is about 35 feet, and the northwest connection headed southbound on US 95 is about 60 feet. And so as we looked at the bid, we looked at—we've put an aggressive schedule together for it, and as a result, in order to minimize traffic impacts, the contractor is required to construct falsework for both structures at the same time. What that means is they need to have twice as much falsework and twice as much formwork, and those all add to the costs of the bid item for the Class D concrete. Of course, the structure size and complexity when you're building a bridge on a curve, super elevations, a lot of those things add additional effort and additional cost, and as always, risks for the drilled shafts are always a consideration.

One of the things that we had found is that the concrete and steel costs had gone up on us. I mentioned the Class D concrete is kind of difficult to estimate just because the contractor means and methods, the amount of falsework they have, how they're planning on stepping through it, and that kind of thing. Right now, steel has gone up. I understand it went up 11 cents from the time we advertised the project to the time the bids were due. I've also been told that reinforcing steel suppliers aren't guaranteeing bids for more than 30 days. We do have the steel escalation clause in this concrete—or in this contract I believe; however, the contractor still has to price that risk between when it's advertised and when we accept their bid.

So, one of the things that I thought I would hit on, too, is that, you know, you may be questioning why we'd go with this type of structure, and so as always, when we start off with these projects, we go through a process to evaluate the best structure type for the situation. For us, generally, the cast-in-place box girder is 20%-25% less than steel. Right now, as I mentioned, steel presents a risk from a cost standpoint. As far as an economic benefit, cast-in-place concrete keeps all the material and labor in the local economy versus out-of-state for providing

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fabrication of steel girders or precast concrete elements. Traffic impacts associated with falsework aren't necessarily any different than what we'd see for steel girder erection, because we still have to place the decks on the girders themselves, and we don't allow pouring of concrete over live traffic. Oh, and then last, but not least, the cast-in-place concrete bridges actually look much nicer from an aesthetic perspective, and we actually had an article in the engineering journal commending us for making the selection of cast-in-place concrete for this interchange, and so there were a lot of things that went into that consideration.

Also, as you can imagine, knowing we only had one bidder, effort was made to go out to talk to the other contractors that were involved, and some of the feedback that we got from them was that, of course, the complicated falsework being required, the availability of that falsework, no local material pits adjacent to that interchange. So, there's more mobilization required than maybe what we had anticipated. One bidder actually said that they didn't think that they could compete with a 5% preference for the local bid with this project being a federally funded project. That was not the case. So, that bidder, unfortunately, was mistaken, and so that was some of the impact—or feedback that we got from the industry. So, with that, are there any questions?

Sandoval: All right, thank you, Mr. Mortensen. Questions from Board Members? That was pretty thorough. I guess I have one question. How much time is there between when we do our Engineer's Estimate and when the bidders—the bid actually comes in?

Mortensen: It varies from contract to contract. Robert, do you happen to have that right there? I'll have to look that up and get back to you. Generally, with more complicated projects, I believe we allow for more time.

Sandoval: All right.

Martin: I have one question.

Sandoval: Member Martin.

Martin: Thank you, Governor. I have a couple of questions. Cole, you mentioned the 11 cents, that you made the statement steel went up 11 cents. I just want to clarify that's 11 cents per pound; is that correct?

Mortensen: Correct, correct.

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Martin: And there's significant poundage—or significant tonnage in this structure from what I could see.

Mortensen: That's correct. When you have cast-in-place concrete boxes like this, they're just packed full of reinforcing steel as well as prestressing steel, and then as I mentioned, you know, the falsework is steel, too. So, all those things tend to add to an increase in cost for the project.

Martin: So, I have one question. When the Engineer's Estimate was developed however long ago, quite some time ago if I recall correctly, was the compressed schedule of having the falsework for both flyovers anticipated in that Engineer's Estimate or was the compressed schedule added after the Engineer's Estimate?

Mortensen: The way that we put together our cost estimates doesn't always lend itself to that understand of having the falsework in both situations. That was—after the fact when it came back to us, we evaluated that and then kind of understood the effects that that did end up having on the interchange itself. Yeah, you're right. We estimated the cost of those components well before we actually advertised. So, you know, there was obviously some change in the market at that point. When we had a—I'm sorry. When we had our team come back, the engineers, after having looked at some of the factors, I believe that they would have preferred to have had an Engineer's Estimate that was in the \$55 to \$56 million range based on their understanding of how it would be constructed and that kind of thing.

Martin: That's why I asked the question about when the schedule component was added into the equation. From what I've seen in analyzing—in my own little simple way, analyzing the numbers on your sheet, it appears that most all of the [inaudible] have to do with that falsework issue and the steel issue from what analysis I could do.

Mortensen: Correct.

Martin: No further questions. Thank you.

Sandoval: Thank you. Anyone else have questions on this? Member Almborg.

Almborg: This is not a CMAR project.

Mortensen: Correct.

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- Almberg: Okay. I just—it said CMAR on the description here in the background, but I see it does say "our." So, I just want to make sure that this wasn't actually low bid. That's all.
- Sandoval: Okay. Member Savage.
- Savage: Thank you, Governor, just one comment. I do notice that in documents, the estimate range on page 8 of 18 was \$49 million to \$59 million. And so that reassures me, along with the BRAT team's review and the analysis of this contractor's bid, that we're doing the right thing as far as what staff recommends, because as a vertical contractor, and I believe Member Martin can agree with this, it doesn't do anybody any good to go out and rebid a job, because all the numbers are exposed, and it's really discouraging to not only the contractors, but shows concern with the Department. So, with that being said, I'd approve the contract, ensuring the best value to the Department that this contractor is giving without hesitation. Thank you, Governor.
- Sandoval: Thank you, Member Savage. Other questions or comments? Cole, I don't know if you can answer this question. Is this dramatic increase in steel prices have to do with tariffs, supply and demand, or both?
- Mortensen: Governor, I'd love to be able to intelligently answer that question, but that's way out of my ballpark of expertise. I would assume that with the tariffs, that that's been a contributing factor.
- Sandoval: Okay, thank you.
- Martin: I might be able to—through AGC, I get information on material prices, and so on. It's a demand issue. There's a tremendous amount of steel in demand right now. It's also the tariff. The tariff is actually—or the demand issue is overshadowing the tariff from what I've seen in some of the local publications. There's one other factor I want to bring up, too, Cole, that most people—I live in that area, like, half-a-mile away from there. You got this little bitty high pressure gas line that's probably, what, 36 inches in diameter running through there by the Kern River people?
- Mortensen: That's correct, and that was another concern that may have caused some contractors to shy away from wanting to work in the area. From what I understand, it functions more like a service—or a storage facility than a service facility. So, you can imagine the amount of gas that's there.

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Sandoval: All right. Any other questions or comments on this Agenda item? And Cole, I appreciate your—and everyone else associated with this Agenda item, your hard work, because I think what's important, I think we as Members of the Board of Directors understand these issues, but it's important to make a thorough record as to why we're going to—we would take the action that we do so that anyone else who looks back at this can understand why the final contract amount was \$12 million more than what the estimate was. So, if there are no further questions or comments, the—or Mr. Nellis, I'm sorry, I wanted to give you an opportunity. Is there anything else that you wanted to present, Mr. Nellis?

Nellis: No, sir, that concludes this Agenda item.

Sandoval: All right, thank you. So, if there are no further questions or comments, the Chair will accept a motion to approve the contract for \$61,500,000 with Las Vegas Paving associated with the project described in Agenda Item No. 4.

Martin: So moved.

Sandoval: Member Martin has moved for approval. Is there a second?

Savage: I'll second.

Sandoval: Second by Member Savage. Any questions or discussion on the motion? I hear none. All in favor please say aye. [Ayes around]. Those opposed say no. That motion passes unanimously. We'll move on to Agenda Item No. 5, which is approval of agreements over \$300,000. Mr. Nellis.

Nellis: Thank you, Governor, Members of the Board. Again, for the record, Robert Nellis, Assistant Director for Administration. There are five agreements under Agenda Item No. 5 on page 3 of 94 for the Board's consideration. Line Item No. 1 is with Kimley-Horn & Associates in the amount of \$687,240.54. This is Amendment #2 to increase authority to create two new safety management plans for Sahara Avenue and Jones Boulevard. Line Item No. 2 is with CDM Smith in the amount of \$709,804 for the Pioneer Program and Alternative Project Delivery to update the Pioneer Program guidelines and provide support for unsolicited proposals, project delivery, P3s, the state infrastructure bank, legislation, and regulations.

Line Item No. 4 is with Atkins North America and Overland Pacific and Cutler, LLC in the amount of \$10 million. This is for Right-of-Way support services including surveying, title research, appraisal, acquisitions, relocations, and

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training. Line Item No. 5 is with HDR Engineering, Incorporated in the amount of \$673,805. This is for design and construction support services including signals, lighting, permanent signing, and intelligent transportation system. And the last item has a special presentation by Assistant Director Thor Dyson.

Malfabon: We're getting this presentation loaded, Governor.

