Nevada Department of Transportation
Construction Work Group Meeting Transcript
September 12, 2016

Chairman Len Savage	Sharon Foerschler	Rick Bosch (Dist II)	Ruth Borrelli
Controller Ron Knecht	Jeff Freeman	Mary Martini (Dist I)	Jenni Eyerly
Frank Martin	Steven Lani	Mario Gomez (Dist I)	
Reid Kaiser	Darin Tedford	Kevin Lee (Dist III)	
John Terry	Allison Wall	Paul Schneider (FHWA)	
Tracy Larkin	Dennis Gallagher	Bill Wellman (Las Vegas Paving)	

Savage: Good afternoon everyone. Welcome to the Construction Working Group Meeting of September 12, 2016. Thank you everyone for attending. I'd like to call the meeting to order. Can everyone hear us loud and clear in Las Vegas and Elko?

Martin: Well, loud anyway Len. [laughter]

Lee: I can hear you in Elko as well.

Savage: Thank you Kevin. Who is present in Las Vegas? I can't quite see the screen.

Martin: We have Mario and Mary.

Savage: Okay, perfect. Anyone else in Elko, Kevin?

Lee: No, just me, thanks.

Savage: Thank you both for attending. Let's go ahead and we'll wait for the Controller. If he comes later, he can just join in, but we'll go ahead and get started. Any public comment up here in Carson City, for Agenda Item No. 2? No public comment in Carson City. Las Vegas or Elko, is there any public comment?

Martin: None in Las Vegas.

Lee: None in Elko.

Savage: Thank you. With that being said, we'll move to Agenda Item No. 3, Comments from the Construction Working Group. [pause] Okay, come on now. [laughter] I hope everybody is not tired from the Board Meeting. I really challenge everybody to have some discussion here. There's a lot of good things going on at the Department. It's very evident the passion, the leadership, it's a new day. They talk about the New Nevada but it's evident in talking with the Governor and everybody else that the Department here is on the right track. With the right passion, very good leadership and I know I appreciate it. I know there's a lot of good minds out here, a lot of topics for discussion. Any matters, challenges, improvements, changes—somebody must be thinking about something.

Martin: Len?

Savage: Yes, Member Martin.

Martin: From down here, four blocks away, we've got the biggest project that the State of Nevada has ever undertaken. I'm wondering that maybe in our meeting in three months, the next quarter that we have Amir or one of the guys from the NDOT Staff come in and talk to our group about how the design-build process is working, the challenges they're seeing. This goes back to the conversation we had with Mr. Kaiser, I think a meeting or two ago about design-build versus design-bid-build and some of the people are set in their way when it comes to design-build and design-bid-build versus design-build. I thought it would be, since this is the largest design-build project we've undertaken, one of the largest projects we've undertaken as a State is to get Amir and have him come in and do a face-to-face with us.

Savage: I think that's a great idea Frank.

Kaiser: We can definitely do that. Reid Kaiser for the record. We can definitely get Amir in or maybe Dale Keller who is running the project management, that job for project management, have him give an explanation and see how things are going. Are there any other staff you would like—

Martin: One of the things I want to make sure here, Reid is that I'd like to hear from the guys that's boots are on the ground that's handling the discussions with Kiewit, that's handling the discussions with the designers, that kind of stuff. I don't know if that's Dale. My impression when I take a look at an org chart, it's more Amir.

Larkin: Could I suggest, Dale Keller is the project manager and he is the one who is dealing with the designers and the contractor on a daily basis. But if you're truly looking for some comparison, maybe we also bring in like Pedro just for USA Parkway and just show one or two perspectives on design-build in general.

Kaiser: What are your thoughts John?

Terry: Yeah, if you're going to do one, you probably ought to do both. I don't know what you're—you want it from the perspective of how the jobs are going or how the design-build process is going?

Martin: My big concern listening to what's been discussed in the past is there seems to be resistance on the part of some NDOT managers to the design-build process with the preference for design-bid-build. I'm kind of wanting to—Len, I'm speaking for myself here, but I think you and I are on the same page in that we're both proponents of this design-build. We voted on USA Parkway being a design-build project. We voted on Project NEON being a design-build process. [inaudible] I think it's only right we find out how it's going.

Savage: Okay. I concur Frank. I agree. We're both proponents of the delivery system for both the CMAR and the design-build. Just want to ensure that we're getting the right value at the right time for this process. I think it is going to be a good exercise on the December CWG Meeting.

Martin: And that it's being approached with the right attitude on behalf of both the design-builder and our staff.

Savage: Exactly. Do we have any comments or topics that we might have, anybody?

Kaiser: Reid Kaiser, any NDOT staff has any topics that you believe would be relevant here at the CWG, don't be bashful. Send me an email and we can get them addressed. I am starting to run short of things to talk about here, so ideas would be welcomed.

Savage: A couple of general comments is that B.J. Almberg was concerned with the overhead with some of the consultants. Mr. Hoffman had said that he was going to be able to sit down with him. I know they were both gone today, so if somebody could please follow-up to ensure that Mr. Hoffman did get Mr. Almberg some of the information and support documentation on how the overhead is calculated.

Kaiser: Yeah, I talked to him, he did send that to BJ.

Savage: He did.

Kaiser: Yes.

Savage: And then also the—this is just the times that we're living in as far as ensuring that the contractors and consultants have good coverage on some of our projects. It looks to me like we're getting a lot of that good coverage. There's four or five, and some were short on some different proposals. I just wanted to get some feedback from the Department to see if you feel that you're getting adequate coverage in some of the construction, as well as the consultant categories.

Kaiser: Statewide or?

Savage: Statewide.

Kaiser: Okay.

Savage: Or, geographically. I mean, is one better than the other, different districts, but are we really getting coverage? Do we have to have more outreach? You have great relationships with the people that we have in the skew now, as contractors or consultants. The AGCs, you do a great job with that communication. Again, we just want to be reassured that we're getting as much coverage as we can. It takes outreach, I think from the Department. You know the job better than I do. It's probably already being done but I just want to be reassured that everyone is making the best effort.

Foerschler: Sharon Foerschler, for the record. I can tell you from the Construction Division's perspective, we now have a consultant program, probably in the last year and a half that we didn't have at all for the previous four years or so. We're getting a lot of consultants submitting for RFPs. What we're finding is a lot of consultants are teaming because they don't have the resources and the market tanks, people went elsewhere. I can tell you we're going to continue to have consultant needs due to our work program. We're seeing the pool starting to, I don't want to say dry up, but you're seeing more teaming because the staff isn't out there right now. We're hearing that. I was at AASHTO for Subcommittee on Construction in August and there was discussion across the nation that states are feeling that. The resources have kind of dried up. We're getting the coverage we need but I think in the back of our heads, there's a little bit of concern as we reach out for more assistance, that it's going to be a little more difficult. You're not going to see as many firms perhaps put in on RFPs because they're going to be teamed up to form a team.

Savage: That's good hear. I'm glad you're talking about that Sharon. Mr. Controller.

Knecht: Thank you. Nationwide here and elsewhere, does that problem of human resources trace back to age demographics or is it separate from that? The Boomers are responsible for everything bad that happens, right? Is this another thing with them aging out and retiring or has that already happened at a younger age for them in the construction business?

Foerschler: Sharon Foerschler. I don't know if I can give you a straightforward answer on that. The skillsets, the generations coming up now are very different than the skillsets of our generation. We had discussion on that. Tracy can probably back leg on some of this with workforce development, but you know, it's in electronics. It's in some of the sciences, but not so much in the construction like it used to be.

Larkin: Tracy Larkin for the record. I will be presenting on it just a little later in this, but there is definitely—there is not a workforce, a construction workforce that is that ready, that's coming up with the next generation. You're finding basically the average age of a construction worker is considerably older than it used to be. As Sharon pointed out, it's the changing in the type of work that most of the younger people are being guided too. There's some perception challenges that we have. Again, I am going to be discussing this in about 15 minutes.

Knecht: Good, I look forward to that. Besides the aging of the workforce, there does seem to be a problem in that in the prime working years, 16-54, male—and for that matter female—but, male workforce participation has fallen off steadily over the last few decades. That may go back to what you said about, there might be large enough numbers in the younger cohorts, but they're not coming into construction. Not coming into the workforce.

Larkin: Yes, to both of those comments.

Savage: Major concern. I can't think of the term but it was Reid and Denise at the last meeting, at the T-Board level, you had three consultants—and I thought it was very innovative on your part for a scope of work. You had three consultants that were all approved dollar wise. You had them available. So you were able to pick, one might be busier than the other but you had the freedom to go to this other consultant. I can't remember the terminology method of delivery, but I thought that was something new. I had not seen that before.

Larkin: On call?

Savage: On call, that's the on call that I think the FHWA has recently brought back.

Schneider: Defined better.

Savage: Defined better.

Terry: They gave it a bunch of acronyms; they don't call it on call anymore. John Terry, Assistant Director—and you're going to see a lot more of these. That's just one of the first ones that went out. Now, most of the rest of these on-calls that the various other divisions have got in were not of the magnitude that those were in dollar amounts. Most of our divisions are working on having that on call. We had it years ago, slightly different. It's coming back but you're going to see more of those as a way to fill in.

Savage: I think it's great because it gives us so much more flexibility. If someone has a large workload and they're really not able to give us that value, then you can go to consultant number 2 or 3.

Terry: If I could add my perspective. The Controller, and Chair question from earlier. Yes, I think all these demographics are in play but I think she's starting to see in construction what we've seen in design for a while and that is these teams are teaming. A lot of the reason is, when the recession hit, engineering firms took a huge hit. They got extremely conservative. They sent their engineers to other places or they laid them off and they are extremely hesitant to hire new bodies back because that would drive their overhead up and they're not convinced that the market is there for long enough. They're all sort of getting the work out but they're not willing to staff up. At least, haven't so far. I think that is the biggest thing that's hitting us.

Knecht: Let me add one little wrinkle to that. I agree with you but this time was different in that the recession was terrible and deep and recovery, unlike other recoveries after really bad recessions, you usually get a really good recovery. This has been the worst recovery ever. I understand why people aren't willing to staff up until they see that we're getting back toward the long-term growth trend line, which we're not.

Foerschler: Sharon Foerschler. The on call construction division is looking, we have an RFP that's either on the streets or getting ready to hit the streets for on call to augment our construction crews on a limited time basis. We're putting out one RFP but for each district we will hire one consultant that we will go to solely for assistance as needed in the surge times for construction. Instead of bringing in full augmentations that are with the crew throughout the life of a contract, we might have needs that for six weeks we're going to paving and we're short of staff and we need some inspectors and testers.

We're going out with three separate agreements. We decided not to do an on call within each district because of the teaming and because it's our first step into augmenting our crews that way if you will. We wanted to make sure that we ironed out any potential issues we have. When you have on call—say we did three consultants in District 1 and your needs vary, you can't spread the work out. You still have to go by qualification. It's whoever they have on staff at that time that you need assistance with. It was our feeling that that might be perceived as not being fair and not distributing the work out so we made a decision to put one consultant in each district. If you play in District 3, you're not playing in District 1. That spread the work out. We're going to do that through the construction season of '18. Then kind of regroup and see how that worked and make sure we're addressing our needs.

Because the reality is, the team that they put together for that on call is probably not going to be the team you get when you really need somebody. They're not just going to keep them on staff. You know, we might have the agreement executed and it might be three or four months before we have any needs. Staff aren't just going to sit around and wait for us to pick up the phone and say, hey we need you now.

Savage: Yeah, it will be interesting because—I hope it's not too restrictive. That's my concern. If you have one—this is for crew augmentation. You have one consultant in one district, who is the back-up consultant for that work. You'd have to go out for RFP for that particular project, is that correct?

Foerschler: That's correct. The thought is that projects we know we're going to get assistance through the life of the project or projects we need a full administration over, we're still going to put out RFPs to the other consultants [inaudible]. This is just for surges in our work—within our own crews that needs assistance. You'll see in the work program for the three districts, they're really busy.

