

Transcript of Nevada Department of Transportation
Board of Directors - Construction Working Group Meeting
June 12, 2017

Chairman Len Savage	Dennis Gallagher	Dale Keller	Ryan Hornback (Dist II)
BJ Almberg	Sharon Foerschler	Pedro Rodriguez	Boyd Ratliff (Dist III)
Frank Martin	Stephen Lani	Denise Inda	Brian Pearson (Dist II)
Reid Kaiser	Jeff Freeman	Mario Gomez (Dist I)	Greg Novak, FHWA
John Terry	Darin Tedford	Thor Dyson (Dist II)	Chris Koeing, Kiewit
Tracy Larkin	Cole Mortensen	Mike Fuess (Dist II)	Seth Alexander, Ames

Savage: Let's wait until Member Martin...

Foerschler: He's there. [crosstalk]

Speaker: Thanks... [inaudible]

Dyson: In the corner, the upper -- make some noise, Frank.

Kaiser: You're looking at Elko right there. [laughter]

Martin: I can see you. I just -- Len, I just sent you a text. Bonnie is competing at the South Point, so you don't have my undivided attention for about the next five minutes, okay? [laughter]

Savage: You got it, Member Martin.

Martin: But I'll listen as intently as I can. [laughter] And again, I apologize to everybody for not showing up on the telephone last week like -- or last month -- last what -- in March like I was supposed to.

Savage: Well, let's go ahead and open up the meeting, the June 12th, 2017 Construction Working Group Meeting along with the Consultant Group Meeting. Welcome, everybody, here in Carson City. Welcome, Member Martin, in Las Vegas. I'd like to begin with welcoming BJ Almberg as a new CWG Board Member, and Dennis Gallagher, if you'd like to...

Gallagher: Yes. I would -- some of you may recall when this Committee was created. The Governor, I think, volunteered both Len and Frank to serve on it, and the then Controller and the current Controller volunteered to step into the former Controller's shoes onto the Committee. The Controller has indicated that he is

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willing to give up sitting on this Committee, and his replacement will be BJ Almborg. The Governor just didn't recognize today that BJ had truly, for the first time, volunteered to serve on the Committee. So, welcome, BJ, and we'll make sure that the Governor recognizes your volunteer service on this Committee next month at the Board Meeting.

Almborg: Well, thank you. Like I say, I appreciate the opportunity to be here. You know, it's an honor to come back and work with NDOT staff. I have been fortunate enough with -- there is a -- obviously, your guys' project over on Aultman Street. So, there is some staff that I deal with quite regularly on different things that are going there. It's a pleasure to be there, and I'm sure that is a reflection of the rest of the staff that's here. So, I thank you for this opportunity. Maybe later on I won't be thanking. Maybe I won't be so proud of it, but at least at this point in time while we're young and naive, we're thankful for it.

Savage: Thank you, BJ, and welcome aboard. I know your perspective, your advice, and your experience will be well-suited for this Board, because at this level, we try to look into a lot of different things, and from all different departments, we roll up our sleeves, openly discuss. Contractors are here. Headquarters is here. Districts are here. It's a level that we're able to talk very openly to try to improve what we have here at the Department, for the best value of the people of Nevada, and we have a great group, and we thank you again for everyone attending, and I'd like to get started. If anyone has -- I know we have public comment first, I apologize. Any public comment here in Carson City? Or Las Vegas, any public comment. None here in Carson City. Is there any public comment in Las Vegas?

Menzel: They can hear us.

Savage: Is there any public comment in Las Vegas, Member Martin?

Martin: No, sir, none.

Savage: Thank you.

Dyson: There's other people as well. Elko is on here. I can see.

Savage: Elko, I'm sorry. The screen keeps changing, so I...

Ratliff: No public comment in Elko.

Savage: And who's attending from Elko? I'm sorry.

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- Ratliff: Boyd Ratliff, the ADE for the Elko Sub-District, and Brian Pearson, one of our PSIs.
- Savage: Thank you, Boyd and Brian. Welcome.
- Ratliff: Thank you.
- Savage: Okay, with that said, we'll go to Agenda Item No. 3. Comments from the Working Group? Do we have any comments here in Carson City?
- Kaiser: I think we're due in September to have another discussion over overhead percentages and consultants. So, I know Bill gave a good presentation a while back, but I think we need another presentation maybe to go into the details a little bit more.
- Terry: I mean, there's not much we can do about it.
- Kaiser: I know there isn't, but I think -- you know, and again, I'm not the person to talk about these overhead percentages, but maybe -- John has a lot of experience in it, because John was a consultant at one time, and he knows probably a little bit more about it, you know, and I know there are still some questions from the Board Members in regards to the overhead percentages, and so forth. And so, you know, maybe we either could have a presentation on it or we could add that to -- create a new item under old business.
- Savage: You know, going back, because I know it was a very in-depth presentation -- I think it was Mr. Terry. It was very in-depth, and then accounting was here. Auditing was here. Mr. Hoffman was there. So, I would definitely like to have BJ review some of that history on that particular meeting, because it was...
- Kaiser: I think BJ has...
- Almberg: Well, I have the packet.
- Kaiser: Okay.
- Almberg: Bill gave me the packet that was presented and I come back and read it. Obviously, there's some questions that still come from there, and I haven't 100% grasped the concept behind there, why there's a big difference in there. And so, you know, I expressed today, you know, exactly some of my confusion or concern of what's going on in there, more concerned of just the disparity of, you know, are

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we paying for extravagance within a very large [inaudible] rate. I don't know if we are or not.

Terry: Years ago, many years ago, this Department tried to cap consultant overhead rates. [crosstalk] That was shot down by the feds that we can't have a cap.

Almberg: Okay. I mean, that was the question that I had conversation with Bill Hoffman in the past, is can we make something that's acceptable.

Larkin: I suggest we just do a short presentation in September and then not put it as a regular item, because as John pointed out, we can explain it to you, but there's no reason to keep bringing it up when we can't change it.

Savage: And that's -- personally speaking, I think we all have a difficult time seeing the difference between the levels of overhead.

Terry: I've never seen a spread that far...

Savage: The spread was huge. Normally, it's between 140% and 160%.

Terry: 146%, yeah.

Savage: I mean, we've been generally close to, but for BJ's knowledge and experience, and again, reminding us, I think it'd behoove us all to revisit it a little bit, and again, I don't know if we need to have every—have a standing agenda item, but let's revisit it and ask the questions and openly debate it and discuss it and try to have different, consultants possibly justify some of that, because it is audited. That's what I got. At the end of the day, they get into their books. They go back, and they have to openly substantiate that overhead cost or whatever [inaudible] we may not agree with it. I don't think [inaudible] but it is what it is [inaudible] so September... [inaudible]

Kaiser: Okay.

Savage: Any other comments here in Carson City, open comments on CWG, either construction or consulting?

Almberg: I got some comments.

Martin: I have one, too.

Almberg: Go ahead, Frank.

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Savage: Member Martin, go ahead.

Martin: Well, comment number one, Bonnie made it to the second go around, so we're all happy there. [laughter] I just wanted to ask Reid, we focus on these overhead line items, and so on. How much of that changes after the selection is made and you go into the negotiation phase? Do you talk about the rate, and do you examine the 1.92? Do you examine that? How does that work? What component -- do those rates change when you get into the negotiation phase and they get down to what we would determine to be a more reasonable level when they are -- as somebody said about the penthouse office versus the first-floor office. How does that work, Reid, in that process after you selected XYZ engineering and you sit down with the principles and say, "Hey, what's going on? I need to see your audit."

Kaiser: Frank -- again, Reid Kaiser for the record. I'm probably not the best person to answer that. I have never negotiated one agreement with NDOT in 28 years. So, John would probably [crosstalk] back here.

Terry: So, typically, on the design side, we tend to do our own estimate of hours, and we compare ours to hours of consultants. Then we deal with labor rates and other directs. Usually, the biggest other directs are their subconsultants. Typically, we ask internal audit or the last audited overhead rate, and we simply use it, and we do not negotiate the overhead rate.

Martin: You do not?

Terry: No. If, and this is the vast majority of our design contracts, our cost plus fixed fee, which in theory means we pay their actual costs, cost plus fixed fee with an amount not to exceed. So, essentially, we're negotiating the amount not to exceed, and then we pay their actual cost, their actual cost, what they actually pay their people multiplied by their actual audited overhead rate, and that's essentially what we do. I have never known of us to -- years ago, we tried to say 160 is it. That's all we'll accept. But that was shot down by the feds, and I don't think we've ever gone there again. We always use their actual audited overhead rate on cost plus fixed fee.

Martin: And who does that audit, John?

Terry: It's a -- again, we don't -- very large, like the one today, was Kimley-Horn. National engineering firms have to have -- because they work on federal contracts, have to have their FAR rates audited every year. So, typically, we're a

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year, year-and-a-half behind. We take the last audited rate that was done probably by one of the big three accounting firms and approved by either another DOT or by the federal government, and then we use that rate. Then we go through the whole project, and at the end of the project, we go back and look -- and it goes in their agreement as provisional overhead rate based upon the last. And then at the end of the project, we ask for an audit, and the auditors go through, audit lots of stuff, including the overhead rate, and then they apply their actual overhead rate. In fact, even if it's a multiyear contract, they apply the actual overhead rate for every year through there, and then we settle up. We may owe them money. They may owe us money based upon that final audit, but those overhead rates are audited by a big three accounting firm or these major firms and accepted by the feds and by other DOTs and by us.

It gets a little trickier if it's a local firm that's only in Nevada. Then we might have to -- if they're new, we might have to negotiate a provisional rate and then get their stuff audited at the end, because they might not have an audited rate from the previous year. So, that's my explanation of it, but we negotiate cost. Sure, we originally set up our budgets based on perhaps a percentage of construction or some other method. That's just there for budgeting purposes. We don't use percent of construction or whatever. We negotiate hours and tasks and then multiply those times their labor rates and [inaudible] I don't know if that answers your question, Frank.

Martin: We're getting closer. Thank you. [laughter]

Foerschler: Sharon Foerschler [phonetic] for the record. I can speak of what we do in the construction division. So, we have overhead rates that are supplied by the consultant and/or internal audit, and when we move forward with the agreement, that's the overhead rate that we use. At the end of the agreement, internal audit goes back through to determine what their actual overhead rate is, and like John said, there could be adjustments up or down depending where that falls in. We pay hourly rates that are loaded. That includes their overhead. So, we don't do a fixed fee. We pay for the hours that we get, and we do negotiate what their profit is, and depending on complexity of job and risk to the consultant if they're on a full administration, so they're supplying everything just like a whole construction crew, we'll usually allow them a little higher profit margin. Around 12% is about as high as we go. If they're an augmentation and they're just supplying staff to work with our resident engineers, we try to keep that profit at 10%.

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We also have a range of values that we're comfortable paying hourly rates for based on the level of staff that we're utilizing, and if they come in too high, we just say, "No, we're not going to pay it." We have also started negotiating out a full cost per hour so we don't have separate costs anymore for vehicles and cell phones. Their hourly rate is their hourly rate. That's it. So, you're going to see a little bit change in methodology the way that we're doing things, and some of that was driven by doing our on-call programs, agreements. We have one in each district so that the construction crews have the flexibility to get staff during the peak times when they might just need somebody for a month or two, maybe a little bit longer, and those rates are all-inclusive. It's an hourly rate. They come with everything they need to do their job, their truck, their phones, everything, and we only pay the hours that they work and then apply the applicable profit to it, and that's it. So, we're pretty straightforward in that regard, I believe. I don't know if that answers your question, but that's on how the construction division does it.

Terry: Perhaps the biggest difference between the two is design where we think we have our arms around the scope and how many plan sheets you're going to prepare and how many documents you're going to prepare. It's cost plus fixed fee. The fee is negotiated. While we may say it's 10%, it's just negotiated. Then it goes in as \$50,000. It doesn't matter if they finish in half the man hours and spend half the budget. We'll pay them that \$50,000. That's all we'll pay them for profit. So, the difference is they pay their profit built in. If they had a \$2-million agreement and they ended up only spending a million, that's all they pay them. We would pay them the full fixed fee, but we have an amount not to exceed. That's how almost all design agreements are done.

Savage: So, during the auditing process, they'll actually look at the consultant's payroll? Do they dig that finite to look at that?

Terry: Yeah, every invoice maybe turn in, timesheets... [crosstalk]

Savage: Timesheets along with the payroll, distribution.

Terry: But usually, the audit finds things like some subconsultant or some direct cost was not allowable or, you know, they charge too much for reimbursed travel or something. Usually, the vast majority of the settling up at the end is one or two things that weren't allowable and this adjustment for overhead rates.

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Almberg: How do we, with our construction contracts -- or not necessarily construction. What you were discussing was more of a construction consultant contract. You're the consultant saying, "Hey, we negotiate out this fee. This is what we get."

Terry: Well, I'm talking consultant design. She's talking consultant administration by design firms.

Almberg: Okay, so, now when it comes down, we're talking about that, and they're out there working and doing stuff, and we're paying them basically a T&M by the hour not to exceed. How do we control the man hours that they have there?

