

Minutes of Nevada Department of Transportation
Board of Directors Construction Working Group Meeting
August 12, 2013

Chairman Len Savage
Bill Hoffman
Anita Bush
John Terry
Rick Nelson
Felicia Denney
Tracy Larkin
Frank Martin
Sharon Foerschler
Paul Schneider
Jeff Shapiro
Megan Szelove
Reid Kaiser
Bill Wellman

NOTE: The initial 15 minutes of the recording of the proceedings of the Construction Working Group meeting was missing due to file corruption. As a result these minutes begin with a partial discussion of agenda Item 4.

Savage: Member Martin, I had noticed the same, and I think we just have to reassure the Department to maintain the accountability of the outside consultants and look forward to further follow-up and Tracy at future meetings. Does anyone around the table have any comments or input they would like to...

Hoffman: Chairman Savage, I'll make a few comments. This is Bill Hoffman, Deputy Director. I do believe that those comments, going back to what Member Martin was talking about, I think internally there is this perception that, you know, it is a little bit more difficult with outside consultants just in terms of knowing the NDOT internal business in terms of design. But as I mentioned this morning in the Board meeting, there is very serious concerns and we are taking steps in the direction of trying to do a better job with engineering estimates within the Department.

Now, as John Terry mentioned this morning with the chip seal projects, that's a tough project to estimate when you have all that mobilization. You have separate roadways, separate road segments that the contractor is going to have to travel to. So we are very much aware of this. Not quite sure how we then go about reporting back, as you're talking about, but we are certainly aware of it and are very interested in trying to improve that

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discrepancy that you guys are noticing between the engineer's estimate and the actual bid amounts too.

But one thing to consider, another thing that we're trying to capture is the total construction cost for the projects too. So there is an engineer's estimate and there is a low bid that is presented in a lot of these projects, but it's not necessarily total construction cost when all is said and done and the contractor moves off site. So those are some things that we certainly need to balance and keep track of as we move forward to try to hone in on this accurate total construction cost.

There's a lot of moving parts. It's a little bit more complex than just, "Hey, why aren't you hitting the target?" But we're very aware of that and we are taking steps to try to improve that internally.

Savage: Yes. Thank you, Mr. Hoffman. But for clarity purposes, when we see the engineer's estimate...

Hoffman: Mm-hmm.

Savage: ...that is for construction estimate purposes only. That doesn't have to do with any other engineering services or in-house costs. That is not the total.

Hoffman: That is correct. That is correct. That is only for...

Savage: The construction.

Hoffman: Did I -- well, it's for bidding purposes mainly.

Savage: Yes.

Hoffman: Yes.

Savage: For that specific scope of work...

Hoffman: Exactly.

Savage: ...only.

Hoffman: Yes, sir. That's correct.

Martin: The other thing, I think, that was unclear today, especially in that chip seal estimate, we all know how oil prices can fluctuate very rapidly. What's the average timeframe between when the engineer estimate -- provides his

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estimate to when the job is actually bid? In this case, was it six months? Was it three months? Four days? Or what's the average timeframe between the engineer's estimate and the bid date?

Unidentified Male: Six weeks.

Hoffman: Yeah, six weeks. Well, this...

Bush: Well, it's -- this is Anita Bush, Chief Maintenance and Asset Management Engineer. And we have put a lot of chip seal contracts together prior to the Design Division taking over putting these contracts together. But what happens is we look at, in your database, whatever was the current price for those chip seals. And then also we have an open term contract for our State forces where we purchase these oils.

Savage: Mm-hmm.

Bush: So we make an estimate based on those numbers. However, if the contract goes out in July, we have to think about that they are going to be constructed in the next season and the oil prices fluctuate so much that, you know, the contractor has to put some kind of a risk factor to compensate, you know, how much it is going to go up or go down. What we have the study doing is -- recently that we are putting an escalation cost in for (inaudible) and that's new. That Department is -- that's a new step that the Department is taking to avoid that risk factor, so, you know, because it increases our prices most likely.

Savage: Mm-hmm.

Bush: So we are doing that. So everything that has over 500 (inaudible), now we are going to put the escalation in there. Because, once again, you know, if you advertise now, those contracts are going to be most likely started next construction season.

And also since we are talking about this topic, I wanted to give a heads up on Contract 3548, and that's a rubberized chip seal that you're going to see on your Agenda next time coming around. Because the estimate was \$691,000 and the lowest bid was \$1,147,000. And since it's a rubberized chip seal and, again, it went out late in the season and there were two new items in that contract that we really didn't have any basis to estimate on. That's -- and, you know, there was a lot of discussion if we should award or not award. But finally we made a recommendation with District 1 that we

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should award, after talking to the contracting community to try to find out the reasons why our estimate was so far off. And we found that really we didn't really have a good estimate. The Department didn't have a good estimate and just again because it's a new process. This is -- you know, we have never had the rubberized chip seal bid out before.

So you will see that on your Agenda. I just wanted to give you a heads up, because you will see that. And since we are discussing that, I didn't want you to be caught off guard that, you know, again, there is another contract that that happened.

Savage: I thank you. And I think there needs to be some clarification because 338 is different than the 408 guidelines that the Department runs under. And the 338 does have a threshold 10 percent accountability for projects for -- or for Public Works projects, and 408 does not have that 10 percent. I wanted to make that clear if the -- if everyone is in agreement to that comment.

Terry: We do have...

Martin: That's a great point, Len.

Terry: ...(inaudible) the ability to reject a bid if it's over...

Nelson: You need to announce yourself.

Terry: ...a certain percentage over. But we don't -- that doesn't mean we do. It just gives us the right...

Nelson: You need to announce yourself, John.

Terry: John Terry.

Nelson: You just come up as an Unidentified Male in the minutes.

Hoffman: He likes it that way.

Terry: John Terry, Assistant Director of Engineering. So we do have an amount in there, but it is -- you're right, it's not legislated...

Savage: Yes.

Terry: ...that we have to do it. And frankly often, even though the engineer -- the bids come in over the engineer's estimate, we still award. We have the right not to, but it's pretty rare that we don't.

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Savage: Mm-hmm.

Terry: But we do look at it...

Savage: Mm-hmm.

Terry: ...much more seriously when the bids are over the engineer's estimate.

Savage: Thank you, Mr. Terry. Any other comments from staff or administration?
Thank you, Tracy. So we will move to Agenda Item No. 5, biweekly versus monthly payments to the contractors update.

