

Minutes of Nevada Department of Transportation
Board of Director's Meeting
October 8, 2012

Governor Brian Sandoval
Lieutenant Governor Brian Krolicki
Attorney General Catherine Cortez Masto
Controller Kim Wallin
Len Savage
Tom Fransway
Rudy Malfabon
Dennis Gallagher

Sandoval: Good morning, everyone. I'd like to call the Department of Transportation Board of Director's meeting to order. We'll move to the first item of the Agenda, which is presentation of retirement plaques to 25 plus year employees. Mr. Director, do you have any comments?

Malfabon: No, Governor. I know that there are several people that retired. We wish them well. I don't believe that there are any present, but when we go through the names, we'll see if there's any in the outlying areas.

Sandoval: No. And this is always a great opportunity for me and the Board to recognize these great public servants who have put so much, a large part of their lives into serving the state. And I have several here on my list and if any of these individuals are present somewhere in the state, please make it known.

The first individual is Patrick Bottari, Highway Maintenance Supervisor out of Elko, District 3. He retired as of August 17 with 27 years of service. Second is Christine McCarron, also out of Elko, Administrative Assistant, excuse me, also out of Elko, August 3, 2012, 29 years of service. Susan Maisch, Engineering Technician, District 1, Las Vegas, 28 years of service. Ronald Milim, Highway Maintenance Supervisor, District 2, Reno and Sparks, 33 years of service. Phyllis Ness, Budget Analyst 3, out of Carson City, retirement date of September 5, 2012, 25 years of service. Gary Holm, Engineering Technician, District 1, Las Vegas, 28 years of service. And finally Mark Tissue, Highway Maintenance Supervisor, out of District 1, Tonopah, 25 years of service.

Are any of these individuals that I've just named present? Although none of them are present, if you would all please give them a big hand for their

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services. Thank you. Next item on the Agenda is presentation of awards.
Mr. Director?

Malfabon: Thank you, Governor. We have -- one of the first awards we received was for a project Northbound 395 improvements there right by the airport. Really helped movement of traffic in that area. We were recognized by the American Association of State Highway and Transportation Officials, AASHTO, as one of America's top ten road projects, America's Transportation Award. The project was recognized for early completion of quality innovative road improvements that saved both taxpayer time and money. Dynamic construction scheduling, partnering and innovative construction techniques were used to save approximately \$188,000 and substantially complete five months ahead of schedule. Since we won this award, it's a regional award, we're also in the running for the national award, so anyone can log on to www.americatransportationaward.org and vote for the project. And the winners will be announced at the November 18 meeting of AASHTO. So hope that -- you can vote as often as you want at that website. Again, it's americatransportationaward.org.

Next award, Nevada Strategic Highway Safety Plan Awards. We have three people that were acknowledged in that area of traffic safety. NDOT does a strategic highway safety plan and we keep that updated and these people that were recognized, among the former Director, Susan Martinovich, she received the Emeritus Award for years of dedicated executive leadership of Nevada's lifesaving traffic safety initiatives. And those of you who know Susan know that she was very passionate about traffic safety, not only at the state level, but on the national level.

Another winner was Jim Ceragioli. Almost 800 people died in a recent five-year period in Nevada traffic crashes in which a vehicle unintentionally left their lane due to unsafe driving or other causes. NDOT Safety Engineer Jim Ceragioli has been recognized for leading multi-agency efforts to reduce these deaths through engineering and other solutions.

Another person recognized, Meg Ragonese. NDOT Public Information Officer Meg Ragonese was named for helping to lead the state's integrated traffic safety public education campaigns, including the Zero Fatalities Traffic Safety Awareness campaign, which has reached more than 85 percent of urban Nevadans with important safe driving information.

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I wanted to recognize those three individuals. Is Meg or Jim here? No? We wanted to at least thank them for their efforts on that because it's very important to try to drive our fatality numbers down. It is a performance measure that all states will be looking into under MAP-21 performance measure requirements.

Another example of Susan's leadership was recognized by the White House. She won a Transportation Innovators Champions of Change Award from the White House. The honor recognizes leaders who spearhead innovative ways for transportation to help communities reach new heights. The honor specifically recognized Nevada Department of Transportation project delivery innovations such as the Accelerated Project Delivery program, which has accelerated nearly 30 road projects to completion to immediately benefit Nevada roads and our economy.

Also highlighted was a state zero fatalities traffic safety goal and public outreach campaign which has brought agencies, groups and individuals across the state together to save lives on Nevada roads. So we wish Susan well in her retirement. She might be working again soon I hear, but we'll wait for that announcement separately.

We also won a pretty neat award called the Tele Award for local TV and cable public service zero fatalities crash -- our public service announcements for zero fatalities. With traffic safety a top priority, NDOT has joined with partnering agencies to oversee the state's zero fatalities traffic safety outreach campaign to save lives by educating motorists to drive safely. To date, the campaign has resulted in more than 63 million impressions and has reached over 85 percent of urban Nevadans. One extremely successful campaign element is television public service announcements. One of these TV ads features footage that reminds drivers to always drive safely by recreating emotional impact of driving through a traffic crash scene. The TV spot received a Bronze Tele Award and the awards are a competition honoring the very best film and video productions in outstanding local regional and cable TV commercials and programs. And it's a very cool award. It's almost like an Emmy or an Oscar. I wanted to thank the efforts of our media group that was recognized by receiving that Tele Award.

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Another award was the American Society of Landscape Architects, California Sierra Chapter, the President's Award, Honor Award for NDOT statewide landscape and esthetics quarter plan. As you know, Governor and Board members, we've done a great many projects that have enhanced the esthetics of our freeways, a lot more than -- especially knowing that NDOT's economy is based on tourism, it just really spruces up the freeways that our tourists drive on to come in to visit places like Tahoe, Reno, Sparks, Las Vegas and also rural Nevada. We have different treatments in different parts of the state, but I wanted to mention that the landscape and esthetics improvements to our highways not only enhance Nevada's transportation system, but also improve and define cities and tourism. With a valuable input of stakeholders and community members, NDOT's statewide landscape and esthetics quarter plan defines fundamental ways of planning, designing, building and maintaining these important landscape and esthetic improvements as part of NDOT road projects.

The comprehensive plan and its associated road projects received two separate recognitions from the California Sierra Chapter of the American Society of Landscape Architects for enhancing the quality of life for Nevada citizens and tourism through roadside esthetics. And although she wasn't named directly, I think that we have Lucy Joyce to thank for that as the head of that program. She's done great work in that area and really worked tirelessly to advance some of those landscape and esthetics projects.

Another award was the Institute of Transportation Engineers Intermountain Chapter for transportation project of the year for the West Mesquite Interchange Design-Build Project. As part of the recently completed West Mesquite Interchange Design-Build Project, NDOT utilized an innovative accelerated bridge construction technique. New I-15 bridges were constructed next to existing bridges. Each existing bridge was then demolished and new bridges slid into place overnight, reducing bridge construction time by six months while still allowing interstate traffic to flow smoothly using exit and on-ramps. Recognizing innovative design, construction and partnership between NDOT and the design-build team of Horrocks Engineers and W.W. Clyde, the project was named the Transportation Project of the Year in the Intermountain Region by the Institute of Transportation Engineers, ITE.

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The project was also previously recognized as a Nevada Transportation Project of the Year by the ITE. The project was constructed using the design-build method in which design and construction are more closely linked to produce time and cost efficiencies. Close interaction with local agencies of the public as well as extensive partnering with the contractor was also vital to the project. And as several of you are aware, we had several state DOT representatives come to observe that bridge slide back in January, so it was a very successful project and Nevada received a lot of recognition through that. So wanted to thank the project team at NDOT and the contractors and engineers that worked on that project. And that concludes the awards.

Sandoval: Thank you, Mr. Director. And I'd like to congratulate you as well as the entire department for all these awards. I am curious, where is your trophy room?

Malfabon: I'm sure we have a trophy case that we have to rotate. We get so many, so it's good that NDOT is recognized because of the hard work of our employees.

Sandoval: It's a great team. Any other comments from Board members?

Male: That would look nice in your office.

Malfabon: Yeah, it's pretty heavy. I've got to show this to your daughter.

Sandoval: Again, congratulations.

Malfabon: Thank you, Governor.

Sandoval: We'll move on to Agenda Item No. 3, Director's Report.

Malfabon: Governor, there's a lot to report. One of the things I'm pleased about is that all of our Director's Office personnel have reported for duty. Tom Greco started last week as the Assistant Director for Planning. As you recall, we were able to talk him away from Washoe County RTC, so I'm glad that all the new positions have been filled and people obviously have a lot of work to do in learning their new positions, but I think that we're off to a good start.

One of the things to report on federal funding is Congress -- although they passed MAP-21, which gives the state's authorization or what to expect on

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transportation funding for about two years and three months, they have to still approve annual appropriations for the budget. And Congress extended it for six months to March 21 of next year, where they'll take it up again after the election and the new Congress is seated. So at least we know what we're going to be getting for the next six months. It's kind of a separate thing as far as the budget authorities, separate from the authorization that passes under MAP-21.

We have ribbon-cutting events planned this month up at Lake Tahoe for the roundabout up there on October 17. We also have kind of a celebration event for completion of the I-80 Design-Build Project in Reno and that's on the 19th.

On October 18 in Henderson we'll be having a public information meeting for the I-11 study. As you recall, Governor, the MAP-21 bill did designate Las Vegas to Phoenix for a future interstate called I-11. So in partnership with Arizona DOT, NDOT, we are proceeding with a study of that corridor. And on the Nevada side we're looking at points north of Las Vegas where a future interstate would also go up to the northern state border, so looking at different alignments, alternatives there. But October 18 in Henderson is that public information meeting and then subsequently in Phoenix on October 23, so we're happy that that project is moving along as a study for now. On the Nevada side obviously we're looking at the Boulder City Bypass as the alignment for future I-11.

We also are aware that we have Meadowood Mall Interchange Project that's underway. We want to meet with that contractor just to make sure that we're doing all we can to help them successfully open up that interchange by Black Friday. We know that's important for that mall's business with the start of the Christmas shopping season.

The vacant pilot positions, we did have interviews Friday. I have to check with our Assistant Director of Administration to see how that went. But we were able to convince one of our former pilots to kind of stay onboard and work on an hourly basis so that we do have a few flights occasionally based on his schedule that -- in fact, he's flying this week a few trips to Vegas. So otherwise, with filling the new positions, we think that it might take up to about six weeks before we're fully operational, depending on how much training the new pilots need to fly our planes. In the meantime, we've

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directed our employees to reduce travel and take advantage of video conferencing, teleconferencing and also web meetings where possible.

Couple of things to report that were significant money issues to the department. We had a case called the Falcon Capital Case. It was for acquiring property and water rights along Interstate 580 Project. About a year ago, back in May of last year, we actually went to court about the case. The judge told NDOT there were three options available. One was to buy the property for what the settlement amount was, roughly \$5 million to acquire the entire property, and separate the water rights issue as a binding arbitration issue. He also said that we could just go to court on everything, the water rights and the property, or we could just pay for the property and the water rights right then.