Savage: And I think that you hit the nail on the head. It's just a surge. To put the fire out at that point rather than having it standard because the competition, it's necessary.

Foerschler: We have the same concerns you do. That's why we kind of are taking a stab at the first approach to see if it works.

Savage: See if it works. Get some good feedback. So they'll know the projected workload at that time.

Foerschler: More or less.

Savage: Any other comments from the Working Group?

Kaiser: I got one. At the August Board Meeting, I believe, you—we had a couple of contracts where we only had one bidder on a contract. You had mentioned if we had reached out to any of the contractors to see what the issues were. Well, I reached out to some contractors to find out why we have such a limited pool, kind of in the desert. We seem to get a fair number of contractors on the urban areas. A lot of what they told me is that when you have like, speaking mostly for what's going on in District 3, there's four active hot plants in District 3. Two of them are contractors, one is a permanent in Elko with the Staker Parsons. And you have another one in Winnemucca, which is another NDOT hot plant. Then you also have a fifth in Ely, which sometimes they do produce NDOT mix and sometimes they don't. What they told me is, it's hard to go out into the desert and be competitive if you don't have a materials source. If you have a contractor who is already out there and is established and they have a hot plant say from a previous NDOT project, then it may not even be economically justifiable for them to go out and bid on a job.

So, that's kind of what we're up against. I mean, if we had a large desert program going right now I think we would pull more contractors; if we had a healthy 3R program, but we don't right now. So, I believe that's part of the problem is we just don't have a big enough desert program. Billy, you got any thoughts on that?

Wellman: Bill Wellman for the record. You're absolutely right. It's just—it's not economically feasible for us to go out and do chip seal projects if you don't have a volume to create something out of one of the state bids. Even the projects you awarded today to us in Pahrump, that asphalt material is going to come from Las Vegas. As you're saying, Ely, Winnemucca, Elko, those particular plants, you can haul those distances and still meet the criteria you need. It's going to be very limited on who can do that or who is interested in doing that. Trust me, we could use the work. It's just it doesn't make sense for us to try to compete with those folks up in that neighborhood.

Savage: Thank you for the input. It all makes sense to me. As a contractor, as a private businessman, it's about reward and risk and ensuring that the job is done per the specifications.

Kaiser: Me personally, I would rather see a contractor go out in the desert and make money and he be the only contractor bidding on it than have two contractors bidding on it and then we fight with them the whole time. That's a tough path to take.

Savage: Any other comments or suggestions from anyone here in Carson City or Las Vegas? Mary, Mario, Member Martin, any thoughts or comments about potential new items.

Martin: They're pretty silent. [crosstalk] one idea for the day, so.

Savage: I'm sure Kevin has got some good ideas in Elko.

Lee: I'll pass today, thanks.

Savage: Okay, one last chance here, anybody else? Okay, let's move on to Agenda Item No. 4, did everybody have a chance to review the meeting minutes of June 6, 2016? Are there any corrections, deletions or modifications?

Knecht: Move approval.

Savage: I have one slight correction on Page 31. At the top, Kaiser says, okay Savage, that's because we look at it every 90 days, instead of 30 days. This Board meets every 90 days. Go ahead and take a motion. Controller?

Knecht: Move approval as presented with the Chair's correction.

Savage: Is there a second?

Martin: Second.

Savage: All in favor, say aye. [ayes around] It's approved. We'll move on to Agenda Item No. 5, the Presentation and Discussion of NDOT's Right-of-Way Acquisition Process. This is an informational item only.

Kaiser: I got Ruth Borrelli, she's our Chief Right-of-Way Agent. I know Right-of-Way has been getting quite a bit of attention at the Transportation Board Meetings. I thought it would be prudent to allow Ruth to explain to us the process that she has to go through to acquire property.

Savage: Thank you Reid and thank you Ruth, I'll let you present.

Borelli: Thank you Reid and good afternoon. Thank you for your indulgence in allowing me to present this information. I probably—myself and other right-of-way divisions across the country are probably the only people in the United States that have their job description in the Constitution of the United States.

For most of us, buying our home is the most important investment that we'll make, both fiscally and emotionally. In recognition of that, the Founding Fathers found it—ratified the Fifth Amendment of the US Constitution in 1791. The Fifth Amendment states in part, "…nor shall private property be taken for public use, without just compensation".

This amendment sets forth the requirement that NDOT pay for just compensation for any property that must be acquired for our projects and provide the basis for further regulation passed by Congress in 1971. This law is titled the Uniform Relocation Assistance and Real Property Acquisition Policy Acts of 1970, as amended, which is better known as the Uniform Act.

The Act's intent was to ensure that all projects using federal funding treated property owners fairly and equitably if their property is needed for public use. It establishes minimum standards for federally funded projects that require acquisition, rehabilitation or demolition of real property and displacements of persons from their homes, businesses or farms. For the first time, the United States had adopted measures to be applied whenever federal government acquired real property. Additionally, the Uniform Act was adopted by Nevada Revised Statutes so NDOT must operate under these regulations whenever acquiring property.

There are several steps required that must occur before the Department Representative can approach a property owner. The project needs must be identified. Various project alignments are proposed. Environmental documents are completed. A project alignment is selected. The design is completed to a level sufficient to determine property impacts and once the property impacts have been identified the project general information notices must be issued by the Right-of-Way Division. Those of you here, many of you are aware, there are a lot of other steps that go in here. This presentation is basically for people, for the public when we're acquiring their property or when we're having a public meeting to get them familiar with how the program works. We all know there's lots of public meetings and other steps in there.

Before NDOT can make an offer and initiate negotiations, it is necessary to establish the amount of just compensation. First, we order an appraisal. It's performed by a licensed appraiser and the appraiser is independent from NDOT. That appraisal is then reviewed and based on the review and the appraisal, we set just compensation. These two activities, the appraisal and the appraisal review are independent. They're independent activities. They do not work together, the appraiser and the appraisal reviewer and the Department is not to have any influence on them.

Knecht: Ruth, is there a State statute that addresses the fact that you have to use a licensed appraiser? Where do we get that restriction and requirement?

Borelli: It's under the CFRs. The CFRs require an independent licensed appraiser. Our State statutes are based on CFRs, you know, defer to CFRs.

Knecht: The CFRs, how do they define what an appraiser is and a licensed one and that sort of thing? I would think that Code of Federal Regulations say something about a qualified expert or something like that because they can't prescribe for all 50 states particular state level licensing and that sort of thing, language.

Borelli: They say that they have to be licensed.

Knecht: Licensed.

Borelli: And then, they're required to work under USPAP and USPAP is their guidelines for appraising properties. And appraising for eminent domain is very different than general appraisal or commercial appraisal. It's a specialty area. There are very strict rules on how they are to appraise properties for eminent domain. As far as any more detail than that, I can't help you much there but I'd be happy if you want to email me some questions I can get you more detailed information.

Knecht: I was just curious. I may come back to you about that.

Borelli: Okay. All right. So, once the appraisers are done—well, I go to the next slide here. When we're getting ready to do an acquisition, it's required that we do the negotiation expeditiously. We must allow the property owner no less than 30 days. Usually our acquisition negotiation period is no less than four months. It's typically four months. If there's no movement of course, it could be shorter. It could be longer if we have positive movement.

Our appraisers sends out a letter to the property owner inviting them to accompany the appraiser during their inspection. The property owner may know things that the appraiser might miss otherwise. We like to get as much information as possible.

Once that appraisal and appraisal review is completed and everybody is pleased that everything was covered properly then we establish just compensation. That is the step before we can go out and make an offer.

So when an appraiser is working on the property, they are to disregard any increase or decrease in the value of the property. In other words, no project influence can be considered.

Kaiser: I have a question, Ruth. Do you have an example of that? Say if it's close to a highway, maybe you will get a business come in and went to put a 7-11, is that what you're—is that what that means?

Borelli: Correct. So recently there was a property owner who had vacant property or minimally improved. It was near an interchange and their appraiser said, well, this property can now be this because you have this interchange right here, some big development of some sort which highly increased the value of the property. Well, under federal law we are not to take those sort of impacts into account. It's the property as it exists today without the improvement of our project.

So our agents provide a written statement and a summary of the just compensation amount, on a sheet kind of laying out what the appraisal is saying. Often, these eminent domain appraisals can be 300 pages. We also provide all appraisals to the property owner as well as their reviews, so that they have a chance to review it and hire an appraiser to review it too.

So there's a few things that have to be taken into account before the initiation of negotiations, and the initiation of negotiations is usually once we send out a written offer. It can be done prior to that if we want to start relocation benefits or relocation activities. We give the written offer to the owner and they will have no less than 30 days to consider that offer, and we encourage written counter offers. So if it comes to there—that the property owner does not agree with our just compensation amount, we will consider other evidence to increase that amount.

So they have to provide us written information that justifies why they think the property is worth more than we've set for just compensation. If it comes up that we can accept that, we will enter into what's called an administrative settlement and that has to be completely supported, has to be in the publics best interest, and has to be conducive to getting to a settlement. That's all done in writing and goes through the level of approvals before we get there. It doesn't have any bearing on the fair market value. The fair market value is set under just compensation, it's an administrative settlement for administrative purposes only. We are never allowed to coerce a property owner. So we can't force them to sign anything or make threats, or threaten them with condemnation. We have to be very careful with how we present information to property owners so that they do not feel coerced.

Before the property is turned over, they have to be paid for it, first. So we can't take ownership or have any activities on the property until we have paid them. So, it's either pay them directly or put the money into a court. If we're going to do condemnation actions, it's deposited into the court, the property owner then has access to the funds at that point. The property owner receives at least 90-days' notice before they are required to move once we take possession. If the owner prefers to stay on the property after we've acquired it, and it won't impact our project schedule, they can be allowed to rent back the property from NDOT at fair market value, NRS requires that we get fair market value as well as CFR.

Again, we are not allowed to coerce a property owner in any way, shape or form. It's their right, we have to negotiate with them and not use scare tactics or anything like that. We're very, very careful about that. Sometimes on occasion, rare as though it might be, a property owner may wish to donate property to us for a project. If they do that, there are processes in place that protect the property owner, they have to be fully informed that they're entitled to just compensation, and they have to waive their right to that entitlement. They can still protect purposes as per an appraisal, and we will do that if they ask for that.

Savage: Excuse me, Ruth? On that issue of the compensation, does the FHWA utilize the same—whether it's 95/5 or whether it's 80/20, do they use the same proportion ratio for Right-of-Way-acquisition?

Borelli: He is shaking his head yes, Paul.

Schneider: Paul Schneider for the record. Yes.

Borelli: Yes. That's handled all through our Finance, that's why I just stayed quiet. I just get everything signed, collect the money, and then the people down in Finance split it up the way it's supposed to be split up. Sometimes there are different functions, we will have a different EA assigned for just acquisition on occasion, or the acquisition activities will take place under a different project phase, and that can change that balance.

Savage: But if it's a State Funded Project, then the FHWA does not get involved with Right-of-Way?

Borelli: That's correct, if there is no federal money at all. That being said, it's still under the NRS that we should follow these same processes.

Savage: I understand that. Thank you Paul. Thank you, Ruth.

Schneider: Just to be clear on that—Paul Schneider. So most of the—the funding split is based on the program description in the law. In most instances for Nevada, it's 95/5. There are instances when it's 80/20 and there are instances when it's 100 percent. It's just based on that particular program that they're using to fund Right-of-Way.

Savage: Thank you, Paul.

Borelli: I think this is a mystery subject. So currently, the FHWA has a waiver in place that allows us to pay for negative equity. We have had, as you are all aware, a unique housing market where homeowners have been in a negative equity situation. To address that—we don't want to put them in a bad place. Again, we don't want to put them in a place worse than what it would have been if it weren't for our project. They would have stayed in their house, continued making their mortgage payments until the housing market got to the point where their house was no longer underwater.

