

Minutes of Nevada Department of Transportation
Board of Director's Meeting
April 14, 2014

Governor Brian Sandoval
Controller Kim Wallin
Tom Skancke
Len Savage
Tom Fransway
Rudy Malfabon
Bill Hoffman
Dennis Gallagher

Sandoval: Good morning, everyone. I will call the Department of Transportation Board of Director's meeting to order. We will commence with Agenda Item No. 1, Presentation of Retirement Plaques to 25-plus year employees. Director Malfabon.

Malfabon: Thank you, Governor. I'll read off the names and the years of service. Unfortunately, I don't believe that any of these people were able to make it today for recognition. First is Tony Letizia. He was our planning chief down there in Southern Nevada, 30 years of service. Scott Magruder, as we all know, is a beloved PIO for several years here, 26 years of service. Daren Yadon, 25 years of service. He worked in field operations for the Materials Division. From District 2 Administration, the training officer, Walt Clemens, retired with 26 years of service. Steve Hill, another person from our Materials Division, Supervisor II there, 27 years of service. Marti Gallegos, he was a Supervisor III and assistant resident engineer in Las Vegas, 30 years of service. Timothy Ozuna, who's a Las Vegas traffic crew, Maintenance Worker IV, 35 years of service. So great career there with NDOT and thank him for his service. Bobby Paul, who was an assistant resident engineer in District 1 in Las Vegas, 28 years of service.

And I wanted to also mention one that will be reported next quarter, but is worthy of mention, Mike Stair, who is our equipment manager, is retiring this month and I wanted to acknowledge him too. But we will -- altogether I'm sure that the Board would wish these folks well in their retirements and thank them for their years of service to the Department and to the State of Nevada.

Sandoval: And thank you, Director. And that's -- I can't do the math...

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Malfabon: Yeah.

Sandoval: ...but that's a lot of years of service.

Malfabon: Yes.

Sandoval: I mean that's over a hundred years, easily, of combined service from those state employees, and that's quite a commitment to the state. And what I would ask, because they weren't able to be present today, is if you would prepare a letter of appreciation for signature by all the Board members and perhaps next meeting we could all sign it and send it to them to express our thanks as a Board for their service.

Malfabon: Great, Governor. I will do that.

Sandoval: And, actually, since they're not here, but maybe somebody will -- let's give them a big hand.

Malfabon: Yeah. Sure.

Sandoval: Okay. Let's move to Agenda Item No. 2, Presentation of Awards. Director Malfabon.

Malfabon: Thank you, Governor. We have several awards to give out. The first of these is our Internal Partnering awards, and we have a robust partnering program here at the Department. We acknowledge both the efforts of our construction personnel, as well as the contractor's personnel. They're the team that builds the project and sees it to a successful completion.

The first award goes to the Moana Lane Diverging Diamond Interchange. And I'll acknowledge the folks that worked on that. Shane Cocking was NDOT's resident engineer on that project, and Taylor Polan was the project engineer for Granite Construction. Steve House from NDOT Construction, Devin Cartwright from NDOT Roadway Design, John O'Day from Granite Construction, Bernard Smith from Granite Construction and our project manager, Adam Searcy, recently changed hats; went to Washoe County, but I didn't know if he was able to make it today.

So those are the recipients of the 580/Moana Diverging Diamond Interchange project award. It was a very unique project in its configuration and they had a lot of intense planning for the concrete pours on that project;

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a lot of close work and coordination with the RTC project on Moana Lane. So that is definitely worthy of that award.

And I'm going to go ahead and read through the names, Governor, and then we'll do the photo ops later. The next partnering award is to -- in the Elko area, several projects were done in coordination there. Six projects, about 50 miles of state roadway worked on there, on those six construction projects. And several resident engineers and their contractors, I wanted to acknowledge them. Michael Simmons on Crew 912. He's the resident engineer. Ken Oates on Crew 910. Nick Senrud from Crew 908. Boyd Ratliff from Crew 301. Contractor Dan LeBlanc, from Sierra Nevada Construction. Steve Blakely from Road and Highway Builders, and Jeff Bean from Q&D Construction. And I wanted to also acknowledge Kevin Lindeman, the project manager for Q&D Construction. All of those folks worked together on those several projects in the Elko area. And some folks, in fact, were sent up from District 2 to assist in District 3; there was so much work there in that season.

I'm going to go on to the ASCE awards. And, again, we'll have the folks come up during the photo op so it's not just one photo at one time. But I wanted to acknowledge that on -- and this project you've heard about had its struggles with the project completion. And I just wanted to mention, though, that even in those difficult projects that we have some success stories. And this project was acknowledged by the American Society of Civil Engineers, Truckee Meadows Branch, for an outstanding achievement in civil engineering, structural, and geotechnical category. The Meadowood Interchange project that was due to increasing traffic congestion near Meadowood Mall, NDOT in partnership with the City of Reno RTC and CH2M Hill, successfully constructed new interchanges and connector roads, as well as extended Meadowood Mall Way and added landscape and esthetic features to help alleviate congestion and enhance connectivity.

Now, the project was obviously opened and it's operating well, and we appreciate ASCE for acknowledging the efforts of the construction team. And in this case, Shane Cocking was our resident engineer from Crew 913. Thor Dyson, our district engineer; Cindy Potter, representing CH2M Hill, was the designer on the project. And this one was unique in that it was ARRA, federal stimulus funded, so the RTC of Southern Nevada -- I mean,

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I'm sorry, RTC of Washoe County did the design with CH2M Hill then NDOT delivered the project on the construction phase.

I wanted to mention this is a unique award. I really love the look of these awards that we'll hand out later. But on March 11th and 12th, we had the 12th Annual Nevada Bicycle and Pedestrian Summit in Reno. And this one is not in your packet, but I thought it was worthy of mention. The Summit was organized by the four staff members who make up the bike and ped unit of NDOT planning. These employees are Janie Fromm, Albert Jacquez, Tim Rowe and Bill Story. Developed to augment statewide bicycle and pedestrian resources, the Summit provides the latest information on bicycle safety, tourism, facility planning and design, enforcement and education initiatives, Americans with Disability Act accommodations and the Safe Routes to School Program. This annual conference is truly the state's foremost event for bike and ped enthusiasts, advocates, engineers, administrators, educators, and consultants. The Nevada Bicycle Coalition would like to recognize the four NDOT staff members for their super teamwork in putting together this event.

So we'll acknowledge Janie, Albert, Tim, and Bill as we go through the photo opportunities. And I wanted to also mention that we received what's called an ADDY Award. We don't have an actual award with us, but I thought it worthy of mention in the packet for the Board. For our Zero Fatalities NI Impaired Driving Campaign, we received the silver ADDY Award for public service TV and the silver ADDY Award for public service integrated campaign. And this is in partnership with the Nevada Office of Traffic Safety, OTS, which is part of the Department of Public Safety in Nevada. And as part of the Zero Fatalities Campaign a lot of good effective ads that were developed and used on televisions, billboards, social media; and the campaign reached 95% of Nevadans, drawing attention to the dangers of impaired driving. So I wanted to acknowledge the efforts of our safety group and our consultants that developed that ad campaign that received that recognition, the silver ADDY Award in those two categories.

With that we'll do our photo ops.

Sandoval:

Okay. Just one quick question on that last award. Was that the one where people got their faces painted?

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Malfabon: Yes, that was the one.

Sandoval: So I stand corrected. I mean, because I was giving a hard time to that one, but obviously somebody thinks that was effective. So someone higher than me, so congratulations.

Malfabon: Yeah, you and Member Fransway, I think you had concerns about that, but definitely reached its audience. Thank you, Governor. So if we could have the first group from the I-580/Moana Diverging Diamond Interchange. Shane, Taylor, Steven House, Devin Cartwright, John O'Day, Bernard Smith, Adam Searcy, if he's here, come up and we'll do a photo op. If everybody could come down to the front.

And while they're getting in place, I wanted to acknowledge a couple of things. Controller Wallin, who is down in Las Vegas today, I wanted to extend my appreciation for her speaking to our Nevada Transportation Conference the other day. Thank you, Kim.

Wallin: You're welcome. I enjoyed it. Thank you for having me.

Malfabon: Okay. So the next group representing the Elko projects. Michael Simmons, Ken Oates, Nick Senrud, Boyd Ratliff, Dan LeBlanc, Steve Blakely, Jeff Bean, and Kevin Lindeman. So any of those present? Nick is up in Elko, and Boyd is also up in Elko. So I wanted to acknowledge their efforts on this. Shane, you've got to come back up. Here's the really cool awards. Albert Jacquez, Tim Rowe, Janie Fromm.

Unidentified Male: Janie is out sick.

Malfabon: Oh.

Unidentified Male: She's (inaudible).

Malfabon: That concludes our awards, and thank you, Board members, for the photo op.

Sandoval: Does that complete Agenda Item No. 2, Mr. Director?

Malfabon: Yes, it does, Governor.

Sandoval: All right. Let's move on to Agenda Item No. 3, Director's Report.

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Malfabon:

Thank you, Governor and Board members. Go ahead and advance to the next slide, please. We'll make this very quick since we have a very full Agenda today. But I wanted to update the Board on the status of the Highway Trust Fund. Last Thursday, the folks on the Senate Committee had a press event to talk about the concurrence among their members, or their committee, on principles and extending the MAP-21, the transportation bill and reauthorization. They stated that it requires \$16 billion of additional revenue to maintain the current levels of transportation funding per federal fiscal year. And the money has not been identified, but that's the responsibility of the Senate Money Committee. So both the Money Committees and the Senate and the House will have to come into agreement of where that money is going to come from, but folks are saying that possibility of a general fund transfer. The amount of that general fund transfer will dictate the duration of the extension of MAP-21.

But we're hopeful that -- we want to get a five- or six-year bill, a long-term bill. And all state DOTs have carried the same message to their congressional delegations. But the amount of the transfer is an issue, because in the House side, if there is a transfer from the general fund in the House, they will probably ask that there be some cuts in the budget and spending to fund that transfer. So we're thinking that most likely, although we want a long-term solution, a short-term solution that gets passed in November election is more likely, but we'll keep the Board informed of any progress along this front. Next slide.

