

Transcript of Nevada Department of Transportation
Board of Directors - Construction Working Group Meeting
June 11, 2018

Chairman Len Savage	Cole Mortensen	
BJ AlMBERG	Jeff Freeman	Boyd Ratliff (Dist III)
Frank Martin-Absent	Stephen Lani	Mario Gomez (Dist I)
Reid Kaiser	Shawn Howerton	Thor Dyson (Dist II)
Tracy Larkin	Darin Tedford	Bill Wellman, Las Vegas Paving
Dennis Gallagher	Dale Keller	Chris Koeing, Kiewit
Sharon Foerschler	Nick Johnson	Mike Johnson, DCS

Savage: Good afternoon, everyone. Welcome to the June 11th, 2018 CWG Meeting this afternoon here in Carson City. Can everybody hear us from Las Vegas?

Gomez: Sure can. How are you guys doing?

Savage: Doing good. Thank you. And Elko, Nevada, anybody in Elko? Still at the store I guess. [laughter] Anyway, just going to get started. Is there any public comment in Carson City or Las Vegas? We would like to move an Agenda item if it's okay. Dennis Gallagher, Tracy Larkin has an appointment after one o'clock. It's CWG Task Item No. 1, and this would move up to before the Unbalanced Bidding presentation if that's okay.

Gallagher: That's completely within your discretion, sir.

Savage: Thank you. Tracy will make that short and sweet. Prior to that, Agenda Item 3, Comments from the Working Group, any comments from NDOT? Contractors, thank you for being here today as well as consultants.

Kaiser: I got a couple of comments. This is Reid Kaiser, Assistant Director for Operations. Just wanted to give a quick update in regards to this upcoming legislative session. We did submit a BDR to the Governor's Office this past Friday, dealing with the retent issue. We are going to submit a BDR requesting to raise the T retent, to go up to 5% of the bid amount from what it currently is, and currently, it is at 50,000 max. So, a job comes up and it's bid at ten million, then we'll hold 500,000 as retent paid at the end of the job.

Savage: That's good to hear, Reid. I know Member Martin is not here today. I know Member Martin and I have been talking about this for the last eight years, and I know on the private side, we wear our different hat, but on the public side, we have to be able to hold all the contractors to the levels and standards of the NDOT expectations and specifications. So, I think that's good to hear. Thank you.

Kaiser: And also, we've submitted a request for two new construction crews, one for District 1 and one for District 2 that are comprised of 13 people. That still—that

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hasn't gone to the Governor's Office yet. We have to agree internally on how many people we're going to request, and then once that agreement is made, then we'll send that over to the Governor's Office, but that's the plan right now. This last week, there was an ACEC meeting, which is a committee that represents the consulting community, and so we met with them. So, it's AC—or the consulting Community and NDOT, and they've agreed to have an individual here from the ACEC at each CWG so that they can answer any overhead questions that might come up, because I know we've explained it, but we struggled. We're not quite as familiar with it as the ACEC is. So, they will help—they will join us and help explain any overhead issues that might come up, because I know that's an area of concern to the CWG. Also, last CWG meeting in March, Len, you went in and tried to apply for an NDOT position. Wanted to let you know that our [inaudible] but just to see how it worked, and...

Savage: Thanks for the clarification. [laughter]

Kaiser: Yeah, don't let that—don't let that get printed out in the paper.

Savage: That's off the record.

Kaiser: Yeah, but Allison Wall, our Human Resources Manager, is working with the Department of Human Resources Management that works for the—I believe the Department of Administration and the Governor's Office, and they are working on a new program. They're calling it Smart21 to replace the current NEATS system that we have, and they're also going to replace some other systems that the human resources people do use. The only problem is that might take up to five years to implement. But it is moving forward. So, hopefully, some of the difficulty we have in filling out an application to go to work for the Department will change. So, it is getting looked at.

Savage: I hope for everyone's sake.

Kaiser: Yeah.

Savage: And if you look at it on the private side, we'd be out of business. Everybody in this room would be out of business if we had to wait five years.

Kaiser: Yeah.

Savage: We typically wait about five minutes [inaudible] so I hope—I'm hopeful that from the top down that the Governor's Office, Department of Transportation and other

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Departments and then more transparency and [inaudible]. We need to, or else we're going to lose.

Kaiser: Yes, we do. We all agree with you 100%, and that's all I have.

Savage: Anyone else here in Carson City, comments, thoughts, contractors, NDOT? Las Vegas, are there any comments from the group?

Mario: Not at this time. Thank you.

Savage: Did somebody arrive in Elko?

Speaker: Looks like it.

Ratliff: Yes, this is Boyd Ratliff, District Engineer. Apologize for being late.

Savage: Good afternoon, Boyd. Do you have any comments for the Working Group?

Ratliff: No, I do not. Thank you.

Savage: Thank you, Boyd. Okay, we'll move to Agenda Item No. 4, Approval of the March 12th, 2018 NDOT Board of Directors Construction Working Group Meeting Minutes. Are there any comments, corrections, additions, or deletions?

Lani: Corrections, a couple, starting on page 45, last paragraph. Inaudible should say work. Continuation of that paragraph on page 46, sentence reads, "The amount of deterioration and find," it should be "to find." And then the fourth paragraph on 46 as well, the end of that paragraph says inaudible. It should be, "of time and materials that gets paid."

Savage: Thank you, Stephen.

Lani: Then on the... got one more, sorry.

Savage: Okay.

Lani: And on page 49, the paragraph that all the—it's got—appears to have some repeats in it. It probably should start off, "It was an internal design for the main structure." However, the contractor selected type was metal. It went out as wildlife crossing, metalworks structure with [inaudible] and as a result, each metal arch structure was designed by the contractor, supplier, as well as the MSE well system that goes into it. So, our external engineering, that element is that the contractor is responsible for the proprietary systems.

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Savage: Thank you, Stephen. Any other additions or deletions or comments? I'll take a motion to approve.

Almberg: I'll make a motion to approve the items as noted.

Savage: Thank you, BJ, and I'll second. All in favor say aye. [ayes around] Minutes approved. Moving on to Tracy Larkin.

Larkin: Okay, just quick as a follow up on the last meeting is the training contracts with NCA in southern Nevada and the AGC in northern Nevada are executed, and currently, the training has started to occur. We also have the flagging process. We have written out the procedures [inaudible] in their upcoming contractors liaison meeting next week, but basically there are the two AGCs, north and south, and NDOT who are authorized to do flagging training. So, we're trying to make it easier for everyone to get what they need, when they need it, will also allow some remote training for the flagging thing, which is a part that when they take the test that will be proctored. And then on workforce development side, we are just finalizing a contract. We did an audit of the workforce development efforts that we have taken that's particularly in southern Nevada on pre-apprenticeship programs and those types. We have the findings, and we'll be reviewing that in the next week, and that's it.

Savage: Thank you, Tracy. I know there's a lot of work with the DB and the workforce development. That's come a long ways since you've taken over, and I really appreciate your time and efforts. Thank you, Tracy. Okay, we'll go back to—if that's all you have, Tracy...

Larkin: That's it.

Savage: ...we'll move back to Agenda Item No. 5, presentations regarding unbalanced bidding and NDOT's Engineers Estimate as it compares to the contractors' bid. We have guest speakers, and I don't know if they're speaking but Bill Wellman, Director/Division and Manager of Las Vegas Paving as well as Jeff Bean, Heavy/Civil Vice President from Q and D Construction.

Kaiser: Jeff, I've been trying to get a hold of him and have failed. So, I'm not sure where he's at, but Billy is here. What this item will—that I'd like to talk about anyway is—and you can see in the memo I put together, Engineers—and NDOT's Engineers Estimates are used to evaluate contractors' bids. We also have requirement in our specs that if a contractor's bid is plus or minus 7% of our

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Engineers Estimate, then the Director has the allowance to reject the bids, and our Engineers Estimates are typically generated by using the contractors' old unit prices for previous contracts that they've bid on, and, we can adjust those items by the economies of scale. So, if there's a lot of asphalt or paving on it, then—and it's rural, we'll typically add a few more dollars or something due to it being required to have, like, a mobile plant or something like that or they must drive a long ways from their projected plant to where the paving is. So, we'll really use economies of scale in that fashion, and, roughly ten years ago, we used to always give the contractors our Engineers Estimates. That changed about ten years ago. As you can see in part of the package, there's a table of cost ranges for contract advertising. Now we just give—each contractor's—each Engineers Estimate is given a number and a range number, and if it's within—like, a range 19 is in between 1.5 million and 1.8 million. So, that's what we do now. That's more consistent with what is done nationally with other states, and, there's some guidance from the FHWA, and they suggested we also do the same. But I also know that at our Transportation Board meetings, we've been—the Department has been coming under fire by the T-Board because our Engineers Estimates have—there have been some very large deltas between what the contractors have bid and what our Engineers Estimates have bid. And so, I requested that a contractor come and kind of explain how important the Engineers Estimate is to how they put together their bid and kind of start a discussion so that we can talk and maybe we can gain something from how they do that.

You know, and something also that we're doing that we can talk about under Item 6 is the unbalanced bidding item, is we do—when the contractor bids his work, he essentially has to get a unit price for 50 to 100 items. Our contracts are bid by a unit bid item, and it's not like the vertical construction where it's essentially a lump sum, and so there's lots of quantities that they check. They typically will run their own quantities for each item, and so there is—there can be more of a margin of error than the number of items. So, the task group that Sharon Foerschler is spearheading for the Department, they will be reviewing all of our bid items to see if we can reduce the number of bid items we have. An example is, like, a drainage pipe. We might use seven different items for a contract that he has to put a unit price on just to build a pipe that's 100 feet long. So, if there's a way that we could reduce the number of items and go and pay for that just by lineal foot a pipe, you know, I think that might go a long way in helping this correct some of that, but Bill, come on up.