Nelson: You know, this is Rick Nelson, you know, we had this on our Agenda for quite some time. And this sort of stems back to the discussion between NRS338 and NRS408 and how we go about the process of paying our contractors. Six months ago, maybe a little longer, Felicia Denney from Financial Management came and made a presentation to the Construction Working Group regarding the impact that monthly payments versus biweekly payments, which is the way we normally -- we traditionally have paid our contractors, the impact that would have on our cash flow as you look at things through the course of the month. And she can talk to that a little bit.

But based on that, what we've done is we've put a small taskforce together, if you will, to look at what kinds of impacts there really would be to the Department and contracting community if we were to switch to a monthly payment cycle, which 408 allows, and what kind of impacts that would have to the contracting community. So this is an opportunity for them to sort of brief on their progress so far. We've asked for that recommendation by the end of the year of whether to move forward with a monthly payment or not based on the evidence that they've uncovered. And so maybe, Felicia, you would like to start just a little bit and then share. And then Megan can sort of fill in the gaps.

Denney: Sure. Felicia Denney, Chief of Financial Management Division here at NDOT. And what we did is real quickly we looked at fiscal year '12 and looked at the week end cash balance for the whole highway fund and tried to do a little study to determine what would happen if we paid monthly versus...

Savage: Mm-hmm.

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Denney: ...every two weeks as we currently do. One big factor to consider is that when you pay every two weeks, you are making 26 payments a year. So that means two months out of the year you're doing three contractor payments in those months. And then, also, thanks to our efficiencies we have internally in accounting and the Federal Highway Administration, we receive our federal reimbursement on any federal project, a portion of that, about four days after contractor payment. So that is a pretty smooth process. It really doesn't impact cash flow a lot.

However, probably some of the biggest deposits into the Highway Fund come from collections that the Department of Motor Vehicles receives. We have driver's license, vehicle registration, motor carrier, special fuel and gas tax, with special fuel and gas tax being the bulk of the deposit. Every month we receive about 35 million into the Highway Fund from those sources. And we receive about 7 million in the first half of the month and the bulk of the remainder, 28 million, at the end of the month, and sometimes not until the last day of the month. In past years, there were even months where we didn't receive it until the prior month, due to computer glitches or things happening.

So when we looked at the data, paying it month end, we have already received our DMV deposits. And so that was a plus to us. The only negative impact was you would wait longer to get your federal reimbursement until maybe the next month. But, again, you're talking four days, so it's not a big deal.

So on average when we looked at the week end cash balance, it would average about \$17 million higher each month. And there was one month, probably a three contractor payment, where we would actually have a balance of \$53 million higher in that month. And then when we also looked at our minimum balance over the month, paying once a month, we have on average of \$12 million more, with the biggest fluctuation being about \$36 million more. So it definitely smooths out our cash flow.

We also looked at if we were to transition, when the best point would be. And we figured that you would want to do that in the winter months, because the contractors are being paid less. They would have less of a painful transition and then also it would be easier on NDOT, because we're making lower contractor payments. So that was pretty much what we uncovered in our study.

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Savage: Thank you, Felicia. And that's from the accounting side. Has anyone talked to the RE's and the contractors regarding how much time it takes currently to process these payments from both sides versus just, again, getting back to putting the road in?

Nelson: Well...

Savage: Percentage. Just a rough percentage of a 30-day time line per month. Are they spending 20 percent time or 25 percent of the time? Is there any order of magnitude that anyone can guess at as to what...

Foerschler: Sharon Forschler, for the record, Assistant Construction Engineer and I am kind of spearheading this task. We have not looked at those details yet. We kind of broke our task down to have a deliverable to the group by the November meeting. We looked at internal processes and what that would do to the Department internally. Our next phase is to go out and talk to the external stakeholders so the contractors, the controllers within the contractors, et cetera.

What we found in-house was that we are perfectly within our rights. It's allowed by NRS. It's already in our silver book. My thoughts are right now we process payments biweekly, so you are going to take that level of effort out of the internal work, if you will. Externally, I'm not sure because we haven't gone into that detail with the contractors yet. That's our next step. My guess would be, in our office -- and I have some of that information in here for you. But just my opinion, of course, so it was taken out, it would probably cut down our workload in the admin section of the construction office, which are the ones that actually push the buttons to pay the contractors, if you will. It's going to decrease that timeframe. And they spend two weeks out of every month preparing contractor payments. So in my opinion, you're going to save 50 percent of that level of effort. That's not their only job duty though.

Savage: No, absolutely.

Foerschler: So...

Savage: And you have more oversight...

Foerschler: Right.

Savage: ...when you have more time.

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Foerschler: Right.

Savage: And that's a good thing.

Foerschler: Right. I do know we brought this up at the last AGC meeting, which was roughly one month or so ago. And it wasn't overwhelmingly received. Yes, we'd love it. We heard some grumblings. They don't say too much at those meetings, but afterwards heard some grumblings that they may not like that. So that's our next phase. We can certainly report at the next meeting. You know, we'll have a full report actually for you guys with recommendations and then how the group wants to move forward from there. So that's kind of where we're at.

Nelson: Again, Rick Nelson. I think some of the interesting things that are spinning up out of this, you know, when we go to a monthly contractor pay, you know, if the contractors are used to being paid biweekly, of course, this is going to impact their cash flow, just like it impacts our cash flow. And that is certainly something that we need to consider and be aware of as we make this decision. You know, we've got a lot of stakeholders, external stakeholders out there as well. And I think how we impact their operation is going to be a really important thing for us to consider, not just our own internal cash flow. And we're going to dive into that.

One of the things I asked Jeff Shapiro to do as we were getting ready just to sort of see how we stack up against the other state DOT's. And he put together a very small survey, Survey Monkey, that's included in your packet and asked just three straight-up questions. The first one was, "How often does your State DOT process pay estimates to its contractors?" And we sort of thought the split was going to be a little different, but almost half of the states that responded -- we had 37 states respond. Not quite half of them said they pay monthly. So it's not really out of bounds to sort of be thinking about that.

The second piece to this, and when you talk about the time and energy it takes to process a pay estimate, a lot of that comes in documenting the amount of work, reconciling differences between the contractor and the state and, you know, the amount of bid item work that was accomplished. In looking at NRS408, it talks about the ability to pay the contractors based on an invoice. And what that implies is that the contractor would give us the source document or the payment and we would verify that, as opposed to the

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way we do it now where we create the source document and the contractor can verify it.

