



Department of Transportation
Board of Directors - Construction Working Group
Notice of Public Meeting
1263 South Stewart Street
Third Floor Conference Room
Carson City, Nevada
August 24, 2012 – 9:00 a.m.

AGENDA

1. Public Comment – limited to no more than three (3) minutes. The public may comment on Agenda items prior to action by submitting a request to speak to the Chairman before the Meeting begins. *Informational item only.*
2. Comments from Working Group – *Informational item only.*
3. Approval of June 25, 2012, Nevada Department of Transportation Board of Directors Construction Working Group Meeting transcript – *For possible action.*
4. Discussion of NDOT Construction BDR Retention – *Informational item only.*
5. Discussion of Priority Item #5: Bi-weekly v. Monthly Payments to Contractors – *Informational item only.*
6. Briefing on AGC/NDOT Liaison Meeting from June 20, 2012 – *Informational item only.*
7. Briefing on Status of Construction Projects – *Informational item only.*
 - A. Projects Closed January - May 2012
 - B. Project Closeout Status
 - C. Active Projects
8. Open Meeting Discussion – *Informational item only.*
9. Closed session to receive information from counsel regarding potential or existing litigation – *Informational item only.*
10. Old Business – *Informational item only.*
 - A. Pavement Management System
 - B. Specification Changes
11. Review of Meeting Action Items – *Informational item only.*
12. Public Comment – limited to no more than three (3) minutes. The public may comment on Agenda items prior to action by submitting a request to speak to the Chairman before the Meeting begins. *Informational item only.*

Notes:

- Items on the agenda may be taken out of order.
- The Board may combine two or more agenda items for consideration.
- The Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.
- Reasonable efforts will be made to assist and accommodate physically handicapped persons desiring to attend the meeting. Requests for auxiliary aids or services to assist individuals with disabilities or limited English proficiency should be made with as much advance notice as possible to the Department of Transportation at (775) 888-7440.
- This meeting is also expected to be available via video-conferencing, but is at least available via teleconferencing, at the Nevada Department of Transportation District One Office located at 123 East Washington, Las Vegas, Nevada in the Conference Room.
- Copies of non-confidential supporting materials provided to the Board are available upon request.

This agenda is posted at www.nevadadot.com and at the following locations:

Nevada Dept. of Transportation
1263 South Stewart Street
Carson City, Nevada

Nevada Dept. of Transportation
123 East Washington
Las Vegas, Nevada

Nevada Dept. of Transportation
310 Galletti Way
Sparks, Nevada

Nevada Dept. of Transportation
1951 Idaho Street
Elko, Nevada

Governor's Office
Capitol Building
Carson City, Nevada

Transcript of Nevada Department of Transportation
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Controller Kim Wallin
Frank Martin
Len Savage
Governor Robert List
LeRoy Loseke
Rick Nelson
Jeff Shapiro
Allen Kaercher
Reid Kaiser
Rudy Malfabon

Savage: Good afternoon, everyone, and welcome to the meeting. We have members present in southern Nevada (inaudible) along with myself here in Carson City. I'd like to proceed with the first Agenda item, public comment. Any public comment here in Carson City? Any public comment in southern Nevada?

Martin: No, sir.

Wallin: Nope, nope.

Savage: Okay. Thank you. We'll move on to Agenda Item No. 2. If there's any comments from any member of the Construction Division at this time regarding any informational items, we'll go ahead and hear about that. Or we can wait later on as well. Okay. With that being said, why don't we -- does anyone have -- has everybody had a chance to review the meeting minutes of April 5, 2012? Member Martin, Controller Wallin?

Martin: Yes, yes, sir.

Wallin: Yes, yes, we have.

Savage: Do we have a motion for approval?

Wallin: Move to approve.

Martin: Second.

Savage: Motion passed. Any no's? All in favor, aye.

Wallin: Aye.

Savage: We're moving on to Agenda No. 4, the owner controlled insurance program presentation. And I know Governor List is here. If you could introduce your team, please, Governor...

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List: Yeah, thanks Chairman.

Savage: ...and the presentation.

List: Is it all right if we remain seated?

Savage: Yes, yes, I do.

List: And can you all hear me down south?

Wallin: Yes, we can.

Martin: Yes, sir.

List: Good microphone. Well, thank you very much for the time. I wanted to extend a special thanks to Rick for putting us -- for enabling us to get moved on to your Agenda. And Mr. Chairman and Madam Controller and Frank Martin, good to see you all even at a distance. And we very much appreciate the opportunity to come here today and talk to you a little bit about a program that I began to hear about I'd say about ten years ago when I was involved in, to some degree, the expansion of the Venetian Hotel in Las Vegas. And I learned at that time that this owner controlled insurance program or wrap-up or OCIP as it's called was being utilized on that job. And as a lawyer and actually as a member of the Board of Directors of the company at that time, I saw why and understood how it was being utilized. And it occurred to me at the time that this ought to be something at some point in time the state of Nevada might be interested in using given all of our varied construction projects around the state and as a matter of efficiency.

Since that time I followed it primarily in the private sector. And over the years I've worked very closely with my next-door neighbor, Allen Kaercher, who has Kaercher Insurance in Las Vegas. And they, of course, are a very prominent and successful agency that go back for two generations and highly respected in that market. They've become experts in the OCIP world. And along with him, we have the senior vice president of construction with the company, with Kaercher, and he, LeRoy Loseke, who is going to talk a little bit more in detail about the experience that they have with it and what the benefits of it are.

I mentioned to the governor on the way out the door that on a single \$100 million project you could make enough -- save enough money to pay for those cars. And I know that these are very, very difficult times. I sat on this Board for 12 years and I don't think we were ever as tight as you guys are now. Tremendous demand on the part of the public and the continuing growth of our state and the traffic conditions and the relatively lesser amount of tax dollars that we get with

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our gas tax system in the state of Nevada. And, of course, now we're hung up in Washington over the appropriation. But hopefully we'll get past that and begin to move forward. And we think this is a way that will sincerely and genuinely save money. It's being utilized as -- and I understand some work has been done on this already utilizing other states. And LeRoy in fact has been involved in some of those cases.

Loseke: Yes.

List: So with that, I'm going to ask LeRoy to go through -- we've got some slides. The executive summary has ten slides in the front of your book that we're going to go through. We're not going to go through the entire book obviously. He'll cover the first ten slides and we'll leave the rest of the material with you which is more detailed back up. LeRoy.

Loseke: Thank you, Bob. Yes, the entire notebook has a lot of information in it about wrap-ups, who's doing it in other states, what the results are. There's some Federal program reports, things such as that. And also a summary of the NDOT projects that are coming up that will be bid and awarded in the next couple of years and the ones that are in the planning stage for the next couple of years. And finally, there's some information in the back about Kaercher Insurance Agency and additional information, like I said, about owner controlling programs, details about the definition, details about the advantages and there is tons and piles of information online about wrap-ups, the various states that are doing things and results and all that good stuff.

So what I would like to do is just go through like Bob said, the first ten slides and go through it. We encourage any questions or discussion during the time so that we can answer your questions and address any concerns or anything about what a owner controlled program is. You'll see in the statute it's called a consolidated insurance program because they also mention owner controlled programs and contractor controlled programs. So consolidated insurance programs covers them both, also known as wrap-ups. So that covers a whole gamut of things.

If you turn to the executive overview, that is where we have an outline of all of the overheads that we'll be showing you. Okay. Kaercher Campbell, you know Allen has been in Las Vegas all his life. Owner controlled insurance program, the definition of the program is that the traditional ways that everybody provides their own evidence of insurance. This way, the subcontractors provide their insurance costs to the next contractor up and they mark it up and keep moving it up so you have a lot of redundancy in regards to insurance costs. An owner controlled program, they provide the insurance for all the contractors, for the owner,

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everybody that does work on the project with the exception of the design teams and the professional services. (Inaudible) liability is another one. It's a special coverage that can be obtained, but is typically not included in the owner controlled insurance program.

Also, one of the sections has the Nevada statute on OCIPs. It lays out what has to be done, the safety effort, the safety representatives, the safety program, the claims (inaudible) requirements and things such as that. In fact, when you do the application, Nevada OSHA takes a look at a portion of the application to the state because they want to approve all of the safety resumes and the safety representatives you're proposing.

List: So if we may, we'd kind of like to keep this conversational as we go along. And I'm not sure how much you all have gotten familiar with this program, but feel free to jump in. Obviously we do have a statutory structure in place right now where it can be implemented in Nevada. It is being utilized in certain government agencies already. State insurance commissioner is comfortable with it...

Loseke: Yes.

List: ...knows how it works. Our state OSHA people are fully familiar with it in its administration and so it's not as if we're pioneering something that's brand-new here in the state of Nevada. It will be new to this agency, but not to the state and certainly not to government agencies in Nevada.

Loseke: And Ann O'Connell chaired the legislative committee that did the research when the statutes were initially proposed and enacted. So we provided testimony at that time, you know, pointing out our experience. Because by then we had put the Venetian in place and we knew what the advantages were and how it worked and how it functioned. So we had firsthand information in Nevada on how it does work.

Savage: Absolutely. And, LeRoy, I would like to Governor List's comment about encouraging not only the members, but NDOT staff as well, outside public, anyone, it's a round table discussion, the more we can discuss it now, the better off we're going to be later. Yes, Tom Greco?

Greco: May I ask what Nevada agencies are using this or experienced using it?

Loseke: I can answer that. Terminal three was built on an OCIP, McCarran Airport. The LVCVA has applied and has been approved for an OCIP from the state of Nevada and the insurance department. They're just waiting for the tax revenue to come up so they could dig the ground. So those two agencies have already worked on

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it. All you other privates, the Wynn resorts, the MGM Grand City Center was built under an OCIP. So these things are used because you'll see the reduction of litigation and premium savings and cost savings which we don't want to lose. So you'll see why private enterprises uses it because it does save up to three and a half percent of construction cost.

Savage: Thank you.

List: Also in 2001 we put together the worker's comp aspect for McCarran on their other construction projects. And then 9/11 came along and they said, "Time out, we can't proceed because we're not sure what's going on, what's going to happen, gate receipts and all those things." LeRoy in place, we got approval from the state and everything else (inaudible).

Loseke: Safety, this is (inaudible) concern. The statute says that you need to identify and submit resumes for two safety representatives from the project. And they check the references and everything else. So they do a thorough job on that getting it complete.

As far as the approval from the state insurance department, their application is typically very complete and very thick. It will flat up and walk through it and planned with the insurance department and their approval then takes three or four days. The Nevada OSHA takes a little longer for approval, typically because they check all the references and do a little more background work. Cost savings is another major feature, conservatively say one and a half to three percent of the construction value would be the typical cost savings. And again, it depends on loss experience.

Savings benefits come along in two places. One is the volume buying leverage that you have when you put together the whole program and negotiate the worker's comp and the general liability as well as the excess liability for the entire project. You're looking at a couple 300 million versus every contractor having their own values in them.

Back end of the cost savings, the end of the project, most of the funding that goes in as far as payment of premium goes into a loss fund, and this is money that is used by the insurance company that handle the claims to pay for the claims. So if the loss prevention activity is very effective, then no claims are paid and the money is clear to return. We've had one project, the loss fund was 4.1 million. So far 2.1 million has been returned and claims of about a million dollars and another \$1 million that will be rendered to be returned once we're able to get the final numbers from the actuaries.

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List: You want to talk a little bit, LeRoy, about the differences on the safety and between the various carriers and the subcontractors and what you experienced there?

Loseke: Right. We'll set up a project safety program. And that way everybody knows what the rules are. Typically, we use the general contractor's safety program if it meets the guidelines and minimum requirements that we've established. Then that's the safety program that applies to a particular project.

As you move along, everybody's familiar with it, it's uniform application and it works out well. One of the things that the insurance department is also concerned about is, is there a program in place or a plan in place to deal with contractors and subcontractors that do not comply with the safety requirements for the project? How are you going to deal with them? Is it warning, oral warning, written warning, you're out, third strike? You have to have a plan in place because they're very concerned about the safety of the work. And as well as everybody is. And our safety programs or loss prevention activity is very active. We have the safety people on site. We have the broker representative that makes visits once a month. The carrier has representatives, typically. And I'm sure you people have safety compliance people or safety assurance people that also make the rounds. So it's a team effort. And that's how it's set up. We organize the team. They have meetings so they understand that they're not jumping over each other and running over everybody. So it's a very organized effort. Yes?

Wellman: Can I ask what your thought is with NDOT? Is it all projects as an umbrella or is it project specific which is typical like P3 or City Center or Venetian Hotel?

Loseke: You can go both ways. Dion naturally would be one by itself. The requirements from the state statute is that you have 223 million in construction value to be qualified and approved for a wrap-up. So in a lot of cases, it would be one or three projects, four projects, whatever. One of the state projects we have in California, we have 8 locations and 11 contracts. So, yes, we can combine them however. If you wanted to do a separate -- you could do a separate project from the Boulder city bypass, separate project for project Dion and then combine. So you could combine four or five projects in Clark County, four or five projects up around Reno. So there's various ways you can go. It's a matter of value, timing, location and things such as that. And that's what we would do, just sit down and go through the projects and see which would be typically the most ideal to include to give it a go.

Savage: Excuse me, just to add to that if I heard that correctly, LeRoy, that's a good question, Bill. Is it a \$223 million minimum...

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- Loseke: Yes.
- Savage: ...to enroll?
- Loseke: Yes.
- Savage: And it's not a per project? It can be a...
- Loseke: You can have a rolling wrap-up program, yes. It does not have to be one location. You can have it scattered throughout.
- Savage: And that's per current statute?
- Loseke: Yes.
- Savage: Thank you.
- Loseke: In fact, you don't even need all the projects in the state of Nevada. But in this case, it would be nice to have them all here.
- Male: I don't know if it added up to 223 million right now.
- Male: Yeah, that's right.
- Male: That's another issue.
- Loseke: I don't know. The project list I was looking at was -- added up in a hurry for the next two, three years.
- Male: Yeah.
- Loseke: Yeah, I'm not sure what you have from the current active standpoint. But you get into the P3 part of it. Money's going to be available and then you can really roll. So...
- List: And you would know a lot about the P3 because the one project he is handling is the Presidio case so he could tell you a little bit about that if you want.
- Savage: So, Bill, back to your question. Did LeRoy clarify an answer?
- Wellman: Yeah, I think so. I mean, my thought is that you -- there's got to be big enough projects to do it on. I mean, we were part of P3 and part of Venetian and part of City Center and now work under it and we like it. It's okay. But the value of it in a single project of simple 5 or \$10 million dollar whatever projects, I'm not so sure that it is, and that's why I was just wanting to know for sure that you're looking at a more -- as an umbrella type of thing than project-specific. 'Cause if

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you get involved with something like P3, that's probably something that's going to come back to us as the proposer, rather than NDOT wanting to take on that particular risk itself, I would think. But we've -- it would be interesting.

Savage: Thank you.

Loseke: The wrap-up is no problem. It will dovetail right with the P3 because it basically provides the same coverage, just have a couple more parties to add from the questionnaire and all this good stuff and all the lenders and (inaudible)

Savage: Can you clarify the term P3 for everybody?

Loseke: Public private partnership. The concept is the way they explained it earlier this morning is fantastic.

Savage: Right.

Loseke: It's you're basically renting versus buying with a mortgage.

Savage: Okay. I thought that was the same.

Loseke: They're providing the funding and you're paying monthly payments. You're renting it. You don't have to qualify for whatever it is and then repay the mortgage.

Savage: Okay. Thank you.

Loseke: That's the simplest way that I can...

List: You know, the 3P is the PPP and...

Savage: Okay.

Loseke: Yeah, that's the same thing.

Savage: I wanted to make sure we're all on the same page.

Loseke: Public private partner agreement, partnership agreement.

Savage: Partnership?

Loseke: Yeah.

Savage: Thank you.

Loseke: Okay. Typically, the insurance in the basic wrap-up is general liability, excess liability and worker's compensation. You can add builder's risk to it, that's a

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different set of underwriters, but it's not a problem. Consumption pollution liability is another coverage you can add into it. Depending on the type of program, you can also design the design professional liability team project or coverage. So it depends how you -- how the professionals, how the design and engineering goes on.

One thing we didn't -- there it is. Risk management information system, briefly that is our system that captures all the information during the project and provides information and access to all the new people or parties to the project can access. The enrollment information, the contractor information, the contractor's going to report payroll directly into the system. We capture all of the enrollment. Like I said, enrollment information which has all of their insurance information as well. So we have a lot of background information.

You as the owner could access everything as you go down the tiers, the firewall. The subcontractor can access everything they've put in down if they have a sub. But you can't go into it and see what the owner has to say and such and such. So there's different levels of security.

And we provide monthly reports on that basis because (inaudible) tells you where you're at. We also track the progress of the contractors after reporting payroll and, you know, they're half done with the project and payroll isn't adding up or there's too much payroll and there's something out of sync. So it gives us a kind of an early warning system as well.

Typically, the insurance program would be back this way. You've got the worker's compensation statutory benefits, employer liability and then the general liability (inaudible). And then you can run up for excess liability limits to whatever. In this case, this example totals 300 million. And it's scattered around eight locations. So if you have a big problem in one location, you've got 300 million available. If you're having a big problem in another location, you'd have the same limits available.

Annual state -- the limits being stated annually, so that gives you good coverage from the standpoint of I have enough limits to cover everything. I think you have a tort cap statute which applies to some things in Nevada, but that doesn't apply to everything. So you need the limits.

Advantages of enrolling order controller insurance program is you have projects with consistent coverage and this way you're not relying on all the contractors providing their certificates. This day and age, you never know what kind of claims they have pending against it. Their limits may be eroded, but whatever it

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is, this way you know what you have available. They're dedicated limits with (inaudible) provisions. We talked about state to resources.

Claim examining is another thing. You have one underwriter, claim is accident occurs, claim is reported that adjustor is out, takes a look at it, or even on the workman's comp claims, you'll have one specific reporting place, an 800 number where they call it in, get them the appropriate treatment and things like that. And it starts the investigation and you can get them notified immediately so they can start working on it as soon as possible.

List: And I would add this from my legal background, what that does is to stop the controversies that arise between contractors and between their insurance companies on where the liability lies. If it's all one policy, you don't have that fight. You've got one insurance company that comes out. You don't have adjustors from three or four different subs all blaming the other. You know, this guy didn't weld the iron right, but the other guy should have put a sign-up or...

Loseke: Or it wasn't my hammer, it was his, you know, and everything, but...

List: And so there's a huge savings from avoidance of legal conflict among the insurers, among the carriers and among the participating subcontractors and the general.

Loseke: Mm-hmm. Another thing we pointed out was the small business participation enhancement. And this is where they meet (inaudible) requirements can be met very easily, because they're not mandated to provide high insurance limits, costly insurance limits and things such as that, 'cause they qualify, they're enrolled, they're in the program, so they are afforded these limits. A lot of times on the smaller subcontractors a lot of education available from the underwriters on their safety from their safety engineers, loss control people, so it's a training place as well for the people. They'll come out and do the OSHA (inaudible) 30 or whatever it's called and that way they get certified.

Again, we've talked about some cost savings. Cost saving is very important. The overall control is the main thing and that's why they call it owner controlled, who's in charge, who's in charge of providing the insurance limits, who's in charge of setting up the safety, who's in charge of organizing the claims, this is all controlled in one place and making sure that all the dots are in the right place. And again, the reduced litigation, you got an adjustor out to work on the claim. You don't have the internal fighting between contractors and subcontractors. And you can work on and concentrate working on the injured party and making sure

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that they're taken care of and get the appropriate medical care and reduce any potential litigation possibilities.

Here we get into the minimum state of Nevada requirements. Again, at the present time, there's 223 million. That's indexed every year. I think July 1 is the effective date of when it goes up. Start out at 150 million and now it's up to 223 million. Then it includes the cost of designing the project, acquiring the real property, connecting the project to the utilities, excavating and completing the underground improvements as well, acquiring equipment and furnishings. Part of the process is you must file a copy of the contract with the insurance commissioner. They also have an application form. They want to know who's doing what, who's in charge of the safety, who the underwriters are, who the general contractor is and all of that good stuff. They want to make sure that you have all the pre-bid meetings to explain what the provisions of the wrap-up are, that the information is in the RFP that goes out. Also want to have pre-construction meetings because they want to make sure that, at that point, everybody understands the safety program, what the safety requirements are and how to report claims in that event that you do have an accident on site. As you said, we have to obtain approval from the insurance commissioner, but typically we haven't had any problem because we make darn sure that the applications are complete and have all the information that they want to know.

Briefly I'll go through what the broker's services are. We've got I think it's pages 10 through 16 in the PowerPoint presentation section gets into details. I don't think we want to go through those line by line, but I will highlight what we do as far as we start off designing a comprehensive wrap-up program and market the project information with (inaudible) carrier to know who the underwriters are that write these things. There's just kind of a handful of them around the country. Ace, Liberty Mutual, Hartford, Zurich is getting back into the business now and then. It depends on project, so there's some underwriters out there that are very interested. You know, this is kind of a slow time in construction, so they've all got pretty sharp pencils.

We also have a safety manager that works with us that's part of our organization that implements a loss prevention and insurance program. They go out and set up the safe communities. We also mentioned the pre-bid meetings, pre-construction meetings and all of that good stuff.

During the wrap-up, we enroll the contractors, you know, make sure that they provide the appropriate information, separate worker's comp policy is issued to every contractor because the experience that they generate through their own claims and things is reported to the rating girl, the NCCI in this state, and it

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affects their experience mod overall operations. So it creates kind of an awareness on their part and some incentive to say, yep, this is not a wrap-up, so we don't care what you do as far as getting hurt. They've got to still pay attention to safety because safety is very important as well as on every construction project.

Once the construction is done, there's a close out process of getting all the final paperwork in, the final payroll reported. The underwriter comes out and does the premium audit, whereas payroll and things such as that, says we want to verify. Although we get payroll reports on a monthly basis, we still have the auditor come out and make sure that they were reporting the payroll properly.

Here's some of the stages with active OCIPs that we are aware of, California, we -- Caltrans and the Department of General Services have moved the wrap-ups and general services project was the renovation of the central planet. In Sacramento, we provide heating and air conditioning services to 26 state office buildings. So they revamp their operation, took out a loan, boilers and (inaudible) and things such as that. Utah also did the work. I think the main thing was the Department of Transportation of Utah worked on I-15 right before the Olympics, I believe, and that was one of the big projects.

List: You've been personally involved in a Caltrans project through Kaercher Campbell.

Loseke: Yes, yes, we did. We have two -- actually now two projects with Caltrans. One is the Presidio Parkway project which is halfway, and now that the P3 has been signed, the rest of it will be finished. We also have, like I said, 8 locations and 11 contracts scattered throughout northern and southern California with various freeway highway projects, things such as that.

We've talked about Utah, Texas, Maryland, Connecticut, Massachusetts, Florida, Arizona, all have done wrap-ups of one nature or another. We'll get to -- we'll get into it, but it's in your handouts under one, the national cooperative highway research program on the left tab. There are some articles and information in regards to the companies that have -- or states that have done programs.

Kaercher: Yeah, what we did is we tabbed it for you because it's very impressive when you look at the savings. Let's just take a look at Utah. I-15, that was 1.6 billion and we saved about \$30 million to the state. So that just shows you how some of the savings comes in. And this is done for the entire National Cooperative Highway Research program, it's all in here, spells it out, exactly what they've done, savings with projects. Very pro OCIPs, so...