So to address that again, the FHWA put this waiver into place. What the waiver is, normally if you're paying off—if you give them an administrative amount of just compensation, it deducts from what they get from their replacement housing benefit. In this situation, it does not deduct from that replacement housing benefit. So for example—oh, and that waiver is due to expire in December, but FHWA is reaching out and seeing if the states feel that they're ready to expire that. They may renew it again; I hope so for the State of Nevada anyway.

So they need to pay off the mortgage because we came. They cannot be in default, and they have to continue making their mortgage payments. Sometimes property owners get a little confused when we come to make an offer, they just stop making their mortgage payments. So it's really important for us to make them understand that they need to keep doing that. So, here is an example. We have a just compensation amount on a house of $150K, because the housing market has dropped and they were underwater. Their mortgage amount was $200K. So because of that, we would give them an administrative settlement of $50K to be used specifically to pay off their mortgage. Then, the agent would find a comparable replacement dwelling—but it's $170K for whatever reason, their comparable is higher than their original house. So if you take that $170K we paid them $150K for just compensation, that leaves them with a $20K Delta between the replacement and their original home. That's the Replacement Housing Payment, eligibility payment.

So in the normal program, that $20K could be wiped out. Under this waiver, they're allowed to get that $20K. So, this particular property owner got their $150K in just compensation, their $50K in administrative settlement to zero out the balance on their mortgage, and $20K in their replacement housing payment, and then on top of that, there is a relocation benefit. So, they get paid for actual and reasonable relocation costs, moving, packing up, whatever it is.

So, getting into relocation. The provisions of the Uniform Act apply if the displacement of people, businesses, farms, public facilities such as schools, and non-profits become necessary. We don't want, again, people to suffer disproportionate injuries as a result of programs designed for the benefit of the public as a whole. So, we are required to provide relocation assistance advisory notices to those people who are displaced. We provide notices, the general information notice is the first notice that goes out. That goes out to impacted property owners, whether they're businesses or private property home owners, informing them what the project is. Basically, when they're going to be coming and what the project encompasses.

Then they get the notice of relocation eligibility. The Notice of Relocation Eligibility comes within seven-days of the written offer being put out. So that tells them that they are eligible for these programs, and included is pamphlets explaining what the program does offer. So there is re-establishment for businesses, they have reestablishment benefits, they have moving benefits, searching benefits, various things. That's all included in the pamphlets that they receive. A 90-day notice will be issued 90-days before they're required to move. That's only after we have taken possession of the property, and then they get a 30-day notice.

So for a homeowner, no person shall be required to relocate until a replacement dwelling has been located. Sometimes it's not within the price range, sometimes there's issues. Well, we take it case by case and we deal with those issues as they come up. All relocation benefits are tax exempt, the eligibility requirement and pay back procedures include moving costs, replacement housing and rent, supplemental payments—which they can be substantial, the supplemental rental. I had an individual that was renting a house for 18 years they were paying $650 a month for a four-bedroom house. We relocated them into a house that was decent, safe and sanitary, and it was substantially more per month because they had a real sweetheart deal where they were. We paid almost $20K in benefits to them to offset some of those higher rental costs for 46 months. They did a mortgage interest rate differential and payment of closing costs, incidental the purchase of a replacement dwelling.

So for residential displaced person, the relocation program provides replacement housing benefits to residential homeowner and tenants so that the replacement dwelling is at least equal to, or better than, the displacement dwelling, and that the dwelling meets a predetermined standard measure terms of it being decent, safe and sanitary. So replacement and comparable does not mean exactly the same. It may be slightly different depending on decency, safe and sanitary criteria.

It has to be functionally equivalent, adequate in size to accommodate the occupants, in an area not subject to unreasonable adverse environmental conditions, in a location not less desirable, on a site that is typical in size, currently available, and within the financial means of the displaced person. So you have folks that you're relocating, their kids are in a school district that they like, they don't want their kids going to different schools, you have to find them a replacement house within that school district. They want to be on a certain bus line, they want to be near their doctor, they want to be near their hairdresser, whatever it is, you as a relocation agent have to do your best to find them a home that meets that criteria for their needs.

We often have to find replacement housing for folks that are handicapped. Sometimes that means you find the replacement housing and then you have it upgraded. You hire a contractor to come in and put those improvements in that are necessary to assist with their condition. It's not unusual to have to do those kinds of things when you're relocating.

Also, for being functionally equivalent, you might have a brother and sister that are sharing a bedroom in their current house, when you relocate them, you have to have separate bedrooms. That's why sometimes you'll see someone had a three-bedroom house, now they have a four-bedroom house, and the public would look at that and say, oh, well that's an upgrade. Well, it's required under the federal code, that we have to make sure those siblings have separate bedrooms. So those are some of the things that come into consideration.

Savage: What if the brother and sister really get along? [laughter]

Borelli: If you have a teenage daughter sharing a bedroom with a 4-year-old sister, you have to have separate bedrooms. Privacy issues.

Speaker: [inaudible] [laughter]

Borelli: So again, if we can't find it, find a replacement house that's within their monetary limits, then we have to work to deal with that on a case by case basis. It might mean that we have to come to some sort of a settlement where they get a little extra to get them into a house.

The Department's Representative must inform the displaced person of the comparable replacement dwellings location, allow sufficient time for the displaced person to negotiate a lease or to purchase a replacement dwelling, and disperse the relocation benefits in a timely manner. Sometimes it's very difficult to find a replacement house for some people, sometimes we have to put them in a temporary rental situation, that has been done. You just have to deal with it. You have to be very creative when it comes to the relocation site of the house. The whole time you have to be there every step of the way with that property owner. I have cleaned out refrigerators, I have thrown away old turkey carcasses. You do what you have to do to make it as least stressful as possible on that property owner. It's rough. You're coming to them and disrupting their life.

On the commercial side, the agent does everything they can to handle the relocation activities so that it is as least destructive to the business as possible. We have to take inventories, you have to find places, take them out there, and have them look at the replacement site and make sure it's going to work for the business. You have to hire contractors to come in and to give you bids on how much it's going to cost you to update the tenants or improvements inside those new locations to work for their businesses and things like that. So, it's quite interesting and you have to be quite creative. So we pay for their expenses, actual and fixed, and there is a federal cap on reestablishment. Sometimes, often, the federal cap is not high enough to cover all the costs of a business relocation, and sometimes the state will step in and help out with that.

The main thing that's important is that we have to make sure that we're there for the property owners in the project alignment, that we offer them the benefits that they're awarded, and that we make the process as painless and smooth as possible for them—if you could ever consider getting your house bought out from under you, painless. Thank you. Any questions? Yes?

Knecht: Ruth, I want to go back to page 5, in particular the bullet point that says, disregard the increase or decrease in value caused by the project. I think we all understand that in principle, in that no one should be enriched by a public project, and no one should be impoverished or damaged by it. But then you get to some tough cases—what happens for example, when under the best designed possible—considering all the equities and factors, essentially you end up taking only a small part, or needing only a small part, of a partial but it's a key part where—if for example, could be the only access at all, and you don't need the vast outback that it's attached to, but that vast outback loses value when you take away the access. There are two options, one is to recognize some effect on the value of the remaining property, and two is to take the whole thing. What do we do?

Borelli: In eminent domain appraisals, they do before and after appraisals. They appraise the parcel as if there was no taking and then they talk about the impact of the taking on the parcel and damages are accessed. They don't only access damages, but also benefits. Usually what you're reading about it damages. So in a case like you're talking about here, if the impact is great enough that the remainder becomes what they call an uneconomic remainder, then you can offer to the property owner, we'll buy your property in total, there is this uneconomic remainder that you have the option to keep should you wish to keep it. To me uneconomic is to not have utility to the property owner in any way. So, normally they don't want to retain the uneconomic but it's an option that they get to have. But, yes, those damages are definitely —

Knecht: Recognized?

Borelli: Recognized in the appraisal. That's where it gets a little dicey with that language, project influence. It's more about, you're not supposed to think about what that parcel will be in the future because of the project.

Knecht: Right. Okay. Thank you, that's helpful.

Borelli: Any other questions? All right. Thank you very much.

Savage: Where there any questions in Las Vegas, Frank?

Martin: No, Sir. Very informative. Thank you.

Savage: Ruth, thank you very much. Nice presentation. I have one question. It's probably in here, it's on my part. Is Right-of-Way only in headquarters, or are there people within Districts that help with Right-of-Way as well?

Borelli: We have permit inspectors and utility inspectors in the Districts that go out and inspect our utility, because Right-of-Way covers utilities also. So, we have utility relocation projects, and our utility inspectors inspect that activity and they also inspect any permits that are issued through Right-of-Way and District issued permits for encroachment. So, we have permit inspectors.

Then in Las Vegas we have utility agents that are part of our group, and all of the acquisition core is here in Carson City. Our Property Management is in Carson City, but we share some of that property management with our utility inspectors in Las Vegas. So, everybody gets crossed trained. Our Right-of-Way engineering group, survey group, and appraisal group are here. The core of our activities are here.

Savage: At the headquarters? How many total people within Right-of-Way Division?

Borelli: About 72.

Savage: Thank you, Ruth. Nice presentation.

Borelli: Thank you.

Savage: Let's move on Agenda Item No. 6, Old Business.

Kaiser: Chairman Savage, if possible, I would like to move up Item No. 5 to the top. Our Chief Human Resources Manager has another meeting to go to, if we could, could we move up Item 5?

Savage: Yes, we can. Item No. 5, NDOT Staff Update.

Kaiser: Just so you know, you've probably never met—this is Allison Wall, she is our Human Resources Manager. She took over for Kimberley King.

Savage: Allison, welcome.

Wall: Thank you.

Kaiser: As you can see from Item No. 5, our Permanent Vacancy Rate did go down, our Temporary Vacancy Rate went up, and our Overall Vacancy Rate has gone down also. We have fewer vacant positions, and more people are on probation and trial, which means we have more newer employees—I guess my English is better than that. We have more projected retirements in the next five years, and fewer in the next ten years. So, if you guys have any specific questions on that information, I'm sure Allison could probably answer them.

Savage: Well, speaking for myself, I know this is a big concern of the Department—so, welcome, Allison.

Wall: Thank you.

Savage: Welcome to NDOT. I would be curious as to what the realistic goals are? Maybe in a future meeting, an Excel spreadsheet saying, here is the history of the past ten years, in these different categories; permanent, temporary, overall, you know the categories better than I do. But, I would like to see a kind of road map looking back through different economic times, going back at least 10 years.

I know things were cooking along pretty good back in '05 and '06. Things are starting to [inaudible] in 2016, so I wouldn't want to go back five years. Look at some of the comparative data [inaudible] department, staffing to see where we're at and what kind of trends we might have, and also where you're finding the new people demographically. Utilizing our universities that we—do we have good outreach to the institutions right in our own backyard?

Speaker: [inaudible]

Savage: We don't meet for another three months. You have plenty of time.

Wall: I will take that time. Thank you.

Savage: Any other questions or comments from Member Martin or Mr. Controller?

Kaiser: I have a question for Kevin. Kevin, are you guys out in District 3, or maybe Rick or even Mary and Mario, down in District 1, are we still seeing large vacancies on the construction crews and the maintenance crews? Are the trends getting any better for acquiring new staff?

Bosch: I can speak on that; this is Rick Bosch I'll just speak on behalf of District 2. Right now we're really struggling on the maintenance side to get people. Right now, in District 2, we have somewhere around 37 to 40 vacancy's right now between maintenance and construction. Construction right now, I only have three vacancies, so we've been working on filling those positions, but I can say this is the first time in many years that I've actually had openings on the construction side.

We're seeing a lot of retirements, we're seeing a lot of people leave for higher paying jobs outside of the state to private companies, or even outside of Nevada. Another thing that I wanted to point out is when we are putting out this announcement and we're getting these lists to hire off of, we're not seeing very many applicants in a lot of these positions. In fact, I know in maintenance recently for a supervisory position, we didn't have any applicants put in for a particular position. So, that's kind of where we're at in District 2.

Knecht: The reason for so few applicants is what?