When we asked this to our other states out there in the union, it was pretty resounding that the state provides the source document. They don't go based off of an invoice that was provided. So that's just -- you know, that's something to think about. And of course, the third question was, "Do you represent a state?" And of course, all of them did, because that's who we asked. So we got 100 percent on that one.

So clearly it can sort of go either way whether you pay monthly or biweekly, but there's almost unanimous consensus out there that the State generates that source document. So we are going to see -- it takes us -- I have asked them to look at how the other local units of government bill and pay, so we don't get way out of bounds with respect to how the rest of the State goes about that process. We don't want to come up with anything that is going to be, you know, onerous or, you know, that's widely different from the kind of industry standard that they see with the rest of their owners within the State. So is there anything else you would like to add to that, Megan or Sharon?

Sizelove: No. I just thought this, meaning essentially was just -- our goal was just to announce kind of our findings internally, which Sharon went over (inaudible) as well. That internally there doesn't seem to be a lot of concern about moving forward with researching the option. Now it's just focusing on outside.

Larkin: This is Tracy Larkin. I've had just some general conversations with AGC and some construction firms. Basically, the once a month for the firms was not really a big deal. One area of concern that came up though was how it might affect DBE's and smaller businesses, particularly in the rural areas. My understanding, if I am interpreting it correctly, is that the prime or the general would have to carry, basically, the DBE's or the SBE's particularly in the rural areas, that most of them would not have sufficient cash flow to do a large job or a job for the month. So that's one area of concern. That's really about the only area of concern I've heard back, and I don't know how much that applies. And I'm sure that Sharon and Megan will find more as they investigate it, but that is the one thing that's come back and pretty consistently.

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- Foerschler: Yeah, Sharon Foerschler, for the record. We found the same. And all the NRS's and as far as pretty much to state that the subs should get paid 15 days within payment to the (inaudible). So you could be looking at -- depending how the pay cycles work, you could be cutting off your monthly estimate, if you will, a week before they're actually done with the work -- they finish the work. So they're looking 45 days maybe from day 1 of their work until they actually receive payment. So we are concerned with some of the smaller firms that that would have a negative impact on their cash flow. And we have heard -- I have heard the same. I don't know that I have anything else to add. Like I said, we just kind of went internally, but you should have a whole load of information at the next meeting, so...
- Savage: Thank you, Sharon. Thank you, Megan. Tracy, just to comment from the outside perspective, I'm going to be very interested to see what other State entities do the invoicing rather than the contractor or the buyer, which standardly does the invoicing and what we're used to. I'm going to be interested to see if any other State departments or entities that do their invoicing like the Department of Transportation does.
- Foerschler: Well, I can tell you -- Sharon Foerschler. Based on the survey, we had 37 responses, only one has the contractor provide an invoice. But we will be looking further into that.
- Savage: That was one state.
- Foerschler: One state, right.
- Savage: But I'm talking about the state -- I'm talking about within the State of Nevada.
- Foerschler: Oh, within the state. Got you.
- Savage: Within the State of Nevada, I think it's common practice that the purchasing entity, whoever that might be, sends an invoice to the State, Public Works, for example, or Purchasing or Department of Prisons or whatever it might be. But I would be interested to see how that comes out.
- Foerschler: Well, and Sharon Foerschler again. We are pleased with the progression of our electronic documentation. With electronic documentation comes a platform for the contractors to be able to go in on a daily basis and see what we're entering for payment.

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Savage: Mm-hmm.

Foerschler: So we're hoping to go live with that towards the end of the year, contract by contract. But that will allow us if, you know, a contractor wants to see. Right now we have a lot of concern -- or there is concern, I should say, in how we document things versus how the contractor documents things. And when you come up with your discrepancies and quantities...

Savage: Mm-hmm.

Foerschler: ...if you will, well, with our new electronic documentation, they can see at a snapshot at any particular point in time exactly what we're documenting.

Savage: Mm-hmm.

Foerschler: So we're hoping with that process that will flush a lot of this out. But we will definitely look too.

Savage: Yeah, I think the e-documentation is going to be very advantageous once it's online. And secondly, I would be curious, when you're talking to the general contractors, as to whether or not the subcontractors and the vendors are being paid biweekly as they currently are now. I would bet that they are not, but that would be an interesting fact to hear. Thank you, Sharon. Member Martin, Las Vegas.

Martin: Oh, man, you know me, Len, I love this subject. First of all, Rick, I have an utmost amount of respect for you, but you're being way too soft and fuzzy on this deal. We've been working on this for a year and we haven't gotten anywhere with it yet. It's within the NRS statutes to do it. I don't know why we haven't done it already. And to have the contractor fill out his pay request form, I have worked from Louisiana all the way to the Pacific Ocean, and there is nobody I have worked for in any one state, and that goes all the way up into Montana and Wyoming, that the state fills out the pay request form.

As far as the minority guys and so on, I work on jobs where I have to have 70 percent small business. I have a \$50 million contract, and \$35 million of that are certified small businesses. We get paid once a month, period. And everything seems to work just fine. Do I have to help one of them once in a while? Absolutely. But that's the rules of the game that I have learned to play by.

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And so like I said, Rick, I love most everything you do, but you are being way too soft and fuzzy here, as far as I'm concerned. We need to take a stand and do what's best for NDOT and what's best for the State of Nevada. And I think paying once a month -- we already heard from the Finance people what a change it makes in our cash flow. And if it works for the federal government and it works for every other department in the State that I have worked for anyway and every county, I don't know why we're refusing to be the -- or why we're trying to be the last bastion of doing it the way we've always done it for 25 years.

As far as all the other states filling it out, maybe Nevada needs to -- filling out the pay request, maybe Nevada needs to step up and be an industry leader for a change instead of doing what everybody else does. We're not going to lose any contractors over this, guys. We are not. And I just go off of my industry which, of course, is vertical. But we all play by the same rules. When we know what the rules are, you have to adjust. And so is Las Vegas Paving going to stop bidding one of your jobs or Aggregate Industries or Granite or any of the rest of them? No, not a chance.

So I would encourage you to get this thing going and let's get something decided. It may well be that the Board decides to stay with the way it is, and that's fine. We just got to get it off the table. We've been talking about it too doggone long. That's all I got, Len.

Savage: Thank you, Frank. I appreciate your passion on the matter. Mr. Nelson, any comments?