At the time the judge was pushing NDOT to have someone that had settlement authority to be present. Susan Martinovich, former Director, was able to call in and the determination was made that the best option of the three was to go to binding arbitration. So we did go into binding arbitration and the arbitrator in that case ruled that NDOT was liable for \$9.2 million plus costs and fees and interest. So it was a significant ruling from the arbitrator. And when we looked into it to see why it wasn't brought to the Board previously, we found that -- we believe it was at the time -- back in June was when we were bringing it to the Board about settlements and contracts and what level of contract authority would be brought to the Board and what level could be determined by the Director.

So we think that it kind of got lost in that shuffle at the time because the actual case, when the judge had made that determination of the three alternatives to NDOT was around May, June was the presentation to the Board of what would be brought to the Board for the Board's approval, and we couldn't see where Legal had actually written up a draft of the insert for the Board Agenda item, but it didn't ever get into the Board packet in June. So that's all that we could determine from the documentation that we had at hand, is it was never brought to the Board's attention. Although when the \$5 million settlement for the property acquisition went to the Board of Examiners, it was mentioned in passing that there was that binding arbitration issue on water rights, but it was something that was never brought to the Board for approval. That would be the option to be chosen by the department.

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- Sandoval: Before you move on, Mr. Director. So we're looking -- because I have the minutes from that Board of Examiners meeting and, yes, it was brought up. This Board of Examiners meeting was August 15, 2011. So this 9 million plus fees, plus cost, plus interest is on top of the 5 million that we paid for the property.
- Malfabon: This is only for the water rights.
- Sandoval: And I guess my other question is how do we -- the water rights are worth 9 million and the property was only worth 5 million?
- Malfabon: Yes. Our technical staff that deal with water issues had looked at that and they felt that we did not have a permanent taking of their water. In fact, the owner had sold -- where the water was being used was another parcel not affected by our project, but they had sold that property, so we felt that they didn't have that money coming to them, the owners for Falcon Capital. So our technical staff felt very strongly that we didn't owe them any money, that there was not a taking of the water rights.
- Sandoval: Did we ever make an offer...
- Malfabon: Not to my knowledge.
- Sandoval: ...to resolve the case?
- Gallagher: Governor, no. No offer was made.
- Sandoval: And was there ever a demand or an offer by the plaintiff?
- Gallagher: No, there wasn't. Initially the water rights claim, the property owners initially sought \$5 million for it and then it escalated to 12 million. And then at the arbitration they asked for 28 million. And they had a formula that they presented that they believed justified \$28 million. Thankfully, the arbitrator did not accept that at face value.
- Sandoval: But at one point there was at least an assertion made that it was worth 5 million?
- Gallagher: Yes, Governor, that's correct.
- Sandoval: And why was this somewhat of a bifurcated proceeding in that you had it before a judge on those three issues and in a litigation mode and there was a

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decision made to go to a binding arbitration which resulted in this award of 9.2 million?

Gallagher: It was before Judge Brian Adams as the settlement judge and he had outlined, as he saw it, three courses of action. And one of the courses of action was for the parties to bifurcate the property from the water rights claim. And the other options were just simply to go to a jury on the whole matter. And the third option was a settlement of both claims. It was discussed with NDOT management and the recommendation was to bifurcate the claims to acquire the property because parts of the real estate were certainly necessary to finish the project and there wasn't a taking of some of the property. The water rights issue, again, the staff as well as the experts believed that there was little or no value whatsoever to that claim, so the option was let's bifurcate the real property from the water rights claim and to proceed that way.

Sandoval: Obviously we were really off on that.

Gallagher: Yes, we were.

Sandoval: And was there a number on the table for that third option for a payment for the property and the water rights?

Gallagher: At the time of the settlement of the real estate during the settlement negotiations, the judge, meeting with the parties separately, did represent that he thought at that time both claims could be settled for \$10 million.

Sandoval: But in our -- it was our position that the water wasn't worth a cent?

Gallagher: It was the state's position that there was no taking of the water, that whatever water they owned had value to them, but that there was no taking of that water, that the design and construction of the project did not impede their access to their water.

Sandoval: The Director brought it up, and I'll speak for myself, I won't speak for the rest of the Board, but I feel a little blindsided by this. This is a big number and I had no idea that we'd be in the state we're looking at this kind of exposure on the water rights. And, you know, I'm not sure what happened, but you talked about it was going to be brought to the attention of the Board, but it was not.

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- Malfabon: It was a right in the time when we were deciding what had to go to the Board of Examiners on settlements and what would be brought to the Board of Transportation for contracts and approvals of such things. I think that what happened was it just fell through the cracks and it was never brought up to the Board of Transportation's attention.
- Sandoval: What's the real number? I mean, you've got 9 million plus fees, plus costs, plus interest?
- Malfabon: We have not heard the additional costs yet from the other party.
- Sandoval: When did the clock start on the interest?
- Gallagher: The arbitrator found that the taking occurred, Governor, in 2007.
- Sandoval: And what rate of interest are we looking at?
- Gallagher: We're waiting for their calculation. We believe it'll be the same calculation as lawful interest in the state, which as you know fluctuates.
- Sandoval: And then I would imagine their fees are going to be seven-figure fees?
- Gallagher: I would anticipate that, yes, Governor.
- Sandoval: And then where does the money come from?
- Malfabon: The money would come from our capital improvement fund, so we would -- in any case, when we require right-of-way or property right on a federal aid project, we would go back to the Federal Highway Administration to request reimbursement. So we would do that, but this money obviously was additional cost to the project. We'll ask for the reimbursement, but it just takes away from the money available for other projects through the federal aid programs.
- Sandoval: I know based on what you've represented and I guess this is for Mr. Gallagher, we were confident in our position that these water rights didn't have a value and we didn't know going in that the plaintiff was going to be seeking \$28 million. But what was the number going in?
- Gallagher: From the initial settlement conference, we believe that the plaintiffs had valued their water rights claim at 5 million.

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- Sandoval: So don't we, even in those situations historically, I know we've had other cases where we'll offer something because we know there's some exposure out there, and that didn't happen in this case?
- Gallagher: There was no offer, Governor.
- Sandoval: So we could've been done for a total of \$10 million at the state court in front of Judge Adams. We could've possibly had a -- and that's where the 5 million figure came from? That was the last time that the 5 million was on the table?
- Gallagher: Yes, Governor.
- Sandoval: And then what was the length of time between that settlement conference with Judge Adams and the onset of this arbitration?
- Gallagher: Approximately a year.
- Sandoval: And there was no discussion in-between?
- Gallagher: No, Governor.
- Sandoval: And then how much do we have into this case in costs?
- Gallagher: I'd have to get back to you on that, Governor.
- Sandoval: And, I mean, it's binding arbitration. This is done, we owe them money plus interest, plus fees, plus costs?
- Gallagher: Yes, Governor.
- Sandoval: Questions from other Board members? Madam Controller?
- Wallin: Governor, Director, you know, since this kind of slipped through the cracks, are you going to go through and see if there's any other little things that might be slipping through the cracks, maybe check that?
- Malfabon: We're not aware of any others that we're -- the only property rights issues that we're dealing with now are primarily with Boulder City Bypass, Cactus Interchange and Project Neon. And those issues have been brought before the Board or if there are settlements to the Board of Examiners. So we're not aware of any others that are hanging out there such as this one. The water rights issue was pretty unique to this case and I'm not aware of any

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other water rights issues either on other projects. But, Madam Controller, we do intend on putting forth some lessons learned from this. Obviously we've discussed some of those lessons learned, but it should've been something that should've been brought to this Board's attention and I apologize for that.

Cortez Masto: Governor, this is Catherine. I have a couple of questions and comments.

Sandoval: Madam Attorney General.

Cortez Masto: And whether we couch it as slipping through the cracks and I know that's what Rudy talked about, but I think the issue here is this was ongoing litigation. This is ongoing mediation, litigation. And if we want to, and I think it might be appropriate, to have the department give to the Board briefings on the ongoing litigation so that we are aware of what's happening out there and potential ramifications as they go through trial or as they go through mediation. I think it might be appropriate for the Board to receive those regular briefings.

I think in June at the time that we were looking to bring contracts and outside agency attorneys representing the state, you know, before the Board, this was in the middle of ongoing litigation, is my understanding. So there really was no dollar value attached to it, other than it probably would've been appropriate, like all of the ongoing litigation, to give the Board a briefing on the legalities of it and what potentially could occur and what the arguments were made for both sides of it.

So I think, Governor, if you feel it's appropriate, maybe we should have an Agenda item that has all of the ongoing litigation matters that are before the Board and that we would get a briefing from our attorneys. Obviously because we may be talking about legal strategy, we may have to do that in some sort of closed session, but it does make sense so that we are not blindsided by the cases that are out there and the potential judgments that may come as a result of the resulting litigation.

Sandoval: Thank you, Madam Attorney General. Member Savage.

Savage: Thank you, Governor. Mr. Director, a question of potential recourse. Was NDOT on the island by ourselves or did we have outside consultants or realtors involved with NDOT?

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- Malfabon: This project was designed with the assistance of a consultant for Design Services. We actually got them involved early on and just as our technical staff felt that there was not a taking of the water, the consultant staff had looked into it and they actually had held the same position. So we didn't believe that we took their water. We felt that we made some improvements on the product that still kept the flows going to the property in question. So we were surprised by the ruling in this arbitration.
- Savage: But there was a consultant? Was there a realtor representing the state?
- Malfabon: Not to my knowledge. We acquired the property through our right-of-way staff.
- Savage: But there was an outside consultant retained for representing?
- Malfabon: We had...
- Gallagher: Member Savage, there were approximately four or five outside consultants representing various disciplines that advised during the course of this water rights claim, including a former state engineer.
- Savage: So it might be worthwhile having a conversation with those folks as well at some point. Thank you.
- Sandoval: This was a two-day arbitration?
- Gallagher: Governor, it actually ran five days.
- Sandoval: Oh, five days.
- Gallagher: It was estimated to take two initially, but it ran a full 40 hours.
- Sandoval: And we had no idea going into that arbitration that the potential exposure was \$28 million?
- Gallagher: The parties had agreed, with Judge Adams, to no discovery. So there were no demands made prior to the opening statement.
- Sandoval: And we agreed to that too?
- Gallagher: Yes, sir.
- Sandoval: Member Fransway.