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- Savage: Reid, excuse me. Bill, before you get started, I have two questions, and it was brought up today at the T-Board meeting. With the Engineers Estimates and the amounts and the overage that we have sometimes with is more about the bids, is there an internal policy of ten, 15, 20 percent? I know there is a lot of public agencies where you say if we exceed the Engineers Estimate by X percentage, then we'll have to review it and possibly rebid it, and I understand nobody likes to rebid a job. That's the worst thing that can happen for contractors. That's the worst thing that can happen for a department, but do we have a threshold that will say no, we can't exceed X percentage?
- Kaiser: The only language we have is the 7% that's in the standard specifications that if a contractor's bid is above or below the 7%, then the Director has the opportunity to reject all bids. That's the only language that we have where that would allow that. There is no unwritten policy anywhere that says if a bid comes in 20% over our Engineers Estimate, that we need to rebid it.
- Savage: There isn't, okay.
- Kaiser: There is not.
- Savage: I thought there might be. You know, it's fine when there's five or six bidders, but then when there's one bidder or two bidders, it's always a concern I believe, but...
- Kaiser: Yeah, and we have rejected bids in the past. There was a bid up years ago in Winnemucca where we only had one contractor bid it. He was 20% over, so we did reject those bids. So, it does happen, but typically, we will compare the low bidder with the number two bidder, and typically, they're fairly close.
- Savage: And as long as everyone is aware. I mean, we can't, you know, buy something we can't afford.
- Kaiser: Right.
- Savage: And we don't do it at home. We don't do it in our private businesses. Everyone is very responsible with the dollars around here at the Department, but we don't want to set any precedents.
- Kaiser: No.
- Savage: That's what I'm concerned about, setting the precedents by saying the contractor has a reason. Well, how come you did it there? How come you did it here?

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Mortensen: And I would think that, to your point, you know, the contractors brought up today, you know, \$100,000 difference. That's pretty easy to absorb, but I would think that we get up into an area where, you know, you're bidding at \$200 million job and it comes in \$40 million high, I would think that at that point in time, we'd seriously have to take a look at it and consider what we're doing. We might not even have the budget available then at that point in time to even deliver it, and the company would have to go back to the drawing board to do a scope reduction or something along those lines. But I think really that's kind of the biggest risk to the Department, is how underestimating may impact our budget as well as overestimating. You know, in the long run, if we end up programming higher project costs, we may have money left over at the end of the year with nothing to spend it on.

Savage: Thank you, Cole, and the last question I have is does the Department actually give out the contract items and the quantities prior to the bid?

Kaiser: Yes. That's part of the package that goes out in our special provisions. Every unit quantity is in the special provisions.

Savage: And is that typical with all DOTs?

Kaiser: I can't answer that. I don't know.

Koeing: Very common.

Savage: It's very common.

Wellman: It's common, but I'll get into that.

Savage: Okay. That's the only question I have. Now, Member Almberg, do you have any comments or questions?

Almberg: No. I mean, I just agree with what you're saying here, especially from the standpoint of an overbid when there's only one bidder. When there's five or six and it's all over, that's one thing to absorb and to consider that bid, because, you know, maybe you are thinking long term and as long as those bids are within comparable reason of each other, it makes you feel comfortable that you can proceed with that bid, because the contractors, I believe, also are aware that they may be the only contractor that picked up a bid item, if that's the case.

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Kaiser: You know, that doesn't happen very often, I mean, because they pick up the set plans. You know, I don't know. How do you guys get your plans? I don't know that one.

Savage: Just put them on a scale.

Kaiser: I mean, no, you guys get them electronically, though, now, right?

Almberg: No, but what my point—what I was saying here is, you know, in dealing with my business a lot of times with contracts, I'll get calls from contractors wondering how many contractors picked up plans, and so we get a contractor list.

Kaiser: Right.

Almberg: You know, you can get a situation where it may be an odd contract where the contractor has an A envelope and a B envelope. He might call you and say, how many people did you get requesting to...

Kaiser: Yeah.

Speaker: You can still get... [inaudible]

Almberg: That's what I'm saying, as long as it's [inaudible] but that is the thing when it comes to one contractor put one—the only contractor put a number in. That's where you have the risk. They may turn in B envelope because they know they're the only one.

Kaiser: And where we typically see stuff like that is usually in the desert. You know, you get to the rural areas or urban areas, you typically—I've never seen a one-contract bid in an urban area.

Dyson: Chairman Savage, years ago—Thor Dyson for the record. There was a bid out for the Kietzke Roundabout at Neil Road, and it first came out—I don't know who is in the room here that remembers that job, but it came out, and our Engineers Estimate along with RTC was, like, eight or nine hundred thousand, and only one contractor picked up a set of plans, if I remember right, and they were wanting \$1.5, \$1.6 million, so the job was obviously cancelled and, you know, redone. But I do remember one thing that stands out is it was the height of the boom prior to 2006—yeah, prior to 2007-2006. You couldn't find a contractor for the life of you. They were so busy, and so a lot of it is economics; is the Engineers Estimate too high, too low. After 2007-2008, our Engineers Estimate was way too high, and all these jobs were coming in way low. Contractors were just buying jobs, to

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some extent, to keep iron busy and moving. But if you have a good, steady economy—and the other thing that I can think of a lot is we really put a lot of effort into the Engineers Estimate, and three contractors pick up sets of plans, and they all come up with a really creative, slick, money-saving way of building and bidding—bidding and then building the job, and I've seen that quite often. I know Reid has, too, and contractor comes up with something that's not even close to how Design wants it built, but it's okay, and in those instances, we try to do value engineering proposals, and so they bid the job. It's really low. It's lower than the Engineers Estimate, and then they come to us and say, hey, you know, we see how you want to stage this job or do traffic control. We got a better way to do it, and we'll sit down with the contractor, and they should benefit from that and so should the taxpayer and the Department.

Savage: Thank you, Thor. Okay, Mr. Wellman, it's your floor. Sit up here.

Wellman: So, these are just to kind of follow along. I've got it up here on this big screen, because these are hard to read, and you'll see why when we get into it. So, Bill Wellman for the record. So, this is a culmination of sets of about ten years or so or more of discussing unbalanced bid items. I put them together really quick. I wasn't sure I was going to make it to the meeting today, so I did it later on Friday. So, I call it misbalanced bidding. You guys term it as unbalanced. That's fine. I don't care. It's all about the same thing. So, the reality of it is, is that I sit in all the Transportation Board meetings. I bring some of the documentations with me, and I've said it so many times before, always concerned about unbalanced bidding being a cause for rejection of a bid. I only know of one bid that you guys have actually done that on. It didn't involve us, but it still starts to concern, because I think it's so subjective on how you might be interpreting that, okay?

So, this is one of the items that I brought up. I can't even read what project it is. Anyway, 3711, it's not ours, I don't think. It came out of one of your Transportation Board meetings, and I had a couple of them, but I just threw one in here for the sake of time to make things a little bit simple. I got to walk down here, because I can't see the damn thing. Some of the things that we talked about was—and Reid eluded to was an item might take several—it might take several items to just bid one thing. So, here, you got structure excavation is the first item [inaudible] Double A Concrete, minor. Here, we're talking about a drainage inlet, if you will, but at the same time, we got 18-inch pipe and a 36-inch pipe. So, to do a foot of 18-inch pipe, you got to do pipe plus those two items up there. Sometimes we get into bedding. If it needs a foundation preparation in a certain

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way, maybe wet conditions of that, then you have another item for over-excavation as well. So, all of it, it's pretty cumbersome at times, because—and we'll see it. You guys call this misbalanced here, yes. You had \$25. This contractor had \$57. So, this contractor had \$14. I'll get into why I believe it's all over the place, and with that, this leads to the concern of maybe there's a better way to do it. I don't think so. Back ten years ago, we started this in our NDOT contractor liaison meeting under Susan's direction. It was her and Rod Cooper from Granite Construction says, hey, what are we doing? This is ridiculous, and that was first being talked about. The bid items, as Reid said, used to give us all the unit prices, how you came up with your Engineers Estimate, and because of that, there was some real concern with that. It was kind of misleading or directing, and there were contractors that were using that, and you couldn't really do it for those particular prices. They were just bidding it, get a contract put together—or a bid put together to try to be awarded the contract. So, this new method came out, and the idea behind it was we needed something, because originally, the discussion was there was not going to be any kind of a bid amount at all. And somebody came with this, and it made sense, because a smaller contractor needs to know. You got a \$3 million license, you can't bid an \$8 million job. Why pull the plans? Back then, you had to pay for them may differently than we do today for sure, but why even take and go through the efforts?

So, they came up with this predicament, which is fine. We're okay with it. Back then also, it was very specific. If your bid was in excess of 7% over the estimate, it was automatically rejected. So, over the years, in 38 years I've been doing this here paving, there's lots of bids at times that we did not propose on because we were over the 7%. Why expose our numbers? If everybody else is over the 7%, they're probably going to come back and rebid it, no reason to compromise what we were looking at, and you would get bids at times that were within the 7% and we didn't get it. So, because of those type of things, you know, we played with this and manipulated it for a long, long time and trying to find, you know, the best way to handle it, and I'm not sure that you'll ever come up with it other than just realize it really doesn't matter. Just live with it and deal with it, other than what you're talking about, Len, is there a cap where we just can't afford to do this particular job, and that makes sense. I understand that, too, as a taxpayer.

So, anyway, as we come back, we took this challenge long ago back in 2010-2011. It was all settled. It was done, and it's kind of with different Transportation Board members coming on and concerns, rightly so. We've been resurrected. So,

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here we are today and as to why, and we didn't go into these kind of details. Same thing, is the Class A Double, you had \$1,200, this contractor, \$1,750, but that's not unbalanced. So, I don't know the criteria. We talked about it this week, held a workshop that Sharon put together, and it was pretty well-attended, to talk about what constitutes this as unbalanced. Is it 100% more? Is it 30% more, because these are only—this one's not. This is pretty close, \$75, \$70. This one is \$90. That's \$58, but it's unbalanced. So, that's only—it's only 30%. Is that the magic number one way or the other? I don't know. So, anyway, as I get into it in a couple more slides, you'll understand it maybe a little bit better, but this is just something that's always a little bit alarming when you see these and what you guys might do, because you're very active discussing the bid prices and how they relate to the Engineers Estimate.