Foerschler: They are managed -- Sharon Foerschler for the record. If it's an augmentation, they work for the resident engineer, and the resident engineer manages that staff like they do their own staff. If it's a full administration, the resident engineer from the consultant works for the assistant district engineer, and they manage the agreement just like they would -- or the hours I should say, we manage the agreement. They manage it just like they would one of their construction crews. So, they're responsible for approving and verifying all the hours that are worked.

Almberg: The reason I ask the question is because I see some consultants out there working on some NDOT projects and doing things where I feel there's an excess of men out there doing that. You know, I have some situations where there's five guys standing around, and I'm not sure what they're all doing. One might be taking notes. One may be taking pictures. One may be surveying or doing something, where I personally felt there was excessive man hours out there, and I think that's something that we need to control, because watching and seeing some of the things that I'm discussing here is actually things that I do in my own personal business, and I never, ever, ever have had that many people out there going and doing some of these things. Sure, I might have less staff out there doing it. It may take them several days longer to do it, but in long term, I think it's a little more -- you know, it probably would come back to be cheaper for us if we somehow controlled these man hours instead of basically letting them basically stack the deck so that they make sure that, hey, I got enough exceed price to get that done. I got to put five guys out here on this job to be able to get my billings up to my not-to-exceed amount.

Foerschler: We don't let the consultant have that control. That's up to NDOT staff to manage. So, the consultant -- I mean, our agreement might have four inspectors, four testers, and an assistant RE for an augmentation. We will only utilize the staff we need. So, just because their agreement says they have nine people, you may not

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have nine people out there, but that is up to the districts. The construction office manages the agreement, procures the consultant, and then we leave it up to the districts to manage the staff as needed for the construction contracts.

Dyson: So, Member Almborg, Thor Dyson, District Engineer. We do -- just like Sharon Foerschler stated, we do manage the consultants for construction administration. They'll be involved in our monthly meetings, construction meetings. They'll be involved in pre-con meeting. They'll be involved in weekly meetings, and we keep tabs on what we need as far as their services are concerned. When the peak of the construction is happening, we're going to have, you know, peak usage of those consultants depending on the type of work. If it's a lot of testing, we're going to have our testers out there. It's a real struggle. I want to state that there are times where we know we have some upcoming work, and if we cut loose the consultants, it will be difficult just getting that qualified person back. We try to manage that very carefully, and if we're done, we're done, completely done, let them go, but if there's opportunities for additional workloads, we're too premature in cutting loose those individuals, that could be problematic. So, it's a real balancing act, our workload, and what I have done is if the agreement is good for, you know, several different projects, we'll move those individuals within the project or possibly have a consultant agreement with Loomis [phonetic] on-call, because we have such a shortage of personnel for testing and inspection and other aspects, because our workload all of a sudden has just ramped up, and so we have this on-call agreement. And so, we're addressing some of your concerns by bringing them on, cutting them loose, bringing them on, cutting them loose. We just got to balance it.

Almborg: Well, like I said, I'm not doubting that you guys are watching whatever. More of just a question is can that be happening where they're basically trying to stack the deck, but what you're telling me is no, because we are in control, and we're watching what's going on. And so, I just see some things that just raise the question that, hey, are these guys trying to stack the deck in their favor coming in and saying we need this or need that.

Foerschler: That comes from our staff, not that the consultants won't try to keep their...

Almborg: No, for sure.

Foerschler: Understand that as well.

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- Savage: Any other comments from Working Group here? Any future agenda items that anyone can think of they would like to be on the...
- Almberg: Well, I'll go back and take my turn now of things. This was kind of Frank's stuff that he had asked there, but a couple of things. Reid, this is to you that we have discussed in the past, and I just haven't heard back the status of where you are or what you're doing. That was on some of our rumble strips.
- Kaiser: Okay. Reid Kaiser: for the record. I met with Ken Mammen [phonetic] from our safety division and also Randy Hesterlee, [phonetic] and Darin Tedford I think was at this meeting, and we sat down and talked about the rumble strips, and what's going to happen is we are going to set up a project that's in District 3, will be handled by Randy Hesterlee. And we're going to try different types of rumble strips and so that we can get some in the pavement and monitor how the pavement handles their installation and how they deal with the elements over time, and we'll move forward from there, because there's quite a few different types of rumble strips that you can install depth-wise, width wise, and they come in -- you know, it just depends on whatever -- every state would like to have. So, Randy is going to organize a small contract to go out and install those and kind of call that a test section, see what works best for that.
- Almberg: Will that be on the -- NDOT's doing from Ely to 23 miles south?
- Kaiser: No, I think Randy was going to install that in the Eureka area somewhere. I can't remember the exact location. I got the notes up in my office, but I'll get you that information.
- Almberg: Okay, yeah, because that, like -- that's something I always felt was an issue. I mentioned it quite a few times driving back and forth across Highway 50. Our center lines are pretty beaten up from them. The other question that I had is also [inaudible] we discussed was some of our passing lanes.
- Kaiser: Denise, are you going to update your passing lanes for BJ?
- Inda: Yeah, I mean, I can give you a quick summary. I can give you something more in writing if you'd like as well. I'm a little shorthanded, so I haven't -- we haven't gotten to that just yet. We did a summary of -- we reached out to all of the other AASHTO member states, the traffic engineers, to find out what the practice is across the United States, and there's not a lot of states that do that, and we were surprised. And several of the states that do do that -- and what we're talking

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about, because you might not be familiar with BJ's original question, was there are some states where if you have a passing lane, say, in an area, you know, that -- area of elevation, so it's a passing lane -- truck passing lane kind of a thing for vehicles ascending up a mountain or something like that. In some states, it's actually legal to use that passing lane on the descending side as well where they could legally use that to pass. We don't do that in Nevada currently, and BJ was asking us why we didn't consider that, because it might be valuable, useful in areas where vehicles descending would like to get by, and if there's no obstructing traffic, you know, that would be good for them.

Oregon is one of the states that does that, and so we found that some states do it. Not a lot of them do, and based on the questions that we were asking the member -- the AASHTO member groups, a lot of folks, including Nevada, would be concerned that if I am -- if I'm driving, you know, along a road, I come across -- I'm behind a slow-moving vehicle. I have a passing lane. I'm going to move over, and I'm going to be in that passing lane. If another vehicle unexpectedly is coming into my passing lane coming down, you know, if there is some obstruction of sight, it's very hard to differentiate -- if that's my passing lane, then I should -- you know, the way we do it now, it's specifically restricted to the uphill -- well, to the direction of traffic where we intend to provide that passing lane. And so, there were just concerns that if you -- depending on the number of vehicles that you might have there, if you're coming down and your vision is obstructed and you pull out to pass that vehicle, you come straight up into another vehicle that's already in the passing lane. And I can provide you a much more concise description of that.

We just -- based on all of the -- you know, it wasn't something that we were really considering in the past, but when we looked at all of the other states and their justifications and explanations, we didn't feel like there were compelling reasons to move in that direction, especially with several states moving away from that practice, and it basically boils down to safety concerns. And I don't know, John, if you have any familiarity with that or if that's something you've been a part of discussing.

Terry: No, just as the Chief Engineer, I can't imagine we would allow that. I just -- I think that's crazy. I think the person in the passing lane expects that he's got his own passing lane and he doesn't have to be aware of other traffic, and I just cannot imagine us going to that.

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Almberg: I also reached out, and I talked to Wyoming, and I talked to the gentleman in your position in Wyoming, and he was the opposite of you. He come in here, and he basically says, "We almost exclusively do that." And he says, "In fact, I can't even think of a situation where we have four-lane passing lanes." And so, I called him specifically because the reason I was even turned on to looking at it was because I went on vacation, and I drove up through Wyoming, and I thought it was a blessing to go through there and not have to wait forever. Either way, you're going to come and do this. You know, I understand your concern. You know, that's -- you know, my thought process in the least, that seems very hesitant to coming and step out there and go do that stuff, but frankly, after I had that conversation with him, he was on the opposite side of the fence. He was very much pro, and in fact... [crosstalk]

Terry: I know him.

Inda: And I can...

Almberg: And in fact, he said to reach out and feel free to call him and have that discussion with him.

Inda: And he -- for better or for worse, he's in the minority, but what I can do is I can provide the information that we have compiled to read, and he can share that with you, because it might be of interest to you just kind of to see the range of responses from the member states and their concerns and approaches just to give you a broader perspective on that if you...

Almberg: Well, I mean, that's...

Inda: ...if you'd like.

Almberg: You know, I just -- you know, strictly from that standpoint being on Department of State that I basically represent and actually live in, those are things that I feel would be very beneficial to our side of the state, and quite frankly, other areas. Highway 93 and 318 is a major north-south trucking route, and being a person that drives quite regularly from Vegas or anywhere else, it does become a hassle at times trying to get by these trucks. And I'm looking strictly from the standpoint that if we can go to a three-lane passing lane situation instead of a four, we can obviously get more miles done for the same dollars.

Terry: Clearly, it'd have to be striped differently.

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- Speaker: Yeah.
- Savage: Yeah, I just had one episode. I was up in Oregon on a [inaudible] highway, and I'm in the slow lane. There's a passing lane next to me. Going up a hill, big diesel tractor trailer coming down, and another guy decides to pass.
- Inda: Right.
- Savage: So, now I'm in the slow lane. I got two diesels coming straight at me, and I'm going, "Holy smokes." Don't fail me now here. So, I was a little nerve-racky, so I might be on the other side just on recent experience, but I think it's a study that we can take a look into and see where we go, because I know there's pros and cons... [crosstalk]
- Inda: There are. There are, and I think we...
- Savage: It is a different day out there.
- Inda: We are definitely more on the conservative side here thinking about the what-ifs and the liabilities and those sort of practices. One thing I would be -- I would not recommend doing is creating -- is being inconsistent throughout the state. I think that would affect driver expectation if we said, well, in the rural areas, that's acceptable, but in the urban areas, you know, it might -- you know, we might not do that. I think we would need to -- I think we would need to maintain some consistency so that drivers know what to expect whether they're -- you know, no matter which side of that passing lane they're on, because that was one of our biggest concerns, was kind of what -- Len [phonetic] is accurate.
- Savage: So, it's something we can look into. Anything else, BJ?
- Almberg: No, that's it.
- Savage: Any other comments about future items here at the CWG? I have one, Reid.
- Kaiser: Okay.
- Savage: I was meeting with Robert, and this meeting was last week, about procurement. We have visited procurement as far as the checklist that had Admin Services utilize this in what the Department does for procurement.
- Kaiser: Okay.

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- Savage: I know that's a broad statement, but you might be able to [inaudible] and figure out where we want to go with that.
- Kaiser: Okay.
- Savage: Any other topics for future meetings that you'd like to be discussed?
- Terry: I think perhaps maybe this group is the right one to give a summary of -- the recently passed CMAR Bill did have some other requirements in there that we're going to have to change our CMAR process slightly. It wasn't nearly as onerous as the other CMAR Bills that were floated around the legislature, but this one did have some specific things that I believe we're going to have to add to ours. So, perhaps once we get our arms around it -- I'm not even sure if the Governor signed it yet, but we'll have to give you a summary. Perhaps this group is the right place to summarize what that changes in our procurement and administration of CMAR jobs.
- Savage: Sounds good, John.
- Kaiser: Okay, I'll talk you, John, about that, and it's appropriate for maybe September.
- Terry: Yeah, I think we just got to take our time and sit down and look at the bill and then look at our Pioneer Program and see where we have to tweak it.
- Kaiser: Sounds good.
- Terry: Yeah, but probably in three months we'd be good. Okay.
- Savage: Okay. If there's nothing else, we'll move to Agenda Item No. 4. It's going to be a little tricky on this one. Dennis, since the Controller is not here and Member Martin was not present and -- it's always something new.
- Gallagher: A lot of pressure on you, Mr. Chairman.
- Savage: Oh, I can make it. I have a few comments for corrections, but just some thought about formal approval. I mean, it's not a major issue.
- Gallagher: We could hold this over to next month. That way, BJ will be -- he's already official, but if you want to wait and be conservative, but you don't have to be, we could postpone it; otherwise, you could take a motion on it today and approve it.
- Savage: No, I'd like to...

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Gallagher: And we recognize...

Savage: I'd like to defer, because I think it's important -- there was a lot of issues that came up with Member Martin's concerns, and I think if both him and BJ take the time to at least read the minutes, it will be beneficial for everybody, because I know [inaudible] made some key points at the last meeting. As far as the corrections, I only have a couple. On page 2, three from the bottom, it was -- my tongue was very thick at the time. Instead of "and project management consultants, are they informing you up to standards," it should say, "and for project management consultants, are they conforming to your standards?" The Controller emailed, I think, us, Reid, on page 3, the bottom paragraph, one, two, three -- five lines down. "The labor pool that might be in," rather than "and the jobs that are there."

This is a good one, page 24. Cole, [phonetic] I'm taking the liberty to change the word of "tasting dirt" to "testing dirt".

Mortensen: I think I might have actually said tasting.

Mortensen: It was tasting. [laughter]

Savage: Did you say tasting?