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- Fransway: Thank you, Governor. Well, this definitely is a big surprise and one that concerns the Board very much. I'm wondering if the state engineer bought into this with any opinion or if he was involved in any way in the arbitration.
- Malfabon: I think he was involved. We had a representative at least. And the former, I don't know, he was the former state engineer, Mike Turksey (sp?), was present at the arbitration on our behalf to give his expertise to the table.
- Fransway: Okay. A former state engineer, but I believe Tracy Taylor would've been there.
- Gallagher: There was an individual present from the Water Engineer's office during the arbitration.
- Fransway: Okay. And did he make any comment on the value of the water?
- Gallagher: He provided his views to NDOT and he provided his opinion regarding the plaintiff's claims.
- Fransway: Okay. What was the water use?
- Gallagher: Well, the plaintiffs claim that there was a total taking of their water and that the highest and best use of that water would've been to sell it in the Reno area, and that's the value that they placed on it, that they lost that ability to transport the water from Washoe Valley through Steamboat all the way up into the Truckee Meadows.
- Fransway: So it was meant to be municipal water?
- Gallagher: That's what they claimed as far as their damages go.
- Fransway: Okay. Who owns the water now, the state?
- Gallagher: The arbitrator directed that upon payment of the amount that the plaintiffs could claim all the water rights that they have to the state.
- Fransway: Okay. The State of Nevada already owns the water in the boundaries of the State of Nevada. So to me it's perplexing and I feel it's unfair. I suppose we're stuck with it.
- Sandoval: We are. Binding means binding. But I've got a copy of the arbitrator's decision. I haven't had an opportunity to review it yet and I will read it, not

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that that will make a difference, but it'll help -- perhaps the other members may be interested in reading it as well. And I don't know. What is the plan for those water rights once this payment is made?

Gallagher: We intend on perfecting the water rights, getting them registered with the state water engineer and at some point it'll be an asset of the state that the state can determine its best use, and the best use may be to put them on the market for sale to see if there's any interest. They may bank them. They may donate them to other governments. I mean, there will be a lot of different options once we perfect title to that water.

Sandoval: Yeah, and we can have this discussion another day, I mean, to see what the options are, but be interesting to see what the value of those water rights are going forward.

Gallagher: Governor, that process is already underway.

Male: (Inaudible) \$2 million.

Sandoval: As of today, yes. Pardon me.

Gallagher: That process of attempting to put a dollar value on those water rights, et cetera, is underway right now. I mean, we hope to have that information for the entire Board very soon.

Sandoval: Perhaps that could be a set off at one point on this award.

Gallagher: Yes, Governor.

Sandoval: Because we're looking at a total award of likely between \$15 and \$20 million for this whole matter.

Gallagher: And likewise the additional real property that was acquired that's not being used as part of the project is also an asset of the state that, you know, may have some offset value too.

Sandoval: Mr. Lieutenant Governor, did you have a question or a comment?

Krolicki: Mostly a comment and, Governor, or Your Honor I think in today's case, and Mr. Fransway discussed most of it. You know, I'm not interested in micromanaging. I'm not interested in a pound of flesh. And I know this isn't a comfortable conversation for anyone involved, but this is not a

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slipping through the cracks, with all due respect. This is a series of very poor judgment decisions and compounding it was a series of very poor decisions that were not known to the State Board of Transportation, which compounds the situation, but maybe it's contained in the arbitration agreement or those documents. But this is probably worthy of instead of us asking questions piecemeal, if we could have a written, beyond a summary, but a written document what's happening, what happened, why it will never happen again. And again, I'm not looking for justice per se, I'm looking to make sure something like this can never happen and whatever systems were in place or now in place and whether it's the contract size. But if it missed an Agenda, it could've easily made the next Agenda. And, Governor, you've been very good about having this Board meet more regularly, so there's really no excuse that this Board never heard it.

Water rights, I would be interested even in the history, you know, beneficial water rights. Were these people intending to use this water, you know, in a speculative way to sell it for municipal use? Was this a ranching family that owned it forever and never had really thought about it? I mean, but I think history as perspective here. And if they've never demonstrated a beneficial use for this water, I mean, obviously a water right has value, but I would be very interested in that also. But I think it's important for all of us to learn and make sure this again doesn't happen and, you know, the water rights in this state are extraordinarily complicated. In and of itself, it makes sense to offset the value of the water against the settlement, but I will leave it to wiser folks who have the whole state to look at to make those decisions. Thank you, Governor.

Malfabon:

And we will follow-up on that to have a final report, including all the documentation that we gathered in the last week about this issue and along with lessons learned to avoid this from occurring again, and also follow-up with Attorney General's suggestion to have just an ongoing Board Agenda item which gives an overview of the status of these types of negotiations and issues that are ongoing. Any other questions on that issue?

The next issue in the Director's Report, we did have an issue with the bids received on Contract 3516, which was the Carson City Freeway from South Carson Street to Fairview, Package 2B2. This was to construct a bridge over Snyder Avenue on U.S. 395, retaining walls, drainage and detention basins. The engineer's estimate on this project was \$11.5 to \$13.5 million

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range. We received six bids on this project, five electronic and one paper. And what happened was what would've been listed as apparent low bidder on subsequent bid opening documents, it was Q&D had bid 9.77 million, Granite was second at 10.343 million and a range of other ones, all the way up to 14.5 million by the other bidders.

But something happened with our electronic bid system which locked Q&D out in the midst of submitting their bid electronically. We had our vendor that has the electronic bidding software look into it and they determined that if the supplemental notices to contractors were loaded as far as a different order than what they were issued at, then the system had a jumble of bid items, because one of the supplemental notices to contractors changed a bid item, epoxy striping, and it was still showing up on Q&D's bid. The other thing was that the bid date, which was extended one week from the 20th of September to the 27th actually reverted back to the original bid date.

So something was wrong in the system and we have the software vendor fixing that problem, but we felt that although we do have a disclaimer saying that if you submit electronically and we don't receive it in time, it's not the state's fault, or if you have a problem with that method, it's not the department's fault. We felt that because there was an issue that we did have, it's probably a joint responsibility there between Q&D and NDOT and our electronic bidding system, we felt that it was better for the -- in the best interest of the state to reject all bids. Granite Construction has protested that and has told me that they will take this issue to court to protest that formally, but we felt that it was in the best interest of the state to reject all bids and readvertise.

Sandoval: Madam Controller.

Wallin: Thank you. Director, was this -- because I know that NDOT lost their computer system, it was out for, what, four days or something. Was this about the same time that that all happened?

Malfabon: No. What the Controller is referring to is we had problems with the Advantage system, which is used to make our payments to contractors and vendors. That was eventually addressed, but I don't think it had anything to do with this. This was just a coincidence that it happened the same week and we feel it was due to this other internal issue in the coding and the software for the electronic bidding system. In addition to Q&D, typically

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contractors wait until just a few minutes before bids are due because they're receiving information from subs at the last minute. So that probably had something to -- you know, if this had happened the day before or hours before the bid opening, we could've kind of looked into it or they might have been able to run down a paper bid down here to Carson City, but that's hindsight. We don't feel that it was due to anything with the Advantage system problems that we did have recently that were addressed.

Sandoval: Member Savage.

Malfabon: And we will also, Governor, during the Construction Working Group meeting, we'll probably get into a discussion of this and a more detailed discussion of what happened in this case of the bidding situation on that freeway project.

Savage: Thank you, Governor. One quick question, Mr. Director. I think that's very wise if we do discuss it during our one o'clock CWG meeting. But in our bid world, whether it's rain, sleet, snow, ice or weather, or even cyberspace now, I would like to continue the discussion as to there are no excuses. If the bid is there, the bid is there. And we take that risk in the construction industry every day knowing that if the documents are not in order and the bid amounts are not itemized correctly, then the bid is a non-responsive bid. So I think we can discuss it further during the CWG meeting, but again, the outside consultant, I remember a couple months ago we just increased their contract again for software upgrades, so I'd be very interested, again, just for holding people accountable, and we can discuss it at the next meeting. Thank you, Governor.

Malfabon: And the final item to mention is that Project Neon briefings to individual Board members will take place this month. We've been deferring this item until we could brief everybody. It's a very complex issue about availability payments and what we're going to -- what the Board's options are with respect to the unsolicited proposal that we received on Project Neon. And so we wanted to make sure that each Board member gets an individual briefing and then we'll bring it back to the entire Board at the November meeting. And that concludes my portion of this item.

Sandoval: Thank you, Mr. Director. Any further questions for the Director? Madam Controller.

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Wallin: Can you go and give us a follow-up on what's happening with, I call it, the fast building up north? I know it's been several months and I don't know where, you know, the partners are at, if the City of Reno or Sparks, Washoe has agreed to go in with us. What's happening on that? Can you comment on that?

Malfabon: So far Assistant Director for Operations, Rick Nelson, has presented to the City of Reno. He does have some meetings scheduled in Washoe County to talk with the folks over there, but I'd say since a couple months ago there hasn't been a lot of further action on that. We did have the design of that facility in our budget, but we put it in the second year of the biennium request so that there's a lot of time to change direction on that if things don't come together. But obviously I felt that we need to have the property well defined and available to the State of Nevada before we would proceed with designing the actual facility.

With the state of the highway fund right now, we are very concerned about the cost of a new facility and we will be kind of taking a critical look at whether it's going to be the best thing to go forward with, but we feel that it's wise at least to plan for the future of having such a facility, but it might be a little bit later than sooner. So we will continue those discussions with Washoe County and the other entities in Northern Nevada to see if it makes sense and if there's support for having them involved in the funding and the operation of that facility.

Wallin: Thank you. Yeah, because I have concerns just because of City of Reno and Washoe, they just don't really work like City of Las Vegas and Clarke County. You know, they can't even get their fire department figured out, so I have concerns there that, you know, they aren't really there at the table and stuff, before we move forward and stuff.

And then also the other question I have, you didn't bring it up and maybe answer this, is the future meeting schedule that you sent out recently to start meeting at three o'clock in the afternoon. My question is most of our Board meetings, we usually don't get over until three hours, so is that going to cost the state more money because people that get off at 5:00, we're going to have to pay overtime too for the classified and some might even get off at 4:00. And then there are some meetings that actually are on Friday

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afternoons or right before a holiday. So can you comment on that or is that going to change?

Malfabon: We obviously scheduled the meetings around the Governor's schedule, but we feel that if we can keep these meetings moving along, there's been a lot of major issues recently, such as the ones today, but we think that we can try to keep the Board meetings to a two-hour meeting, so depending on the pleasure of the Board, NDOT will take appropriate measures. But those are the dates that we had established and we will do our best to minimize overtime for other participants from the employees, but that's the schedule as it currently is. But if any, you know, meetings are subject to change and we'll take any direction from the Board that is appropriate.

Krolicki: We've spent almost 15 minutes and we're not even at the minutes of the last meeting, but I appreciate what you just said. You know, my question is really with Project Neon. You all have outreached to me and scheduling has been a difficult thing to do to get the briefing. I didn't know it was something that each Board was getting. It was my impression if we had additional questions or something outside. Why would we be receiving individual briefings for Project Neon that we couldn't have in a public setting? Is that more efficient or it's just a matter of time, but from a transparency standpoint, public?