Nelson: Well, I guess the -- with respect to moving forward, you know, there was discussion that, you know, this is how we've done it for a long time. And there's this big machine with lots of gears. One of the advantages -- not advantages. One of the tasks that Sharon and Megan are facing right now is to go through and find out exactly all the parts and pieces that would have to change in order to switch to a monthly payment. And so this exercise that we're going through here between now and December isn't waste of time, because as they engage financial management and accounting and the field crews and the contractors, I think it's important we know all the different places that we're going to have to touch to make this change. And we will put Member Martin down as a definite yes for the recommendation to move forward. But that's really part of the process that they're tasked with right now is to just go sure and -- go through and make sure that everybody that

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has a part to play in this, you know, that we understand what it is they do and when they...

Savage: The cause and effect.

Nelson: ...why they do it. Because one thing I have discovered is every solution has a problem, and we want to try to get those all sorted out on the front end as best we can.

Savage: Okay. Thank you, Mr. Nelson. Any other comments from administration or from staff on this issue? Okay. Then we will move on to Agenda Item No. 6, old business. Beginning with the Construction Working Group task list.

Nelson: Yes. It came through loud and clear during the last meeting that there was concern with respect to follow through on different tasks and assignments and that sort of thing. So in order to add some clarity to this and some accountability, I've created the Construction Working Group task list, which is Attachment A under Tab 6. And what I did was I went through the last three Construction Working Group meeting minutes and tried to identify all of the different promises and commitments that we had made and put them into an Outlook task list. And there are several on here. I would say if I have forgotten or neglected to put something on, please let me know. Because this is the document by which we will go through and make sure that we do follow through.

So just to take a real quick pace, a real quick step through here, if that's okay, I would like to talk about each one of these a little bit. I know Jeff is on the phone and one of these has to do with overpayments, and he does have a presentation he would like to make with that, so...

Savage: I thank you, Mr. Nelson. But I think it would be a good idea if we go down each task and get a current status of where we're at.

Nelson: That's what I was hopeful to do.

Savage: Okay. Well, we'll go to Jeff. Mr. Shapiro?

Nelson: Well, no. Let's just start at the top of the list and work our way through. At the last CWG meeting, Yvonne, who runs our DBE program, mentioned that FHWA conducted a process review of our good faith effort. I don't know if Yvonne is here today to talk about that, but we promised we would get that to you. Do you know where we might be with the status of that?

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Savage: It's enclosed.

Nelson: Well, no. That's something different.

Schneider: We are in the process of developing the draft document. Our process with -- Paul Schneider, for the record. Our process with NDOT is when we agree with them on a program to review to make sure it's meeting federal requirements, our staff meets with their staff. We go through reviewing the information that we need to review to make that determination. Then we send a draft document to Rudy's office. And then we meet at his leadership team. We come up with resolutions to any findings that we have, and then we submit it to final. And then we follow through on the resolution. So right now we're in process of developing that draft document. Well, before the next CWG meeting for sure, but, hopefully, before the next Board meeting we will have submitted the draft document with our initial recommendations to Rudy's office by that point in time.

Savage: And for clarity purposes, Paul, this is other than construction as well.

Schneider: Kind of. It's primarily construction. There are good faith efforts on consultant contracts. I don't know if NDOT has set them at this point in time. So the crux of the -- or the major portion, probably all of this review was simply on good faith efforts on construction contracts only. I think we also reviewed information as far as what NDOT is doing to track the utilization of DBE's during construction of contract after it's awarded. So it has both of those components.

Savage: Okay. Thank you, Paul. Mr. Nelson.

Nelson: So the second on the Agenda or on the task list has to do with the distribution of the RE survey results. That was a request that the CWG...

Savage: Yes.

Nelson: ...had and that was distributed as part of Item No. 4 in the Agenda. So we will mark that off as done.

Savage: Yes, that's done.

Nelson: The next one, monthly contractor pay, again, that's on the task list as something we're working on. Briefing was just done there, so that was Item No. 5.

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- Savage: We should itemize these numbers too.
- Nelson: Yeah, I'll put numbers on these next so we can -- there was a response to the question on consultant audits. This was a question that the Controller had posed. Mr. Hoffman responded to that by email, and that's the next attachment, Attachment D in your binder. It was an email to Controller Wallin. I don't know if you had a chance -- if you had any questions about that or not.
- Savage: I did not.
- Martin: I do. This is from City of Henderson. I thought that this item that we were talking about was consultants.
- Hoffman: Chairman Savage, if I may?
- Savage: Mr. Hoffman.
- Hoffman: For the record, our internal audit division, they audit all of the agreements, or I would say the majority of the agreements, not necessarily contracts, but agreements that NDOT enters into with local agencies, consultants, service providers. This just happened to be one of those agreements with the local public agency. So of the 740,000, I believe, 740...
- Savage: 770.
- Hoffman: 770. Thank you. That was the only portion left that you saw of -- I think it was 132,000. I don't have the -- I don't have that email right in front of me. But we had collected all but that portion and we were working very hard to do so. But it does -- it would include some consultant agreements, or the vast majority of the consultant agreements that we would have audited in that fiscal year, Member Martin.
- Martin: Okay. I got you now. I'm sorry, Bill.
- Hoffman: Oh, that's okay.
- Savage: But this memo does not incorporate the contractor overpayments, reimbursables. No, that's a separate issue.
- Hoffman: Yes.
- Savage: Okay.

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Nelson: And that brings us to Item No. 5, which is the report on contract overpayments. Jeff, are you still there?

Shapiro: Yeah, I'm still here. Can you hear me?

Savage: Yeah, it's your turn.

Savage: Before we go to Mr. Shapiro, I would just like to leave the prior item open so Madam Controller Wallin would have the opportunity to comment. I'm sorry, Mr. Shapiro. Go ahead.

Shapiro: Chairman Savage, thanks. Jeff Shapiro, for the record. I did have a little bit of a brief presentation. This is kind of a challenge though over the phone because I can't see facial expressions, so I can't tell if I'm putting anybody to sleep or not. I did not want to rehash what was in the memo. There's a memo in the packet where I try to discuss or where we try to discuss contract overpayments. Now, the bottom line in an audit, if we identify an overpayment of quantities, we bring those quantities back at the final pay. So that's the bottom line.