So, we talk about drainage today, and the reason being is because we thought, in our little working group that we had, this would be—if we're going to tackle something, maybe drainage is the most simplistic item to do—items to do, and maybe just more all-inclusive type items in itself. So, you guys have got standard drawings. These are—this is one of the for a box culvert, obviously, and how they get paid. Now, this is the 2017 standards, and the stuff I'll show you afterwards may not—they look the same as the 2010 I believe they were, but I think the quantity is a little different here, and you may want to change. That's just on the next slide that you'll see it. So, excavation, here's how we—here's how we get paid for this excavation. In this particular case, if it's a box culvert, it's from the existing ground. So, the existing ground is subgrade, which means we have to cut it out in the first place or if it's from the existing ground and that remains in place today. So, this is how you guys calculated it to come with your quantity. A little bit deeper hole up there or actually very shallow here as well. There's not as much quantity [inaudible] close to zero [inaudible]. Here's the backhoe information; this is pretty standard. This is what it's going to look like when we backhoe. This is how you guys create your quantities as near as we can tell, and usually, they're pretty close.

If it's a round pipe, though, it's completely different. It's the same concept, but a round pipe has to be buried before it's installed. Let me go back. This doesn't have to be buried. It does not have to be fully—or covered before you excavate what there is and install it. So, that quantity calculation is way different than it is here. This has to be filled. As you can see here, this is the existing grade. This pipe is going to be above grade. This fill has got to be put in—this burrow, embankment, whatever it is, six inches over the pipe before we actually excavate

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it to install it, and you'll see that a little bit further later. Note seven here for installations and excavations, you clarified it with this new drawing, but these jobs that are out or the jobs I'm going to talk about did not have these standards. I don't know whether today it doesn't matter to us. We already proposed—our proposals include these type of standards, and you have to understand this, is that it's going from negative grade, and you'll see it in another slide, not necessarily this one, but a next one.

So, this is Star Avenue. I just grabbed one that we were doing, and this is an 11-by-six box scope. As you can see, here's the existing ground here. It's about 16 feet deep here. It's about eight feet, nine feet deep up on this [inaudible] we can take that quantity—that hole in itself is 14—well, 13, 14—it's 16 feet wide by your standards, and I just showed you on the previous cross-sections. So, we can figure out what that is and see what you guys are doing. That's pretty standard. That's okay, but we understand where you get them. It doesn't—but it doesn't really make any difference, because it's how we're going to dig this hole. This thing has got a cross-section. As we said before, it came up four feet, out four feet, up, which is just a one-to-one slope, but just a safety slope. It depends on the type of soil conditions. In this particular case, this is pretty hard rock. It had to be trenched, okay? It's from an OSHA standpoint, solid rock, undisturbed. We're digging it vertical. The quantity is 50% of what you have in your assessment.

I can't read it any better there. It's 16,000-and-something cubic yards, and I don't know what the actual number is that we bid, but when we actually are bidding this job, we're bidding it based on building it, not because of pure quantities and how you came up with your quantities specifically, and that's kind of one of the things that becomes a bit cumbersome. So, you got that, but because of that, we have less backfill too. So, the granular backfill, so 5,300 cubic yards of granular backfill on there, and we may have 30% less. But if you read your own stuff up here, you pay based on this quantity, and you see that very clearly. But if we dig more, you don't pay a separate. This is the payout. It's almost like a final payout for this particular—for these things. So, with that, same thing, on the end of this thing—now, this is a box culvert. This is a little bit unique. All of the box culvert is bid by the cubic yard. We used precast box culvert on this particular one; it's a deep hole. There's a whole lot of things about it [inaudible] but you're paying us by the cubic yard, and I can't even read how many cubic yards it is on that particular thing. Maybe you guys can see it. That's not even accurate, because it's precast. The volumes of concrete used in precast are way less because of the way they reinforce it, okay, and because—that's what doesn't match up, but that's the

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pay item. That's how we're going to get paid for that thing based on that number of cubic yards, and the same thing as part of that, reinforcing steel, the 57,000 pounds—I can't—55,000 would be pretty light, but same thing. So, we take all these bid items, four of them, to bid one foot of box culvert. Then we get to the end of it, we got put a head wall on it, right? It takes 43 cubic yards to dig this head wall out, which is already part of the excavation we're doing, 72 yards of backfill, 33 yards of concrete, and 3,400 yards of reinforcing steel. That reinforcing steel and this is likely a different price than it is in the box culvert itself if you were doing a cast-in-place structure.

So, all of that comes together to create a bid. So, in this particular one, this is the actual bid, and we were the low bidder on it, obviously. I didn't run any other figures, but [inaudible] and using those items in themselves just to build that piece of structure, you guys had an Engineers Estimate of \$1,712,000—or \$939 a foot. Our bid is a million-two. It's \$500,000 less. A lot of it is because we didn't excavate all that needed to be excavated, okay? We didn't have to use as much backfill. We used precast box rather than cast-in-place concrete. All those made the difference in itself, and you get the same design, trust me. We're finding the most creative ways. You can ask Chris back there. He may not agree with all this. I'm sharing our top secret stuff, but it's probably not that top secret, but truly is we always find the most creative ways to do it and be the low bidder. NDOT and any other public entity is getting the best value right now in this day and age. There's enough contractors out there needing work. We need more work, okay? There are contractors that are busy. Kiewit is too busy. They can't—but the reality of it is, is that you're still getting some great product now, material is a whole different thing. We don't control materials. Steel is escalating pretty quickly. Cement powder itself is escalating a little bit. So, you know, we got the same risks as you do, and you're still the end user. So, you're going to see some higher costs at some point, but it's not necessarily because we're too busy and we're jacking our prices up at these particular times. So, is this a misbalanced bid? You guys had \$9. I had \$6. These guys have \$5. This guy is \$13.50, and this guy is \$6. I guess I'm showing you the difference here, and there was only four bidders on this particular one, and it makes it easy. Why is this guy \$13? Don't know. He's got a higher bid, but he's also the third bidder, and this was actually—there was a huge difference between this one and this, \$7 million difference in the base bid. There's less than \$1 million between these two, okay, on the bid totals themselves. So, what's right? You know, we're at \$263 on the concrete itself compared to \$400. These guys are \$525, \$365. You know, they

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come—they're much better off than they were with the excavation. These guys are \$300. I don't know why. I mean, I know why we are where we are, and I'm guessing these guys, because they're another local contractor. The other two are not actually local contractors. They do work in Vegas but they don't do as much work.

So, go to a different type, go to round pipe, this one is more unique in itself, because look at this, existing grade is below the pipe. Okay, so you ask yourselves should there be structure excavation on that? In reality, you'd think no, same thing with this [inaudible] this one is many feet in the air. It's almost ten feet in the air, but guess what? When you come down here, second to the one on D8, which is the last one I just showed you, ten feet in the air, this structure is 70 cubic yards, 100 cubic yards, 106 cubic yards, and the reason being is we got to put all that embankment in before, but the difference is these calculations are based on all the way up the subgrade, and we're putting that embankment all the way to subgrade first, and then we're excavating from there. Now, where I showed you where it was highlighted in red...

Koeing: You're saying the Engineers Estimate is based on...

Wellman: Correct, correct, yeah, based on those cross-sections. Based on that, we're not doing that. We're going to put this embankment in, the six-inch and over, the pipe, as required. These are [inaudible] and then we're going to excavate, way less excavation quantity, way less backfill quantity, okay, granular backfill quantity. So, we take that into account. So, it all goes into this one big pot, and then you divide it back out, and I'll get into that a little bit more. But the idea behind this is—let me go back to this one. This one here, the same thing. This one here is 12 feet deep. That's where the Engineers Estimate is—and I [inaudible] and that's here. It's 535 cubic yards of excavation on something that's actually above ground [inaudible] so, with that, you take—you still got excavation. You got granular backfill, and then you got the pipe itself, then the length of the pipe. There's other things that has to happen with this. We dug a hole. We put the pipe in it. We put bedding in it. That's paid by granular backfill, but it's only four inches, and it's pretty tough to dig just four inches. So, we're probably bidding six inches to a foot of granular backfill under that pipe we're not getting paid for. We're getting paid for four inches. Remember, that's all we get, is that quantity, but the teeth on an excavator is that long. The teeth on that backhoe are that long. And Thor, you wanted more backhoes this morning. You got some more coming. Those teeth are longer than four inches typically.

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You're not going to get just four inches of bedding. Okay, so, you guys have neat-lined everything, which is fine, but idea that we use those numbers or those quantities is not true. We can't.

So, sometimes we got to end up with more bedding underneath these different things, and again, sometimes you do have a bedding item and bad soil conditions and that, and these that's not the case. But also on top of this, we've got to bury this pipe. I'm going to put granular backfill six inches over it, because we [inaudible] this is all the deeper our hole is. That's all that's required based on your cross-sections, but actually, we're going to fill this thing up, or if we have to put in two feet of material over the top of it rather than six—and that's more likely what we would do just so we don't break it ourselves. You're only paying me, you know, up to that particular point. It doesn't matter. Now the rest of that trench has got to be filled up. Go back to that box culvert, that 11-by-six box culvert. You were paying me six inches over the top of the box, but it's 16 feet in the ground. Eight feet of fill has got to go back in there. Where do you—there's no quantity for that.

Once in a while, it does. The job you talked about today that AG Industries got that's going to be awarded next Board Meeting, that actually has a pay item from one of the—one of the three engineers that did these particular things, these structure lists, that has backfill. So, you know, trench backfill [inaudible] but only one. So, now we got to factor that into that [inaudible] but that's okay, because we don't bid every one of these, because to dig this cubic yard of excavation is way different in price than digging for that 11-by-six box culvert. So, we use these quantities [inaudible] and understand and say, okay, this is costing us \$10 or \$12 a cubic yard, because we're using smaller equipment. What do we got to do with it? How do we handle it? It's got to go in a truck. Does it go—how far does it go? Does it go off-site? Does it go [inaudible] okay, for fill, and we can salvage and save there as well, whereas, you know, the big box—the box culvert I talked about may be in the \$3 or \$4 range, again, depending on what we got to do with it, got to haul it off. We got to haul it off, where are we going to haul it to? Where is the job at from a granular backfill standpoint? Can we make gravel on-site [inaudible] on Star Avenue, we did. Okay. We're able to do that, so we didn't have to import. That's not factored into any of your Engineers Estimates, and it doesn't need to be, okay. I mean, we're not saying you're wrong in any way, shape, or form. I'm just trying to get to the point that this misbalanced bidding stuff is really not that critical in the big picture. Whether you can afford the job or not because it's over a budget, then I assume that you

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had—you said, okay, we got \$10 million to do this job, and it comes in at \$12 or \$13 million, yeah, maybe that might be an issue in itself, but that's a completely different issue than misbalanced bidding or thinking it's misbalanced or unbalanced. So, the reality of it is, is we—using all these quantities—and Chris, I'm sorry, you had a question or did I...