Mortensen: I believe I -- it was a shameless poke at a geotechnical engineer. [laughter]

Savage: Boy, that was -- my apologies. [laughter] Okay, "tasting" remains in both sentences. Page 33, briefly, second to last paragraph, second sentence, it says, "I think Ruth Borrelli..." [phonetic] It should say, "I thank Ruth Borrelli." That's all I have at this time, and we'll wait until the next meeting to review and approve the minutes of April 10th, 2017.

Gallagher: And Mr. Chairman, is it appropriate at that time to indicate at that time that the vote for approval is being made with the understanding that neither Member Alberg or Martin were present, but -- you know, unless you want to make a motion and vote all by yourself, that would be appropriate.

Savage: I'll follow your directive, Mr. Gallagher.

Gallagher: I'll be [inaudible] provided.

Savage: Thank you. Moving on to Agenda Item No. 5...

Martin: Hey, Mr. Chairman?

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Savage: Yes, Mr. Martin.

Martin: On page 1, bottom paragraph, the passing of Pierre Gezelin, [phonetic] I was deeply saddened by that as well. I didn't realize that he had passed away. I worked with him on a couple issues a few years ago and always found him to be very knowledgeable. So, we lost a valuable asset there.

Savage: Yes, indeed. Thank you, Mr. Martin, truly missed. Any other comments or discussions on the meeting minutes? We'll move on to Item No. 5, Old Business. Item No. 1, the NDOT DBE.

Larkin: Basically, it's just -- I'm Tracy Larkin, Deputy Director. There's really nothing new to report. There's several things with the disparity study that will come out later on this year, and at that time, I think... [inaudible]

Savage: Sounds good, Tracy. Thank you. Item No. 2, As-Builts.

Kaiser: Reid Kaiser, Assistant Director for Operations. As of May 19th, we're at working day 137 of 300 on our project on Las Vegas Boulevard in North Las Vegas, and RE has been meeting with the contractor monthly to go over the as-builts to make sure he's complying with the requirements.

Savage: Sounds good, Reid. Item No. 3, CMAR Change Orders and Agreements.

Kaiser: Okay, there was -- looks to me like four changes from the April meeting, and we do have an ICE. [phonetic] It looks like -- oh, wait a minute, a PCS agreement on the Charleston Boulevard project. We have ICE consultants that's been added to the Verdi [phonetic] Bridges. That amount has changed. There was one change order on the Tropicana escalators. Again, that was with the ICE, and then we do have GNP number two [inaudible] for the bike path at the Lake Tahoe on State Route 28. Are there questions in regards to these? I know there was a discussion back in April about shared savings on CMAR projects and how NDOT does not do that. I don't know if we wanted to...

Savage: I would like to talk about that a little bit. I know Member Martin was not present. Again, just to reiterate a little bit, we got in a pretty deep conversation -- maybe we talk about it next meeting, too, after Member Martin has time to review those meeting minutes on April 10th, because it was a good discussion about that shared savings, and it's important, I think, that BJ has a chance to review that, too. So, let's talk more in depth I think at the next meeting regarding the shared savings concept and versus other DOTs, because I know Chris from Kiewit brought up the

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point about ADOT at that time, too, regarding shared savings and certainly talked about risk. And it's important that we were all seeing it from the same perspective.

Terry: Perhaps if before that next meeting you could give us an example of what you're talking about, because I can tell you our contracts are in no way set up to do anything like that. For the most part, our contracts are set up to pay planned quantities. We pay them as we go off of measured quantities, but there is no -- we have no mechanism set up for that. So, I'd like some information of how they're doing that, because that would be a complete change to how we're doing these.

Mortensen: [inaudible] if I may -- for the record, Cole Mortensen, Assistant Chief of Project Management. After our discussion at the last meeting, I kind of chased that down a little bit, and apparently, we chose not to go that direction early on because of the process that we actually have in place that we have brought on board the ICE to also do an independent check on the quantities available. The contractor puts together their quantities, and our engineers put together their quantities, and if there is a situation where we have concern about a quantity overrun, what we've done in practice and we're doing it right now on the SR-28 project, is there they have concern about the micro-piles and the length of micro-pile that they may be using.

So, what we did is we agreed on a quantity based on the plans and what we had expected and then put in the risk reserve a sum of money to accommodate any additional quantity that may be necessary so that the contractors are compelled to try to bid an additional quantity in there. The other side of that, too, at least from my understanding, is in the vertical industry when you start talking -- I mean, you guys obviously are probably more versed than I am in that regard. There's a certain percentage of waste or loss based on just how the project is coming together. You may think, you know, you need 12 feet of pipe in one spot, but you've got eight-foot lengths, so you're purchasing two eight-foot pipes, and four feet of one is disappearing and going somewhere else. That type of thing -- you know, I can see that being bid in as a risk for the contractor when they bid together, but we're trying to accommodate for that up front and utilizing the risk reserve to facilitate that process.

We also maintain the Value Engineering Proposals. So, if we get into a spot where there's an idea that come up -- or the contractor comes up with, I believe

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that we would entertain sharing the savings with them on a proposal that added value to the project that reduced the overall cost.

Savage: And it's open for discussion. I mean, John, to answer your question directly on the vertical side, and I'm thinking of this escalator project that we have, it's things that we don't get into too often. I know your quantity-based, and it's something I just wanted to look into, because there is a carrot out there, because we're based on trust and qualifications for -- and selecting on a particular project for the vertical side of what that can be, but it's an open-book transparent. At the end of the day, the lump sum GMP was \$1 million. Based on how we went after that job to complete that job, we had a shared savings within the language that could be 70-30, 60-40, 50-50. So, the owner got money back, and the contractor got money back. It wasn't all one way.

Terry: Give me an example of the basis of the shared savings.

Savage: The shared savings, well, the shared savings is if we tell the owner that this project is going to be \$1 million and we have better ideas during the construction of that project and there's a cost savings due to the method of how that was constructed -- for example, we went from one material to another material, not compromising the end of the -- the end result of the project, but everyone realizes that that was less expensive. So, both people gained in that cost savings. It wasn't just the contractor at the loss of the owner. It was a shared savings.

Terry: I think in that case if it was a change like that, it would fall under our Value Engineering, which we have in all design bid -- or design build, design bid, build, and CMAR, because we would deal with that under Value Engineering, which ours are always 50-50 [inaudible] we could change it if we wanted to. So, we do have Value Engineering in there. So, if you said such and such roof is equal to another roof, but it's cheaper, I think in that case, we would fall under our Value Engineering Proposal. He'd give us a proposal in this, and savings would be 50-50. I thought you were talking about if the quantities just came in under, but that's a different situation. Okay.

Savage: No, it was mainly on...

Terry: I understand now. So, we'll look into it some more before the next meeting, then, okay.

Savage: And any input, you know, we can get from, you know...

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Kaiser: I thought that was part of the discussion, though, was if, like, the quantity came in at 70% because they figured out some -- there was maybe a quantity bust or something like that, that, you know, right now we pay the contractor 100% of that item, and since they didn't do that work, then we would share in that 30% that wasn't done.

Terry: Right, and the way we deal with that, I guess, is if we're doing a true CMAR, we're truly paying it based on planned quantities, it goes both ways. If they have to put in more, we don't pay them for it. If they put in less, they don't get it. So, that's kind of where the shared, to me, is there if we assume the plan quantities are as accurate as we think they are, but we can talk about it more -- share some examples before next meeting and have some more discussion on it, yeah.

Mortensen: On the CMAR projects that we've run so far, I'm not aware of any major quantity underruns that they've run into, and I think a lot of that is just from the nature of the projects that we have and process that we go through and having the ICE sit there with us along with the engineers and contractors. You're talking about three different groups coming up with a quantity estimate. Generally, we're fairly close. I can't recall having one that underran, you know...

Rodriguez: Pedro Rodriguez, NDOT Project Management. Kingsbury, there were underruns in regards to flagging, but all of that was included in the risk reserve as Cole explained. We were able to complete the project one season versus three. So, we -- the Department received the benefit of the entire savings there.

Savage: That's a good example. I didn't realize that. Chris, you were going to say something.

Koenig: Chris Koenig with Kiewit. I think the way the Department -- it matters when you negotiate your GMP, too. So, the further along the design is when you negotiate the GMP, the further along the quantities are, and especially with the ICE having to double check. But if there were reason to negotiate the GMP at, say, 30% or 60% design, then the risk of quantity growth or underrun is higher than if you negotiated a GMP at, say, 90% or 100%.

Savage: Yeah, exactly.

Koenig: And I think really we're talking about two different things. We're talking about quantity growth, which comes with CMAR or design build, compared to

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alternative or constructability ideas or changes that would come up, and I think that we need -- the system that's set up generally covers all of that.

Savage: Thank you, Chris.

Martin: Len?

Savage: Yes, Member Martin?

Martin: So, help me understand your VE. For me, VE happens -- VE, Value Engineering, is a hugely overused and poorly used term most of the time. We, down here, prefer a term called Value Analysis, and we make an analysis on what the value of the alternative materials is bringing to the job and to the owner, but for me, the VE term says that you have designed a job that you figured out you can't afford to build, so now you got to Value Engineer stuff out of it so you can afford to build it. I think I'm hearing John Terry say that your Value -- what you're calling Value Engineering is going through as the job is being designed, discussing construction methods, practices, and procedures and determining what brings the best value, and maybe the old line thinking is different and the new line thinking figures out a way to make things more cost effective. One of the things I was really happy -- I mentioned before taking a tour around the Project NEON where I could today. One thing I was really happy to see is using the prestressed concrete beams, and I had questioned that many years ago and found out there was a, quote-unquote, bridge engineer who said that would never happen in the state of Nevada.

Well, you go outside of the state of Nevada, there's a lot of prestressed concrete beams in the bridges, and so those are the kind of things in our world -- I know what you're talking about, Len. The difference in the piping sometimes because one particular manufacture wants a different -- wants their chiller into that building. They're going to give you a better number than when you first was designing a job, and that shared savings on the savings on that chiller or on the piping, that's truly a shared savings. So, I'm trying to get my head around and listen to the conversation, what you're really talking about on this Value Engineering deal. Like I said, in the vertical world, Value Engineering comes in when the developers figured out that the dream can't be built, and you can't get a return on it, so he decides to do something different, generally, what the contractor told him to do in the first place. But...

Savage: You're spot-on, Frank.

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Martin: ...I guess I'm biased when it comes to this.

Savage: No, you're spot-on, because I know personally, we've lost a lot of work through VE, because the contractor will say, "Oh, we can do it this way. Oh, it's going to last" -- weld a pipe, for example. "We're going to weld a pipe." They're going to put plastic pipe in. "Well, we don't feel good about the system." But the owner buys off on that, and that's just an example, but John...

Terry: There are differences, and to be honest with you, these very long, boring meetings that the legislature often had to do with when they try and write especially CMAR legislation that covers both. For instance, in your world, sometimes the general contractor will give a bid on a building where it's just how many square footage of a Class A office, and that's practically the way he bids on it. They develop all the plans later. We don't do that. I mean, our guys are bidding off 90%-plus plans, you know, on a CMAR type thing, so it is a lot different. We have -- just to confuse it even more, we have two types of Value Engineering. When we're developing plans, we are required -- what is the latest? Is it \$25 million? Any project over \$25 million, during the design phase -- big debate where in the design phase, but somewhere in design phase, you have to do an independent Value Engineering analysis and justify why you didn't incorporate those Value Engineering things into the design. That's a separate thing that's done there in the design phase.

We don't have to do that in the design build, and then our Value Engineering, as we call it, it's just that. If the contractor wants to propose something different -- and those usually happen in two ways. One, he bids the job the way it's bid, and the first day that he's awarded the job, he comes up to us and says, "Well, I have a Value Engineering Proposal that I want to change these pipes to plastic," or whatever, and those savings are 50-50, or sometimes he's what, maybe a quarter of the way into the job and he wants to change something. He makes a proposal. That's how our Value Engineering -- design build, does anybody know if we ever here done a major VE on a design build? When I worked in Utah, we did a major VE as a part of the design build where we changed something dramatically and we split the savings with the owner. So, anyway, our VE is in every -- and I believe every state does it, too. It's in every design bid build, design build, and CMAR contract that if they come up with an idea, that the savings are 50-50. So, that sounds different than what Frank is describing in the earnings.

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Kaiser: Yeah, I've -- Reid Kaiser. I've been involved in quite a few Value Engineering Proposals, and they're always clean, and we get 50, they get 50, and there's never any issues. We accept them if we think they're good proposals. You know, a good example of that is Thor and I worked on a project on a pyramid interchange. The wall at the eastbound offramp, that was Value Engineering by the contractor, cut off a lot of time, saved a lot of money. We went with it. So, they've been very successful for NDOT.

Savage: Sounds like that might be the shared savings, is the VE.

Dyson: VEP.

Savage: VEP?

Tedford: Proposal.

Dyson: Value Engineering Proposal is what we call it. Thor Dyson, District Engineering, and Mr. Kaiser is right. We've done a lot of VEPs with the contractor. Sometimes it's us. Most of the time, it's them, because their creativity is extensive, because they're building the job, and when they produce that VEP, a lot of times it's a win-win for everybody involved, particularly, the motoring public.