Savage: What tab is that, Allen? I'm sorry.

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- Kaercher: If you look at the -- it's under the KNCHRP synthesis and then look at the red tabs. I highlighted those for you. Just pull it to the red tab.
- Savage: Yeah, yeah, yeah. Okay.
- Kaercher: The first red tab right there. And if you go to the red tab, it gives you a really good -- what the comments, save 25 percent on insurance. It shows you which states have initiated OCIPs, the savings, the comments. As you can see, they're all pro. So it's a very good savings. I like it too because it does bring in other contractors and, man, you know, you -- MGM had a problem when they first built the MGM when it was the Marina. They had so much litigation, they couldn't close out their game because, you know, everybody was pointing at the other one as fault for the litigation. So when you look at the new OCIPs, litigation is really minimized because you have one insured policy and that's it. So you can't sue one another. It's all taken care of. But you could just see that. And then there's a summary on the other page too, so you can take a look at it. It shows you.
- List: That table there, that table at the top of that particular page six, reflects each of those states and what the savings was and it averaged, as you say, about three percent.
- Loseke: This whole thing is online, so if you want a lot of real...
- Kaercher: Yeah.
- Loseke: ...interesting reading, you can print it off, all 18 pages.
- Kaercher: And I have more books because I know Kim and Catherine doesn't have one, so I have books for them too. So...
- List: Yeah, we had expected Madam Attorney General and Madam Controller that you would be here.
- Kaercher: Be here today.
- List: And so we had your books here. I hope Frank is sharing his with you.
- Martin: I wouldn't do -- I wouldn't do that.
- Wallin: I finally had to ask him, please, share it with me.
- List: Okay. He's that way.
- Wallin: He is.

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Loseke: I suggest that you all know that the big dig was under a wrap-up program which had a budget and took a little longer and then they had a few problems since. So we talked about the active public OCIPs in Nevada. McCarran International and Terminal 3 is having their grand opening very soon (inaudible) had it for May?

List: Yeah, next week.

Kaercher: And (inaudible) at the LVCVA, he did the research on this and that's why he wanted to go in '07 because of the savings on that. They were going to do a \$957 million project, I mean, if you're aware of that, down at the (inaudible) Center, closing up Desert Inn so it's continuous instead of going over the road and doing a front. And they're still -- they're still pursuing it. They are licensed to do one and this way you see how they decline. They're watching them, the tick up for that, for the cells in (inaudible).

Loseke: And all up and down the strip, the majority of casinos and probably every one of them was built under the auspices of the wrap-up program.

Kaercher: Mm-hmm. Every one of them.

List: Cosmopolitan?

Loseke: Yes.

Kaercher: Cosmo, we did the Cosmo and the (inaudible).

Loseke: And, you know, just to go briefly, I went through some of the project listings that was made available and talked about the construction day scheduled for the 14th at 755 million and that -- the major projects are listed there and that's why I had mentioned if we talk about Clark County and/or the areas around the Reno, Carson City area, you could wind up with enough projects to meet the requirement without a problem.

There is pretty much the end of our short presentation. If you want the details of all this plus 16 more slides which gives a lot more detail or I'd be happy to (inaudible) we'll leave that to your own reading and stuff like that. A couple of things I did want to point out in the articles, the Nevada statutes, we put a copy of that in there. That is the consolidated insurance program statute. It lays it out, what you're supposed to do, how you're supposed to do it and things such as that. And it does say in there that they've handled more than -- you can cover more than one construction project. It initially came out you had to have one -- everything had to touch. And now they've expanded that to say, no, it doesn't, you can go into various projects.

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We talked about Nevada OSHA and how they get involved and stay involved because they come out and do their periodic inspections and they'll do some training as well. But we want their blessing and approval of the safety representatives and the claims advocate on site at all times. Their instructions were when you're going to have a project, you're going to have construction activity, the safety guy goes on first, the claims guy follows him and then the workers can come on board. So that's -- they're very, very serious about it. And the fact that they want to know what you're going to do with contractors that do not comply with safety efforts, how are you going to treat them, and they want that program in place as well.

Novak: Question, how does this affect a work zone traffic control? We've been talking about workers on site, but we play in traffic all the time, so how does this actually fit in?

Loseke: You mean the safety effort and those things?

Novak: Yep.

Loseke: Well, you have to file the traffic control plans and they have to be approved if I remember correctly. So you have to have all that approved. And then as our safety people come out, make darn sure that, that is the process and that's what's being followed. Because, as we all know, the work and safety on the freeways and stuff is kind of dangerous. Does that -- did that answer your question?

Novak: Yeah, because there are claims that's come up in work zone traffic control.

Savage: From the traveling public.

Novak: Yeah, yeah, and if you folks are checking on the signs and the lines and barricades, so that's very good.

Loseke: We've got one project by Sacramento that is doing a lot of blacktop and stuff like that and there's gravel flying around all over the place. Caltrans said if somebody turns in a windshield claim and you can document that they were on there, we'll pay for it. So that's an extra cost to (inaudible).

Martin: I have a couple of questions when it comes to workman's compensation that -- just for a general information.

Loseke: Okay. Go ahead.

Kaercher: That's fine.

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Martin: Number one on workman's compensation, who controls under this program, OCIP, who controls, one, the treatment of the injured individual and treatment methodologies? And, two, who controls return to light duty to minimize impact to the job?

Loseke: First of all, in selection of a treating facility and one that is relatively close to the project site. We'll try to identify a project, you know, an occupational unit that can treat worker's comp, worker related injuries. We work with the claims department of the carrier to make sure that between them and the contractor, they agree on a treating facility that is in the area that is qualified and does a good job.

As far as light duty, coming back to work, that's kind of an employer thing that a lot of employers say, well, I don't want them to come back on light duty because it's not going to work and not going to -- he's going to hurt himself and some things like that. Well, they need light duty to come back to continue to feel part of the working force and to heal during that time.

Martin: Wouldn't an OCIP discourage the contractors, all of them, prime and subs, from participating in light duty return to work because it doesn't impact their NCCI rating or their premium?

Loseke: Well, if it goes anything to reduce the temporary total indemnity and things such as that, if they aren't on light duty, they're going to get paid more and that's going to affect their experience mod down the road as soon as it's reported to the NCCI, so it does have an effect on them.

Martin: So the injury to the workman under an OCIP is reflective of the mod factor of the contractor down the road. Is that what I'm hearing you say?

Loseke: That's correct. Then it goes back because they get the individual worker's compensation policies and that experience is reported back through the NCCI and does affect their operations model.

Martin: Okay. Thank you.

Loseke: It didn't start out that way, but the statutes were changed a few years back to include that and affect the contractor's mod.

Martin: How long ago did that get changed?

Loseke: I'd have to check and see, but that's in the statute at the present time.

Martin: Okay. Thank you.

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Savage: Any further questions from down south? Any questions or comments from the north here?

Loseke: One other thing I'd like to point out is the tab OCIP articles, I think there's another red sticker.

Kaercher: It's under information on OCIPs. It's up in red stickers. We just try and highlight those out there.

Loseke: And here the associate general contractors unit was, well, I would say maybe opposed to it initially. This would have been back in late or middle 1990s, somewhere in there, when we first bid a wrap-up in the state of Nevada. Then after that, the statutes were enacted and things were spelled out as to who can do what and when. But initially, you know, we had self insured pools and some of those things. So that was kind of the reluctance to get involved in a wrap-up. But then it came down to do I bid the job or do I not bid the job, and therefore do I want the business or not.

List: And the AGC generally now is supporting that, right?

Loseke: Yes, yes, yes, it is.

List: This is a legislative commission sub committee that reviewed the Department of Labor report on Nevada OSHA. It contains references to the successful implementation and the AGC's support.

Loseke: Right. We encourage that you have the pre-bid meetings and pre-construction meetings so that everybody understands and we support that wholly because you need the education process. If this is something new to the bidders, they need to know in the bidding process that you identify in your insurance costs and take them out because the owner or the sponsor is providing the insurance coverages. You leave your insurance cost in it when duplicating it and it's affecting your bid, so you're not going to be as competitive as the other people that are doing their calculations and taking it out, bidding and that.

Part of the administration in the wrap-up, you want to say, well, how do I know what they're taking out? You know, they got the bid, but how do I know what they're taking out? And typically, we can go ahead and document the insurance cost that they deducted by asking for the bid credit worksheet that they completed. Also then copies of the deck pages and rate schedule pages and those things because we know what their estimated payroll is, we know what the rates are, we know what the general liability rates are because they provided them to us. So our calculations from (inaudible). That's just one way of people want to know,

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well, I want to know if I'm saving any money or not by doing this. We've got another one on one project in Las Vegas, the guy said, I know it saves me money, so don't go through the process and don't worry about it.

Savage: I have a couple questions and I'm not an expert at all on insurance. Okay. I want to be real clear. We just received this packet a few minutes ago and I have not had the time and I don't think either of the Board members in Vegas have had the time either. So just a couple questions that I would have, is OCIP -- in comments, OCIP insurance programs initially began due to construction law defect work. Is that the reason...

Loseke: No.

Savage: ...they were originally initiated to eliminate the potential lawsuits from all the vertical construction? I'm talking vertical construction, at this point, of the lawsuits that could be entangled amongst the different contractors due to construction defect. Am I correct on that or not?

Loseke: No.

Kaercher: But the savings could probably go to a forward construction defect by building insurance. This is -- the east coast has been doing this for many years. As a matter of fact you'll see I think they've been doing it for 50, 60 years. It seems like they always set the standard, but what they did is they always had these high rises going up and they found out that there was a lot of litigation among them so they got together and I think Zurich was like one of the first ones and then Liberty and Charter, AIG got involved and they just started saying that we'll put a project specific insurance program on to eliminate all that finger pointing, because it got to the point where subs are suing subs, subs were suing generals, vice versa, because everything was affecting their overall mod ring. So that's when they came in and started doing this on the controlled insurance programs. Even went as far as another thing too, they had this sub guard bond that started in the east coast. Sub guard is unbelievable because all the contractors would come in and say -- and generals would finish this job on site, on-cost costs us two percent and we don't get any money back. So they started a sub guard program too on top of it, so they would put one what they call a sub guard. It's like a bond in one project. If you came in on time and under budget, you got 40, 50 percent of your bond premium back. Just things that started coming out to the west coast. But the savings would go to help you buy additional liability insurance like in construction defect or something.

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- Savage: Right. And OCIP is relatively new for the transportation of horizontal construction on the west coast? Is that a fair statement?
- Kaercher: Yeah.
- Loseke: Yeah, relatively new, yes.
- List: How many years would you say, LeRoy?
- Savage: On transportation?
- List: Highway transportation.
- Loseke: I'm thinking back probably ten years. We did the first wrap-up (inaudible) of California did the first wrap-up in 1998 or 1999 or something like that. That's when the Department of General Services did the east end wrap-up project. Since then they've figured out that this is a good way to go and this is the only way to go. So that's what they've been doing ever since. Wrap-ups initially started, General Motors was one of the first ones in 19 -- in the '40s.
- Kaercher: '46 I think.
- Loseke: But your residential wrap-ups creates a whole different scenario from the standpoint of construction defect because that's where it all started.
- Kaercher: Right.
- Loseke: You know, the condos, the single family homes and all that good stuff. And typically there, you wouldn't worry about the worker's comp, you'd let the contractors do their own worker's comp, but you'd put together a general liability only since the wrap-up program just for that event is the construction defect litigation that's going to be coming down the pike. And it was very expensive because, you know, because of the litigation had started out and kept going over time. Now they've changed the laws a little bit. I know Nevada has the right to cure statute or something like that. We would come in -- the contractor has the opportunity to come in and make the necessary repairs before you get nailed in a lawsuit. The residential side of it is kind of a different...
- Savage: Well, residential or commercial vertical. I mean, my comment or question to you is on the horizontal construction, the roads and the highways, how long has OCIP been involved in the neighboring states, you'd mentioned Arizona, Utah, Idaho?
- Loseke: Ten, fifteen years.
- Savage: On horizontal. Okay.

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Loseke: Because you usually went with the vertical stuff because you wanted the big buildings, the big hospitals in state and stuff like that. Then they figured out, well, you can also do it from the civil aspect of it, new highway construction and things such as that. Then you can put the pencil to it once you have the numbers and stuff and you determine the cost, what the estimated payroll is going to be and then you run the numbers out and it pencils out pretty good. Contractor's costs will run you four to six percent on insurance cost, whereas consolidating that and putting it altogether, you can bring the cost down just based on volume. And you -- when you find a worker's compensation program that covers 50 million compared to 5 million, you can get, you know, a little better rate, a little better program. In fact, a lot better. And then on the back end, when you have good loss experience, the money comes back.

Savage: From the loss fund.

Loseke: So it's a return premium. It is. And you've got a certain amount that goes to expenses or policy administration, claims handling and all that stuff. But any money that you put into the loss fund that isn't paid out in claims or in reserve or maintained in reserves is available for return.

List: LeRoy, what have you seen in terms of any additional burdens that it would put on the owner, in this case, the state of Nevada, NDOT in particular? What's expected of them if this program were to be implemented and what's their part, what's their role? Is their additional staffing required over the way the programs work now? What would it mean to NDOT?

Loseke: Typically, you don't need additional staffing. We do 100 percent of the work. All we want is a contact person that will give us access into the department for questions, request for information and stuff like that. And then we run out of the insurance manual formats, the underwriting submission and all of that stuff. We ask to have them review it because they want to be comfortable with it, understand what we put together and what its purpose serves. So we do need one contact person to be able to provide that access into the various departments if there's questions on construction value, a description of the projects, stuff like that.

Savage: Hey, Rick, a question for you, currently, has the OCIP method or process been run by the construction industry group in the NDOT liaison group that meets quarterly or semi-annually, for industry feedback?

Nelson: Yeah, there was a very brief discussion. There wasn't anything substantive there. And, you know, my thought would be to do just that. Maybe what we need to do

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is we need to put that on the Agenda for the liaison meeting and generate some dialogue with the industry. Because they certainly would have to be a partner with any kind of a program that we would want to put together. So it seems to me that, that would be the next step we would want to move towards if we're evaluating as we evaluate OCIPs to see if it might be a fit for us.

Savage: I think that might be a good move because on the Agenda, it says possible action. I don't think there's any -- I don't think there's been enough due diligence on the Board's behalf or the construction work group that we have at this table to make any type of decision at this point. And I sincerely thank you, Allen, you, Governor List, and LeRoy for your time. I think we need to, again, educate more of the NDOT people along with the insurance providers as well as the industry contractors to insure that the dollar savings is where it needs to be, is all I would recommend at this point.

Nelson: Well, and, you know, NDOT staff, we can take a more methodical approach through evaluating the application of an OCIP for our program. You know, I was looking at the list of projects and we're great at having lists of projects, but I think we need to, you know, go through and say which ones really are going to happen. And, you know, how could we -- how could we possibly roll, you know, our projects to get the \$233 million worth to put this together and then reach out to the industry and see if that's something that would fit our needs. So we look forward to working with you all in the future and use you as a resource to ask questions and, you know, see how all that might fit together.

List: We're available for that. We can provide you with contacts in the other neighboring states...

Loseke: Yes.

List: ...where the companies work with that can give you their perspective.

Savage: That would be very helpful, yeah.

Loseke: We're ready, so whatever information you would like to help you through the process, you know, feel free to let us know what you need or what you want. If you have questions, we'd be happy to be able to explain it just for better understanding of what it is.

List: And I think really it comes down to two things. One is the safety and the coordination and the freedom of some of the complexities of the conflicts among carriers and subs, and ultimately money. I mean, anybody who sat through this Board meeting today knows how important this current economic difficulty we're

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going through is. When you think of the millions of dollars that can be saved -- can be saved, you're certainly going to want to implement it.

Savage: Absolutely. Absolutely.

List: You're going to find confirmation.

Savage: I think we're all in agreement, Governor List and Allen. Are there any questions or comments from Madam Controller or...

Wallin: Yeah, yeah, Len, I just, you know, I don't have the book, right? And there's a lot of material here. And I've heard about this before. I have been briefed on this before. It's been a few years. And I see the value in it. But I think we need to spend, as a group, a little bit of time digesting what's in the book and the materials because I know I'll probably have questions, but I don't have enough information to have questions yet. So if we could kind of put this off and, you know, put it back on our Agenda so we can discuss it after we've had more time to digest some materials, I think that would be better.

Savage: That's very fair and understandable, Madam Controller. Member Martin?

Martin: I have a similar concern, too, Len. The one thing that I need to just get clarified one clear moment, the subcontractor and the general contractor's written safety programs that are already in effect for them, are they incorporated into an OCIP, or does the OCIP rewrite the safety programs for those vendors?

Loseke: One safety program is established and, like I said, it typically is that of the general contractor subject to guidelines established by, in this case, NDOT. And then that general contractor's safety program that meets all the requirements becomes the project safety program for a couple of reasons. One is the general contractor is very familiar with the program and can enforce the program very easily. And then you pass the same requirements down to the subcontractors, the subcontractors can incorporate those changes in their program to meet your requirements in the general contractor program, then everybody's on the same page.

Martin: Okay. Thank you.

Kaercher: Do you want me to deliver these down to the building in Las Vegas, or does Kim want to pick them up here? What would you like to do?

Wallin: Well, no. Actually, Allen?

Kaercher: Yes?

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Wallin: If you can just deliver them to my office up north, that would be better. Because I'm attending the conference down here this week, so I won't get to it until I get back up north.

Kaercher: Okay.

List: And Catherine?

Wallin: If you could just deliver it to my office up there, that would be great. Catherine's not on this work group. So...

List: Okay.

Wallin: Yeah, the Attorney General is not in this group.

List: That's right, she's not. Okay.

Wallin: Thanks.

Savage: Okay. Gentlemen, I think...

Loseke: One thing, Frank, if you look at the Nevada statute and go to NRS 616B.732.

Martin: NRS -- say that again, NRS what?

Loseke: 616B.732.

Martin: Okay.

Loseke: That's where it addresses and talks about the loss experience.

Martin: Okay. Thank you.

Loseke: All right.

List: Thank you very much, Mr. Chairman, members of the Board.

Savage: Thank you, Governor, thank you (inaudible). Have a good afternoon and I appreciate your time. Enjoy your lunch.

Kaercher: Well, my flight leaves at 2:35, so...

Savage: How's the lunch down south? Did you guys get the FedEx sandwiches?

Wallin: Frank had his Power Bars, but he didn't share. I've been sitting here watching him eat in front of me.

Martin: I got one more I'll share with you, Kim, okay?

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- Savage: There is a break room right next door, Madam Controller.
- Martin: Hit the candy machine.
- Wallin: Look, I'm trying to eat right. It's okay.
- Malfabon: Yeah, chips and candy.
- Savage: Okay. We'll be moving on. Okay. Let's move on to the next Agenda item. Agenda Item No. 5 in our binder. That would be priority list of topics to be discussed. And I would just like to get some clarity possibly from Lou, and I know you put this in here, Mr. Nelson, but possible action, do we actually have that authority at this level or is this just a recommendation to take to the next level?
- Holland: Well, if the group gets together and comes up with a recommendation and their recommendation is going to be considered by the Board and carry weight with the Board, then that's an action item, if that's what you're asking.
- Savage: Yeah, because there's so much discussion and clarity needed at this level and I think that's the reason the CWG was initiated is to delve into some of the smaller issues. So I just -- I'm not real clear on what level of authority we have at the CWG.
- Nelson: Well, and certainly one thing, if the Construction Working Group was desirous that NDOT look at something, take up a particular cause, you know, if there was a motion and a vote for us, for example, when we get to these piece priority items. If there's a priority list of items that you want us to take a look at and you want to remove any ambiguity about that, you could certainly take some action to direct us to look at certain issues or certain items. Of course, any suggestions or thoughts from the Construction Working Group, you know, we're going to do that. But if you wanted to be sure that it was known to all that you took some action and you directed NDOT to pursue a particular study or avenue or list of priorities, there's an opportunity for you to do that.
- Savage: Very good.
- Nelson: So it's just as much coming back down to NDOT as it is going up to the Board I think.
- Savage: That makes sense. Member Martin, Madam Controller, are you clear with that discussion as far as the action movement or the recommendations? Did you hear that?

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Wallin: No. Can you say again, please?

Savage: Okay. I was just -- I wanted clarity regarding the verbiage of possible action on the Agenda and Mr. Nelson explained that the group (inaudible) stage where we're at and I just wanted to know if you, either yourself or Frank Martin had any questions or comments.

Martin: No. I've always kind of viewed this group as an advisory group to NDOT and to help cut through some of the road blocks they've been having with closing out projects, maybe it's even to a certain degree a little bit of an accountability group too, Len. I see us as being able to cut through and get to the industry groups and advising the Governor and the rest of the Board on them.

Savage: Yeah, I'll second that, Frank.

Wallin: Yeah, and I tend to agree as well.

Savage: Good. We're all on the same page then. Okay. Then with that being said, let's proceed to Agenda Item No. 5. Mr. Nelson?

Nelson: Well, the basis of Agenda Item No. 5 is carried forward from the last Working Group meeting. You know, the Working Group was created out of the February 15th Board meeting. And so the idea with this particular Agenda item was to bring forward that particular section of the minutes from the item. And I believe the item that we -- that generated all this discussion was the presentation of our contract close outs -- our annual report of contract close outs. And so what we did was we pulled out that particular Agenda item, and that's Attachment A in your binder, and I made my best guess to create us a page of issue items that's Attachment B.

And so the purpose of this particular item is to take a look at that Attachment B and see if I sort of captured the context of the discussion and make any clarifications to that list. And sort of develop a priority list for the group to work on. We have a lot of information that we can provide to you as we work our way through these different issue items. And like Member Martin mentioned, I think there's a lot of opportunity for interaction and that sort of thing. So the purpose of this item was to take a look at those issue items, make sure that the clarity is there for us to move forward with, to sort of create a road map, if you will, of things that we want to work on.

Savage: Yes, I think it's well done. I think it's a good baseline, Mr. Nelson. And I think if we can start with Item No. 1 and work through Item No. 9, again, as a round table discussion to see if we have any comments or points to be made at this

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particular meeting. And then, again, moving forward, we can reevaluate and comment again on future meetings, and add to or delete from the completed work.

Nelson: Right. The purpose of this was to just sort of capture the essence of the discussion that took place. So, you know, we're ready to take notes and add any clarity to any of these items that are listed here.

Malfabon: It seems like the first two we're providing that information now, so seem to be addressed now with the type of format of the report that we had today on the projects that were closed out.

Wallin: I just have one comment here. I like the information that we have there, but I just -- when you supply it to the Board, I would like to see it in an Excel file so that way we can sort the data. Because for me, I'd like to see it by contractor and Mr. Martin here would like to see it by engineer possibly. So it would be nice to be able to sort it how we as Board members want to see it. If we could have it in Excel.

Nelson: That's easily done.

Savage: That's on Item No. 1?

Martin: Yes. I have questions about the effectiveness of the engineers and maybe even another, throw a bigger caveat to it, who was the original designer? Was it in-house or was it a third-party firm? And, you know, all things should be -- I think we ought to take a look at what generates the changes, the increases in contract and especially when we have REAs, because REAs are where most of our legal fees on third party law firms are being spent is on the REAs or the claims if you want another note for it.