Dyson: So, Governor, Board Members, this is Thor Dyson, Assistant Director of Operations. Last month, we came before the Board on this particular item. While it's not a lot of money, like the project that Assistant Director Cole Mortensen had talked about, it's still, in principle, a fair amount of money, and you recommended after questioning to bring this back to you and for the explanation of this Boschung anti-icing system. With me in the audience back here available for support and questions are Mr. Mike Fuess, Assistant Director—Assistant District Engineer for Maintenance, and the Supervisor for the roadway, Mr. Steve Cordle, and then we also have a representative from Boschung anti-icing system here also available for questions.

So, the system, real quick system description, it's a proactive approach to provide an increase in the road safety, improve the traffic flow, savings on anti-icing solution, and reduce the environmental impact from our normal anti-icing salt brine operations. We have four sites, as I had mentioned last month, Galena Forest structure, Steamboat Hills structure, Galena Creek structure, and the Browns Creek structure. And basically, this is in an area between north end of Washoe Valley all the way to the Mount Rose Highway. The two structures that are the largest are the Galena Forest structure, meaning the longest spans, and the Galena Creek structure. The system also involves a local computerized control at each site for the automatic activation as needed, and then it also has included the proprietary computer software to visualize and monitor the site activity.

So, a real quick schematic, what we have on the left there is the software. Moving towards the right, you've got the road weather information system known as RWIS, which they're on each structure, and they can take atmospheric readings as well as the deck readings. If you see the blue color down there, those are the sensors in the roadway. We can tell if the road has—the structure has moisture on it and if it's going to freeze and can also determine the chemical content. As you move to the right, you also see the processors. So, they're taking information from the atmospheric and also from the roadway or structure information, and they'll process when we need to spray the chemical on the roadway. So, you'll have—as you move further right on the diagram, you'll see up there two large

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tanks of material and then below that the valves, and then in red you'll notice the devices on the structure schematically put out there showing the spray, and we spray in the direction of traffic. On the far right we have one of the buildings that each structure, each of the four structures have. Those buildings house the chemical—the valves, the pumps, and the tanks.

The system benefits, and there are some real good benefits with this system, having an anti-icing system on the structure. It's proactive pavement surface treatment. So, it's immediate, it's proactive, it's ahead of the formation of snow or ice or bonded snow. It's automated. There's no human interaction. It's completely automated. It's timely. There's no human interaction, and we use potassium acetate. It's far less corrosive for the steel and concrete that are involved in those structures, and we use potassium acetate because it has a significantly lower freezing point than sodium chloride or the salt brine that we use, and that's a huge plus.

Here's some of the states that Boschung clients—that Boschung has, Alaska DOT, as you can see, Caltrans, Colorado, including NDOT. I also want to state here at this time, too, that Boschung provides equipment and resources also for many airports in the United States and in North America, and maybe some of you have seen some of their Boschung equipment on the runways providing safe runways for airplanes to land or take off.

So, some of the system stats, or statistics, in its entirety, there's 14,000 gallons that are housed in all the tanks in all four structures. So, basically, the two large structures that I had mentioned, they hold 5,000 gallons. Each tank there is 5,000 gallons, and then the other two smaller structures, the Browns Creek structure and Steamboat structure house 2,000 gallons. They also hold—each structure holds 2,000 gallons of water. So, those pumphouses that you saw, those buildings, they'll either hold 5,000 gallons of potassium and 2,000 gallons of water or they'll hold 2,000 gallons of potassium acetate and 2,000 gallons of water. And it fires—the systems fire as needed, and it's based on the environmental conditions of the structure and the atmosphere. It performs—the system, on all four structures, will perform maintenance sprays every three days if it hasn't been exercised based on real time environmental conditions.

So, 2015 is where we really came online with this system, and you'll see that that fiscal year, basically, from July 1 of 2014 to June 30th of 2015, we used under 5,000 gallons of potassium acetate. That was a very—if you remember, and it wasn't too long ago, it was a very severe drought. That winter was one of the

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worst. In 2016, we used a fair amount more, and one of the reasons was it was a very cold winter with significant ice, but very little snow. Fiscal year 2017 was very close to my mind, not more than a year-and-a-half ago. We were in the throes of massive amounts of moisture and snow, but it was warm, and the structures were below the snow line, and so we had a lot more warmer events. So, that's why we used less chemical, and then 2018—fiscal year 2018 was a warm winter as well, but we did have some cold spells again in the season, and particularly in late February, March, and early April, the system fired off a fair amount of potassium acetate.

So—did I skip one here? Let's see. So, the proposed contract with Boschung, basically, what we're asking for, this agreement for \$500,000, which we don't anticipate to use the whole \$500,000, but it's for two years, and we believe that—well, we know—if you look back on the staff report, the fall season switch overs, roughly around \$12,000, and the spring seasonal switch is about \$12,000. We have to switch in the fall to the potassium acetate, and then in the spring, we want to switch everything to water. And it also includes \$2,100 for remote tech support, and that's just a flat fee, and we can use them as much as needed. We can Skype with them. We can Facetime with them, and then also, Boschung has a representative that will check in to the system remotely and try to anticipate problems by just—from their office back in Pennsylvania, they can take a look, and that's part of this remote tech support to anticipate problems and get ahead of the curve. Unscheduled call out for regular time, \$120 an hour. If there's an emergency and an unscheduled call out for overtime at \$180, and then this training, certified operator training, it's a flat fee, and they're going to come out—we haven't determined at what point, but they're going to come out and train a number of our key staff that we feel that needs to be—and has the fortitude and attitude to be trained and get better and better on operating this equipment so we can have more success with it. And then this agreement also includes the parts procurement, and those prices are listed in the staff report and in the contract.

Can you get to next slide, DJ? So, sole source, I know that's, you know, not a real favorite buzzword around here, and we understand that, and we like things to be competitive as well, but this particular system is one that NDOT has, and really only Boschung can work on this specialty equipment, electronics. It's got European components, as I mentioned last month. It's sophisticated. It's proprietary. They're the expert resource for helping out NDOT to maintain it and to make it reliable while minimizing the downtime, and that's critical to safety.

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So, one of the questions last month was Boschung's response time, and we—you know, we've talked to them at length. They're here, available for questions if you need to ask them. They're going to be responding immediately during their business hours to our phone calls requesting support. They're available, and we've done this already previously with Facetime and Skype. If we can troubleshoot it quickly, we will, and then they have committed to responding in person for unscheduled service within seven business days between us and Boschung.

A key point here is Boschung anti-icing system is one of NDOT's key strategies for NDOT Zero Fatalities Program. So, I'm proud to say that with this anti-icing system, to date, on those structures, during the winter weather events, on those four structures, there have been zero fatalities using the Boschung anti-icing system. Is that luck? Is that the pieces of equipment that we have up there? I believe it's a combination of NDOT maintenance personnel, the Boschung system, and being successful and staying on top of tricky and icky and awful winter ice events that can cause havoc on those structures. So, I do want to say that, you know, there's been zero fatalities using the anti-icing systems. Where they've worked, we've had none occurring.

So, alternatives, we recommend, as we did last month, that the Board accepts the proposed on-call contract with Boschung. We don't feel we're going to be using the entire \$500,000, but it's a number that we've put there in anticipation if we have parts break down. Considered, but what we didn't recommend was negotiate a sole source agreement on an as-needed basis for required service. Another option, but we don't recommend, is to abandon the entire system. We don't feel comfortable doing that, and then the third option, alternative, is to do nothing and then repair Boschung's systems as failure occurs, and there's pros and cons with each of those.

So, that pretty much concludes my discussion for this particular item. This photo here was provided up by our supervisor, Mr. Steve Cordal. This was last year I believe, and it's not on the structure. As you—this is a photo looking towards the northeast. Around that curve as you're actually heading towards Reno, truck coming at Steve is the southbound lanes towards Washoe Valley and Carson, but if you look, you can actually see the NDOT plows behind the white truck there. But around the curve is the Galena structure, and it has the anti-icing system there working.

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So, with that, I have here—I'm willing to entertain any questions as well, and also, I have Mr. Chris—it's pronounced Vitek from Boschung, and he's available to answer questions, and so am I. So, thank you very much.

Sandoval: Thank you, Mr. Dyson. And I suppose my question is this. I'm reading through the minutes from last month, and you seem a lot more bullish on this contract than you did last month. The issue, why we're here again, at least in my opinion, is that there were questions with regard to the reliability of this system. It says—your response was, "Yes, it does work, but it's worked intermittently." And so that was the question, was the reliability of the system, and that's something that you haven't talked about today. I get that they're here, and I get that when it does work, it works well, but the question was how often does it work.

Dyson: So, Governor, Thor Dyson. Yes, it works more often than not. How's that sound? It works when it needs to. We've had some problems. It's a mechanical system. The roadway is a harsh environment, and we're adding this chemical to be there sprayed through the nozzles on the concrete. And I'm confident that if we, the next couple years, get a handle on this and a better familiarity, we're going to have it operating—I can't say 100% reliability, but with enough reliability that I will be pleased to have it and use it and consider it part of our normal operations, particularly when we have a lot of vacancy rates. Last year—last March, Governor, we were in a situation where that particular crew has 14 people, and we had, I believe, six vacancies, and we were in 24-hour mode. So, we had eight people total, four for the night, four during the day, and this system helped us. I really believe that it kept accidents from occurring when—on those areas that it was working, it worked. So, I know—I looked through the minutes as well, and I was reading, and I can see how your confidence in what I was saying to you last month wasn't quite there. It was shaken a little bit, but I believe that we will get it in a manner that will be long-term and very successful, such as other high-tech systems that we have, like the avalanche control system on Mount Rose, ramp metering, DMS signs, all the ITS stuff that—devices that we use.