Now, attached to the memo that includes a couple of fairly recent examples is a copy of a final balance report for Contract 3462 -- listing the quantities of cycle column, you'll see 1800 across from the (inaudible) milling with a minus sign behind it and then the plant mix (inaudible). It's hard for -- it's hard to see because it's a copy. There's 1,959.3 tons with a minus behind it. That's the final balance report subtracting those overpayments out of the system. And in this particular case, it's unfortunate, but what it does is it generates a negative estimate if you look on the last sheet of \$201,885, I believe, is what it says. The print is kind of small.

So, you know, the bottom line is we do -- when we identify those, it's unfortunate, but we do get those quantities back. And I wasn't sure if the Board and group members had any questions on what I wrote in the memo per se about the recent examples. Those are all ones we're getting quantities back on.

Martin: And, Jeff, just to be clear, this include -- does this include -- I can't remember the contract number where our outside consultant authorized overpayments of, I don't know, was it 87,000 or something like that to a contractor who had already been closed out?

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- Shapiro: No. That's -- Member Martin, no. That's the 3462 is the contract you're referring to. It was a -- misallocation isn't the right word. He paid for the wrong plant mix on the wrong contract. That's basically what it was.
- Savage: Are you sure it was 3462?
- Shapiro: There were two contracts. One was 3460 and one was 3462. That's my recollection, yes, sir.
- Savage: I thought it was 3267.
- Shapiro: No. 3267 was our own in-house staff. That was a similar issue with an overpayment, double payment of plant mix. I did not make a copy of that final balance report because it's a little bit bigger than the one I included. I was trying not to -- but it's in there. It's listed as one of the examples. That was not a consultant job. That was an in-house NDOT administered contract.
- Savage: But I might be confused here. I thought we were talking upwards of 400 to \$600,000 on one of those contracts. Maybe I'm wrong.
- Shapiro: Chairman Savage, Jeff Shapiro again. At the time we were -- and that was just the overpayment. That doesn't include -- we were talking about that specifically. Now, when we do a final, final payment on these contracts, we audit the entire contract. And sometimes there's subtraction, sometimes there are additions with amount due. And then the net is, you know, as in the example, the net is, in this case, \$200,000.
- Savage: Because I know...
- Shapiro: But the net on this Contract 3267 was \$149,000.
- Savage: But with the magnitude of the dollars of the 400,000, the 600,000 of the overpayment, there was one project that was close to the statute of limitations, I believe, that we discussed and...
- Shapiro: That's 3267, yes, sir.
- Savage: Yes. And where do -- what's the status on that contract for getting reimbursed to the State of Nevada?
- Shapiro: I don't know. The admin section might now. I don't know if we received a final check, but that contract has been closed out and they've been sent a bill

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for \$149,000 and change. But they knew it was my coming. It was my understanding RHB was going to write us a check.

Savage: Excuse me for my ignorance here, Jeff. I am confused between the 400K and the 150K.

Shapiro: Chairman Savage, my recommendation would be that next time we have a Construction Working Group meeting or we can meeting separately too, I need to show you the final balance report and some of the documents that go with it. Because I know a lot of people were talking about a specific double payment on a specific item, but there were other factors involved with that final estimate that balanced it out to a certain degree. And the end result was a net of 149,000 and change.

Savage: I think that would be beneficial if you could take time between this meeting and our next meeting to possibly stop by the office and we can go over a couple of those issues. That would be helpful.

Shapiro: I would be more than happy to do that. But other than that, you know, there's -- I can go upon my own personal experience, because I had personally overpaid a contractor myself. I don't know if the Working Group would find that valuable or not. It's kind of a speculation for me to talk about a lot of other contracts, other than when we find them in auditing, we take the quantities back, as I show in the memo here. But part of it has to do with our paper-based system, which Megan hopefully or somebody has an example of what I used when I was -- we were making presentations to the steering committees on our technology investment request for electronic documentation. And those are documents from a Reno project. Megan, are you there with that stuff?

Sizelove: I am. I'm making (inaudible).

Shapiro: And that -- yeah, that pile represents one contract on one pay estimate. And, you know, the bottom line, the Cliffs notes version of this is the paper-based system with the -- we transcribe -- we write numbers in the one book, then transcribe it into summary sheets and then transcribe it into a turnaround document and then enter it into a computer. There's just numerous opportunities for error. And it's also one of the reasons why it's so labor intensive right now.

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And we're seeing there's a lot of things we can do to fix that and minimize those opportunities for error. But one of the things I'm really excited about is the electronic documentation system that we're implementing, the ASTRO field manager system, I'm one of the testers and I'm literally trying to make it overpay and you -- we are tightening -- you can tighten the controls down where it's almost impossible to do it. So it's -- you know, that's one of the things that I think is going to help us in this overpayment issue. And, you know, like Sharon mentioned, the transparency. The contractors are going to be able to see on the system too what's being paid, what's being not.

There's a lot of opportunities as I mentioned in my memo. Training, you know, we do a good job of training the technical aspects of preparing estimates. But I don't -- you know, when I think back about it, I don't know if we really train our managers on some of the things that can influence estimates. One, you know, staff changes, working on projects with multiple shifts. When an inspector calls in sick, what do you do? Sometimes -- I have learned from the hard way, sometimes staff changes can mess up your books, for lack of a better phrase. And I don't think we really -- we can do a better job of training the managers to keep that in mind whenever inspectors are moving around and whatnot. But other than that, that's my interpretation.

Savage: Thank you, Jeff. And I thank your staff as well. I know it's been a concern of the CWG. And I think it's important to clarify there is a sentence in here that there were only eight contracts, which related to four percent over the last five years, that there was overpayment on the project. So we're talking about a four percent total. And I think that everyone is well aware of the transparency and the payments and I remain positive in moving forward, so thank you.

Shapiro: Right. Unfortunately though four of those eight contracts seemed to have popped up in the last year, so it's something that we're going to do better at.

Savage: Yeah, I think we're back on the game. And are there any other comments from around the table, any input statements or questions from any -- no. Okay. Thank you again, Jeff and Megan. I appreciate your help. Thank you.

Nelson: Okay. So, again, Rick Nelson, No. 6 on the list was the PowerPoint presentation that Yvonne spoke from during the last meeting. We thought

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we had transmitted it right after the meeting, but there was some question of whether or not it actually made it out to everyone. So we included it in the packet. Unfortunately, she is not here to answer any questions that you may have from this presentation. But if you do, we can either put it back on the Agenda or...

Savage: She actually -- she gave the presentation...

Nelson: ...just leave it on the list. She did give the presentation. Yes.

Savage: ...in the May meeting. And this paper copy was for record purposes.