Nelson: Right. And, in fact, as we were preparing the list doing our last review, we thought, oh, we should include the designer in this. Because, you know, the exercise of going through and looking at these projects has been enlightening for us as well, particularly the total cost piece and I think there's some good inference that could be drawn out of having that data available.

Savage: Absolutely. Are there any other comments or discussions on Items 1 and 2? Let's move down to Item No. 3, contract retention. I know Rudy spoke about that at the Board meeting. Again, my concern, it's not the good guy, it's the guy we have problems with. And what would be our protection as a department to ensure that the project is on track, on time, on schedule, within budget, and close out is done in a quicker timeline? And I know close out is a major issue with Frank down south, as well as Madam Controller and myself, and there's improvement to

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be made. And is this an avenue that we can utilize? I'm not sure. I think it's a discussion we need to have because I think it's great the way NDOT pays. They pay every two weeks, you get some real good work, you get good production, in turn you have good contractors. It's the ones that we have problems with that we're always concerned about. Minimize the legal expenses and how we do that, we just have to be all on the same page. Okay.

Martin: Yep.

Savage: Any comments, Frank or Madam Controller?

Wallin: Nope. We agree.

Martin: No, I agree. The bad guy is always the one that is, you know, in Jim Collin's book, "Good to Great," there's a section. I don't remember in what chapter it is, but he asks the question of managers, what policy or procedure did you put into place in the last 30 days that was for your lowest performing employee? And that's kind of where we're headed towards here is what policies and procedure are we going to put in place for our lowest performing contractor?

Savage: Correct. And also I think there needs to be a little bit of a financial study to look at the conceptual dollars that the state might save with utilizing the retention basis like state public works does and local RTCs where they have the 10 percent, the 5 percent reduction, the 50 percent, and also have the opportunity to reduce that retention as job progress moves forward. So I'd like to see a financial study to see what dollars of interest the state can gain on that amount of -- that amount of money for an example. You pick an amount of money that we have. We have 300 million annually, plus or minus, in construction, maybe base it on that and just as an example would be beneficial.

Martin: Yes, sir. That's -- I think that's something we need to take a long, hard look at. The other side is, is there a -- and you said it a minute ago, because they pay so fast, is there an advantage in the pricing that we're getting, or is the heavy and highway contractor just simply used to that and it doesn't make any difference to him anymore. It's become an entitlement basically.

Savage: Point well made, Frank. Point well made. And do other departments throughout the nation pay every two weeks? I know every other state department in the Nevada arena is a 30-plus day pay.

Martin: Right.

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Savage: And I think local RTCs are and other entities. So it's something I think we need to investigate and look at the pros and cons so that we can feel good on how we're moving forward. Item No. 4, warranties on contracts. Again, we just need -- we're looking for accountability by the contractor and I know it's been said in the past that warranties have not been an issue and maybe they still aren't, but I think it's something that we need to bring to everyone's attention.

Wallin: Do we have anything that NDOT could provide us that shows, all right, here's the work that was done, the road lasted this long, the expectancy should have been this long, to just kind of get an idea if we have an issue there? Because I don't know if we have the data to make that determination that we haven't had an issue.

Kaiser: We check all of our pavements in the Materials Division through our pavement management system. We track the life. We track what kind of shape they're in. We actually have our maintenance forces go out and review our pavements annually and then report back to us. But that's very -- it's a huge volume of information. But, you know, we do track it.

Savage: Who are you?

Kaiser: Reid Kaiser in the Materials Division, sorry.

Savage: And I think there's a point between maintenance and warranty. I know on the vertical side there's always an issue of confusion between what's maintenance and what's warranty.

Wallin: Yeah, to me, I guess I'm looking at if you do a project and, you know, the quality of the cement or something like that, it's not lasting as long as it should. On some of your big projects, I mean, this is where we're looking at the warranties for I think, the bigger ones.

Kaiser: Again, Reid Kaiser in the Materials Division, we design our pavements to last a certain number of years. And so when they don't last that long, we go out and try and find why they would do that, why they would deteriorate quicker. What caused it? Was it something the contractor did? Was it weather conditions? It might have been a sub grade problem. So we do a lot of research on our projects and find out when they do not last as long, but for the most part, we get good life out of our pavements.

Wallin: Could you just give us, like, an executive summary maybe of, you know, what your -- you know, what percentage lasts as long as you expect them to?

Kaiser: Sure.

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Wallin: What percentage, you know? A high leveling summary I think might be helpful.

Savage: So, Madam Controller, are you talking about life expectancy of a certain material?

Wallin: Yeah, we'll look at like, yeah...

Savage: A certain -- well, verses warranty I think. We have to be clear on the terminology here between warranty and life expectancy.

Wallin: I know. I think I'd like to look at it as life expectancy because I don't think we know if we have a warranty issue problem.

Savage: We may not.

Wallin: You know, if we have a contractor and the bid goes out that we're supposed to design a road for a certain -- to last a certain period of time. And I know that we had an issue down here in Vegas that the contractor actually came back to the state and said can we design it for this period of time and the state lost \$7 million because we had to give it back to federal highways because it wasn't designed as long. But, you know, so contractors are supposed to design it for a certain period of time. Let's see how long it's actually lasting. Just a high level summary, see if we have an issue here.

Savage: Sounds good. Okay. The next issue or next item, I'm sorry, would be project close out. And I know that all the Board members have had concern with the amount of time on close out. And I think that the last attachment that we had during the Board meeting was very, very helpful because that's the beginning of tracking the close out. And I know it's a concern with the staff as well. And what we can do to tighten up that timeline, we need to hear from everybody, not only NDOT people, but Board members.

Nelson: In fact, the next item on the Agenda is a pretty detailed discussion about how we track and the steps we're taking to move that procedure along, so...

Savage: Right. So we'll just wait for that section.

Nelson: Okay.

Savage: Contract performance, any comments on contract performance? Resident engineer performance, again, I think it's an issue that has been brought to light. And one of the questions I would have for staff, do current resident engineers have good support both as assistance, clerical in order to concentrate on the priorities? Something to look into because it seems to me that the REs -- a lot of it comes back to the REs and they have a lot on their plate and I think if we can

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facilitate and expedite projects, the better off we are. So I don't know the answer to that, but something to look into. That covered Item No. 8. Any questions or comments down south, Madam Controller and Frank, on 7 or 8?

Wallin: No, not on this one, no.

Martin: No. Going back to that residence item number and maybe I was just thinking about writing down a note here, so sometimes thinking and talking get me in trouble at the same time. The Item No. 5, project close out, is that being related to Item No. 7 at all at your level, Mr. Nelson?

Nelson: Yes, yes, it is. And when we get to the next item, we'll show you how we how we bring the resident engineer's performance into the project close out. There's -- of course all the -- the whole flow of information on the project flows through the resident engineer. And we have some examples where we actually track each resident engineer through each district, the items of work that are required to complete the project. So we're monitoring it, but we don't necessarily have an official program to recognize or, you know, we don't have the carrot or the stick per se formally outside of the fact that we meet every month, and after a while people get tired of hearing their name I think.

Shapiro: Mm-hmm. I would agree with that.

Savage: Okay. Any comments or concerns with Item No. 9, DB and subcontractor substitutions?

Malfabon: This is Rudy Malfabon. We provided that information at the last Board meeting and I think that at least didn't hear of any further action other than to watch that closely, make sure that the prime contractors are, you know, giving us the information that says why they had to do it because you might get two different stories, sub saying one thing and prime saying another. And I think that it's something that just -- we have to oversee that process, but there's more leeway to the primes to substitute than we thought initially. And when we started looking at that, they -- and the statute says that if you offer the same general terms to us, to me that doesn't prevent bid shopping. I think that that whole intent of that statute was listing the subs that they're going to use within so many hours a bid so that we need to do our part as an agency to say, no, you listed so and so, why aren't you -- why are you trying to substitute them now. Particularly for DBE, but I think this is true for any sub. It doesn't matter if they're a DBE or not. It's just an issue of fairness and the whole intent of that statute with listing of subs was to prevent bid shopping. So they're, you know, we looked into it recently and looked at the way the NRS is written. It says if the prime gives the same general

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terms and price is not considered one of those items, I just was flabbergasted to know that that's the intent of the -- I think in fact that the NRS maybe needs to be...

Savage: Revised.

Malfabon: ...revised and I think that there's a subcontractor's association possibly in our state that could. I was talking to a subcontractor that was substituted. He said that he was going to take it up with some other professional group to champion that in the legislature and clarify that issue of price. You know, otherwise the contractor could change the price and say, no, I submitted your bid, but I want you to cut it now. And now that I've won, compare it low bidder. I don't think that that's fair and I think that the statute should be clear that price is a key factor there.

Savage: So, Rudy, thank you. And question personally, does NDOT fall underneath the same policies regarding listings of 5 percent and one percent?

Malfabon: We actually looked into that issue. It's a good question. 338 has all those requirements and we follow 408. We basically follow that as a policy, the listing of subs. But the -- when we looked into it legally and, Lou, you can correct me if I'm wrong, but basically we follow that procedure to follow the intent of preventing substitute, I mean, substitution of subs and bid shopping. So we technically do not have to follow it, but we do because we have our own chapter in NRS. It almost is confusing because there's a lot of things that we follow in 338 that...

Savage: Are not in 4...

Malfabon: Yes. Basically, 408 gives us a lot of leeway, but we choose to follow 338, because it sets a practical procedure policy.

Savage: And have you seen a lot of contesting the bidder's list or have you seen many substitutions from the channels?

Malfabon: Not really. As we showed that there were only, I think, three DBEs and just a handful of substitutions. What I saw was a couple of cases where the prime contractor basically told -- it's the same prime and in one case they told the sub you need to cut your price, and this is after, and the sub said, no, I gave you my bid, it's got these kind of limitations on it about what was included in that bid and now you want me to cut the price, that's not fair, that's bid shopping.

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In another case, that same prime basically substituted another DBE and did not -- it was as if they didn't inform them that, yeah, we won the job and we're going to need you in so many months. And I can see it from the prime contractor's point of view, the DBE said, well, they never told me that they won the bid. I mean, that's just basic. You should know as a sub that you were listed and you should know if the prime, you know, it's kind of a two-way street there. But in that case, the sub was saying, I didn't know they won it and then they told me -- they only gave me like a week and a half or two weeks to get the trucks out there. It's like, come on, you have the responsibility as a sub to know what your commitments are basically. You -- so the prime said, I gave her two weeks, she couldn't get the trucks, so I had to use someone else.

So it's a two-way street. I think that it just brought it -- to me, it brought it to a head that it's the same prime and I think that the prime has a responsibility too to work with those subs in both those cases. It didn't sit well with me that it was the same. And I hope that it wasn't just a tactic that they're using to undercut someone and save money after the bids are in and they listed a certain sub. So we're going to watch that a lot closer...

Savage: Absolutely.

Malfabon: ...and make sure that there's no games being played there. But I would say that it's usually the -- if something is going to be changed on an NRS, it really should be the construction and subcontractor's industry that looks into that and see if that game's being played elsewhere. Maybe it's just a fluke on a couple of -- because we didn't see a lot of that substitution.

Savage: Good.

Malfabon: But in the two, we want to make sure that we watch that certain prime to make sure he's not doing some things underhandedly.

Savage: That's good. We'll keep an eye on that. I see Controller Wallin.

Martin: Yeah, she had to run.

Savage: Okay.

Martin: Took my protein bar and left.

Savage: Are we still able to continue, Lou?

Lou: Well, what's your quorum? I would think yes.

Savage: Okay. We'll move forward here, Frank.

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Martin: Okay.

Savage: Any other comments or questions from anybody regarding Agenda Item No. 5?

Nelson: Well, what we'll do is we'll go and we'll take to the issues list and we'll make modifications to it based on the discussion that we had today. And we'll continue to revisit that list periodically. I mean, that was sort of the intent to sort of keep us on track. If other things come up that have a much higher priority that we want to look at with more expediency, we can certainly do that. But this is sort of something to sort of keep us on track a little bit I think.

Savage: I think that's a great idea and I compliment NDOT and the staff to have a nice baseline and we can move on to Item No. 6, project close out progress.

Nelson: Yeah, there's a couple of intentions with respect to this item. One is to provide an opportunity for the Construction Working Group to maybe dig a little deeper into the reports that were presented as old business during the Transportation Board meeting, the CE cost and the project close outs for the first half of the year. And then the second piece to that is to actually give you an idea about what we go through in tracking project close outs, what we do to sort of move this process along. Right now it's taking, on average, 17 months in order to close a project out. And I think we all agree that that's way too long. We do have some policies in place to establish some timelines for project close out. But, you know, for whatever reason, maybe we need a little extra push to make that happen.

What I'd like to do is turn it over to Jeff. He prepared this particular item to initiate some of the discussion to go through the tracking lists that we have in place and the procedures that we go through every month in order to facilitate project close outs, so...

Shapiro: Thank you, Rick. Member Savage, Member Martin, Jeff Shapiro, Chief Construction Engineer. I'm going to give you the 25-cent tour of our documentation process and how we close out contracts. But as you can see with the cover letter, we enter into approximately 30 conventional design bid build contracts each year. And I will only be talking about bid build, the conventional projects, the low bid projects. And these projects are administered by forces out in the field. We've got staff in Las Vegas, Reno, Winnemucca, Elko and Carson City that are actually the resident engineers. They're located on the job site and they're administering the contracts.

The process that they follow and, Member Martin, I'm holding up a construction manual right now, these are documents that we've written to help them administer these contracts. Now, granted we also have the contract itself which is the

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standard specifications and the plans and whatnot, but the field crews, consultant or NDOT staff use these manuals to help them administer the contract. One of the key aspects to the construction manual is all our testing frequencies and the quality assurance stuff is in the construction manual.

The documentation manual is another document that we put out which helps them document -- this is more pay quantity related type information that they document. And if I hadn't said it, both of these documents are approved by the Federal Highway Administration for use on federal aid jobs. But we really have one system, whether it's a state funded project or federal aid project. It's one system. We use these two books right here.

Our key source for our documentation is this book right here. And, Member Martin, I'm holding up a survey field book. We are a paper based system which can be kind of cumbersome at times, especially when you have a large project. So that's an important document or important aspect of our documentation system.

As we administer the contract, of course, there's a lot of moving parts. We have subcontractors. We have prime contractors. We have 19 different field crews out there, 19 different engineers not including the consultant resident engineers that might be running jobs out there too. So there's a lot of moving parts in this process. But the bottom line is when we get down to closing out a project, there's really five important aspects that are written on your memo here. One is the district engineer's acceptance of the job for maintenance, that's key, the director's acceptance of the completed contract, another key item, whether or not we have prevailing wage certification. And if there's any wage complaints, those need to be addressed before we can close a contract out. The Materials Division is very important as Reid Kaiser walks out of the room. He must -- the Materials Division must certify to FHWA that the project meets all the contract requirements. So they're involved heavily in this and we work with them directly with certificates and compliance and testing results and all that, all those types of items so we can get that certification.

And, of course, the Construction Division audit, that's our staff in the Construction Division. The administration section, who they all left because they had to go to another meeting, but they actually go through these books, these field books right here and audit them and make sure our pay quantities are -- all the quantities are recorded accurately and the math -- basically the math adds up and that constitutes their audit.

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Right now we have over 82 open contracts. On page two of the letter to the Construction Working Group, that gives some timelines on some close out status of where these projects have been in the process here. And, as you can see, nine percent are in a close out zero to six months. Probably the largest percentage of these projects are -- 40 percent are in status between 12 and 24 months. We do have a few that are -- have been open over two years right now that we are trying to close out. And, typically, these projects are ones that have -- well, I know in one case there was an overpayment that we have not addressed yet that we need to address and that's what delayed this closing out that particular contract. But also we've seen that if a project has some sort of claim issue or request for equitable comp adjustment, sometimes that can have an impact on the close out process. And, actually, we're trying to separate the rest of the contract from the claim so it doesn't impact the close out. That's one of the things that -- one of the strategies we're trying to improve here on our timelines.

If you look at the multi-colored spreadsheet which will be the next item in the attachments, this is a spreadsheet that we use. This is our close out status to help track where we are in the process. And I believe the packet is as of May 24, 2012, so this is relatively recent. What we do is, the Construction Division along with the districts and Materials Division and the contract compliance folks, we get on a monthly teleconference and we go through these projects item by item and try to find where the areas are that we need to resolve so we can get them closed out. Recently, we just -- within the last three months, we actually have the resident engineers getting on the phone with us too now which I'm hoping -- that was actually a suggestion that came from the assistant district engineer in district two. And that was a good suggestion.

So we've invited the resident engineers in this monthly teleconference right now and they're actually participating. We've gotten good participation from all three districts, so we're hoping this is going to help because they are a key part of this whole process. So, you know, the good news is that involvement has been good so far. I don't know if we've really seen the benefits yet, but I think we're starting to move projects along a little bit faster pace now.

I would like to go on to -- I've got a status summary in there or we put in a status summary in there. It's basically by this -- the state wide and then it also gives a break down by district. And as Rick indicated, it's about 17 months on average right now to get a project closed out. And all three districts are about the same. You know, district...

Kaiser: What's that timeframe again? Is that from when the project is accepted by district (inaudible)?

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Shapiro: That's when we call construction complete, yeah.

Kaiser: Okay. Okay.

Shapiro. Yeah, and that's -- yeah, that's just construction complete. That's not necessarily when the district engineer accepts the job. That's when we stop working days, punch list should be complete. But all three districts are about the same. But as you can tell, Las Vegas has a lot more contracts down there, so when they -- when you look at the spreadsheet here, they've got a lot more jobs on the list. About two years...yes? About two years...

Malfabon: Jeff, can I interject?

Shapiro: Yes.

Malfabon: This is Rudy Malfabon. That's a good question though that Reid asked was when does that start, but I wanted to mention that the punch list, the contract does say, contractor, you have 30 days to finish the punch list items or we'll start charging days again, right?

Shapiro: In the final clean up period?

Malfabon: Yes.

Shapiro: That's typically what we would use as a tool if they don't finish that punch list because we would resume the count of working days, yes.

Malfabon: And they would get charged liquidation damages?

Shapiro: And then they would get charged liquidated damages, yes. That doesn't happen very often, but it happens once in a while. We did include a schedule, a contract close out schedule. It's just a typical primavera schedule that we implemented about two years ago. And we came up with a process or a procedure to help provide some guidance to the REs as to how to, you know, improve on our performance in regards to closing out contracts. And the procedure literally says, you know, the close out starts on day one of the construction. You've got to set your files up right to begin with and then it just continues on throughout the process.

But part of one of the issues we had before this is we didn't really have a schedule with timelines associated with it as to what the folks out in the field should be striving for when they close these projects out. So the intent of this primavera schedule here was to give them a timeline, a guidance so they have something to shoot for now and so they can manage their resources in the process effectively.

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And basically, what we're trying to do is take that 17-month process and turn it into 150-day process which is 6 months. And that's the ultimate goal according to this procedure right now. And we've got a ways to go yet, but, like I said, at least we have a tool to help them manage the process.

And I don't know if you can read -- I don't know how good the copy is there, but it basically, you know, once construction complete, we go into the final clean up period of 30 days, they get all their change orders and whatnot wrapped up in that timeframe. And then we go into a -- then we request district acceptance. We start requesting contract compliance review of the payroll so we can get EEO clearance. We start working with the lab and notify them that we're, you know, the job is ready for Materials Division clearance. And there's a process that goes back and forth where they check their files, we try to find all the things that we're missing, certificates and compliance and whatnot so we can get those in the file so they can certify that the job meets the requirements. And then it finally -- you know, this would include -- this 150 days here includes the mandatory by law, it's a 30-day notice to creditors process that we have to -- that's in the revised statute. And then last page which is the -- actually the final page. We have several different final pays, but the last page is when it's closed out from our perspective.

On the last page of the handout is some strategies that we are trying to implement to reduce contract close out time. And, of course, the top one I put up there is leadership. I mean, that's pretty important. One of the things we've had a -- because of resources we've had difficulty with is measuring performance based on our scheduled -- you know, our proposed schedule in the procedure. We're having difficulty with that. We need to get more proactive. Not proactive, we need to put more effort into measuring actual performance. But meetings like this is actually the start of that since I'm reporting to you that 17 months is average, that's not acceptable. We all agree with that, too.

You know, continuing with the monthly teleconferences with the REs, so far that's been good. Probably one of the biggest I think potentials to reduce close outs is we are going to attempt to implement electronic documentation system so we can get rid of these field books. And we've got legislative approval to spend money on some sort of system. We actually got vendor proposals back last -- no, two weeks ago. They haven't been released to us to start grading them, but we've got the proposals in responding to our request for proposal. All we need to do now is select a vendor. I'm assuming it will come before the Board because it will -- well, I know it will because it will be that size of contract more than likely. And then we'll be able to implement some sort of system for electronic documentation. Go ahead.

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- Male: Excuse me, I had a question. Who is involved in the -- is there another agency involved in looking at those proposals like a information manager?
- Shapiro: We did not. I don't remember if the selection team was included. Somebody from (inaudible), I mean, we've got information services folks, but we went through the whole entire process to get this and to get the legislative approval. That's our technology investment request. And including giving presentations in front of all the Board of Directors and whatnot and so it's in the budget. It was in the 2011 budget. It was added with legislative approval, so...
- Male: I was just wondering if it was (inaudible).
- Shapiro: But I don't think -- I don't believe we have anybody from (inaudible) on the selection team. Now, there's a difference...
- Savage: Jeff?
- Shapiro: Go ahead, Member Savage.
- Savage: No, no, I'll let you finish.
- Shapiro: Okay. Well, the selection team and who actually is not the same folks that's going to be the Working Group that will actually work with whoever the vendor is to implement this process. And there we will need the folks from -- well, they're not called (inaudible) anymore, they're called EATs, or whatever the computer experts are, or something like that. And, of course, we'll have the contracting community in there too, the Working Group to try to make this system so it works for everybody.
- Savage: The only thing I concern and I would caution you from the private side is the garbage in, garbage out.
- Shapiro: Absolutely.
- Savage: We have to get our road map correct with the paperwork that we haven't had now and the machine that we have for job close out and the function that we have. Before we get to electronically sophisticated, we don't want to build more than what we already have, so I think we need to get right what we have in place before we move to the next level. and I think we're doing that.
- Shapiro: Okay.
- Savage: I think, as a group, we're doing that. And I think it's important that you start with job close out day one. And you have expeditors and you have a team that could be responsible specifically for job close out. Because we know that that's a black

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eye for everybody and I think we're working towards that. And whatever you or anyone with NDOT might have questions for the private side, we'll -- both Frank and I can share that with you because there's checklists. Am I right, Frank? There's checklists.

Martin: You're absolutely correct and...

Savage: Go ahead.

Martin: I like where you're going at this point in time, because to go to electronics, that's good for the future, but you've got 42 projects sitting here that ain't closed out at this point in time. You just stack the electronics up on top of these engineers and you're going to make that 42 go to 82 in a real short period of time until they get this mess cleaned up.