Savage: Sounds good, Thor. Thank you. Frank, is there anything else?

Martin: No, sir. We beat this horse.

Savage: Chris from... [laughter]

Koenig: I think John hit on that -- again, it's about when you negotiate the GMP. Your CMAR contractor ought to bring you all of those values during the upfront constructability, and there are no shared savings. You know, you should be getting that kind of value of these ideas in preconstruction services. That's what it's all about, and then it's not shared. If I were the owner and the day after I negotiated a GMP the contractor came with this great idea to split the savings, my first question would be, why didn't you bring this up yesterday, the day before when you negotiated the GMP? Clearly, there are times when you negotiate the GMP. You're out there, and somebody comes up with -- you know, the foreman is finally on the job, and the guy with the best idea finally says, "Hey, why don't we do it this way?" And that's -- you know, then that's when you share it, but I think -- not to miss the point of the value in CMAR, is getting that input up front.

Savage: Thank you.

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Martin: Well, from where I sit, and we do a lot of CMAR work, it's one thing to be awarded a CMAR contract and go through the preconstruction piece of it. Mostly what happens during the preconstruction piece is you wear out a lot of subcontractors in the pricing scenarios, and then -- right, Len?

Savage: I was thinking it. You said it. [laughter] Thanks for...

Martin: And then when you are finally awarded that project and truly awarded it -- because in the way the current CMAR law works, is you're only awarded the precon. You're not awarded the project, because you stand a chance of losing that project. If you don't meet the expectations of the owners, they can put that puppy out on the street at the drop of a hat. So, things change, and Chris, things change in our world when the community, both material suppliers, subcontractors, et cetera, find out you really do have the job instead of it just being a maybe. Things change, and where we find the shared savings deal works out really, really well generally is in our -- not necessarily CMAR, but cost of the work plus a fee type of work, which is basically what CMAR comes down to. The way that CMAR is run here in the state of Nevada is a little bit different than that, but things change the day that the contract is signed in the community and the way the job is viewed. Sometimes projects are just not viewed.

When they're in that precon deal, sometimes -- especially when you're in a busy, busy market like we are now, sometimes projects, when they're in that precon piece, there's a certain amount of speculation that the job is not real. It wouldn't happen, I think, with NDOT, because we got a better reputation than that, but with some of the other agencies, maybe so.

Savage: Thank you, Frank. Anything else from anybody here at the table? One question on CMARs. We talked about warranty last time, and this has always been a concern of ours, but does the contractor on a design build or a CMAR project stand behind the warranty, and have you had an instance here at NDOT where the contractor has had to go back and warranty faulty workmanship on a design build and CMAR project?

Mortensen Cole Mortensen for the record. I am not aware of any work that we've had to go back and warranty on a design build... [inaudible]

Savage: That's good to hear, because where this question comes from is last month's meeting with -- or two months ago, we talked about the flexibility a little bit in the Silver Book and the Department taking that risk, and I thought we agreed upon it's

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not all about the Department taking that risk. It's a shared risk between the contractor and the Department, and the contractor has to be able to warranty that variation that was discussed. Did I understand that right?

Mortensen: I may be a little confused by your question. I did get a chance to go back and look at our recent design build contracts, and generally speaking, we'll require the contractor to warranty their work for a year after final acceptance, and I believe it's two years for stabilization. Now, I would imagine that anything above and beyond that, we would have to show that there was neglect or something that, you know -- some wrongdoing from an engineering standpoint or a contractor and [inaudible] standpoint, but I'm not aware of that happening.

Savage: That's good. That was the question I had. Thank you, Cole.

Kaiser: Now, that's different than our design bid build. We don't warranty -- the contractor doesn't warranty anything. He has to get through to the District acceptance on his work. After the District accepts the work, then that's when our maintenance staff takes over the maintenance of the contract.

Savage: And I know we talked about this before again and again, but I still to this day do not understand how the contractor cannot warranty that work after a year point just like they do on design and CMAR projects if it's...

Martin: That's exactly right. I don't get that piece. I got a whole staff that lives with a building for a year after we finish, and, Len, I know you got a whole department that does the same thing.

Savage: Yeah, we have majority ownership in the field. [laughter]

Kaiser: And I think some of that probably stems from by the time the contractor is done and working days are over, you know, it can be six to nine months before the District goes out and reviews the job. So, a lot of times there's a very lengthy time period between those, but we don't warranty our work, and I can't -- I can't remember -- I'm sure there's an instance where it ever come back to bite us.

Savage: But I would love to hear from maintenance to think -- how would maintenance take on some of the workmanship that may not be up to speed, because it's not about the inspectors that we had or the [inaudible] we felt it was good at that time, but for whatever reason, it didn't hold for a year.

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Kaiser: And a lot -- and a lot of that responsibility lies with the districts, because the REs work for the districts, and also, when I was an RE, I always had that in the back of my mind, that whatever I build on this job, our maintenance guys have to maintain. So, if there's some drainage issues, even though they built it to plan and I think there's going to be some maintenance problems, you know, I'd spend an extra \$5,000 to go fix it to make sure that, hey, a bunch of sediment doesn't go into this D.I. and clog it, you know, things like that. And I'm assuming, you know, with the districts, they do the same thing with their training for their REs.

Dyson: Thor Dyson, District Engineer. Everybody's heard this, to pull a cliché, design designs it, construction builds it, and maintenance and the public live with it. And so, we do several things in the process of a project. In the very beginning of the project, a lot of times we request the project. A lot of times, there's a mutual agreement from everybody that the project is needed. That's when we really make an effort at the district level -- and I have here in the back my Assistant District Engineer, Mike Fuess, [phonetic] and Ryan Hornback, [phonetic] who helps out Mike Fuess on maintenance issues and runs the maintenance portion of the District. We get involved early in the early designs, the 30%, 60%, 90% submittals. We look at those. Project management is generally very good to incorporate maintenance input and comments. Sometimes our comments are taken seriously, certainly when there's money that can be saved or money available. Sometimes it's not going to happen because of budget issues, but nonetheless, we were given the opportunity to do not only a PDFS, Preliminary Design Field Survey, but also some comments on each of these various levels as the project progresses through design. Once it gets through design and goes out to bid, then it relies upon, like Mr. Kaiser: stated, that the RE and the respective district will be required to check and ask, you know, not only on his own or her own had -- you know, is this project going to be going well for maintenance and the public, but, you know, not -- and for them as well.

So, my maintenance supervisors tend to drive through the project, because they're interested in what's being built on their section of roadway, and I encourage them to comment to the RE if they're not getting satisfaction, to comment to the District Office, whereupon the Assistant District Engineer for Maintenance, Mike Fuess, or the Assistant District Engineer in my case, Rick Bosch, [phonetic] for the construction will then step in, or myself, and we'll say, "Hey, we have a deficiency in the plans. We need to make this correction. We probably should have an LOA or we should have some change order to correct a deficiency that maintenance doesn't want to accept," because the last thing we want is to have a

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project and there's a piping issue, and maintenance is out there always addressing an accident that happens every rainstorm or a snow and ice melt where the water is running across the roadway in a wrong direction and we have freeze-thaw issues, which then is black ice and potential accidents.

So, in reality, once a project is done, it kind of sits in a holding pattern. Contractor says they're done. The RE doesn't say their done just yet. They have a punch list, correct? Checklist? Is that correct, Steve, a checklist of items, and that punch list is developed by the RE, and typically, the RE will talk with maintenance staff and say, "Hey," you know, "do you see anything?" They'll talk with their own construction crew staff, develop this punch list, hand it to the contractor, and I think it's 30 days. So, yeah, Mr. Contractor, you have 30 days to correct all these deficiencies that you didn't fix. You didn't tighten all the bolts in the guardrail. You didn't paint this certain section correctly, or et cetera, et cetera.

After that 30-day punch list item has passed, the RE goes back out, reviews what was accomplished by the contractor, and typically, the contractors get everything done on that punch list. Then that's when -- what's called a District Relief of Maintenance, and when District Relief of Maintenance goes out, we will go out. Typically, the RE, the -- does the contractor go out as well with the Relief of Maintenance?

Speaker: Not always, no.

Dyson: Not always. So, Relief of Maintenance involves the RE, the Assistant District Engineer, maybe someone from the construction office. Generally, we try to have someone from maintenance, although we're not always available if there's other issues, and they go and review the job and look for any other deficiencies that they can find on the project. And generally, they find something and ask the RE to direct the contractor to clean that up. Once that's done, then the official District acceptance letter is prepared by my staff, and either my Assistant District Engineer signs it or I sign it, and when that happens, it's done. There's no warranty. We own it. We live it. We deal with it.

Savage: Okay, thank you, Thor, and Mike and Ryan, I welcome you to the meeting. Thank you for attending.

Dyson: Mike, do you want to add to that at all? Mike Fuess, you want to...

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- Fuess: Very little, because for the most part, we do really well with asphalt and concrete. What typically hits us pretty hard is the other things, the landscape, electrical, electronics. We spend a ridiculous amount of money replacing locks, small stuff within the first year. It adds up, but typically, the asphalt and concrete is pretty darn solid.
- Savage: Yeah, and I would expect that. The incidentals or whatever you want to call it go along with the project, but still, it costs money. Mr. Terry.
- Terry: Again, that's where we're kind of struggling with the way we've always done it, that we don't do warranties, is we're starting to do more electrical stuff. We're starting to do more complex electrical stuff, which the more standard in the industry for that kind of equipment is to provide warranties for the electrical components. And so, the other area we're starting to run into pushback, as you know, you been around, we're getting a lot request to turn over roads. When we're done with construction, is to relinquish them to other entities, Clark County in particular. "Where is my one-year warranty when you turn that road over to us?" We got to keep telling them we don't do warranties, and they say, "We ain't taking it without a warranty." So, we do have to keep looking at this issues, because we're starting to run into some areas where the way we've always done it is running into some issues, and I'd say specifically in those two areas, complex electrical components and requests from agencies that we're turning roads over to, to have a warranty as a part of the turnover package.
- Fuess: Mike Fuess. The other thing we've noticed is that some of the -- some of the appliances we buy now come with warranties.
- Terry: Right.
- Fuess: And we've been struggling, because the warranties aren't always conveyed to us in maintenance. So, we don't always know that there's a warranty, and if the warranty isn't properly conveyed to us, we're not, in fact, exercise the warranty.
- Savage: Chris, you...
- Koenig: Chris with Kiewit. I can't see a differentiation between alternative delivery CMAR, design build, and bid build of why a contractor wouldn't warranty their work for a year. I did a quick verification. Your sister departments, UDOT and ADOT, both have one-year warranties on bid build work.
- Savage: Thank you, Chris. Sharon, you started to say...

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Foerschler: Sharon Foerschler for the record. I just wanted to add that, you know, the Department performs acceptance testing on many of our materials, and we don't accept contractors' work unless it falls within our specifications, and we have mechanisms in place if they don't. Say, for instance, they're putting down plant mix and they don't meet our requirements, we can either take a liquidated damage, let them leave it in place. It depends on the severity of the deficiency, if you will. We can make them rip it out if there are costs to replace it. So, we do have measures in place for some stuff. Like John was saying, you know, the ITS stuff, we're doing more of that. That's a little grayer area in so far as the warranties, but the Department does perform acceptance testing, and that's what we base payment on.

Savage: Right.

Foerschler: So, we're pretty prescriptive in this is what we want. This is the mix we want. You'll meet this criteria. If you don't, we will penalize you in whatever is appropriate or corrective action.

Martin: In our world, it's very, very similar to that. That's why we have building inspectors, and that's why we have special inspectors that come out. They test the concrete. They inspect the framing. They inspect the electrical and everything else, and then in our world, we have a final walkthrough like, I think, Reid, you were talking about or somebody was talking about, and from the point of that final walkthrough, we got to guarantee our systems for a year. That's landscaping. That's electrical. That's air conditioning. It's every system in that building right down to if we get a roof leak or we have a failure in the foundation. It don't make any difference how many inspections you go through during the course of the job. We still have to warranty the work, and I can't understand a world where a contractor wouldn't warranty their work. I just heard from a gentleman sitting back in the back about landscaping, electrical, and all this kind of stuff.

I was sitting here talking with [laughter] yeah, with Mario. God, I just -- anyway, if you had a warranty period, it would reduce the strain on your maintenance department hugely, because a lot of these systems, probably your maintenance department don't have the expertise to work on, and it gives you a year to learn about them during the warranty period. I just see all kinds of advantages, but yet I continue to hear the resistance. We just don't do it that way. We never have, and so why should we start?

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Savage: Your point is well made, Frank, and I think it's just -- you know, we're broadening our scope of work for highways to roads, to elevators. I mean...

Terry: Hopefully, no more elevators.

Savage: But that warranty, hopefully, is an extended warranty, but I don't know what that warranty is [inaudible] but I think this discussion needs to continue on the next CWG -- BJ, would you like to say...