Bosch: I would say it probably has a lot to do with what was discussed earlier with a lot people, when the recession hit, a lot of people left town. Now that we're having some larger companies come back in town that are paying a lot better, a lot of people are going to work for them and not so interested is coming to work for us.

Knecht: Is there anything in our hiring and personnel policies and procedures that could be loosened up or changed that would help? Or is it just that we need to pay more to attract the talent?

Bosch: I believe people look at benefits a lot. They look at salaries and wages and that's where they determine if they want to come and work for us or somewhere else. We continually try to put announcements out and try to attract people. We do a lot of advertising on—I know the Department is doing stuff on Facebook, and we've actually taken radio ads out trying to attract people. I think we're doing all that we can to attract people, we have a lot of programs through the colleges and stuff trying to attract people out of college. We're doing the best we can with what we have to work with.

Knecht: Thank you.

Martini: In District 1—this is Mary Martini. Las Vegas is always a challenging place and has been. We were the first to start losing people when the economy started getting better. I noticed that you don't have the chart in front of you that breaks down the vacancy rates per district, or who is on probation; but at this point in time, while the numbers are a little bit improved, District 1 still has the highest vacancy rate and the highest rate for those on probation.

A couple of things are happening similar to what Rick said. We're starting to have all the leading employers take our people. We're in a situation where our well-trained staff are leaving. We recently lost a maintenance manager in Stormwater, after we trained him in Stormwater—go over to the County, literally, for $40K more annual salary. Those things are happening.

The other piece that is happening is that the quality of the staff is going down as well. So prior to the recession, in maintenance, it was not unusual to see a great number of the applicants with records, felonies, et cetera. We're starting to see trend come back as well. We've got a number of felons that are applying. It addresses the quality of the applicants.

And then the final item, the recruitment process is improving and the turnaround through personnel is certainly helped, but we are still dealing with old lists where we have already exhausted the list. We may have been trying to hire from that list two months ago, and if there is anybody still on the list from the outside they certainly were not viable candidates two months ago, they certainly aren't any better. So, it's a lot of work to open a list but I think that's one of the ways that would be helpful. We've had positions where we had to downgrade them because we could not get any viable candidates for our staff. Do you want to add anything?

Gomez: No. You pretty much covered it.

Martini: Okay.

Savage: Thank you, Mary. Mr. Controller?

Knecht: Thank you, Mr. Chairman. I hear two different things here. I hear Rick saying that a lot of the problem that District 2 faces is competition from the private sector, and then I hear Mary saying that District 1 faces that, but they face something that we know fairly well about in the Public Safety Sector, that you face a lot of competition from local government. It's well known that people use State Police employment as a stepping stone to Metro, et cetera. Am I hearing right?

Martini: You are correct. This is Mary Martini, District 1. You're correct Controller. We have three cities and the county. So, in the urban Las Vegas area they all have much higher wages and much better benefits because for instance, they still belong to PERS but the city or the county pays their PERS for them. So, in addition to this particular situation that I mentioned before with the maintenance manager, in addition to the fact that he was getting $40K more per year, he was also getting his PERS completely paid for, as opposed to having to pay for them himself. So, in the rural parts of District 1, Tonopah, Alamo, Panaca, we're facing a similar situation with mining companies, as in District 3.

Knecht: Thank you for that answer. That is very helpful because you point out something that we pointed out before at the Controller's Office. It's not just the direct pay where there is a noticeable, measurable difference, but indeed the difference is at the local government level, despite what the statutes say, the practices that effectively—all of local government employment or the vast majority of it in Nevada has the PERS benefits paid almost completely by the employer and with the state it is very different. So, there's two very big margins there. Thank you.

Savage: Thank you, Mary. Thank you Mr. Controller and Mr. Bosch

Bosch: Yes. I just want to point out, I didn't mention it earlier, I mention more about the private companies of [inaudible], but it is the same issue in our District as well. We lost several employees in the last year to not only the City of Reno, but to also Washoe County because of that same reason that Mary mentioned.

Knecht: Actually, that was the next wrinkle I was going to put on it. What I know from—I've served on the CASA Board here for 12 years and I know a little bit about Social Service employment. Carson City for example, can't keep people in some of the social work positions because they immediately get an improved deal from Washoe County, especially as soon as they pass pro or something. You said Reno and Washoe County, maybe even Sparks for that matter, but do I take it correctly that you don't have as substantial a problem with Carson, Douglas, Lyon, Churchill and the other counties?

Bosch: I can't really answer that. I'm not sure. I know for sure City of Reno and Washoe County. I can't speak for some of the other county entities and city entities.

Knecht: Well, that's my impression too, is that it's basically Clark and Washoe Counties and the cities there in, that cause this problem.

Foerschler: Sharon Foerschler. You might notice that Megan Sizelove is not here today, because she accepted a position with Washoe Country two weeks ago. An increase of pay, living in Reno, and a contribution to PERS, and exactly what you're talking about. I think it's also important to note that we got a survey a couple of months ago from PEBS on our benefits, and what we would be willing to accept. Nowhere in that survey were we keeping what we have today. There were no acceptable answers, in my opinion, to that survey.

Knecht: I remember that survey.

Foerschler: Do you want a higher deductible and less benefits, do you want less benefits and higher out of pocket? Do you want increased premiums? It's like, none of the above, but that wasn't an answer. You couple all of these things, and we as State Employees in my opinion, lose more and more as time goes on. Am I employed, do I enjoy my job and what I have? Absolutely. But, it's difficult for those that are raising families or are early in their career not to make the jump where long-term, it's going to be a better move for them.

Knecht: Just for the record, I literally, personally, got the same survey and the only feedback I was willing to give them was what you said, I don't see any acceptable options here, was my answer.

Savage: Thank you Sharon, thank you Mr. Controller, Thank you Rick. Are there any comments from Kevin Lee up in Elko?

Lee: Yes. This is Kevin. It's basically the same here in Elko and my area with the exception of competing with the government agencies. We're really competing with the private sector. At times, I think we're improving on our rates and the numbers, unfortunately, with new employees, it affects us in so many other places and it's hard to articulate, but I'm sure you understand. That's about it. Thanks.

Savage: Thank you, Kevin. This is something that I think has to stay on track here and maybe even be taken to the T-Board level because we have a lot of good minds here at the Department. We have a lot of good people; things are going in the right direction. Our expectations from the Board are high. Our demands are high and we need the people to continue to respond like you do, and that takes a big picture understanding of what it's going to take in compensation, and in benefits, to stay ahead of the competition. I am a private business guy, I'm seeing it every day, to ensure that we keep good people. There has to be a lot of internal discussion. I think it just can't go to the back of the room, it has to be out in front. It has to start at the top and it has to go all the way to the field.

The more conversation that everybody has, things can get resolved, but if we keep kicking the can down the road, we will continue to lost a lot of good people. I don't know the right answer, but it's important that we try to stay on track, and stay positive because there is a lot of good things with the department, a lot of flexibility, but we have to be realistic at the same time in ensuring that the university students have the opportunities and want to be able to work for the Department of Transportation.

So, please don't stop talking. Please continue the conversation. Allison, welcome aboard [laughter] I hope you have 72 people in your Division that can get out there and get—I'm teasing. I know you don't. You probably have a handful, but seriously, this is not taken lightly. We have seen this Department come a long way, like I said earlier, we want to keep the momentum. It's about the people.

You call here to the Department of Transportation, you don't get the automated teller—not the teller, the receptionist. That's important because we're people in the people's business, building roads, highways and bridges. So, I know the ears are wide open for Board members, and ourselves, so nothing goes unheard. But just keep the conversation going and we'll find a resolution, we have to before it's too late.

Knecht: And you all understand there really are no Washoe County, Reno or Sparks options for you, right? You belong to us.

Savage: Allison, do you have any questions or do you need any clarification on what we're looking for?

Wall: No. Not at this point. I'll start the research and see you in three months. You may hear from me before then.

Savage: That's fine. You can call any time. I'll leave my contact information or you can contact the Controller, Member Martin. We all have open door policies. Thank you, Allison. Okay. Let's go back to Item No.1, Contractor Prequalification.

Kaiser: Okay. Contractor Prequalification. We have got this form back that we sent it out to the resident of engineers. We got their comments, we have taken them into account and we do have an AGC meeting this Friday. We are going to present this at the AGC meeting. It's the meeting where all of the contractors will be present so we will hand this out and ask for comments. I'll give a little brief presentation on why we're changing it and where we want to go with it. We will also present it at the AGC Senior Staff Level and give them that same opportunity. We will also send it down to the AGC Office in Las Vegas and we'll go from there. There are a lot of good changes here, and it's a better form, the REs liked it. They made some good comments on it and we'll see what happens.

Savage: Thank you, Reid. I think it's important that we have this standard. Now the REs will look at things differently just like everybody does. They will score people differently, but this is a good start. A real good start.

Kaiser: Bill, is there a group down in Vegas that should see this? I'm not sure if the AGC is letting any contractors go to the AGC down there.

Wellman: Actually, the AGC doesn't really exist down there anymore. It's called the NCA, Nevada Contractors Association.

Kaiser: NCA? Okay.

Wellman: It's the same group but we changed the name at the beginning of the year back to what it was before, several years ago.

Kaiser: Okay.

Wellman: Because of the differences, if you will, on AGC North or AGC Nevada. Shawn Stewart will get that and I myself would like to look at it, as well. I guess I probably have one question about it. Is the goal in evaluating, based on future prequalification as we do every two years, or working on, as in our projects?

Kaiser: This form will be used in the same capacity as the old form, so it will go into the rating process that the contractors go through. Again, that doesn't change the financial side, this only changes the form that we're using.

Wellman: So if I can ask, maybe, a stupid question? Have you ever used it and said, no, we're not going to award a project to a contractor?

Kaiser: We have had the opportunity such that, a contractor bid on a project and he had probably two years of bad ratings, and if he was a low bid on a contract, then the Director was going to send out a letter to them saying we're not going to give that contract to this contractor for that reason. So, yes, we have used it like it's meant to be used in the past, it's just never got that far.

Wellman: Okay.

Savage: Sharon, go ahead.

Foerschler: On this new form, Bill, it's actually not going to be confidential anymore, so you will know how you're going to be rated. There is an opportunity for you to review it at the District Level. In the past they were confidential so only if you had a four score, were you aware of how you were doing. So the intent with the team and Reid, and Jenny, and Thor and I worked on this, is more tied to contractual requirements, and the old form which is in the packet was fairly subjective.

So, we kind of felt as a team if you were able—the contractors were able to review it, it would be more meaningful, and hopefully used as a tool by the resident engineers during construction— that if they're thinking they're going to rate you bad, you're aware of that before you get to them with the contracts, so you have an opportunity to rectify the situation.

Wellman: That's, I believe, would be at the request of ACG or NCA, is that the contractors be able to review and rebut or agree with whatever it says.

Foerschler: I can tell you some Resident Engineers don't like that; they want it to be confidential.

Kaiser: The contractor does have to sign this. Well, I guess you don't have to, but there is an option for you to sign it.

Kaiser: There you go.

Knecht: A couple of thoughts Mr. Terry. First of all, making this public, I think is a very good idea. It's fair to the contractors, it's fair to the public that pays the bill, and it holds staff accountable in a way. Second, about the question of whether it ever results in somebody being DQd or something like that, that's important and as Reid points out, it happens rarely but the incentive effect of ranking people's performance, and using that as a reference for future contracting and just as a reputational matter also since it is public, probably is just as important even if nobody is disqualified in any particular situation.

The fact is that the contractors know, and the public knows, and the staff knows, everybody knows that we're paying attention to these six areas and your performance in them. That brings me to my real question which is, Reid, we've got numerical ratings here in six categories, category B is giving a 25 percent rating, and A, C, D, E and F were 15 percent each. Which prompts this question, how did you come up with those magical numbers, and what kind of feedback have you gotten, if any so far, from the contracting community or from anybody else on those rating factors?