Shapiro: Well, Member Savage and Member Martin, I agree wholeheartedly, accuracy is a big concern. And garbage in, garbage out is a concern. But we also find that garbage in, garbage out can happen in these books too. And one of the nice things -- or one of the downsides about our current paper base system is there's way too many -- or there's too many opportunities for human error in our current system. And one of the goals we're hoping to find or realize here with our electronic documentation system is to get rid of all these opportunities for human error so it only gets entered once. But you're right, we have to strive that the importance of accuracy and, of course, our federal partners here, they want accuracy too, because they're also funding 95 percent of the bills basically on the federal aid project, so it's a pretty -- it's a very sensitive topic for us as well.

One of the things that we -- that I use to sell the electronic documentation system is -- I didn't bring my cost estimates with me, but I'm estimating that this is going to save us about \$600,000 in labor just in office costs. Well, I had an estimate that was higher than that. I thought it was a little bit too high, so I cut it back so to be kind of conservative. But that's \$600,000 of office time that we can put out in the field to work, you know, quality assurance or work with the contractors. And that's probably one of the biggest aspects of this electronic documentation system is to reduce that cost of folks sitting in the office transposing numbers from one piece of paper to another.

Nelson: I think the other thing that will come into play with electronic documentation, when we start a job, we pull out 20 or 30 of these orange books and someone sits and starts filling in the information they think we're going to need to collect over the course of the project. With the e-documentation, that template will be created. And while someone in the field can take that orange book at the end of the day

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and put it on a shelf, with the e-documentation, if they don't fill in the required fields, they're not going to get to put that form away. So we think there's going to be huge advantages for us when it's time to close out a project because e-documentation is going to make us collect that data...

Shapiro: Standardized, yeah.

Nelson: ...as we march through the construction of the job. So I think Jeff's estimates for potential savings are really valid estimates. And when you talk about the kinds of resources that a resident engineer might need, you know, the office help and that sort of thing, one way to help do that is through e-documentation.

Savage: So do the REs currently have field laptops?

Shapiro: Most of them have desktops, but we're transitioning to laptops. We've been doing that for a couple years now.

Nelson: See, we've actually been evaluating different kinds of electronic documentation systems for the past several years to the point where we're comfortable enough to say, yes, this is important technology, it's been demonstrated beneficial in the past and so it's time to move forward with this system.

Shapiro: We did have a couple of pilot projects out there. We've really only got one left and that's the I-580 project that's still on the pro log documentation system. And they use the ruggedized military grade tablets for that. But I think when we first started out, Rick, this is a little bit before my time, but they were using PDAs to try to document it and, yeah, that was a little bit too small. But, Member Martin, getting back to your concerns, we had a lot of vendor presentations and some of these programs are very sophisticated and have lots of bells and whistles and they're almost kind of scary how sophisticated they were. So it's -- but I think we have a good shot at picking a good vendor here.

Martin: Okay. I'm still getting back to the 42, though. Your vendor ain't going to help you with those 42.

Shapiro: Agreed. I agree. It's garbage in, garbage out. I agree. Oh, in regards to close out, I did not -- I don't think this is on my strategy, speaking of the 42. We are in the process of hiring, trying to anyways, hire an auditing firm, a professional construction auditing firm, to come in and help us with the backlog. Take a look at our existing system and also hopefully come up with a new or some recommendations on a system that's based on the U.S. government auditing standards. Because right now my staff, they're not trained professional auditors. What they've learned, they've learned out in the field as construction inspectors.

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And it would be nice to have somebody that does this for a living, an auditor, an accountant or somebody come in and take a look at what we do and help us out with that.

Savage: I'm not real clear where you're going there, Jeff.

Shapiro: Well, that's to reduce the backlog.

Nelson: We check 100 percent of the items currently, even if it's (inaudible) or whatever.

Savage: Oh, you're talking about the construction materials?

Shapiro: Reconciliation of all the quantities.

Nelson: Yeah, the audit procedures. Right now we do a 100 percent audit. They sit down and go through every page of that book, which is not necessarily in accordance with generally accepted accounting principals. How -- and so what happens is because we do 100 percent audit when the auditors come in to audit us, as soon as we miss the first penny, now, you know, we're gigged with respect to that. So what we're hoping to do is create a audit procedure or an audit manual that, I mean, I hate to say anyone, but that someone can come and pull open that audit manual and use that as far as frequencies of tests and those kinds of things with respect to generally accepted accounting principals so that we've got a well defined audit principal manual to audit these books with. And in the process of that, we want them to test their audit manual, their audit procedure by closing out several of the jobs. So we're not going to just get someone to come in to do the audit for us, there will be a leave behind this audit procedures that our people can pick up to keep up on the backlog.

Shapiro: Exactly.

Male: Did any of our construction people go to that audit class?

Shapiro: Yes. Actually, we did. Megan did. That's really what it is, is to get some expertise in the auditing field out there to come and look at our system and tell us where we can improve. Because right now, they literally -- the staff will look at 100 percent of the project files, and on a big job, a big job could have 120, 150 of these books. The big, you know, 40, \$60 million sized job.

Nelson: One of the other issues is that they don't look -- they don't come and do the final audit until the resident engineer is done with all of his change orders and we've seen that that's an issue too, that they go on to the next job and don't finish their change orders on the previous project and...

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- Savage: So excuse me my ignorance a little bit here, but I'll call this the orange book to simplify it. So every orange book on every project gets audited by in-house NDOT?
- Shapiro: Correct. Well, it's the Construction Division staff. It's not the field folks. We're like the step behind them, as like an auditing team would be. Yes. Mm-hmm.
- Savage: Right. So that audit is done by your staff, your quarter staff over the field?
- Shapiro: Correct.
- Savage: So there's a second set of eyes (inaudible).
- Shapiro: Mm-hmm. Correct.
- Savage: And this outside auditor you're referring to would be doing what? Watching at a third level?
- Shapiro: No. Would be doing the same thing that the in-house staff does to do two things. To, one, help us get rid of the backlog of at least ten projects. This is the way the current scope is written. We haven't issued the RFP yet. But to help us get rid of the backlog of ten projects, but also take a look at our system and its, you know, the close out process is in this manual here. Take a look at the system and in practice and how it really works in the field and come up with some guidelines on how to streamline the whole process based on government accounting standards. Or standardly accepted, what's the GAGAs, how does that -- yeah, yeah. It's got a funny acronym. It's GAGAs.
- Savage: Okay.
- Shapiro: So because the bottom line is we do not have anybody on board that's trained in that type of field, so we do need some expertise.
- Savage: Is that a certified public accountant that you would be...
- Shapiro. Well, typically, when LCB comes through or FHWA, it's either a lawyer or an accountant, yes.
- Nelson: You know, right now what they're doing is they're taking these orange books and they're actually going through all of the math again to make sure that everything adds up. And then they're reconciling that. You know, that's not how auditing is done.
- Shapiro: And this is -- Member Savage, this is part of what gave me the idea to try to do something like this was actually talking to the LCB that come in and audit us and

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ask them how they do business, and we do a lot more work than -- we literally go through every page in these books and that's not necessary. They've got me convinced of that, so...

Savage: So I think we'll probably be talking about the orange book in the end.

Shapiro: Yeah.

Savage: So moving on to the other items on project close out. Jeff, back to you.

Shapiro: That's really all I had to say, you know, like I said, we -- nobody in this room is satisfied with our current performance and we're trying to take steps to improve it because it just takes too darn long. I don't know what else to say.

Savage: Do you have any discussions with industry on project close out?

Shapiro: Yes and no. They've been -- the conversations have been hit or miss, to be quite frank. I want to get them more involved in the process. I do have a letter that I -- a draft letter that I wrote to contractors that is similar to the memo that I wrote to the resident engineers about what you need to do. I've got a contractor's version of that which I haven't issued yet, but there's things like get us your certificates of compliance, don't hold a change order hostage. You know, when we're negotiating a change order, it takes two people to negotiate that. So if somebody's angry at somebody and that party decides to stop negotiating, that change order can come to a screaming halt and that impacts the close out process at the end. So there is some of those items in there that we need to have more dialogue with the industry on and that's one of the things that's on my list of things to do too is to get industry more involved with that, with specs, with a lot of things, that deal, yeah.

Savage: That's what I'd like to see from the private side is, you know, it's not just NDOT doesn't have to complete the close out. It takes two parties to complete the close out. And the private contractor can't just be sitting there waiting for NDOT to create this close out. It has to be a unified effort and they have to understand the consequences if they don't meet that in a timeline.

Shapiro: Right.

Savage: That's dictated by the owner.

Shapiro: Mm-hmm.

Nelson: The other thing we do meet with the AGC, with the contractors quarterly. Now this is not the liaison meeting, this is a general NDOT AGC committee. And at

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that meeting we do give out this list. So for the contractors that do show up, you know, this list is floating around out there in the public domain. If they've got a project they're, you know, that they're a part of, they can look at this and they can see whether they're waiting -- we're waiting for something for them, they're waiting for us. So we're putting that list out...

Savage: Okay.

Nelson: ...every quarter as well, so...

Savage: Any other questions or comments on...

Shapiro: I have nothing else, so that's the close out -- our close out procedure.

Martin: I had one question on the schedule that you -- I'm trying to find what page it's on, 55 maybe. Yeah, page 55 where it was attached, your Attachment C. When I look at those line items in there, those seem to be all pointed at -- and forgive me if sometimes I don't understand the vocabulary or the acronyms, but it looks to me like most of those items on that list, on that schedule, are generated by the contractor?

Shapiro: Member Martin, no, they're not. Like, the final pay quantities and whatnot, those are initiated by us. The contractors don't bill us. You know, we talk to them about pay quantities, but they don't invoice us and we don't respond to an invoice. We do all the billings internally. Pit releases and whatnot, these are all NDOT tests actually. The only thing that the contractors -- well, other than getting in the paperwork like the certificates of compliance and that kind of stuff into us or completing negotiations on a change order or a letter of authorization, the only thing the contractors and the subcontractors are really actively participating in is the contractor acceptance of the final quantities and a 30-day notice to creditors. The rest of these are internal tasks. Basically, it's a checklist that we have to go through to close something out.

Martin: Okay. When I look at the other attachments, the spreadsheets, I see some of these things has got, I mean, October of 2010, and there's one item left?

Nelson: Yeah, which contract is that?

Martin: It was one with aggregate industries. Just a minute, I'll get to it here.

Nelson: Yeah, there are some awfully stale dates in here.

Shapiro: Well, I know the -- Member Martin, the one at the top of the list which is 3260, that's the last one I worked on as a resident engineer. I was there for the first year

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of it. It's had two more resident engineers since then. I don't mean to make light of the situation, but that was -- I would like to see these go faster too.

Martin: Yeah, it was 3415 is the one I'm talking about.

Shapiro: 3415?

Martin: Yeah, it's on I think...

Shapiro: What we still have apparently is we have a prevailing -- the items -- the columns in blue are really the key columns that we need to pay off to release the final retention. The other items are internal documents that we need. I'm looking at that one. It looks like we still have a...

Martin: DOL issue and...

Shapiro: Yeah, we have an issue with the prevailing wages that we don't have that certified yet. I didn't bring my notes, so I don't know what the issue is there.

Martin: Well, I wasn't looking for that specifically. I'm just going -- I'm wondering, you've got a \$50,000 retention on it. I don't know if there's not a total on -- what the total retention is here. In my world and, Len, I don't know about your world, but sometimes when a job is 50 or 60 percent complete, the Department of Labor comes in and does an audit. This job has been done for working on two years and you still have the oil issues?

Shapiro: I don't know the specifics on that issue, Member Martin. I can get back to you on that though. It's possible, yes.

Martin: I understand you don't know the specifics and I'm okay with not knowing the specifics. It's just odd that this would still be going on. I know how it's resolved in my world. And sometimes the DOL does take a long time, there's no doubt.

Shapiro: I know the Labor Commissioner, you know, we worked through everything with - - or worked through these type of issues if there is a wage complaint with the Labor Commissioner and sometimes that is a lengthy process actually.

Martin: Yes, sir, I'm understanding that.

Shapiro: But I can't -- you know, I'm not going to blame this one on them. It's possible that we didn't put a final payroll letter together either and that can delay the process as well.

Savage: So let's come back to this same summary at our next meeting...

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- Shapiro: Sure.
- Savage: ...and we'll see how we do. It will just be work in progress. And we'll get to it. And who is -- I see Sharon's name quite a bit.
- Shapiro: Sharon is not my assistant. That's Sharon Turner down in Las Vegas. She's one of the staff we have down there.
- Malfabon: She does the final audits.
- Shapiro: Yes.
- Savage: She does final audits?
- Shapiro: Yes.
- Savage: Because she's a constant.
- Shapiro: Yes. Anything in Las Vegas she would be, yes.
- Malfabon: She's going to be retiring the end of this year.
- Shapiro: Pretty quick.
- Savage: So is that any type of bottleneck or impediment on progress or close out just having that one person?
- Shapiro: Well, for other than what Rick said about the fact that we check 100 percent of the books and trying to come up with a system that's more efficient than that, that in itself is the bottle neck I would say. And we need to improve that process.
- Malfabon: She's pretty efficient at what she does. It's just...
- Shapiro: It's not the number of the pay you get out there, yeah, yeah, yeah.
- Malfabon: (Inaudible) and it's ready for her to let go.
- Shapiro: And actually we have another woman down there now that's helping her out. But it's not the number of people, it's our process. We need to take a look at that. Yeah, yeah.
- Savage: Right. No. I wasn't referring to Sharon in any demeaning viewpoint or anything of that nature. It's just that we have to look at it from a management perspective to see if we need more Sharons. Okay.

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Nelson: And just to wrap this up, I don't know if you had any other comments about the old business from the Transportation Board meeting, the CE rate, if you'd like to look at that maybe some more. We can provide you those spreadsheets in Excel.

Shapiro: Absolutely. That's easy, yeah.

Nelson: And what we'll do is we'll post those up into the FTP site so you'll be able to grab those directly from there.

Savage: I think we've come a long way just in the last couple of months by getting the backup the Board had requested, and their good breakdowns from the department. And I think, again, it's a work in progress to make the bus run a little better. So I don't have anything, Mr. Nelson. I don't know about you, Mr. Martin.

Martin: I don't either. I think we beat this one up pretty bad. But I look forward to the next go around.

Savage: Okay. And if anybody else has anything else, I think we can -- do we have any other Agenda items? We have...

Nelson: It was just to provide an opportunity for Item No. 7, the old business.

Savage: Yes.

Nelson: To provide opportunity to -- if anyone had any questions regarding the open meeting law, open meeting discussion, getting items into the Agenda, that sort of thing. I believe we've hit all the past action items. I've been checking them off my list to make sure that we've covered them. And provide an opportunity to discuss any other items from the Working Group. If there was anything you wanted to talk about, items to put on the Agenda, that sort of thing?

Savage: Personally, I think it's helpful that yourself or someone with your staff, Mr. Nelson, to contact each one of the Board members, Martin, Wallin and myself prior to, you know, several weeks before the CWG meeting to see if there might be any pertinent issues on anyone's mind as well as staff. I'd like to see more input from staff as to any items that may be on the Agenda. The discussion that yourself and Dennis I know came into my office and made it real clear regarding the open meeting law. That was very helpful. I think we're clear on that. Member Martin, are you okay down there?

Nelson: Oh, he's gotten into his cell phone. This is bad.

Male: What did Merrill do?

Male: It happened.

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Nelson: He almost made it to the end.

Savage: Did it disconnect him?

Martin: It's okay. The microphone was stifled.

Savage: Member Martin, did you go out for a bite to eat?

Martin: No, I did not, but I'm starting to miss it.

Savage: Okay. The question was Mr. Nelson had commented regarding Item No. 8, I'm sorry, Item No. 7 regarding items A through C as to whether or not you had any other open items or points of discussion at this time?

Martin: I don't, but I did like your suggestion that maybe Mr. Nelson or somebody from the staff contact us a week or two before the next CWG. I talked to a lot of people in the industry down here and it would be helpful to have that in the forefront of my head when I talk to some of those folks to let them know that this forum does exist, that maybe they'd feel a little more comfortable talking with rather than to the full Board.

Savage: Yes, good point. Very good point. So that would be good if you could reach out Mr. Nelson to individual Board members.

Nelson: Certainly.

Savage: And I think it was also helpful to have the NDOT industry liaison meeting minutes, staff minutes.

Martin: Yes.

Savage: And I have there -- the last meeting was January 19. Is that correct? Or was there one more recent?

Nelson: We just had one, so two.

Savage: So those are conducted quarterly?

Malfabon: Usually. We just had to skip one...

Savage: Okay.

Malfabon: ...because we couldn't get everyone there.

Shapiro: It would be helpful to have those meeting minutes too so we don't duplicate efforts.

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Savage: Anything else, Mr. Nelson, or anybody from NDOT?

Nelson: No, not for Item No. 7.

Savage: Then that will close Item No. 7. No. 8?

Nelson: I saw eight as just an opportunity to sort of recap the meeting and identify the action items that we promise to provide just to be sure we don't forget anything. We're only meeting every other month and so we don't want to miss. So with respect to -- just to give you a quick recap of what I have for action items with respect to OCIPs, NDOT to work with the NDOT AGC liaison group to see if an OCIP would fit within our program, get contact information from other states that are using OCIPs from our presenters, bring back to the Construction Working Group at some time in the future this item to discuss. For Item No. 5, the priority list, we'll make the comments into the issue item run down and that will be just presented as a standard attachment to the Construction Working Group for the future meetings.

Malfabon: I agree.

Nelson: For project close outs, we'll provide the list at each Board meeting just so you can sort of see the progress we're making every other month. We'll reach out to each Board member several weeks before the meeting to get Agenda item ideas and exchange information regarding the meeting. Let's see. We'll also try to gather ideas for Agenda items from staff as well as from the Construction Working Group members. And we'll forward to you the NDOT industry minutes from, from every meeting that we get. That will just be a matter of course that we'll forward those related meeting minutes to the Construction Working Group. Is that okay? Did I get this?

Savage: I think that's about it. I would just have one other item and that would be more water and a little more food...

Nelson: Water and food. I see.

Savage: ...for the meetings.

Shapiro: You got water?

Savage: It might be a good idea and I think in seriousness, how we move forward because we'll typically wrap up a Board meeting around noon. And I think if we take a good recess 30 to 45 minutes to grab a bite to eat we can come back at one o'clock. I think it might -- and I'd like to have some feedback from everyone if

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that might be the avenue that we take. And then plan on, you know, a couple hour meeting from 1:00 to three o'clock for the CWG.

Martin: That would work for me, yes, sir.

Savage: Okay. Everybody in NDOT agree with that?

Shapiro: We're good with whatever you're good with.

Malfabon: Food is good.

Savage: Okay. Thank you everybody for your time. Meeting is adjourned.

Nelson: Thank you.

Martin: Thank you.

Savage: Thank you, Frank.

Representative



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MEMORANDUM

August 17, 2012

TO: Department of Transportation Board of Directors,
Construction Working Group

FROM: Richard Nelson, Assistant Director Operations

SUBJECT: June 25, 2012 Construction Working Group Meeting

Item #4: Discussion of NDOT Construction BDR Retention – Informational Item Only.

Summary:

The purpose of this item is to provide the Construction Working Group with information on a Bill Draft Request to modify the NRS on contract retention on NDOT construction contracts.

Background:

The Department enters into approximately 30 conventional design-bid-build highway construction contracts a year which are administered, inspected and documented by a combination of NDOT staff and consultants to ensure the terms and conditions of the contract are met. This report provides information on a proposed Bill Draft Request to modify the requirements in the NRS on retention on construction contracts.

Approximately 69% of NDOT contracts include federal-aid. Retention on federal-aid highway construction projects is governed by Title 49: Transportation, Code of Federal Regulations § 26.29. NRS 408.383 specifically requires that NDOT withhold retention. This is conflict with portions of the federal regulations. Of the neighboring states (Arizona, California, Idaho, Oregon and Utah) only California state law requires holding of retention on CALTRANS projects. Holding retention is optional in the other neighboring states.

Analysis:

The Bill Draft Request proposes revising the NRS to make holding retention optional for NDOT. This would promote consistency with the federal regulations and most neighboring state DOTs in the region.

List of Attachments:

A. Construction Contract Retention Flexibility – Bill Draft Request

Recommendation for Board Action:

Informational item only.

Prepared by:

Jeff Shapiro, Chief Construction Engineer



Governor: **Brian Sandoval**
Budget Period: **2013-2015 Biennium (FY14-15)**
Budget Session: **77th Regular Session**
BDR Number: **13A8001209**
Title: **Construction Contract Retention Flexibility**

Attachment A

1. Description

Primary Department: **80 DEPARTMENT OF TRANSPORTATION**
Primary Division: **800 DEPARTMENT OF TRANSPORTATION**
Description of the problem to be solved or the goal of the proposed measure, or both: **NRS 408.383 requires the Department of Transportation (NDOT) to retain 5% but not more than \$50,000 on each construction contract until the contract is satisfactorily completed and accepted by the Director. The requirement to retain payments is inconsistent with the prompt payment requirements in Title 49: Transportation Code of Federal Regulations §26.29. Title 49 addresses Federal-Aid highway projects which comprise 69% of the Department's construction projects. The NRS also requires interest paid on amounts retained. In Fiscal Year 2008 the Department paid over \$147,000 in interest on retainage. Under the terms of our contracts, retention is not withheld until the project is 85% complete. The amount retained is a relatively small amount compared to the size of a typical construction contract and is rarely used by the Department to enforce the contract provisions. Department contracts also allow withholding of progress payments if the work is not proceeding satisfactorily which is a more effective tool to enforce contract provisions. The state laws of Arizona, California, Idaho, Oregon and Utah were reviewed in preparing this request. Only California law requires holding retention. By law, withholding retention in Arizona, Idaho, Oregon and Utah is optional. Arizona DOT does not withhold retention on projects that are progressing satisfactorily. Idaho and Oregon DOT contracts allow release of retention once the contract is 97.5% complete. Utah DOT contracts allow reduction of retention to 1.5% when the project is 95% complete. Revising the NRS to make retainage optional would be consistent with the federal regulations on prompt payment on federal-aid contracts and the state laws in Arizona, Idaho, Oregon and Utah. It would also eliminate the need to pay statutory interest on amounts no longer retained. This change is expected to reduce state expenditures on interest varying between \$6,000 and over \$100,000 per fiscal year depending on the number of projects holding retention and the interest rate at the time.**

Required effective date for the earliest measure **01/01/2014**

2. Related Budget Accounts

3. Bill Type / Dec Units

Bill Type: **Policy-HouseKeeping**

4. Contacts

a. Person to be consulted if more information is needed:

Name: **Jeff Shapiro, PE**
Title: **Chief Construction Engineer**
Mailing Address: **1263 So Stewart St
Carson City NV 89712**
Phone: **(775) 888-7460**
Extension:
Email: **jshapiro@dot.state.nv.us**

b. Person to whom a copy of the completed draft should be mailed for review:

Name: **Ed Wilson**
Title: **Program Officer 3**
Mailing Address: **1263 So Stewart St
Carson City NV 89712**
Phone: **(775) 888-7711**
Extension:
Email: **ewilson@dot.state.nv.us**

c. Person to be contacted to provide testimony regarding the measure during the legislative session:

Name: **Sean Sever**
Title: **Communications Director**
Mailing Address: **1263 So Stewart St
Carson City NV 89712**
Phone: **(775) 888-7208**
Extension:
Email: **ssever@dot.state.nv.us**

Attachment A

5. Fiscal Notes

State

a. Would this measure, if enacted, create or increase any fiscal liability of state government or decrease any revenue of state government which appears to be in excess of \$2,000? (If Yes, must submit request as a Budget Bill)

Yes

b. Would this measure, if enacted, increase or newly provide for a term of imprisonment in the state prison or make release on parole or probation from the state prison less likely? (If Yes, must contact the relevant state agencies (i.e. Dept. of Corrections, Dept. of Public Safety, etc.) to determine if this should be submitted as a Budget Bill)

No

Local

c. Would this measure, if enacted, reduce revenues or increase expenditures of a local government?