And Bud Wright, who's the executive director of AASHTO, showed this slide at the Transportation Conference and it's called The Cliff, showing that in federal fiscal year 2015, if no action is taken to reauthorize and fund transportation with this additional revenue that's needed to keep it at current levels, that there is basically no money available for new federally funded projects. So you drop from a total of about \$51 billion between all those categories, transit, highway, safety, to basically nothing. Now, the federal government would still be collecting the 18.4 cents per gallon gas tax, and that money would go to pay back any kind of reimbursements on projects that are already currently authorized and obligated.

So that's a concern to us. And with the Board's approval, we will basically be coming back for Board approval of a plan which basically -- because it's

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going to hit the projects, Governor. What we would be coming back to the Board with is some recommendations of a prioritized list of projects that could not be funded with no federal funds, obviously. We have federal funds for some projects and some are state funded projects, which would not be affected, but we wanted to present to the Board this plan and let the Board give us their approval of that. And then once we have this list of projects, we wanted to ask the Board to allow me to send a letter, or the Board to send a letter to our congressional delegation, saying these are the projects that are going to be affected if there's no action taken on the reauthorization of the transportation bill.

And next slide, please. So I covered all this. Next slide. An update on Interstate 11, the Boulder City Bypass. NDOT did hire Tetra Tech. They were the successful consultant selected through a procurement process to assess naturally occurring asbestos in our construction limits. The negotiated price was more than the \$400,000 that the Board had approved, so I had it put on the Agenda this time. That's why you have a revised sheet that shows that final amount that was negotiated. The sheet that was in your packet was the amount that they had proposed and we negotiated that down from approximately \$572,000 down to \$499,000. So it is a significant cost. Governor.

Sandoval: No, it is. And I think what we'll do is we'll save all the questions because I have many on that...

Malfabon: Yes.

Sandoval: ...for the Agenda item.

Malfabon: Okay. We are having weekly coordination meetings with the RTC of Southern Nevada, with the Federal Highway Administration, and each of our consultants. FHWA is using Volpe Research Center. RTC of Southern Nevada is using Kleinfelder, and NDOT with Tetra Tech, so that we are all on the same page and proceeding forward. The RTC Board is concerned with the delay. This is a significant project of interest to all of Southern Nevada and all of Nevada, and we know that the Board was concerned. They actually had to delay their due date for their request for proposals for their design-build project. They've used a lot of the Clark County fuel tax

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revenue, the indexing revenue for this project. So definitely they express their concerns and the need to expedite, if possible.

They anticipated that their consultant, Kleinfelder, would have their results due around the end of May. They're taking about 200 samples. We've asked our environmental section to talk to Tetra Tech, our consultant, although they're just getting started, to find ways to accelerate their work so that we can shorten the amount of time it takes to fully assess how much naturally occurring asbestos is out there on the phase one, the NDOT portion of the project.

I wanted to ask if Tina Quigley is present? Yes. Tina -- you don't have -- okay. Basically, it was just to underscore that RTC is willing to help out NDOT in any way possible. Obviously, we're doing the coordination I mentioned, but definitely we've been working closely with the RTC of Southern Nevada and appreciate their coordination on this effort. Next slide, please.

TIGER grants are due April 28th for the applications. NDOT intends to submit one for Project NEON. Listed some of the other entities and the projects that they are submitting. RTC of Southern Nevada is submitting for their I-11 Boulder City phase two. Flamingo Road, Bus Rapid Transit Project, Maryland Parkway and NEPA, the environmental clearance for Maryland Parkway and preliminary engineering. RTC of Washoe is submitting for 4th Street and Prater Way. Placer County, with the concurrence of Tahoe Transportation District, is submitting for Kings Beach Commercial Core. Pyramid Lake Paiute Tribe, Wadsworth State Route 447 Bypass, it really gets a lot of traffic around Burning Man event, so they're looking at a bypass so they can get traffic out of their town and go around it. ADOT is submitting for the I-15 Virgin River Gorge, which is important to Nevada because of all the folks that come through Utah, through that little corner of Arizona, to visit Southern Nevada.

The applications, as I mentioned, we are aware of these ones. There might be some others that we're not aware of yet. But we typically sign letters of support for all of these applications just out of a courtesy. And it's a competitive process, so the USDOT will select the ones that get funded through this current round of TIGER.

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- Sandoval: I have a question and then Member Skancke has a question. And this perhaps a discussion for another day, but at least on this Pyramid Lake Paiute Tribe, I understand the need, but is Burning Man going to participate in the costs associated with that?
- Malfabon: No, they weren't looking at that. I know that the promoters and developers of the Burning Man event pay the BLM for the use of the federal land, but I haven't heard that they were going to participate in this project that the tribe is looking at.
- Sandoval: Well, have we asked?
- Malfabon: This is the tribe's project, so I don't know if they have asked. We could check, Governor, and follow up.
- Sandoval: Yeah. Okay. Member Skancke.
- Skancke: Thank you, Governor. I'm not familiar with this round of TIGER grant applications. What's the available funding from this round?
- Malfabon: I believe it's -- is it \$600 million? Yes, so \$600 million. And they anticipate that they'll take in the applications and probably announce in a later part of the year.
- Skancke: Okay. And on this page, do we know what this amount totals? What these applications...
- Malfabon: No, I don't know of all the amounts on these. And we can report that next month.
- Skancke: Okay. That'd be great. Thank you. Thank you, Governor.
- Sandoval: But perhaps we shouldn't wait until next month, because next month the applications will already be due.
- Malfabon: Yeah, definitely, the applications are going forward and we're in support of those that request NDOT, you know, if it makes sense for us to support those projects, and typically we support these projects, but we are not going to delay any kind of applications going in.

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Sandoval: No, I'm not suggesting delaying it. But do you know, is there a place -- was there a sheet of paper where it says how much of these are that perhaps you could retrieve that?

Malfabon: Oh, we could get that to the Board members sooner than that, yes.

Sandoval: I mean could you get it by the end of this meeting?

Malfabon: I'm not sure. Mr. Greco.

Greco: I'm looking at it now.

Sandoval: Okay. Thank you.

Malfabon: And I think, at least in response for NDOT's Project NEON application, we're requesting \$20 million. Next slide, please. And we've had some discussion with the districts and Equipment Division about some areas of concern that could be ripe for this operational audit that we want to do. We will be bringing this back as a future Agenda item to request the Board approval prior to release of the request for proposals. But the areas that I've noticed are interlocal agreements. Sometimes they take a long time to close out. We can look at efficiencies gain there. Purchasing controls in stockrooms and equipment shops that buy supplies and equipment to repair our vehicles is another area that we could review.

And I wanted to address, while I'm on that subject, you may have seen the news reports about a former NDOT employee that basically embezzled about \$250,000 worth of supplies, used for his personal use or sold that material, so committing fraud. And definitely had some discussions with Equipment Division. We've taken some actions in putting those stockrooms under the District 2, rather than under the previous equipment division assignment. It makes more sense in District 2 that these stockrooms are ordering materials to support the maintenance crews and the construction crews, so it makes more sense to put them under the districts because maintenance and construction crews are under the district. So they can watch that more closely; make sure that there's proper controls in place.

We also had some employees undergo some additional training in this area. And we think that with some of the efforts that we're doing to move towards electronic documents internally, that this kind of situation where the

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employee was using Wite-Out and copying signatures over and over again, that this would not occur if we go to a system that we're currently developing internally for our internal documents and approvals.

The other areas that the audit will look at are efficiency of operations. Anything that we do with maintenance, such as management of service contracts, is another area so we can look for efficiencies and improvements so that we can manager those better. These, as I said, will be kind of finalized and that scope of work will be presented to the Board for your consideration, hopefully soon, so that we can release the RFP and get an outside auditor in to handle these efforts within NDOT. Next slide, please.

So ready for any other questions. I wanted to mention also that State Route 207, the work commenced this week. We did some additional outreach with the Carson Valley Inn and folks in Gardnerville to apprise them of the details of the construction limitations, and this project will be going on through the middle of next year, so a lot of work going up there, a lot of significant reconstruction to be done. But we did do some additional outreach to address folks' concerns. Obviously, not everybody is happy with that closure, but it will get us out of there sooner with this type of full closure and detours.

And Q&D is working very closely with NDOT so that we can be very responsive if something goes wrong and we have to change plans. I wanted to thank you for those efforts. And that concludes the Director's Report. I'm ready to answer any other additional questions.

Sandoval: Questions from members? Member Fransway.

Fransway: Thank you, Governor. And thank you, Rudy, for the informative and thorough report.

Malfabon: Thank you.

Fransway: One question regarding MAP-21. You mentioned that it may be necessary to supplement MAP-21 with the general fund?

Malfabon: Yes.

Fransway: That's got to be unprecedented, I'm sure.

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- Malfabon: No, actually it has been done before. In fact, I think it was mentioned that it's -- several billions have been transferred before in previous bills, and it's been done about three or four times before.
- Fransway: Okay. Are those funds subject for reimbursement?
- Malfabon: Reimbursement -- they would be reimbursed by the Federal Highway Administration after the project funds are expended then we submit for reimbursement (inaudible).
- Fransway: Okay. So the U.S. Department of Transportation would reimburse those general funds?
- Malfabon: They would not -- whenever they do the general fund transfer, they do not transfer highway -- or fuel tax revenue back to the general fund to repay it. The reimbursement I was discussing was for the projects that are currently obligated by the Federal Highway Administration. We do get reimbursement. But at that level between the Highway Trust Fund and the general fund, the flow of money has been going from the general fund to the Highway Fund to prop it up. So there hasn't been a reimbursement at that high level back to the general fund federally.
- Fransway: Thank you, Governor.
- Sandoval: Member Skancke.
- Skancke: Thank you, Governor. Rudy, at I-15 and Tropicana, where we put in the CD roads and the express lanes -- I've mentioned this to Tracy a couple of times and I thought I would bring it to the Board. That particular on-ramp and CD road, for lack of a better term, is a disaster. That road is now backing up from Tropicana to the 215 Spaghetti Bowl. This last Friday, all three lanes were occupied. It was a fight weekend. And what we have with the weaving there is you've got local traffic weaving out to get in the main line of 15; tourists coming off to get off at Tropicana. I don't know what it would cost, but in my opinion we need to fix that. We thought the CD roads and we thought that the expansion was going to fix some of the congestion at Tropicana. I'm not so certain if we've made it worse, and...
- Malfabon: Member Skancke, if...

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Skanccke: ...some of it might be signage. Some of it might just be reengineering, but I think we need to take a serious look at what's going on there.