Malfabon: The same information will be provided at the Board meeting in public. It's just that there are several complicated issues as far as what availability payments are, what other projects have been structured similarly and we wanted to bring some information from other recent projects that are structured the same way to the Board members. The questions that were raised from the previous presentation on Project Neon, we feel that we've addressed those, but we felt that it is in the interest of minimizing the amount of time during the deliberation of the Agenda item at the Board meeting that it would be best to present the information that are responses to Board members' questions and feel that we sufficiently address those questions. And might raise some new questions, but we wanted to minimize the amount of time at the Transportation Board meeting when we actually present the item. And as I said, it'll be the same information, but it allows Board members to have their distinctive takes and questions answered prior to the actual Board meeting because it is a complex issue.

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- Krolicki: And there's no open meeting law aspect to this since we're all getting the same presentation?
- Gallagher: Excuse me, Board member. As I understand the intent of these meetings is simply to provide information about the statuses of these projects. It certainly could be made at a Board meeting, but likewise it's appropriate to present these matters individually to Board members as they're informational only. There will be no deliberations conducted at all.
- Sandoval: And one final question, Mr. Director. Do you have any of the statistics that Susan used to provide us an update with regard to the fatalities in our state? And I've been reading a lot of unfortunate tragedies that have been occurring. I was wondering where we are in relation to last year.
- Malfabon: We are up. I don't the statistics in front of me, Governor, but we are up quite a bit from last year. Unfortunately, there's been some high profile fatal accidents in Las Vegas such as the DUI, individual driving under the influence, that ran into the bus stop there in Las Vegas. We've had just a bad year in some of the urban areas and we'll get that as a regular portion of the Director's Report in the future.
- Sandoval: Madam Attorney General, did you have any questions for the Director before I move on to public comment?
- Cortez Masto: No, Governor, I do not.
- Sandoval: Thank you. We'll move on to Agenda Item No. 4, public comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? Is there anyone present in Las Vegas who would like to provide public comment to the Board?
- Cortez Masto: No, there is not.
- Sandoval: We'll move on to Agenda Item No. 5, approval of September 10, 2012 Nevada Department of Transportation Board of Director's meeting minutes. Have all the members had an opportunity to review the minutes? Any changes to the minutes? Hearing none, the Chair will accept a motion for approval.
- Wallin: Move to approve.

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- Sandoval: There's a motion by Madam Controller to approve the September 10, 2012 minutes. Is there a second?
- Savage: I'll second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? Hearing none, all in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no. Motion passes unanimously. Agenda Item No. 6, approval of agreements over \$300,000.
- Malfabon: This item is to provide the Board with a list of agreements over \$300,000 for discussion and approval following the process approved at the July 11, 2011 Transportation Board meeting. The list consists of any design-build contracts and all agreements and amendments for non-construction matters such as consults, service providers, et cetera, that obligate total funds of over \$300,000 during the period from August 20, 2012 to September 14, 2012. And with us is Assistant Director for Administration, Scott Sisco.
- Sisco: Thank you.
- Sandoval: Please proceed.
- Sisco: Governor, members of the Board, if you will turn to Tab No. 6 and Page No. 2, we have -- first of all, just to mention, there were no agreements over \$5 million, so you don't have that section. First section is agreements over \$300,000. Again, Tab No. 6, Page No. 2, we have two agreements for your approval here today. The first agreement is with Transcorp ITS LLC. This is a \$500,000 agreement. This is an authority-only agreement. We will use task orders. This is a statewide agreement that will provide repair and modification assistance throughout the state for intelligent transportation systems. And would you like me to do both at the same time? And the second agreement was Chaplin Law Firm and this particular agreement is for work on Neon in the amount of \$416,800. We have those two agreements over \$300,000. Any questions?
- Sandoval: Will that exhaust all the payments with regard to that singular legal matter with Chaplin Law Firm?
- Sisco: Mr. Gallagher?

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- Gallagher: Governor, that's based on the estimate from counsel to handle the matter through trial and any post trial motions. As Assistant Director Sisco related, this particular property is part of Project Neon. This is one of numerous condemnation lawsuits that have been authorized by this Board for which the property owners have filed inverse condemnation claims which then complicate the litigation. We find ourselves both a plaintiff and defendant in these actions.
- Sandoval: This is a new matter?
- Gallagher: Yes, Governor. I made a decision some time ago that anytime we engage outside counsel on a case, if it's a different case, it's going to be a different contract and will be tracked accordingly and presented to this Board accordingly.
- Sandoval: Okay. And I was a little unclear and this is a brand new matter. This is the account, doesn't mean we're going to spend all of it.
- Gallagher: Correct.
- Sandoval: Could spend more.
- Gallagher: Could spend more. Could spend less. Could get an early settlement.
- Sandoval: Yes. All right.
- Gallagher: Hope springs eternal.
- Sandoval: Any questions with regard to Agenda Item No. 6. Mr. Sisco, did that complete your remarks? I apologize.
- Sisco: That completes my remarks, yes. Thank you, Governor.
- Sandoval: Any questions? Mr. Fransway.
- Fransway: Thank you, Governor. I notice that Item No. 1 is a not to exceed item. And I was reading in here where it says no discussions were held on the total cost. And to me, just because it is not to exceed a certain amount, I don't understand the reason not to have the discussion and how we can lower the cost.
- Sisco: Okay. Thank you, Member Fransway. If you take a look at -- there's a cover sheet for Page 3 and then on Page 4 there's a negotiation memo, that

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lists the rate per hour that we'll pay for task orders for all of the different type of work that they might do. So again, if we go through the year and we have no breakdowns and minor problems, we will use very use of the authority within this contract. But if all of a sudden we have something major, the total cost will be based on the work that they do based on these hourly rates as listed in this memo.

Fransway: Okay. I understand what you're saying, but to me it seems like we certainly would've had the time to sit and discuss it with the person who is awarded the \$500,000 contract.

Sisco: Let me bring Mr. Nelson up here because I...

Nelson: Good morning. For the record, Rick Nelson, Assistant Director of Operations. The reason we didn't have a discussion about the ultimate cost is because that's our budget amount. We fixed the budget at \$500,000 for two years worth of service, so it's really \$250,000 a year. And this is to handle maintenance and emergency repairs. And it's very difficult for us to say we're going to have so many emergencies that are going to take so much money. But we did negotiate these prices with them to get what we feel is a realistic and a best price for each of the activities and for each of the salaries associated with the individual. So the reason there wasn't a discussion about, you know, should it be \$600,000 for two years or should it be less, is because that's the budget that we've established for this now. Again, as Mr. Sisco says, if people don't crash into our devices and if the devices stay functioning, this is money that we don't have to spend.

Fransway: Okay. I understand a budget and I understand an appropriation on the line item, but it still doesn't make sense of why you wouldn't want to reduce a line item that had an estimated cost to it. And of course, I'm just questioning why it wasn't discussed, not the fact that, you know, it was put in the budget at this certain number.

Nelson: Well, in going into this, based on historical experience, we wanted to establish that budget at \$250,000 a year, and where the negotiations take place with the service provider is for us to get as many hours as possible for that dollar amount. And that's sort of the basis of the negotiations with it and that's why we wanted to try to get their hourly rates down and that's what we were negotiating, were to get their hourly rates down, so we could get as many hours for that \$250,000 a year as we could. And then, of

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course, if we don't need to use them, that's money that rolls back into highway fund.

Sandoval: Any further questions with regard to Agenda Item No. 6? Hearing none, the Chair will accept a motion for approval of the agreements over \$300,000 as described in Agenda Item 6.

Wallin: Move to approve.

Sandoval: Motion by Madam Controller. Is there a second?

Krolicki: I'll second.

Sandoval: Second by the Lieutenant Governor. Any questions or discussion on the motion? Hearing none, all in favor, please say aye.

Group: Aye.

Sandoval: Opposed no. Motion passes unanimously. Agenda Item No. 7, contracts, agreements and settlements.

Malfabon: Governor, this is informational item to inform the Board of the construction contracts under \$5 million awarded August 20, 2012 to September 14, 2012, and agreements under \$300,000 executed in that same timeframe, settlements entered into the department which were presented for approval to the Board of Examiners in that same timeframe. Mr. Sisco?

Sisco: Thank you. First of all, Governor, turning to Page 4, you will notice there were no contracts awarded under \$5 million during this period, so we can move on from 4 to the second item, which is agreements under \$300,000. Those agreements are listed basically on Pages 6 through 25. In going through these, we didn't have any that we felt we needed to bring to your attention, but we're pretty sure you all may have some questions on some. So all of us are here and prepared to answer questions, if you have them, on specific ones of these agreements.

Sandoval: Madam Controller?

Wallin: Thank you. Line Item No. 13, Page 9. This is to UNR. It's benefit cost studies. Can you talk about how many -- do guys not have in-house capability to do benefit cost studies or what is this exactly that we're paying for?

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- Malfabon: The benefit cost studies are required by the legislature on our major projects. And the group that does these studies in-house, we'll be heading in to try to build that expertise in house, currently we have contracts with UNR and UNLV to do these types of studies, but we will look towards building that, training people to do this in-house and use the software that could be used in-house.
- Wallin: So how many studies does this cover?
- Malfabon: It's not really by project. It's to keep them on hand and then with a not-to-exceed agreement, and then as we get projects that require a benefit cost study, we send them the information and they do the analysis and send it back to us. So it's just to keep them on hand to perform these types of studies.
- Wallin: Are they doing one for Project Neon?
- Malfabon: Project Neon, I think because it's over the dollar amount that it is, over \$1 billion, we had a separate benefit cost study done. It's probably getting a little bit outdated and needs to be updated, but we've already done one through our consultant that was hired to assist us in the design of Project Neon.
- Wallin: Okay. And is that going to be something that you're going to share with the Board then?
- Malfabon: Yes.
- Wallin: Okay.
- Malfabon: We can provide the benefit cost information on our projects.
- Wallin: Okay. Now, I have -- I'm not done yet, all right. Line Item No. 26, Page 12. This is to Chapman Law Firm. I remember we settled the case and we're all happy, but now to continue representation through the close of the case, can you talk about that a little bit, why we had the additional amount?
- Malfabon: Yes. Blue Diamond RV was a case that actually went to trial and we felt that, through the assistance with the Chapman Law Firm, we prevailed. The owner of the property was asking for several millions of dollars and we prevailed with a judgment for just hundreds of thousands. I think it was a couple hundred thousand roughly. So we still have some issues to work out

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with Clark County and with respect to the owner of Blue Diamond RV and their law firm that they hired. There's still other costs that we anticipate that are approved by the course to be compensated for such as the legal fees and any other costs that they had in bringing the case to trial. But we're still keeping Chapman Law Firm on to just wrap up this case and put it to bed.

Wallin: Okay. Next one, it's Item No. 42, Page 18, to ARC Logistic for TeamMate software training. Tell me what that was for. It said it's the CCH TeamMate audit management system.

Sisco: This is out of our Internal Controls Division, so I'm going to turn it over to Mr. Hoffman, who is looking at me, like, uh-oh. From its implementation, training of the CCH TeamMate audit management system -- I apologize, I was looking around here real fast to see if Sandeep, our Internal Auditor, was here and he's not. Can we get back to you with information on that?