Kaiser: Well, the committee came up with those numbers. We felt like quality should be given a little more higher ratings than the other ones, but just before—we sat down and assigned a number and that's what we came up with. We haven't sent this out to the contractors yet, but that was plan this Friday, to send it out to the AGC, at our quarterly meeting. I will also send this down to Sean Stewart for him to send out to the Las Vegas contractors.

Knecht: I would hope to hear from the contractors and anyone else from the public too, as to what they think of the ratings. I don't mean in any way to be critical here, I've done stuff like this and I know the problems at one level inherently—it's arbitrary what number you assign to each of them, other than the fact that they have to add up to 100. But, I think that's a substantive aspect of this thing and I hope that the contracting community and the public weighs in on that.

Kaiser: Oh, I am sure the contractors will.

Savage: Thank you, Mr. Controller. It's a real good start. Again, it's being transparent, it's being accountable, and it's ensuring that the contractors maintain a standard of expectations, that if we go back in the file and say, hey, you got a D- on this project.

Martin: Len, if I could address the Controller's comments about the contracting community and so on. Bill, you can hit me if you want, but to me as the client, we've got the right to set what our standards are. And I filled out dozens, and dozens, and dozens of these things for every state, federal entity in the entire Southwestern United States. Every state is different. The way I've always viewed it, the state is the customer, if I can't meet their requirements then I don't deserve to do their work. It's just me. It could be somebody's else will have a different view point. So, you can ask Mr. Wellman how he feels about it.

Knecht: Member Martin, I don't disagree with you on that, but I look at contracting as a relationship that is supposed to be mutually beneficial. So, it's helpful to us to know what it is that the counter party, the contractors, thinks about this. I'm not saying that they get a vote on this, but they certainly should have a voice.

Martin: Okay.

Savage: I think both points are well made. It's work in progress here, and it's about accountability in maintaining our standards and transparency, that's great. Okay. Anything else Mr. Kaiser?

Kaiser: Well, I wanted to say that I thank Sharon, Jenni and Thor. You know we spent a lot of time coming up with this stuff, but Sharon's office probably put the most effort into this. They're the ones that came up with this form. I wanted to thank all their efforts and appreciate their hard work.

Savage: Thank you, Sharon.

Foerschler: It was a team effort for sure.

Kaiser: And Jenni, did I say anything I shouldn't?

Eyerly: Not yet. [laugher].

Knecht: She is in the back row too.

Savage: Okay. Let's move on to Agenda Item No. 6-2. Tracy?

Larkin: Tracy Larkin, for the record, Deputy Director. Just giving a general update on the DBE Program. It's been about 18 months since we brought it before the Board. There is more in-depth material to come at a later date, but we're still working through a couple of items. We have made great progress in the last year, we've come through some [inaudible] things that are actually killing our office.

I have gone through about 160 percent turnover, which means every single person in there has been replaced at least once. If that says anything good or bad about it. The applications are up this year. We now have 638 firms that are currently certified. We have about 52 new applications this year, and 21 new Interstate applications. We have about ten more a month. We also have about 17 come in that are just renewals. They're already certified but they do have to get renewed, basically stating that they still meet the criteria. Of the 638 firms, about 131 are construction related firms, and 16 firms are directly related to the highway heavy construction.

We're getting down and really trying to drill down. Into the next days, basically the DBE Supportive Services Program—we have a contract out there that is very specifically looking at each DBE coming in and the old applications, and we are drilling down to see exactly if the next codes look right, if they're correctly stated and what firms are actually eligible and capable of working within the highway construction area. It is actually a very small community. We're also trying to find out—to access them and see where we can do training—like a gap analysis, to do training. So one of the things is when we do construction firms that we look at is, do you do commercial construction? Do you do residential construction? Do you do mixed? If you are in an urban area, are you willing to travel to the rural areas? If you're out of state, do you only come in because one needed a threshold while it's worth $2M, so now I'm willing to come in?

This will come up a little bit later when you see almost a little less than half of our DBEs are out of state. So, it's a pretty high percentage. We have streamlined the application processing to an average of 14-days. I really want to highlight that because that is all due to the team that's out there, Sonnie Braih and his team. Previously we had over six months or more by regulation we're allowed 90-days. The fact that we're averaging less than two weeks is, frankly, phenomenal.

We have eliminated all application backlogs, there were 98, so they're all caught up. We have certainly set goals on 67 new projects. Every project comes in and has to be accessed whether it gets a goal or not. Not every project gets a goal, which means if it's zero, basically it's not considered a goal. Overall attainment, our current goal average is 5.59 percent, for the completed contracts during the last reporting period we showed 6.5 percent DBE goal attainment. And for the ones that are currently going out, we're showing 8.25 percent.

I'm jumping you around a little bit, they put the notes together but my mind flows in a different manner. We are working on a disparity study. About three years ago we had worked on a disparity study that you were aware of that set the goal for 5.59. This time we are going with RTC of Southern Nevada, The Reno-Tahoe Airport, McCarran Airport, the RTC in Washoe County and CAMPO. So basically these are the—well, including NDOT, the six Agencies that make up the Unified Certification Program Board. This time we are doing it collectively so all of us are in it together to look at state-wide disparity studies, and basically we're trying to also match up what we're seeing within our industry with what they're also seeing across the board.

Savage: Makes all the sense in the world.

Larkin: We have also asked them to really look at the different regions. For instance, for us to find like a ten percent rating in the Elko or Ely is not likely, but we can have more opportunities in the urbanized areas and more opportunities in Southern Nevada. So, that should be coming up. We are putting in a new program goal. It looks like we will be moving our goal up. The recommendation will go from 5.9 percent to 7.99 percent. There will be much more on that to come out.

I'm training. We have been doing a great deal of training. We have been providing training through FHWA, who have six-pack trainings, a bonding training. We also have a contract with the SNCA in Southern Nevada who provides training to conduced costs to DBEs, and also some free training. That free training is determined by a group that's made up of the Latin Chambers, the Urban Chamber, NCA, and our group. So, it's not just an arbitrary people picking you up.

What we have found, and these are the things that we're getting the stories on is like, on bonding. Part of the gap analysis indicated that most firms are having trouble with bonding rates. We had bonding coming in, it was a good program FHWA did personally called every single Agency who indicated they needed bonding, none of them showed up. We had six other firms show up outside of it. But, these are the types of things that we really want to start to document is, what type of outreach is being done, how it's being done, and how they're responding.

The training aspects, we are also starting to work with other Agencies like the City of Las Vegas, some of those, so that when they preform training, it reaches out to the entire group and we do not duplicate training. Another thing is, we've got four Agencies down there, all of them are doing outreach to DBEs, we're starting to consolidate our forces so that the training reaches a larger audience. The upside is particularly in the construction area; you don't have a large group for our program. So if the City of Las Vegas is doing outreach and they do training, and then we're doing outreach and training on the same thing, well, you know, which one do I go to as a DBE?

We're trying to get that together. Basically, again, we're working to provide DBEs more training series to help with new applicants and potential applicants. We are exploring the idea of working with small business enterprise who have stations throughout the state to actually have a presence in these offices to help with applicants. So, again, with the shared resources. Like I said, I skipped all over the place and you can ask any question you like, but I'm done.

Savage: Mr. Controller?

Knecht: Thank you, Mr. Chairman. I have one basic question. Most of these DBE, SBE, et cetera requirements are grounded in and driven by federal law. Is there any significant fraction of them that you can point to that are not driven by federal law and that are discretionary to the State of Nevada and you're responding to statutes or regs that have been passed by the State of Nevada only?

Larkin: The State also has Legislation in place that we do place goals on state projects. We do follow the federal rules in all of the goal setting. Our discretion is in basically, I would say, how we set goals. When we follow a recommended practice for it, we take into account regional differences, we take into account the capacity for certain projects. For instance, if we have an open grade project in Elko, and then we have another open grade project in Ely and another one say in Winnemucca, Tonopah, our rural areas, the majority of the DBE capacity comes from trucking and there is a limit.

We have run into that before, that if we see that this street project is already going on, the goal will also get lower for labor projects. If it's a very specialized project or something on that and we know that we don't have the capacity, it states that we have a very low goal or a zero percent. When we get into those specialized areas or rural areas, we will often call and double check in the area to see what is available out there. We have been following—and that's part of that gap analysis we've been going through, we have been following over the last several years, basically almost decade, looking at what contractors, DBE contractors, are we using in Northern Nevada. I can tell you that there are seven that we regularly use and that is District 2 and District 3 combined.

A couple of them are trucking, there is erosion control, there is a traffic company and I think the other one is GeoTech, but I don't remember. I can get that breakdown. We're working at expanding it, we have found that when we— there are some out of state ones like Idaho, and California. We are often finding lots of times that they don't want to come in for less than a certain amount, it's a mobilization cost. Southern Nevada, again, there is more opportunity, and I did want to—there is this, you can see on there, that 44 percent of our DBEs are from out of state. So, 56 are from here. Then you will see on the side the different breakdowns of whether it's a minority woman, white women, or other minorities. I don't know if I really answered your question.

Knecht: You did. Actually quite well. I understand the implementation aspects that you have the federal standards and requirements but there has to be a factual basis, and by factual basis typically we mean what are the demographic and numerical facts on the ground in that region. It's important that you, in fact, make the regional distinction. I think that's absolutely essential and I have no quarrel with that at all. In fact, I think it's very good that you're that focused on that aspect of it. What I would be interested in in the future is, hearing a list of what the state statute NRS, NAC requirements are, that are essentially not covered by anything in federal requirements but things that the State of Nevada has done discretionarily over and above all of that.

Larkin: Basically, our requirement in the Legislature is that we will provide goals on State Funded Projects, and following the federal guidelines.

Knecht: So, the Legislature says, follow the federal guidelines and do it sensibly and —

Larkin: I will send you the legislation.

Knecht: Okay. Thank you.

Larkin: Now, as an offshoot onto that, I'm working right into the workforce development initiatives.

Savage: First of all, Tracy, let me—Member Martin, do you have any questions from Las Vegas on the DBE? Or comments?

Martin: No, Sir. I'm very familiar with the program. I think Tracy is doing an outstanding job

Savage: Okay. Thank you, Member Martin. Mr. Wellman?

Wellman. Bill Wellman for the record. I've got to make this comment just because it's from a contractor's perspective. Tracy, we've been working on this obviously for years and years, and years, and we continue to do so and will continue to do so. The point I want to make for everybody to understand, as Tracy said, you got 638 DBEs, that's certified DBEs on your list, only 16 of them do our business. That's 2.5 percent. So, when we start talking about having a 5.59 percent goal today, which concerned us a couple of years ago when it was implemented, and now you're talking about going to 7.99, why even consider setting yourself up for failure and not being able to meet these goals?

We meet these goals based on the requirement, not based on the intent. The intent is to put people to work, DBEs to work, excuse me—companies, and keep them going. The problem with it is, they don't exist. So, we have to pump them up as best we can. I have one right now that's doing a lot of work that's in receivership. It will go unnamed, but we're having to take and babysit these people through and they're likely going to be gone, 1 of the 16. And it's probably one of the biggest ones of your 16. But, I just want people to think about that before we start—just because we've been meeting these goals doesn't mean we can continue doing it if there's not the capacity in this workforce out there.

Most of these people don't have license limit over—they don't even have $1M, a good portion of the 16 that are on this list. So, they don't have the capacity available to do the jobs. You know, there are state laws that says we can't list them for something more than what their license is for. So, just keep that in mind.

Savage: Thank you, Bill. Very informative from the private business side. Tracy, I personally want to thank you because I don't know if you volunteered for the DBE or were assigned the DBE. I know you've taken this on over the last year and we made a lot of progress because we were going in the wrong direction. No one is afraid to talk about it now, it's transparent, there was information from the private side. So, I thank you for your time and effort. I think it was Sonnie Braih that you mentioned, his efforts and his time. Again, it's work in progress, there is a lot of work to do, a lot of good feedback necessary, but your time and efforts sacrificed are very much appreciated. Thank you, Tracy. You may move on to where I interrupted you with—

Larkin: Our Workforce, we've taken on some initiatives with the Construction Workforce Development for the Department. Some of these are actually to help with the DBE and the diversity needs, but they're also both because of what we were talking about before, that we're looking at the future in construction workforce. I also want to state one thing, and this goes a little bit to what John said before, and also to what Bill just eluded to, a lot of these we are cautiously moving forward on. We were preparing for it, but right now we have some good funding going on. If the funding sources dry up, or the concession goes down, some of these initiatives will also be scaled back because there simply won't be the work to support it.