Nelson: We just didn't have the slides. Okay.

Savage: So I think we're okay, Mr. Nelson.

Nelson: Okay. No. 7 was distribute the minutes from the RE meeting, which was done during Tracy's presentation on Item No. 4. Item No. 8 on the task list had to do with the FHWA program review on project closeouts and inactive funds. That's been done and it's been included in your packet. Mr. Schneider from FHWA is here, if maybe you want to just give a quick little recap or if there's questions associated with the report. I know it's 35 pages of great reading.

Schneider: Paul Schneider, for the record. Thank you, but no thank you. If the Construction Working Group wants a summarization of it, FHWA did release it and we did provide it to the Nevada Department of Transportation. FHWA leadership hasn't taken any action on the recommendations that are included in the report. But we would be glad, at the next CWG meeting, to give a little overview of what the findings were. I forget what -- six dates, I think, were reviewed in it, at least.

Group: Yes.

Schneider: And it's got, you know, it's got findings. Of course, we whitewashed it so there's no discussion of what we found in any particular state, like, State A, we found...

Unidentified Male: Yeah.

Schneider: ...this. But there were recommendations as far as regulatory changes to be made, policy changes to be made to help all of us get our projects closed out more quickly. So if you want a specific presentation on that, believe it or

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not, I read it in May and, you know, it's not right at the tip of my tongue anymore what the findings were in there and what the specific...

Nelson: Well, and I think the important thing that you mentioned is this is a national project closeout review, not an NDOT specific.

Schneider: Mm-hmm. Right.

Nelson: So while, you know, when I read through it, while you may think, oh, I think you're talking about us, well, maybe not, it doesn't really specifically call things out. And I think as far as guidance goes about how we can do, it's kind of if the shoe fits, wear it.

Schneider: Right

Nelson: Here's what you can do. So anyway, the CWG had asked for that.

Schneider: Mm-hmm.

Nelson: And so here it is.

Savage: Thank you, Mr. Schneider. Personally, I think that we have the copy. I think that the obligation has been fulfilled and I am satisfied...

Schneider: Okay.

Savage: ...to this point. And we can always refer back to this report if we need to. Member Martin, do you feel there's any need to have a presentation at the next meeting?

Martin: No, sir, I don't.

Savage: Okay. So you're off the hook there, Mr. Schneider.

Schneider: All right. We'll follow up. If FHWA leadership makes any final decisions on policy, that they will be provided nationally to the states or whatever, we'll follow up and give you that information.

Savage: Thank you.

Nelson: Okay. Item No. 9 was a question that was asked regarding residency requirements. And that rests with our AG representative. I don't know if we can expect anything in writing or just some discussion about it. They

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don't like to put things in writing and we don't like them to, because then we have to live by it, so...

Gallagher: Actually, it is in writing in this particular case, but it suffers from OMD, on my desk. It should be to the members of the committee here within the next couple of days.

Savage: And what that pertains to, if I can just elaborate a little bit, it was noticed that in Lander County, the Lander County Courthouse was out to bid on a Public Works project. And it required that the architectural firm be staffed from the State of Nevada and owned by a Nevada resident. And that's the clarity that we can look forward to. Thank you, Mr. Gallagher.

Nelson: Last on the list, in reviewing the minutes, there was some discussion at a past CWG meeting about getting our payments to prime contractors posted on the web. I don't know, Jeff, if you want to talk about that or if Megan -- oh, Megan raised her finger, so you're off the hook.

Sizelove: Megan Sizelove, Construction Division. I can give a positive report here. We're currently in the testing phase of being able to upload -- automatically upload the contractor pay report. Internally, we know that (inaudible) report and posting it on the website so that the contractors and subs can get in, filter through by contract number and find out what the status is of those payments every two weeks.

Savage: And was this discussed at the industry liaison meeting?

Sizelove: I'm not sure if it was.

Nelson: I don't know if there was a specific item or not with respect to that at the liaison meeting, but I do know it's been talked about to go into a set of minutes and find out what meeting it was. I don't know that I could do that. But it seems to me we have been talking about this for a while as a way to help payments to subs and some of the other pay issues that pop up.

Sizelove: And I would imagine, by the end of the month, we'll be done with the phasing -- the testing phase and be able to move forward with...

Savage: Okay. Very good. Thank you, Megan. Mr. Nelson.

Nelson: To wrap this up, we sort of have some standing task list items. One is forwarding on the minutes of our meetings with the AGC. And the last tab

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in the book is the Agenda and the minutes from our last AGC NDOT Committee meeting, which occurred on the 12th of July. The minutes of the April meeting are attached to that as well. As these come up, we will pass them on to the Construction Working Group.

One of the other standing items has to do with training and meetings and so on. We just recently hosted the AASHTO subcommittee on materials meeting at Lake Tahoe. Reid posted that on behalf of NDOT. And the Controller, who is a member of the CWG, made some opening remarks at that meeting. Reid, would you like to give a comment or anything about...

Kaiser: Sure. Reid Kaiser, Materials Engineer at NDOT. We had representatives from across the nation, all the 50 states, up at Lake Tahoe at Harrah's and had our subcommittee of materials meeting. We went over the test methods. Really exciting discussions. But it was a good event. Everybody enjoyed Tahoe and had 250-plus people there, so it was a good event.

Savage: That's great.

Kaiser: Yeah.

Nelson: And the Controller was gracious enough to make the opening remarks for the event.

Kaiser: And Mr. Schneider.

Nelson: Well received, thank you.

Kaiser: Yeah, you're welcome.

Nelson: Moving down the old business list, 6B is an e-bidding update. Do we have an update on e-bidding?

Unidentified Female: E-bidding?

Nelson: E-bidding.

Unidentified Female: (Inaudible).

Nelson: No, it was e-bidding. And I think there was an item on the Agenda this morning with respect to the e-bidding agreement, to make some corrections and so on. But to the best of my knowledge, we haven't had any glitches in the e-bidding system since we applied the fixes a while back. So I think

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that's going along -- that's going along just fine. So if we can put Robert on the spot, but he's only been here a week, so I'm not sure he would...

Savage: He's still on his grace period.

Unidentified Male: It's going great, yeah, great.

Unidentified Male: He's still on that grace period.

Savage: Was that grace period in days or minutes?

Nelson: He came back after the weekend, his first weekend. 6C, the Construction Working Group asked for an update on what the CMAR bill actually ended up looking like coming out of the legislative session. And I don't know if Bill or John, do you want to take that one?