Wallin: Yes, you can.

Sisco: We will do that.

Wallin: And then the last one I have is Item No. 51, which is the smart data strategies. This is an amended contract amount. The original amount of the contract was, like, 36,000. Now it's going to 182,000. And you're talking about have to move to the new Oracle database. Can you just talk about that and, I mean, that just seems like a huge amount to go from 36 to...

Malfabon: Yes. This one was for the Irwin system, which is our right-of-way management system, so it keeps track of all of our ad bill plans as well as all the parcels of property that NDOT owns. The original agreement amount was paying for maintenance of the system. And what we did was I believe that the original agreement had expired, so since we don't extend expired agreements, we had to pay the vendor for the services that they were going to provide to continue maintaining the system for a certain amount of time that we owed them, so that's why it was \$36,000. And then we wanted an additional year of maintenance of the system, so that's why the amendment amount was substantially larger than the original agreement amount. So the original agreement, pay them for some services to finish up the original scope of work, but the agreement had expired, so we needed another separate agreement that was 36,000.

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- Wallin: Okay. Thank you.
- Sandoval: Any other questions from Board members? Member Savage.
- Savage: Thank you, Governor. Mr. Sisco, I have two questions that caught my eye. The first one would be No. 27 for the \$20,000 expended to provide roundabout training.
- Sisco: Mr. Hoffman?
- Hoffman: Yes. Good morning, Board members. Bill Hoffman, Deputy Director. Roundabouts are becoming prevalent in Nevada. We're using them more and more. The safety benefits of the roundabouts are significant and we felt that bringing specific training to our Design Division would be a savings in the long run. So there was 37 attendees, so approximately \$546 per student, but this was training performed by a local consulting firm within Nevada. They came in, dug into the specifics, very specifically to NDOT the way we do things, and provided training to a lot of our design folks.
- And I just have a little -- I figured we might get a question on this, so I wanted to be prepared, so this was the most applicable, well-received, timely class we have presented in quite some time to our design staff. So this is coming from our Design Division. The consultant did a great job in explaining and applying design criteria associated with the layout of roundabouts. Principles explained in this class have already been utilized on the review of the Kyle and Lee Canyon roundabout project in Southern Nevada. We expect to make up the 20,000 in training costs on the first two to three projects we design in efficiency savings in both right-of-way construction and design costs.
- Savage: Thank you, Mr. Hoffman. Well prepared on that item. The next item, Mr. Sisco, would be Item 29 for the assisting the department with negotiations. I was with Sprint Nextel. I was under the understanding that we did some of our own negotiations for those types of functions.
- Sisco: This one was somewhat unique and let me bring up Mr. Nelson here to comment on this one.
- Nelson: So Rick Nelson, Assistant Director for Operations, for the record. This is radio stuff and we were required to reband our radios. Through the course of this process, Sprint Nextel actually paid for the rebanding effort. And so

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bringing the Galena Group on brought in a level of expertise to this whole communication rebanding and legal issues, and they helped make sure that all the paperwork's filed on time, everything was filled out appropriately. The interesting thing about this agreement is it's actually paid for by Sprint Nextel. So the rebanding is done with just a few minor exceptions that need to take place. It was important to keep the Galena Group onboard for continuity sake. And any hours that Galena Group bills, we turn around and rebill Sprint Nextel and they reimburse us for that.

Sandoval: Thank you, Mr. Nelson.

Savage: Thank you, Governor.

Sisco: If there's no additional questions, I will move on to the next section which begins...

Sandoval: Before you proceed...

Krolicki: I'm sorry, I was just being polite (inaudible).

Sandoval: So we'll go with Lieutenant Governor, then Member Fransway.

Sisco: I'm sorry. I tried.

Krolicki: I have two questions and then the Nextel was one of them. Item 40, the Nevada Broadcaster Association, just what's envisioned with all of that and is that through their exclusive leveraged purchasing program? And we'll do that one first. And then the City of Henderson has several items in the 50s, NBA, Item 40, public service announcements.

Nelson: Again for the record, Rick Nelson, Assistant Director for Operations. Item No. 40 with the Nevada Broadcasters Association is to provide one more year of service on their contract. And we do with the Nevada Broadcasters because of their unique ability to leverage their members with respect to airtime on public service announcements. What this will do for us is allow for the production of 12 more radio spots and two TV spots. And this is sort of specifically targeted towards traveler information and those kinds of messages. In the past we'd use them for some safety-related messages as well. Once this one more year of service is done, then this entire agreement will expire and we'll have to go back out and reprocur, if this is an activity we want to continue with.

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Initially it was a two-year agreement for \$100,000 a year. And we're going to take on some of the production-related activities and so the amendment for this last year was reduced down to 82,000. So we're getting the same amount of service, but for lower costs because we're taking on some of that production.

Krolicki: The Broadcasting Association, they do an incredible job in this unique service that they provide and the leveraging, I mean, that's probably seven figures worth of message out there through their organization through their association. But I'd be curious to see what kind of -- I mean, do you have already have a message program in mind? Has it been designated?

Nelson: I was looking for Meg. I don't know what we have, but I do know we put together a production schedule so that these are timed appropriately through the season and so on.

Krolicki: So I'd be curious to see what that campaign's involving because that is, again, probably seven figures worth of value. And then the other questions I would have would be Items 53, 55, 56, 59, it has to do with fiberoptics in the City of Henderson. Rick, you can just put a chair up there, you're doing great.

Nelson: These projects with the City of Henderson are stewardship projects. These are projects that are paid for with CMAQ money, Congestion Mitigation money, that the City of Henderson is moving forward with, and it's to interconnect signals and tie them together. So the agreements are to provide those CMAQ monies to the City of Henderson in order to interconnect those signals for synchronization and that sort of thing.

Krolicki: And that's a great answer, but I guess I'm stunned at the dollar amount. I mean, that's how many millions of dollars is that in the aggregate just to -- I mean, I didn't see the synchronizing signals aspect of this, but is that a normal amount of money?

Malfabon: There are several signals in Las Vegas Valley that the local entities maintain, but not all of them are connected to the FAST system until they get the fiberoptic connectivity, then they control it from the building instead of having to go out there and do their thing within the city. Technicians take care of these, so once they get them tied into the FAST system through the

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fiberoptic network, then they can be controlled through that system remotely.

Krolicki: And the reason it's being paid through NDOT versus the City of Henderson?

Nelson: Because they qualify to use those CMAQ monies for congestion mitigation. And these are actual construction costs, so this is actually trench and install fiber and do all of those kinds of things.

Malfabon: The CMAQ funds or Congestion Mitigation and Air Quality funds are federal funds that go through NDOT, flow through us to the RTC of Southern Nevada, so they distribute it to the member entities such as the City of Henderson.

Krolicki: Thank you.

Sandoval: Member Fransway.

Fransway: Thank you, Governor. Item 30 and 51 for the sums of 141,000 and 182,000 give reference to Oracle and it appears that it is a new NDOT requirement.

Sisco: Yes. Going into our intelligent business systems and our strategic data plan, we put out a bid to the State Purchasing Division a few months back, a plan for Oracle purchase, installation and training on it. They actually bid out, but they turned those two components, the training and the installation, over to us, already bid and we just had to implement the contract for them. But it was paid for 100 percent out of federal funds that we were to go ahead and put this Oracle database upgrade into our system.

Fransway: But do we perform the Oracle in-house?

Sisco: Yes. The Oracle application is brought into house and, again -- but they are coming in and installing it for us and helping us migrate our current systems into that.

Fransway: Okay. And Item 52.

Sisco: I'm sorry, what item?

Fransway: Item 52. I noticed that what we have here is a payable amount of 536 and my arithmetic shows 526 and over to the right it gives reference to the 526.

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My arithmetic must be right. So I'm looking at the receivable amount of 26,000 and I don't see where that credit is given. Why is it there and why is it taken off the total amount?

Sisco: I'm not -- Tracy, did you want to pick up on this one?

Larkin Thomason: Looking at this, I'm looking and thinking that it's probably enhancement funds that are overseen and that what you're seeing in receivable amount is the part that Carson City is putting in.

Malfabon: And you're right, Member Fransway, that is an error on the math, so the amount of 526,000 would've been correct.

Fransway: Okay. But the authorization for Carson City RTC to advertise, is that where the receivable comes in?

Malfabon: Yes. That's a five percent match.

Fransway: Okay. All right. Thank you.

Sandoval: Please proceed.

Sisco: Okay. If there's no more on that section, we'll move back to Page No. 26, which is emergency agreements. This emergency agreement in the amount of 522,000 was emergency agreement for repair of Hoover Dam Bypass Bridge, including soil stabilization in Clark County. And again, we list those on a separate, by themselves so we can bring them to your attention.

Sandoval: Is the bridge okay? It has to do with...

Malfabon: It was the pavement approaching the bridge, had some roughness to it. Something happened with the sub grade apparently. We just smoothed it out, repaved it.

Sandoval: All right.

Sisco: Moving on from there, the last section under this tab is on Page 28 and 29 and this is a report on a settlement that went through the Board of Examiners. (Inaudible) did you want to touch on that real fast?

Malfabon: This is a case where the developer went bankrupt and we were dealing with their bonding company, so negotiated a settlement there that goes before the Board of Examiners tomorrow. So NDOT will take the money from the

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bonding company, finish certain portion of work and that's what this Agenda item is for.

- Sisco: And that's all of the items under those sections.
- Sandoval: Are there any other questions with regard to Agenda Item No. 7? We'll move on to Agenda Item No. 8, condemnation resolution. Mr. Director?
- Malfabon: Thank you, Governor. We're acquiring property and property rights for the widening and construction of the I-15 freeway from Desert Inn Road to the U.S. 95/I-515 interchange in the City of Las Vegas and Clark County. These properties are for Phase I of Project Neon and the department is seeking the Board's approval of condemnation action for the unresolved acquisitions as described below. So if there's any questions on -- there are several here. Carmen DiCotello (sp?), Junior.
- Sandoval: And you don't have to read through each of them. These are all -- I noticed the first one there's a property dispute with regard to the ownership of a parcel, so that has to be resolved, but we still need to move forward. All the others, the owners of the parcels have retained counsel and have not responded to our demand -- or not, I shouldn't say the demand, the offer that we've put forward. Is that a fair characterization?
- Malfabon: Yes. So we've been in discussions with some of these such as Highland 2000 and Highland Partnership. We're still having discussions, but we felt that it was appropriate to proceed with the condemnation action so that we don't delay the project and we can still reach a settlement which we'll bring before the -- if it's a settlement issue, bring before the Board of Examiners and also to your attention as the Board of Transportation.
- Sandoval: Board members, do you have any questions with regard to Agenda Item No. 8? Hearing none, the Chair will accept a motion for approval of Condemnation Resolution No. 436 as described in Attachment No. 2 to this Agenda item.
- Fransway: So moved.
- Sandoval: Motion by Member Fransway for approval of Condemnation Resolution No. 436. Is there a second?
- Savage: I'll second.