Almberg: Well, just a quick question to Thor. You come in and just explained that when you guys do an additional punch list, as you call it, walkthrough, they got 30 days to fix it. Then, you know, what's the timeframe where you come back and what you would describe when you guys basically go out and do your last inspection and call it off from that point forward. It's ours.

Dyson: It depends on -- Thor Dyson for the record. It depends on the size of the job and the complexity of the job. I can state that we're not opposed to warranties. I don't want it to sound like that District and maintenance personnel are against warranties. It's just another added insurance level, a level of insurance saying here's the work. We did the work. We think it's good work, and we're back in a year, or whatever timeframe, to make sure the work is good. We would love that, and particularly with landscaping, Mr. Mike Fuess mentioned that landscaping was something -- not this year, because we had a lot of water, but other years, depending on soil type and water, lack of water, it's very tough to get landscape to really take off, and without really good, diligent maintenance, landscaping may not really take off the way we want to see it. So, the contractor, you know, if they want to provide the warranty for us, that's outstanding. I don't know -- it's a bigger issue than me. I don't know if it needs Board approval, legislator approval. I don't know how that works.

Savage: I think we should talk about it again in further detail at the next -- at the next upcoming meeting. It's a healthy discussion.

Kaiser: Reid Kaiser again for the record. We can do a little research and see what other states are doing and see what we come up with.

Savage: Sounds good. Let's move on to Agenda Item No. 4, NDOT staff update.

Kaiser: Okay.

Savage: And Ms. Allison Wall...

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Kaiser: Actually, I'm going to handle this one today. I want to thank the three districts. They supplied me some good information, and the information at the very top of this item where it says, "Vacancies, April 18th, 2017," that's information I did get from our human resources division, and I made a presentation at legislature about our vacancies, and so forth. So, that is information I presented to them. As you can see, the District 1 construction, there's 14.5% -- not a half-percent, but 14 vacant positions in District 1 on the construction side of the house and maintenance. There's 16 vacancies out of 182 were an 8% vacancy rate. In District 2, there's eight vacancies for roughly a 12% vacancy rate, and for the maintenance side, there are 17 vacancies for a 10% -- or 11% vacancy rate. And in District 3, there's ten vacancies for a 20% vacancy rate on the construction side, and in maintenance, there's seven vacancies for 5% vacancy rate.

For engineering positions here at NDOT, there's 64 vacancies for 13% vacancy rate. So, there's definitely some areas it looks like statewide where we are hurting in vacancies, and unfortunately, on the construction side, when we get those vacancies on the construction crews, they got to be -- deal with consultants. We've got to get our work done. So, those are costly. Thor, Mario, and Boyd, did you guys want to comment on any of these vacancies or anything? Feel free to step in here.

Dyson: Yeah, so, Thor Dyson, District 2. It's very time-consuming dealing with the vacancies. We spend a lot of time going through the bureaucracy that's placed upon us by DHRM, Department of Human Resource Management. We've got to go through all these different steps to recruit, to go through applications, and then to do the interviews, and then once you make your selection, go through the whole process to get them on board, officially signed up. And to be blunt about it, it sucks the life out of us, because we're having supervisors and supervisor 2s and staff to spend so much time on interviewing, we're getting less work done maintenance-wise out in the field. So, that's problematic.

If we do successfully get someone, recruit them, and retain them, a lot of times we train them up and then they're gone. I know this happens a lot in Las Vegas as well as in District 2, where we train the staff up for operating equipment, doing maintenance activities, and then they'll leave, and then we're right back in the same boat. One of the pieces of information I can offer you is that our worker 3s in maintenance, but also in construction, are journey level individuals. They're the core of our workforce. They're the ones that get the work done. They're the

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meat and potato -- meat and potato type man or woman that's running the show for us.

They have -- we have 50% of these individuals that have three years or less of experience, and that's problematic, too, because they don't know the job as well. They don't know what's expected of them as well. They're not a seasoned journey level individual that, you know, can deal with the issues out on the highway. They're not a seasoned technician that can, you know, be left alone for a period of time, and we have confidence in that they are doing a good job testing, inspecting, and dealing with the contractor and taking care of the small issues that occur right there and then, same with maintenance.

You know, they're careful with equipment. They're not damaging equipment, and they know what's expected of them. So, there's the vacancy rates, like Mr. Kaiser: had stated. There's also the experience level, and we're putting people into situations where a lot is being asked out of them to accomplish with minimal experience and sometimes in some cases minimal training. Mike Fuess, do you want to add or comment to that?

Fuess:

I would. Actually, as important as the vacancy rate is our retention rate. So, as Thor said, quite a few of our staff do not have the experience that we would like to see. In fact, we crunched some numbers and found out for our maintenance worker 3 position, 75% of them have been with us six years or less. It takes roughly five years to become a maintenance worker 3, a journey level employee. So, the 75th percentile years of service is six years or less, which means 75% of them have been with us six years or less. There was a time when you had to be with us 15 years or so to become a lead worker, and someone had to retire or die before you moved into a supervisor position. We're moving people into lead worker and supervisor positions with five years or less experience with the state, and that is amazing.

We immediately need to somehow figure out how we're going to step up our training program in order to create the caliber of journey level employee we want, and somehow, we have to figure out how we're going to create a proper staff that we can move into the higher leadership positions. We had one super 2 vacancy, a regional supervisor position we filled this year. Within the next year, the remaining four super 2s, regional supervisors, have told us they're going to move on, and I don't know where we're going to find four regional supervisors. The

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retention is a big deal. Training is a big deal, and the vacancy rate is a huge deal for us, and we're struggling.

Dyson: So, on the -- Thor Dyson. With the construction area in District 2 -- in fact, in 2012 during the recession and other issues, we got rid of one entire construction crew based on, you know, the lack of workload, and now the workload is back. So, I'm down a crew to begin with, and then with these eight vacancies which almost makes up an entire crew -- so, effectively, I'm down two crews for construction QAQC in the District, and that's what Mr. Kaiser: had stated, that we are using a lot of consultants, and we have more on-call consultants. But, you know, the hard efforts -- work efforts by Sharon and her group, Steve and others in the construction office, we've got these on-call consultants to assist us with testing, inspection, and other aspects of construction administration. It is costly.

Kaiser: And one more item on that is the compensation. You can see it by the numbers that I put down there. You know, we're the -- and I know there's nothing we can do with it. You know what I mean? We did get a 3% pay increase as of July 1st through this legislature for the next two FY years [inaudible] years. So, you know, maybe we'll be able to entice our staff to stay longer, but we are the lowest paid group.

Larkin: But on the other side of that -- Tracy Larkin, Deputy Director. As Thor -- I'm sorry, as Reid said, it's really outside of NDOT's ability to change a compensation, but I will tell you that I am dealing with numerous grievances, resolution conferences and stuff that are killing my time because of this issue, and most of these are the employees who are in their last ten years, five years on their -- most of them will basically have gone through the recession, and because they didn't get the merit raises for five years -- we have a lot of them that have been with us 15, 20 years, and they are at a step 2 or 3, can't -- and that's a significant chunk of change over there. And there is a lot of inequities around there, and I know there's a lot of efforts within the Department to try to minimize them, but we can't. We're talking over 800 -- basically, about 800 positions that are [inaudible] spent a long time [inaudible] so, basically, new people coming on. In order to bring them on, we try to give them advanced steps so that we can actually get people on board to work for us; however, what we're telling the employees who made it through the recession, well, poor you. Suck it up. You know, and it's the wrong message that we're sending.

Dyson: Member Savage, Mike Fuess has an additional comment.

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Savage: Yes, Mike.

Fuess: So, as our staff leaves, we ask them why they leave and where they're going, and just like Tracy said, is that they're going for more money and better benefits, and the complaint we're hearing is, in many cases, especially the maintenance worker series, that they don't -- they simply don't get paid enough to make ends meet. And every time the legislature meets -- it's not my place to knock them, but every time the legislature meets, we may get raises, but there's money missing out of their check one way or another. Either they're paying more for medical or they're contributing more for their benefits, and somehow, somehow, there's less money there instead of more.

The inflation rate is getting them, too. The inflation rate is roughly 2.2%. It depends on how you look at it for this last year. So, they're leaving us to go to the city of Reno, which would pay 25% to 50% more plus pay all of their medical insurance and give them way better insurance and do 100% contribution defers. And some of these other agencies are 25% to 50% more, similar benefits. The supervisor from Virginia City left us to work for Nevada Energy for less stress. He doesn't have round-the-clock responsibilities, and he's making \$10 more per hour with better benefits. That's the common recurring argument we keep hearing again and again, and again as we lose the staff for maintenance.

Savage: It's disheartening. So, I don't understand the legislature issues, but this is a monetary side -- are we funded by the Highway Department for salaries and compensation or is it general... [inaudible]

Kaiser: Through the Highway Fund.

Larkin: We have general funding.

Kaiser: Yeah. We're through the Highway Fund, but the powers that be don't like to give us any different pay increases than people who have come out of the general fund, because then it sends the wrong message.

Savage: So, it's very disturbing, and we just can't put our heads in the sand, I mean, because it's about the future generations, and we have to do something to fix it. I mean, so, this has to stay on the agenda, and we have to figure out -- I mean, I've seen it on the public -- on the private side as well. You know, different contractors from different areas are coming in and cherry-picking, cherry-picking, cherry-picking, and it's very frustrating. It's very frustrating. It's a west coast

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economic drive right now that's causing a lot of this. It's a good thing, but as a department, we have to really look from the outside in, debate it. The Director, the Deputy Director, Mr. Hoffman -- Tracy is here today as well, other Deputy Directors here, we have to really review this and figure out how we're going to combat and retain some of the people that we have, and I don't know the answer. I don't know if anybody knows the answer, but we're not going to find the answer if we just brush it off the table and never talk about it again. So, I take it, it has to remain at the table for open discussion, and whether it's -- you know, I look at the construction side with the PIO office that we've had. You know, the best defense is a strong offense, and they've come a long ways. And are we marketing it correctly? What are the benefits. What are the good things with the Department? Let's talk about the goods. We'll talk about the challenges, but we'll also talk about the good things.

Larkin: We have groups, actually...

Savage: We do?

Larkin: ...to be looking at specifically workforce development and retention, and they basically are a group of about 17, 20 that are just brainstorming, put these things together.

Savage: And this is Headquarters?

Larkin: Right here, yes. It includes the districts.

Savage: That's a good deal. We're not doing our job if we don't try to find a solution. So, there's an answer out there, and I want to know what it is. It's a sad day when we have such good people to lose them to other jurisdictions for whatever that's worth.

Dyson: So, Thor Dyson. Years ago, if I remember correctly, in the administration under Kenny Guinn, [phonetic] and the Director, Tom Stephens, wasn't there an increase -- I'm trying to remember. It was, like, a 20% or 25% boost to certain groups.

Kaiser: That was for Engineers.

Foerschler: 10%... [inaudible]

Dyson: It was more than that, and I'm trying to remember who initiated that and how that...

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Kaiser: Actually, I think that Tom Stephens initiated that in one of his budgets, because we were losing a lot of engineers to the other entities, and I think he implemented -- I think it might have been 20% or 25% pay increase of engineering [inaudible] leave out all the maintenance and the technicians and those kind of people. So, there was some hard feelings, but yeah, there was a pay increase, and I think...

Foerschler: And the NACs.

Kaiser: Yeah, I think there was also some -- there has been discussions on that previously, but it's -- we don't want to go down that same path that's choosing a selected class to get a certain pay increase.

Savage: No, it's the big picture. You know, I look at the crew augmentation, the administration. We had the consultants that we're paying. You know, we're losing crews. Like Thor mentioned earlier, it's costing. It's costing the state more money to outsource that, and I understand we have to outsource, because we don't have the sources inside.

Kaiser: And I know that there have been discussions with the Governor's Office since we are out of Highway Fund, giving NDOT staff across the board certain pay increase, but again...

Savage: It's a hard one.

Kaiser: It's a hard sell, you know?

Savage: And understandably so.

Kaiser: Yeah.

Savage: But we have to really -- I'm glad, Tracy, to hear you say that, "I hope this Committee meets weekly." [laughter] Monthly.

Foerschler: Sharon Foerschler for the record, and I know I've bent Reid's ear. Our construction program that we're augmenting with consultants, it's extremely hard for me to swallow the invoices that I've signed, and I have expressed concern with Reid. We're running over a million dollars a month on consultants, and, you know, you look at the wages and understanding there's, you know, a different thought process or a different perspective on the consultant side because you don't have job security that we have, but it's extremely difficult. We've got a job, and I'm not going to say which one it is, that we're augmenting, and that agreement is \$300,000 to \$350,000 a month for one firm, for one augmentation, not even a full

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Admin and it just -- you know, I sign my name to authorize the payment, and it's difficult, very difficult to see that kind of expenditure go out when we could have qualified staff in-house and be more effective in my opinion. And like Thor mentioned, we lost an entire construction crew in Reno, District 2. We lost one in Las Vegas. We used to have a construction crew in Ely, over time that they just disbanded through attrition.

So, we've got less people. We've got a larger program, and it's very difficult for the construction crews to see these consultants come on board that are making two and three times more an hour than they are. It's a morale killer. That's my two cents.