Koeing: No.

Wellman: So, these two particular items themselves, an 18-inch pipe and a 24-inch pipe, they fall in like this. Why is the 18-inch pipe more than a 24-inch pipe?

Kaiser: I got a question for you. If you guys are bidding a job and you come across an item where you're not going to need it, okay, and where the quantity is going to be zero, yet we have it in there and it's maybe worth \$100,000, how would you guys deal with something like that? Would you send an RFI to the Department, say, hey, you got an item here that I don't think is needed to build it, because we may look at that—if you bid it at a penny, we're going to look at like you're unbalancing it.

Wellman: Correct.

Kaiser: You know?

Wellman: Right, and we used to do that with oil.

Kaiser: Yeah, oh, yeah.

Wellman: We're guilty of it as anybody. Back in the old days before [inaudible] asphalt was bid at a penny, the reason being is aggregates come from different places, have different characteristics. I'm not the engineering guy that knows all that. I just know it because this is what I do for a living, and so oil quantities are way different, and—we've got seven asphalt plants in Las Vegas. The oil quantities at them are different in every [inaudible] because we bring aggregate from different places around the valley to those plants. So, what oil is needed in each one, which you guys have been seeing ultimately, okay, we [inaudible] so now it's a way different process, but we used to bid it for a penny, and that was across the state. Everybody did, because you get out on some of the rural highway projects, some of those pits, you thought they were really bad; we think they're not, or we might have been coming out of the commercial pit rather than your NDOT pit. Okay, so, you bid that stuff like that, and that's kind of where we're at today here.

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Koeing: So, Chris Koeing from Kiewit. We have an obligation—if we think there's an error in your quantities, we have an obligation to notify you of that. So, it is a little different here, right? If there's a bust, you know, we do three takeoffs, and we keep getting 100, but you got 10,000, you know, somebody added a couple of zeros there. So, there's an obligation to notify you if we think there's a clear bust in a quantity, and with the...

Kaiser: We appreciate that, but we don't think that always happens.

Koeing: It's rare. What Billy's talking about is means and methods and, you know, strategy of how we're bidding the job. You know, so, if we are confident that we can meet the specification, but, you know, it's a risk when you bid—you know, you name it, cones by the heap or, you know, barricades or you name it, and you bid it way down because you think your plan is different, you know, then there's a risk that you're going to get out there and it's not as you thought at bid time.

Wellman: And typically, we want it consistent so that—if he finds it, we usually find it, too, and then we'll typically want everybody to know that anyway, you know, so somebody else doesn't screw it up and given the advantage that we don't have for some reason. Okay, but you're kind of on point with what this is. So, I said it before. We're not using all the structure excavation. We're not digging that much out of the ground, and since we're not digging that much out of the ground, we're not putting or in need of putting that much granular backfill back in the hole, and we didn't use as much concrete because we used a precast box. We didn't use any rebar because we used a precast box, okay, but those are the quantities.

So, here, same thing, you guys—why you got \$9, I don't know whether that's an average of all the low bids or that is—I assume that that's an average of all the low bids, kind of a rolling average. Is that where...

Dyson: I have a question.

Wellman: ...you guys get those numbers?

Dyson: Thor Dyson, District Engineer. Sharon, so—maybe it's not Sharon. Maybe it's Cole. When we do the Engineers Estimate, isn't, like, the bid item, reinforced concrete pipe, it's the last several contracts in that area or is it...

Mortensen: [crosstalk] because it's been a few years since I was involved with putting together an Engineers Estimate.

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- Howerton: It's a little more to it than just taking the last few averages. I've put some stuff together for this exact question, but to answer it, we have software that's Bid Tab Pro where we get uploaded all of the bid tab information from all the bidders, and I can filter that specific question—like if I'm looking at one of these pipes, I can put in, you know, the 18-inch pipe, and I can look at if it's in Las Vegas. I can look at if it's rural, if it's urban. I can filter it by project size. If it's a \$5 million project, I can look at \$5 million projects. I can filter it by quantity. If I know there's concrete pipe that has 207 feet, I can filter it from 100 linear feet or 500 would probably be something I would look at, projects that have between 100 and 500 linear feet. So, I'm kind of trying to get as apples-to-apples comparison as I can, because what I wouldn't want to do is look at a project that has 10,000 linear feet of that exact same pipe and put that price on it.
- Dyson: For a project that has 100.
- Howerton: Exactly, or five feet or, you know when we're extending, you know, a drainage culvert ten feet. I wouldn't want to pick something like that. So, I have the software, and I do this item-by-item analysis for every single item on the projects that I estimate for. So, it's not just an average. I'm actually looking for...
- Dyson: So, it's a detailed analysis of location, project size, quantity—bid item size.
- Howerton: Yeah, I can even sort by district. I can—yeah, there's a lot of filters I can use to kind of come down to a good comfort level, and like I said, it's not just the low bid. I look at all the bidders. So, just like Mr. Wellman is saying, their processes are—you know, dictate certain prices where, you know, Kiewit or anybody else's practices dictate another price. So, it's kind of my job when I'm selecting these, you know, item prices to figure out what the average contractor is going to be. I can't, you know—I think, you know, LVP is going to get this one, so I'm going to pull up LVP's prices and pick one of those. I've got to pick a good, reasonable price for that specific job for that particular bid item.
- Koeing: It's very good that the analysis is more than the simplified bid tab analysis, but what your software can't do is account for market conditions, and, you know, we're just coming out of a big whipsaw market, right, and as the economy goes, our industry is about a three-year lag to that. And that's why you find yourself behind, right, so that, you know, concrete, steel, you name it, the commodity can vary greatly in market conditions, you know, based on a commodity. It can base—you know, like Billy was saying, you know, when everybody's got work and you can't hardly take another job, you know, our—what we ask for is going to

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be higher than if we don't have any jobs. You know, so, that's the one word of caution when you use Bid Tabs, is that if you have a rolling [inaudible] market environment, you're always going to be on the opposite side of it until you can get something—like Thor was saying before, just, you know, smooth and it's—you know, you can rely on market conditions or similar.

Wellman: So, let me go back, because I mean, everybody's comments are exactly right, and there's nobody wrong in any of the comments. It's just that how do you want to use that information and whether you think it's right or not, and by using the term “unbalanced” I think is just too subjective instead of trying to be objective about this whole thing. We're just being—oh, this guy is higher than us, so he's unbalanced. So, how is—and this actually turns out to be kind of unique. So, how we arrived at it, we arrived at this number—not that number, this number, okay, and then we take this number and put it back through here. And remember, structure excavation is on everything. It's not pipe. It's not box culvert. It's on bridge structures. You know, it's on everything that needs to be dug out after you've placed material, whatever, to create some other kind of structure. So, now we got to use an average, and that's why everybody's price, including yours, is the same all the way through, you know, for every one of these type of line items, because it's the same global unit—or excuse me, global price for that global quantity. So, when we arrive at this, we say okay, here's this. Now, what do we want in this structure excavation? So, my underground guys will work and say, we've got to dig this hole. We got to do this, let's say, like, 11-by-six box culvert. It's a pretty good quantity, and we are going to need this kind of number in there to actually make it work, because some of it is hard, but if you look at some of the other smaller stuff, it's all above ground. It's all infilled, and we're not going to find caliche or any kind of solid rock. Solid rock is a lot more expensive than simple dirt, right, to excavate.

So, those guys come up with their quantities based on your structure list, this is what you're going to pay us, and then my bridge guys come up with their quantities based on the structure excavations they have, and granular backfill the same way. This is the quantity that you're going to pay for those things, and then they need a certain amount of money for excavating it by the cubic yard around that bridge structure, and it could be in the rock. It could be the fill material. It could be whatever it is, but once they take all of that, it's all globally put together, and I don't—you know, I don't have—I didn't bring a total bid for this thing. So, we've got 10,000 cubic yards of structure excavation. Some of it's at \$5, and some of it's at \$12, but it's the rounded average for what that 10,000 cubic yard's

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going to be. In this particular case, we're at \$6. We had some hard material. We had all kinds of different conditions. Some of it's production stuff, like that 11-by-six box culvert, big excavators that we saw we can dig it fast, where other stuff and structure excavation and rounded bridge structure is a little bit different, okay?

So, we decided to come up with \$6 as a goal, and it's not a perfect world, because remember, a perfect world, we're just trying to come up with this particular number. We do the same thing with our granular backfill. You guys are at \$17. We happen to be pretty close. These guys are \$30, \$33, \$6 here, granular backfill, however he was getting his, but, you know, the reality of it is that might be a true unbalanced. I don't know [inaudible] but anyway, the deal is, is a lot of that is a lot closer in region because of what the market price is for granular backfill. This guy might have included installing it. This is maybe just the [inaudible] this guy at \$33 and \$30, he probably put some labor in there to maybe place it, too, but we do it a little bit differently. Our labor price is in here, okay, because it's how we produce, how we're going to walk through this thing, how fast it goes. We don't have a guy that's putting in gravel today all day long every day. He does other things. So, that's why we globally do that. We still got to put the backfill in. We got to do all the other stuff. If we're crossing a street, there's temporary asphalt [inaudible] you pay for a permanent batch, but you wouldn't pay for temporary asphalt, okay? We got to [inaudible] asphalt where is that being made at? You don't have a [inaudible] there's a whole lot of other things that may go into some of these things before we actually get done with this price. You've just chose to have four or five different items.