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- Sandoval: Second by Member Savage. Any questions or discussion on the motion? Hearing none, all in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no. Motion passes unanimously. Agenda Item No. 9, relinquishments.
- Malfabon: Thank you, Governor. First one, 9A is approval is requested from the Board of Directors to dispose of the above-referenced property by relinquishment. The four improved and one unimproved properties to be relinquished are located along the portion of County Road 716A, Smith Creek Road in Elko County, Nevada. Parcel 1 is improved property consisting of 6,686 square feet as depicted on the attached sketch map marked Exhibit A. Parcel 2 is improved property consisting of 15,445 square feet as depicted on the sketch map Exhibit B and Parcel 3 is improved property 30,315 square feet as depicted on Exhibit A. Parcel 4, 18,014 square feet of unimproved property shown on Exhibit A. And Parcel 5 is improved property 6,063 square feet, also shown on Exhibit A. So this is a relinquishment to Elko County.
- Sandoval: For members, do you have any questions with regard to Agenda Item No. 9?
- Fransway: I do.
- Sandoval: Member Fransway.
- Fransway: Yes, thank you, Governor. I'm wondering why did the state acquire bridge structures on county roads.
- Malfabon: Don't know why we have that bridge.
- Fransway: I'm giving reference to Relinquishment A and background. The department originally acquired these properties in easement to replace existing substandard bridge structures on county road.
- Malfabon: One of the federal funding categories for replacement of structures does allow us to spend money on off-system bridges. I don't know if that's what occurred on this case, but Paul Susito (sp?) is indicating yes, that it was an off-system road that received federal funds for replacement apparently in the past.
- Fransway: Okay. Is that option still available?

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Malfabon: For off-system bridges?

Fransway: Yeah.

Malfabon: Yes.

Fransway: Okay. Thank you.

Sandoval: Any further questions? Hearing none, Chair will accept a motion for approval of the relinquishments as described in Agenda Items 9A and B.

Krolicki: Motion carried.

Sandoval: We have a motion for approval by the Lieutenant Governor. Is there a second?

Wallin: Second.

Sandoval: Second by Madam Controller. Any questions or discussion on the motion? Hearing none, all in favor, please say aye.

Group: Aye.

Sandoval: Opposed no. Motion passes unanimously. Agenda Item No. 10, quitclaim deed. Mr. Director?

Malfabon: Actually, we have Item 9B as well.

Sandoval: I was taking them both, excuse me, but...

Malfabon: Oh, okay. You took them both?

Sandoval: Yeah.

Malfabon: Okay. No questions on either one?

Sandoval: I took at the same time. Was that unclear counsel?

Gallagher: Yes, Governor, that was an appropriate motion.

Sandoval: I thought he was saying yes, that was unclear.

Malfabon: My bad. That was all me. Yeah, I should learn.

Sandoval: Okay. Thank you. We'll move on to Agenda No. 10.

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- Malfabon: Very good. Governor, this request is to the Board of Directors at the Board of Transportation to dispose of property by quitclaim deed. These parcels to be quitclaimed to the abutting property owners located along portions of State Route 564, Lake Meade Drive, west of Boulder Highway in the City of Henderson, Clark County, Nevada. If so, there's several parcels, just a strip of property adjacent to Lake Meade Drive there in Henderson.
- Sandoval: Board members, do you have any questions with regard to Agenda Item 10A? Hearing none, the Chair will accept a motion for approval.
- Wallin: Move to approve.
- Sandoval: We have a motion by Madam Controller for approval of the quitclaim deed as described in Agenda Item No. 10A. Is there a second?
- Fransway: I second.
- Sandoval: Second by Member Fransway. Any questions or discussion on the motion? Hearing none, all those in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no. Motion passes unanimously. Agenda Item No. 11, public auction.
- Malfabon: Thank you, Governor. Approval is requested from the Transportation Board to dispose of the above-referenced property by public auction. Property is to be sold is located at 147 Broadleaf Lane in Carson City, Nevada. The property contains 1,080 square feet single family residence on a 6,811 square foot lot and is depicted on Exhibit A.
- Krolicki: This is definitely Lieutenant Governor mansion.
- Sandoval: All right. Any questions from Board members with regard to the public auction of the property as described in Agenda Item No. 11? Hearing none, the Chair will accept a motion for approval.
- Savage: So moved.
- Sandoval: Motion by Member Savage for approval of the public auction for the disposal of the property located at 147 Broadleaf Lane in Carson City. Is

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there a second? Second by Madam Controller. Any questions or discussion on the motion? Hearing none, all in favor, please say aye.

Group: Aye.

Sandoval: Opposed no. Motion passes unanimously. And Madam Attorney General, you voted yes, didn't you?

Cortez Masto: Yes, Governor, I did.

Sandoval: Thank you. Move on to Agenda Item No. 12, approval of amendments and administrative modifications to the FFY 2012/2015 STIP.

Malfabon: Thank you, Governor. The STIP was previously approved at the Board of Director's meeting on October 10, 2011, covers the period of time from fiscal year 2012 to 2015. Assistant Director for Planning, Tom Greco, will cover this item.

Sandoval: Morning, Mr. Greco.

Greco: Thank you, Rudy, Governor, Board members. Good morning. This is my fifth day on the job and every day just gets better and better. So this Agenda item, as Rudy mentioned, is amendments and modifications. They have all been generated and approved by the MPOs. Moving to Attachments A and B, if it is the pleasure of the Board, I would either review each and all or offer to answer questions on any specific items.

Sandoval: Why don't we do that, Mr. Greco. Do Board members have any questions with regard to the modifications to the STIP? Make your life a little simpler, instead of going through them all. Madam Attorney General, do you have any questions?

Cortez Masto: No, Governor.

Greco: There is one that I would like to highlight and it is on Attachment B, Modifications. It's the one, two, three, fourth line down, Freeway Service Patrol. You'll notice that the modification just about doubles each of the annual budgeted amounts. And I asked why that dollar amount went up and Rick Nelson shared that in addition to the incident management vans, we are expanding that program and adding wreckers as a safety step. Every minute that there's an incident out on the edge of the road, the likelihood of a secondary incident goes up 20 percent every minute that it's out on the road

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there. So dealing with the incidents with vans is an excellent program. Adding the wreckers gets the vehicles off the road that the vans are not able to deal with.

Sandoval: Any questions from Board members? Member Savage.

Savage: Yes, thank you, Governor. I was going to address the FSP in Section 14 later on in the Agenda if that's okay. I do have further questions and comments on the FSP, Governor. Thank you.

Sandoval: Any other questions with regard to Agenda Item No. 12?

Malfabon: Governor, I would like to make a statement that neglected to mention in the Director's Report. You'll see on the final page of this Agenda item, the Tahoe MPO is mentioned, and under the new transportation authorization bill called MAP-21, the Tahoe MPO did not receive an extension of that designation. Usually Metropolitan Planning Organizations, MPOs, are designated, they achieve that by population. Carson City has the population. Obviously Reno, Washoe County and Las Vegas RTC of Southern Nevada, but the Tahoe MPO does not continue on with that status under MAP-21. And we are still trying to determine what that means. Obviously there's still the Tahoe Transportation District up there and TRPA still exists up at Tahoe, but just wanted to make that point that the status has lapsed as a result of MAP-21. And what happened there was there were certain members of the House that felt that that was an earmark, that the Tahoe MPO did not have the population to achieve that status, so they actually eliminated that in MAP-21.

Sandoval: Thank you. Further questions or comments? Mr. Lieutenant Governor.

Krolicki: I heard all the words you just said, but that is actually a major reclassification or unclassification at MPO. It's really a -- I guess it's not a national park. It doesn't normally get the funding that a place like that would be getting. So if you would keep me apprised of that, I would appreciate that. And if we're still under entire Section 12, including the administrative modifications, Governor, could you describe under the Tahoe MPO the reasons for the additional half a million dollars? Well, there are several things, but it's the trail demonstration facility project.

Malfabon: I don't know. Tracy, do you have the response to that question?

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Larkin Thomason: Yes, I do. For the record, Tracy Larkin Thomason, Deputy Director for Southern Nevada. The additional \$517 came through, it was called the Project Submittal Program, which was a program that we ran that we offered some money to the locals where they competed through a process. This was one of the projects that was chosen. And this is just actually kind of the finishing touches of putting that money towards that project.

Krolicki: So is this matching money with the Tahoe fund, if that's an appropriate term?

Larkin Thomason: It's not matching money. It was money that we had in a program. There was \$2 million that was set aside previously in years where we put it out to all the counties and MPOs, but we put it out where people competed, they put in projects, put in local projects and then it went through a vetting process internally ranked. This was one of the projects that received a high ranking, so this is just coming to the point of we have since stopped due to funding issues. We are not using the project submittal program at this time. However, we were committed to basically honoring all the commitments that we had made in approvals and this is one of the final ones going down.

Krolicki: I guess, I mean, I spent a lot of time in that area and there's an extraordinary amount of activity happening now in the Kale Meadow and this part of the phasing, but was this money necessary to make this project go or is this a supplemental...

Larkin Thomason: Yes, it was. No, it was not supplemental. It was money necessary to make it go. They had lost some funding through the, I think it was -- I want to say Question 10, but I'm not sure I have the right designation for it. They lost some local funding up there that they no longer had. This is not additional funding, but it was funding -- actually, this funding had been designated for the north part of it and it was moved to the south part to specifically cover the loss of fundings there, but it had already been designated as approved, like I said, through the process for the bike path at Tahoe.

Krolicki: Okay. And, Governor, I appreciate the indulgence. This is a colloquial issue in many ways, but the state line to state line bike route, since we're talking about it and with all the other work happening on Spooner, how does this bike route actually navigate, you know, through the rest of the South Shore, through the top of Spooner? I mean, is it just a -- you know, there's no further bike lane, if you will, adjacent to Highway 50 or do they envision

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it going through the lower corridors and perhaps through the Glen Brook and Slaughterhouse Canyon areas, do you know?

Larkin Thomason: We can get you the maps, but I personally don't know specifically which area, but it is intended to go farther. If I recall, I think this is Phase 1B or 2A. And there's another one coming up which is 2B which will extend it a little farther. So as they get funding, the plan is to eventually connect it literally from state line to state line around. Obviously there's areas with a lot of challenges.

Krolicki: I'll do this off-bar, but I appreciate the indulgence of this Board, but I would be interested because, again, the amount of activity going on for this bike trail is truly extraordinary.

Hoffman: Well, if I could just very quickly, Bill Hoffman, for the record, Deputy Director. We have asked the Tahoe Transportation District to come to the December Board meeting and give us an update on not only the bike trail, but all of the other transportation projects that they have going on up at Lake Tahoe. So what we wanted to do is build off of -- Governor, you wanted information on that. We believe we've sent you at least information on the bike path, but we wanted to take it one step further and actually invite TTD to come in and present all of what they have going on in the basin.