No

d. Would this measure, if enacted, increase or newly provide for a term of imprisonment in county or city jail or detention facility or make release on probation therefrom less likely?

No

Unfunded Mandate

e. Would this measure, if enacted, have the effect of requiring one or more local governments to establish, provide or increase a program or service which is estimated to cost more than \$5,000 per local government and a specified source for the additional revenue to pay the expense is not authorized by this measure or another specific statute?

No

6. Supplemental Notes

a. Suggested language or proposed solution to the problem:

See attachment

b. Special instructions (e.g. disfavored wording):

No

c. NRS title, chapter and sections, Nevada Constitutional provisions, administrative regulations (NAC) affected:

NRS408.383 - Nothing in NAC

d. Similar measures from current or previous sessions:

N/A

e. Federal law, court cases, or attorney general opinions involved:

N/A

f. Similar statutes in other states:

Several states including, but not limited to: AZ, CA, ID, OR, UT ~

8. Approvals

Approval Level	User	Date
----------------	------	------

NRS 408.383 Contractor: Partial payments; percentage retained; substitution of certain obligations for retained payments; period for dispersal of money by contractor to subcontractors; rate of interest on delinquent dispersal; procedure for resolution of dispute over dispersal.

1. Except as otherwise provided in subsections 2, 11 and 12, the Director may pay at the end of each calendar month, or as soon thereafter as practicable, to any contractor satisfactorily performing any highway improvement or construction as the work progresses in full for the work as completed ~~to but not more than~~ 95 percent of the entire contract price. The progress estimates must be based upon materials in place, or on the job site, or at a location approved by the Director, and invoiced, and labor expended thereon. The remaining 5 percent, but not more than \$50,000, ~~must~~ **may** be retained until the entire contract is completed satisfactorily and accepted by the Director.

2. If the work in progress is being performed on a satisfactory basis, the Director may reduce the percentage retained if the Director finds that sufficient reasons exist **to reduce said retainage.** ~~for additional payment and has obtained written approval from every surety furnishing bonds for the work.~~ Any remaining money must be retained until the entire contract is completed satisfactorily and accepted by the Director.

3. If it becomes necessary for the Department to take over the completion of any highway contract or contracts, all of the amounts owing the contractor, including the withheld percentage, must first be applied toward the cost of completion of the contract or contracts. Any balance remaining in the retained percentage after completion by the Department is payable to the contractor or the contractor's creditors.

4. Such retained percentage as may be due any contractor is due and payable at the expiration of the 30-day period as provided in [NRS 408.363](#) for filing of creditors' claims, and this retained percentage is due and payable to the contractor at that time without regard to creditors' claims filed with the Department.

5. The contractor under any contract made or awarded by the Department, including any contract for the construction, improvement, maintenance or repair of any road or highway or the appurtenances thereto, may, from time to time, withdraw the whole or any portion of the sums otherwise due to the contractor under the contract which are retained by the Department, pursuant to the terms of the contract, if the contractor deposits with the Director:

- (a) United States treasury bonds, United States treasury notes, United States treasury certificates of indebtedness or United States treasury bills;
- (b) Bonds or notes of the State of Nevada; or
- (c) General obligation bonds of any political subdivision of the State of Nevada.

É Certificates of deposit must be of a market value not exceeding par, at the time of deposit, but at least equal in value to the amount so withdrawn from payments retained under the contract.

6. The Director has the power to enter into a contract or agreement with any national bank, state bank, credit union, trust company or safe deposit company located in the State of Nevada, designated by the contractor after notice to the owner and surety, to provide for the custodial care and servicing of any obligations deposited with the Director pursuant to this section. Such services include the safekeeping of the obligations and the rendering of all services required to effectuate the purposes of this section.

7. The Director or any national bank, state bank, credit union, trust company or safe deposit company located in the State of Nevada, designated by the contractor to serve as custodian for the obligations pursuant to subsection 6, shall collect all interest or income when due on the obligations so deposited and shall pay them, when and as collected, to the contractor who deposited the obligation. If the deposit is in the form of coupon bonds, the Director shall deliver each coupon as it matures to the contractor.

8. Any amount deducted by the State of Nevada, or pursuant to the terms of a contract, from the retained payments otherwise due to the contractor thereunder, must be deducted first

from that portion of the retained payments for which no obligation has been substituted, then from the proceeds of any deposited obligation. In the latter case, the contractor is entitled to receive the interest, coupons or income only from those obligations which remain on deposit after that amount has been deducted.

9. A contractor shall disburse money paid to the contractor pursuant to this section, including any interest that the contractor receives, to his or her subcontractors and suppliers within 15 days after receipt of the money in the proportion that the value of the work performed by each subcontractor or the materials furnished by each supplier bears to the total amount of the contract between the principal contractor and the Department.

10. Money payable to a subcontractor or supplier accrues interest at a rate equal to the lowest daily prime rate at the three largest banks in the United States on the date the subcontract or order for supplies was executed plus 2 percent, from 15 days after the money was received by the principal contractor until the date of payment.

11. If a contractor withholds more than 10 percent of a payment required by subsection 9, the subcontractor or supplier may inform the Director in writing of the amount due. The Director shall attempt to resolve the dispute between the contractor and the subcontractor or supplier within 20 working days after the date that the Director receives notice of the amount due. If the dispute is not resolved within 20 working days after the date that the Director receives notice of the amount due, the contractor shall deposit the disputed amount in an escrow account that bears interest. The contractor, subcontractor or supplier may pursue any legal or equitable remedy to resolve the dispute over the amount due. The Director may not be made a party to any legal or equitable action brought by the contractor, subcontractor or supplier.

12. If the Director awards to a railroad company a contract for a project for the construction, reconstruction, improvement or maintenance of a highway and the project is located on property that is owned by or under the control of the railroad company, the Director may agree in the contract not to retain any portion of the contract price.

(Added to NRS by 1957, 686; A 1960, 75; 1963, 976; 1967, 348; 1969, 890; 1971, 864; 1975, 717; 1979, 1774; 1981, 265; [1999, 260](#), [1492](#); [2001, 637](#))



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MEMORANDUM

August 17, 2012

TO: Department of Transportation Board of Directors,
Construction Working Group

FROM: Richard Nelson, Assistant Director Operations

SUBJECT: August 24, 2012 Construction Working Group Meeting

Item #5: Bi-weekly v. Monthly Payments to Contractors – Informational Item Only.

Summary:

The Department's Financial Management Division analyzed fiscal year 2012 contractor payment, federal reimbursement, and Highway Fund week-end cash balance information to project the impact of paying contractors once on the last day of the month versus the current bi-weekly practice.

Background:

- Per NRS 408.383(1) the Director may pay contractors at the end of each calendar month or as soon as practicable for work that has been satisfactorily performed.
- Currently, contractors performing highway improvement or construction work are paid for satisfactory progress every two weeks, resulting in twenty-six contractor payments annually (two months of the year having three payments).
- Reimbursement of the federal share of these projects is received by the department approximately four days after payment to contractors.
- The Department of Motor Vehicles (DMV) deposits an average of \$35 million per month into the Highway Fund, of which \$7 million is deposited into the Highway Fund in the first half of the month and \$28 million is deposited in the second half of the month. These distributions include driver's license, vehicle registration, and motor carrier fees, special fuel and gas taxes, with special fuel and gas taxes, the bulk of the deposit at \$22 million, included only in the second distribution of the month.

Analysis:

- Impact on cash flow:
Paying contractors at month end typically lessens the impact on cash flow each month as all DMV deposits have been received prior to contractor payments being made.
- Reduced fluctuation in cash flow:
Paying contractors in twelve monthly installments smoothes the fluctuations in total dollars paid per month by reducing the dollar amount paid in months that include three contractor payments and increasing payments in the adjacent months.

- Week-end cash balance:
Study results indicated that monthly contractor payments would result in week-end Highway Fund cash balances averaging \$17 million higher each month. The largest increase in cash balance over the period studied was \$53 million.
- Minimum cash balance:
Monthly contractor payments resulted in a minimum Highway Fund cash balance that was \$12 million higher on average, with the maximum difference over the period studied of \$36 million higher, and the minimum difference in the cash balance being \$10 million lower.
- Transition period:
The analysis also showed that in the first month of the transition the cash balance would be reduced due to the fact that federal aid would be delayed until the following month.
If a change in payment timing is pursued, the winter months would likely be the easiest time to transition as contractor payments are lower at this time of year and the Highway Fund balance tends to be at its highest point in the fiscal year.

List of Attachments:

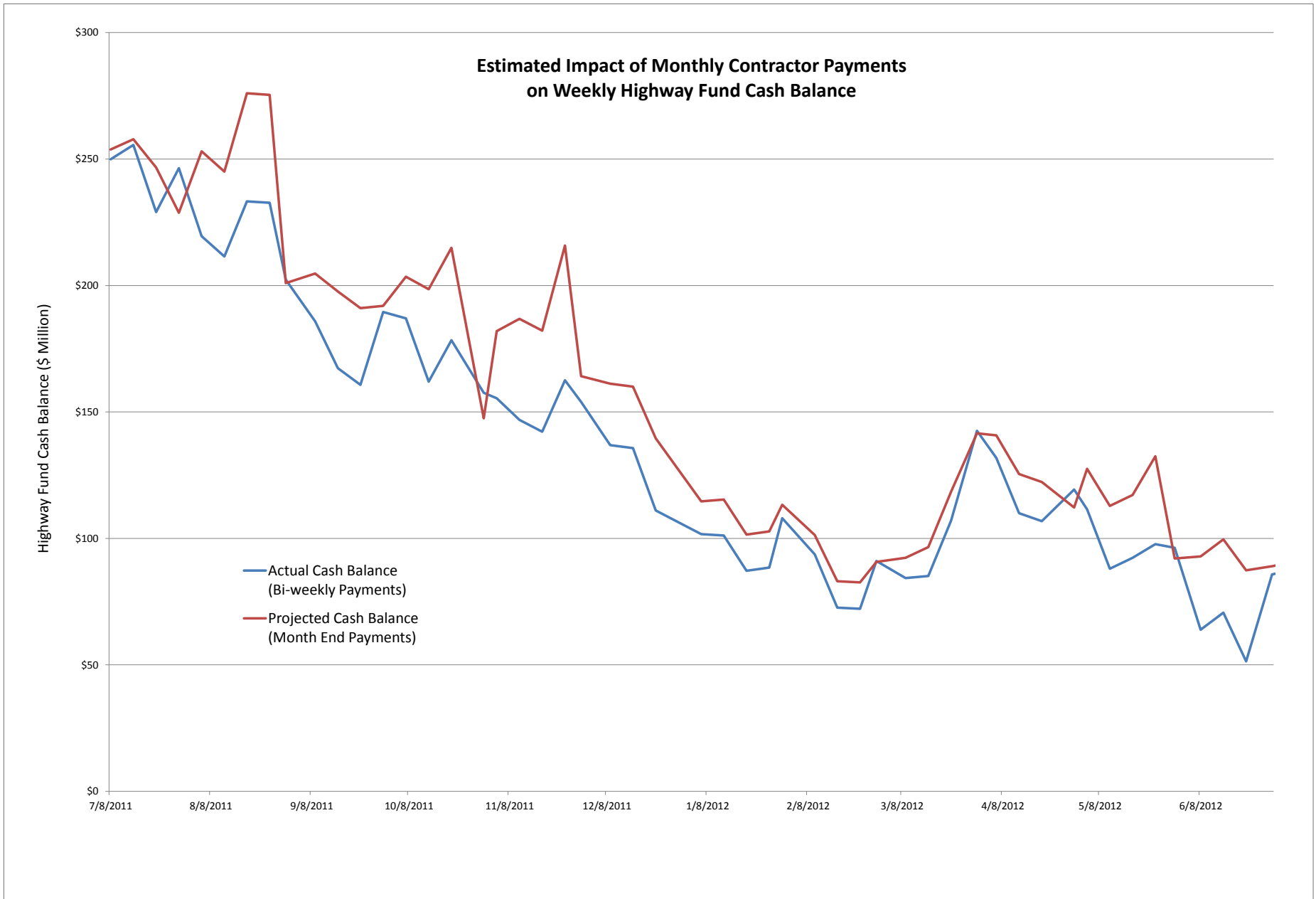
- A. Graph: Estimated Impact of Monthly Contractor Payments on Weekly Highway Fund Cash Balance
- B. Graph: Estimated Impact of Monthly Contractor Payments on Highway Fund Minimum Cash Balance
- C. NRS 408.282

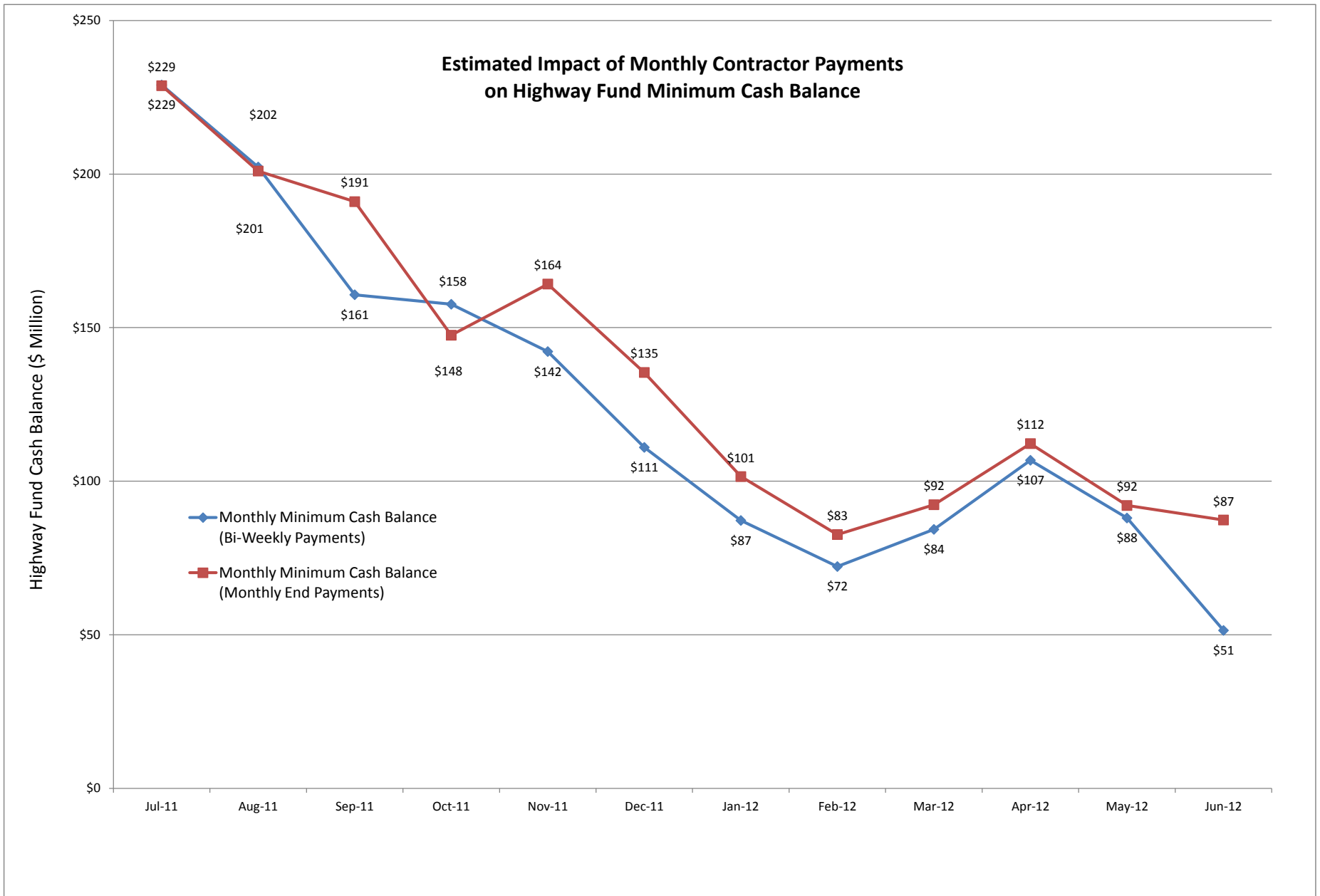
Recommendation for Board Action:

Informational Item Only

Prepared by:

Felicia Denney, Chief NDOT Financial Management





NRS 408.383 Contractor: Partial payments; percentage retained; substitution of certain obligations for retained payments; period for dispersal of money by contractor to subcontractors; rate of interest on delinquent dispersal; procedure for resolution of dispute over dispersal.

1. Except as otherwise provided in subsections 2, 11 and 12, the Director may pay at the end of each calendar month, or as soon thereafter as practicable, to any contractor satisfactorily performing any highway improvement or construction as the work progresses in full for the work as completed but not more than 95 percent of the entire contract price. The progress estimates must be based upon materials in place, or on the job site, or at a location approved by the Director, and invoiced, and labor expended thereon. The remaining 5 percent, but not more than \$50,000, must be retained until the entire contract is completed satisfactorily and accepted by the Director.

2. If the work in progress is being performed on a satisfactory basis, the Director may reduce the percentage retained if the Director finds that sufficient reasons exist for additional payment and has obtained written approval from every surety furnishing bonds for the work. Any remaining money must be retained until the entire contract is completed satisfactorily and accepted by the Director.

3. If it becomes necessary for the Department to take over the completion of any highway contract or contracts, all of the amounts owing the contractor, including the withheld percentage, must first be applied toward the cost of completion of the contract or contracts. Any balance remaining in the retained percentage after completion by the Department is payable to the contractor or the contractor's creditors.

4. Such retained percentage as may be due any contractor is due and payable at the expiration of the 30-day period as provided in [NRS 408.363](#) for filing of creditors' claims, and this retained percentage is due and payable to the contractor at that time without regard to creditors' claims filed with the Department.

5. The contractor under any contract made or awarded by the Department, including any contract for the construction, improvement, maintenance or repair of any road or highway or the appurtenances thereto, may, from time to time, withdraw the whole or any portion of the sums otherwise due to the contractor under the contract which are retained by the Department, pursuant to the terms of the contract, if the contractor deposits with the Director:

(a) United States treasury bonds, United States treasury notes, United States treasury certificates of indebtedness or United States treasury bills;

(b) Bonds or notes of the State of Nevada; or

(c) General obligation bonds of any political subdivision of the State of Nevada.

Certificates of deposit must be of a market value not exceeding par, at the time of deposit, but at least equal in value to the amount so withdrawn from payments retained under the contract.

6. The Director has the power to enter into a contract or agreement with any national bank, state bank, credit union, trust company or safe deposit company located in the State of Nevada, designated by the contractor after notice to the owner and surety, to provide for the custodial care and servicing of any obligations deposited with the Director pursuant to this section. Such services include the safekeeping of the obligations and the rendering of all services required to effectuate the purposes of this section.

7. The Director or any national bank, state bank, credit union, trust company or safe deposit company located in the State of Nevada, designated by the contractor to serve as custodian for the obligations pursuant to subsection 6, shall collect all interest or income when due on the obligations so deposited and shall pay them, when and as collected, to the contractor who deposited the obligation. If the deposit is in the form of coupon bonds, the Director shall deliver each coupon as it matures to the contractor.

8. Any amount deducted by the State of Nevada, or pursuant to the terms of a contract, from the retained payments otherwise due to the contractor thereunder, must be deducted first from that portion of the retained payments for which no obligation has been substituted, then from the proceeds of any deposited obligation. In the latter case, the contractor is entitled to receive the interest, coupons or income only from those obligations which remain on deposit after that amount has been deducted.

9. A contractor shall disburse money paid to the contractor pursuant to this section, including any interest that the contractor receives, to his or her subcontractors and suppliers within 15 days after receipt of the money in the proportion that the value of the work performed by each subcontractor or the materials furnished by each supplier bears to the total amount of the contract between the principal contractor and the Department.

10. Money payable to a subcontractor or supplier accrues interest at a rate equal to the lowest daily prime rate at the three largest banks in the United States on the date the subcontract or order for supplies was executed plus 2 percent, from 15 days after the money was received by the principal contractor until the date of payment.

11. If a contractor withholds more than 10 percent of a payment required by subsection 9, the subcontractor or supplier may inform the Director in writing of the amount due. The Director shall attempt to resolve the dispute between the contractor and the subcontractor or supplier within 20 working days after the date that the Director

receives notice of the amount due. If the dispute is not resolved within 20 working days after the date that the Director receives notice of the amount due, the contractor shall deposit the disputed amount in an escrow account that bears interest. The contractor, subcontractor or supplier may pursue any legal or equitable remedy to resolve the dispute over the amount due. The Director may not be made a party to any legal or equitable action brought by the contractor, subcontractor or supplier.

12. If the Director awards to a railroad company a contract for a project for the construction, reconstruction, improvement or maintenance of a highway and the project is located on property that is owned by or under the control of the railroad company, the Director may agree in the contract not to retain any portion of the contract price.

(Added to NRS by 1957, 686; A 1960, 75; 1963, 976; 1967, 348; 1969, 890; 1971, 864; 1975, 717; 1979, 1774; 1981, 265; [1999, 260](#), [1492](#); [2001, 637](#))



1263 South Stewart Street
Carson City, Nevada 89712
Phone: (775) 888-7440
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MEMORANDUM

08/15/12

TO: Department of Transportation Board of Directors,
Construction Working Group

FROM: Richard Nelson, Assistant Director Operations

SUBJECT: August 24, 2012 Construction Working Group Meeting

Item #6: Briefing on AGC/NDOT Liaison Meeting from June 20, 2012 – Informational Item Only

Summary:

This item provides a briefing regarding the regularly scheduled quarterly meeting of the NDOT/Construction Industry Liaison Group.

Background:

NDOT and the Construction Industry meet quarterly to discuss various issues of importance. On specific topics requiring additional resources or detailed work, subcommittees are formed to dedicate the necessary resources to the topic. At this time there are no subcommittees impaneled.

Analysis:

This meeting was held in accordance with the agenda and all items were covered.

List of Attachments:

A. AGC/NDOT Liaison Meeting agenda from June 20, 2012

Recommendation for Board Action:

Informational item only.