Malfabon: We've taken some steps to look at that area, and I wanted Assistant Director John Terry to address that real quick.

Terry: I've obviously answered this question before. Really the answer to that is we know that it needed a two-lane on-ramp from that CD road to I-15. The limits of the project were Tropicana. We cannot put a two-lane on-ramp in because the Tropicana Bridge does not have enough span to allow us to do that. We made the decision to obviously allow a little more congestion on the CD road versus taking a lane away from the main line so it had a lane to come into. We are currently underway on a study on Tropicana Interchange, including essentially the removal and the replacement with a larger Tropicana Bridge. Now, that's not going to solve the problem any time soon, because that's going to take quite a while to do.

But we're aware of the issue. The problem is that's where the project ended and that's where the congestion begins. And we know what the solution is; we need to replace that bridge in order to give it more capacity.

Skanccke: If I could, Governor, just a follow-up question. Is it possible -- you guys know what's going on, but I just -- this is counseling for myself. Is it possible to put up some type of barrier or something to keep the traffic from going all the way forward and then they try to cut in or does it help that they try to cut in? What's happening is you've got the left lane that's the on-ramp into 15 of the main line, right? And then that next lane over, which really should be the two lanes to go off down to Frank Sinatra and up to the Tropicana Interchange, you've got people trying to sneak in and cut in. And now what's happening is that you've got two, sometimes almost three lanes, backed up with people trying to get over to the main line. Is there something we can do to better direct traffic or is that the best solution? Not being an engineer myself.

Terry: Yeah. I mean the only things we've done so far is worked with FAST to crank down the ramp meters harder on the on-ramp from Russell Road, because those people, for the most part, want to weave over and cause conflict. I guess the only positive I can say is that same movement you're describing used to happen on the main line and now it's happening on the

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CD road, which at least should be a slower speed. But I understand what you're saying, is they bypass the queue and try and sneak in at the last minute and if somebody doesn't let them in then that causes congestion in that lane and it backs up further. I have not heard of a high incident of accidents at that location because of the movement you're describing. But I guess we could ask the highway patrol to enforce that area better. That's all I can think of.

Skanccke: John, it's not the accidents. It's causing more and more congestion. So as that weave comes in they're backing up the 15 in the -- what is it, the number three lane and then the folks are trying to weave out. So, I mean, you're aware of it. I won't beat that horse. How long will the study take?

Terry: It's just underway. The study itself won't take that long, but the study would only start the NEPA process, depending on what the results of the study is and what level of NEPA. So I think we have something programmed to do something at Tropicana a few years -- three years out or something.

Skanccke: Okay. Thank you, Governor.

Sandoval: Any other questions with regard to Agenda Item No. 3?

Malfabon: And, Governor, I wanted to mention is response to Member Fransway's question. The amount that Bud Wright had mentioned was \$55 billion over the last five years from the general fund has been transferred to the Highway Trust Fund. So it has been done before.

Sandoval: Madam Controller.

Wallin: Governor?

Sandoval: Yes.

Wallin: Yeah. Thank you, Governor. I have a couple questions on our state highway fund. If the Director could address where we're at with our state highway fund and how high it is over last year at this point in time, and where we stand with the purchase of right-of-way for Project NEON; if we're on track or if we're going to have leftover money and are we going to get some extra projects out because of that, so...

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- Sandoval: Why don't we -- at least with -- to NEON with your permission, Madam Controller, we do have that one Agenda item for the...
- Wallin: Okay. All right.
- Sandoval: ...or not the purchase, but the condemnation of that property and maybe we can get into that so it's all one subject. But on the...
- Malfabon: Yes.
- Sandoval: ...state highway fund, Rudy.
- Malfabon: Yes, in response to Controller Wallin. The state highway fund is very healthy. We have a balance of currently about \$214 million plus the \$100 million that's for bonds issued for the purchase of right-of-way for Project NEON. Back around November of 2013 -- I'm sorry, 2012, we were down at \$35 million. So the idea was that some of that \$214 million was originally committed to the phase one right-of-way purchase. And you mentioned, Governor, Cole Mortensen will cover that where he has it in the schedule and how much is still to go out during the Project NEON presentation.
- But there is definitely a healthy balance and it has allowed us to look at some additional projects, should the Board approve that, that are state funded-type projects, the 3R overlay-type projects that are primarily pavement preservation.
- Wallin: And, Director, when would we be approving those projects if we're able to spend the excess funds in the highway fund on additional projects if we don't spend it for right-of-way?
- Malfabon: We're looking at, as part of that presentation, probably next month with this list of federal projects that we might have to delay. We also would request that there are some state projects that we can get out fairly quickly and address the...
- Wallin: All right.
- Malfabon: ...preservation needs. Thank you.
- Wallin: Thank you.

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- Sandoval: And thank you, Madam Controller. Are you okay with holding that purchase question until we do the condemnation?
- Wallin: Yes, I am.
- Sandoval: Okay. Thank you. Are there any other questions from Board members? All right. Let's 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 comment to the Board? Seeing none, I'll move to Las Vegas. Is there any member of the public present in Las Vegas that would like to provide public comment to the Board?
- Wallin: None here, Governor.
- Sandoval: Thank you. Agenda Item No. 5, March 10, 2014 Nevada Transportation Board of Directors Meeting minutes. Have the members had an opportunity to review the minutes and are there any changes? If there are none, the Chair will accept a motion for approval.
- Savage: Move to approve.
- Sandoval: Member Savage has moved to approve. Is there a second?
- Skanccke: Second.
- Sandoval: Second by Member Skanccke. Any questions or discussion on the motion? All in favor, say aye.
- Group: Aye.
- Sandoval: Opposed no? The motion passes unanimously amongst the members present. We will move on to Agenda Item No. 6, Approval of Contracts over \$5 million.
- Malfabon: Thank you, Governor. Assistant Director for Administration, Robert Nellis, will cover this.
- Nellis: Thank you, Director, Governor, members of the Board. There are two resurfacing contracts under Attachment A on Page 3 of 17 in your packet, for the Board's consideration. The first is on Interstate 80 from about one-and-a-half miles west of Golconda Interchange from the crossover to about one mile east of Pumpnickel Valley Interchange. There were six

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bids and the Director recommends awarding the contract to Granite Construction Company in the amount of \$10,069,069.

The second is on US 50 from .343 miles east of Deer Run Road to the Carson City line county line. And then from the Carson City line county line to about half a mile east of the junction with State Route 341. There were six bids on this contract and the Director recommends awarding the contract to Granite Construction Company in the amount of \$6,354,354. Does the Board have any questions for Assistant Director John Terry, or I, on either of these items?

- Sandoval: Just how many miles of pavement is that on each project?
- Nellis: Gosh. John, do you know?
- Terry: (Inaudible).
- Nellis: Yeah.
- Sandoval: Yeah. And then when was the last time we provided maintenance on that section of roadway for each of those projects?
- Terry: (Inaudible).
- Sandoval: Okay. Is that on a regular schedule? Is that why this has come up or is it in a bad situation there?
- Terry: Yes, the asphalt stretches of road especially do follow through our 3R program kind of a regular program of overlay and maintenance of the interstate. And it's hard to give an exact number of years, but 7 to 10 years-ish when those require a maintenance overlay.
- Sandoval: So that's likely when the last time we did this was 7 to 10 years?
- Terry: Probably.
- Sandoval: Okay. Other questions from Board members? Member Fransway.
- Fransway: Thank you, Governor. Just a question regarding 3559. Does that construction project include, basically, all of the roadway over Golconda Summit?

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- Nellis: It does, yes.
- Malfabon: I'm told it does. Thank you, Robert.
- Fransway: It does?
- Malfabon: It does.
- Fransway: Okay. And I'm wondering if it constituted any special construction needs relative to safety or anything going over that mountain?
- Malfabon: No, Member Fransway.
- Fransway: Okay. Thank you.
- Sandoval: And when will construction commence or operations?
- Terry: There are projects that we tried to get out now and wanted to get awarded now so they could be under construction in this summer construction season. So I would assume within a month or so.
- Sandoval: And they'll be completed before the winter?
- Malfabon: These are probably two seasons.
- Terry: I'm not 100% sure if they will be done in one season. I think they will extend into next summer.
- Sandoval: Okay. Any other questions from Board members? Hearing no further questions, the Chair will accept a motion for approval of contracts 3559 and 3561 as described in Agenda Item No. 6.
- Fransway: So moved, Governor.
- Sandoval: Member Fransway has moved for approval. Is there a second?
- Skanche: Second.
- Sandoval: Second by Member Skanche. Any questions or discussion on the motion? All in favor, say aye.
- Group: Aye.

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Sandoval: Opposed no? The motion passes unanimously among the members present. We will move on to Agenda Item No. 7, Approval of Agreements over \$300,000.

Nellis: Thank you, Governor. There are three agreements under Attachment A on Page 3 of 9 for the Board's consideration. As Director Malfabon mentioned earlier, there's an update provided to your packet dated April 10th. The update is to Item No. 3, to add Tetra Tech as the contractor and change the agreement amount to \$499,582. This is an update to the emergency approval received by the Department at March's Transportation Board Meeting for naturally occurring asbestos, technical services for the Boulder City Bypass project in Clark County. I understand you have some questions, Governor.

Sandoval: I do and I think some of the other members have questions. But on that RFP, part of the bid process didn't include a bid amount. So we, in other words, put it out and scored it, but ultimately the bid winner got to come back and say this is how much it's going to cost.

Terry: Yes, sir. Again, John Terry, Assistant Director for Engineering. And we considered this a professional services procurement in the engineering field, and so we could not low bid by law. And it was a procurement in which they were selected based upon their qualifications and their proposal, and we began negotiations after that point. And when we went to the Board meeting the last time, we had not started those negotiations.

Sandoval: And does Tetra Tech have a relationship with UNLV?

Terry: I cannot speak for them in terms of other contracts. They had in their proposal that they would use UNLV as a subconsultant, and we asked them not to do so and to do the work themselves and with their other subconsultants. Whether they have done business with UNLV in other ways, I cannot say.

Sandoval: Yeah. And I'm not being pejorative of UNLV. My concern here is the study that was conducted that resulted in having to do this work was conducted at UNLV. So my concern is that perhaps there may be a conflict.

Terry: Yes, sir. And I believe they added them in as advisors to their study thinking that would be an advantage and because of that potential conflict

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we asked them not to do so, and they took them out and we negotiated as such.