Terry: I'll sit up here where they can hear me.

Savage: You can come up here, John.

Terry: Once again, John Terry, Assistant Director of Engineering. I was given the task of tracking our CMAR bill through the legislature, which became kind of an ugly process. We went to legislature of course just (audio skips) of our CMAR legislation, which was to have expired this past July 1. Our bill then got incorporated into what turned out to be 8283, which was a more overriding CMAR bill, which eventually passed. But I think every step of the way it did it on the very last day or the very last session to get out of each committee, but it did make it through. Impacts to us, small, but -- well, the biggest thing is it extended the deadline for CMAR to 2017. But that's for everybody. That's not just our deadline now.

Had some other smaller impacts to us. It got into specifying the size of the review committee, for instance. It got into things like minimum percentages of self-performed work. It got into some other areas like that, none of which we think are going to create big problems for us. We are going to modify our pioneer program documents which, you know, takes us through CMAR projects. And I would think within a few months we will have that updated. We have some other things we need to update in there anyway.

It also added reporting requirements, that we have to report to the legislature yearly on certain activities to CMAR. And we didn't see that as too

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onerous, just another task that we got to kind of check off that the legislature is requiring us to do.

So the bottom line is they got into our business on CMAR. They make us report more. They specify some things about minimum contractor, self-performed work and some other things. But we didn't see any of them as being a big issue. The other thing they added was smaller entities (inaudible) Clark or Washoe County are limited on the number of CMAR projects, but we are exempt from that. So if we were to, say, to do a project in Lander County, those restrictions wouldn't apply to us as a statewide agency. It's just if those smaller entities put out a CMAR job, they are limited to the number they can do a year.

To me, the bigger impact is, and Assemblyman Daly made this quite clear, as did other members of the legislature, this is just a continuing step. They are clearly going to bring this up in the next legislature and the one after that, that it is going to continue to evolve. I, and I think many other people who were there, were somewhat taken aback at how opposed to the CMAR process certain elements of our industry were. It was an eye-opener that, you know, they initially -- Assemblyman Daly's bill would have had far more impact on us and the AGC and others through many, many meetings were able to whittle it down. But I'm not so sure some of those issues might come back up. But there's a feeling in the legislature and in other parts of our industry to very much restrict the use of CMAR, that really I don't think got into the bill that much. But it's out there. I think that's the bigger impact, that they are going to open it up again at the next legislature. But in terms of this bill, we think we can comply with it. We can update our procedures and move forward, and now we're good to go until 2017.

Savage: Thank you, Mr. Terry. A couple questions. You said they had changed the size of the review committees?

Terry: They specified it had to be a certain number of people. Again, they are -- I don't remember right off the top. It has to be three to seven. Part of their concern is, especially in some of these smaller areas...

Savage: Mm-hmm.

Terry: ...is that -- if the committee sizes were too small, one powerful person picks his brother-in-law or, you know, kind of thing. So they wanted a size of a committee. And they also talked about some had to be not family agency.

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But the requirements that they ended up with just gave a board size that we could quite easily meet.

Savage: And currently we are at -- for the Department, we are at five or seven? I like the seven number, because you throw the low out, you throw the high out, then you have the five...

Terry: I don't know for sure. Those of you that have been on the committees, I'm not 100 percent sure what we have done in the past.

Unidentified Male: All been seven.

Terry: They have all been seven.

Savage: All been seven and...

Terry: We're okay with seven. If we stay with seven, we're okay.

Savage: Yeah, because there have been other instances with other entities on CMAR delivery. And I am a pro CMAR delivery guy. But there have been things I believe the Department can learn from on some of the other issues that have occurred most recently in other areas of the State, whether it be county level or (inaudible) level or different entities. So it's something, I think, that we need to be aware of and ensure that our reviews are objective rather than subjective to the point that we're holding our procedures and processes current.

Terry: And clearly establish evaluation criteria, and that stuff was clearly in the bill. That's all stuff we have, we're doing anyway.

Savage: Okay.

Terry: The other area I have a concern is this bill sort of tied us a little bit more into 338, which we like to operate under 408 almost exclusively.

Savage: Mm-hmm.

Terry: It dragged us a little bit more into 338. And people at NDOT got to be more aware of 338, because we're doing CMAR under 338. So that is kind of a -- not a direct impact, but sort of an indirect impact of that bill was that it is under 338. It gives us authority to do CMAR under 338. The other element, they went to lengths to try and describe horizontal versus vertical construction, because they have different terms as to how they apply the

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percentages and stuff between horizontal and vertical. It didn't affect us much. We hardly do anything that would ever be classified as vertical construction. But they spent a lot of time on that and really had a lot of push-back from, like, the airport authorities and some of that, because they kind of do both.

Savage: So let me get clear on -- the Department of Transportation has to comply with 338 under the CMAR delivery?

Terry: Yes. That's what...

Savage: Do we have an option of utilizing the 408?

Terry: We get authority to do CMAR under 338. So we have to do -- follow everything that's in the CMAR bill. Obviously, we have to refer to 408, and I believe there are places that allow us to do that within that bill. And we can use 408. We got to be aware of all the things in 338.

I'll give you an example. The Federal Highway Administration and the CFR-23 requires for highway construction that the prime do a minimum of 30 percent of the work self-performed. And they exclude specialty items, which on some of our contracts can be a pretty significant chunk of the contract. We at NDOT have typically used 50 percent. And, of course, you can always go beyond the federal requirement. The CMAR bill, they put 25 percent self-performed. But they don't exclude specialties, even though we tried to add that in. But, again, that would be mixing highways with other areas that don't do that specialty exemption. So we're going to have to write our contracts that say if you're using federal money, which the vast majority of our contracts, we can't say we're exceeding the federal requirement. We're going to have to put both. We're going to have to put you have to do 25 percent of the work yourself, but you have to do a minimum of 30 percent without these specialty items. There's no other way to meet both requirements. That's kind of an example of how they're dragging us into 338. In doing CMAR, we have to follow that. But all our other work is in 408. I don't know if that makes sense.

We tried to get them to change that, but the reason they didn't want to change it is there's other people that highways that are under their horizontal construction area. But I think the bottom line is we're okay with this bill. We didn't get everything we wanted, but it got mellowed out as time went

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by, and the final product was a lot more acceptable to us than (inaudible) introduced.

Savage: Thank you, Mr. Terry. Member Martin, any comments or questions?