Sandoval: Right, and again, I'm looking at the minutes, and I said it then, and I'll say it again; I feel like I'm cross-examining you, and I'm not. I'm just trying to get the information so that I can feel good about voting for this contract. So, when you say we want to get it to a point that it works almost 100% of the time, what percent of the time does it work now?

Dyson: I would say easily 75%.

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Sandoval: Will you say that again, Thor? The microphone wasn't on.

Dyson: 80% of the time. I believe it works at least 80% of the time. The real crux of this agreement is so that we have expertise on the switchovers, fall and spring, and also, some of these parts, if we need to replace them, we want to be able to replace them. Because it's a sole source, it's proprietary, and some of these parts, if they go down, we want to be able to buy them and buy them quickly.

Sandoval: Okay. Well, that makes me feel better when you use the word—or use the number 80%. Probably wouldn't be here if I had heard that before, but in any event—I mean, at the end of the day, what matters to me is that it works more than most of the time, because as you say, it could be the difference between life and death. I'm really pleased about that stretch of highway compared to the number of fatalities that occurred below before it opened. So, in any event, if you're saying that it's 80% of the time, and I know you're on the front lines, then I'm going to accept your word on that. I'm going to ask if any of the other Board Members have any questions, and I was going to ask Mr. Vitek to come up. So, Board Members, any questions with regard to this contract for Mr. Dyson?

Martin: No, sir.

Sandoval: Member Savage, any questions?

Savage: Yes, Governor, I do, a couple comments. First of all, Thor, thank you for the very, very thorough presentation. I do have more confidence as we sit here today, and I'm glad that a Boschung representative is here as well, because what triggers everything is the comment zero fatalities, and it's about the safety and the mobility of the traveling public. That's number one, and that's been proven, and it's yet to be decided on where we move forward, but from a business standpoint, the \$4.5 million investment that we currently have with this is what we have. And I think it's important, as discussed last month and this month, that Boschung be very timely and accountable to the Department of Transportation on this system, but it doesn't make anybody feel good when it's a sole source contract or vendor holding somebody hostage, and I'm not saying you're doing that. Please don't misunderstand me, but we need to feel like we're winners. I know the four-year warranty is out. It's unfortunate. We had a couple winters that were very mild. I'm hoping that Boschung can really work with the Department in good faith in proving themselves over and over again as to what we can do—what we can do together moving forward, but please understand that we have to be made

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believers, have to be made believers on this system, and it'll be proven over time. So, I thank you, Governor.

Vitek: First of all, thank you. For the record, Chris Vitek with Boschung America. I am the sales manager for Boschung America. Thank you, Mr. Dyson, for that presentation. I'm just here to answer any questions if anybody has anything for me, or if not me, one of us can answer those questions.

Sandoval: So, Mr. Vitek, this is the Governor from Las Vegas. So, how do you feel about the system? Are you happy with it and how it's performed for Nevada?

Vitek: I am. We've had a relationship going on seven years now. I understand the hard terminology to get to, to say that the system is up and running 100%. It is a very complex system. It is in a very—can be violent or is very abusive environment, and we feel that 80% is a good number. I can tell you that number drops drastically when there's not a maintenance contract in effect. Other DOTs have experienced that. Other cities and counties have experienced that as well.

Sandoval: And is there a commitment on Boschung's part to adequately train folks at NDOT so that we can ensure that that maintenance is completed?

Vitek: Yes. There's a line agreement, a price in there. We have that for five or maybe ten employees to attend yearly training, and we highly, highly, highly encourage those employees to attend that training.

Sandoval: Okay, and have we had our employees in that training historically?

Vitek: Yes.

Sandoval: Okay. No, and I'm—you know, I'm looking at your clients, and probably most, if not all of them, probably have some pretty tough winters. You know, I'm here to talk about Nevada. I just want to—as I said, you know, I don't know if you drove that road. You probably did if you landed in Reno and drove to Carson this morning, but the wind whips, and it's up there high on elevation, and they get some pretty wicked storms up there. So, I just want to make sure that it's working and that for the safety of the NDOT employees that are charged with the responsibility of maintaining that road as well as the traveling public, that the system is going to work and that if it doesn't work, there's somebody there at 1:00 a.m. in the morning that's going to be able to take that phone call.

Vitek: Yeah, I can address that a little bit. Yes, I'll back up a little bit. I did not drive that this morning, but Steve and I, last time we were out, we spent a good eight

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hours at each site, went in a number of buildings, and have taken a look at it. So, yes, I have seen them, not today, but we spent a good eight hours touring those sites.

Sandoval: And then after you toured them, how did you feel about them?

Vitek: I think they're in great condition. I think you guys should approve this contract.

Sandoval: So, I want to repeat that. So, you said good condition?

Vitek: I believe they are, yes. Like I said before, I know that you, you know, would like a higher number than 80, but we really feel that these are in good shape. We feel that they're in good shape because we come out twice a year to maintain them. We feel that they're in good shape because you do have NDOT employees that know the system and can do some of the work, and that helps. Like I said before, when municipalities, whoever, does not take care of them, like any complex system, they don't last.

Sandoval: Okay, but we're not one of those, correct?

Vitek: Not yet.

Sandoval: What do you mean not yet?

Vitek: I think you'll be in good shape approving this contract, and you'll see, you know, many, many years more out of the system.

Sandoval: Okay, thank you. Questions or comments from any other Board Members on this contract? Okay, none from Las Vegas. Member Savage, do you have any other questions or comments?

Savage: Yes, Governor, just one for Mr. Vitek. The seven-day response time, a little concerning due to the extreme weather conditions. Can you do any better than the seven days?

Vitek: We feel seven days is very—and time. I mean, we need to get some things in place on our side. So, it's the—not just logistics of getting here. A lot of times we will do work in-house in Newcastle, Pennsylvania. So, when we come here, David, our technician, can have these things ready to go. So, when he's here, the work is being done. It's taking advantage of the time for lane closures and whatever needed. So, seven is a pretty aggressive number for us.

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- Savage: Okay. I'd like to see a little better because of the extreme weather. It's a vital freeway to us, so we'd appreciate some review on that. That's all I have, Governor, at this time.
- Sandoval: All right, thank you. Any other questions or comments? Thank you, Mr. Vitek. Mr. Nellis, any further presentation on this Agenda item?
- Nellis: No, Governor, that concludes the presentations for Agenda Item No. 5. We'd be happy to take questions on any of the other agreements if you have any.
- Sandoval: Board Members, any questions with regard to the other agreements contained in Agenda Item No. 5? Member Savage.
- Savage: Thank you, Governor. Mr. Nellis, on Agenda Item No. 2 with the CDM Smith Pioneer Program and project review delivery, I have one question. Does this company and its subconsultants sign confidentiality and non-disclosure agreements upon execution of the contract?
- Mortensen: Yes.
- Savage: Good answer. Thank you very much, Cole. Thank you, Governor.
- Sandoval: Thank you, Member Savage. Any other questions with regard to contracts 1 through 5 as presented in Agenda Item No. 5—or 4, excuse—or 5, yeah, that's right. If there are none, the Chair will accept a motion for approval.
- Valentine: So moved.
- Sandoval: Member Valentine has moved for approval. Is there a second?
- Almberg: Second.
- Sandoval: Second by Member Almberg. Any questions or discussion on the motion? All those in favor say aye. [Ayes around]. Those opposed say no. That motion passes unanimously. We'll move on to Agenda Item No. 6, contracts, agreements, and settlements. Mr. Nellis.
- Nellis: Thank you, Governor. There are two attachments under Agenda Item No. 6 for the Board's information and no settlements this month. Beginning with Attachment A, there are seven contracts that can be found on pages 4 and 5 of 20 in your packet. The first project is located on Primm Road in Clark County for roadbed modification, drainage, and ADA improvements. There were two bids,

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and the Director awarded the contract to Las Vegas Paving Corporation in the amount of \$1,343,000.

The second project is a bridge replacement on Interstate 80 at Fairview Ditch in Pershing County. There were three bids, and the Director awarded the contract to Q&D Construction in the amount of \$826,618.35.

The third project is located on Interstate 580 at South Meadows Parkway in Washoe County. This is to construct landscape and aesthetic improvements. There were two bids, and the Director awarded the contract to Q&D Construction in the amount of \$1,517,509.60, and there are some factors that may be contributing to increased costs over the Engineer's Estimate on this project, including stormwater quality measures to reduce erosion, protect drain inlets, and the use of native plants, also, improved hydraulics and the removal of noxious weed infestations to comply with Nevada state law.

The fourth item is a resurfacing project located on State Route 789 in Humboldt County. There were three bids, and the Director awarded the contract to VSS International in the amount of \$811,120. The fifth project is a two-inch overlay on State Route 226 in Elko County. There were three bids, and the Director awarded the contract to Q&D Construction in the amount of \$1,499,000, and it's believed that the low bid exceeds the Engineer's Estimate due to continuing rise in plant mix pricing and due to the project being in a rural location.