Sandoval: Okay. So now -- I mean the -- and I've got to ask this question because it begs the question. You've got Kleinfelder doing the work for the RTC for half the amount that this contract is for, for a bigger scope of work, at least from sitting here.

Terry: I cannot answer the question of all the differences in the scope, but there are pretty significant differences between the scope of our work and their scope. In particular some of the air quality monitoring, and as I said at the last meeting, we have to prepare the updated NEVA document, whether it be a reevaluation or supplemental. So we mean we're going to have Terracon help us do that, which is another step that they don't have to do.

Sandoval: Okay.

Terry: There are differences in the scope, but I'm not familiar with all the details.

Sandoval: Because when I -- I'll speak for myself. I'm not going to speak for the Board. But when we approved that \$400,000 we thought that was the blue sky number, and now we're already \$100,000 -- \$150,000 -- or \$100,000 above that amount.

Terry: Yes, sir. And we thought it was a high number when we proposed it, but we negotiated, you know, in good faith and did our estimates and utilized the FHWA's Volpe group to help us prepare our comparable estimate to theirs. And I will say, again, this is a cost-plus-fixed-fee with an amount not to exceed contract. In other words, we track the cost and if those costs aren't spent they aren't reimbursed. So it is not a lump sum-type contract.

Sandoval: So you won't be coming back with a report from Tetra Tech that says, well, we've done all these polls and we've tested the atmosphere, but you know what, we're going to need another half a million dollars to complete our study, because we just got some preliminary findings.

Terry: I will not guarantee that only because we don't know what we're dealing with. I cannot guarantee that that won't happen. We're doing our best to get us through the reevaluation and get the jobs out to construction, but I can't

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guarantee that we won't need their services for other aspects of this moving forward depending on what they find.

Sandoval: And the Director alluded to it in his Director's Report, but we've got the RTC, Commissioner Brown, who's very concerned about the progress of this project. We became aware of it, my understanding is in December.

Malfabon: It was actually around Thanksgiving that we received a press release in Las Vegas, and then up here in headquarters we saw the newspaper December 26th.

Sandoval: Okay. Well, so now we knew about it in November. We're in the middle of April. We're just approving a contract now. When does Tetra Tech think it's going to be finished with its scope of activities within the agreement?

Terry: I'm not sure about everything within the agreement, but the critical task is to have the fieldwork done and the analysis on that fieldwork done so we can make the decision on the reevaluation of the EIS or the supplemental EIS by August.

Sandoval: So that means nothing is going to happen with this project until August?

Terry: Probably not.

Sandoval: And again back -- I know I asked this question before, but why didn't we piggyback on the RTC's contract with Kleinfelder since they were already out in the field?

Terry: And I don't have a much different answer than I gave last month, is we looked at that, decided that we needed -- that would have been, you know, a really major addition to a contract in a way that we hadn't done it. We followed, you know, our normal process and went out with an RFP. I will say we considered it. We also considered the fact of capacity and wanting another expert on the situation. We considered it, but we chose not to and went out with an RFP.

Sandoval: Was Kleinfelder one of the participants in the RFP?

Terry: Yes, they were.

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Sandoval: Well, I mean I guess I'm kind of curious and I'll ask Ms. Quigley how this is going to affect the RTC's piece of this project. I apologize for putting you on the spot, but now I'm hearing August of 2014, which is when we'll first start to hear at least the results and then there will be recommendations after that, which means there will be more of a delay, I would imagine. And I'm curious where the RTC is with Kleinfelder and its part of the process in terms of determining what mitigation and what the effects of the airborne asbestos is, if I may.

Quigley: Well, the RTC has decided to delay a portion of the RFP, the actual moving forward part. Our test results will be coming back May 23rd, and after going through them they'll be made public either late June or early July. We will continue to coordinate as best we can with NDOT. In fact, I know Rudy has accelerated the contract with Tetra Tech to try and get your results by August. So I know that your staff is pushing forward, at this point, as quickly as they possibly can. There is a chance that there is going to be a delay. Of course, we had hoped to start construction by the end of October of this year, and it may be pushed back. We're not ready to say yet exactly what that will be, but there's a good chance that it will.

Sandoval: Does anyone else have any questions for Ms. Quigley?

Skanccke: So in kind of following the Governor's question, is -- I'm sorry, I'm perplexed. Is it a policy within NDOT that would require us to do our own environmental or -- I'm trying to get the thought process behind why we decided to do our own and not piggyback. Is there a policy? Is there a law? Is there a regulation? I'm trying to make...

Terry: Well...

Skanccke: ...this as easy as possible, John. I'm just trying to get to is this something that's been in -- let me tell you where I'm going. These are not gotcha questions. This is a 21st century economy. If there's a rule or a law that was written in 1911 that says we have to do something some way, then maybe we can work with some people to get a new law that says that we can work cooperatively, allow the Department to piggyback on another project, expand a scope of work to expedite these types of things; because if this is something that's been done for a hundred years, I would suggest that that process is broken, because anything that's older than 10 years, it's done.

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So if there's a way that we could change the rule or change the law or change the regulation to give you more freedom to be more innovative, and if the Board could do that then I would recommend to the Board that we try to do that. If it's something that's written in stone that we have to do, let's figure out a way to be more maybe innovative in the process.

Terry: We considered writing an amendment -- because we already have a major agreement with the RTC, we considered amending that agreement, in other words, repaying the RTC and then writing an amendment to their consultant to do that. Well, that would have been an unusual way to do things. I think we could've done it. It's not the normal way. Would we have gotten federal participation in doing something like that? We would have had to work with the feds and it's possibly we wouldn't. So I wouldn't say the rules are so strict that we couldn't have done that. It certainly would've been very unusual for us to advance it that way. And we did consider it. It wasn't the only reason we didn't go that way. It's simply because it was an unusual way to proceed.

Skancke: So, if I could, Governor. I'm going to back up to 1991, when we were doing the Barstow Interchange in California. That was an unusual way of completing a project. And I think the more unusual we can become, maybe the quicker we can get things done. And I'm not beating you up. I'm just saying that, in general, this is costing the taxpayer's time. It's costing the project time. The longer we delay, the more the cost of the project goes up. And I'm just suggesting that if we can be unusual and deliver things sooner and figure out a way to do it, then we should try some unusual ways of getting things done. That's my only point.

And I share the Governor's frustration that this is going to be August, then we may not get anywhere until January. I'm not saying that's the date, but in transportation time it's almost like dog years. Things do move slow. And if we can speed things up, I think we should look at those alternatives to do so. Thank you, Governor.

Sandoval: No, and I just have a follow-up question. When you say "we considered" and "we decided," who is we?

Terry: I would say myself and the Director and the other deputy directors.

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- Sandoval: Because right now we're over time and over budget and we haven't done anything. Okay. Member Savage.
- Savage: Thank you, Governor. Along the same lines, Mr. Terry. Ms. Quigley had pointed out that the results for the RTC study are due, I believe, around May 25th, May 20th. And I can understand the pros and cons of having an independent study. But would we want to sit back and reflect to see whether or not those results came back to expedite the project rather than engaging another consultant at this stage, even though we're going to be out until August? So would it make good practical sense to say time out, maybe we expedite Kleinfelder's research with dollars, however that might be done, like a contractor working overtime (inaudible) consultant? Could that be expedited? I don't know the answer to that. And that's some thought that...
- Terry: I believe at this point by bringing another firm in, we bring in other labs, we bring in other professionals, that there is capacity issue. I do not think that, at this point, changing direction and going back and doing that would be in our best interest and would complete it any sooner. I believe that the path we're on right now is the best, because we open up more capacity with more experts, more field testers and more labs by having the two firms doing it.
- Savage: And my only fear to that is like contractors, consultants, and attorneys, they have their way of doing business. And this is a major project and I know that we're trying to figure it out together. And none of us have the glass ball to know the answer, and that's a concern I think that we all have, and it's an unknown. But I think we might want to take a moment and breathe rather than engaging the contract until 2018. It's a major step. Just some food for thought, and I know both yourself and the Director have been very involved in this and know a lot more than I do, but I just wanted to pass the thought out there. Thank you, Governor.
- Sandoval: And why is that until 2018, the contract end date?
- Terry: It's a big multiyear construction contract. I mean, once it's advertised...
- Malfabon: It was -- yeah, just in case that we needed their services during that period. Obviously, we'd have to negotiate any additional efforts that would be on this base scope of work, Governor. And one of the things that we've told -- or that I've discussed with John Terry was that why don't we have Tetra

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Tech also look at clearing some of the advanced work in the utility relocation area so those utility companies can get out there and -- or that NDOT could -- if NDOT is doing the utility relocation, get out there and do that work initially in advance and at least not slow a certain phase down of this NDOT project.

Sandoval: So when you say "get them out on the utility road," does that still include within the scope on the airborne asbestos issue?

Malfabon: Yes. So we have to assess that area first, is what I'm suggesting to staff, so that we can at least get the utility companies and the utility relocations in that. That does require excavations, so we have to assess if there's any naturally occurring asbestos in those trenched areas.

Sandoval: And what happens if the RTC's experts come out with one opinion in May, and our experts come out with a different opinion in August?

Malfabon: The opinions are going to be based on the information from the sampling in those specific areas. So it's possible that you might see naturally occurring asbestos in one area and not another. One thing to point out was that Kleinfelder was already doing geotechnical investigation just for this type of earthwork project, where you're moving a lot of rock and dirt. You have to drill holes and see the type of material that the contractor is going to encounter, so they had the benefit of having some core samples already. Whereas we're looking at it as what's the proper amount of tests and adequate amount of samples to take to basically represent the entire area of our project and where it could be showing up.

Sandoval: But the area of our project is a fraction of what the RTC's area is, correct?

Malfabon: Yes. It's a little over two-and-a-half miles versus theirs is over 12 miles.

Sandoval: Member Skancke.

Skancke: Thank you, Governor. So following Member Savage's line of questioning. Would it save us time and money to partner with the RTC -- I am going to beat this because I think there's an opportunity here for us to save the Department money and time. And maybe the Board needs to have a discussion on what type of policy we want to have with these types of things going forward. But in my mind, that lag time is significant. And to the

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Governor's point, what happens if there are conflicting reports? If we can move this faster, and unless you guys can demonstrate to us why it's going to slow it down if we don't, I actually have some heartburn awarding a half-a-million dollar contract when there's already a contract in the field and we could be more innovative to expedite the project.