Krolicki: That would be great. I'm not sure how they conclude what they're currently constructing prior to the end of the building season in like a week. I mean, they've got a whole lot to do here in a very short period of time. Thank you.

Sandoval: Any further questions from Board members? Member Fransway.

Fransway: Thank you, Governor. Administrative Modification No. 10 gives reference to Clark 18 and then ad valorem tax and I'm wondering is -- this is the first time I ever heard of an ad valorem tax being used to fund a transportation project.

Greco: Allow me to start to address that and then I'd ask Tracy, if you would like to follow-up. The project that is being described here is F Street and the two-lane underpass and some of the original funding that was going to be local and was originally sought is no longer available. So in order to make the project viable, the grouping of funding as outlined there, makes up the

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difference. Now, to answer your question, specifically about ad valorem, I'd ask Tracy if she could add to that, please.

Larkin Thomason: Again, this is Tracy Larkin Thomason. This specific action is really just to add the 475,000 of the public lands highway funding. And what that does though is when they adjust some categories, it affects the other sheets in the document, so that's why as Tom indicated, there's groupings and that's why all of them are listed. But this specific action is to add the 475,000 of public lands highway funding. Does that answer your question?

Fransway: Well, Tracy, frankly, I can't hear you very well, but my main question is are they using property tax revenue to fund a transportation project?

Malfabon: No. I believe what...

Fransway: I've never heard that done before.

Malfabon: I believe what Tracy is saying is that...

Fransway: I think it may be precedent-setting.

Malfabon: A few years ago there was that category of funding and then it was no longer available, so that's why some of these modifications take place to address that shortfall and shift funding back to the project through other means. So to my knowledge, there's not ad valorem tax money being used on the F Street project. It was one of those funding sources, as Tom mentioned, that went away, so it wasn't available any longer.

Greco: Okay. Thank you.

Sandoval: Any further questions? Hearing none, the Chair will accept a motion for approval of the amendments and administrative modifications to the FFY 2012/2015 STIP as described in Agenda Item No. 12.

Savage: So moved, Governor.

Sandoval: Motion by Member Savage for approval. Is there a second? Second by Madam Controller. Any questions or discussion on the motion? Hearing none, all in favor, please say aye.

Group: Aye.

Sandoval: Opposed no. Motion passes unanimously.

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- Malfabon: Thank you, Governor. Before we move on...
- Sandoval: Agenda 13.
- Malfabon: ...there was an opportunity to get a response to the Controller's question on Item No. 7, Line No. 42 that Mr. Sisco is going to address.
- Sisco: Thank you. Madam Controller, I apologize for earlier. We do kind of like you do is we go through these ahead of time and we try to see which ones might rise to the level and every now and then one gets away with us, so we don't have somebody here to answer the question. Item No. 42 was a \$24,000 contract with ARC Logistics. It's back in February of 2012 we bought a new auditing tracking software that specializes for our construction purposes for our post audit and our Internal Audit Division.
- In purchasing that software, we discovered that this Oracle database that we also bought with those federal funds, we could implement on that instead of having the company host it, so we could save a lot of money. So this 24,000 basically has two parts. It has a consulting part in the amount of 14,000 for them to come in and help us install it and get everything up and running, and then three days of training at \$3500 a day, \$10,000 in training for our people so that they can maximize their usage in the software. That's what that was for. Thank you and, again, I apologize.
- Malfabon: Thank you, Scott. Governor, the next item, Item No. 13 is to provide the Board with a briefing on the I-15 Mobility Alliance. Over the past year NDOT's taken the lead on the I-15 Corridor System Master Plan and the creation of the Mobility Alliance. What we've seen is that it's more and more critical to get in multistate coalitions in order to chase certain grants. The elimination of earmarks in the transportation bill, it's just wise for states to get together as coalitions to advance their projects jointly on a quarter such as important to all of those states as I-15. So Sondra Rosenberg has been our project manager, she's done a great job with the federal programs element of NDOT and she's going to give the presentation.
- Sandoval: Good morning.
- Rosenberg: Good morning. Good morning, Board. Thank you, Rudy. For the record, my name is Sondra Rosenberg, Federal Programs Manager. I'm in the Planning Division. And for the past two years I've been working on the I-

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15 Corridor System Master Plan. And it's been quite an exciting effort. This is the scope of our study, all the way from San Diego to north of Salt Lake, actually the northern border of Utah. And we've established a great alliance of partners through this effort. The partnership began with a coalition of western states. It actually began with the Corridors of the Future program, which I-15 was one of six corridors selected in 2007. The corridor received \$15 million back then, 10 of that went to Nevada, and then that program kind of dissolved and went away. And Director Martinovich decided this was too important, this corridor is too valuable to Nevada to let that partnership dissolve as well, so I was tasked with continuing on this partnership that began several years back.

So the vision of the plan itself was to define a multi-decade, multi-modal transportation system, provide prioritized program of projects that make up that system and then to develop a governance structure and implementation strategy to sustain and improve the system. And that element we're still working on. We're working on agreements with the other states and whatnot. And this vision is defined by this partnership and it's sustained by then getting that partnership to focus in on specific projects and efforts to keep it going.

I won't read the entire mission statement, it's quite lengthy, but the purpose of it to say this isn't a traditional corridor study, if you will, we're really looking at why this corridor is really a vital linkage, not just for the western states, but really for the whole country in terms of good movement, economy, tourism, and so we developed a Master Plan. And these are the chapters in that plan and you should all have received a copy of it. It's also available on our website. You didn't receive a copy? Okay. We have it electronically and I can get you a hard copy as well. Okay. It's on our website and I'll give you the address at the end here.

So those are the chapters in the study itself, in the plan itself which is actually quite short as you can see. The purpose of this document was really to summarize all the work that was done in one visually pleasing, easy to read, lots of figures document that's easy for folks like yourself that might not have a lot of time to delve into the details. All the details are available in tech memos that are also available on our website.

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And so we formed the I-15 Mobility Alliance, which consisted of an Executive Board which is the DOT Directors from California, Nevada, Arizona and Utah. And that was supported by a steering committee which is really all the partner agencies and entities that have an interest in this corridor and that include public and private entities. And then technical and planning committees, and that's where a lot of the detailed work went on. We didn't want to bore people with tons of very lengthy meetings, so we set up these taskforces with very specific topics such as freight, economy, operations. And we got a lot of work out of them, a lot of input in a short amount of time, so it was very useful.

That's a list of our members as of a couple weeks ago. I think it's basically the same, so as you can see, quite a few entities that have been involved in this process have made their voice heard as part of developing this plan. And it includes not just public agencies, but as you can see Southwest Airlines, the railroads, Air Force Base, National Parks Service. So quite a few partners that we haven't always brought in effectively in transportation planning projects.

So what have we accomplished? Well, we created this 72-member agency alliance and the list is just repeated here. We identified 27 immediate projects of interregional significance that was endorsed unanimously by the 72-member entity. We created a brochure that we then sent to Washington saying these four states and all of these member entities support these projects as really early action items, very critical to the area.

We worked with Utah Department of Transportation to display our information that we were collecting through their GIS interface. We created 16 mode and topic-specific technical memorandums that are available on our website. We were published in Engineering News Record, which is quite a bragging right. We prioritized ten years worth of projects by impact interregional mobility and time stratified over 40 years' worth of projects.

So we took everyone's STIP/TIP long range plan, you know, really put a callout there for give us all your lists of projects and we loaded them all into this master database. And we used a fairly simple prioritization process. And because everyone bought into the process and how we were going to rank these, once we came up with a ranked list, it got endorsed

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unanimously. There were a few minor tweaks, but basically everyone agreed to it, which is pretty significant.

We endorsed four TIGER Grants. That says TIGER 3. One of them was awarded. And then for TIGER 4, the 2012 TIGER Grant application, we supported the remaining three and one of those was awarded, and those were the bridges in Arizona. And just to clarify, Arizona is getting that money and doing that project, we are just a supporting agency in that. And we jointly submitted a Multistate Corridor Operations and Management federal grant proposal and of course, developed the Master Plan. That's an example of our letter of support for the TIGER Grants and it's pretty significant to have four DOT Directors sign the same piece of paper supporting the same project.

I get a little behind on some of my animations. So next steps, we were selected for the MCOM Grant, the Multistate Corridor Operations and Management program, and again, only six corridors or alliances were selected for this. And I believe there were 12 or 15 that applied, so, again, you know, national attention to the importance of this corridor. So we're receiving \$1.25 million from the federal government. We are matching that with money from Nevada, California and Utah. They've all agreed to support the match on that grant.

And we are going to do some data collection, Multistate Corridor website and we've been talking about applications for mobile devices, developing a decision support system. We're going to connect the TMCs or TOCs in the different states, and better communication across state lines, so if there's an incident or accident or major weather situation, you know, determine how far out that information needs to travel down the corridor. And we're working very closely with our Operations Division who will be taking a leadership role on this effort and Denise Inda has graciously agreed to help me out that and we'll be working with her counterparts in the other states to get this going.

We want to get this going very quickly because we've heard that there's an opportunity that this grant may appear again sometime in the next year. The award we got was for fiscal year 2011, so there's actually 2012 money budgeted for it also, so if we can get moving and show some early successes, we might be able to get some additional funds for this corridor.

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So we're working on agreements with the partner agencies and then the agreement with the US DOT to receive the funds. And then we'll establish a steering committee, prepare the scope of work and go out with an RFP for some assistance in this effort. And there is the website. On the website there's a video that we created which is pretty informative and talks about the whole corridor. We have interviews with all the Directors of the DOTs. We have an electronic version of the Master Plan as well as all the technical memorandums as well as a fact sheet if you just want a quick two-page summary. And with that, are there any questions?

- Sandoval: Questions from Board members? Madam Controller.
- Wallin: Thank you. Yeah, thank you for this presentation. I have a question, and I know that I've asked before because we were talking about the I-11 corridor study. How do we determine -- because I'm seeing that we're putting in 100,000, Caltrans 100,000, UDOT 100,000. How do we come up with that that it's all even and that we don't do it by miles or, you know...
- Rosenberg: Yeah, it's a very difficult way to figure out what a fair share is, and miles isn't always appropriate because some of those miles are more complicated than others, and it was just basically simplest to have an equal share and that's how we got California and Utah. They both said, well, are Utah -- you know, California said, "If Utah and Nevada are putting in that much, then we'll put the same amount," and vice versa, so...
- Wallin: Yeah, but California is a lot bigger than Nevada and we've got a small little segment going through here.
- Rosenberg: They are...
- Male: (Inaudible).
- Wallin: And there is -- well, yeah.
- Rosenberg: They also have been a great partner in providing information and expertise. Both Utah and California have provided some of their tools and their expertise. And, you know, frankly, the economic situation that California is in, I'm very happy that they're willing to provide money at all to keep this going. I know that doesn't really satisfy your question, but...
- Wallin: Because we're in worse shape than California, so I mean, I just...