The sixth item is a slurry seal project located on US 95, State Route 340, and State Route 827 in Lyon County. There were three bids, and the Director awarded the contract to VSS International in the amount of \$349,205.05.

And lastly, the seventh item is a resurfacing project located on US 93 and Elko County. There were three bids, and the Director awarded the contract to VSS International in the amount of \$1,827,000. And that concludes the presentation on these contracts. Does the Board have any questions regarding these seven contracts before I return to Attachment B?

Sandoval: Thank you, Mr. Nellis. Board Members, any questions on these contracts? Member Almberg.

Almberg: A quick question I have. When you come and add all of these contracts together, we're awarding contracts in excess of \$600,000 over Engineer's Estimate. With that and the contract we awarded earlier of approximately \$12 million, what projects does this affect in the future?

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Sandoval: I think what Member Almberg is asking is so now we're at about \$18 million over.

Almberg: \$12.6 million over in this meeting.

Sandoval: So, does that take money away from any other future projects?

Almberg: Yes.

Malfabon: This is Director Malfabon. In response, it does not affect future projects. Because of that issue that was shown before, projects come in over or under the Engineer's Estimate, but ultimately, there is a truing up of our NDOT budget through the legislative process, through Interim Finance Committee, for these ups and downs. And another thing that affects the cash flow is when a project starts or gets completed. Sometimes weather can impact a construction project. So, it all is addressed eventually through the Interim Finance Committee request to adjust our budget for capital improvements, but it doesn't take away any projects. We don't want to have to defer a project and the State Highway Fund has a healthy balance.

Nellis: And this is Robert Nellis again, and probably the point of the slide I showed earlier is that over a four-year period, the Engineer's Estimate between the low bid award price, there was \$17 million in the Department's favor. So, as long as that trend continues, we're still doing good.

Almberg: Okay, and one last question. At what stage of the project is the Engineer's Estimate created? Is that a part of the budgeting process or is that once the plans are substantially complete?

Mortensen: For the record, this is Cole Mortensen. We start off with estimates generally at the planning stage, and as we line out the scoping effort, we'll refine that estimate, and I believe that the final estimate is put together at 90%, and to answer the question from earlier, I was told that on the 3C interchange, that Engineer's Estimate was done two to three months prior to the contract being advertised. So, the estimate starts very early on and basically gets refined through the process, but the Engineer's Estimate that you guys see in these documents is generally produced between 90% and 100%.

Almberg: Okay, perfect. That's all for me, Governor.

Sandoval: Okay, thank you. Other questions or comments from Board Members in Las Vegas? There are none. Member Savage, any questions on the contracts?

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Savage: Yes, Governor, just a comment and a question. Mr. Nellis, on the landscape and aesthetics designs, we're doing a wonderful job on a lot of the designs that I noticed on I-11, just absolutely amazing, very, very nice. The recent projects at the airport up here at the North, Moana, Damonte, Veterans, South Virginia Street, and now South Meadows. The question is the weeds. I know the designers can't get rid of the weeds. I know there's less weeds down south than there are up here. Has the Department ever looked into subcontracting, because I know our maintenance staff are busy with a lot of different things other than the weeds. But I think it's very important if we could kind of look into it in the future to see if we can subcontract possibly some six-month maintenance contracts in order to eliminate the weeds, because it's absolutely beautiful at the beginning. Some of the projects just get covered up with the weeds. So, that's the only question I have at this time.

Dyson: Member Savage, Thor Dyson, Assistant Director of Operations. So, we tackle the weed problem on multiple fronts. One way that we tackle it is using a budget line item that we have called Honor Camp, and if we can get Honor Camp, they're juveniles or inmates in those areas that are safe to clean up the weeds, we'll do that, and we do have regular success in getting them to come out and clean up the weeds, pull them. It involves handwork, but the other thing that we can do, and then we do this a lot, is we have a statewide weed contract which will spray proactively rather than reactively to address weeds. And then we also use our inmate—or excuse me, our maintenance personnel as well, our maintenance forces, to tackle those weeds. Another thing that we could possibly do is to get—sponsor a highway or some groups to assist us with weeds. I know that the Kietzke roundabout—I'm pretty sure the Kietzke roundabout at Neil Road in Kietzke has a group that maintains those weeds. Right now—maintains the roundabout weed-free. It has weeds right now, so they need to be contacted, but that's not our roundabout, by the way, just to be clear. So, we do a multiple attack on the weeds, and some years are worse than others based on the amount of moisture we get. So, I don't know if that addresses your question. If we need to do a weed contract, we're happy to do that. I know at the District level we've got trash contracts and homeless contracts. So, we could tackle that for sure.

Savage: Thank you, Thor. It does answer the questions, and I just think it's about perception, the economic development, the new people that are coming to the state of Nevada, and we have to maintain some of that aesthetics. And so that's all I have at this time, Governor. Thank you.

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Sandoval: No, thank you, Member Savage, and if I may follow-up, and Thor, I'm glad you mentioned trash, because that's always an issue. I know that—we can never get ahead of it, but I know as I traveled this weekend, I saw quite a bit. And as Member Savage said, I honestly think, you know, it's a reflection of pride in our state, and when people see that there's trash and weeds, they might have the perception that, you know, we're not as concerned about it as we should be, but I also know and appreciate that you guys are on it. And you can go to bed having everything cleaned up and wake up the next morning and there's a bunch of trash on the side of the road, but, you know, it's one of those things. I think it's money well-spent, and if we need to add more money to the trash and weed budget, we should do so, because it really is truly important. And as I—I agree with Member Savage with regard to the landscaping and that I'm seeing statewide. It's remarkable. It's beautiful, and we just saw in the Director's Report some of that art that was donated, and I appreciate public art, and I appreciate the installations that have been made statewide, but it really does spoil it when there's weeds and trash in those grocery plastic bags that hang on and everything else. But if you need to add more money, add more money, and you can bring it back to the Board in that regard.

Nellis: Governor, Robert Nellis. We do have—on our Agenda in the next section, Attachment B, there are three weed abatement agreements that have been executed. I believe they're Items 14, 15, and 17 for your information.

Sandoval: Okay. Well, let's get them out there. All right. Any other questions or comments on that portion of Agenda Item No. 6? If there are none, Mr. Nellis, please proceed.

Nellis: Thank you, Governor. There are 69 agreements under Attachment B on pages 14 through 20 for the Board's information. The agreements are categorized a little differently this month, starting with pages 14 and 15. These are acquisitions, facility agreements, a grant, interlocal agreements, and service providers under \$50,000. The next section starts on page 16 and includes 17. These are service providers over \$50,000, and lastly, pages 18 through 20 are the no cost agreements and amendments. And I'd like to note for the Board that Item No. 61 was erroneously included in the informational reports since this is a task order and we're not actually amending the agreement itself. And with that, that concludes Agenda Item No. 6. Does the Board have any questions for us regarding any of these agreements?

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- Sandoval: Thank you, Mr. Nellis. Questions from Board Members on the agreements? No questions from Southern Nevada. Member Savage, any questions from you?
- Savage: Yes, Governor, very quickly. Mr. Nellis, on the reference to Items No. 14, 15, and 17 for weed abatement, that was Churchill, Douglas, and Nye and White Pine and Clark Counties did not include Washoe. There's a million dollars' worth of weed abatements. So, I would like the Department to look into the other areas in northern Nevada. Thank you. That's all I have, Governor.
- Sandoval: All right, thank you. I suppose if I may, Member Savage, and follow-up on the question, do we have a contractor for weed abatement in Washoe County and Clark County?
- Malfabon: This is Director Malfabon. I don't think that we have a weed abatement contract. We have the other types of contracts that Assistant Director Dyson mentioned, but we can work on that to—Anita, correct me if I'm wrong.
- Bush: So, this is Anita Bush for the record, Chief Maintenance and Asset Management Engineer, and these interlocal contracts usually are in rural counties, because we have—they are working on the adjacent Right-of-Way on their lands. So, they are just adding the NDOT Right-of-Way to kind of tag along. So, we don't have to utilize our forces to go out, so it's a lot more cost effective for us. So, in rural areas, we don't really have adjacent Right-of-Way that much. So, we haven't been approached to cooperate with them, so that's why we don't have them.
- Malfabon: But we will look into that, Governor, given that direction from the Board to look at the urban areas in Clark and Washoe Counties to supplement our efforts for weed abatement.
- Nellis: Actually, this is Robert Nellis again for the record. Item No. 15 in the notes, it does allow us to include—it says Carson City, Douglas, and Washoe Counties within the Right-of-Way. So, it appears we can use this agreement for Washoe County.
- Sandoval: All right. Well, then, you know, let's make sure we have Clark taken care of as well. I mean, I—I mean, I'm not here all the time. I guess I'd rely on the other members who reside here in Clark County, things that looked pretty good to me, but...
- Valentine: It's a problem.

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Sandoval: It's a problem. So, in any event, as I said, I think we're at this place now where we should pay more attention to that issue, because I do believe—and I know there are a lot of responsibilities, but aesthetics and impressions are really important, particularly, the position that the State's in right now. All right, Board Members, any other questions or comments with regard to Agenda Item No. 6? Let's move on to Agenda Item No. 7, Direct Sale, Director Malfabon.