Now, if it doesn't expedite it that's one thing, but I think this is a policy discussion for the Board to have as it relates to these types of things going forward. And you can resolve it today. None of us want to be here until 2:00, but I'm on the 6:00 flight. That was a joke. I'm trying to add a little levity. But in all seriousness, I'm just not comfortable with that amount of time; that there's that much time between one result and the other.

Malfabon: Well, our concern is that we do the proper amount of effort so that it satisfies the requirements of the oversight from Federal Highway Administration, and they have Volpe advising them. We definitely have to wait and see what we find out there and that's going to determine whether we have to do a supplemental to the environmental impact statement for this project. I don't recommend changing course, although definitely Kleinfelder was an option. I would recommend proceeding with Tetra Tech and expediting what we can; having our staff have those discussions on what can be accelerated. They are using a local consulting firm, Broadband Associates in Southern Nevada, as well as having Tetra Tech's office in Southern Nevada. So we have the benefit of having some additional capacity in Southern Nevada that has expertise in this area, and I would say let's proceed and work collaboratively and cooperatively with RTC and Federal Highway Administration.

Skanche: How much is Federal Highways, Rudy, funding of this? What's their portion of funding on this particular piece of the project?

Malfabon: I don't know. Tony Lorenzi, do you have...

Lorenzi: Yes. They are not funding the NOA asbestos testing. Are you asking about the project itself?

Sandoval: Yeah.

Lorenzi: It's 95/5.

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- Skanccke: Thank you.
- Malfabon: So Tony Lorenzi stated it was 95% federal, 5% state.
- Sandoval: Did you say the reason that you didn't select Kleinfelder was a resource issue that you felt like they were oversubscribed because they're doing the work for the RTC?
- Malfabon: Yes. We were looking at capacity, and Kleinfelder is doing more than the naturally occurring asbestos assessment. They were doing the geotech investigation of the entire 12 1/2 or 13 mile project that's the RTC's design-build project.
- Sandoval: So Tetra Tech, though, is subcontracting a big piece of this to Broadband Associates?
- Malfabon: I don't know how large of a piece it is to Broadband Associates, but they are a subconsultant to Tetra Tech.
- Sandoval: But it sounds like they're going to be the ones doing the work out in the field, Broadband Associates.
- Malfabon: I couldn't say, Governor, what scope of work Broadband Associates is performing. I just know that they were on the team. John, do you know?
- Terry: I would say, Governor, they are doing some of the fieldwork to supplement the Tetra Tech staff, but not all of it. I do not know the exact percentage of the contract, but it's not a huge amount.
- Sandoval: Mm-hmm. And I just want to make sure that's similar to what Member Skanccke and Member Savage's -- I don't have the technical expertise that you have, but I heard you say that the biggest reason for going with Tetra Tech was that there's additional scope of responsibility on behalf of the State that the RTC doesn't have with regard to the entire project. And could you kind of simplify that a little bit?
- Terry: While the FHWA is the final approver of any NEPA document, we're the ones that prepare the NEPA document. Just like we prepared the original EIS for the project, we have to prepare the revision to the EIS. And while our environmental staff does much of that work, since this is specialized work, we need assistance in writing whatever it is, a reevaluation of the EIS,

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the supplemental EIS, and we're going to use our consultant to do that. The RTC's data will be fed into that to make us able to do that.

Sandoval: So they don't need what we are doing on their 10-mile piece?

Terry: They need the reevaluation of the EIS in order to proceed with their work in the construction phase. They want to know whether it's going to be a supplemental EIS or a reevaluation of the EIS before they're comfortable putting out their package. They also need things like special provisions to put in their contract for dust and whatever. That can come directly from Kleinfelder to them. They need us and our consultant in order to clear the environmental so that they can proceed.

Sandoval: So does that mean that our consultant has to go into where they're working and where Kleinfelder is working?

Terry: I don't think so. I think they need to interpret their results and work with us to get the document approved.

Sandoval: It sounds like -- and, again, I'm not engineer.

Terry: Yeah.

Sandoval: But it just sounds like that you're saying we're doing more than they are because we want to be thorough and what they're doing isn't doing everything they should.

Terry: Again, and I don't think the reevaluation is that much work compared to the fieldwork. The fieldwork is a lot of the work. I don't know all the differences within the two scopes. All I can say is our group negotiated in good faith with Tetra Tech to come up with the scope of what they're doing. And there was some attempt to coordinate the scope of what Kleinfelder is doing, but frankly we did the best scope we could within our section.

Sandoval: Because it's one project at the end of the day. And my concern is it sounds like we're testing for a lot more things than you're saying they are. And if we make findings on pieces that they're not testing for and there's conflict at the end, there's going to be a problem.

Terry: I hope not.

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Sandoval: Well, that's not...

Terry: I don't know that.

Sandoval: ...a good answer.

Hoffman: Governor, if I may.

Sandoval: Yes.

Hoffman: For the record, Bill Hoffman, Deputy Director. There have been very substantial coordination meetings between Volpe, which is the Federal Highway Administration representative, and Kleinfelder and NDOT staff. So the comment John just made, "hopefully it will go well," I think is much better than that because of the coordination that's going on. And I would like to just drop back and say when we first learned of asbestos in Southern Nevada, we were very concerned about public health issues. Of course, you want to be prudent and you want to move forward as efficiently and effectively as you possibly can. But we were very concerned about health issues down there, and we felt it was very important that we have an independent firm come on board, work with Kleinfelder, work with Volpe and try to put the best analysis team out there and try to come up with a scenario that allows both NDOT and the RTC to move forward as quickly as possible.

There are substantial coordination efforts going on as we speak and have been for several weeks on direction, analysis, testing, and so forth. Hopefully that helps.

Sandoval: And nobody is going to question that there's a public health concern out there, and we all want to get to the bottom of it. But there's a disconnect here between what's happening with the RTC and what we're doing. And the answer right now is they'll do all their testing, we'll do all our testing and if they differ -- and our testing is more than what they're testing and if there's a difference at the end, we don't know what's going to happen.

Hoffman: Right.

Sandoval: And so I don't want to be sitting here in August and then suddenly saying, well, we've got these different results and Kleinfelder is saying one thing and Tetra Tech is saying another, and Tetra Tech tested for more. So if only

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Kleinfelder had done this much more so now we need Kleinfelder to do this testing on that 10-mile piece, which is going to delay it more.

And as Member Skancke has said, every day of delay is more money. I mean I don't think anybody is going to argue over that. And this is a real important project, and we have an opportunity here to get it right from the beginning. And that's, I think, what everyone is trying to do here, is get it right from the beginning. And there's negotiations about cooperation, but I don't hear that we're cooperating. And so, you know, we're all just trying to figure out why there's these different standards and different scopes, and one's double the amount of the other, yet it's one-fifth the size of land area. And I know maybe there's higher concentrations in one than the other. But, again, that's going to cause a problem later on down the line.

Terry: Right.

Sandoval: And so, you know, I don't know how to articulate it any differently. I'm really troubled about where we are right now and particularly we're, pardon the pun, five months down the road from discovering this, maybe a little more, a little less. But we're at this point where now we're going to put someone out there and they're going to be doing something different than what Kleinfelder is doing. And, you know, I don't know, you put any, as I think Member Savage was alluding to, you put any engineer or two engineers in the same room, you put two contractors in the same room and they're going to come up with different results.

And so in the meantime we have a major infrastructure project that is hanging out there, and they want to start moving dirt in October. And that's not -- I mean it seems like far away, but it's not; it's six months away. And we don't even know what -- I mean, just again, we don't know. But what I can anticipate is that there's going to be differences of opinion in August from what was found in May. I just don't know what the magnitude of those differences are going to be. I hope and pray as I sit here today that they're very similar and we can all move together with a joint plan to fix this, but right now all of that is uncertain. So I apologize. I feel like I'm preaching, and maybe I am, but I'm just thinking out loud about my concerns here. And we've had other issues, historically, on this Agenda that have bubbled up like this and then it gets worse instead of better. And I don't want it to get worse.

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- Malfabon: Greg Novak will address the Board from Federal Highway Administration.
- Novak: Good morning, Governor. Greg Novak, Major Projects Manager for Federal Highways. I've been listening and I can probably fill in some of the details. Federal Highways engages services of our research folks at Volpe who have looked over the scope of work for Kleinfelder side and NDOT side, and we are knitting both of those projects together. We are meeting weekly. We are making sure that the samples that are being done by RTC and the ones at NDOT are going to collect are of a scientific basis that we can defend the study. And I think, you know, there were some concerns here about delay. RTC's project is a design-build contract, so they have some time when theirs actually goes out, so the design work has to be done. NDOT's is a low-bid contract, so there's slight differences in the way the contracts are written and the specifications.
- But by all means, what we're doing on phase one and phase two is being tied together and we will come up with a NEVA reevaluation that puts all the work in perspective and is of a consistent basis. I know everybody had those concerns, but we've got the best in the business between Kleinfelder and Tetra Tech and Volpe and NDOT and Federal Highways looking that we have a consistent defensible approach to this whole subject.
- Sandoval: And thank you, Mr. Novak, because I think that's part of what this Board is seeking, is some comfort here.
- Novak: Yes.
- Sandoval: And right now I'm really uncomfortable. And, you know, you're an expert and I don't want to put you on the spot, but maybe I will. But do you see this as a...
- Novak: Yes. I think John mentioned that last month, you know, was a showstopper. No, it's slower downer. But we have to be careful and take a thorough look, and I think we're doing that. You know, everything that has been done so far is excellent work, but we're just trying to put it together in a consistent format.
- Sandoval: And we get all that. And you have the technical expertise. I don't. I just want to make sure that we're pulling all the right levers so this moves

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forward in the best way possible, so that six months from now we don't look back and say, you know, this was a really bad decision.

Novak: Right.

Sandoval: And so, I mean you review these projects all the time. Is this a good approach? Should we be working with just one consultant or should we have more than one?

Novak: Since it is getting to be a high-profile item, I think the consensus was more than one point of view to show that we're on the same page is the best way to go. So besides, well, you know, the Volpe folks helping, they're actually bringing in their national panel of experts to make sure that what we're looking at is consistent with other asbestos studies around the country. And what we have here does not appear to be a big deal, but we want to be sure that it is a fair deal and it is fairly evaluated.