Prepared by:

Richard Nelson, Assistant Director Operations

AGC / NDOT Liaison Meeting
10:00 A.M. Wednesday, June 20, 2012
AGC Offices, 5400 Mill Street, Reno

AGENDA

1. Self Introductions
2. Review of minutes of previous meeting dated January 19, 2012
3. NDOT Staff Changes
4. Transportation Funding
5. 2013 Legislative Session – Direction / Vision
6. Construction Manager at Risk Update
7. Transportation Board Construction Working Group
8. NDOT Status of Closing Out Construction Projects
9. Status on NDOT / Contractor Partnering
10. Update on Design / Build Task Force – Future Steps
11. Contractor Designed / Supplied Traffic Control
12. DBE Requirements / Updates
13. Title VI – Requirements
14. Bidding on Chip Seal Contracts
15. I-580 Grand Opening
16. Next Meeting Dates
 - i. 10:00 a.m., Wed. September 19
 - ii. 10:00 a.m., Wed. December 19

Scott Hiatt Co-Chair	Rod Cooper	Susan Martinovich	Tracy Larkin-Thomason
Bill Hoffman Co-Chair	Craig Holt	Rick Nelson	Bill Wellman
Jeanette Belz	John Madole	Lance Semenko	
Rich Buenting	Rudy Malfabon	Scott Sisco	



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MEMORANDUM

August 17, 2012

TO: Department of Transportation Board of Directors,
Construction Working Group
FROM: Richard Nelson, Assistant Director Operations
SUBJECT: June 25, 2012 Construction Working Group Meeting
Item #7: Briefing on Status of Construction Projects – Informational Item Only.

Summary:

The purpose of this item is to provide the Construction Working Group with information on construction contracts.

Background:

The Department enters into approximately 30 conventional design-bid-build highway construction contracts a year which are administered, inspected and documented by a combination of NDOT staff and consultants to ensure the terms and conditions of the contract are met. This report provides information on the projects closed between January and May 2012, project closeout status and active projects.

Analysis:

Eleven contracts were closed between January and May 2012. As of August 13, 2012 there are 78 Active (open) Contracts. Fifty-one of these contracts are listed on the Closeout Status and are being processed for closeout.

List of Attachments:

- A. Projects Closed January – May 2012
- B. Project Closeout Status
- C. Active Projects

Recommendation for Board Action:

Informational item only.

Prepared by:

Jeff Shapiro, Chief Construction Engineer

NDOT Construction Contracts Closed Out
2012 January thru May

Contract	Description	Contractor	Resident Engineer	Designer	Original Bid	CCO Amount	% CCO	Qty Adjustments	% Adjustments	Total Paid	Amount Over/Under	% Change
3289	SR 160, BLUE DIAMOND (PHASE 2A)	Capriati Construction Corp Inc	Crew 903 - Voigt	CERAGIOLI, JIM	\$ 26,600,637.67	\$ 768,257.69	2.9%	\$ (589,706.32)	-2.2%	\$ 26,779,189.04	\$ 178,551.37	100.7%
3358	US 395 GOLDEN VALLEY INTER.	Granite Construction CO DBA	Crew 913 - Cocking	ATKINS	\$ 7,964,964.00	\$ 154,473.00	1.9%	\$ 240,358.51	3.02%	\$ 8,359,795.51	\$ 394,831.51	105.0%
3391	US 95 MLK BLVD TO THE RAINBOW INTER.	Valleycrest Landscape	Crew 926 - Williams	PARSONS TRANSPORTATION GROUP	\$ 3,115,684.58	\$ 1,347,250.61	43.2%	\$ (203,627.68)	-6.54%	\$ 4,259,307.51	\$ 1,143,622.93	136.7%
3399	SR651 N. AND W. MCCARRAN BLVD	Granite Construction CO DBA	Crew 904 - Boge	MAMMEN, KEN	\$ 1,839,839.00	\$ 23,063.62	1.3%	\$ 175,854.89	9.56%	\$ 2,038,757.51	\$ 198,918.51	110.8%
3406	CA/NV STATE LINE TO US 95	Nevada Barricade & Sign Co Inc	Crew 914 - Kumar	CERAGIOLI, JIM	\$ 407,777.00	\$ -	0.0%	\$ (94,486.40)	-23.17%	\$ 313,290.60	\$ (94,486.40)	76.8%
3411	US 395, JACKS VALLEY RD TO LUPIN ROAD	Q&D Construction Inc	Crew 907 - Lani	MANHARD CONSULTING /MAMMEN, KEN	\$ 2,338,131.00	\$ 50,040.00	2.1%	\$ 164,370.28	7.03%	\$ 2,552,541.28	\$ 214,410.28	109.2%
3412	US 95, SR 157, KYLE CANYON RD TO INDIAN SPR.	Las Vegas Paving Corp.	Crew 902 - Yousuf	MAXWELL, KEVIN	\$ 20,470,000.00	\$ 185,612.96	0.9%	\$ 970,874.21	4.74%	\$ 21,626,487.17	\$ 1,156,487.17	105.6%
3419	I80, W. MCCARRAN SC. OVRLK TO P. ROCK INTER.	Granite Construction CO DBA	Lumos & Associates - Brown	MAMMEN, KEN	\$ 10,256,256.00	\$ 34,763.60	0.3%	\$ 965,883.53	9.42%	\$ 11,256,903.13	\$ 1,000,647.13	109.8%
3425	ON VARIOUS ROUTES THROUGHOUT DISTRICT III	Nevada Barricade & Sign Co Inc	Crew 912 - Simmons	CERAGIOLI, JIM	\$ 229,899.50	\$ -	0.0%	\$ (20,227.99)	-8.80%	\$ 209,671.51	\$ (20,227.99)	91.2%
3434	ON SR 160,CLARK AND NYE COUNTIES	Preferred Contracting Inc	Crew 902 - Yousuf	CERAGIOLI, JIM	\$ 1,442,559.41	\$ 154,445.00	10.7%	\$ (20,611.81)	-1.43%	\$ 1,576,392.60	\$ 133,833.19	109.3%
3443	I80, E. P. ROCK INTER. TO E. OF FERN. GRD SEP.	Q&D Construction Inc	DCS - Holmes	PETERS, VICTOR	\$ 15,092,013.00	\$ (31,559.33)	-0.2%	\$ 1,320,748.22	8.75%	\$ 16,381,201.89	\$ 1,289,188.89	108.5%
			Totals		\$ 89,757,761.16	\$ 2,686,347.15	3.0%	\$ 2,909,429.44	3.24%	\$ 95,353,537.75	\$ 5,595,776.59	106.2%

N=Needed		Department of Transportation Construction Contract Closeout Status August 10, 2012													R=Received							
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	PP	LE	ATSS	WC	CA	Constr. Compl.	District Accept	Director Accept	Pick Up Comp.	RPU	Comments	Change Orders # Needed
3290	1	906	FREHNER-PETRENKO SHARON	SAINT ROSE PARKWAY IN HENDERSON PHASE 2A	\$61,242,038.90	\$50,000.00	R	R	R	R	R	R	R	N	N	7/11/08	2/11/09	2/19/09	10/18/10		Contract will be closed at the same time frame as 3361. Sent closeout item to Rob per Jeff on 7/10/12.	
3339	1	926	FREHNER -WILLIAMS SHARON	SR 573, CRAIG RD,LAS VEGAS AT UPRR CROSSING AND FROM BERG ST TO PECOS RD, CLARK CO.	\$34,182,531.77	\$10,000.00	R	N	N	N	N	N	N	N	N	5/30/09	6/16/10	7/12/10		Y	Pick up started on 9/14/11 and items were given back to the crew on 10/03/11 to be addressed. As of 8/14/12 crew has not addressed items	
3361	1	922	SNP-CHRISTIANSEN MICHELLE	ON SR 146, ROSE PARKWAY IN HENDERSON, PHASE 2B, FROM GILLESPIE ST TO SEVEN HILLS DR/SPENCER AVE & CORONADO CENTER	\$6,583,366.05	\$50,000.00	R	R	N	R	N	N	N	N	N	3/5/10	10/26/11			N	As of 11/24/2010 no request for pickup. This contract will be closed at the same time frame as 3290. Holding . Letter to Rick for Dir. Acpt.5/22/2012	
3379	1	906	SPIRIT UNDERGROUND-PETRENKO SHARON	I-15 FROM THE SOUTHERN BELTWAY (I-215) TO CHARLESTON BLVD (SR 159)	\$5,995,734.70	\$50,000.00	R	R	R	R	R	R	R	N	N	9/21/10	5/11/11	7/29/11	7/30/12		Quantities sent to surety company as per shapiro's request 8/3/2012 final payment due 9/3/2012	
3383	1	926	LVP-WILLIAMS MICHELLE	SR 574, CHEYENNE AVE.,FROM US 95 TO LOSEE RD, FROM CIVIC CENTER DR. TO NELLIS BLVD AND FROM RANCHO DR. TO I-15	\$9,677,150.00	\$50,000.00	N	R	N	R	N	R	R	N	N	8/31/10	5/11/11	6/23/11		Y	Final pick up started on 07/02/11 and items to be addressed were returned to the crew on 07/17/11. As of 8/14/12 crew has not addressed items	
3390	1	901	LVP-ALHWAYEK MICHELLE	SR 564, LAKE MEAD PKWY, FROM BOULDER HWY(SR 582) TO LAKE MEAD NATIONAL REC AREA & SR 564,BOULDER HWY SR 582 TO ASH ST.	\$13,543,210.00	\$50,000.00	R	N	N	R	N	R	R	N	N	12/2/10	3/7/11	4/26/11		N	As of 2/08/11 no request for pickup. Outstanding Lab issues per Wes 5/3/2011	
3392	1	922	WILLIAMS BROS.-CHRISTIANSEN MICHELLE	VARIOUS INTERSECTIONS IN THE CITY OF LAS VEGAS AND VARIOUS INTERSECTIONS IN CLARK COUNTY.	\$944,304.33	\$47,215.22	R	R	R	R	N	N	N	N	N	9/29/11	3/6/12	4/2/12	6/22/12	Y	Final job pickup completed on 06/22/12.	
3397 ARRA	1	916	FISHER-RUGULEISKI MICHELLE	ON I-15 FROM THE CALIFORNIA/NEVADA STATE LINE TO MILEPOST 16.35	\$7,333,333.33	\$50,000.00	N	N	N	R	R	N	N	N	N	12/23/10	4/23/12	5/21/12		N	As of 5/1/11 have not received a request for pickup. Waiting for Notice to Creditors memo from Admin Services office	
3409	1	926	CAPRIATTI-WILLIAMS SHARON	US 95 FROM RAINBOW/SUMMERLIN INTERCHG. TO RANCHO/ANN RD. & DURANGO DR. (PKG. 1)	\$68,761,909.90	\$50,000.00	N	N	N	N	N	N	N	N	N					N	CONTRACT AT 94% COMPLETE	CO#1,
3421	1	916	LAS VEGAS PAVING -RUGULEISKI MICHELLE	ON US 95AT SUMMERLIN PARKWAY	\$26,080,589.00	\$50,000.00	N	N	N	N	N	N	N	N	N					N	CONSTRUCTION AT 98%	CO# 3& 4 (in progress)
3423	1	906	JNJ ENGINEERING - PETRENKO MICHELLE	ON US 93 AND SR 319 NEAR PANACA	\$533,755.00	\$26,687.75	R	R	R	R	R	R	R	N	N	8/9/11	1/6/12	7/30/12	4/11/12	Y	Pay off on 8/28/12	
3424	1	902	LVP-YOUSUF- MICHELLE	ON SR 160 FROM DURANGO DRIVE TO RED ROCK CANYON ROAD (SR 159)	\$8,731,000.00.	\$50,000.00	N	N	N	N	N	N	N	N	N	5/16/12					CONSTRUCTION 113% COMPLETE	CO # 6 (in progress)
3427	1	901	LAS VEGAS PAVING-ALHWAYEK MICHELLE	ON SR 582, BOULDER HIGHWAY, FROM THE JUNCTION OF RAMPS3 AND 4 AT WAGONWHEEL INTERCHANGE, THEN NORTH FOR 0.194 MILES	\$640,000.00	\$32,000.00	R	N	R	R	N*	R	R	N	N	7/22/11	9/1/11	9/23/11	8/13/12	Y	Pay off on 8/28/12	
3437	1	922	LV PAVING-CHRISTIANSEN SHARON	I-15 FROM 0.70 MILES SOUTH OF SLOAN WASH TO 0.30 MILES NORTH OF SLOAN WASH TO 0.30 MILES NORTH OF DUCK	\$7,650,000.00	\$50,000.00	R	R	R	R	N	N	N	N	N	9/16/11	4/9/12			Y	Pickup began on 8/2/12. Items were given back to the crew on 8/7/12 to be addressed.	

EEO=Contract Compliance Clearance
LAB=clearance from Materials
AB=As-Builts

CPFR=Contractors Past Performance
LE=Letter of Explanation
ATSS=Acceptance Test Summary Sheet

WC=Wage Complaint
CA=Contractors Acceptance
*= Internal

N=Needed		Department of Transportation Construction Contract Closeout Status August 10, 2012													R=Received							
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	PR	LE	ATSS	WC	CA	Constr. Compl.	District Accept	Director Accept	Pick Up Comp.	RPU	Comments	Change Orders # Needed
3439	1	922	DIVERSIFIED CONCRETE-CHRISTIANSEN MICHELLE	VARIOUS RTES THROUGHOUT DISTRICT 1, CLARK, NYE,ESMERALDA AND LINCOLN.	\$336,118.00	\$16,805.90	R	R	R	R	*	R		N		4/28/11	4/20/12	4/27/12	8/6/12	Y	Pay off on 8/28/12 *RE to submit memo stating no LE necessary.	
3442	1	901	ROAD & HIGHWAY-ALHWAYEK MICHELLE	US 95 FROM 3.131 MILES NORTH OF CHINA WASH TO 0.796 MILES SOUTH OF DRY WASH.	\$10,171,171.00	\$50,000.00	N	N	N	N	N	N		N		11/22/11	1/9/12			N	A Mid-point audit was completed on 9/07/11. Holding District Acceptance letter until RE corrects working Days	CO #1 (in progress)
3444	1	901	LAS VEGAS PAVING-ALHWAYEK MICHELLE	SR 604 LV BLVD, FROM N. CRAIG RD TO JUNCTION OF APEX INTERCHANGE RAMP 3 & 4, A FUNCTIONAL CL. BREAK AT 2004 N. URBAN LIMITS OF LV	\$5,035,000.00	\$50,000.00	R	N	N	N	N	N		N		9/30/11	1/6/12	2/14/12		N	As of 4/2/12 no request for pickup.	
3445	1	922	LVP -CHRISTIANSEN MICHELLE	US -95/I-515 OVER FLAMINGO ROAD INTERCHANGE	\$3,416,804.05	\$50,000.00	N	N	N	N	N	N		N		1/17/12	7/17/12			N	As of 8/16/12 no request for pickup	CO # 1 outstanding
3453	1	901	FISHER-ALHWAYEK MICHELLE	ON US 93 FROM BUCHANAN TO HOOVER INTERCHANGE.	\$15,858,585.85	\$50,000.00	N	N	N	N	N	N		N						N	CONSTRUCTION 101% COMPLETE	CO#1
3454	1	916	FISHER-RUGULEISKI SHARON	ON I-15 FROM TROPICANA AVENUE TO US 95 (SPAGHETTI BOWL)	\$5,995,000.00	\$50,000.00	N	R	N	R	R	N		N		3/23/12	4/20/12	5/21/12		Y	Pickup started on 7/23/12 and items were given back on 7/30/12 to be addressed. Items were resubmitted on 8/09/12 and items were given back to the crew on 8/14/12 to be addressed.	
3460	1	CMW	LAS VEGAS PAVING FERGUSON MICHELLE	ON US SR. 373 FROM THE CALIFORNIA/ NEVADA STATE LINE TO US 95	\$3,895,000.00	\$50,000.00	N	N	N	N	N	N		N		6/27/12	8/2/12			N	RE sent final payment. CM19 sent to RE to start closeout process	CO#1
3462	1	CMW	LAS VEGAS PAVING FERGUSON SHARON	ON US 95 FROM N. OF SR 160 TO S. OF AMARGOSA VALLEY JUNCTION	\$5,795,000.00	\$50,000.00	R	R	R	R	R	R		N		10/31/11	2/28/12	4/2/12		Y	Final pickup began 08/01/12. Gave items back on 8/6/12.	
3470	1	906	INTERSTATE IMP-PETRENKO MICHELLE	I-15 FROM CA/NV STATE LINE TO NORTHOF SLOAN INTERCHANGE	\$8,061,738.13	\$50,000.00	N	N	N	N	N	N		N						N	CONSTRUCTION 99% COMPLETE	
3475	1	922	LLO INC - CHRISTIANSEN MICHELLE	SIGNAL MODIFICATIONS CLARK COUNTY	\$940,692.00	\$47,034.60	N	N	N	N	N	N		N						N	CONTRACT IS AT 99%	
3267	2	911	RHB Williams- Angel ROB	US50 IN LYON COUNTY FM EAST OF V.C. TO FORTUNE DRIVE.	\$14,292,292.00	\$50,000.00	R	R	R	R	R	R		N		10/23/06	8/27/08	10/6/08	10/3/08		Contractor needs to sign LOA # 2. Jeff Shapiro needs to write Change Order per meeting 1/26/2011.	
3292	2	905	FISHER-DURSKI ROB	FROM 395 S. OF BOWERS MANSION CUTOFF NORTH TO MOUNT ROSE HWY.	\$393,393,393.00	\$50,000.00	N	N	N	N	N	N		N						N	CONSTRUCTION 91% COMPLETE	pd on priors #64, 69, 75, 80 & 81 are priors. Need 31,55,66,71,79,82,85.
3327	2	907	RHB-LANI ROB	US 395, CARSON CITY FREEWAY FROM FAIRVIEW DR. TO US 50 E.- PHASE 2	\$44,968,149.00	\$50,000.00	N	R	R	N	N	N	✓	N		10/8/09	7/21/11	8/23/11		N	As of 6/5/12 job was to be ready for pickup (no response). Roc Stacey has investigated W/C and it will continue, but indicated we can close project on our end. After crew req for pickup. REC'D MEMO FOR P/U 8-15-12	

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Department of Transportation Construction Contract Closeout Status August 10, 2012																					
N=Needed										R=Received											
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	LE	ATSS	WC	CA	Constr. Compl.	District Accept	Director Accept	Pick Up Comp.	RPU	Comments	Change Orders # Needed
3377	2	911	PEAK-ANGEL ROB	SR 207, KINGSBURY GRADE.FROM THE JUNCTION WITH HIGHWAY 50 TO THE SUMMIT AT DAGGETT PASS	\$6,852,746.00	\$50,000.00	N	N	N	N	N	N	N	N					N	CONSTRUCTION 116 % COMPLETE	pd on prior 12. #5 is a prior.
3400	2	904	Q&D -LANI MATT	FROM CAL/NEV LINE AT TOPAZ LAKE NORTH /CARSON CITY LINE TO THE CARSON WASHOE COUNTY LINE	\$7,548,315.70	\$50,000.00	N	N	R	N	N	N	N	N	11/30/11				N	Waiting Q&D to sign paperwork so pickup process can start. as of 4/26/2012 no request for pickup plant establishment work will not end until6/20/2012 contractor has LOA's to be signed, crew waiting for final certs for lab to clear.	Address CO#2
3401	2	913	GRANITE- COCKING ROB / DEENA	ON 395 FROM MOANA TO I 80	\$31,495,495.00	\$50,000.00	N	N	N	N	N	N	N	N					N	Job pickup finished up to 95% due to ending of agreement with DCS CONSTRUCTION 105% COMPLETE	#5A,8R are priors.
3402	2	904	RHB-BOGE MATT	ON I-80 FROM 8.7 MILES EAST OF THE NIGHTINGALE INTERCHANGE TO THE CHURCHILL/PERSHING CO. LINE	\$11,464,464.00	\$22,341.00	N	R	N	R	R	N	N	N	4/12/11	5/23/11	8/8/11		Y	Job has been pickup. Final pickup report sent to RE 8/8/2012. Awaiting Missing and corrected items from crew. Revised Determination letter received 8/2/2012	Awaiting W/C CCO
3417	2	907	Q&D - LANI ROB	ON US 395, CARSON CITY BYPASS, AT THE 5TH STREET GRADE SEPARATIONS AND FAIRVIEW INTERCHANGE	\$1,021,452.00	\$50,000.00	R	N	R	N	N	N	N	N	9/16/11				N	RE has indicated project will be ready for pick up end of June plant establishment is on going contractor has LOA's that need to be signed and waiting on certs for lab clearance waiting for actual date from office	
3426	2	913	NEVADA BARRICADE-COCKING ROB	VARIOUS RTES THROUGHOUT DISTRICT II, PERSHING, LYON, CHURCHILL AND MINERAL	\$175,145.70	\$8,757.29	R	R	R	R	R	R	R	N	4/21/11	4/10/12	7/16/12	4/25/12	Y	QTYS TO CONTRACTOR 5/11/2012 final payment due 8/16/2012	
3431	2	CME	ROAD AND HIGHWAY- JORDY ROB	ON I 80 WEST OF THE LOVELOCK VIADUCT TO 1.60 MILES WEST OF TORY GRADE SEPERATION	\$8,080,080.00	\$50,000.00	R	R	R	R	R	R	R	N	8/19/11	4/16/12	7/27/12	1/18/12	Y	Pay off on 8/28/12	
3438	2	904	MERIT ELECTRIC.-BOGE ROB	MULTIPLE INTERSECTIONS THROUGH OUT DISTRICT II	\$1,013,762.20	\$50,000.00	N	R	N	N	N	N	N	N	11/15/11				N	CONSTRUCTION 114% COMPLETE	CO#4
3449	2	907	MKD- LANI ROB	US 395 NORTH OF THE NEV/CAL STATE LINE TO TOPAZ PARK ROAD	\$379,000.00	\$18,950.00	R	R	R	N	N	R	N	N	10/7/11			3/15/12	Y	the quantities are ready to send outas soon as district acceptance is received	
3452	2	904	DON GARCIA-BOGE MATT	ON SR 828,FARM DISTRICT ROAD,BETWEE US 50A TO CRIMSON LANE IN THE CITY FERNLEY	\$368,864.40	\$18,443.22	N	N	N	N	N	N	N	N	9/21/11				N	Crew is starting closeout. Qtys issues with contractor. No request for pickup as of4/26/2012 completion date job waiting on director acceptance from from office	
3458	2	904	MERIT ELECTRIC.-BOGE ROB	ON MULTIPLE INTERSECTIONS IN DISTRICT II	\$580,325.46	\$29,816.27	N	R	N	N	N	N	N	N					N	CONSTRUCTION 85% COMPLETE	CO #1,2,3 are Priors

EEO=Contract Compliance Clearance
LAB=clearance from Materials
AB=As-Builts

CPFR=Contractors Past Performance
LE=Letter of Explanation
ATSS=Acceptance Test Summary Sheet