Martin: No, sir. I thank him. He kept track of that thing really, really closely. I could tell from some of his updates. It was a difficult process. I don't know if you followed it all, Len, or not, but it was a difficult deal.

Savage: Yeah, very difficult and it sounds like we're being very proactive and very aware of what's going on around us. And I think that's very wise. It's imperative that we're as clear as we can be. I thank you, Mr. Terry. Thank you, Member Martin. Any other comments or questions on the CMAR item? If not, let's move on to 6D. Mr. Nelson.

Nelson: Yeah, the -- again, Rick Nelson, for the record. The requested reports and documents, I covered those when we went through the CWG task force. Those were those routine standing documents, the AGC meetings and that sort of thing.

Savage: So that closes out Item No. 6.

Nelson: Yes, sir.

Savage: We'll move to Agenda Item No. 7, briefing and status on construction projects.

Nelson: So these -- this is standing item that we have on the CWG Agenda for projects that are closed out since our last meeting in May. We closed out six projects. They're highlighted in yellow. And Sharon and Megan would be more than happy to answer any questions that you might have about those, if you had any questions about those.

I think we are -- we continue to make good progress getting these closed out and off the books. We continue to have the monthly meetings with the resident engineers and the districts to make sure that we're staying on top of the projects that need to be closed out. There are individual project-specific sheets for each one of those six projects also.

Martin: Hey, Rick, are we talking about the sheet that says -- that's labeled Department of Transportation construction contract closeout status, July 25, 2013?

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- Nelson: Actually, Member Martin, I was looking at the big 11x17 sheet that's dated January through August '13, NDOT construction contracts closed out January through August of '13.
- Martin: Okay. I'm trying to find it here.
- Nelson: Oh, I see. A few pages back.
- Savage: We're on Agenda Item No. 7.
- Martin: Yes, sir.
- Nelson: Yes. There's the closeout status sheet, that's dated July 25 of '13.
- Martin: Okay.
- Nelson: That's the one that has all the projects that are due to be closed out. And the contractors that are pretty close to being finished, those are all listed there. I'm sorry I jumped over those.
- Martin: Rick, I found your yellow highlighted sheet now. My apologies. I had Agenda Item No. 7A, I found it under 7B. Okay.
- Nelson: Okay.
- Savage: So we're all looking at Attachment A under project closeout Agenda Item No. 7.
- Nelson: Right.
- Savage: I do not have any questions personally. Member Martin?
- Martin: No, sir, I don't either.
- Nelson: Okay. Then we will continue to keep the -- try to keep the heat up to get these things wrapped up.
- Savage: At the same time, Mr. Nelson, I want to compliment the Department, because the delivery and the formatting is very legible, it's very clear, it's easy to read and it's quick reading. So I thank you.
- Nelson: Okay. So then we get to Attachment B, and those are the six projects that we have completed the closeout on.
- Martin: So, Rick, are we closing out projects faster than we're finishing them now?

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Nelson: I would like to say yes, because the last couple of Board meetings, we haven't been awarding projects over 5 million, but we've been closing them out.

Savage: We haven't been starting enough because of the federal funding, but it is what it is and we're closing them out.

Nelson: We have been wrapping them up.

Savage: That's good.

Nelson: And then Attachment C is the active contract status. Again, I think Jeff is still on the phone. Sharon is here if you had any questions about a specific contract. I would like to remind the CWG that we do have some ongoing litigation. We do have some active claims. So if the questions get into strategy and things that might be privileged, I would ask that we would hold those questions until later.

Savage: I don't have any questions. Member Martin, do you have any questions?

Martin: No, sir, we're good here.

Savage: Okay. Thank you, Mr. Nelson. So at this time...

Unidentified Male: Public comment?

Savage: Public comment. Any public comment for Item No. 8 here in Reno? Any public comment?

Wellman: I guess I have to. Bill Wellman from Las Vegas Paving. On the monthly pay estimates, we do support that for a variety of reasons. One of the main reasons is your overpayment issues that you have too. So it kind of fixes a few things, we believe. We are cognizant of the issues with subcontractors and minorities, as Member Martin had eluded to. We do have to deal with those regularly regardless biweekly payments, and we're okay with that. But, Member Savage, you brought up a percentage, I was going to use 40. I think Sharon said something about 50 percent. There's still a variety of things that still have to overlap and be done. Given the opportunity for these guys in the field to have to do it one time per month is huge, I think, from both the sides.

As for the -- whether the contractor gives you an invoice or the RE, it kind of goes both ways with most of the local entities. They typically sit down

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and work together, come up with the numbers that they both agree to first and then we create an invoice so appropriately. But at the same time, majority has to be satisfied with it. So for us just to send you an invoice and then for them to spend the next two weeks trying to figure out whether it's correct or not and battle back and forth, I think there's a huge value in your RE first and foremost doing that. That allows you to release that money at the end of the 30-day period so it can move forward. And it's just the discrepancy can be made up in the following months rather than we send you an invoice and then your RE can't agree with it, then it's held up indefinitely, quite frankly, which holds up money and pay to these subcontractors as well as us.

So I think if you go and follow suit with just monthly payments and an RE staying with his focus on that and us approving his work in reality is the best of all worlds for all, including the subcontractors and minorities.

Savage: Thank you, Mr. Wellman. Any other public comment here in Carson City? Las Vegas?

Martin: None here, sir.

Savage: Okay. Thank you. Then that will -- help me with the verbiage here, Mr. Gallagher, if you could, please.

Gallagher: For the record, Dennis Gallagher. I think the Chairman would entertain a motion to go into closed session.

Savage: Yes. Thank you, Mr. Gallagher. Do I have a motion to go to closed session?

Martin: I would make a motion that we go into closed session at this point.

Savage: And I will second that motion. All in favor?

Group: Aye.

Savage: Session closed.

Martin: Member Savage...

Savage: But we got to open the door first. Hang on.

Unidentified Male: (Inaudible) waiting.

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Savage: Nobody's waiting. So we have a motion by Member Martin and a second by Member Savage to close the meeting.

Unidentified Male: Adjourn.

Savage: Adjourn the meeting. Adjourn the meeting of August 12, 2013. Thank you, everyone. Thank you, Frank.

Martin: Looks like Rick's ready to leave.

Nelson: I was just checking to make sure there was nobody out there. I promise to come back.

Martin: Okay.

Savage: Thank you.



Representative

Assistant Director, Operations