The funny thing is, is the other thing we always hear about is misbalances, you think we jacked up 18-inch pipe. I hear that more on every project, especially from NDOT, a little bit out of accounting, but look here. We're at \$156 for a 24-inch pipe, 248 feet. This is 207 feet, relatively close. The reason being is because what we had to do with this particular pipe is way different than what we had to do with that particular pipe. It may have had saw cutting in it. It may have had temporary asphalt in it. It may have had other things, and also, these—24-inch pipe is usually mainline type stuff.

Let me look at how long this thing is to start off and keep going. Eighteen-inch pipe is all these little shorter runs. Okay, you got to move on each one. You got this, again, but every time, and your district guys always criticizing us, is how come 18-inch pipe is more than 24, and you'll find a lot of time 24 is more than

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36. It's just the way it is when they're all done putting this thing together, okay? So, that's kind of what I got, and I'm hoping that maybe you guys understand a little bit more. It's not a fix-all today for any reason, but maybe you'll—allow you guys to think about it a little bit more, and maybe we'll drive some questions for future meetings, future workshops Sharon let me take us back.

So, all the other entities, Clark County, City of Las Vegas, Reno, RTC, it doesn't matter, this 18-inch pipe is 18-inch pipe, one foot, period, no excavation, no backhoe. That's all-inclusive, okay? Caltrans—I was going to bring them. I didn't. Caltrans, the pipe is a pipe. That's no structure, no backhoe, and on a box culvert, it's concrete. They do go by cubic yard, and that's fine, because you don't know whether it's going to be cast-in-place or precast, but there is no structure [inaudible] and there's no graded backhoe. That's included in that concrete cubic yardage. Reinforcing steel, if it is a box culvert, yes, and a head wall, no. And here, we had head walls. Here—and that's why I divided this up, because this is one structure, but you got a head wall. If you use Caltrans, if it's a standard head wall, it's one head wall, period. If it's a head wall with a big wing wall on it, then it breaks it down to concrete and rebar, but the rebar is only for the wing wall, not for the concrete, and there's still no structure ex and [inaudible] and because we got so many items, that's where it starts to get maybe mismanaged. If you put more money in one item, the other item is going to come down. Okay, with less money, that other item drives it up. So, is there a quick fix, no, but hopefully, maybe you understand a little more how we don't try to cheat the system like you think we do. We manage it. We don't cheat it.

Foerschler: Sharon Foerschler for the record. I have a question. As a bidder, which do you prefer? Do you—because we think—and this is me. Not everybody maybe has the same opinion, but if you've got, you know, 1,000 feet of pipe under different elevations, you're not laying it flat, how do you view bidding that versus bidding the individual items?

Wellman: We bid it the same. We bid it as a pipe. We dig it, we install it, we bury it, and then we take it back through these numbers—these quantities I should say. On behalf of Las Vegas Paving, we prefer these to be, like, typical county jobs, a foot for 18-inch pipe, 24-inch pipe, that kind of stuff. That's how we would prefer it to be, and even my bridge guys would prefer it to be a lump sum for the bridge. We go build a bridge in the county, it's a lump sum. It's not broken down into all these other things, and one of the comments, you know, that we had in that deal by somebody, I don't remember who, you know, we got to be able to quantify it

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for FHWA that's not true. I don't believe that for a minute, because you guys manage the funding for Clark County and things like the beltway, and those beltways aren't built like this, you know, or any of the stuff in the city or that. If they're using federal funds, it comes through you folks, and nobody is managing those kind of, you know, quantities like that, similar to build and spec.

Kaiser: So, like, on a bridge, what we could do is build it as a lump sum, but have the structure list detail all your concrete and steel quantities, you know, but still bid it as a lump sum, and so...

Wellman: You could, and we depend—that might be something—your question was we can see, you know [inaudible] if there's a belt there or not [inaudible] but this was supposed to be just a simple—if we're going to try to work on something, work on the drainage stuff first.

Koeing: I agree with the process that Bill has described. We're very similar, and so my answer to your question on preference is we're indifferent. As Billy says, we bid it the same. We have to go through that detailed takeoff, you know, whether we're going to take a risk that we can, you know, get out there and it's hard rock and it's vertical or do we lay it back and it ends up being per the standard plan. But in the end, we take that detailed analysis, come up with the cost, and spread it back against the quantities provided. So, if your standard drawing says it takes four and we say, no, it only takes one, I'm going to take the cost of doing one and spread it back against four so that you're going to pay me for four. In the end, I just got to get back the money it cost me to do one, and I would answer your question with a question back to you. As you're doing your Engineers Estimate, why go to the trouble of taking off all these detailed quantities when you could go to a Bid Tab per lineal foot on a pipe and come close enough? Again, we have to do all the detailed takeoff and analysis, but it comes down to a dollar per lineal foot anyway.

Foerschler: I can say because we always have. I don't really know.

Wellman: And we can go either way. If you never changed it. It doesn't change the way I feel about you guys other than we want to challenge somebody with unbalanced bidding. We arrived at the numbers... [inaudible]

Koeing: And I'm interested in the Department's concern over unbalanced bidding. Do you have examples? Have there been situations where you're concerned?

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Kaiser: You know, to answer that question, back in the late '90s, early 2000s, I think we did have unbalanced bidding problems, but we have dealt with it as a Department by using the BRAT [phonetic] Committee, by creating for asphalt, square yard item. So, it's taken that unbalancing out, but I think I would have to say for the most part, I don't think we have a problem today.

Koeing: Because when you say "unbalanced" the implication is that the contractor has unbalanced his bid to take advantage of, again, a situation. If you go back to the quantity bust and the takeoff, you know, if you're the Department, there's a quantity bust, and you don't get notified, and then the contractor bids it the opposite way to take advantage of it, that's going to come out in the end of the job, too.

Kaiser: And that does happen periodically.

Dyson: So, I know from a few, though—Thor Dyson, District Engineer—that if you're an RE and you're out there and you're looking at Bid Tab—and I'm just pulling numbers out of the air, okay, but you see that open grade Engineers Estimate is \$50 a ton, and you see the contractors' Bid Tab is \$150 a ton. With some contractors, the depth of the open grade is supposed to be three-quarters of an inch, and here they go, and they're trying to make—you know, put down an inch-and-a-half or more, and so it's a fight out the heel trying to get exactly what we want. We don't want inch-and-a-half open grade. We want three-quarters. We're fine paying for three-quarters, and we've got into situations where, fine, Mr. Contractor, go ahead. We're done fighting you for an inch-and-a-half. We're going to pay a planned quantity, period, and that involves a whole 'nother realm of arguments. I've seen it also on chip seals where you have a bid for a certain number of pounds per square yard for chip seals, and again, you know, you don't want too many chips on the road, but you want enough, same with flagger hours. So, from a field perspective, it's tough on inspectors. It's probably tough on your crews trying to make it all work out as far as the quantity and the item that's required in the plans.

Koeing: But ultimately, the Department has last say, right, and if you got an inch-and-a-half and you want three-quarters and you tell me to take it out, you have every right to—you know, there's risks with playing those games is what I'm getting at, right, and all it takes is the Department to, you know...

Dyson: And we've exercised that, and then it's just more conflict. You got enough to build the job already.

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- Koeing: Yeah, but I'm just saying if you have those issues, it doesn't take long to get around the industry. Better not take that risk on the next one, right? Those guys had to take out an inch-and-a-half. It shouldn't be—I just haven't heard these issues in a long, long time.
- Kaiser: And to get back to the original question, like I said, I don't think we have an unbalanced bidding problem, but we need to keep those specs. We need to keep the BRAT Committee working on every bid so that we don't go down that path. You know, I mean, I'm not saying you guys are contractors that would do that, but, you know, I think there are contractors out there that would.
- Dyson: So, in the past three years, how many jobs has the BRAT Committee rejected?
- Foerschler: Sharon Foerschler for the record. I can say we recommended rejection of three bids.
- Dyson: In the past three years?
- Foerschler: I would think.
- Dyson: Statewide?
- Foerschler: [inaudible] two safety projects, because of quantities, when we got down to the BRAT, designer came in and said, oh, we got all these quantities are changing. Well, wait a minute. We don't go down that path, right, because now you're potentially changing the low bid, the second, or whatever, and then the one, we recommended rejection. That was one bidder out in Winnemucca.
- Kaiser: And the one out here in the yard, the water quality.
- Foerschler: No, we actually recommended award to bidder number two, because [inaudible] bust in quantity, and we plugged in the correct quantity [inaudible] our recommendation, myself [inaudible] the co-chairs of the BRAT, we make a recommendation to Rudy. It's ultimately his decision, but we will do, based on the criteria that we have and the processes in place, make the recommendation in accordance with those. But there is a lot of discussion. I can tell you there's probably as many people at the BRAT as are sitting here, if not more, and we go through not only the price sensitivity report, which is what Billy had near the beginning, that mathematically pulls out what we consider unbalanced per our processes, and we discuss those, and we discuss the whole bid, and we do look at, you know, where are the other bidders laying, are they close enough. So,

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obviously, we overlook something or, you know, take the I-80 job that is in here that had a lot of discussion a couple Board meetings ago about how high it came in, and there was just a lot of stuff that our historical bid prices won't give us. You know, the time constraints of you can only work at night, you can only take a lane, you can only have a work zone a mile-and-a-half long, our way to estimate jobs doesn't account for that. So, when a contractor comes in, you know, and correct me if I'm wrong, but he's going to look at the risk. He's going to look at the production, and it's going to affect the cost, and we had a lot of discussion about that project, because it did come in so much higher than what our Engineers Estimate was. And when you looked at the bidders across the board, you know, and where their ranges were, you say to yourself, we must have just not accounted for things properly, because this is, you know, what the true cost of that project is. It's not what our Engineers Estimate is. So, there is a lot of discussion. When you get into unbalancing, it's really, really difficult, and a lot of people sitting here are on the BRAT, have said that that's truly unbalanced. Now, a penny, yeah, that looks really odd, but, you know, you guys all have your own way of bidding, and we recognize that. You know, it's based on their resources, where the project is at, other projects you have going, you know, where you're getting your—you know, your materials, your business decisions, how you're going to build it. There's a lot of stuff that we can't—as a BRAT, when you're looking at just unit costs, we don't know where you're putting your money. You know, there's different ways we pay things. Some are planned quantity. Some are—most are actual quantities placed, but there's a lot of variables, and we don't estimate the way contractors do. So, it's difficult, but we will, in accordance with our policy and guidelines, make the recommendation accordingly and as a group. Although Scott Hein and I are the co-chairs, we do it as a consensus kind of a group, what does everybody think, and are we going to get value if we rebid. You know, are we going to get—is it going to be any better for us or the bids are going to come in about the same and now we've elevated our Engineers Estimate to be more in line with the bids. What have we gained?