Sandoval: Okay. Member Fransway.

Fransway: Question is, are we being redundant with these two consultants in the tune of \$500,000?

Novak: No. No. The scope of work that we have for Tetra Tech is an expanded scope of work, and there's more analysis and scientific background and sampling plans and other things that will tie it together. So we'll probably have a more consistent report when we do stitch phase one and phase two together. And it is a fair price for what we're getting.

Sandoval: Member Savage.

Savage: Thank you, Governor. Mr. Novak, because this is a touchy situation as we all know...

Novak: Right.

Savage: ...and that's why we're debating it. Mr. Terry and the Director, we try to support them in all the decisions that they make. And as a Board, you know, we look from the outside in to try to bring some clarity at times.

Novak: Sure.

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- Savage: And I think my personal concern is, and question that I have for you being from the feds, would be historically on other NOA findings, have you used independent consultants on the same project?
- Novak: Specifically, Federal Highways, I do not know. On other projects, definitely. Yes. I mean you just split them up and you get different opinions. I mean...
- Savage: You get different opinions. And that's the concern, I think, this Board has is having this asbestos finding by UNLV. And I know in the last packet that we looked at a couple months ago, there were findings, I think, in California and I know the federal highway program has come across these findings before. So my specific question would be, have you utilized two consultants on one NOA project that you're familiar with?
- Novak: No, I'm not aware of any that we've actually encountered. Most of these NOAs that have come up have been on -- we've seen some dam projects or Libby or some other areas, but as far as naturally occurring asbestos on highway projects, we are not that familiar with it. That's one reason we brought Volpe on board, to give us a consistent approach so we can analyze this adequately.
- Savage: Mm-hmm.
- Novak: You know, and I mentioned, you know, there's slightly different opinions. Well, the reason we've got this set up the way we do now is so those experts can weigh in early and make sure that the data is collected in a consistent manner, so when we're done we have a consistent agreeable consent to some that we actually have in Boulder City. If we went separate ways, we definitely would not be able to pull that together. That's why it's taking a little bit of time to pull in phase one and phase two with the outside expert to come up with an overall approach and a scope that narrows us down to one conclusion when we're done.
- Savage: I'm a little confused though. We are going separate ways. We're using two different consultants.
- Novak: But under protocols and procedures that all parties are agreeing to. I mean when we're following standard protocols, we should get similar results, and that's what we're trying to pull together here.

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- Savage: And I think that's my personal concern, is that in theory it makes real good sense. But in reality the unknown and the samples that are going to be taken are yet to be determined. Kleinfelder's results are going to be here mid-May, and the Tetra Tech results possibly in August. So would there be any risk in trying to have Kleinfelder's results prior to our next Board meeting and delaying this decision another month? What ramifications would that cause?
- Malfabon: We would be behind on our phase. Kleinfelder is only looking at phase two, not phase one.
- Novak: Right.
- Savage: Oh.
- Novak: Yeah. That's why what has been mapped out looks at the entire project, phase one and phase two. And with the accelerated schedule, NDOT is going with Tetra Tech. We think we are, you know, coming to a conclusion at about the same time this summer. We'll hear earlier results from Kleinfelder and that will be used to help guide what Tetra Tech is doing as well.
- Savage: And the actual findings of the UNLV independent study occurred where, physically?
- Malfabon: It was basically all throughout that valley in Boulder City, out towards that dry lake bed out there along US 95 on up towards kind of south of Henderson, where our project is. It's a large are.
- Savage: So it's both phases?
- Malfabon: Yes.
- Savage: Okay. That's all I have, Governor.
- Sandoval: Thank you. And just a quick question, kind of piggybacking on what Member Savage talked about. And that was part of my concern, is having UNLV affiliated with our contractor, is that is our contractor going to be assessing the UNLV findings and what scientific methods they used and what the scope of the work that was done by the UNLV study?

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- Terry: John Terry again. I don't believe so. I believe they're going to go out there, use that maybe as information, but they're just going to go out there and do new samples. And, again, the UNLV study covered a huge area. All we're doing is studying our alignment, what to do with our project, within our project limits, at a much more detailed level.
- Sandoval: Yeah. Well, that's the point. Much more detailed. So do we know how detailed that UNLV report was, and I bet they didn't spend \$500,000 doing it.
- Terry: No. And we're doing things like taking samples. They took them all on the surface. I mean we're asking drilling down and getting the samples down where we're going to be excavating to with the construction project. I'm sure they didn't do any of that. That takes drill rigs.
- Sandoval: So would that UNLV report be something that would be defensible if we relied upon it?
- Terry: I do not know that.
- Sandoval: I mean, I guess the point I'm making is have we done an assessment on that report, because look at the consequences that it's having. I mean it's going to delay a major project. It's going to cost the state half a million dollars. It's cost the RTC a quarter million dollars. It's going to perhaps increase the cost. And, again, I don't want to undermine public safety in any way but, you know, I think that we should be looking at that report, as well, to see how detailed it, indeed, was. All right.
- Wallin: Governor?
- Sandoval: Yes.
- Wallin: I have a question. And I appreciate NDOT being thorough here, and maybe this is why they're pursuing this. But if we were to go and say let's expedite this, just use Kleinfelder. Have them do it. Are we putting ourselves -- and we kind of don't do as thorough a job, are we putting ourselves at risk by having a -- say health concerns develop after we do the project or while we're doing the project and people are starting to get cancer and what have you from asbestos. Are we putting ourselves at risk for a lawsuit down the road from a third party, if they were to come in and say, hey, you guys didn't

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do a thorough enough job. You do have asbestos in here. Because I think our terrain is a little different than RTC's terrain, because we have to go through more of that volcanic area, I think. So I just want to know; are we putting ourselves at risk if we were to expedite the contract and go with Kleinfelder? And are we better off doing our own separate study, protecting us?

Malfabon: I wouldn't know the -- as far as the efforts that Tetra Tech is doing are on top of this sampling. They're doing a lot more assessment. And since NDOT did the environmental document originally for both phases, the complete project, we have to have a consultant to revisit that environmental document and then Tetra Tech is going to do that effort in collaboration with RTC's results and FHWA and Volpe oversight. So I think that we are aware of that concern of liability and, you know, we're starting to receive e-mails from people, from the general public about concerns. The answers are still to be found, though, about what we find on our project. And we definitely need expertise in this area. We're not familiar with it, as a department, for naturally occurring asbestos on highway projects. So we need this expertise and we need to move forward.

Sandoval: Yeah, I think we've covered this. Just remind me why we didn't test for this in the very beginning.

Malfabon: It's not typical, Governor, to -- it just wasn't anticipated. It's not something that's typically tested for. I think that going forward, we're definitely in -- since you see these types of volcanic areas in Nevada, I think that that's something that's going to be an element in the future environmental studies to precheck for this type of material, because it's something that's unique and never was considered previously in environmental studies in Nevada.

Sandoval: Yeah. Well, if I'm going to support this contract -- I mean, again, we're at this point where the Board's put in a position where if we don't then it gets delayed that much more. The decision was made internally to go this route, and so we have to support that because we are where we are. But I think you can understand, at least, from this Board's perspective and reading the media from the RTC Board's perspective what's at stake here. I don't know, I'm speaking for myself; other Board members can oppose this. But, you know, I just, you know, as I said, we sat here and got a presentation and it's

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going to be 400 and now we're at 499. And, you know, and I know that's the top line. It could be more.

But, you know, this Board -- we need to move forward on this. I don't want to delay this project any more. I hope that I hear at the next meeting that Kleinfelder, all the consultants are meshed and they're not talking about working together and cooperating. They've got to -- whatever it is -- and, again, I'm not an engineer or a technician -- figure it out in terms of coordinating the activities so that moving forward that we have a once and for all answer in August, so we know exactly what we need to do. I'm hopeful -- you know, again, I'm not a scientist. Why does it take until August? You know, it's kind of like a final exam when you know when the day is. You take until that time to get ready for it. If there's a way to expedite the findings in these things, because there's so much time and money and the health issue that are at stake that people have a big expectation to know what it is, I would think we need to have a little more sense of urgency with regard to this.

So as I said, I don't have anything more to say. I don't know if there are any other Board member comments before I take a motion. Member Skancke.

Skancke:

Thank you, Governor. The one area where I got a little more comfort was Mr. Novak's comments about more eyes are probably better. And it sounds as though that there's a lot of coordination going on amongst the three -- or there would be cooperation amongst the three consulting firms and the three agencies. It doesn't happen very often, but it's nice to hear that these three agencies are working together to expedite this. Not that that wouldn't occur, it's just nice to hear that. I also think that probably now more detail is better.

To the Controller's comments, in that we have a job to protect the public as well as protect the projects. And so I'm a little more comfortable now with kind of the coordination having the information. I think it's a good debate to go through this process and have the conversation. I'm still having a little difficulty getting myself to a half a million dollars when we were at \$400,000. What I would rather do is cap it at four, shorten the time and if you have to come back to us I'd like to know why it needs to go up to another hundred thousand.

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If there is more detail, I'd like to see some of the detail along the way, quite frankly, to know exactly where we are on this. You're dealing with asbestos. This is not something that is -- this is a serious issue. And I think the more frequency the Board has to review this -- by the way, none of us are questioning any of your skills or capabilities. You're all very capable individuals to do the job that you are doing for the Department and the people of the State. But I think the more this Board can see these types of things the better we can do our job and the better informed we can be. I'm not going to hold up a motion if you want to move a motion at the 499, but I would be more comfortable at \$400,000 and having this item come back if there needs to be a supplemental. But I'll be happy to go with the pleasure of the Board. Thank you, Governor.

Sandoval: No, thank you, Member Skancke. And I do want to say, because I've been really focused on expediting and moving along. The number one concern here is the duty to the public to protect health and safety. And we, as a Board, have a responsibility to be able to look at citizens, the residents of Clark County and those that will be traveling there someday, that we did everything we could to ensure and to characterize whether or not there was a public safety risk. We just -- there's a lot of different factors that we have to balance here, but that is number one. And so that's why, you know, again, I'm going to support this. I think we've got a good enough record that -- or explanation as to why we're going the way we are, but I just want all those technical folks to realize there are some consequences, too, to delay. And so if we can balance all those things and move together that would be a good outcome. Member Fransway.