Savage: No, but I think, Sharon, your point is well made, because if we can have the proof in the pudding, say listen, Mr. Director, or listen, Governor, whoever it might be, this is what we're spending. This is what we could be doing the project for, and this is where we're at today. Where are we acting, we have some major concerns, and it's going to affect us in the long run if we don't try to take care of it. That's the bottom line.

Kaiser: We will put those numbers together for the next legislature, request that.

Foerschler: It's going to be at \$18 million this year just on construction.

Savage: That's a long ways away.

Kaiser: It is.

Savage: You know, so, let's see what we can do in the interim. There's no silver bullet. We understand that. We've got to figure a way. BJ, your view, do you have an answer?

Almberg: I wish I did. I mean, it's hard to sit back in here and recognize how much we're paying out for the consultants because we don't have the staff to do it, and that money would obviously come in here. If you could take that money, bring it back into NDOT, distribute it through staff, additional employment, it would make a huge difference.

Kaiser: Agree with you 100%

Savage: Any other comments on Agenda Item No. 4? Moving on to Agenda Item No. 5, the... Resident Engineer's project assignments.

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Kaiser: Okay. What I have here is just the project assignments for use of the districts and their Resident Engineers. Right now in District 1, we have one, two, three, four, five, six, seven REs working in projects in Las Vegas, one in Tonopah. In District 2, one is in Fallon. Two are in Reno. One is in Carson City, and one is in Tahoe. And then in District 3, we have an RE in Wells, one in Ely, one in Elko -- two in Elko, and one in Winnemucca. Are there any questions in regards to the District assignments? The schedules, thanks to our construction office, do look the same.

Savage: They look the same. [crosstalk]

Foerschler: Steven's job. I delegate it.

Savage: So much easier. I mean, again, it's evident right there on page 4 or 5, I believe, where you don't have any available REs for the District 2 -- the last four items.

Kaiser: Yeah, we're all very busy. We don't have an RE in Ely right now. I think the Assistant District Engineer is running that crew.

Dyson: So, Thor Dyson. I just want to add that a lot of times the consultants, for doing construction administration or augmentation, they're working on one job. Our current Resident Engineers for NDOT have anywhere from seven to eight projects, and as you know, you know, one project has, in some cases, as much paperwork -- a small project may have as much paperwork as a big project. You've got all these required steps and processes and procedures. So, it's daunting to have tons of work and the REs handling seven, eight, nine projects a shot, and like Ms. Sharon Foerschler had stated, it's a morale buster when the crew is managing multiple jobs and they're seeing the consultants making two or three times as much as they are and they're managing one job at that time. So, you know, we're getting it done. We're doing what we can do, but the oversight is not as thorough as I'd like it to be. You know, I always fall back on to what gets monitored, gets accomplished, and that's what inspectors and testers on the construction crews do.

They monitor and review and inspect and ensure and do QAQC and try to avoid a warranty, you know, a warranty issue I should say. We don't have warranties. [laughter] But, you know -- so, it just kind of all steamrolls, and it -- when you just go do -- when you do [inaudible] maintenance and District acceptance, on the front end, you didn't have enough staff to review things appropriately because

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your crew has seven and eight jobs, and everybody is spread real thin. It just sort of steamrolls.

Savage: It does steamroll, and it even gets into my safety at the end of the day, you know? Everyone, the men and women, are pushed to the end degree, and we never want to jeopardize the livelihood of that person. I'm talking about the oversight of the REs of what they're doing on these different projects. We really have to, again, look at that to ensure that we're getting the value for the Department as well as the understanding of what that RE can achieve on a day in, day out basis. It's not easy.

Larkin: Excuse me, I need to go... [inaudible]

Savage: Thank you, Tracy. So, as far as the additional REs, I mean, if you need REs to do the work and you don't have the REs, you got to outsource those people as well [inaudible] is crazy.

Dyson: Thor Dyson again. We're required to do that for FHWA, and certainly if it's a federal project, we're required to monitor and make sure federal dollars are used appropriately. So, we have to have an RE, and we try to augment our projects, our federal projects, or have full administration on our federal projects, because it means that much to FHWA to have an RE dedicated, a crew dedicated or augmented to that particular federal job.

Savage: So, let me understand. So, the budget has been set for the next two years, so there are no available requests for RE crews within the department. Is that a fair statement?

Terry: Yes.

Kaiser: Yeah.

Savage: Okay. I wasn't quite sure how that worked. So, we're set for the next two years.

Kaiser: We're set for the next two years. We can request new people next legislature in 2019.

Almberg: You're set for the next two years based on the staff we have now?

Kaiser: The current staff we have now.

Almberg: Based on all the staff.

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- Terry: Actually, I think we were approved for Department-wide -- I think it was 16 new positions scattered throughout the Department, but none in the construction side budget processes and stuff, and we can't hire any of those until October, but that's the total of our whole 1,800... [inaudible]
- Almberg: So, all these positions that...
- Terry: None of them were a construction crew.
- Tedford: Mr. Chairman?
- Savage: Yes, Darin?
- Tedford: Darin Tedford, Materials Division. We don't mean we're set like we have enough. We mean we're set like we can't get any more. [laughter]
- Almberg: We're set before we have -- even though we have lists of a bunch of positions that we need, we can't fill them.
- Tedford: If we said we needed more crews, we couldn't get those approved until the next legislature. So, the number of people we have is set, and the only way we're going to get more is if Sharon gets a mass consultant.
- Savage: Item No. 6, Unbalanced Bidding, there doesn't seem to be anything at this time. Item No. 7, list of active agreements.
- Kaiser: This is the same list from the previous meeting. It's just all the Xs have been eliminated thanks to Claudia fixing my spreadsheet.
- Savage: Thank you, Claudia.
- Kaiser: So, I don't know if you guys have any questions over the numbers that were presented there.
- Savage: I do have a question. Again, I really thank you for the summary, because it's a quick snapshot, very helpful, very informative, very transparent, but are there any matters of concern from any of the construction consultants not being able to form your work to meet our schedules in advance?
- Foerschler: Sharon Foerschler for the record. We're on the brink of finding out going into this construction season. So, the staff that we have on board make their own agreements. We're going to be fine, because they've known for a while now what our needs are, what our challenges are going to be on the on-call. So, as the

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resources out in the industry are being tapped into, you know -- we can get staff. We just don't want the warm bodies, and that's our theory, is we're not going to get the most qualified staff, because they're not out there.

Savage: But I heard you first say that the ones that they're committed to, they have guaranteed the Department that they'll be on time and give us the services that we require for the projects that we've already engaged.

Foerschler: Yes.

Savage: And then the on-call, again, I compliment the Department for going to that type of system regarding the flexibility of who's available based on what their workload is. It gives us a little more flexibility, but it's a concern of yours, Sharon.

Foerschler: Yes, and there are substitutions that happen on our fully executed agreements with staff we currently have on board with the consultants, because people move around, but there's more of a -- how do I say it -- solid plan on the full admins and the augmentations that they count on. They know what the work schedule is. They know when we're going to need staff, for how long we're going to need them. The on-call is a little bit gray in that respect from that perspective. And then coupled with what's going on in California, we're afraid we might lose a lot of staff over there with the increase that they're looking at. We're hearing from the consultant side at least for construction. I don't know about design, if you guys are experiencing the same thing, but the pickings are getting slim.

Savage: And I'd just like you all to know that [inaudible] the same on the private side, trying to find the qualified people, the 18 qualified people [inaudible] warm bodies, and that's why, you know, our personal philosophy is, on the business side, is to take care of the people who have gotten us where we're at today, and I'm hoping that some of the vendors and the contractors feel the same way about NDOT, because there's a lot of work out there. But through thick and thin, NDOT will always be here, and I think the good contractors realize that. I hope the consultants can see the same thing. I believe they do, but it's worth mentioning here at this level, and I'm hoping that they can hear that, because NDOT will be here for the next hundred years, and some other projects won't be. But at the time, we had to face the reality we're losing people [inaudible] near the bay area or Phoenix or Salt Lake, or Las Vegas. This is a Vegas country here. I got to be careful, but we're all being challenged, and it's about the people communicating and ensuring with those vendors that they cannot oversell and underperform. It's death. It's death for them, and it's death for us, and I think it's

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important that everybody talks about that throughout the Department from the ground up, because it's reality. Any other comments on that matter?

Mortensen: This is Cole Mortensen, Project Management. I have to agree wholeheartedly to, I think, some of the issues that we've seen, especially on recent procurements, because we're seeing the same basis time after time, after time on these proposals. And the question then becomes as you're working on this job over here for us, and, you know, I just saw you on two other proposals, from the industry we get, well, you know, we've got to go after work. If we don't go after work, we're going to -- we're going to fail. But from our perspective, it's really tough when you have somebody telling you that, oh, yeah, we're going to -- we're going to get it done for you, and yet they're committed -- they've overcommitted themselves through proposals of work to the RFPs that we've found out there. So, we're seeing the crunch, too... [inaudible]

Savage: Because the people -- the vendors and the contractors are really -- they tell you, "No, I can't take care of you right now." I got a full plate. I'm not able to give you the quality of service that you should have.

Mortensen: Or they give us somebody that just isn't qualified.

Savage: Well, that's the work, but they still -- we still have the standards.

Dyson: Or, Member Savage -- Thor Dyson. I have an interesting story where we went out for RFPs for proposals on I-80 job east of Fernley, and it was suggested by one of the firms that we really didn't need an RE out on that job, because they were committed to another job that the Department was -- has them employed at. So, they were basically insinuating a proposal that, you know, this project doesn't need a full-time RE, and of course, you know, they weren't selected because the I-80 project, which is a multimillion-dollar project to address I-80 issues, paving east of town -- east of Fernley, does require an RE, does require a full crew. And to insinuate that it doesn't was erroneous.

Savage: Yeah.

Dyson: So, there's a lot of -- like Mr. Cole Mortensen stated, you know, they're going to -- and I don't have the business. I don't understand fully that whole side of things, but there is -- you know, you're either really busy or you're not, and you're trying to balance the workload -- you'll take out all the work you can and then spread it out. Contractors do that as well. They'll bid three or four jobs, and then they'll

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come to us and the Department and say, "We want to delay the notice to proceed on this job." And it's not necessarily because they have a good reason. It's because it's not fitting their schedules, because they got too much work. We're seeing some of that.

Kaiser: And Len and BJ, just so you understand, the first sheet is the construction agreements, and the second sheet has all the project management agreements, all the consultants that have been listed -- are listed.

Savage: So, even on that matter, the project on the second page, so the reason why [inaudible] down there, they're the contractor at the bottom.

Kaiser: Right.

Savage: And then Granite [phonetic] is on here, too, I noticed. They're both being contracted.

Kaiser: Those projects, CMARs are handled through agreements.

Savage: Okay, those... [inaudible]

Kaiser: Right?

Speaker: Yeah.

Kaiser: Yeah.

Savage: Okay. Any other questions on Agenda Item No. 7? Agenda Item No. 8, update on Design Build Contracts.

Mortensen: Well, we have a presentation. I'll turn it over to Dale and Pedro. Is this the end of the presentation? We're done. To run through their perspective projects. One of the things that I would like to mention is that we do have the RFP out on the street for the I-15 Garnett Interchange at 93. We anticipate getting proposals in for those Wednesday.

Savage: Thank you, Cole, and thank you for attending today from Project Management, got the fresh air, and Dale, welcome from Las Vegas.

Keller: Good afternoon. All right, we'll get going. So, for the record, Dale Keller, NDOT Project Manager from Project NEON. So, we'll quickly go through where we are at with Project NEON. So, we are roughly 35% of the contractual value that's been earned to date. That puts us just over \$200 million. Big picture-wise,

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we're on schedule, on track where we need to be. As I mentioned at the Board Meeting this morning, our design is roughly 100% complete, which is great news for all the design build projects. We want to make sure that the design is complete. There's less errors when you have the complete design, so that's great news. [inaudible] we'll see -- you'll see an update construction, 17 to 18 has always been the busiest time and where the most money is going to be spent on construction. So, you'll see that number catch up and will definitely be a lot more construction going on here in the next two years.

Here's our earned value curve. Here's what the yellow was projected versus what blue is. What Q has been trying to do -- and I know Chris just left. We had that kind of a saddle hump in there that was projected earned value curve is, and that's more based on where our contractual limitations are. So, Q is trying to do their best to smooth out that one nice bell curve. So, you'll see some of that work get pushed toward that January-February time period and keep those resources and keep their craft on the projects here and not have to let people go and try to hire people back on. So, that's what they've been working to, and as you can tell, majority of work is coming up this summer as well as summer of '18.

So, here is the Change Order Status. All the changes on this sheet is what was seen three months ago. So, one through 14, those were executed. As you can tell, the last date on there is from January 11th. So, I'll skip to the next page.

Savage: Hang on one second, Dale, question for you. For example, on that item 12, Elimination of Courtesy Patrol, the one with \$400,000... deduct

Keller: Yes. So, you want more detail?