Dyson: Now you have irritated everybody

Foerschler: [crosstalk] And now everybody knows [crosstalk] so it's really a...

Wellman: So, that's really the basis of this, is maybe to save some heartache, you guys may want to consider consolidating some of these items into something that's more simplistic in how you evaluate it, and whether it is or it's not, it's still the low bid.

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Foerschler: Right.

Wellman: You know, it's just maybe not the low bid on this particular item compared to somebody else's. And I got to say it, is when we were all doing the penny stuff, we were all doing that together, okay, and the reason for it was all the same reason. It was not a secret, okay, and you guys had—you guys had [inaudible] and that's why [inaudible] is there was no reason not to just do it, and I'm more competitive in Las Vegas than I am for that same.

Savage: Well, Bill, I want to personally thank you for your time. I know it's expensive for you to come up here to CWG, but you don't have to do it.

Wellman: Not if you reject one of our bids. [laughter]

Savage: It seems—we know that you have to compete every day, because it's a jungle out there, but I want to personally thank you. This has been a very healthy and educational conversation. Chris, I want to thank you as well. I wish there were other contractors. I want to thank the Department. I mean, everybody is trying to do the best we can, and I thought Bill put it well. He said, you know, it's building versus estimate. At the end of the business, it's not a science. It's about being competitive, knowing what crews are available, what the timing is, what the risk is, and how we're going to get the job done. And so I think everybody is working together. It's healthy. There is no absolute thing. This will be going on for generations and generations, and what we try to do as a Department is to try to make it more efficient, that you have to be driven I mean, we're all working together, and I thank everyone for voicing their opinions. The Department has been very receptive, very forthright. We have to hold our standards, and we have to watch out for the people that have agendas, and these two sitting in the room don't have any side agendas to try to do an end run, but I've seen contractors in my world that have different schemes on doing things. And the pre-bid RFI, I think that's a great question, you know, because as leaders in the industry, that's our responsibility to throw those pre-bid RFIs out there in order to ensure that the competitors are bidding the same thing. Well, some people don't. They hold those cards back. So, I think we have to try to be proactive in, you know, having the contractors feel comfortable about that, but I do thank everyone. That's all I have, but I sincerely thank you, Bill, and Chris and everyone. It's important.

Kaiser: One quick thing, I wanted to thank Scott Hein and Shawn Howerton for putting a bunch of numbers together for us, and just so you guys know, they went back and looked at all the bids that have come in, in the last four-and-a-half years, and

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essentially, they averaged out the highs and the lows and everything compared to what the contractors have been bidding them at, and they're within 1.6% of hitting those numbers. So, you know, you're going to get a flyer periodically, but for the most part, we're pretty close. In fact, we're a lot closer than the number two bid.

Savage: Well, that's good, and, you know, when we make comments about the Engineers Estimate—and I'm an estimator myself. I know that I miss, and so don't take anything personal about what we're trying to talk about in this room, because it's about for the betterment of the industry and the people that work for NDOT, because I've said before, I see other jurisdictions other than NDOT in Nevada that get real sloppy with a lot of inefficiencies, and I don't believe NDOT does that. I've seen it, and I don't think the contractors take advantage of that, but it's all a work in progress. I mean, we got to have our hands on the wheel at all times. So, that's what I've been saying. BJ, if you'd like to add anything.

Almberg: I do. I want to thank Bill. That was a very informative presentation. It definitely comes and points out some things in this thing, but it doesn't—individual line item is very hard to come in and say that they are unbalanced or anything else, even though we may have marketed them just in here. I've asked questions in the Transportation Board that why is that considered unbalanced, because, you know, there's nothing in here—I look at it from the unbalanced. I think the most important thing on this chart from an unbalanced standpoint is not the yes or no and the individual line item is \$6 or \$12. What I think is the biggest concern is this percent of change that changes the low bidder. That's the biggest concern there, and when you come in here and you say yes, but it takes 900% change to make a difference, that's not really of a concern, you know, and I would support—one of the things that Bill said is to consolidate our bid items. You know, in the work that I do, I do not come in here, and I don't bid the excavation. I don't bid the backfill. I don't bid anything else. It's by the pipe. It's by the manholes, by the foot of pipe. It's not broken down to that extent. If you come back in here and combine more of these things together, I think it is exactly what Bill said. It's the bottom line number that's important. It's that price per foot of that pipe going into the ground, and, you know, you may see—if there is concern of any unbalanced bidding or something going on, as you narrow it down and one guy is \$150 a foot and another guy is \$500 a foot, it may be easier to recognize what's going on. But again, today, if it takes 1000% change in our quantities to make a difference, I'm not sure it's unbalanced. But I do support—I do believe that, in a sense, it may make your life easier because you're tracking a lot less individual bid items to

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come in here and then go back and do it by consolidating them all together. That's sort of what I do back in my work, and so this is new to me.

Mortensen: For the record, Cole Mortensen, if I may, you know, when we're looking at our Engineers Estimate, it's kind of a tool for a number of things for us, and, you know, I'm sure that the reason that we've broken it down and continue to break it down in so many more bid items, at some point in time, somebody said, why is this 18-inch pipe more expensive than a 24-inch pipe? And then they looked at it and go, oh, well, it's because, you know, somebody had to dig 30 feet down to put it in there. And so they went, oh, well, let's do a structure, you know, bid item, and so now we're breaking it down even further. From our perspective, and Shawn and Scott will probably back me up on this, doing it by the bid items, and it is quick search through—what historically has been done is probably about the most efficient way that we can get the ballpark on cost estimate for the Department. Then after the fact, when the job actually goes out, as Thor mentioned, yeah, we're using those bid items as a way of justifying payment to the contractor. So, when we go—and we do it on design-builds, but even on design-builds, we have them provide us, you know, anticipated costs for certain items, work, but in the long run, it would actually protect the Department to be doing work on a lump sum, because then you don't have any concerns over quantity busts or anything like that. So, as a tool, again, we're still trying to use those Bid Tabs to determine whether or not we're getting good bids and whether or not there's something wrong. But like you're saying, is it really an indication that it's an unbalanced bid? You know, what are we actually talking about or looking for in an unbalanced bid? You know, if we did a lump sum, the biggest thing we'd argue over is how much we're going to pay the contractor on a monthly basis. You know, did they get done what they thought they were going to get done that month, and, you know, is that a fifth of a bridge or is that half-a-bridge. So, you know, I think we can get there. For me, I think one of the things that I've learned over the last couple years is that there is value to part of the CMAR process where we had an independent cost estimator come in for us and do a production-based cost estimate, and, you know, then we are actually having them look at how the contractor would actually build the job, which is what Bill was talking about, and putting that together. And we did that for NEON with really good results, and on part of our other projects here recently, we've been doing the same thing. Back to my comment earlier on risk, you know, from the Department's standpoint as far as, you know, how much more is a problem, you know, what I'd like to do is I'd like to get to a point where we have on-call list

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with a group of production-based estimators on there. One, it would be great to get maybe some training for part of our NDOT staff on just what they're actually looking at, but two, if we're starting to look at projects, say, \$10 million or larger where, you know, if we're off by 10%, that's a \$1 million, that's a 3R job somewhere, you know, just to make sure that we're getting as close to the bid amount as possible on the higher risk type budgets if that makes any sense. So, I think that's where I'd like to see us go in the future.

Dyson: So, at the end of the year, we—Thor Dyson—we don't want to leave any money on the table.

Mortensen: Correct.

Dyson: We want to use it whether it's cattle guard or asphalt. If we can save money on one job, go ahead and do another.

Foerschler: Sharon Foerschler for the record. There's a couple things I want to add, and one is at our office, Steve is leading the charge of actually taking final quantities and plugging them into the bidders that we get to see if we're actually getting a low bidder at the end of the day. That's something we're kind of interested in, and another thing not to forget is that we test materials for acceptance and [inaudible] and that's a federal requirement. So, when we have certain materials, we need to know what those quantities are to make sure that we're meeting our frequency for testing those materials. So, sometimes when you lump stuff together, we still have a need to know what the actual quantity is for backfill or bedding or some of those elements that go within the trench. When you go linear foot, we're still going to need quantities.

Mortensen: And that's part of the reason why we still require them on design-build jobs, too.

Foerschler: Yeah, so, we have our quality assurance, which is the field testers performing their testing for acceptance and payment of the contractor, because if there's failing material, they either take damages—we take liquidated damages from them or we make them rip it out or replace it. You know, we also have a federally-required independent assurance program which do a frequency of testing alongside the field testers that work out of our office. So, those are federal requirements. So, we do have a need to know quantities instead of lumping things together. With that said, we have 4,500 bid items, so I think there's certainly an opportunity for efficient changes, if you will.