Which is a good question before—we talked about the apprenticeships, and one of the things the apprenticeship, up in Vegas, they stopped basically fulfilling for new apprentices because there was no work. If there is no work to do it—the core firms, we're basically hanging on to the people who have been in their industry or their corporation for 15 or 20 years, and it's hard to justify hiring a brand new person if you can't keep your core people busy. So, there is a bit of caution there. I would say we're cautiously optimistic, but some of the things I think are good to work on regardless.

One of them, the AGC in Northern Nevada had developed a website called, BuildNevada, and it was based on, like, build Alabama, build Georgia, however, the intent was to, kind of, make an interactive or post construction jobs, but they haven't gained the traction that they were after so we have a group—maybe I need to practice by saying about six, eight weeks ago, they've been holding meetings with members of NDOT, we have members of the industry. They are invited so we usually have three or four contractors there, we also have the university there, and we also have the NCA and the AGC Representatives there.

We were discussing workforce development in general to come up with six initiatives that we're working on. What I'm pleased with is everyone is really at the table going over what was working and wasn't, and very open to how we should enhance it. So, in the first place, basically we are getting the group together and reviewing the website, and we're planning to develop a part where we want to use a template build Georgia, Alabama and see if we can make it a little bit larger. What it really does is just describe trades within the construction industry, kind of what your qualifications are needed for, and what kind of salary you can expect for the region you're in.

The second one, this was a pilot program and it was held by Do It For You, which was developing opportunities in transit and it's a pilot preapprenticeship program. This one was small and it was with LBT as a contractor. It was with Labors Union 872, RTC in Southern Nevada and NDOT. What they did was develop a curriculum that was basic math and soft skills. What to expect on the job, attitude, those type of things, problem solving, networking, job expectations. Upon completion, they would be prepared to take the apprenticeship exam, and be ready to take it. Then, if they finish the apprenticeship program—there are a lot of, if's in here, then they were basically guaranteed a job. Now 17 started, it's an eight-week pilot program, 17 started, 10 graduated, and they just took the apprenticeship exam so I am waiting to hear how many actually passed.

What we did find is also, as in many other cases, again what was talked about before, is after the Labor Union came in and talked to the group, they had people who left because the work sounded too hard. Seriously. Also, I should say, the applicants for this were screened beforehand to make sure that—no criminal history, they would pass a drug test, et cetera. So, we're waiting to hear the results. There was a waiting list of about 30 people to get in to this, so again, we'll reassess this. From NDOTs perspective, and I've spoken to the Do It For You group, is we are interested in still looking at this program but we would like to see it expanded to other contractors in other areas, so it's not just localized.

Three, educational externships. This was the agreement that you saw this morning. It provides continuing education units for educators. Basically, the 15 hour, 2-day workshop for teachers, guidance counselors, et cetera, that promotes construction as a viable career path. It focuses on both degreed, like construction management, and non-degree programs such as the trade skill labor. They have a program and what we've seen in [inaudible] in existing accredited program, what we did is partner with them so that they are developing a program for Southern Nevada. At this one, we actually moved along on that one. They are already with the school district in Southern Nevada and we've already figured out some projects there for them to work on—I'm sorry, to focus on. Right now we're looking at the 95/215 project, it's a great project that covers a lot of various sets that requires both skilled and non-skilled labor—a variety of professions. We plan on having that sometime this year, before the end of the year.

Number four, basically the ones in the front are showing where we've made progress on the four, the next three we've started on. So, the construction camps for 6th, 7th and 8th graders. The idea is to provide a one or two-week class in the summer—basically provided engineering camps for the last couple of decades at the universities. So, now we just want to change it and do something that actually promotes a different trade. So you would expect to come in one day and probably get a presentation from someone, let's just say an electrician. Then there would be a hands-on and a couple times where you will go out and see active job sites to get an idea. The intent is to expose that age group to the trades.

Savage: Excuse me, Tracy. Are you working with, for example—I'm not familiar with Clark County, but Washoe County School District, there are different trade schools within the District?

Larkin: Yes. There are trade schools. We've been working a little bit with ACE. Really, the AGC has been doing more of that coordination in the north, and they have reached—we haven't done one in the north, we were looking for a pilot program in the south this summer. We did go reach out to at-risk schools. We had three schools targeted that were very willing. Our issue was we were too late, we were hitting at the end of April, beginning of May, school was out. So, while we had the schools and the property's and interest, to support it, we were too late for the students. So, we are putting together a Task Force to work on that. I would like to do one in the north, and maybe two in the south.

Number five is the intern, externships. This is one of my favorite ones but it's probably going to be the hardest one to do. That's to provide work for 11th and 12th graders, that's during the junior and senior year summers, that get the students accustomed to the construction workplace environment. So, we're looking at different options of how to get around so many challenges such as, their age, liability, et cetera. We have a few ideas, but it's a process.

The last one—I know it's been a long day for a lot of people. So, we're working on looking to beef up the Construction Management Program at UNLV. We had a good conversation with UNLV, they are very open to having us work with them, to help them. Some of the ideas are, maybe there is a two-year program at WNC that is also transferable to a four-year program at UNLV. By looking at potentially maybe sharing some of the classes or video conferencing. We're also looking at bringing professional organizations like The American Concrete Paving Association, and Concrete Pipe Association. They are filling several colleges around the nation and often bring their expertise and training to those to help facilitate interest in their [inaudible]

I'm really seeing the group around here is getting tired, so I'll wrap it up. I'm actually excited about most of these. I think there is a lot of potential. The meetings—we've got a meeting setup at NCA and AGC this week to, kind of, work on the next steps.

Savage: Thank you for all your time and efforts on this, Tracy. Mr. Controller?

Knecht: Thank you, Mr. Chairman. First of all, good luck on Item No. 1, but Item's 2 through 6, I have to say I'm really enthusiastic about those. It may not surprise you to hear that I don't generally put much stock in the argument of, well, here's how they do it in Old Europe, because Old Europe is not keeping up with us. They're a failing social and economic system, but there are exceptions and one of them is Germany where the apprenticeship programs, the internship, externship, the kind of stuff that you're talking about with Construction Management even, construction camp, et cetera. All of that sounds to me like a direction that we need to be going as a society and as a state, and away from the purely academic approach to education, and the neglect that that seems to entail over the years of trades, of skills, of apprenticeship, et cetera.

So, I think it's great when I hear your report, two through six of what you're doing, and I only want to encourage you to keep it up. I do have two specific questions. WNC had a construction management program too, are they still in the business or has that disappeared?

Larkin: They still have one that I'm aware of, it's a two-year program and it's certified.

Knecht: Can you involve them in this also?

Larkin: That's the intent.

Knecht: That's the intent? Okay. The other one comes back to Item No. 2. Let me be brutally frank, I'm not surprised when I think about it after you say, well, they heard from the Union Rep and the Union Rep and whatever else, convinced a number of them that it was too hard. Unions like monopolies, basically aren't looking for competition, they are looking for—they are a monopoly and they are looking for fewer people and more market power. They're not looking to encourage entry into the business, unless of course you're going to become dues paying members. I guess my reaction to that is, please have the Union stay involved but while we don't want the weak candidates just straggling through the program only to not qualify at the end; at the same time, I think people need to be encouraged that they can do this and that they need to stay in the program and do it.

Larkin: I think we [inaudible] candidates though.

Knecht: Well, good. Maybe we can make some common cause with them.

Savage: Thank you, Mr. Controller. Thank you, Tracy. Let's move on to Agenda Item No. 6—

Knecht: With the power deduced to you all, I have a physical therapy appointment, and as much as I would rather stay here with you, I'm going to keep that.

Savage: Thank you, Mr. Controller. Have a good afternoon. Member Martin, we will carry on here to Agenda Item No. 6-3, As-Builts. Member Martin, one of his favorite topics.

Kaiser: Well, we actually have a contractor thanks to you guys today. So, Aggregate Industries will start working on this project probably in about two months. I don't know, maybe the Notice to Proceed is next spring, but we do have a contractor now on board. So, we will be moving forward with that one.

Eyerly: October 3rd.

Kaiser: October 3rd.

Savage: As-Builts will be done by the 4th? [laughter]

Kaiser: Okay. We already covered —

Savage: Item 6-4, CMAR Change Orders and Agreements.

Kaiser: Okay. On the CMAR Change Orders, no new change orders to report this quarter. I did add that GMP No. 1 to the State Route 28 Bike Path, the Flat Project. So, that dollar amount is now added. Are there any questions in regards to these items?

Savage: Not from me. Member Martin, any questions?

Martin: What's the completion on Tropicana Escalators? Do we know yet? [laughter]. I'm sorry, John.

Terry: I don't know.

Savage: You're breaking up, Member Martin. [laughter]

Kaiser: We'll get back to you on that.

Martin: Good. Thank you.

Kaiser: Yes.

Savage: Okay. Let's move on to Agenda Item No. 6-6, Resident Engineer's Project Assignments, a work in progress.

Kaiser: Okay. I added this in here just to—I'll keep adding it in here each quarter, just to give the construction working group an idea of the workload that our Resident

Engineers are facing out in the field. Each District has a little different spreadsheet, so you will have to, kind of, study it to get used to what they look like. Unless you guys want to—

Savage: I think it would be really nice to have one spreadsheet. I think it's very informative, each one of the Districts have their own way of doing it. Maybe Kevin, Thor and Mary can get together and try to have one spreadsheet.

Kaiser: But, this is a very valuable tool for the Districts in the Construction Office. This is a good way to monitor what Resident Engineers have—a lot of projects that their workload, mind you each crew has about 10 to 12 employees, so that's a lot of work for each construction crew on here. You will also be able to see any consultant augmentation we have for those construction crews, that's on here. The four-digit numbers are active construction contracts. The EA, or the five-digit number, could be a CMAR, it could be a project that is soon to advertise and so forth, but that's how we document the three construction contacts, is with a five-digit number.

Savage: Are the design-builds identified? How are they identified? Just by knowing we only have three design-builds, I guess.

Terry: The four-digit contract with DB after them.

Kaiser: Yes. Now like, who is monitoring NEON, that is [crosstalk] It's on there. On the second page, 2/9/15, Project NEON Phase 1. That's for District 1. The very first sheet, second page. There you go.

Savage: Yes. I see.

Kaiser: So, the design-build projects are listed on here and District 1, Crew 914, Neil Kumar, he is pretty much a crew unto himself, but he monitors a lot of the RTC work, a lot of the big permits, and so forth. That is why he has so many projects on there. If any of you District Engineers have a comment in regards to these schedules or you Assistant District Engineers, you want to help maybe explain some of this, feel free to jump in.

Bosch: I just have one comment. This is Rick Bosch from District 2. For our design build project on there, Member Savage, under it says Contract No. 3625 and then it just has a slash part with the DB after it to identify the Design Build. I do the same thing with the CMAR Projects as well. NDOT used to put the four-digit contract numbers out, they used to put—for the design-builds they would actually put a

DB behind the four-digit number to identify it as a design-build, but we no longer do that. We only advertise them as a four-digit contract. So, we identify them on our schedules, if they are CMAR or design-build. Correct, John?

Terry: When did we stop doing that?

Bosch: We put it on the Design Build job, but that is the last one that I'm aware of that we did it for.

Terry: In the past we did it.

[crosstalk]

Eyerly: We didn't do it with NEON and USA Parkway.

Savage: I think it's a good conversation to have when all three districts can get together and be on the same page as to what information we can look at.