WC=Wage Complaint
CA=Contractors Acceptance
*= Internal

N=Needed		Department of Transportation Construction Contract Closeout Status August 10, 2012													R=Received							
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CP	PR	LE	ATSS	WC	CA	Constr. Compl.	District Accept	Director Accept	Pick Up Comp.	RPU	Comments	Change Orders # Needed
3465	2	904	SNC - BOGE DEENA	SR 341 VIRGINIA CITY FROM STOREY/WASHOE CO. LINE TO THE JUNCTION OF TOLL RD. & SR 341 VIRGINIA CITY FROM .02 MILES S. D ST.	\$6,969,007.00	\$50,000.00	N	N	N	N	N	N	N	N	N					N	CONTRACT AT 100.6% COMPLETE	CO#1
3467	2	911	MKD - ANGEL DEENA	US 50 & SR28	\$446,162.00	\$23,320.00	N	N	N	N	N	N	N	N	N					N	PROJECT AT 88.4% COMPL.	
3469	2	BMG	ROAD & HWY DEENA	US 50 N. of SR-362 TO N. OF DUTCH CREEK;US 95 N. BOUNDARY OF AMMO DEPOT TO S. OF WALKER RESERVATION; SR 362 FROM US 95 S. HAWTHORNE	\$7,864,567.00	\$50,000.00	N	N	N	N	N	N	N	N	N					N	PROJECT AT 85% COMPLETE	
3350	3	908	FREHNER-RUPINSKI ROB	I-80 LANDER CO. FROM ROSNY GRADE SEP. TO LANDER/EUREKA CO./EUREKA CO. FROM LANDER/EUREKA CO LINE TO CONCRETE PAVEMENT	\$8,922,921.99	\$50,000.00	R	R	R	R	R	R	R	N	N	7/20/09	10/16/09	4/21/10	7/1/11	Y	Quantities issues resolved. Quantities to contractor 8/17/12. Final close 9/17/12, if not sooner.	
3407	3	908	PEAK CONST- RUPINSKI ROB	US 93 AT HD SUMMIT	\$3,156,345.49	\$50,000.00	R	R	R	R	R	R	N	N	N	11/19/10	7/18/11	9/23/11		Y	Job has been picked up. Construction auditing final quantities	pd on prior #4,6,7,8 Shapiro has CO's
3415 ARRA	3	912	AGGREGATE IND-MUSGROVE ROB	US 93 NO. OF SUCCESS SUMMIT RD TO SO. OF CHERRY CK RD & CAMPTON ST AVE 1, MURRY ST, & MILL ST IN ELY	\$9,439,999.00	\$50,000.00	N	R	R	R	R	R	R	N	N	11/17/10	11/16/11	4/2/12	2/1/12	Y	Quantities to contractor AGG Industries is disputing LD's for working days RE is going to contact contractor.	
3436	3	918	ROAD AND HIGHWAY- YATES MATT	I 80 FROM 3.16MILES WEST OF THE PILOT PEAK INTERCHANGE TO THE NEVADA/UTAH STATE LINE	\$11,535,535.00	\$50,000.00	N	N	R	R	R	R	N	N	N	11/18/12				Y	Job pickup done 8/7/2012. Sent whole project back to RE for corrections. Awaiting project corrections and return before final project report sent to RE.	
3450	3	912	STAKER & PARSON-SIMMONS MATT	I-80 FROM 3.63 MILES WEST OF THE HUNTER INTERCHANGE TO 0.40 MILES WEST OF WEST ELKO INTERCHANGE	\$7,684,054.52	\$50,000.00	N	N	N	N	N	N	N	N	N					N	CONSTRUCTION IS AT 87.7% Contractor still finishing up on work and punchlist	
3451	3	ATKINS	RHB - JORDY DEENA	US 50 FROM 3.38 MI. OF HICKSON SUMMIT TO THE LANDER / EUREKA COUNTY LINE .	\$10,799,999.00	\$50,000.00	N	N	N	N	N	N	N	N	N	6/15/12				N	PROJECT IS AT 95.7% FINISHED	
3455	3	920	AGGREGATE IND.-SCHWARTZ DEENA	US 95 AT THE INTERSECTION WITH SR 140	\$946,666.00	\$47,333.30	N	R	R	R	N	R	N	N	N	11/18/12	7/6/12			N	CONSTRUCTION 99% COMPLETE. WAS INFORMED THIS MAY BE READY FOR PICK UP WHEN WE PICK UP 3477	
3459	3	912	Q & D- SIMMONS ROB	ON TUSCARORA RD. AT THE SOUTHE FORK OF THE OWYHEE RIVER	\$569,525.00	\$28,476.25	N	R	R	R	R	R	R	N	N	11/30/11	1/29/12	4/19/12	6/8/12	Y	Contract is picked up. Contractor has LCP Tracker issues RE has contacted contractor once more in writing to produce payroll info if not the payment for that work will be deleted	
3473	3	301	BECO CONSTRUCTION -RATLIFF DEENA	DISTRICT III VARIOUS INTERSECTIONS	\$341,000.00	\$17,050.00	N	N	N	N	N	N	N	N	N					N	CONSTRUCTION 85.9% COMPLETE	

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Department of Transportation																					
Construction Contract Closeout Status																					
August 10, 2012																					
N=Needed										R=Received											
Cont. No.	DIST	Crew	Contractor - Resident Engineer	Description	Contract Bid Price	Retent Held	EEO	LAB	AB	CPPR	LE	ATSS	WC	CA	Constr. Compl.	District Accept	Director Accept	Pick Up Comp.	RPU	Comments	Change Orders # Needed
3477	3	920	Q&D CONSTRUCTION-SCHWARTZ DEENA	ON US 50 FROM .20 MILES SOUTH OF SR 290 TO .10 MILES SOUTH OF SR140	\$4,792,006.99	\$50,000.00	N	R	R	R	R	R	N	N	6/20/12	7/13/12			Y	SCHEDULED FOR PICK UP ON 8-21-2012 .	

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District 1 - Construction Contract Closeout Monthly Meeting Minutes

August 14, 2012

Construction Admin Section w/ Conference Call – 9 a.m.

Attendees:

Don Christiansen, Resident Engineer, Crew 922	Todd Montgomery, Asst Construction Chief, HQ
Sami Alhwayek, Resident Engineer, Crew 901	Megan Sizelove, Consultant PM, HQ
Sami Yousuf, Resident Engineer, Crew 902	Cecilia Whited, Const Admin Supervisor, HQ
Steve Conner, Office Person, Crew 916	Rob Liebherr, Const Admin Section, HQ
Roc Stacey, Construction Division, HQ	Alma Piceno-Ramirez, Const Admin Section, HQ
Don Gillespie, Lab, HQ	Deena Rose, Const Admin Section, HQ
Sharon Turner, Const Admin Section, LV	Matt Goodson, Const Admin Section, HQ
Michelle Thung, Const Admin Section, LV	

Crew/Contract (Construction Completion Date):

Crew 901 – Sami Alhwayek

- 3390 (12/2/10) – No request for pickup to date. CCO #4 is ready to be executed. Outstanding lab issues.
- 3427 (7/22/11) – Closeout is complete and books have been sent to HQ. Quantities were sent to Contractor. Outstanding lab issues, and LE.
- 3442 (11/22/11) - No request for pickup to date. Crew working on books and outstanding lab clearance. EEO needs revising. CCO#1 in Directors office.
- 3444 (9/30/11) - No request for pickup to date, anticipate request in September. Sending CPPR to HQ.
- 3453 – Construction still ongoing.
- 3470 – Construction still ongoing.

Crew 902 – Sami Yousuf

- 3424 – Request closeout is anticipated within the week. Crew is revising CCO #6.

Crew 903 – Jason Voigt

- No outstanding contracts

Crew 906 – Glenn Petrenko

- 3290 (7/11/08) – Closeout is complete. Send final quantities to Contractor. Final payment will be held and submitted with Contract 3361.
- 3379 (9/21/10) – Closeout nearly complete. Quantities sent to surety company, payment due 9/3/12.
- 3423 (8/9/11) – Closeout complete. Quantities sent to contractor 6/20/12. Final payment is pending Notice to Creditors.
- 3470 – Construction still ongoing.

These minutes are based on my interpretation of what was discussed during the meeting. If your notes vary please contact me to discuss. Megan Sizelove - (775) 888-7625.

Crew 914 – Neil Kumar

- No outstanding contracts

Crew 915 – Martin Strganac

- No outstanding contracts

Crew 916 – Tim Ruguleiski

- 3397 (12/23/10) - No request for pickup to date, however crew is working with on it. Outstanding items include: AB, and ATSS. RE will send email to Jeff/Todd to assist with missing certs. EEO submitted under review.
- 3421 – Construction still ongoing. CCO#3 and 4 under review.
- 3454 – Sharon working on closeout. EEO pending resolution of Title VI complaint.

Crew 922 – Don Christiansen

- 3361 (3/5/10) – No request for pickup to date, although this is their top priority. Anticipate request end of this month. This contract will close at same time as 3290. Director Acceptance pending Jeff. Outstanding items include: AB, LE, and ATSS.
- 3392 (9/29/11) – Closeout nearly complete. Books sent to HQ last week. Crew revising ATSS, Michelle sending crew CM02 so they can prepare LE.
- 3437 (9/30/11) – Sharon working on closeout, sent books back to crew for revisions. Crew sent draft version of ATSS in for review. Need LE.
- 3439 (4/28/11) – Closeout nearly complete. Quantities sent to contractor. No LE needed; crew writing memo.
- 3445 - Construction complete. Crew preparing books for closeout.
- 3475 – Construction complete. Crew preparing books for closeout. Turning in final working day report.

Crew 926 – Gary Williams

- 3339 (5/30/09) – Sharon working on closeout. Sent items back to crew and they are working on revising books. Outstanding items include: lab, AB, CPPR, LE and ATSS. Lab will email list of missing items to RE and Todd.
- 3383 (8/31/10) – Michelle reviewing books, sent back to crew for revisions. Outstanding AB, and LE. EEO needs to be revised.

Consultants

- 3460(CMWorks) (10/31/11) – Crew preparing books for pickup. All items outstanding. Closeout with 3462.
- 3462(CMWorks) (10/31/11) – Sharon working on reviewing books, waiting for crew to revise books. Closeout with 3460.

These minutes are based on my interpretation of what was discussed during the meeting. If your notes vary please contact me to discuss. Megan Sizelove - (775) 888-7625.

State of Nevada
Department of Transportation
Construction Division

District 2 - Construction Contract Closeout Monthly Meeting Minutes

August 14, 2012

Construction Admin Section w/ Conference Call – 10 a.m.

Attendees:

Larry Boge, Resident Engineer, Crew 904	Sharon Foerschler, Asst Construction Chief, HQ
Jeff Stoffer, Asst. Resident Engineer, Crew 907	Cecilia Whited, Const Admin Supervisor, HQ
Jeff Farmer, Office Person, Crew 907	Rob Liebherr, Const Admin Section, HQ
Don Gillespie, Lab, HQ	Alma Piceno-Ramirez, Const Admin Section, HQ
Roc Stacey, Construction Division, HQ	Deena Rose, Const Admin Section, HQ
Megan Sizelove, Consultant PM, HQ	Matt Goodson, Const Admin Section, HQ

***For the RE's not in attendance the notes may still reflect what was discussed during the July meeting.*

Crew/Contract (Construction Completion Date):

Crew 904 - Larry Boge

- 3402 (4/12/11) – Matt has reviewed books and working with crew to revise items. Crew is working on AB and ATSS. EEO pending execution of CCO.
- 3438 – Construction complete. Crew working on preparing books for pickup. Outstanding EEO, AB, CPPR, ATSS, and LE. CCO# 4 is outstanding.
- 3452 (9/21/11) – Crew preparing to request for pickup, anticipate within 1 month. Need EEO clearance, outstanding lab issues. Need District Acceptance. All items outstanding.
- 3458 –Construction on-going.
- 3465 – construction on-going.

Crew 905 – Rick Bosch

- No outstanding contracts

Crew 907 – Stephen Lani

- 3327 (10/8/09) – Ready for pickup, crew will submit memo 8/15/12 to request. Cecilia need to respond to request from Legal, but can't until we receive books from crew. Need EEO, CPPR, LE, and ATSS.
- 3400 (11/30/11) – Ready for pickup, submittal pending LOA approval from contractor. Outstanding items include EEO, lab, LE, CPPR, and ATSS. CCO#2 is not needed, RE sending email to HQ.
- 3417 (9/16/11) - Ready for pickup, submittal pending LOA approval from contractor. Outstanding items include lab, LE, CPPR, ATSS and District Acceptance.
- 3449 (10/7/11) – Closeout is nearly complete. Quantities ready to send to contractor as soon as District Acceptance is received. Awaiting submittal of LE and CPPR.

These minutes are based on my interpretation of what was discussed during the meeting. If your notes vary please contact me to discuss. Megan Sizelove - (775) 888-7625.

Crew 910 – Brad Durski

- 3292 – Construction ongoing. Paid on priors #64, 69, 75, 80 and 81. Outstanding CO's 31, 55, 66, 71, 79, 82, and 85.

Crew 911 – John Angel

- 3267 (10/23/06) – Closeout complete, pending Jeff Shapiro writing Change Order for overpayment.
- 3377 – On-hold due to contractor.
- 3467 – construction on-going.

Crew 913 – Shane Cocking

- 3401 – Closeout is up to date. Construction still active. Outstanding priors 5A, and 8R.
- 3426 (4/21/11) – Closeout complete. Quantities sent to Contractor, final payment will be sent 8/17/12.

Consultants

- 3431(CME) (8/19/11) – Closeout complete. Final payment will occur on 8/28/12.
- 3469 – construction on-going.

State of Nevada
Department of Transportation
Construction Division

District 3 - Construction Contract Closeout Monthly Meeting Minutes

August 14, 2012

Construction Admin Section w/ Conference Call – 11 a.m.

Attendees:

Dave Lindeman, Asst District Engineer, Winn.	Sharon Foerschler, Asst Construction Chief, HQ
Mike Murphy, Asst District Engineer, Elko	Megan Sizelove, Consultant PM, HQ
Randy Hesterlee, Asst District Engineer, Ely	Cecilia Whited, Const Admin Supervisor, HQ
Chris Rupinski, Resident Engineer, Crew 908	Rob Liebherr, Const Admin Section, HQ
Mike Simmons, Resident Engineer, Crew 912	Alma Piceno-Ramirez, Const Admin Section, HQ
Mike Musgrove, Asst. RE, Crew 912	Deena Rose, Const Admin Section, HQ
Dean DeCarlo, Asst. RE, Crew 912	Matt Goodson, Const Admin Section, HQ
Don Gillespie, Lab, HQ	Roc Stacey, Construction Division, HQ

Crew/Contracts (Construction Completion Date):

Crew 908 – Chris Rupinski

- 3350 (7/1/11) – Closeout complete. Quantities sent to contractor this week. Anticipate final payment mid-September.
- 3407 (11/19/10) – Rob working on closeout, sent books back to crew for revisions. Jeff holding onto CO's for legal. Crew working on ATSS.

Crew 912 – Mike Simmons

- 3415 (11/17/10) – Closeout nearly complete. Contractor disputing quantities, RE will contact Contractor. Final payroll letter was submitted EEO in review.
- 3450 – Construction on-going
- 3459 (11/30/11) – Rob reviewing books, RE working with Contractor on EEO issues.

Crew 918 – Michael Yates

- 3436 (11/18/11) – Matt is working on closeout, sent books back to crew for revisions. Crew working on lab, EEO submittals, and ATSS.

Crew 920 – Dave Schwartz

- 3455 – Picking up job 8/20 to begin closeout review. Need EEO.
- 3477 – Picking up job 8/20 to begin closeout review. EEO performing review.

District - Ratliff

- 3473 – Construction ongoing.

Consultants

- 3451 – Construction nearly complete.

These minutes are based on my interpretation of what was discussed during the meeting. If your notes vary please contact me to discuss. Megan Sizelove - (775) 888-7625.

CONTRACT	DESCRIPTION	BID CONTRACT AMOUNT	ADJUSTED BID CONTRACT AMOUNT	TOTAL PAID TO DATE	% Work	% Time	CONTRACTOR	RESIDENT ENGINEER	PROJECT MANAGER	Description
3267	US 50 & SR 822	\$ 14,292,292.00	\$ 15,002,025.85	\$ 16,332,070.32	108.9%	96.4%	ROAD & HIGHWAY BUILDERS LLC	JOHN ANGEL	PETERSEN, CHRISTOPHER,	Construction completed, in Closeout Process
3290	SR 146 ST.ROSE PARKWAY	\$ 61,242,038.90	\$ 61,285,604.26	\$ 63,601,756.18	103.8%	96.5%	AGGREGATE INDUSTRIES SWR INC	GLENN PETRENKO	MIRANDA, EDUARDO,	Construction completed, in Closeout Process
3292	I-580 FREEWAY EXTENSION	\$ 393,393,393.00	\$ 430,673,091.90	\$ 421,400,016.99	97.9%	98.1%	FISHER SAND & GRAVEL CO	BRAD DURSKI	LORENZI, ANTHONY,	
3326	US 95 MLK TO CRAIG	\$ 10,565,565.00	\$ 10,624,558.35	\$ 10,888,529.07	102.5%	98.7%	TRANSORE HOLDINGS INC DBA	TIM RUGULEISKI	DICKINSON, JONATHAN,	Construction completed, in Closeout Process
3327	US 395 CC FREEWAY (2A)	\$ 44,968,149.00	\$ 47,121,133.12	\$ 48,355,501.37	102.6%	100.0%	ROAD & HIGHWAY BUILDERS LLC	STEPHEN LANI	JOHNSON, NICHOLAS,	Construction completed, in Closeout Process
3339	CRAIGROAD AT UPRR	\$ 34,182,531.77	\$ 34,703,285.79	\$ 35,153,975.01	101.3%	100.0%	AGGREGATE INDUSTRIES SWR INC	GARY WILLIAMS	PETRENKO, GLENN,	Construction completed, in Closeout Process
3350	I-80 ROSNEY CREEK	\$ 8,922,921.99	\$ 12,086,150.24	\$ 10,778,529.42	89.2%	99.0%	AGGREGATE INDUSTRIES SWR INC	CHRIS RUPINSKI	BRADSHAW, JOHN,	Construction completed, in Closeout Process
3358	US 395 GOLDEN VALLEY INT.	\$ 7,964,964.00	\$ 8,119,437.00	\$ 8,359,795.51	103.0%	66.2%	GRANITE CONSTRUCTION CO DBA	SHANE COCKING,	ATKINS	Construction completed, in Closeout Process
3361	SR 146 ST.ROSE PARKWAY	\$ 6,583,366.05	\$ 7,747,138.71	\$ 7,926,699.02	102.3%	100.0%	AGGREGATE INDUSTRIES SWR INC	DON CHRISTIANSEN	MIRANDA, EDUARDO,	Construction completed, in Closeout Process
3377	SR 207 KINGSBURY	\$ 6,852,746.00	\$ 7,466,646.94	\$ 8,665,120.10	116.1%	109.9%	PEEK CONSTRUCTION COMPANY DBA	JOHN ANGEL	NUSSBAUMER, MATTHEW,	Contract work not complete, lawsuit pending
3379	I-515 FREEWAY ITS	\$ 5,995,734.70	\$ 5,866,143.64	\$ 6,223,881.62	106.1%	92.7%	SPIRIT UNDERGROUND LLC	GLENN PETRENKO	DICKINSON, JONATHAN,	Construction completed, in Closeout Process
3383	SR 574, CHEYENNE AVE	\$ 9,677,150.00	\$ 9,765,326.09	\$ 10,189,344.44	104.3%	100.0%	LAS VEGAS PAVING CORPORATION	GARY WILLIAMS	CERAGIOLI, JIM,	Construction completed, in Closeout Process
3389	I-580 MEADOWOOD MALL	\$ 21,827,613.92	\$ 21,882,400.81	\$ 17,515,835.85	80.2%	96.7%	MEADOW VALLEY CONTRACTORS INC	SHANE COCKING	SEARCY, ADAM,	Project behind schedule, claim will be filed
3390	SR 564 L. MEAD PARKWAY	\$ 13,543,210.00	\$ 14,144,318.58	\$ 14,139,233.20	100.0%	100.0%	LAS VEGAS PAVING CORPORATION	SAMI ALHWAYEK	MC MARTIN, DAN,	Construction completed, in Closeout Process
3392	SIGNAL MOD. CL COUNTY	\$ 944,304.33	\$ 1,317,907.91	\$ 1,020,101.22	77.4%	100.0%	WILLIAMS BROTHER INC	DON CHRISTIANSEN	CERAGIOLI, JIM,	Construction completed, in Closeout Process
3394	US 93, 3R	\$ 5,844,600.00	\$ 6,745,440.78	\$ 6,868,544.07	101.8%	97.5%	LAS VEGAS PAVING CORPORATION	GLENN PETRENKO	MIRANDA, EDUARDO,	Construction completed, Outstanding REA
3397	I-15, STATELINE	\$ 7,333,333.33	\$ 7,309,318.33	\$ 7,909,605.56	108.2%	100.0%	FISHER SAND & GRAVEL CO	TIM RUGULEISKI	PETERSEN, CHRISTOPHER,	Construction completed, Outstanding REA
3400	US 395, CC FRWY (2B)	\$ 7,548,315.70	\$ 7,556,670.70	\$ 7,379,929.33	97.8%	99.2%	Q&D CONSTRUCTION INC	STEPHEN LANI	JOHNSON, NICHOLAS,	
3401	US 395 WIDENING	\$ 31,495,495.00	\$ 33,206,506.17	\$ 36,391,847.35	109.6%	88.2%	GRANITE CONSTRUCTION CO DBA	SHANE COCKING	LERUD, JEFFREY,	
3402	I-80 E. NIGHTINGALE	\$ 11,464,464.00	\$ 12,118,864.00	\$ 12,883,432.76	106.3%	83.1%	ROAD & HIGHWAY BUILDERS LLC	LARRY BOGE	BRADSHAW, JOHN,	Construction completed, Outstanding REA
3407	OVERPASS SAFETY CROSSING	\$ 3,156,345.49	\$ 3,236,393.34	\$ 3,466,362.60	107.1%	114.5%	PEEK CONSTRUCTION COMPANY DBA	CHRIS RUPINSKI	BRADSHAW, JOHN,	Construction complete, lawsuit pending
3409	US 95 WIDENING PCKG 1	\$ 68,761,909.90	\$ 69,681,146.78	\$ 61,156,456.58	88.0%	99.2%	CAPRIATI CONSTRUCTION CORP INC	GARY WILLIAMS	JOHNSON, NICHOLAS,	Outstanding REA
3415	US 93 ELY, CIR	\$ 9,439,999.00	\$ 9,445,207.24	\$ 9,269,830.83	98.1%	105.0%	AGGREGATE INDUSTRIES SWR INC	MIKE SIMMONS	BIRD, STEVE,	Construction complete, lawsuit pending
3417	US 395 CC FRWY AESTHETICS	\$ 1,021,452.00	\$ 1,021,452.00	\$ 1,013,528.98	99.4%	80.0%	Q&D CONSTRUCTION INC	STEPHEN LANI	JOYCE, LUCY,	Construction complete, lawsuit pending
3421	US 95 SUMMERLIN PKWY HOV	\$ 26,080,589.00	\$ 26,041,539.00	\$ 26,743,715.75	102.7%	100.0%	LAS VEGAS PAVING CORPORATION	TIM RUGULEISKI	ATKINS	Construction completed, in Closeout Process
3423	US 93 & SR 319 SHARED USE PATH	\$ 533,755.00	\$ 564,255.00	\$ 609,750.33	108.1%	100.0%	JNJ ENGINEERING CONSTRUCTION	GLENN PETRENKO	PETERSEN, CHRISTOPHER,	Construction completed, in Closeout Process
3424	SR 160, DURANGO TO RED ROCK C.	\$ 8,731,000.00	\$ 8,794,024.79	\$ 9,954,421.58	113.2%	111.3%	LAS VEGAS PAVING CORPORATION	SAMI YOUSUF	PETERS, VICTOR,	Construction completed, in Closeout Process
3426	DIST 2, MILL & RUMBLE STRIPS	\$ 175,145.70	\$ 175,145.70	\$ 173,984.79	99.3%	50.0%	NEVADA BARRICADE & SIGN CO INC	SHANE COCKING	CERAGIOLI, JIM,	Construction completed, in Closeout Process
3427	SR 582, BOULDER HWY	\$ 640,000.00	\$ 640,000.00	\$ 755,247.48	118.0%	82.5%	LAS VEGAS PAVING CORPORATION	SAMI ALHWAYEK	PETERSEN, CHRISTOPHER,	Construction completed, in Closeout Process
3430	I-515, E. TROPICANA, LANDSCAPE	\$ 949,433.10	\$ 949,433.10	\$ 930,034.05	98.0%	100.0%	CAPRIATI CONSTRUCTION CORP INC	MARTIN STRGANAC	JOYCE, LUCY,	Construction completed, in Closeout Process
3431	I-80, W. LOVELOCK VIADUCT	\$ 8,080,080.00	\$ 8,130,068.91	\$ 8,553,459.84	105.2%	85.0%	ROAD & HIGHWAY BUILDERS LLC	GEORGE JORDY - CME	PETERS, VICTOR,	Construction completed, in Closeout Process
3433	US 50, CAVE ROCK TO SPOONER	\$ 3,661,661.00	\$ 3,661,661.00	\$ 1,491,270.94	41.1%	127.5%	GRANITE CONSTRUCTION CO DBA	JOHN ANGEL	NUSSBAUMER, MATTHEW,	Potential \$2M change
3435	I-80 WEST OF OSINO, ELKO	\$ 33,699,999.00	\$ 33,659,205.25	\$ 25,885,341.93	77.3%	88.6%	ROAD & HIGHWAY BUILDERS LLC	CHRIS RUPINSKI	BIRD, STEVE,	Contractor running out of time to complete work
3436	I-80 W. PILOT PEAK INT	\$ 11,535,535.00	\$ 11,656,632.14	\$ 12,579,606.03	107.9%	90.7%	ROAD & HIGHWAY BUILDERS LLC	MICHAEL YATES	BRADSHAW, JOHN,	Construction completed, in Closeout Process
3437	I-15 SOUTH SLOAN WASH	\$ 7,650,000.00	\$ 7,608,385.00	\$ 7,937,886.00	104.3%	91.7%	LAS VEGAS PAVING CORPORATION	DON CHRISTIANSEN	MAXWELL, KEVIN,	Construction completed, in Closeout Process
3438	FLASHING YELLOW ARROW, DIST 2	\$ 1,013,762.20	\$ 1,065,479.29	\$ 1,208,634.44	113.4%	100.0%	MERIT ELECTRIC COMPANY	LARRY BOGE	CERAGIOLI, JIM,	
3439	VAR. ROUTE DIST I, MILL R. STRIPS	\$ 336,118.00	\$ 319,763.80	\$ 296,851.61	93.3%	100.0%	DIVERSIFIED CONCRETE CUTTING	DON CHRISTIANSEN	CERAGIOLI, JIM,	Construction completed, in Closeout Process
3440	SR 28, JCT SR 431 TO STATELINE	\$ 5,613,054.00	\$ 5,758,186.10	\$ 4,776,175.12	83.1%	51.6%	Q&D CONSTRUCTION INC	JOHN ANGEL	NUSSBAUMER, MATTHEW,	
3442	US 95, N. CHINA WASH, ES COUNTY	\$ 10,171,171.00	\$ 10,171,171.00	\$ 12,836,086.84	126.2%	107.4%	ROAD & HIGHWAY BUILDERS LLC	SAMI ALHWAYEK	RAGAN, JAMES,	Construction completed, in Closeout Process
3444	SR 604, LAS VEGAS BLVD	\$ 5,035,000.00	\$ 4,862,801.42	\$ 4,973,619.78	102.3%	80.0%	LAS VEGAS PAVING CORPORATION	SAMI ALHWAYEK	BRADSHAW, JOHN,	Construction completed, in Closeout Process
3445	US 95/ I-515 FLAMINGO INTER.	\$ 3,416,804.05	\$ 3,457,036.66	\$ 3,340,413.51	96.7%	78.8%	LAS VEGAS PAVING CORPORATION	DON CHRISTIANSEN	PETERSEN, CHRISTOPHER,	Construction completed, in Closeout Process
3446	US 395, S. WATERLOO LN	\$ 12,913,116.86	\$ 13,274,283.68	\$ 11,199,267.76	84.5%	66.7%	A TEICHERT & SON INC DBA	GARY SELMI, HDR	JOHNSON, NICHOLAS,	
3449	US 395, CA/NV SL TO TOPAZ PR	\$ 379,000.00	\$ 397,053.00	\$ 412,977.12	104.0%	100.0%	MKD CONSTRUCTION INC	STEPHEN LANI	PETERS, VICTOR,	Construction completed, in Closeout Process
3450	I-80 TO WEST ELKO INT	\$ 7,684,054.52	\$ 7,881,036.85	\$ 7,267,967.50	92.4%	94.3%	STAKER & PARSON COMPANIES	MIKE SIMMONS	BIRD, STEVE,	
3451	US 50, CIR LA/EU COUNTY	\$ 10,799,999.00	\$ 10,799,999.00	\$ 10,822,804.99	100.2%	100.0%	ROAD & HIGHWAY BUILDERS LLC	GEORGE JORDY, ATKINS	PETERS, VICTOR,	Construction completed, in Closeout Process
3452	SR 828, FARM DISTRICT ROAD, LY	\$ 368,864.40	\$ 368,864.40	\$ 452,943.98	122.8%	100.0%	DON GARCIA EXCAVATING & PAVING	LARRY BOGE	BIRD, STEVE,	
3453	US 93, BUCHANAN TO HOOVER INT	\$ 15,858,585.85	\$ 15,858,585.85	\$ 16,234,089.15	102.4%	0.0%	FISHER SAND & GRAVEL CO	SAMI ALHWAYEK	LORENZI, ANTHONY,	Construction completed, in Closeout Process, Comp Date 11/19/2011
3454	I-15, TROPICANA TO US 95	\$ 5,995,000.00	\$ 5,995,000.00	\$ 7,017,507.53	117.1%	0.0%	FISHER SAND & GRAVEL CO	TIM RUGULEISKI	GARAY, LUIS,	Construction completed, in Closeout Process, Comp Date 10/20/2011
3455	US 95, ACC/ TRUCK LANE , HU	\$ 946,666.00	\$ 976,852.05	\$ 938,381.92	96.1%	105.0%	AGGREGATE INDUSTRIES SWR INC	DAVE SCHWARTZ	PETERS, VICTOR,	
3456	US 93 WP, REST AREA	\$ 1,832,222.00	\$ 1,832,222.00	\$ 1,492,605.84	81.7%	94.0%	ROAD & HIGHWAY BUILDERS LLC	MICHAEL YATES	BIRD, STEVE,	
3457	US 95, US 6 TO ES/MI CO. LINE	\$ 1,832,222.00	\$ 1,832,222.00	\$ 1,492,605.84	81.7%	94.0%	A&K EARTH MOVERS INC	PATTY MAMOLA, VTN	CH2MHILL	Construction completed, Outstanding REA
3458	SIGNAL MODIFICATION DIST 2	\$ 580,325.46	\$ 580,325.46	\$ 498,166.60	85.8%	71.7%	MERIT ELECTRIC COMPANY	LARRY BOGE	CERAGIOLI, JIM,	
3459	TUSCARORA RD BRIDGE, ELKO	\$ 569,525.00	\$ 569,525.00	\$ 580,856.22	102.0%	75.6%	Q&D CONSTRUCTION INC	MIKE SIMMONS	BRADSHAW, JOHN,	
3460	SR 373, OVERLAY, NYE CO.	\$ 3,895,000.00	\$ 3,895,000.00	\$ 4,068,320.51	104.4%	103.3%	LAS VEGAS PAVING CORPORATION	KEITH FERGUSON, CM WORKS	PARSONS	Construction completed, in Closeout Process
3461	I-80, E.OASIS TO PILOT PK, CIR	\$ 31,000,000.00	\$ 31,000,000.00	\$ 1,037,038.67	3.7%	22.6%	FISHER SAND & GRAVEL CO	MICHAEL YATES	BRADSHAW, JOHN,	Over \$2M in pending change orders
3462	US 95, PAHRUMP TO AMARGOSA V.	\$ 5,795,000.00	\$ 5,812,950.00	\$ 6,290,725.78	108.2%	51.1%	LAS VEGAS PAVING CORPORATION	KEITH FERGUSON, CM WORKS	THE LOUIS BERGER GROUP	Construction completed, in Closeout Process