Malfabon: Yes, Governor, this is an item that the Right-of-Way staff have been addressing some of the surplus property requests and requests from adjacent owners. This is one along Interstate 580 and 395A. So, it's requested that the Board of Directors or the Department of Transportation dispose of the above referenced Right-of-Way by direct sale. This is north of Winter's Ranch Interchange in Washoe County. We completed an appraisal of the surplus property and ran it through the Surplus Property Committee, and they supported a direct sale. So, fair market value has been established at \$150,000 for this parcel. We will retain a permanent easement along a stretch of that parcel, but we're just bringing it to the Board for approval now that was originally requested in 2016 by the owner for development of their property. They wanted to request a sale of this property to them, and we've done our appraisal. So, we respectfully request Board approval of this direct sale.

Sandoval: Okay. Questions from Board Members? Member Valentine.

Valentine: Thank you. I'm wondering since they made this request back in November of 2016—it doesn't say what the date of your appraisal—for the property was, but we're now 18 months later. I wouldn't assume it's the case in this transaction, but there are places in the state where 18 months between an appraisal and the actual sale would maybe substantially impact the value of the land—or the evaluation. So, I guess my question is are you satisfied that the appraisal is current relative to the price, and why did it take so long? Is this typical, because you go through this committee that reviews or evaluates the surplus property.

Malfabon: I don't—is there staff—okay, we have staff from Right-of-Way to respond to that question.

Biggin: For the record, Jessica Biggin, Deputy Chief Right-of-Way Agent. The appraisal was just recently completed. I don't have the exact date, but part of the reason why it takes so long to get to this point is we have to evaluate the property. So, it's the appraisal process, part of it, and drafting the mapping and the legal description for the disposal.

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- Sandoval: All right, any other questions from Board Members? I have one. Do you recall or do you have in your notes what we paid for it back in 1989?
- Biggin: I do not. I would have to look at our records.
- Sandoval: Okay, do you have an estimate? Hopefully, it was a lot less than \$150,000.
- Biggin: I am not aware. I would have to look at our records.
- Sandoval: Okay. Is that something you could check quickly?
- Biggin: I believe I can. I can get the answer today.
- Sandoval: All right. Well, if you could get it in the next—before the end of the meeting, that would be real helpful. I might trail this item, because I just wanted that as part of the record.
- Biggin: Yes, I'll get that for you.
- Sandoval: Okay, thank you. Questions from other Board Members with regard to Agenda Item No. 7? Member Almberg?
- Almberg: In the attached exhibits, it's got a picture. It appears as a structure on this piece of property. Is that structure ours or is that who's actually requesting this direct sale?
- Biggin: Yes, when we purchased the property, it was a total acquisition, and it does have a house on it.
- Sandoval: Is that house occupied?
- Biggin: No, it is not. It is vacant.
- Sandoval: Okay, is it habitable?
- Biggin: There needs to be some significant repairs made to the residence. We've had some problems with some vagrants. That's why the appraisal addressed those issues and why it was lower, because it's in as-is condition.
- Sandoval: Okay.
- Almberg: Okay, thank you.
- Sandoval: I think just in the future for these direct sales, it might be helpful to Board Members if you included the appraisal in our notes so we wouldn't have to ask all these questions.

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- Biggin: Yes, we will do that for all future disposals.
- Sandoval: Okay, thank you. All right, any other questions or comments from Board Members with regard to Agenda Item No. 7? I'm going to ask that we just trail it until we get what the initial purchase price was back in—I think you said it was 1989. All right, thank you.
- Savage: Governor, I have one question.
- Sandoval: Oh, I'm sorry, Member Savage.
- Savage: Because I know—the question is water rights and storm drainage, storm water drainage, because I remember many, many years ago there was a water issue, water right issue in this area. Is water rights included in the sale, and being it is between both 580 and the old US 395, are there any easements for storm water drainage as well, a couple questions.
- Biggin: That, I'm not sure of. I would have to check on that. I know when we purchase property, we try not to purchase water rights. So, I would have to look at the acquisition documents to see if water rights were purchased.
- Savage: It was many years ago. We did have a water right issue, and I know it was in this area, and I'm not saying it's this property, but I would like the Department to look into the water rights as well as any risk on the storm water drainage issues for this piece of property. That's all I have at this time. Thank you, Governor.
- Sandoval: All right, thank you, Member Savage. Are those—are these questions that can be answered within the next hour, because if not, we could continue this to the next regularly scheduled meeting of the Board. In fact—oh, go ahead.
- Biggin: I can at least get the purchase price in the next hour. I don't know if I can get the water rights determined in the next hour.
- Malfabon: We could hold it a month, Governor, and bring it back next month so that they can do their research.
- Sandoval: Yeah, that's what I was going to suggest, and in that next meeting for next month, if you could include the appraisal as part of our Board Packet, that would be helpful as well.
- Biggin: We will do that.

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Sandoval: Okay, thank you. So, if there are no objection, we will continue Agenda Item No. 7 until the next regularly scheduled meeting of the Board. We'll move on to Agenda Item No. 8, Resolution of Relinquishments. Director...

Malfabon: Governor, Board Members, this is associated with the pedestrian bridges at Las Vegas Boulevard and Tropicana. Basically, NDOT retained the roadway adjacent to those pedestrian bridges. So, we retained—although we had transferred Las Vegas Boulevard, the strip, to the county years ago, we retained this section to encompass the east-west pedestrian bridges on the north and south of that intersection. So, this cleans up—and I hope that this is the final action associated with the pedestrian bridges, but you recall that you recently acted upon the landings for the staircases and the escalators. This is just the roadway portion of relinquishment to Clark County.

Sandoval: All right, thank you, Director Malfabon. Just a question from me. If we didn't approve this, would we be responsible for the maintenance on that little section there?

Malfabon: Correct.

Sandoval: Okay, and what would you estimate the annual maintenance cost is for that section of road?

Malfabon: Ooh, that would be a tough one, because I know that driving on Las Vegas Boulevard in that section whenever we go to the airport, it's in really bad shape. So, it would be significant, but I don't have a dollar amount, Governor.

Sandoval: Okay, and then just "significant" being the key word, which I would probably say seven figures, and when you say it's in bad shape, was it like what we've done with some of the other roads within the state? We brought it up to current standards and now we're turning it over or is it as is?

Malfabon: It's as is. We've made some improvements on Tropicana Avenue, but not necessarily that portion of Las Vegas Boulevard north of Trop and south of Trop.

Sandoval: And do you know whether—or has the county, Clark County, accepted this? So, once we approve this, then there's going to be a title exchange and this is done forever and ever, as you said?

Malfabon: It says that they consented in a resolution in June of last year to accept this. This cleans up the final actions on this.

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Sandoval: All right. I have no other questions. Board Members, any questions with regard to Agenda Item No. 8? No questions from Southern Nevada. Member Savage, any questions on this Agenda Item?

Savage: No, sir.

Sandoval: All right, thank you. So, if there are no further questions, the Chair will accept a motion to approve the resolution of relinquishment of a portion of state highway Right-of-Way, which is Attachment No. 2 in Agenda Item No. 8.

Savage: Move to approve.

Sandoval: Member Savage has moved for approval. Is there a second?

Valentine: I second.

Sandoval: Member Valentine has seconded the motion. Any questions or discussion? There are none. All in favor say aye. [Ayes around]. Opposed say no. That motion passes unanimously. Agenda Item No. 9, Discussion of the Fiscal Year 2019 NDOT Work Program and the 2019-2022 Draft Statewide Transportation Improvement Program.

Rosenberg: Sondra Rosenberg, Assistant Director for Planning for the record. It's that time of year again where we bring to you our work program and our STIP. As you know, we make changes throughout the year, but once a year we do an official new document, new approval. This follows meetings throughout the state with many of the county commissions and getting comments on that as well as working very closely with our metropolitan planning organization partners. And with that, I'm going to turn it over to Joe Spencer, our STIP manager.

Spencer: Good morning, Governor, Members of the Transportation Board. For the record, my name is Joseph Spencer, NDOT STIP Manager. So, we are here today, as Sandra said, as a part of our annual update and renewal of our STIP and work program. We do this in accordance with CFR 23 and 49, which are the highway and transit side of the federal rules as well as NRS 408.203, which requires us to provide a legislative list of projects to the legislature. We as NDOT get about \$350 million in federal funds. \$70 million of that is a portion to the MPOs through various formulas, leaving about \$280 million for the state, and we use about \$165 million in state funds for portions of our work program.

As Sandra said, this is an ongoing and planning process that we do all year long, but this is the process that we go through when it comes time for the annual

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update for our STIP. We work with partners across the state as well as sections within NDOT to coordinate a project list, prioritize that list, and then fund that list. And then through that partnership, we work with various MPOs across the state to develop what they like to call the RTPs, or the Regional Transportation Programs, and this is at least a minimum of a 20-year long range transportation plan that they work on, as well as their short range transportation programs, which are the TIPs that all fold up into the STIP, and the STIP includes areas of the state both within the MPO and without of the MPO.