Fransway: Thank you, Governor. And I am reluctant to vote in favor of something that I really am not in favor of, but I understand what you're coming from. And my question is what would happen if we went with Kleinfelder, with the results of Kleinfelder for phase one and then come back for phase two? Would we not be doing \$250,000 instead of \$500,000?

Sandoval: I'm not real clear what you're suggesting, Tom.

Fransway: Well, I don't know if it's a suggestion. It's just dialogue. We have Kleinfelder, who is a Southern RTC consultant for phase one, correct?

Unidentified Male: Phase two.

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- Fransway: For phase two?
- Malfabon: Yes.
- Fransway: Okay. And Tetra Tech is for phase one and two, correct?
- Malfabon: No, phase one.
- Unidentified Male: Phase one.
- Fransway: Oh, okay. So we have a different consultant for each phase?
- Malfabon: Yes.
- Fransway: Okay. Okay.
- Malfabon: And phase two is the RTC's. Phase one is NDOT's.
- Fransway: Okay. That explains a little more.
- Sandoval: Okay. So in any event, Mr. Terry, thank you. I know this is not an easy day. But it just -- there's a lot at stake here, as I said. And I'm not going to be redundant. So I...
- Malfabon: And, Governor, I have the scope of services for Tetra Tech, and it would probably be of interest to the Board. We can have that copy made and sent to Kim and the Board members that are absent.
- Sandoval: Well, we might have wanted that a while ago instead of one sentence in .2 font. So I think in the future as this moves on, I guess my message would be this has got to be on every Agenda. I don't want to take an hour and a half or whatever we've taken on this, but I think the Board is going to want to be up to date on what's going on with the process.
- Malfabon: Yes, Governor, we will.
- Sandoval: But as I said, I mean, what we have is an amount and a sentence that says, "Naturally occurring asbestos technical services for the Boulder City Bypass project, Clark County." And you may have been able to avoid a lot of these questions if we got that contract sooner.

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- Malfabon: And in defense of the folks that prepared the packet, they didn't have the information, the actual contract until after the materials were put together for the Board packet, so...
- Sandoval: All right. Any other questions or comments? Member Savage.
- Savage: Thank you, Governor. And I'm a little reluctant, but I understand the timing and most importantly the safety to the public. And with that being said, I have full trust and faith in the Director and Mr. Terry and their understanding of what the big picture really is, so I'll support this as well. Thank you.
- Sandoval: And before we take a motion, I'm afraid to ask if there are any questions on Contracts 1 or 2 in Agenda Item 7. You have the Chapman Law Firm, which is increasing -- I guess I'm making your presentation.
- Nellis: Thank you, Governor.
- Sandoval: Why don't you go ahead and...
- Nellis: Again for the record, Governor, Robert Nellis, Assistant Director for Administration. The remaining two items are amendments. The first is for Chapman Law Firm for Project NEON legal representation. The amendment amount is \$250,000. The second item is with Stantec Consulting Services to extend the termination date from 9-30-14 to 9-30-16, increase authority by \$1,768,940.82. This is for continued bridge inspection and load rating services. We'd just like to note for the Board that the agreement included an option to extend for two years, and the Department is electing to exercise that option.
- Sandoval: Does that mean there are more bridges to inspect or...
- Malfabon: No, basically bridges are inspected every two years, so every bridge is inspected on a cycle, and it just extends the services of the bridge inspection of the same, basically, bridges in Nevada for two more years.
- Sandoval: Okay. Board members, any questions with regard to Contracts 1 and 2 as described in Agenda Item No. 7? Okay. Thank you, Mr. Nellis.
- Nellis: Thank you.

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- Sandoval: All right then. As I said, I don't want to complicate this thing anymore than it needs to be, so I'm prepared to approve all three of these as presented by the Department. But I'm willing to hear any motions that members may have.
- Skancke: So moved, Governor.
- Sandoval: All right. Member Skancke has moved to approve Contracts 1, 2, and 3 as described in Agenda Item No. 7. Is there a second?
- Wallin: Second.
- Sandoval: Second by Madam Controller. Any questions or discussion on the motion? All those in favor of the motion, please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. Thank you, Mr. Nellis. And, Mr. Terry, I think you've heard the Board and Director...
- Terry: Yes.
- Sandoval: ...and this is a really big deal. So I appreciate your attention to this and ensuring that it moves along as we all hope it will. Agenda Item No. 8, Contracts, Agreements, and Settlements.
- Nellis: Governor, again for the record, Robert Nellis. If it pleases the Board, we have answers to the questions on Agenda Item No. 6, if you'd like for me to go through those very quickly.
- Sandoval: Oh, the mileage?
- Nellis: Correct.
- Sandoval: Yes.
- Nellis: Yes, sir. For the Interstate 80 project it is 13 miles long. It will take 120 working days to complete. Estimated completion is November 2014. The last date it was paved is 2004, so over 10 years ago, sir. And then on US 50, the project is 5.3 miles long. It'll take 110 working days to complete. Also estimated complete November 2014. It was last paved in 2004, and another part was last paved in 2001.

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Sandoval: And, again, thank you. I mean that's good news that it's going to get done this year.

Malfabon: Weather permitting.

Sandoval: Yeah, maybe I hexed -- I don't want to jinx anything. But all things unique we'll get done this year. All right. Member Fransway.

Fransway: Thank you. Would you mind getting at least me a copy of that scheduled time? I'd certainly appreciate that.

Nellis: Yes, Member Fransway. Thank you.

Sandoval: Okay. We'll move to Agenda Item No. 8.

Nellis: Okay. Thank you, Governor. There are three contracts under Attachment A on Page 4 of 18, for the Board's information. The first is installing a weigh-in-motion system in Elko County. There were three bids and the Director awarded the contract on March 4, 2014, to Titan Electrical Contracting Incorporated in the amount of \$234,482.20. The second contract is installing an automated vehicle counter. There were three bids and the Director awarded the contract on March 4, 2014, to Fast Trac Electric in the amount of \$35,948. And finally, the third contract is demolition asbestos and hazardous material abatement for nine parcels along the Interstate 15 corridor in District 1 Clark County for Project NEON. There were five bids on this contract and the Director awarded the contract on March 4, 2014, to Baldwin Development, LLC, in the amount of \$295,295.

And I'd just like to note for the Board that the engineer's estimate of \$705,000 on this included additional scope in the estimate that was later determined did not need to be performed. Does the Board have any questions for either Assistant Director John Terry or I on these items?

Sandoval: Any questions? Please proceed.

Nellis: Thank you, Governor. Under Attachment B, there are 42 executed agreements found on Pages 6 through 10, for the Board's information. Items 1 through 8 are cooperative and interlocal agreements, and then Items 9 through 33 are property acquisitions and utility agreements. And finally,

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Items 34 through 42 are leases and service provider agreements. Does the Board have any questions for the Department on any of these items?

Sandoval: I think you wore everybody out on the last (inaudible).

Nellis: Thank you.

Sandoval: Any questions, in all seriousness? Okay. We can proceed.

Wallin: Governor?

Sandoval: Yes.

Wallin: I actually have...

Sandoval: Madam Controller.

Wallin: Sorry about that. I actually have one question. Item No. 8, it says that it's an interlocal and it's for a traffic prediction study and it's with Applied Engineering Management Corp. Why is that an interlocal?

Malfabon: That is a research project, probably misclassified as interlocal, Madam Controller. So it's a research project as part of our normal research program, but it was with a service provider, so it was misclassified. Good catch.

Wallin: All right. Thank you.

Sandoval: Why don't you move to settlements.

Nellis: Oh, settlements. Dennis, do you want to take that?

Malfabon: Yes. Governor, this was a settlement that was approved by the Board of Examiners at the March 11, 2014 meeting, approved in the amount of \$61,500. I don't know if you have any questions for our deputy attorney general on this item. It was related to real property necessary for the construction of I-15 Freeway from Blue Diamond north to Tropicana. So it was on the I-15 design-build project and settled on the amount of property that we acquired.

Sandoval: Yeah, I asked all my questions at Board of Examiners, so I'm satisfied. Any other Board members have questions? Mr. Gallagher, I don't know if you have any other comments you'd like to make.

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- Gallagher: No, Governor, I don't. You did ask all your questions at the Board of Examiners and we appreciate that.
- Sandoval: Yeah. Anyone else? Thank you, Mr. Nellis. Board members, any other questions with regard to Agenda Item No. 8? It is an informational piece of the Agenda, so we won't be taking a motion on that. All right. Thank you. Agenda Item No. 9, Condemnation Resolution No. 443.
- Malfabon: Thank you, Governor. We have a condemnation resolution for the property owned by Las Vegas Golf and Country Club. This is in support of Project NEON and incorporated in the phase one of that project. You can see how far apart we are in our initial offer of about \$4.4 million, and they had made a counteroffer of \$33.5 million. So we're very far apart and respectfully request the Board's approval of a condemnation resolution to acquire the property.
- Sandoval: We did though -- or how did we get from \$4 million to \$21 million, because we did make a counteroffer of \$21,500,000.
- Malfabon: No.
- Sandoval: Or is that...
- Malfabon: The counteroffer is basically a portion of the counteroffer from the owner, the landowner, so they added \$21.5 million of lost future income related to the property.
- Sandoval: Okay. I misread that. That's my mistake. All right. So was this one of those instances where we got our first appraisal and then there was such a big gap that we wanted to make sure that our first appraisal was okay before we went in to condemnation; because I know in other situations we've gotten a second appraisal just to be sure that we were okay.
- Malfabon: We did not acquire a reappraisal, so we went with the first.
- Sandoval: Okay. Questions from Board members? Member Fransway.
- Fransway: Governor, I would move for approval of Resolution 443 as presented.
- Sandoval: Member Fransway has made a motion to approve the Condemnation Resolution No. 443 as described in Agenda Item No. 9. Is there a second?