Foerschler: Sharon Foerschler for the record. We use these schedules heavily in coordination with the Districts to define our consultant needs. We are having quarterly meetings with the Assistant District Engineers and District Engineers, and the Construction Office, and this is always a topic that we discuss so we can get out ahead of our needs and identify where we're going to need consultants. Another thing that we're doing is getting more involved in the planning side. John's group runs the Project Development Committee Meetings. We talk about the five-year plan and try to throw out there, hey, if we've got projects out in remote areas, is it possible to combine them, put them out in the same year so we can maximize our resources, and how we're utilizing our crews? So that we don't have a crew out on per diem two years in a row overseeing one project. So, we're starting to look more globally at how to maximize our resources in managing projects.

Savage: That's great, Sharon. Thank you.

Terry: And that is a little bit of a tweak to what we've been doing. Especially when the recession, yet in the last few years, we've been putting out a lot of smaller jobs, and we've been putting out a lot of smaller rural jobs. That's why like this month's Board Meeting, we have one job over $5M, we had four under $5M because we felt we get more participation, we get more contactors who spread the work around, et cetera. Now we're maybe tweaking that a little bit and taking some of these rural jobs and considering combining them more. I don't think it's a big tweak, but it's a little bit of an adjustment to taking jobs we're putting out, you know? Just adjusting to the market a little bit.

Savage: Right. I think that's wise on your part. You have to be adjusted and keep moving forward.

Kaiser: Any comments from Las Vegas, Member Martin?

Martin: No, Sir.

Savage: Let's move onto Agenda Item No. 6, Item 7 on the Unbalanced Bidding Issues.

Kaiser: Nothing new to report here.

Savage: Attachment B.

Kaiser: This is just an update on meetings that we've had this last quarter. We've had an NDOT AGC Committee Meeting and that's for Northern Nevada. We met the AGC NDOT Liaison Committee and we also had a Work Force Development Committee Meeting down in Las Vegas.

Savage: I would just like to comment after reading some of these meeting minutes. A lot of people from headquarters, I think Rudy was there, John was there, Reid was there—I don't know who else I'm missing. It just sent the message that headquarters is very involved. I know it's not realistic that they be there all the time, but there were five or six people, Tracy, I think you were at the meetings. It's important that that be the case, and I think it's important that they see that message, that everybody is listening and trying to do better every day. So, I thank the administration for that. So, back to Bill's point, there is no Southern Nevada AGC?

Wellman: There was an AGC. They were combined about two years ago, three years ago. NCA has been around for 20 plus years. We have a lot of common numbers, but because of—how do I say it? The way the AGC is set up national, AGC is up north here, John Madole ran that, but we were like a subsidiary. We didn't like that, that's not a good voice we felt, thus we created the NCA many, many years ago, which combined about three years ago. As of January 1st, it took the name of NCA back over again, to try to not confuse the two associations. We work very close together still, but they are total independent sectors.

Savage: So, it's important to them not to talk to NCA as well?

Kaiser: [inaudible]

Savage: Okay. Let's look at Agenda Item No. 6-C.

Kaiser: What this is, this is just a spreadsheet. I know there was a lot of questions in about the last year over the amount of work that DCS, one of our consultants, has been getting. So, the Construction Office put this spreadsheet together just to show the work that they have, the people that they have working for them. Also, the top sheet, right now we are in negotiations with DCS over this. So, I just wanted to update you guys and let you know where we were with DCS and if they have not been having any problems meeting their contractual requirements with us. They've been supplying bodies that they needed to supply, and they're doing a good job for us.

Savage: That's good to hear, Reid. Thank you, Reid, Sharon, Jeff, Stephen. Very meaningful and the personal notes down at the bottom I thought were very informative as well.

Kaiser: Yes. They're very straight forward with us. They know that they have a contract with us and if they don't meet it and give us the people we expect them to give us—they've got to perform.

Savage: Remind me again of what they're doing on USA?

Kaiser: On USA Parkway right now Mike Glock, he is the office person on USA Parkway. So, he is working in the office putting together their spreadsheets for payment, probably checking books and things like that.

Savage: So, it's through augmentation?

Kaiser: They're a subcontractor to HDR.

Savage: Oh, they're a sub—because I saw HDR.

Kaiser: Yes—

Savage: I saw Glock out there too, and I didn't see one of his trucks. He's a sub-contractor to HDR?

Kaiser: Yes. He is a sub to HDR on this project. Is that right, Steve?

Lani: Yes.

Savage: Thank you.

Kaiser: They are also supplying a couple of testers on that job.

Savage: That's good to hear. It just substantiates that they're—

Kaiser: I didn't want you guys to think that they're having problems. I just wanted to let you guys know where we were with DCS.

Savage: That's great. Thank you, Reid. Thank you, Sharon. Steven, Jeff, thank you. Agenda Item No. 7, Projects Under Development, Five-Year Project Plan.

Terry: I don't really have anything to present. Not a whole lot has changed, it's just ongoing. I don't know if you have any questions? We put out our Program for this past year, that would be the federal fiscal year that—even though they say it ends at the end of September, it effectively ends at the end of August because they won't let us do anything in September. So, we're pretty much in shutdown and got most of our work done, most of our projects are out by now. Next year, kind of more of the same. It kind of shows what projects we've got out there. Probably the biggest change to this list is we've updated the out years with the more current Pre-R Report which—was that approved last month or so?

Kaiser: Yes.

Terry: And we populated the 3R Program out farther with those projects. Not much else has really changed from the last one. Of course the big change will be if FRI passes in some of the states, or some of the counties, that would be a pretty big change, especially with Clark County.

Savage: Thank you, John. This comes in front of the CWG once a year?

Terry: I don't know.

Kaiser: I'm sorry. What was that?

Terry: They put it on here every quarter.

Kaiser: The Project list?

Savage: Yes. I think if we get it—

Terry: There is no real approval action item that I've ever seen.

Savage: No. There isn't.

Terry: It's just been for information.

Savage: Important information only.

Terry: Do you want me to start putting on once a year?

Savage: I think either semi-annually or annually would be good.

Kaiser: Okay.

Savage: If you look at this last page on Landscape and Aesthetics, this is where I got the 750. There were two amounts on the 750. Then Environmental, if you look at the e-STIP it's 1.3. I think it's really important, like I said, to keep the environmental separate from the aesthetics.

Terry: Yes. I don't see them being the same at all.

Savage: Mr. Wellman?

Wellman: Bill Wellman for—John, just a question. If FRI does pass, is that already included in this list, or is that additional?

Terry: No. We have—again, this list is over allocated intentionally. These are the projects we're working on. So really the stiff and the tip have the more accurate fiscally constrained data. No. We have intentionally kept sort of off to the side list, everything shown we are going to do, with the current funding sources. It will be in addition if FRI passes, and the reality will be that many of these jobs that are father out will be pulled forward, that's really the answer.

Wellman: Okay.

Savage: Thank you, John. Thank you, Bill. Anything from Las Vegas, Member Martin?

Martin: No. I was just asking my staff here some question about one particular job that's out in my neighborhood. So, I wanted to make sure I knew when to avoid it. [laughter]

Savage: Okay. Thank you, Mr. Terry. Let's move on to Agenda Item No. 8, Briefing on Status of Projects under Construction.

Kaiser: Okay. This is—8A is our project closeout list. Are there any questions from this list that construction working people would like to ask?

Savage: I just have one question. On 3292, on the second to the right hand column, it says done. I don't know if that takes a standing ovation or if we should all just clap and go home.

Foerschler: Sharon Foerschler. Next meeting you won't see this at all, it is gone. From our perspectives, not gone from the Departments perspective, but we're finally able to send out final quantities, contractors, 30-days [Inaudible 02:09:36]. We've paid it off and we've boxed it up and taken it to Central Records. So, it's a huge thing for our office for sure.

Savage: Huge. Thank you. That's good news. I didn't know if I read that right or not.

Foerschler: Yes. So I would like to thank my staff for all of their hard work. I think when we started, this list was six-plus pages of backlog. We're down to two, so it's been huge and they've done a tremendous job cleaning this up. That with the implementation of our electronic documentation makes it go that much faster.

Savage: But, again, it comes down to people, Sharon. So, I thank you as well as Jeff, Steven, anyone in your department, Sharon. Very nice work. One other question I had is on this—what do you call it? The Plant Establishment. Member Martin and I have talked about the bond, the bonding being held rather than money retained, a project being delayed for closeout and everything else. Did anything move forward with discussions on possible bonding around the Plant Establishment Period? I'm looking at the Q&D Project for example— not the round-about, but the landscape on Job 3591. So, we won't be able to close that out until 3/31/2019?

Foerschler: That's correct. This is a landscape project and we have not figured out as a department a way to get around the issue of keeping these contracts open during that time period because we cannot close the contracts out without EEO clearance and during the Plant Establishment Period, we don't have people out doing work. So, we have had those discussions. We've gone round, and round, and round.

Terry: We thought we were that close, and then that issue comes up.

Foerschler: We're not using it as much; I can tell you that. We're pushing to not have Plant Establishment. There are certain functions, and John's group might disagree with this, but if you have actual plantings, then you might want a plant establishment period. Mary's group, District 1, has offered to take over the Plant Establishment and for maintenance persons to do that work, but the other two Districts don't have the staff.

Savage: What about bonding around that time period?

Foerschler: Well, you would have to actually do two contracts because of the bond taken out for the construction project would have to be closed, and another bond taken out. We haven't figured that out.

Savage: What I've seen done in other jurisdictions, and Member Martin you might be able to add to this, but what I've seen is the construction for $1M is closed out, plants are worth $25K or $50K, so that contractor puts a bond of $50K separately for plant establishment on that project, and the rest of the job is closed out. I don't know if FHWA, Federal Highway has any concerns with this or not, but it can't be that difficult.

Terry: We found it to be difficult.

Kaiser: We've had a lot of discussions on this—

Terry: And we didn't get anywhere.

Kaiser: Yes. I know I brought it up to these guys about six months ago and wanted an update.

Foerschler: Our recommendation is, don't have it.

Martini: So, this is Mary Martini in District 1. Let me clarify a little bit about what's happening in District 1. During our permit process with developers that will come in, we have a process by which we take a bond. It would be separate from the closeout process. The difficulty in having the overall bond for the project, and a separate one, I think can be worked out, because quite frankly, we take bonds all the time from four developers.

What's specifically going to happen on one project, which is US-95 in Kyle Canyon is that we're going to put a process in place where maintenance signs off on what's done during the project, and then takes over maintenance immediately as opposed to at the end of the client establishment. Essentially all that does is keep us—we're there anyway, I mean quite frankly, the contractors rarely come during that establishment period. So, essentially maintenance can't do anything until the establishment period is over. So, we're just kind of taking over early. The only thing that I would like to add to that is a requirement that the contractor come in, through a permit process and get a bond, and then I think it can still be separate, but you haven't to put that into the contract yet and we're going to experiment to see if this works.

Savage: I might have lost you there, Mary. Who maintains the Plant Establishment, for the three years on this one project? You wouldn't know that, Mary, but for the project up here on the north, does NDOT maintain that or does the contractor maintain that?

Kaiser: Contractor.

Martini: Yes. Any of the existing Plant Establishment [crosstalk] typically it's not the contractor signed, they have a sub. So, they're supposed to go out there and make sure that dead plants are replaced, and they're watered if necessary, weeded, et cetera. Our experience is that, work rarely takes places, or if it takes place, it's just before the end of the plant establishment. So, most of the time, maintenance is looking at a patch of failing landscape for one to two years that isn't taken care of. So, all it does is bars maintenance from going in there and taking care of it when it needs to happen.

Savage: Thank you, Mary. Mr. Bosch, you raised your hand?

Bosch: Yes. I just want to point out that is Q&D Construction on that particular project that you're asking about. They are under a three-year plant establishment period. Q&D is responsible for replacing any dead plants, they are also responsible for all the weed removal that happens in the spring. One thing that is difficult for the Resident Engineers that I want to point out for a three-year Plant Establishment Period is, that's a contract that we have to monitor for three years ourselves, instead of going out and—you know, we have all these other projects that we're working on, we still have to go back and keep an eye on that project even though it's several years old.