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- Almberg: I think you got to be careful, exactly what you were saying, there is—you need to know quantities for your reporting requirements. Bill just pointed out that your quantities aren't always correct.
- Foerschler: Correct, but when I say quantities, frequencies. So, if we...
- Almberg: I know that your frequencies are based on quantities.
- Foerschler: But we put in the correct quantities as we're moving forward. So, we only pay—typically, we only pay for quantities placed. So, if our quantities go up or down, our frequencies follow that.
- Almberg: And I just want to make sure that we—because Bill obviously pointed out that their quantities aren't always—our pay quantities are different than actual...
[inaudible]
- Wellman: So, if I can, Bill Wellman again, that's a good point, because Mike here would be really not happy [inaudible] his price was based on your quantities. [crosstalk]
- Johnson: You bring up a good point, though, because—Mike Johnson from DCS. In some ways, that does reduce the onus on the inspectors for documentation, but I do—I think in some ways, it actually puts a little more responsibility on the inspector, because he's still responsible for what's going in the ground while not tracking quantity. So, I think you—that probably lends itself to a lot higher variability of quality from not so diligent inspector to very diligent inspector. So, in some ways, it does put a little more responsibility on them, not saying I don't think there's—there's certainly some things we can combine.
- Wellman: Bill Wellman again. That's not [inaudible] but going back to what Cole said, getting an independent cost estimator in here is the wrong thing to do. You're better off staying with what you're doing because you're going to pay a whole lot of money, which means that's work that you don't get to do, and frankly, that's so subjective. We see a lot of ice, if you will, especially on CMARs. We deal with them, and unfortunately, it's a battle, because they're not at risk from having to build the project, okay, so, I think that's wrong. You absolutely have to have—for, like, a design-build project or something like that, maybe so behind the scenes like you did on NEON, but not for every bid that we put out there.
- Mortensen: Well, and that kind of goes back to my point earlier. This is about the most cost-effective way we can put an estimate together just based on our history.

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- Wellman: But you're pulling a certain line item out of a massive bid, and just because one line item looks like it—looks like it may be unbalanced, that means another item should be unbalanced another way, especially because the guy got low somehow.
- Mortensen: Well, and I don't want that to sound like if we did an independent cost estimate or that we'd use that to judge our bids coming for some reason. You know, for us, when we've used them on, say, like, NEON, it was actually to have somebody take a look at the contract and look at it from a perspective of, okay, how am I going to bid it; where do they see the risks involved in it; is this a viable schedule; if I were building it on this schedule, what would it end up costing me; you know, what are the limitations that are in this contract, and how am I going to price those; you know, did they actually give me enough days or am I going to be over; you know, okay, if I'm over, now how much overhead am I spending each day. Those are the types of things that I'm interested in to have another set of eyes, somebody that's basically putting a bid together for us that can say, hey, you know, we found a bust in this quantity, or, I don't know how you're going to build this. There's no way that I can, you know, get a lane back open every night after trying to get this work done and actually get it done in a reasonable timeframe.
- Savage: Okay, just to wrap it up, I think, you know, it's a real good check and balance here. I think it's the best and balance—check and balance. We're not that far off. I mean, the Department is doing a good job. The contractors are consistent, and there's always room for improvement, but we're not out in left field. So, I thank everyone for participating and commenting, and were there any comments from Las Vegas or Elko? We're not forgetting about you guys.
- Gomez: This is Mario from District 1. One question that I did have for Bill Wellman is—so if we are doing lump sum items for the local public agencies, how do they maintain quality control for testing? Do you know, Billy?
- Wellman: Bill Wellman again. Well, it's not necessarily lump sum. It's just by the foot. So, if there's a thousand feet of 18-inch pipe—I know we quantify it that way on how much excavation, how much backfill, like Sharon was talking about, but I'm not the guy that actually goes into the weeds and does it. But our QC department certainly does when they give us a price of this is what it's going to cost, because they figured out how many tests they're going to do and man hours, you know, on all that stuff.
- Mortensen: I think NEON lumped some bridge...

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Wellman: How?

Mortensen: How? Is it just—is it just at the end?

Wellman: We are creating a schedule of [inaudible] just like you would on a design-build project, and they agree with it. It's still based on lump sum price, correct? The county does lump sum, too.

Mortensen: Yeah, yeah.

Wellman: And again, my suggestion, and being here at every meeting and understanding and following suit, I am not suggesting to go through and gut and redo everything. My suggestion is, is may we look at something that's more simplistic-like, like the drainage stuff, and probably maybe not as critical as a bridge might be to you guys, different things, Clark County, even though you guys have to go certify the bridge. You know, but it's a place to start and see how it works out.

Savage: It is. Mario, anything else?

Mario: No, that's all I have. Thank you. Thanks, Bill.

Savage: Boyd, Elko, did you have any questions or comments?

Ratliff: None for me. Thank you.

Savage: Okay, thank you, everyone. We'll have to repeat this item next month when Member Martin comes back. I'm just joking. Okay, let's move on to Agenda Item No. 6, Old Business. Tracy already took care of Item No. 1. Let's talk about Item No. 2, As-Builts.

Kaiser: Okay, Reid Kaiser, Assistant Director for Operations. Work on the job is complete, and the contractor has completed the as-builts, and they're complete. So, the next CWG in September, they'll give a presentation and a report to the group on how it went.

Savage: Okay. Item No. 3, CMAR Change Orders and Agreements.

Kaiser: Nothing has changed in the last quarter regarding any change orders or costs on the CMAR jobs.

Savage: I thought I did remember one on ICE on 3614 that I talked about last T-Board meeting. Has the ICE...

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- Kaiser: No, they haven't done anything on 3614 in quite a while; isn't that right, Cole, Verdi bridges?
- Mortensen: No, that's the [crosstalk] what's that?
- Savage: That was something different than the last one.
- Kaiser: And there was a change order on the—put a line up on [crosstalk] but that...
- Savage: There was a change order to the ICE one that I thought I remembered.
- Mortensen: We amended their agreement, but I think that we—after talking it over with Rudy, I think we're going to end up cancelling the remainder of that contract. So, even though we amended it, I don't think we're going to use it.
- Dyson: We just did really for maintenance on the first part of that.
- Kaiser: Okay.
- Dyson: So, we're done.
- Savage: Okay, that's good there's no change orders on CMAR. Item No. 4, RE Project Assignment.
- Kaiser: Okay, all District 1 crews are in the Las Vegas Valley, and last CWG, there was an error on their schedule with regard to that. There's been a grand total of \$2 billion worth of work going on down there today, and that also is scheduling out through next year also. So, there's a lot of work going on down there. In District 2, there's one crew in the desert. One crew is in Sparks, two in Reno, and one is up at the lake down in Douglas County. And then District 3, there's two crews in Elko. One is in Austin, and one is in Battle Mountain, Winnemucca area. Do you guys have any...
- Savage: I don't have any questions on that, if there's anything else should be brought to our attention. I think you got it covered. Thank you, Reid. Moving on to Item No. 5, Update on the Design-Build Contracts.
- Kaiser: Okay, now, Bill is here to give an update on NEON, and is your cohort here for Apex?
- Speaker: I can touch...

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Kaiser: You're going to touch on it, okay, and also at the last CWG, Len, you requested information on all the design-build contracts that we've had here in Nevada, and Nick Johnson has put this together for me. It's attached to this item.

Savage: It sounded very informative in this packet... [inaudible]

Kaiser: Thanks, Nick.

Savage: Thank you, Nick. I thought there were more. There weren't that many. So, who's up, Dale Keller of NEON?

Keller: Yeah, I can just do a quick overview. So, this is kind of one page, front and back, instead of doing a presentation. Overall, we're about 70% complete [inaudible] has got roughly \$415 million earned at a roughly \$600 million contract. On the left of that page, it kind of shows you some of the other federal requirements, and I know Tracy touched upon it a little bit of some of our OJT, on-the-job training, and DBE goals, so we exceeded our OJT hours by our contract. I believe we're still going to move forward with—Chris may have took off, but continue to move forward with our on-the-job training. Also, on the DBE front, our DBEs earned roughly \$16 million and roughly \$21 million, and we're going to surpass that goal. So, we're good on those two fronts. On schedule-wise, we're still on track for the summer completion for [inaudible] completion, and that bar chart on the bottom hasn't changed since day one. The next kind of big things that are happening, we're going to have major phase construction on I-15, and that will continue all the way through November. We have a next major traffic squish that will happen in mid-July, and that's tracking on schedule as well. On the backside of this, it kind of highlights some of the things that we do. This project is unique. We're demolishing over about 24 structures. We've done 19 to date, and this kind of just shows you the scope of the project and how much we're really impacting I-15 as a whole. So, good things to report. Regarding change orders, there's been no new change orders since, I think, April, and we're roughly around 28, 29 change orders to date. The total rough dollar amount is roughly \$30 million, and over the issues logged that we've been tracking, that value is roughly about \$3 million total with all the plusses and minuses. So, there's not any major change orders outstanding or any major outstanding issues at this time.

Savage: Thank you, Dale, and like I told you in person, and I know the T-Board has said it, too, but sincere thanks to you and your team, everyone at NDOT, as well as our consultant CH.

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Keller: Jacobs now.

Savage: Jacobs, CH-slash-Jacobs. What is it, Jacobs?

Keller: Jacobs.

Savage: Jacobs, shakeups. I want to thank Kiewit. I want to thank Atkins, and really, it's, you know—it's incredible, because the amount of risk that goes out there right through the gut, everybody has been phenomenal to this point, so a sincere thanks from the Department.

Keller: We're not in the clear yet. We're still in the fourth quarter.

Savage: Fourth quarter?

Keller: Fourth quarter.

Savage: How many penalty flags? [laughter]

Keller: That's a second conversation.

Savage: Thanks, Dale, to you and your team. Thank you, Chris. Any other questions, BJ, comments?

Almberg: No.

Kaiser: Nick's got a few words on the Garnet Interchange projects. He has an update on that.

Johnson: I'll give you guys a quick update. Ryan is out of town this week, so bear with me here, but right now with Garnet, design is 100% complete. We're just over, you know, 22% complete on construction. As far as change orders are concerned, I think we have the—I don't think there's any new since the last time. I think they're all the same, still working—we've executed most of them, working through a few of them here. Upcoming events, here towards the end of this month, we'll start to set up some of the closures on I-15 to set the new girders for bridges as well as—and then towards the beginning—or right after the—either at the end of the month or right after the holiday there in July, we'll start setting the deck panels as well. So, they're moving along. Schedule-wise, you know, our payment curves are showing we're a bid behind, but those—we anticipate those will—at least the invoices and billing will catch that up here over the next probably six weeks or so. So, I think we're in good shape, still on schedule.

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Other than that, I don't think there's any other highlights. They're moving along. They're out there getting things done now.

Savage: Thank you, Nick. That was on Garnet, correct?

Johnson: What's that? On Garnet, yeah.

Savage: I had a question on I-11, Phase 2. It says there are no changes, but I thought there were changes on the I-11... [inaudible]

Johnson: That's Phase 1.