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- Sandoval: Not quite.
- Wallin: But, you know, it just concerns me that we seem to be the ones always volunteering to put up the money, more of the money, to get the others to come in and, you know, we have limited dollars here in the state and I know that these corridors are important, but, I mean, the other states should feel that they're that important too to kind of pony up their fair share.
- Rosenberg: Understood.
- Wallin: Thank you.
- Sandoval: Any other questions or comments? Member Fransway.
- Fransway: Thank you, Governor. The question was asked to me, and I brought it up at one of our most recent meetings relative to why we didn't receive a TIGER Grant, and it was explained to me that we really did, it was spent on a regional effort on the I-15 corridor and it went to Arizona because they had some bridges that were very expensive and needed to be repaired, and if they weren't, then that would jeopardize the functionality of the corridor. And so I'm looking at the map and, boy, there isn't much Arizona on that. There must be some pretty major crevices or something that would have to spend that...
- Male: The Grand Canyon.
- Fransway: Yeah.
- Rosenberg: There's 29 miles of I-15 that goes through Arizona, so mileage-wise, not a huge amount. But it's in that 20 miles, there's 7 bridges and it goes through a gorge. It's the Virgin River Gorge. So it's quite a complicated segment.
- Fransway: Okay.
- Rosenberg: And those bridges are in dire need of some repair. And Arizona has had a difficult time setting money aside for that section of I-15 because it doesn't connect to the rest of their system within their state. You can imagine politically when they're looking at I-17, I-10, I-40, that to spend money on this little corner that the State of Arizona doesn't even think should belong to them, and so we wanted to help support them and get money to help fix those bridges, so we offered our support. We said that they could list us as a

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partnering agency on that grant, but they have to do all the work and all our partnership meant was that we support it.

Fransway: Obviously it wasn't a candidate for a re-route.

Rosenberg: Right.

Fransway: Okay.

Rosenberg: They're trying to give us that section of I-15, but I don't think we've been willing to take that on just yet.

Fransway: All right. Thank you.

Krolicki: Governor, if I may, I know we always want to talk about the expenditure side, but, you know, whether it's a half a mile or 100 miles, if people can't move on it, it's an issue. And in the front of this, you know, it's \$120 billion corridor of commerce and \$52 billion worth of tourism, so anything we can -- I mean, this is an existing, I mean, it's I-15. You know, we're fighting to get the I-11 designations and things. This already exists, but anything we can do and enhance it, I think this is a great value for the investment. It's an extraordinary value for the investment. So I love the cooperation throughout the region and this is very well done.

Rosenberg: Thank you.

Sandoval: One last question. How does Project Neon fit into this?

Rosenberg: It's listed, if you would like to see our long list of projects, it's in there as one of our priority projects, one of the top priorities and that was, you know, agreed upon by our partner states as well.

Sandoval: Just that one on Page 16, I-15 in the heart of Las Vegas was designed to carry 130,000 vehicles, but over 270,000 vehicles use this stretch of I-15 daily and this number is expected to climb to 470,000 vehicles by 2025. So Neon is going to address that or if we get it built, correct?

Rosenberg: Yeah, that area is certainly a concern. Another piece that we started as part of this effort and will continue on as part of the I-11 effort is looking at the possibility of alternative routes around Las Vegas as well. And we haven't gotten far enough in there to report a whole lot of detail. We're working

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very closely with the RTC of Southern Nevada on that. So, you know, more information coming on that opportunity as well.

Sandoval: Any other questions? Madam Attorney General, do you have any questions?

Cortez Masto: No, Governor, just a comment. I want to echo what the Lieutenant Governor said. This is such an important issue. And let me first of all applaud NDOT for taking the lead again in 2010 to bring these states back together and bring this alliance together. It's so important, particularly to Southern Nevada, the I-15 corridor, so thank you very much to the staff and keep up the good work.

Rosenberg: Thank you.

Sandoval: Thank you very much. Move on to Agenda Item 14, old business.

Malfabon: And, Governor, we have a couple of issues that we're providing information on, on old business. One is the ongoing regular report on outside counsel costs on open matters of legal nature, and also the other item was a briefing on the Freeway Service Patrol. We're prepared to answer any questions about that information.

Sandoval: I believe Member Savage had some questions with regard to the FSP.

Savage: Yes, thank you, Governor. And I'd like to start out by saying I appreciate the information provided, though I still feel there's additional information needed. And, again, I know it's a beneficial service and a very good service, but as we've discussed the last couple hours, times are tight and dollars need to be accounted for. So I remain concerned as for the cost benefit analysis because a small recap in the summary of events, we have four points that I would like to make, Governor. In the March meeting the current provider Sumaritania (sp?) requested another \$17,630,000 for the years of March '12 through March '16, four years. About \$4.5 million per year.

Number two, we were told that RFP was cancelled due to the MBE conflict. Number three, in August the current SFP agreement was extended due to not having adequate time to prepare for the RFP, giving Las Vegas another \$1 million and Reno another \$53,000, now putting the current provider Sumaritania to a total of \$12.3 million total. Item number four, so with

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today's handout I have a few questions to begin with and I don't know who would address these, but currently it shows four vehicles in the Reno area, which I know one now can be reduced since the I-80 job is complete. I believe we can save NDOT around \$54,000, but I'd like the staff to look into that, because typically there's only three vehicles. My first question in regards to the handout would be how is the incident defined? What defines a response? For instance, in the Reno Tahoe area there was 13,000--882 incidents, which equates to about 54 responses a day for a five-day period. Now, this may be, I'm not saying it's not, but again, personally, I don't have the comfort level because I don't see that much activity at an average of 54 responses a day. And if it's there and it's justified, that's fine, but I think there needs to be an in depth review. It seems excessive to me personally for this Reno Tahoe area. So therefore, Mr. Director, I would suggest an audit in the review by some NDOT personnel with adequate substantiation provided by the current service provider so in the end we can all feel good about justifying the dollars for that service in everyone's mind. Thank you, Governor.

Malfabon: We'll do that analysis, Governor. I think that in the past as Member Savage had pointed out, we did increase some patrolling in the Washoe County area because of some construction activities and the need to clear traffic, especially when we had restrictions on shoulders and such. So well will look into that and perhaps recommend a decrease in some of the service hours because we did expand them. We saw the increase in 2011 and we did expand some hours of patrol, so we'll have to see if we're getting our bang for the buck in those increased hours of operation if there are events happening that we have to respond to. We'll get that information presented at a future board meeting.

Sandoval: Is it 24/7?

Malfabon: No. It's in -- depending on the area. We started out at 13 hours of operation in Northern Nevada routes on 580 and 395, I-80 and we have some patrols that take place on the weekends in certain areas, particularly the -- in Las Vegas we have patrols on Sundays on the I-15 and on 515, or as several people call it, 95. So we have 17 hours of operation, it's from 5:00 a.m. to 10:00 p.m. on Monday through Friday in Las Vegas on those routes and on Sundays 10:00 a.m. to 6:00 p.m. So we need to look at -- as we increase those hours of operation on the weekends, are we -- obviously during the

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week it's got the rush hours and a lot of commute traffic, but on the weekends is it really worth the cost to run it on Sundays? On Sundays we do consider tourism and a lot of people leaving on the I-15 corridor, so we think that it's worthwhile, but we need to present that information to the Board to put your minds at ease.

Sandoval: And I am just as interested as Member Savage and I do -- I mean, you can't deny this is helps, for example, the individuals that use the service, it helps the Nevada Highway Patrol because they're not having to make those stops as well. But it is a lot of money and that frequency seems a little high as well. I don't drive the freeways as much anymore because I'm here in Carson, but 50 plus a day when it's not even 24 hours seems like a lot. And this -- the cost per incident has doubled in four -- in three years. Member Fransway?

Fransway: Thank you, Governor. This...

Sandoval: At least -- and let me finish this though, I'm sorry...

Fransway: Go ahead.

Sandoval: ...Member Fransway, but that's at least in Northern Nevada...

Malfabon: Yes.

Sandoval: ...the cost has doubled.

Fransway: Thank you. Does this service also extend to District 3?

Malfabon: No. This is only in the urban areas of Reno, Sparks area and Las Vegas, Henderson, North Las Vegas area.

Fransway: Okay.

Sandoval: And I probably should know the answer to this question, but where does the money come from to pay for this?

Malfabon: This is a federal funds -- is it CMAQ? No. It's just a federal...

Female: (Inaudible).

Malfabon: Oh, NHS funds.

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- Sandoval: And what's NHS funds?
- Malfabon: National Highway System. So that program has been rolled into a national category of funds that consolidated several funding categories that previously we operated under so it's -- the money's still there, it's just that it's under an umbrella category now.
- Sandoval: I guess that's my question. Is this just one singular bucket? So if we were to reduce the amount of funding would that make more funding available for something else?
- Malfabon: Yes, for projects.
- Sandoval: For projects?
- Malfabon: Yes. Because projects and this type of program are all drawing down out of that same fund, so that's the same funding category.
- Sandoval: Thank you. Madam Controller.
- Wallin: To follow-up, I agree with the Governor and Member Savage in looking into this. I have a question. In 2008, because I notice that we had more incidents in 2008 considerably for Vegas and up north than in 2011 and so in 2008 were we still just using three vehicles at that time? Because this is, you know, when you do the math, it's getting even worse?
- Malfabon: Yeah, I believe that we were. It wasn't until 2011 when the increased hours of patrol, so it wasn't until later that we increased the amount of hours of operation.
- Wallin: Yes. Things just really aren't adding up here and then, you know, the Governor will come in and that -- up north I mean the cost increased over 100 percent, more than doubled, and then in Las Vegas it increased 50 percent from 2008 to 2011 and we're serving fewer people. Just something's funny with the numbers and why did the costs go up so much up north versus, you know, it only went up 50 percent down south and, you know, over 100 percent more up here. So I just -- those are other things to look into as well. And then when Tom was talking about that they're going to offer towing services, right, in here.
- Malfabon: That's the incident response vehicles are what's going to be added. They can handle a larger incident and actually push vehicles off the road, if

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necessary. Usually there's also -- as part of our movement into trying to have improved operations, we partner with wrecking companies that can actually get out there and lift up a big semi truck with their vehicles. So we don't -- the freeway service patrol program is really to help people or to clear the roads, but usually we're going to deal with local service providers for the towing or movement of large trucks off when they wreck.

Wallin: Okay. All right. Thank you.

Sandoval: Are there any further questions with regard to Agenda Item No. 14? We'll move on to Agenda Item 15, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Hearing no one here, anyone in Southern Nevada who'd like to provide public comment to the Board?

Female: There's no one here, Governor.

Sandoval: Thank you. Last item on the agenda is adjournment. Is there a motion for adjournment? Lieutenant Governor, in his eagerness, made the motion for adjournment. Madam Controller made the second. Any questions or comments? Hearing none, please say aye.

Group: Aye.

Sandoval: Motion passes unanimously. Thank you, ladies and gentlemen. Thank you, Board members. Meeting is adjourned.



Secretary to the Board



Preparer of Minutes