Savage: Yes, I mean, how did that -- was that a line item during the original bid?

Keller: It was. So, actually, it was a commitment in QA's proposal. So, at bid time, they said, "Hey, we'll provide you a courtesy patrol." That included tow truck services at end of each side when we pack lanes on US-95 and I-15, working through traffic operations and our freeway service patrol. That felt it was an overlap of responsibilities, and what we agreed to were Traffic Ops. They could increase the freeway service patrol, rather a NEON footprint, in more efficient matter. So, we went back to their [inaudible] documents and [inaudible] and pulled out \$400,000 with that budgeting for courtesy patrol. So, this is one where I took at a solution. Even though they said, "Hey, we can help you with this," NDOT, we said, "Well, we're better off suited and know how the area functions more with our freeway

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service patrol." So, Traffic Operations is leading that, leading the increase in service.

Savage: And we got back the original amount that they had stipulated on there?

Keller: 100%, no shared savings here. This is a deduction scope.

Savage: Right.

Keller: So, we would have 100%... deduct

Savage: All right. Thank you.

Keller: If you can tell on six, one question came up [inaudible] a lot of Value Engineer Proposals that came through, the high dollar amount. We have one here at six that was roughly -- that was our savings back, was roughly \$100,000. So, on a \$560 million contract, it was very small, some things we see, but still a savings. There is another one that we're working through right now as a proposal to see if it's something worth pursuing. So, since the last three months, we have three executed change orders, kind of really -- just want to comment zeroing out there - - or a \$100,000 increase takes us total to roughly just under \$12 million executed change orders so far. Questions, comments on change orders? Any questions on Project NEON. That was really short and simple.

Savage: None here. Member Martin, any questions on NEON?

Martin: Yeah. I'm wondering on the change orders, what's the driving factor? If you can go back to those slides. I couldn't read them from where I'm at, but I see a lot of Xs where it's owner-directed. Does that mean it's something -- additional work you guys have requested of Kiewit?

Mortensen: Board Member Martin, this is Cole Mortensen of Project Management. One of the things that actually accounts for a couple of the change orders that you see in there is that we'd actually had an idea, a concept change for us during the procurement process, and we found ourselves in a situation where we couldn't change the RFP, and that's specifically to the MLK. You'll see the MLK ramp modification there, and there's -- I think there's another one up there. Anyway, point being is that we turned around and we requested that Kiewit incorporate those changes into the project afterwards, and the only way to really do that is to do it by change order, because otherwise -- we had to have an understanding of how it might impact their schedule costs, that kind of thing. So, a lot of the

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Department-directed change orders there have something to do with that, where it wasn't in our original -- contractor original agreement, but the need for it has come up.

Martin: Okay, I get that. So, the 515 viaduct repairs for \$2.9 million...

Mortensen: Correct, we -- that was...

Martin: All of this stuff could -- anticipated with your normal job visits and all that kind of stuff?

Mortensen: Correct. Some of these came up after the fact, after we had already issued the RFP. The viaduct repair, there was a portion of that northbound viaduct there on the I-515 that was basically deteriorating at alarming rate, and rather than continuing to have our maintenance crews out there kind of causing traffic congestion, potentially causing issues with our lane restrictions on NEON, we chose to change order in Project NEON so that we didn't have any issues with another contractor working in the same area and what that does to the incentives packages and the schedule that we have on NEON.

Martin: Got you. And item number 11?

Mortensen: Item number 11 was a situation where we had differences of opinions on the engineering of the drilled shafts and what the Department was comfortable with using or allowing from a design standpoint. This is one of those areas that we had talked about earlier where you end up having arguments over engineering judgment and who's right and who isn't, and so rather than accepting work that we weren't comfortable with, we executed a change order to have them include additional lengths on the drill shafts based on what we can allow through the contract.

Keller: And to be frank, this is one -- you know, you talk about the challenge and going through design build project, and every day is not going to be a great day, right? So, everything is, you know, challenges. You have different opinions, and this is one, I think, the major one. I think we both worked together, partnered together with and found a solution that worked best for the department, kept the project on schedule, and right now, we've kind of -- knock on wood, has been going through these drilled shaft constructability concerns and issues. Actually, it was a high risk. Now I think it's a very low risk, and that says something both to NDOT and to Kiewit.

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- Martin: Okay, so, if I hear, it's just two engineers that couldn't agree to meet in the middle.
[laughter]
- Keller: That's a good way of boiling it down.
- Mortensen: And at the end of the day, considering a project like this has an overhead rate of about \$100,000 a day, it was getting to a point where the Department was potentially at risk over continuing to allow this issue to languish and impacting their schedule, and so when you start talking about time equaling money, you know, in two weeks -- if we let it go another two weeks, the Department could have been at risk for another \$10 million. [inaudible]
- Martin: I get it, Cole, and one of the advantages that I see in the design build, and I'm certain Len feels the same way -- my screen just went black, is...
- Savage: You're looking better up here. [laughter]
- Martin: ...is the utilization of the contractors' capabilities. So, how do you feel about -- Dale, how do you feel about 2% at 35% complete?
- Keller: Actually, really well. One of the things that we talked with our partners at FHWA one of their measures of this project is on track or not is that 2% of growth a year. So, we're under that 2% of growth in a year of the contract. So, by their averages and averages of what we see, I think we feel comfortable and confident where we are today. There is some significant change orders that could be forthcoming at the additional scope that we're adding to the contract. So, we're going through some negotiations there, but all of that we can discuss as we execute those change orders upcoming, but I feel confident there's no thing that's going to be out there hanging out there that's going to really blow up on the side that's going to change our cost or schedule at this time.
- Mortensen: If I could add to... oh, go ahead.
- Martin: I'm sorry, no, go ahead, Cole.
- Mortensen: What I was going to say, if I could add to -- you know, we've done a number of things on NEON so far that I think the Department as a whole should be very proud of. Getting the right of way sooner was huge for the Department that we kept very visible with our team to make sure that we got that done and that we didn't delay the contractor in any way, shape, or form based on our right of way. The other was the comment that you had earlier in the Board Meeting. We made

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it very clear to CH2M Hill and to our staff that we didn't want any design submittals to delay the project, and really, the statistic that we had discussed there was really more of an encouragement for our staff and for CH2M Hill to continue to strive to get better and to knock those days out. When you start talking about 1,400 days' worth of review that we cut out of there, it starts eliminating any liability to the Department to have a design review cost delay to the project and ultimately cost the Department in the end. So, we've tried to be really aware of those areas where we can eliminate risk, and right now, having gotten all the way through the design process and having gotten all the right of way turned over to the contractor, we've really limited those areas that we could possibly be on the hook for delay.

Martin: So, what are you -- what's your swag on total changeovers, 5% to the end?

Keller: That's high, that's way high. Right now -- John?

Terry: We'll have more. I think the work -- probably the biggest ones are behind us, but who knows. No, I think we'll be way less than that just because it's such a big job. We're not going to 5% on \$560 million.

Martin: So, where I was going with that is, is that in my experience with design build, almost all of the change orders happen during the design period of the job and not during the construction, unlike design bid builds, where all the change orders happen during the construction. Is that what you're looking forward to?

Terry: I think for the most part, yes. The only issue is it's a three-plus-year job. There might be more owner-added things that come up as three years go by.

Keller: And one thing that we've done, too -- you kind of note on some of these change orders, like, number three is design work for MLK ramp modification. Then you see down the line, we actually execute number seven for ramp modifications. So, there's ones that we've progressed the design. So, if we come to terms on the cost of that work to be done, incorporating the scope of the job, it's there for us to do. So, we're not going down a route where we don't have the design and the we don't have the construction [inaudible] project. So, we've been -- I think John has been a very good advocate for getting the design, pay for the design. We can have that record for another project down the road if need be.

Martin: Okay. All right. Good job, guys.

Mortensen: Thank you.

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Savage: Yeah, it's a great job, you know, from the Department. The largest project we ever had. The time and effort that you guys have spent on this project and with the contractor and the engineer, CH, speaks volumes. I mean, it's not over. We've got a long ways to go, long ways to go, and there's going to be Murphy popping his head out and we know that, somewhere, somehow.

Keller: One thing to note, too, might be good for the Board Members to understand for construction purposes, we're open to, one, the interim/milestones recall. We have 60 interim/milestones that have incentives associated with it. So, right now, we have the US-95 interim/milestone that we're currently under the clock with, \$6 million. It's 300 days. Right now, Kiewit is tracking about 30 days ahead of schedule for that milestone. That means they're going to be off US-95 30 days sooner than what we thought, which is terrific. So, they're tracking around about half -- meeting half that incentive. So, right now, they're hitting all their milestones, going to hit that 30-day early interim/milestone completion, so that's also good news.

Savage: I think those incentives are very accurate.

Keller: Yeah, what Thor said, if you monitor it and you check into it, they're going to make sure they hit it.

Savage: Thank you, Dale.

Keller: Thank you.

Kaiser: Thanks, Dale.

Rodriguez: Afternoon.

Savage: Hello, Pedro.

Rodriguez: Pedro Rodriguez, NDOT Project Management, managing the USA Parkway Design Build. We have a bit more information since our last meeting. The majority of those things are the same. If you look down at the bottom, scheduled completion is about 85%. Construction is about 70%. Design, as I mentioned before, we're already approaching 90%. We're at 98%. There's very little left to do there. With the scheduled completion at 85%, I want to add that we recently started paving, and the numbers on here don't reflect that. So, these are based off the invoices we last received. Overall cost completion, we're about 74%. So, that

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explains the 98% of the design completion. All we're really waiting for here are [inaudible] into the completion of the record drawings.

Construction overall, as I mentioned, is going well. All work areas have already received paving. Over this last month, we've laid down approximately another seven miles in the first course of paving. That's since I last heard [inaudible] progress with the paving. We're expected to go into the next northbound section and then come back into the other courses. The Work Area 1 is pretty much complete with the exception of a few items that we need to touch up in regards to L&D, punch list items as well. Work Area 2, again, nearing completion through that as well. I don't know if I have any more to say in there. All earth work has been completed, slopes completed, basis down, and again, we started paving again.

Kaiser: Did you guys notice any effect from this last winter? You know, I mean, was there any areas of ponding? Did you have to change any drainage facilities, add drainage facilities or anything?

Rodriguez: Good question. Our design implemented quite a bit of aggregate base into the project, and because of the limitation of all that aggregate base, we weathered pretty well.

Kaiser: That's good. So, the drainage -- all the drainage flowed. So, when you guys hand it over to maintenance, they're not going to be out there having to change any DIs.

Rodriguez: If I had the little crystal ball, I'd say no, but for the most part, again, what we saw with the weather throughout this last season seems to show promise for the life expectancy of the...

Kaiser: I mean, if you can handle this one, or you think you can handle just about anything that area is going to throw at it.

Rodriguez: I think so.

Savage: But what I'm hearing you say is it was -- we're thankful that the contractor was far enough long where things didn't get destroyed.

Rodriguez: Well, not necessarily. Some stuff did erode, but it's because of the already placed aggregate, like the medians, et cetera, that resisted that erosion further. So, we did have an effect on -- the weather did have an effect on USA Parkway, but we were luck enough, again, with the advancement of the construction that already

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taken place by Ames, that we didn't feel that it's badly as you probably...
[crosstalk]

Savage: That's my point. Thank you.

Alexander: So, I'll just wrap it up, Pedro, if you don't mind, and for the record, Seth Alexander with Ames Construction. So, those of you who have [inaudible] very rocky site. One of the things that we're very proud of is we're able to keep working all through January. We have a total of three lost working days. We're able to keep the project on schedule where we're extremely confident we're going to open it up on schedule now.

Savage: Well, Seth, I got to compliment you for persevering through the winter. You know, it's nice to hear that the contractor didn't have an excuse, you know, and not micromanaging or saying things, but I do see -- I know in some past projects we've had, the contractors always had an excuse. So, I thank Ames. Thank you, sir.

Alexander: Thank you.

Savage: Thank you, Pedro.

Rodriguez: This line here shows, again, our repeat of what we had last Construction Working Group meeting. The change orders that have occurred on USA Parkway, we added one more, I believe, to this list here, which is the addition of regulatory speed reductions on US-50. There's one more that's in the works right now that we expect to be added, which is the installation of additional conduits on USA Parkway down near the 50 intersection. And as Seth mentioned, again, I'll repeat what I said at the last meeting, even with the addition of all this, including our installation of the [inaudible] conduits for the fiber, we've been able to maintain a substantial completion date for the contract this fall.

Savage: That's huge.

Rodriguez: Any questions on those?

Almberg: I got a quick question. Some of the things that was just discussed, the weather and the winter that we had and some of the erosion, is there any change order associated with mother nature? I mean, I don't see none there.

Rodriguez: No, none that have come up. And that's it. Here's an overview of the extension of the project there. Again, we're into our Work Area 3, or the connection with USA

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Parkway at US-50 roundabout has already had some curb and gutter -- the concrete pours there. So, traffic should be open September 8. I'm going to try not to say that, but open to the public September 8th.

Kaiser: That's a long run.

Rodriguez: 18 miles total.

Savage: Are there warning flashers before that roundabout?