So, it's difficult for our REs as well, I just wanted to point that out. Another thing that we've tried to do is, if we see after a year or year-and-a-half that the plants are well-established and we don't have any dead plants in there, we can actually go in and request to do a change order to remove that Plant Establishment Period to try to get the job closed out sooner, that's just an option.

Savage: And the contractor doesn't give attention to it until it gets closed out?

Bosh: Right.

Savage: Thank you, Rick. Mr. Wellman had a comment.

Wellman: Bill Wellman. We've done this a lot for a lot of years, frankly. It's a maintenance bond. Most construction bonds are only good for two years. They get extensions but you pay for them. You pay dearly, and you still pay 100 percent again for a one-day extension over the first two years. So, when you start talking about a half to one percent for the bond, the owner will pay for that ultimately. So, if you have a three-year project, such as Project NEON, that's all factored in at the time of bid, that we need bonds for three years, and we can get that. And that's at the full price of $500M. But, a maintenance bond is what you're talking about, and it comes into play after the fact and it's usually the same rate, it's just based on that $50K or $100K, or that reduced rate itself rather than the contract value itself. However, most of the public entities are getting away from those type of things and taking it on themselves. Clark County Public Works, we just did one. RTC, on Boulder Highway, we did that a couple years ago for the same reason.

Plus, you've got minimum wage costs that go on that entire time, you've got the management costs that go on the entire time, even though it is typically a sub that is doing it. We've got costs associated with that that has to be put into managing that contract for that extra period of time. So, what we've done is, there is a warrant—we have to warrant it for one year, just like we do everything else, and we've got to demonstrate if their force come in and took it over, that they weren't [inaudible] that they didn't prudently take care of it.

There is a whole variety of other things, as well as, damage from—especially in a roadway, from vehicles. Especially medians, cars drive through it. That's not ours to take care of all the time, but if it is and you put that in there, we've got to put a value to that and that's just an educated guess. It may not be in the owner's best interest. So, again, heading in a direction where your forces can take over this stuff as soon as we establish it, it would be a much better way to go.

Savage: Thank you, Mr. Wellman. I take it the discussion will continue. Like you said, Mr. Terry, there is no easy answer. It's work in progress.

Terry: One of the easy answers that we did, like on US Highway 95 which happened to have a lot of construction going on is, at the end of many construction contracts, we put out one landscape contract at the end. That's one way to do it, but that's only on a really big job that goes on for multiple years because then, the prime is holding this price from a landscaping contractor that is not even going to start work for two years, and whatever. I think we need to do more of that, that isn't going to help the overall—there is going to be lots of projects where you can't do that.

Savage: Okay. Thank you, Mr. Terry. And thank everyone for their comments on that issue. Let's go to Agenda Item No. 8B.

Kaiser: That is just the list of nine projects we closed out.

Savage: Again, compliments on projects being closed out every 90-days. Nine projects, eight projects—

Kaiser: Yes. I know. They're doing a great job.

Savage: We'll go back to—let's move forward to Item No. 8C.

Kaiser: Again, this is list of the same eight projects, or nine projects. You want me to drop some of these? Do you guys find this information useful? It has the same projects in B and C, it just listed a little differently.

Savage: Personally, I think it's valuable. It has been a long day; I think everyone is a little tired but there is a lot of value to this.

Kaiser: Okay. I probably ask that every time anyway.

Savage: But, there's a lot of projects that have been very successful and dollars that were saved.

Kaiser: Yes.

Foerschler: I know LVP likes it because you're [inaudible] and I'm like, no can do.

Savage: I don't have any specific questions. Member Martin, any questions in Las Vegas?

Martin: No sir. I do want to congratulate the staff on focusing on this closeout process. This was mentioned earlier. I remember when we started this project, it was arduous, but nine projects in 90 days, is pretty doggone impressive. So, thank you.

Savage: Thank you, Member Martin. Let's move on to Agenda Item No. 8D.

Kaiser: 8D, That is just the list of our open contract sheet, our status of apparent open contracts. Are there any questions on these?

Savage: I just have one on 395, the Seismic RetroFit Project. Extensive—underneath the comments it says, extensive structure repair work.

Kaiser: That was the Seismic job down on the Cradlebaugh Bridge, south of Carson. Rick?

Bosch: It's tough when you get into those types of projects to know how extensive the work is that needs to be done seismically. So, when we got in there, there was some additional substructure work that we had to do on that project. We're still in the process of closing that project out with Granite. There are some discussions going on about some differing site conditions, and stuff like that that we're working through with Granite right now.

Savage: Okay. Thank you, Rick. Any questions Member Martin?

Martin: Yes, Sir. On 3580, I see on the comments is right-of-way, utilities, earthwork, resequencing. Can you fill me in a little bit on that?

Terry: You want me to, this is John Terry?

Martin: Well, Mary can do it.

Terry: Mary?

Kaiser: Mary probably knows the most about those, those are all change orders.

Martini: So, this is Mary Martini, District 1. The contract is still in progress and we've had several change orders. The primary one addressed an overlap that occurred between Phase 1 and Phase 2. So, upon the change order, essentially made US-95 the division between Phase 1 and Phase 2. It outlined the work that would be done by Fisher under Phase 1, and what would be done by the RTC under Phase 2. Related to that, was some work around some of the utilities that needed to be moved that had been added to the Phase 1 contract, [crosstalk] a development process.

So, that work for Southwest Gas was being done by our contractor. It had effects on the overall schedule and there was also some risk allocation that was going on. So, that change order also addressed how the risk in allocation would happen and assign the cost accordingly. So at this point in time, we're finished with that work, we're finalizing the Frontage Road. As a matter of fact, we're projecting that the project will be done next spring and the turnover has actually taken place where the work that Phase 1 finished, and then needed to be turned over to Phase 2, that's already occurred because that happened in August. So, we're well on our way to being done.

Terry: I would add too that—this is John Terry. One of the change orders although not the biggest dollar one, was what was talked about at the Board Meeting today, and that was changes which was a change order to the contractor to move the Frontage Road away from K&L in order to save money on the K&L acquisition.

Savage: Okay. Anything else, Member Martin?

Martin: On that note, you just made an interesting statement. So, we save money on the acquisition for K&L how much extra money did we spend paying Fisher for the relocation of the Frontage Road?

Terry: I would have to look and I can get back to you, Member Martin. I know we had to do a drainage box, and we had to move the Frontage Road and some utilities. I'll get back to you. I think it's in the range of $1M, but we saved many millions on not having to do a total acquisition. I will get the exact number.

Martini: Again, this is Mary Martini, District 1. A couple of things happened with that change order. The K&L dirt was a factor, but it wasn't the only one. Part of what was going on in that area was that there was no access to the other side of the freeway. So, we were looking at a situation where, except for some spotty interchanges, even maintenance couldn't get on to the other side of the freeway. We've got utilities that cross, we've got drainage structures, et cetera. So, there was an overall agreement to address all of those issues.

The added bonus was, also, it took care of some issues around the settlement. So, when the cost is—there are two change orders, one is what John has addressed which is a little less than $1M, and I don't remember the exact figure. Then, there is an additional one that puts the structural piece in place for the freeway fill, basically it's a hole through the fill. So, those are two different change orders and we can get you the final cost. Again, a lot of things were solved by that, and not just the K&L dirt issue.

Savage: Thank you, Mary. Are there any questions on Agenda Item No. 8D?

Martin: No questions from me.

Savage: Then let's move on to Agenda Item No. 8E, any partnering update?

Foerschler: Sharon Foerschler. So, I'm just going to throw it out there. Last year we had an agreement for informational reasons only, on the Transportation Board Agenda, for our partnering RFP that if FHWA gave us some grant money to do a study on partnering. That conference—what morphed out of that scope that came from FHWA, was putting on a conference to bring DOTs and contractors together to figure out what our best practices were for partnering. That conference was supposed to be in two weeks, we had to postpone it because we couldn't get participation from other DOTs because of travel restrictions, and traveling out of state.

We have a working group, we have a consultant on board assisting us with this and FHWA is involved. FHWA has committed to providing funding for travel. So right now, we have tentatively rescheduled it for April of next year, however, you are going to see in December, an Amendment to the agreement because they agreement—the current agreement with our consultant expires in December. In order to add the additional funds for travel, it's going to take that agreement over $300K. When given the climate when that agreement went in front of the Board initially, we are concerned that we might not get approval. If we can't fund, somehow, other DOTs to travel for this conference, it's not going to happen.

Kaiser: That's how we would pay for those DOTs to travel?

Foerschler: Pay through the agreement, not through NDOT. We have our consultant who is managing the agreement—talked with FHWA last week, our local office, to see if there is maybe a flavor to try to get LTAP on board or some other mechanism to fund it. But, we are concerned.

Schneider: Why don't you speak to the funding source or all of that.

Foerschler: The funding source?

Schneider: For every candidate that you're about. It's not a discretionary type of money that NDOT is making a decision on.

Foerschler: No.

Schneider: So, that is the selling point for the Board. It seems like the Board would be concerned if it was discretionary federal funding where the Board can make a decision to spend it elsewhere.

Foerschler: It's not.

Schneider: Or, it's like the Board, it's either, we're going to let FHWA pay for this, or we're not. It's as simple as that.

Savage: That's what has to be voiced.

Reid: Right.

Savage: And communicated.

Kaiser: Yes.

Savage: Because it's—I had to question why wouldn't other DOTs travel, though. They get the money from the Feds anyway, so it's just one bucket. So, if they still keep the money from this buck over here and it's compensated—

Terry: Believe me, we have the same problem. We're very limited on our State travel and it doesn't—yeah, it's not reimbursed.

Schneider: So, it's a central funding source that FHWA headquarters—so it's not any states money. It's FWHAs discretion as to where they're going to apply it. So, it's just basically using NDOT as a conduit to be able to fund that other states travel. In my opinion, the Board should be totally unconcerned, other than is there any value in our own people attending the partnering session? I think that there is no question that there is.

Kaiser: I agree with Len. We need to make sure that we explain that when that goes before the Board, that if the Board does not approve it then—

Savage: It's just needs to be communicated, I think, and then what other conventions or informational partnering sessions are there in the spring of 2017 throughout the United States? Those are some of the things that you have to be aware of so that we get a good attendance, so that we do get the bang for the buck. Whether it's spent money or [crosstalk], we're all concerned about the value of what everybody is getting.

Kaiser: Right.

Schneider: What Sharon is saying is we were right about to host this conference. So, it had gone through a lot of studies on support groups in the agenda that they came up with it was excellent. This conference was about to be held. Everybody was good with it, and then at the end of the day, when registration opened, there just wasn't anybody registering because—especially the time of the year, and the limit on state funds for out of state travel amongst all the DOTs.

Foerschler: We talked about it at AASHTO. I was in AASHTO back in August, and the DOTs all said, if you don't pay our funding we can't go. If they're not there, there is not the value for the scope as we defined it. Kicking this whole thing off and can't go any further.

Schneider: Really it's a determination made by FHWA, that's it's worth our money to get up there and totally fund this conference. We see value in a number of states attending, so they can learn from each other's best practices. So, we thought okay, this is a good expenditure of our funds, let's go down that path.

Kaiser: I want to thank the FHWA for making that decision because it is for a good cause and we do need partnering, we need to talk about it. So, it's very much needed.

Savage: I thank you too, as well fellas. It's about minimizing litigation and I think it's a good program. We've seen some results here, again, just with the new administration, just recently. So, I appreciate your support and FHWA. Okay. Let's move on to Item No. 9. If there is no public comment up here in Carson City, Las Vegas or Elko? I don't know if we need Agenda Item No. 10, or not. We can take a motion to move to Agenda Item No. 10?

Terry: I have nothing to report to the Committee unless Reid has been doing things and not telling me [laughter] which he normally does.

Savage: Okay. With that being said, I'll take a motion for adjournment.

Martin: So moved, Chairman.

Savage: I'll second. I thank everyone for their attendance today and their input. Have a good week.

Savage: See you all in December.

[end of meeting]

Representative