In accordance with the new MAP-21 and now the FAST Act, the State is in the process of working on a long range plan which will incorporate all of the MPOs, RTPs, and TIPs as well as some of our long range plans, needs, and wants as a state for transportation. We are in the process of working on and finalizing what each one of those performance measures and priorities for each of the sections are that will then help us better—or better prioritize, be more transparent, and fill up on our RTPs and MPO TIPs better.

And some project highlights for federal fiscal year '19 you can see. This year, the work program consists of about 500 transportation projects while the STIP compares with 266 projects. The difference in that is we include a lot of the individual betterment projects for the districts, which range anywhere from a few thousand dollars to several hundred thousand dollars of state gas tax. But you can see that our major project this year is the 15-215 system to system down in Las Vegas at a current Engineer's Estimate of \$93 million. As this project continues through the process, as Cole mentioned, we will update the Engineer's Estimate through the process. We have a couple of projects in the Washoe County which include some PE and Right-of-Way for the Spaghetti Bowl Express, significant overlay at I-80's and Grey's Creek out in Elko County as well as some projects in White Pine, Nye, and Eureka County.

Come over here, and at this time, I'm going to take you over to our electronic website for some quick reminders of the cool eSTIP that we have that is still nationally recognized, and people are still requesting Joe to give presentations on this. So, I consider that a win. You can see here that this is our draft Transportation Improvement Program, which consists of the 266 projects, as I have mentioned. At the top, there are various different filters that we can use to figure out projects in their specific area, whether it be by lead agency, accounting, or even by project type. We have an advanced...

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Sandoval: Let me interrupt you for a sec. We're not seeing anything in Southern Nevada. Is there a presentation up on the board?

Spencer: It appears that Mr. Menzel has been kicked out, and he's reconnecting.

Sandoval: Okay, thank you. There we go. All right. Thank you. If you'd start over again, that'd be great.

Spencer: Absolutely. So, this is the landing page for the draft STIP. At the top of this page are the different tabs that we associate with our electronic STIP. We have these search filters at the very top just to quickly coordinate you or orientate you through the webpage so you can look at a specific MPO, for example, and just see the projects within that MPO. This one happens to be Clark County, and we can see that the Clark County has 81 transportation projects associated in that MPO. We have an advanced search feature where you can go and key in by key words, location, county. This is a new feature since last year. We have narrowed it down that you can look at state senate districts as well as state assembly districts. So, during the legislature, if anybody likes to see what's going on in their area, they are able to do so.

We have the fiscal report tab, which I know the Transportation Board likes to see this feature every now and then. This is where we can generate those pie charts for you that everybody seems to like, and you can see that this first pie chart shows all of the federal funds for 2019, state funds for 2019, other funds which consist of either third party or local funds, and then the total funds for 2019. You can see that for 2019, Clark County has 56.7% of all funds for this year. Each one of these counties is clickable so you can drill down further, and you can actually see a project list.

And probably one of the better features that we have is our interactive map where you can zoom into different portions of the state and see projects and then be able to click on that project and specifically see what that project is and how much it's going for and the years that that project is in. So, that is my brief overview of our STIP, the process. We're presently out for public comment at this time. We have received, to date, a record number of public comments at 11 compared to our previous record of eight. The public comment period ends on August 30th. We will bring it back to the September Transportation Board for approval, and at this time, I will be more than happy to answer any questions that you may have.

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Sandoval: All right, thank you. No, that is a remarkable website. So, I want to compliment you on that, because even I can click on there and get into the part of the state that I need to get. So, I want to compliment you on that.

Spencer: Thank you.

Sandoval: So, Board Members, any questions with regard to Agenda Item No. 9? And then just for—oh, Member Almborg, please proceed.

Almborg: Just a comment. I always come back, and I apologize for always commenting very similar things at times. One of the stuff that come through the STIP from the county that I am from, I believe all the counties in my district, is a lot of passing lanes. I had a great conversation with Tracy last month when I was in Carson City. I did pass on a white paper that I had received through NDOT a year or two ago, and it was on some rural passing lanes. I do believe that some of those things that are incorporated in that white paper from Oregon are very important. I think that we should be discussing them and possibly including them in our future STIPs and our future plans for some of our highways. It's very important to these rural areas to get this traffic up and down our highways. As I had come down the highway yesterday, coming into Las Vegas, passing lane is a humungous issue. I don't notice it so much traveling back and forth to Carson City for these meetings, because our traffic along Highway 50 isn't our big freight traffic. North, south, yesterday, coming down through here, there was portions on the highway where—I don't believe I'm exaggerating, where—there was one portion of the highway. I was coming in heading south. There was approximately three freight vehicles and had ten cars backed up behind them, and it was about 30 miles before I got through all the freight vehicles through there. And so due to the varying terrain, the ups and the downs, the curves, the different things that you're going through in those areas, I think passing lanes are extremely important. I think that's where we get in trouble with potential accidents and safety issues, is when those frustrated drivers that are stuck behind them start making foolish decisions while they're driving. And so I just want to reiterate the very importance of some of these passing lanes and possibly looking at that white paper that I passed on to Tracy to look at to improve our passing lanes in these rural areas. That's all for me, Governor. Thank you.

Sandoval: Thank you, Member Almborg. Any comment from Member Almborg's observation?

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Rosenberg: This is Sondra Rosenberg, again, Assistant Director for Planning. US 93 in particular, we understand that there's an issue both because it is a fairly narrow road, two lanes most of the way, as well as a well-traveled freight route. So, we have been looking at that corridor in a couple of different ways, one with the I-15 corridor system master plan and I-15 mobility alliance. We did a study that completed probably about a year ago looking at that as—it's also important because it is an alternative to I-15 when there's an issue like the Moapa flooding. So, we looked at some strategic improvements along that corridor as well as 95 south of Las Vegas. So, I can send that to you, Member Almberg, and then we're also including a critical corridor plan for I-15 and 93 as part of the One Nevada plan, and we'll be presenting that study next month. So, we can send you a little bit more information on that. That doesn't go so far as assigning funding to it, but we're trying to highlight that corridor because of those issues that you bring up. If you just look at, you know, vehicles, miles traveled, it doesn't—you know, it doesn't necessarily raise the importance of it until you start looking at that corridor being really critical to the state as both an alternate as well as a truck route. So, we're trying to raise the awareness of that a little bit and start to identify some of those projects such as passing lanes, intersection improvements that will then be going through our One Nevada plan prioritization process. So, we haven't quite finished that yet, but we are aware of those issues, and we could send you the work that we've done so far.

Almberg: I would appreciate that very much. Thank you.

Sandoval: Board Members, any other questions or comments with regard to Agenda Item No. 9? Member Savage.

Savage: Thank you, Governor, and my compliments to Joseph Spencer. I don't know if you could see it from Las Vegas, but there was not one note on that presentation. Everything was off the cuff. He's a brilliant man. We're very fortunate to have him at the Department, along with many other people under Joseph and Sondra, because this STIP is the foundation and the nucleus of our Department of Transportation, and it's how we begin and how we end. And I'm very confident with the team that we have and mapping out the future as well as the fiduciary responsibility that we have to the people of Nevada. So, I sincerely thank you, Joseph and Sandra, and true compliments.

Spencer: Thank you, sir.

Savage: Thank you. Thank you, Governor.

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Sandoval: Thank you, Member Savage, well said, and I agree. So, just a quick question for purposes of the Agenda. At least looking within our packet, it says informational item, but this is marked as for possible action. So, Mr. Spencer, were you seeking action or approval on this or was this an informational item?

Spencer: No, sir, this is just information to bring during our public comment period to kind of demonstrate the eSTIP system as well as provide you with information. We will be bringing this back to you in September for the initial acceptance of the STIP and approval of the work program.

Sandoval: Wonderful. All right, thank you. Any other questions or comments on Agenda Item No. 9? There are none. So, thank you very much. We'll move on to Agenda Item No. 10, which is to present Executive Audit Findings on Non-Construction Contracts. Director Malfabon.

Malfabon: Thank you, Governor. Robert Nellis and I will present this item. Robert is going to kind of kick it off first, and then I'll take over the presentation, but I wanted to just make some opening comments, that we did undergo an audit from the Division of Internal Audits from the Governor's Finance Office. So, an Executive Branch Audit Committee hearing was held, and we're going to kind of go over those findings and have some discussion. This is an informational item, and we assumed that we would have to bring this back, but based on Board consideration today, it's going to kind of lead us in what direction to go when we bring it back. Robert?

Nellis: Thank you, Director Malfabon. Governor, Members of the Board, for the record, Robert Nellis, Assistant Director for Administration. Can you see our presentation down there in Las Vegas?

Sandoval: Yes.

Nellis: Thank you. Okay, just a quick background on the Executive Audit. It was initiated at the request of the Governor's Finance Office on February 2018. It was conducted on NDOT's administrative contracts, which the terminology we use here is agreements. So, that's what we're talking about, our informational agreements, and that was conducted between March and May 2018. The Division of Internal Audits presented their findings to the Executive Branch Audit Committee on June 14th, 2018, and there were six audit recommendations.

First is to submit administrative contracts and amendments of \$50,000 and above to NDOT's Board for approval. Second was to submit sole source contracts to the

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purchasing Division Administrator for approval, third, renew the Director's contract approval limit when there is a new Governor, four, ensure all relevant contract information is provided to the Transportation Board for informational items, and five, comply with state and federal guidelines, and lastly, six, report all informational items to the NDOT Board. And for the Board's reference in your packet, findings 5 and 6 are actually combined on page Roman numeral II of the executive summary. So, if that's a little confusing, that's why.