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3465	SR 341, COLDMILLING, WA & ST	\$ 6,969,007.00	\$ 6,969,007.00	\$ 7,189,644.82	103.2%	83.0%	SIERRA NEVADA CONSTRUCTION INC	LARRY BOGE	MAXWELL, KEVIN,	
3466	I-15, SPEEDWAY/ HOLLYWOOD INT.	\$ 18,006,000.00	\$ 17,869,227.50	\$ 9,875,059.44	55.7%	63.8%	AGGREGATE INDUSTRIES SWR INC	DON CHRISTIANSEN	PETERSEN, CHRISTOPHER,	
3467	US 50 AND SR 28, MOD INLETS	\$ 446,162.00	\$ 466,409.00	\$ 709,283.56	152.1%	53.3%	MKD CONSTRUCTION INC	JOHN ANGEL	ATKINS	
3468	I-80,DIAMOND INT,W. CARLIN	\$ 7,263,806.50	\$ 7,378,141.60	\$ 4,371,255.32	59.7%	52.0%	Q&D CONSTRUCTION INC	MIKE SIMMONS	PETERS, VICTOR,	
3469	US 95 & SR 362, COLDMILLING, MI	\$ 7,862,633.00	\$ 7,864,567.43	\$ 7,067,039.27	90.1%	52.7%	ROAD & HIGHWAY BUILDERS LLC	RANDY BOWLING - BMG	PETERSEN, CHRISTOPHER,	
3470	I-15, PCCP REPAIRS & BARRIER RAIL	\$ 8,061,738.13	\$ 8,112,498.99	\$ 7,992,196.28	98.5%	57.2%	INTERSTATE IMPROVEMENT INC	GLENN PETRENKO	PETERSEN, CHRISTOPHER,	
3471	SR 28, ROUNDABOUT	\$ 2,414,236.00	\$ 2,414,236.00	\$ 1,095,974.35	45.5%	0.0%	Q&D CONSTRUCTION INC	JOHN ANGEL	NUSSBAUMER, MATTHEW,	
3472	VAR. CLARK, SIG. SYS. MOD	\$ 3,393,786.20	\$ 3,393,786.20	\$ 2,707,198.99	80.2%	64.7%	LAS VEGAS ELECTRIC INC	DON CHRISTIANSEN	CERAGIOLI, JIM,	
3473	VAR. EL,EU,HU,LA,NY,WP, SAFETY	\$ 341,000.00	\$ 341,000.00	\$ 344,123.50	100.9%	57.5%	BECO CONSTRUCTION CO INC	BOYD RATLIFF	CERAGIOLI, JIM,	
3474	I-515, ITS	\$ 6,647,492.75	\$ 6,647,492.75	\$ 1,785,736.29	28.2%	34.2%	LAS VEGAS ELECTRIC INC	GLENN PETRENKO	KIMLEY-HORN & ASSOC.	
3475	VAR. CLARK, SIG. HEAD MOD	\$ 940,692.00	\$ 940,692.00	\$ 941,005.68	100.0%	71.7%	LLO INC DBA	DON CHRISTIANSEN	CERAGIOLI, JIM,	
3477	US 95, COLDMILLING, HU	\$ 4,792,006.99	\$ 4,792,006.99	\$ 4,590,505.92	95.8%	100.0%	Q&D CONSTRUCTION INC	DAVE SCHWARTZ	G.C. WALLACE	
3478	SR 722, DBLE CHIP SEAL, CH	\$ 4,029,007.00	\$ 3,479,007.00	\$ 2,479,534.45	73.1%	55.0%	SIERRA NEVADA CONSTRUCTION INC	SHAWN HOWERTON	PB AMERICAS INC.	
3479	US 93, CIR, ELKO	\$ 8,654,654.00	\$ 8,654,654.00	\$ 4,632,536.16	53.8%	75.0%	GRANITE CONSTRUCTION CO DBA	MIKE JOHNSON, CH2MHILL	C. A. GROUP	
3480	SR 372 & SR 160, COLDMILL, NYE	\$ 8,175,000.00	\$ 8,175,000.00	\$ 5,877,462.49	72.1%	82.5%	AGGREGATE INDUSTRIES SWR INC	SAMI YOUSUF	BIRD, STEVE,	Behind schedule
3481	US 95, COLDMILL & RDBED MOD, NY	\$ 8,500,000.00	\$ 8,500,000.00	\$ 6,681,374.92	78.8%	52.5%	AGGREGATE INDUSTRIES SWR INC	SAMI ALHWAYEK	BRADSHAW, JOHN,	
3500	I-15,FECING & EROSION CONT. PIT	\$ 812,000.00	\$ 812,000.00	\$ -	0.0%	0.0%	LAS VEGAS PAVING CORPORATION	SAMI YOUSUF	SULAHRIA, SAJID	
3501	SR 431, WATER QLTY & EROSION C.	\$ 5,318,188.00	\$ 5,318,188.00	\$ 1,923,411.69	36.3%	62.0%	Q&D CONSTRUCTION INC	JOHN ANGEL	WOOD RODGERS	
3502	I-80, PCCP REPAIRS, LA	\$ 3,181,013.78	\$ 3,181,013.78	\$ 29,073.98	1.8%	44.0%	INTERSTATE IMPROVEMENT INC	DAVE SCHWARTZ	BRADSHAW, JOHN,	
3503	SR 443, COLDMILL & STRESS RELIEF C.	\$ 4,192,192.00	\$ 4,192,192.00	\$ 323,877.46	8.8%	19.0%	GRANITE CONSTRUCTION CO DBA	SHANE COCKING	MANHARD CONSULTING	
3504	I-15,	\$ 14,200,000.00	\$ 14,200,000.00	\$ 281,084.78	2.6%	13.1%	LAS VEGAS PAVING CORPORATION	GLENN PETRENKO	PETERSEN, CHRISTOPHER,	
3505	US 50, WIDEN & DRAINAGE IMP.	\$ 21,212,121.00	\$ 21,212,121.00	\$ 262,331.90	1.3%	9.1%	GRANITE CONSTRUCTION CO DBA	STEPHEN LANI	BIRD, STEVE,	
TOTAL		\$ 1,160,207,319.57	\$ 1,211,628,117.22	\$ 1,090,902,398.06						

Notes:

 Work on or ahead of schedule and within budget

 Work behind schedule and/or over budget, recovery possible

 Work behind schedule and/or over budget, recovery unlikely; or Outstanding REA

Adjusted Bid Contract Amount = Original Bid Amount + Change Orders

Total Paid to Date = Total Amount Paid to Contractor including Change Orders, LOA's and quantity over-runs

% Work = % of bid item work paid

% Time = % of time expended

Contractor: Data obtained from Integrated Financial System (IFS)

Resident Engineer: Data obtained from IFS

Project Manager: Data obtained from PSAMS

Description: Comments provided by Construction Division

All contracts considered active upon upload into IFS through active bid item work or outstanding REA



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MEMORANDUM

August 15, 2012

TO: Department of Transportation Board of Directors,
Construction Working Group
FROM: Richard Nelson, Assistant Director Operations
SUBJECT: August 24, 2012 Construction Working Group Meeting
Item #10: Old Business – Informational Item Only

Summary:

This item is to provide follow up and information brought up at previous Construction Working Group meetings.

Analysis:

- A. NDOT's Pavement Management System (PMS) as requested by Member Wallin – June 25, 2012 – *Informational item only.*
- B. This item covers specification changes that the Operation Division submitted to NDOT's Chief Specification Writer for changes in the new Standard Specifications.

List of Attachments:

- A. Life Span of Pavements
- B. Specification Changes

Recommendation for Board Action:

This is an informational item only.

Prepared by:

Richard Nelson, Assistant Director Operations

Life Span of Pavements

NDOT manages our pavements by use of our Pavement Management System (PMS). This system is a procedure to prioritize and schedule projects for the resurfacing, restoration and rehabilitation (3R) work program which is managed by the Materials Division. This system is not intended to supersede or replace the use of sound engineering judgment and research of the latest best practices, but compliment it.

Nevada's roadway network is divided into road prioritization categories based on average daily traffic (ADT), equivalent single axle load (ESALs), highway classification and required frequency of rehabilitation based on life cycle models. NDOT has five categories that we monitor through our PMS (see table below).

Road Prioritization Category	Two Directional ADT and ESALS	Total Lane Miles	Percent of Road Network	Required Frequency of Rehabilitation in Years
1	Controlled Access Asphalt	1746	14	10(+/-)
1	Controlled Access Concrete	723	6	18(+/-)
2	ESAL>540 or ADT>10,000	2519	19	12(+/-)
3	540>=ESAL>405 or 1600<ADT<=10,000+NHS	2800	21	12
4	405>=ESAL>270 or 400<ADT<=1,600	1921	15	15
5A	280<ADT<=400	799	6	20
5B	120<ADT<=280	1351	10	20
5C	ADT<=120	1237	9	20
	Total	13095	100	

Examples of category 1 roads are I-15 and I-80, category 2 are US 93 and US 50, category 3 are Industrial Way in Las Vegas and Snyder Ave. in Carson City, category 4 are Franktown Road in Washoe County and Deer Creek Road near Mt. Charleston in Clark County and category 5 are Gabbs Valley Road in Mineral County and Lee Canyon Road in Clark County.

The last column titled "Required Frequency of Rehabilitation in Years" does not mean we always meet these time periods for rehabilitation on each section of road we maintain. With the downturn in funds, we schedule roads that need our maintenance overlays first so a more costly project would not be required at a future date.

This past year we reviewed our projected life spans for categories 1 and 2 and extended them since we are getting longer life out of our pavements than we anticipated. This extended life is due to the superior asphalt we use in our pavements. We will continue to review our pavement life spans for categories 3, 4 and 5 to see if we can further reduce our annual financial need.

An entire section in The Materials Division is devoted to monitoring Nevada's pavements through the PMS. This system improves the efficiency of decision making, provides assessment on the consequences of decisions and ensures consistency of network and project level activities and decisions. The system supports the overall goals of NDOT to optimize safety, deliver timely and beneficial projects and effectively preserve and manages the state's assets.

Listed below is a brief explanation of requested standard specification changes made by the Operation Division's within NDOT.

- Section 102 Bidding Requirements and Conditions: cleaned up the irregular proposal language.
- Section 103 Award and Execution of Contract: added escrow of bid documents.
- Section 104 Scope of Work: modified section pertaining to extra work payment.
- Section 105 Control of Work: added partnering, modified language in claim section and dispute review team.
- Section 106-Control of Materials: added revised Buy-America requirements.
- Section 107-Legal Relations and Responsibility to the Public: moved items to other sections where more appropriate.
- Section 108-Prosecution and Progress: moved items to other sections where more appropriate and modified schedule language for clarity.
- Section 109-Measurement and Payment: updated force account section and moved asphalt escalation from section 401 to 109.
- Section 200-Construction Stakeout: updated language to differentiate between contractor stakeout and Department stakeout.
- Section 203-Excavation and Embankment: change borrow and selected borrow from source requirement to project requirement to assure quality of material placed. Borrow will be changed to gradation and Atterburge limit requirements to be more consistent with industry standards along with being consistent with our new compaction test method (modified proctor). Select borrow will have similar requirements as well as the current R-value specification and will be placed in the upper 5 feet of all embankment, not just approach slabs. The intent is to allow lesser quality material in the lower parts of the embankment while maintaining high standards in the upper portion for pavement loading.
- Section 208-Foundation Fill: Materials has completely changed this section and it will now be called "Subgrade Stabilization". This section will deal with soft-wet subgrade. We will be making a conscious effort to identify soft subgrade during design and will have specs and quantities in place to reduce claims and cost overruns.
- Section 305-Roadbed Modification: clarified compaction requirements and gradations of the pulverized surface.
- Section 401-Plantmix Bituminous Pavements-General: updated the specifications to what was agreed upon during the NDOT/AGC Materials Sub-Committee meetings dealing with hot-drops and temperature requirements.
- Section 402-Plantmix Bituminous Surface: required cores for each lift of mix for compaction requirements.
- Section 403-Plantmix Bituminous Open-Graded Surface: updated section to address smoothness of open-graded surface.
- Sections 406-Prime Coat: inclusion of QPL items as alternatives to prime coat.
- Section 408-Surface Treatment: minor modifications to temperature specifications and equipment modifications to chip seals.
- Section 409-Portland Cement Concrete Pavement: added requirement for 20% minimum fly-ash and added language for testing dowel bar location with Magnetic Imaging Technology.
- Section 410-Concrete Pavement Resurfacing: change requirements for rubbilization equipment for concrete pavement.

- Section 502-Concrete Structures: modified the method liquidated damages are assessed for failing concrete strength and updated concrete stain language.
- Section 508-Driven Piles: complete rewrite to update to current industry standards and updated equipment form for driven piles.
- Section 509-Drilled Shaft Foundations: modifications to the language are being made based on recommended specifications from FHWA and comments from the construction crews and their previous difficulties with enforcement of critical items. CSL language will also be changed to allow alternate methods of non-destructive testing to further investigate anomalies.
- Section 607-Underdrains: this section covers under-drains and we are adding PVC and HDPE pipes for use which have become the preferred materials for subdrain systems.
- Section 623-Signals, Lighting and Intelligent Traffic Systems: minor language modification to light pole foundation requirements.
- Section 624-Accommodations for Public Traffic: updated section to direct contractors to notify residents, business and schools of construction projects and require contractors to create an incident response plan.
- Section 636-Temporary Painted Pavement Markings: updated temporary striping paint locations and dimensions.
- Sections 640-Retaining Walls: modifications are being made to incorporate LRFD design guidelines as part of the contractor's submittal for internal design of the wall. These changes are mandated by FHWA on federally funded projects. Specifications are being made for geosynthetic reinforcement which was just recently allowed. One geosynthetic wall system was just approved for QPL listing.
- Section 643-Ground Anchors: minor changes to the tieback-wall contractor's qualification requirements to include "permanent" installations as project experience.
- Section 644-Soil Nails: minor language changes to specifically exclude hollow bar nails in permanent soil nail applications. The Mesquite project demonstrated conclusively that this system is inferior to the standard methods. Also, contractors knowledgeable with the application have given us presentations and guidance that hollow bars are only applicable to emergency projects and active landslides.
- Section 703-Bimunicipal Materials: eliminate unused specifications.
- Section 704-Base Aggregates: added borrow requirements to this section to correlate with revised section 203.
- Section 705-Aggregates for Bituminous Courses: added specifications for micro-surfacing.
- Section 706-Aggregates for Portland Cement Concrete: minor modifications to rip rap specs to assure that material has 100% mechanically fractured faces.
- Section 708-Concrete and Plastic Pipe: wording change for concrete and plastic pipe.
- Section 716-Sign Materials: changes to posts for tortoise fencing.
- Section 722-Water: addition of cold recycle water sample to water specifications.
- Section 730-Traffic Beads: update section with new material requirements.
- Section 731-Engineering Fabrics: several additions are being made to add new geosynthetic products that may have more use on our projects such as geomembranes, and new types of geogrids.