Rodriguez: The last change order I mentioned there, Member Savage, is the speed reduction, so it's going to decrease the speed from what it's at down to 45 regulatory, and there's advisory speed signs right before you get to the roundabout, 25 miles per hour, but no flashers. That's standard practice for a roundabout.

Savage: I just worry about the old rancher that hasn't driven Hwy 50 in five years coming in at midnight.

Rodriguez: That's true, and I guess the good thing right now in regards to the traveling public, we have a SHU [phonetic] plan that's going around the roundabout right now that's reduced down to 25. So, already we're getting the public used to driving 25 miles per hour through there.

Savage: Okay. How fast were you going? [laughter] Good answer. Thank you. [crosstalk] Thank you, Seth, appreciate it. Okay, moving on. 5B, Requested Reports and Documents.

Kaiser: Yeah, we just attended one AGC meeting this last quarter, and that was on April 14th.

Savage: Okay. We can move on to Agenda Item No. 6, Projects Under Development, 5-year Plan. Again, very worthwhile forms here, page 1 through 10. Are there any questions or comments? There was -- you know, a question I had last meeting was on the landscape and aesthetics on page 8 of 10. Every budget was \$1 million or \$2 million, and I just had a hard time understanding why. And I know they're budgets. They don't all have to be the same, and I think that's just something we need to look into. I don't expect an answer right now. I just...

Terry: I'll just say I agree with you, but they do, to an extent, design to budget. I mean, on those projects, we do sort of give them a budget, and they put in enough landscaping to meet the budget. So, they [inaudible] they do try to go to a budget.

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- Savage: That's concerning to a point where we are short of funds, but I know we need landscape and aesthetics as well. So, we'll leave it up to the Department to try to look at the most needs. [inaudible] when I -- originally, I specifically remember that that budget was a \$1-million budget, and I don't know how it went from \$1 million to 1.6.
- Speaker: Is that combining...
- Terry: There was scope added that was specifically asked through the front office and even through the Governor's Office to add more to that project so we could do so. We added scope to that project.
- Savage: Is that project in [inaudible] or is it -- has it been bid?
- Terry: I think it's close.
- Dyson: I think it's out.
- Terry: I think the -- is it [inaudible] we haven't bid it yet? I think it's... [inaudible]
- Dyson: I saw something on my email coming through.
- Terry: It's 'about that, I think. I'll get back to you if I hear otherwise.
- Savage: The status on the top three, the Plum Lane, state line, have those been bid?
- Terry: No.
- Savage: Geiger [phonetic] Grade, at Veterans, [phonetic] roundabout aesthetics, none of those have been bid.
- Terry: No. If you remember a few months ago when you saw some landscape architecture consultant agreements, that's the work on these.
- Savage: Oh, okay.
- Terry: So, they still got developed.
- Savage: Okay. Any other questions on Agenda Item No. 6? Member Martin, BJ?
- Martin: No, sir.
- Savage: Moving on to Agenda Item No. 7, Briefing on Status of Projects under Construction, Project Closeout.

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- Foerschler: Happy to answer any questions you guys have.
- Kaiser: Back down to three sheets.
- Savage: I just wanted to know on page 1, how many Trishes are there or is that an acronym? [laughter]
- Freeman: No, there's just one of her.
- Foerschler: There's one Trish, and she resides in Las Vegas.
- Kaiser: But she'll...
- Savage: She's on page 1 on every line.
- Foerschler: She's in District 1.
- Savage: Okay. [laughter] So, thank you, Sharon and Steven and Jeff. Again, major progress on Closeout. So, I thank you... [inaudible]
- Kaiser: 15 projects this last quarter, that's a lot of work. Good job.
- Foerschler: Our electronic documentation system is very effective in closing out contracts. We don't have to balance all of the little orange field books anymore. The system does it for us.
- Savage: That's huge.
- Foerschler: So, it's really good.
- Savage: That's good to hear. That's a good ROI, you know, that we never hear about or we never see.
- Foerschler: Yeah, we got legislatively approved budget to move forward with our next phase of E-construction, which is the materials [inaudible] that's going to be huge as well in piggybacking with the materials lab to do all of that electronically. So, we have seen vendor demonstrations. We've seen the existing software we have is [inaudible] we have decided to join hands with design, who's going out to replace their financial piece, the PSAMS [phonetic] piece, acronyms for -- I don't even know what all PSAMS does, but to put RFP out to see if we can get a system for the budget we got approved for that can give us more functionality across the department. And as you saw in Kim's presentation this morning, we have all these silos. We're trying to streamline that process. So, instead of us just moving

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forward with AASHTO and not thinking outside that box, we're going to see what we can get, if we can get more functionality out of this and a price tag solution. That will meet more needs for the Department.

Savage: That's interesting. And Darin, since you're here, a question; has the use of drones been utilized in the materials and testing divisions at all with any DOTs at this point?

Tedford: Other DOTs, I'm not aware of, but the first things that come to mind, we're looking at using them for bridge inspection so we don't have to hang the ladder truck underneath and then the guys under there and have lanes closed even. We attempted to go out and use one. I wasn't directly involved with it, but on the US-95 south of Fallon, we went to go out to use it to try to survey in elevations aerially so that we could tell where the low spots were to put the culverts underneath. That was attempted, and I know that you can go out and you can measure stockpiles with them. So, you can measure stockpile quantity with that same type of -- it's like lidar. Lidar sets a point on a bridge, whatever high spot it can get close, and maps everything, basically, by laser distancing it and puts it in a computer. But if you can do that from a drone, then you can fly over something and measure stockpiles. We do that. That's always a battle with -- or challenge with whatever stockpiles we have that we pay by the stockpile or pay by cubic yards of material, but that can be an advantage in the future, too. So, there's all kinds of potential, and what Sharon is talking about is if you picture half the materials division function is working for the RE, the Resident Engineer, doing testing that he can't do in his mobile labs. Samples come in. We test and we report back to them, and it's 90% paper right now. So, if we can do that with this system and do it electronically and piggyback on the electronics just the [inaudible] already, then that's a huge increase in efficiency.

Savage: Thank you.

Dyson: Would that be for [inaudible] and stuff, too?

Tedford: For everything.

Savage: Any other questions or comments on Item B? Move to Item C, Projects Closed, detail sheets. My only comment is, again, another compliment, minimal changeovers, minimal changeovers on the majority of the projects. The first page [crosstalk] what's that?

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Foerschler: I said that goes to John, too. His crew is designing it.

Savage: Yeah, a lot of in-house design.

Dyson: So, Member Savage, Thor Dyson. We, you know, also want to state to the Director's Office that it's been exciting in the fact that when contractors have an issue, they don't go right to the Director's Office. If they do, they send them back to the District, to the RE and say, "Hey," you know, "everybody has talked to you, worked on this issue." And a lot of times these change orders can be resolved at the lowest level. These issues, they'll become change orders, and so there's a more consistent message from the Director's Office or the Construction Office dealing with potential change orders developed out in the field. I mean, there's always going to be change orders, but they've been significantly reduced because of pushing the issue back down to the RE and giving them a chance to solving it, and then if they can't -- District, and if they can't, then back up to the Construction and Director's Office. Wouldn't you agree, Sharon and Reid? I mean...

Kaiser: Yeah. They don't call me -- they don't call me anymore. [laughter] It's really nice.

Savage: Thank you. John... [inaudible]

Terry: Well, and then if they can resolve the change orders early and effectively, we don't mind paying more if it's for concrete and asphalt, you know? We don't want these change orders to linger for so long, that we end up having to pay half the value of the change or just delays and other things. You know, so, if we can get...

Kaiser: It's definitely a huge issue.

Terry: If we can get them and pay for the actual items and not pay for all the delay stuff, that helps everybody.

Savage: Oh, it's absolutely true, and it was evident today at the Board Meeting on the litigation. You know, kudos to all of you. Litigation costs are down, John, you know, and that's because of the good design, the communication that you have between the districts and Headquarters and with no walls, no fences. It's a two-way street, and [inaudible] the lowest common denominator. It's a big deal.

Dyson: Member Savage, I think that dovetails right into number E -- or letter E. You would see that the partnering and dispute process is very quiet as well... [inaudible]

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Almberg: Yeah, I got a question.

Savage: Yes, BJ?

Almberg: On these sheets here, I guess I can't -- I don't understand how these numbers add up. You got a bid price here on page 1 of 15, \$1.16 million. We got it at every budget [inaudible] and that's our budget we're putting in place to handle any change orders [inaudible] project, and then we have a final payment amount of \$1.6 million and a total changeover of \$230,000, but how do these numbers add up? I mean, how do you -- how do you get the 20% change order? I'm trying to run that number, and I don't see anywhere where I can get 20%

Foerschler: So, what we measure is total change order dollars against the budget, so the agreement estimates our budget. So, that's what we build in. We take the engineer's estimate during project development. They place contingencies in there, and that becomes our budget.

Almberg: Correct.

Foerschler: Then we take the bid price...

Almberg: Okay.

Foerschler: Okay, and that's what the contractor bid, although there's budgetary items that the contractor has not bid on, nor does he see, so contingencies for asphalt escalation, for letters of authorization, those sorts of things. So, we measure our change orders against our agreement estimates, see if we're within budget.

Kaiser: But I think -- so, your question -- you got your bid price and you have the change orders, and it looks to me on that job it's, like, what, \$1.3?

Almberg: Yeah, \$1.39.

Kaiser: And the delta there between what is final contract payment is probably your over and above 100% bid quantities. So, your bid quantities that we paid over 100%, that will make up that other delta, \$300,000 probably for this job.

Terry: Even though they bid one quantity, we pay actual.

Kaiser: We pay actual quantities.

Almberg: Okay, so, that's -- I'm just saying these numbers weren't quite adding up here.

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Foerschler: Base range.

Almberg: So, what you're saying, if we have 1,000 feet of curb and gutter, but they install 1,200 feet of curb and gutter...

Kaiser: We pay for the -- what the actual...

Almberg: You pay for what they install. That's not considered an actual change order.

Kaiser: No.

Almberg: Now I understand. I couldn't get these numbers to add up. I'm not sure what's going on here.

Savage: Any other questions on 7C? 7D, Active Projects, any questions or comments -- comments or questions on 7D?

Foerschler: So, for the record, Sharon Foerschler. Frank, you weren't at the last meeting, and I just wanted to point out on the active contracts spreadsheet, if you compare it to previous months or CWG packets, you're going to notice a little bit of a change in what we're reporting, and we used to have a column called Updated Contract Amount, and that is now gone due to some limitations within our electronic documentation. So, we have -- you'll still see the budget. You'll see what was bid. You'll see the contract modifications. Those are the change orders. That's what our new system calls them, contract modifications, and then you'll see total pay to date. So, the information is still there, but if you put it right next to two CWGs ago, you're going to notice a little bit difference in what we're reporting, because updated contract amount, whenever we put in -- updated contract amount, let me see if I can explain this as cleanly as possible, included all the contingencies because of the way our system reports.

So, whether the contingency was expended or not, it would show in an updated contract amount, and we thought that was a little misleading when you're looking at numbers. So, that's why we went to total pay to date. So, just to FYI, if you want to look at the side-by-side, if you have any questions, let me know, but there is a little bit of a change.

Martin: All right, thank you. I appreciate you pointing that out.

Savage: Thank you, Sharon.

Foerschler: You're welcome.

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- Savage: 7E, Partnering/Dispute, Thor made a good point, litigation may be down because of partnering. Is that your comment?
- Dyson: There's always -- Thor Dyson. There's always partnering going on informally and formally, and, you know, we're having good sets of plans. We're having good communication. The process is being followed. It's not being jumped by contractors or by NDOT staff, and it seems to be effective, and we do see the disputes...
- Savage: Who's in charge of partnering now from the Department?
- Foerschler: Well, it falls out of our office.
- Savage: Yeah, it was Lisa.
- Foerschler: Lisa retired, and we're in the process of trying to fill her position.
- Savage: So, I'm glad to hear it's successful, because...
- Foerschler: These two guys are in charge of it right now. [laughter]
- Savage: For every finger that's pointing...
- Foerschler: But it is running smoothly. We mentioned at the last CWG that we had our national conference in April -- or was it May? [inaudible] at the time, and that went very well. It's kind of business as usual in that regard. We haven't had any hiccups or any real issues.
- Savage: Good. Okay, any other comments or questions on Agenda Item No. 7? We'll move to No. 8, Public Comment. Anybody here in Carson City or Las Vegas?
- Martin: Nobody here, sir.
- Savage: Okay. I'll take a motion to close the -- or no, we're not going to close the session.
- Gallagher: Mr. Chairman, there's no reason to close the meeting. There is nothing new to report.
- Savage: Good news, Mr. Gallagher. Then we'll take a motion to adjourn.
- Almberg: Move to adjourn.
- Martin: So move.

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Savage: Meeting closed. Thank you, everyone.

Kaiser: See everybody in September.

Savage: Have a good summer.

Foerschler: You, too.

[end of meeting]

A handwritten signature in blue ink, appearing to be "Paul St", written over a horizontal line.

Representative