Mortensin: Yeah, that's Phase 1.

Kaiser: Phase 2 is the RTC, LVP job.

Savage: Okay, so, Phase 1 is not in here.

Kaiser: No, it's not a design-build.

Savage: It's not a DB. That was a hard bid.

Johnson: Yeah, and Phase 1 just...

Savage: My error. I apologize. Okay.

Johnson: I think on Phase 2, the only recent thing in terms of change orders was some additional cost to place open grid.

Savage: Very minimal. Any other comments or questions on the design-build contracts? You did say the RFQ was released for the Reno Early Action Project, and it did go out. BJ, any comments or questions?

Almberg: No comments.

Savage: Okay. Item 6, Unbalanced Bidding, I think we took care of that unless there's any other comments.

Kaiser: The only thing I would say is—well, I got two things. They did have—we did have our first meeting on May 1st for the AGC NDOT Unbalanced Bidding Bid Item Review Committee. Now, it's up to Sharon and Jeff Bean, if you guys want to change the name of that, it would help, Bid Item Review, and eliminate the Unbalanced part, because that just kind of spins it into a direction I don't think everybody wants to go. So, that would be a suggestion. So, the first meeting is

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behind us. Everybody has a memory stick with all of our bid items, and hopefully, they're looking at them. They'll be in the meeting here in the near future and start hacking away.

Savage: Thank you, Reid. Thank you, Sharon, appreciate you co-chairing that.

Foerschler: Absolutely. I take direction well. [laughter]

Savage: It's only for three more days.

Foerschler: Four.

Savage: Four days?

Kaiser: That's right.

Savage: That's coming up here pretty soon. We'll need some cookies.

Kaiser: That's right.

Savage: Okay, Agenda Item No. 6B, Requested Reports and Documents.

Kaiser: There was two AGC meetings. One was a committee meeting with all the contractors and NDOT. Another meeting was just the NDOT industry liaison meeting, and you guys have any questions on those, you guys got the agendas and the minutes there.

Savage: No questions here, no.

Kaiser: We will be bringing up—tomorrow, we have a liaison meeting. We will be bringing up the BDR that is moving forward. So, we'll see how that goes.

Savage: And I think—on that, too, I think it's important that we reach out north and south and really talk to the common factors to ensure that all the standards are the same.

Kaiser: Definitely.

Kaiser: Yeah, will do.

Wellman: That's next week.

Kaiser: Oh, that's not this week? That got changed? Oh, okay, I guess it won't be at it then.

Wellman: Well, I'm not going to be—tomorrow, it's tomorrow.

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Kaiser: Okay. That's fine with me. [laughter]

Savage: Okay, any other thoughts or comments on these reports? Very thorough. Any comments or questions?

Kaiser: Then the five-year plan.

Savage: Five-year plan.

Kaiser: Okay.

Savage: I didn't have any questions or comments. Anybody else? Okay.

Almberg: Are you talking about 7 or 6? You're talking about five-year plan.

Kaiser: Seven.

Savage: Seven.

Almberg: Seven, okay.

Savage: Are you good?

Almberg: Yeah. The only comment I have on here is Highway 93, and just looking at it, the same thing that I say regularly is the—you know, I just think with a great plan and everything else, the more that we can work to get some of these passing lanes and everything else on these rural highways, I think we just need to [inaudible] and then the only other comment than 93 on those there—I mean, I believe, Boyd, there is some stuff on 93 north of Wells that's on the list. Is that correct, Boyd?

Ratliff: That's correct.

Almberg: Okay.

Ratliff: Yeah, there's, I think, three or four locations north of Wells.

Almberg: And you are comfortable—you are comfortable with that, then. And the only other comment that I have is to Cole. Reid is aware, but Reid is a short-timer, but our discussion that we had with the Highway 6-318 Intersection.

Mortensen: And the last that I heard, it's in scoping right now, and I haven't heard as to any of the progress since then.

Almberg: Okay.

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Mortensen: But I'll check on that.

Almberg: And if you can prod, I'd appreciate it.

Mortensen: Yep.

Kaiser: One thing that I was encouraged about was that they're using some of our freight funds for passing lanes. So, I was glad to hear that. I didn't know you could do that, but, you know, I think that's a good step for the Department.

Almberg: Well, I think that's the big—you know, from my concern, that's one of your bigger ones, is because it is those freight vehicles that cause the backup and the other issues that come with the—you know, vehicle-to-vehicle is pretty easy to get by most people. It's when there's—you know, when I travel to Vegas—not so much when I come back and forth here, because I don't think Highway 50 is a tremendous truck route, but 93 is definitely a truck route, and so as I travel to Vegas, that's something -- we have unbelievable truck traffic, it goes through there, and then they basically almost convoy themselves together, and then it just backs traffic up. And so I think if any of that stuff—if any freight money can be used for that, I think we...

Mortensen: I think we're actually looking at grant funding potentially for the passing lanes there north of Wells to get those passing lanes in place.

Almberg: That's all for me.

Savage: Okay. We'll move on to Agenda Item No. 8, Briefing on Status of Projects under Construction, and No. A, the Project Closeout Status.

Kaiser: Any questions there?

Savage: No questions from me.

Almberg: Nothing from me.

Savage: Item No. B, Summary of Projects Closed.

Kaiser: Okay, we closed out nine projects this last quarter totaling \$22 million, and the change order percent was only 1.5%, which is really good for NDOT.

Savage: Yeah, again, you know, look at the cost savings there, 1.365 million, and that goes right back into our operations. So, that's healthy.

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Almberg: That change order percentage, that's a comparison to the Engineers Estimate or to the bid?

Foerschler: The bid.

Almberg: Okay. I don't need the Engineers Estimate. It's not to the budget, but to the actual bid?

Foerschler: To the bid.

Savage: So, that's great.

Almberg: It is great.

Savage: You guys are batting a thousand right there. It's remarkable. This is my favorite sheet. [laughter]

Foerschler: It's all... Kristen

Savage: Win-win. Any other comments on 8B? We'll move to 8C, Projects Closed and the detail sheets.

Kaiser: That's just more information on the summary of the projects that we closed.

Savage: Anything you need to find out in particular?

Kaiser: No.

Savage: No? All good, BJ?

Almberg: Yeah, I'm good.

Savage: 8E, the Partnering/Dispute Process Update.

Foerschler: Sharon Foerschler for the record. I'll take that. Next Board Meeting, we're going to have the awards. We mentioned on the last CWG that we only do awards quarterly. That will be in July, so they'll be on the agenda for the next Transportation Board meeting. This fall, we will be hiring, procuring a consultant to provide partnering training to our staff and to the contractors. In the past, we handled that in-house through our office, but it's my strong feeling and belief and Reid's support, but I don't think that us engineers necessarily have that skillset, and so we're going to be—and I thank you for supporting that. Procurement and consulting has, probably for about a year, year-and-a-half [inaudible] and kind of

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reinvigorate the training and give us [inaudible] contract. We've got a lot of new staff, a lot of people on the contractor side, but we're doing good. Reid is going to retire without having resolved a claim issue, his tenure, and his...

Kaiser: But no, you guys have done great. I've only had one issue elevated to my level, well, actually, two issues, one I haven't heard from in six months, so I consider it dead, the asphalt issue up there in Elko, but was Meadowood Mall. That's the only issue that was ever elevated to my office, and I have to say that, you know, I think the crews in the field in the districts are taking care of business. They're settling all of the problems at the lower levels. They're saving us a lot of money. I mean, I think we're keeping Dennis' people from...

Gallagher: Unemployed. [laughter]

Kaiser: Unemployed, you know, they don't have any construction, a lot of things going on. So, you know, and again, I attribute all that to the districts and the REs, and it's taking care of business.

Savage: It's a fine testament of how engaged everybody is, and everybody is in the game to ensure that our risk is reduced as a Department. Contractors are accountable. It's not a perfect world, but really, it's gone well here. The Meadow Valley one that you were talking about really didn't occur underneath your watch.

Kaiser: No.

Savage: But you guys have all been quick to respond to any issues at the lowest level to try to resolve it, and then up the ladder it goes. Again, our sincere thanks for your engagement. It's huge. It keeps legal fees down. Okay. I guess the last thing we have is public comment. Is there anything in Las Vegas or Elko?

Gomez: None in District 1.

Ratliff: There's nothing here also.

Savage: Okay. District 1 and District 3, I thank you. The last public comment, is there anything here in Carson City besides the fact that Reid Kaiser is retiring. As we mentioned at the T-Board Meeting, it's been a professional pleasure, Reid, to work shoulder-to-shoulder with you, educating myself, the patience you've had with us and some of our requests, keeping a smile on your face. I think it is a better Department, and it's been almost 30 years, and you've met a lot of good people, made a lot of good changes. So, I personally thank you, Reid.

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Kaiser: Well, thanks, Len. My heart will always be here with NDOT. So, even though I may be on the other side, I will do what's right for NDOT when I'm there.

Savage: We appreciate that. Any other comments here at the table?

Almberg: I'd just like to say the same thing and reinforce everything you said today. There's nothing new that I can say about Reid and what he's done for the State and what he's done for me. He's always the guy that—my go-to guy that I can go in there and talk to, and so maybe I need to pre-apologize to Cole, because [inaudible] I might show up at your office. [laughter] But he was always open and came in and help me to understand all these items.

Kaiser: well, you need to remember we only talk business about 5% of the time.

Almberg: Yeah, you're probably right. [laughter] But thank you, Reid.

Kaiser: You bet BJ.

Savage: Thank you, BJ. Any other comments or questions from the public side? Okay. Dennis, Agenda Item No. 10, I don't know if there's any reason to have Closed Session?

Gallagher: Because Reid has done such an outstanding job, there's nothing to report to the Committee.

Savage: Good, thank you, Dennis. We appreciate all your time and effort. Agenda Item No. 11, Adjournment.

Almberg: So moved.

Savage: I second. Meeting adjourned. Thank you, everyone, safe travels.

Kaiser: And I want to thank Sharon for some cookies here. She brought some cookies, but my goodness, my wife has cooked all weekend. So, you guys got to help me.

[end of meeting]

 9/13/18
Representative