NDOT agreed to an implementation timeline for these items beginning with submitting this to the Board as an informational item this month, which we're doing for Recommendation No. 1. All the others have an implementation time period mostly by the end of this calendar year except for Recommendation No. 3, which is to review the contract approval limit when there's a new Governor, and we'll do that soon after the new Governor is sworn in.

So, we'd like to start with Recommendations 2 through 6 since Recommendation No. 1 involves action by the Board. So, Recommendation 2 through 6 are something we can implement on our own, and I'll just go through those very quickly and then turn over Recommendation No. 1 to Director Malfabon. Recommendation No. 2, to submit sole source contracts to the Purchasing Division Administrator for approval. The audit concluded that this is to ensure compliance with regulations and statewide consistency when approving sole source contracts. NDOT accepted this recommendation and will work with the Purchasing Administrator to submit any sole source contracts to that division except those that are accepted from NRS 333.700, emergency contracts, those issued pursuant to NRS 408.323, and any of those that are not addressed by Attorney General Opinion 96-31.

Recommendation No. 3, to renew the Director's contract approval limit when there is a new Governor. The audit concluded that this would ensure consistency with the new Governor's vision for state administration. NDOT accepted this recommendation and will meet with the new Governor to review the contract approval limits; however, any limits must go through the Transportation Board for approval as an action item.

Recommendation No. 4, to ensure all relevant contract information is provided to the Transportation Board for informational items. The NDOT—or I'm sorry, the audit concluded that NDOT could modify our agreement summary sheet to have the same information as the Budget Division has when they submit their contract summary sheet to the Board of Examiners. And if you'd like to see an example of

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that, that's in your packet under Appendix A and B in the Audit Report. NDOT accepts this recommendation, and we'll begin working on revising our agreement summary sheet to provide more detailed information, and we'll notify the Board that we'll make these agreement summaries available upon request from the Board Members.

Recommendation No. 5, to comply with state and federal guidelines. The audit concluded that there were four contract files that were missing documentation such as certificates of liability, Worker's Compensation Insurance, affidavits, contract evaluation criteria, as well as disclosure of lobbying activities. NDOT accepts this finding and has already put a process in place to ensure that there's a hard stop in the signature process from now on before it goes to the Director for signature, and we're able to do this through our electronic signature process called DocuSign.

And Recommendation No. 6, to report informational items to the NDOT Board. The audit concluded that there was one amendment and two contracts that were not report to the Board. So, NDOT, of course, accepts this finding, and as you know, we process a lot of contracts and agreements monthly. And if we ever find one that for some reason slips making the Board Agenda, we will bring that back to the next meeting and submit that to the Board and note the error for transparency purposes. In the future, this shouldn't be a problem, because the informational report now pulls data from our electronic advantage system where every agreement is entered. So, we don't see this being an issue moving forward.

And then Recommendation No. 1, to submit administrative contracts and amendments of \$50,000 and above to the Transportation Board for approval. The audit concluded that this would ensure consistency with the approval levels required by the State Administrative Manual that other state agencies follow, and NDOT accepted this recommendation, but with the caveat that we have to get approval from the NDOT Board to make any changes to the delegated approval limits to the Director. And with that, I'll turn the rest of the presentation over to Director Malfabon.

Malfabon: Thank you, Robert. So, within the Board Packet, you have the audit, which included NDOT's response and also an Attachment B that has the language from Nevada Revised Statutes 408.131, the duties of the Director of the Department of Transportation, and 408.205, the powers of Director. So, it covers the legal language that controls what the Director can do under the direction of the Transportation Board. In accordance with NRS 408.131, the Board considered

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back in July of 2011 what was the appropriate level of authority and delegated agreement approval to the Director up to \$300,000. Since that time, agreements under that amount are signed by the Director as authorized by the Board, and they're submitted as informational items monthly at the Board Meetings, and we respond to any questions that arise from that listing in the informational items.

So, one of the things that was brought up was in the audit, they felt that the—the auditors felt that the NDOT Board and the State Board of Examiners should be consistent on that level of contract authority, and they're going off of the State Administrative Manual, Chapter 322. There you have the audit conclusion. It's referencing the State Administrative Manual, and you see the exact language from SAM 0322. Contracts totaling \$50,000 or more require the approval of Board of Examiners. So, this was the basis of the auditors' finding, but—next slide.

Just to give you some background about what this SAM manual is, it's really the formal guidance to all the state agencies for administration of Nevada Revised Statutes, and it has policies, procedures, regulations, information. So, it's really the Bible of the administrative procedures, but one thing that they are not looking at is that—next slide—is that there are exceptions.

And specifically, it mentions, as an example, Nevada's system of higher education is a constitutional agency with broad powers, and it says they're expected—agencies are expected to follow these regulations when not in conflict with the constitution, Nevada Revised Statutes, or Board of Regents' regulations. And what NDOT's position is, is there are very specific statutes governing NDOT in Chapter 408. As I've mentioned in your attachment, you have the exact language from NRS 408.131 and 408.205, but you have, as a Transportation Board, independent statutory authority to delegate contract authority to the Director, and we're not really required to align with the Board of Examiners' delegated contract authority limits, because we have specific language under regulations, under NRS 408.

And there is a statutory process that's stipulated in NRS, and if you recall back in July 2011, some of the Board Members that were here at that time, that the Board did consider this issue in establishing the current limits of authority delegated to the Director of NDOT. You were presented back then in July of 2011 with two options, to either approve all agreements, including amendments, or to approve agreements over \$300,000. And the minutes were provided in the response to the auditors. So, you'll find that in the Board Packet as well, but it reflected that the Board didn't want to approve every single agreement. They recognized that there

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would be some impacts on efficiencies. The \$300,000 threshold was established by reviewing other states' practices and working with the Governor's Office. We discussed acceptable thresholds back then and brought it to the Board for your eventual approval, and Option 2 was what was passed unanimously. And I can say that, you know, before July of 2011, NDOT enjoyed a time when the Directors at that time had a lot of authority, but I think that it was very reasonable in establishing that \$300,000 threshold, and it's worked very well since that was established back in July of 2011 at that Transportation Board Meeting.

And one of the things—unfortunately, the State Controller and the Lieutenant Governor aren't present today, but the question was asked—they sit on that Executive Audit Committee, and the question was asked by Lieutenant Governors, so were there any kind of findings about why we need to reconsider this \$50,000 limit versus the \$300,000 currently established by the Transportation Board? And the auditor said that there really wasn't. It was just for consistency's sake, but I think that it misses the point of what the Transportation Board deliberated back in July of 2011 and specifically the impacts to efficiency. So, we definitely said that we were concerned with the potential for loss of efficiencies by lowering the delegated authority, and I can go into some specifics with that.

So, the Board, when you deliberated this back in July of 2011 for the Members that were present, there was a lot of consideration about the impacts of what is the proper level of authority to delegate to the Director. There was significant discussion about, you know—concern with delaying projects, although these are agreements—often with service providers that provide design services, those do impact construction, or at least the timing of a construction project. So, if it takes longer to approve design agreements and contracts, then that can delay construction and impact the construction schedule. And being in a state like Nevada, especially in northern Nevada where the construction season is relatively short, we were concerned with that, and the Board did consider that in establishing the proper level of authority, I believe. And there's a lot of other reasons. There's additional staff time and effort required to—when we get it to an item that's up for Board approval, we typically have the staff do a lot more effort. When it's delegated to the Director, I, by no means, don't just rubber stamp everything that comes across my desk. I do ask questions of staff, but I'm definitely more informed about what contracts we're working on and why we need—working with my Assistant Directors and Deputies and Division Chiefs and District Engineers that's necessary to find out why we need to contract out some of these services. But I always feel that it's best to be efficient and move

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things along so that we can be very efficient and effective in delivering our programs and projects. But when we do have things that are up for Board approval, because today with the Boschung agreement, we had a lot of staff from the District and did a lot of prep work for those types of contract approvals. Even when it's up for Board approval, you might not be aware because you don't ask a question on something that we provided the information on, but there is a lot of staff effort and staff—are actually present at Board meetings or on hand to answer any of your questions should the Assistant Directors or Deputies or Director not be able to respond to a question during the Board Meetings. We anticipated there would be a lot more effort and a lot more paperwork if we did lower that amount and definitely more work on our staff's part to be prepared to take something at that lower level to the Board for approvals. So, it's not just a change in dollar amount and threshold of Director authority. It's really a lot more effort by staff that's anticipated when it's up for Board approval on a monthly basis at Transportation Board meetings.

So, we—and I appreciate Robert's efforts at looking into comparable western states. I think that the threshold has worked well at \$300,000. He found that Idaho has \$500,000. So, looking at Arizona, Idaho, New Mexico, Oregon, Utah, none of them have the threshold at \$300,000, but I think that that works sufficiently for our purposes, and it's worked very well just since it was implemented in 2011. So, we had two options. We didn't have it for action today and just wanted to get a sense from the Board. We could present lowering the threshold as the auditors had recommended to \$50,000 just for consistency with the BOE levels, but I think that that does not address some of the needs that the Department has and some of the deliberations that the Board already took into consideration back in July of 2011. Nothing's really changed as far as those efficiencies that we've gained as far as by establishing that level at \$300,000, but we also feel that Option 2—we agree that we have to look at when a new Transportation Board, the elected members of the Board will be different in early next year as the new Governor comes in and takes his place as Chairman of the Transportation Board. So, it might be acceptable just to leave it as is and then bring it up at that time with the new Transportation Board and to have that consideration and presentation of these types of facts and efficiencies gained by having things at the levels that they're currently authorized at and delegated to the Director. So, it's not for an action item today. We just thought that we would cover these points and just kind of take some direction from the Board as far as would you like us to do some more work and bring it back when the other Board Members that are missing today also would hopefully be here next month or

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coming months to deliberate this and whether the \$300,000 limit should be lowered to \$50,000 or maybe some other limit. And we could take some direction from the Board as far as this item and then act on it appropriately and bring it back. I think that that concludes this formal presentation, and we're willing to answer any questions.

Sandoval: All right, thank you, Director Malfabon, and that was very thorough. I have the unique position of Chairing the Executive Audit Board as well as this Board. So, I've heard this for the second time. I will say this, and I appreciate you bringing it up, is that back in 2011, Member Savage and Member Martin were all here, and prior to that, I don't know if the Board ever approved any of the agreements. I think that the Director was omnipotent and had the discretion to approve all agreements, and this Board just basically was advised of what the Director had done. If my recollection is correct, the Board only met quarterly, if that, historically, and we took it upon ourselves to study this issue, and frankly, Director Malfabon, I will say it has worked extremely well. You know, I'm completely comfortable with the range that we have set and that I've never felt since we approved that, that something happened that I regretted in terms of us not having the discretion to approve something under \$300,000. So, I am comfortable with what we are doing. I mean, obviously, there is a quasi-legal issue associated with this, because I also sit as the Chairman of the Board of Examiners that reviews every contract under \$50,000, but we've actually changed some things there, but not with regard to that threshold. But I frankly don't know how it would improve the operations here to move this from \$300,000 to \$50,000. Now, I did see—I'm seeing for the first time these efficiency issues that you've brought to the attention of this Board, Rudy, what you guys feel or the Department feels would affect it if we were to reduce it to \$50,000. I guess my question is this. When we see—when we get our packet, what is the difference in time when we are just basically getting the informational item on the agreements as we did in Agenda Item No. 6? Do you follow my question?

Malfabon: Yes, Governor, and I might need Robert's help, but we were thinking that it could add a couple of months. You know, as soon as—it's going to probably add at least a month with the additional efforts by staff, but it typically would probably take a couple of months delay, and maybe on the outside, maybe three months. But I think that it could be significant if we do—because we're so efficient and we enjoy the level of authority that was given to us by the Board, that it helps us to be efficient and consider that construction season, because as I mentioned, the design contracts are what we're most concerned about, not so much the service contracts.

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We can deal with that in many cases. You know, it just puts more burden on maintenance to cover that gap in time, but it's really the design contracts that we're concerned about and delivery of programs and projects.

Nellis: Governor, this is—I'm sorry, this is Robert Nellis. Staff informed me that the minimum delay would be 40 days. So, it could be as long as Director Malfabon was saying, but at least the minimum would be 40 days.

Sandoval: All right. No, and again, I'm just trying to make a good record here, because this could be one of those situations where the cure is worse than—if there even is a sickness, and what I mean by that is, again, I sit on that Executive Audit Board. I've chaired it for seven-and-a-half years, and I know that its intentions are in the right place, but having sat on this Board and chaired this for seven-and-a-half years, I have a keen awareness and appreciation for how fluid the Department has to be in order to get its job done, and at the end of the day, we don't want to cost the taxpayers more money just in the name of trying to line up with SAM or the Board of Examiners. So, long story short, my recommendation or my opinion is that we follow Option 2. I mean, this is a pretty big policy decision on behalf of this Board and that the next Governor coming in could decide if he wants, you know, to follow this audit recommendation. Frankly, it really—for us—or for me, it's only going to matter for three months, but there is—all of you, your terms are going to—are going to continue on, and now you, having been experienced Board Members, particularly, Frank, who has the distinction of being the longest—longstanding Member of this Board who knows it as well or better than anybody, that, as I said, I really don't see it improving things. And to your credit, Rudy, and to staff's credit, I've never seen your discretion abused with regard to your authority in approving contracts. Yes, we may have questions like we did today, but otherwise, I think the system has worked well. So, that's all I have. Board Members, do any of the rest of you have any questions or comments on Agenda Item No. 10?

Valentine: I would say I agree. I lost my voice. I agree with what you just said.

Sandoval: Member Valentine, thank you. Member Savage, you were there in July of 2011. Do you have any questions or comments? You've seen it for the past seven years.

Savage: Yes, Governor, and I'll basically second what you had said. The audits, out of respect, are very healthy, and it's a good check and balance, and it keeps everybody on their toes. But again, with your leadership meeting monthly and the Director's staff and administration response to any of our questions is truly

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transparent. And I believe that the \$300,000 threshold is a good threshold for this Department at this time, and it has been in the last seven-and-a-half years. And since we do have the independent statutory authority per 408, I would recommend and agree with the Governor that we leave it at \$300,000, because the audit furthermore contained no findings for a change to improve the efficiency and the effectiveness of this Department, and that's what it's about. It's about reacting, getting things done on time, because time is money. So, that's all I have to say, Governor. Thank you very much.

Sandoval: Thank you, Member Savage. Member Martin.

Martin: When I first got appointed to this Board, one of the first things I questioned was the approval process, and I had stated in several meeting minutes about you're asking us to take the fiduciary responsibility of a decision we didn't make, and that's really what developed. And when this Governor, Governor Sandoval, took office, he immediately seen that situation, and we got it addressed, as it should have been many years before. So, I'm—Len, I agree 100%. I think the \$300,000 has worked outstanding. The monthly meetings instituted by you, sir, really made this Board effective and made, I believe, NDOT one of the highest functioning entities within the state of Nevada's governmental system. So, I'm 100% in support of leaving it exactly like it is. The new Governor wants to change something, that's his option, but I'm supportive of you, Rudy, and your entire staff in leaving the standards the way they are.

Malfabon: Thank you, Member Martin.

Sandoval: So, any other questions or comments?

Almberg: No.

Sandoval: Okay. For Mr. Gallagher, I mean, given the tone of what you have heard, I mean, do we need to take an official—put this on the Agenda between now and the end of the year?

Gallagher: For the record, Dennis Gallagher. Governor, in answer to your question, I believe that the Department postured this as an informational item in order to notify the Board of the Executive Audit findings, but recognizing that this particular Board may not wish to take any action at this point in time, but simply maintain the current status quo until such time as there is a new Governor. So, short answer is I don't believe the Board needs to take any action and that it'll be incumbent upon the Department to present it to the new Governor sometime after January.

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Sandoval: Thank you, Mr. Gallagher. Board Members, any further questions or comments on Agenda Item No. 10? We'll move on to Agenda Item No. 11, Old Business.

Malfabon: Thank you, Governor, and Board Members. So, we have our standard Report of Outside Counsel Costs on Open Matters, Monthly Litigation Report. Dennis, you might have a pass since the Lieutenant Governor is not present today, and then on the Fatality Report, we're still below what we were last year. I had the latest report dated July 31st, and we were six—pardon me—yeah, six fatalities less than this time last year. We'd love to see it at zero fatalities in our state, but I think that—I'm sorry, we were six more than last year. So, unfortunately, we had a really bad July with some of the fatal crashes around the state, but we are making some inroads and improvements on pedestrian safety, and I mentioned a lot of the contracts that you've approved for pedestrian flashers and safer crosswalks, but we definitely have our work cut out for us and continue to do those safety management plans and make improvements, infrastructure improvements, as well as working with our law enforcement and educators on safety. I mentioned school zones earlier in the Director's Update, and it is definitely a challenge, but we're going to stay on top of it, Governor, and Board Members, to try to drive these fatality statistics down. Any questions?

Sandoval: Thank you, Director Malfabon. Board Members, any questions with regard to Agenda Item No. 11?

Martin: I have one.

Sandoval: Member Martin.

Martin: Dennis, you don't get a pass, because Mark called me [laughter]. Not really, not really.

Sandoval: All right.

Martin: No questions.

Sandoval: A little humor is always good in these NDOT meetings; that's for sure. All right, if there are no further questions or comments on Agenda Item No. 11, we'll move to Agenda Item No. 12, Public Comment. Is there any member of the public present in Las Vegas that would like to provide public comment to the Board? I hear and see no one coming forward. Any public comment from Carson City?

Malfabon: None here, Governor.

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Sandoval: All right, thank you. We'll move to Agenda Item 13. Is there a motion to adjourn?

Martin: So moved.

Sandoval: Member Martin has moved to adjourn. Is there a second?

Valentine: I second.

Sandoval: Second by Member Valentine. All those in favor please say aye. [Ayes around]. That motion passes unanimously. This meeting is adjourned. Thank you, ladies and gentlemen.



Secretary to Board

Preparer of Minutes