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- Savage: Second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? All those in favor, say aye.
- Group: Aye.
- Sandoval: Motion passes unanimously of the members present. We will move on to Agenda Item No. 10, Resolution of Relinquishment.
- Malfabon: Thank you, Governor. The City of Mesquite has assigned a resolution consenting -- basically, they want to have some property there along I-15. It's about 5.31 acres, and noted in there. So we own this property in fee simple and if the purpose of the city's use of this parcel ceases to exist, all interest will revert back to the Department.
- Sandoval: Board members, any question with regard to Agenda Item No. 10? If there are none, the Chair will accept a motion of the Resolution of Relinquishment as described in Agenda Item No. 10.
- Skancke: So moved.
- Sandoval: Member Skancke has moved for approval. Is there a second?
- Wallin: Second.
- Sandoval: Second by Madam Controller. Any questions or discussion on the motion? All in favor, say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously of the members present. We will move on to Agenda Item No. 11, which is Review and Ratify the Selection of the Contractor for the Pedestrian Bridge Escalator in Clark County, Las Vegas...
- Malfabon: Thank you, Governor.
- Sandoval: ...or Las Vegas, Clark County.
- Malfabon: John Terry, Assistant Director for Engineering, will cover this item.

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Terry: Again, this is the CMAR project that we chose the CMAR process for the rehabilitation of the pedestrian bridges and escalators at Tropicana and Las Vegas Boulevard. We had presented to the Board previously that we wanted to use the remaining LVCVA funds from the \$300 million bond sale for this project at about \$19 million. I believe we went to the Board previously about using the CMAR process, and so now if we could go...

Unidentified Male: Go ahead.

Terry: And so here we are on the CMAR process. We've gone through and are looking to select a contractor for the preconstruction phases in our CMAR process.

So the project overview is replacement of the escalators. The escalators are a big part of the work, as well as you can see the electrical and plumbing systems are outdated. As we had said previously, this is the first of those pedestrian overcrossings that was built. It's the only one that NDOT still maintains. It has a lot of issues and it really wasn't designed to withstand the outdoor environment for where it is, and we spent a lot of money on maintenance of it. Next please.

So we coordinated with the Tropicana Resort, who has improvements proposed on the corner, but we are proceeding with the project as we continue to coordinate with the Tropicana Resort, as well as with the other resort owners who don't have any, you know, of their own proposed improvements at this time. Obviously, there's going to be construction phasing and, in fact, pedestrian phasing due to the project. And we still are working on the maintenance agreement that we upgrade the escalators and the entire thing to turn over to Clark County for maintenance, and we have been working with them on that agreement.

Sandoval: And this is something we've talked about since I was the attorney general sitting...

Terry: Yes.

Sandoval: ...on this Board. And my vague recollection was we tried to get the County to take it and they said, well, if you replace it all and put it in brand-new condition then we'll take possession of it and be responsible for the maintenance.

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- Terry: And that is the summary of the agreement that we're working on. It is not executed. We expect to bring that agreement to this Board in the not too distant future.
- Sandoval: Oh. Great news.
- Malfabon: John, I have a question. Is there other bridge work to do for Clark County to accept the project that's not included in this scope for the CMAR? Crack sealing and things like that. I think that I recall...
- Terry: Some of that is included in this. I believe that everything we are doing here is to bring it up to the standard that it would...
- Malfabon: Okay.
- Terry: ..take for them to take over.
- Malfabon: Thank you.
- Terry: Next please. So we received proposals on October 30th. Four firms responded and the proposals were evaluated. It would bring up this is a little bit different work for us. We had a more diverse panel even than we would normally have, because this is the type of work that we're not used to doing. Next. And these were the three shortlisted on December 19th and 20th, and we approved an evaluation panel. Next please. And we're recommending the selection of Whiting-Turner Construction Company as the CMAR provider. And, again, this is the first phase. We did say in the Board packet that we did not have the amount that we're recommending for approval. The amount is \$289,000 for the preconstruction phases. And we anticipate that as an agreement under \$300,000 to be brought to this Board next month in the informational items.
- And with that we're asking for approval of the selection of Whiting-Turner as the CMAR provider for the pedestrian escalator bridge.
- Sandoval: Questions from Board members? Member Savage.
- Savage: Thank you, Governor. Mr. Terry, just one question. And thanks for disclosing the amount for \$289,000 for the construction cost; is that correct?

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Terry: No, sir. That is for the contractor's participation in the preconstruction phases.

Savage: Preconstruction. Is there a construction cost estimate at this point?

Terry: \$19 million.

Savage: \$19 million. Okay. I thought that 289 was one smoking deal. The last question I have is how much was Jacob's contract, if you remember?

Terry: I'll have to either follow up on that or perhaps by the end of the meeting somebody can provide that. I do not know that off the top of my head.

Savage: That amount as well as the term was it completed construction? If you could look into that and just let me know.

Terry: Okay.

Savage: The Jacob's contract.

Wallin: Governor?

Terry: Yeah, go ahead.

Sandoval: Somebody (inaudible)...

Martinez: Yeah, we have that information. Jacob's contract is \$700,000.

Savage: And, Ms. Martinez, is it through completed construction?

Martinez: Yes, it is.

Savage: Thank you. Thank you, Mr. Terry. Thank you, Governor.

Malfabon: Thank you, Mary.

Sandoval: And it was pretty close between one and two on the bidders here?

Terry: Yes, sir.

Sandoval: All right. I have no further questions. Member Skancke.

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- Skancke: Thank you, Governor. So the project cost is being covered by the LVCVA room tax investment that was left over from the express lanes on the I-15 project; is that correct?
- Terry: Yes.
- Skancke: Thank you. I would make a motion, Governor, to approve.
- Sandoval: Member Skancke has made a motion to approve Agenda Item No. 11, and that would be the selection of the contractor for the pedestrian bridge escalator replacement Construction Manager at-Risk project in Las Vegas, Nevada, and approve an agreement with Whiting-Turner.
- Malfabon: Whiting.
- Sandoval: Whiting, is it?
- Terry: Did I mispronounce it? Sorry.
- Sandoval: You said Whiting. Whiting-Turner Contracting Company for preconstruction services for the project. Is there a second?
- Wallin: Second.
- Sandoval: Give it to Madam Controller, has seconded the motion. Any questions or discussion? All in favor, say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously of the members present. Thank you very much, Mr. Terry. We'll move to Agenda Item No. 12, Update on the Southern Nevada HOV plan.
- Malfabon: And Assistant Director for Engineering, John Terry, will present this item also.
- Terry: And as opposed to NOA, which is a very new thing...
- Sandoval: Are you going to get a raise after this meeting, Mr. Terry?
- Terry: ...HOV's has been something I've been dealing with for years, so I feel a lot more comfortable on this than on some of those other issues. If we could go on, please. A quick definition for those high-occupancy vehicles lanes, so

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we'll use the term HOV for the remainder of the presentation, are the special lanes dedicated for if you have two-plus occupants in your vehicles and can use them and are currently used on US 95. And have been found on multilane freeways to increase the person carrying capacity of that freeway and to definitely benefit transit.

In 2007, and I happen to have been the project manager back then, we did the HOV plan for Southern Nevada. It was a plan for HOV facilities on the freeways of Southern Nevada. It really didn't get into the other arterials. It was a freeway plan. We came up with a near and a long-term plan for HOV system and the near-term facilities were really the US 95 and I-15 system. It was coordinated closely with the RTC of Southern Nevada as HOV systems really aren't successful if they really don't have a transit element. And we're happy to say that already on US 95 at the (inaudible) Summerlin Parkway there are Park & Ride lots and express buses utilizing the HOV system that we have so far. Next please.

This is from the 2007 study, and the green was what, at that time, was called the near-term system. And really the result of that study was we programmed and changed Project NEON and, in other words, before that it did not have an HOV connector. This study added that and some of the other elements to the regional plan so that we could develop an HOV system. And the green was essentially the system that was recommended in the initial system.

Next slide. Now we can kind of explain the system we're in on Southern Nevada, which those of you that drive there a lot kind of realize that we have HOV lanes on US 95, from MLK to Ann Road and on Summerlin Parkway, including the flyover that gets you to Summerlin Parkway. But currently it has two-plus occupants, motorcycles are allowed, emergency vehicles are allowed, no trucks. It's peak hour only, as you can see from the sign there that really anybody can use it in the off-peak hours. Originally opened at 24 hours and it was switched to peak hour. And it has what we call continuous ingress and egress. You can cross the line anywhere you want. Next please.

Then we have the express lanes on I-15. The express lanes, any vehicle can be allowed in or out, but it has limited ingress and egress where you can get in or out, and it's allowed 24 hours. There is no time of day restrictions on

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the express lanes. Next please. And this graphic kind of shows where the current express lane system and where the current HOV system and, of course, the big hole between the two is Project NEON. Next please.

So what we're proposing is the I-15 and US 95 HOV system. Project NEON will be the connector between the two. It's actually in the environmental documents that the express lanes will become HOV lanes, as well as the regional plan and the air quality plan for Southern Nevada is based upon those HOV lanes. I-15 south of Sierra Avenue, where currently you have express lanes, will become one HOV lane in each direction and four or more general purpose lanes versus the three and two configuration that's out there today. And then we will have 22 miles of HOV system from Silverado Ranch on I-15 to Ann Road on US 95 plus the stretch at Summerlin Parkway. And most of the near-term system, the green that I showed in the 2007 study, is what we'll have. There's a few places that the limits are a little bit different, but essentially we'll have that system that was proposed in 2007. Next.

So we decided to update the plan and the consultant agreement for that update was brought before this Board previously. And part of the reason we updated now is the 2035 Clark County Regional Travel Demand Model. The model that's used for traffic in the whole valley now includes mode choice. In other words, it predicts transit users, as well as HOV users, from just cars. The model that was used for the 2007 study was not the adopted model, but rather one that was used for the transit study in Southern Nevada. But now that they have the 2035 model that the air quality model is based upon uses the traffic demand model, we incorporated that traffic demand model into the new HOV plan so we're consistent. We intend to update both the near and long-term HOV systems and to evaluate direct connector locations, and I'll get to that later. And make recommendations on the operational issues within the HOV system. Next.

So why are we coming before the Board now? Well, one, NEON is coming and this sets up for NEON. And two, we're about to start the public involvement process. We've finished the modeling. We have the analysis. We're about to go to the public involvement. We're really starting that public involvement with this. We'll be presenting to boards. We'll go to public meetings about the HOV system just like we did back in 2007. But

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we have some decisions to make. We need to make recommendations on how the HOV system is going to operate. We already said it's going to be one lane on I-15. We're recommending that it has to stay as occupancy as two-plus. We don't have enough people with three-plus occupants. The two-plus is the right thing to do, we think, when it opens.

We need to decide against peak hour versus 24 hour. There are different HOV systems around the nation that use one or the other. Our team is going to go to the public involvement process and to you recommending 24 hour, but we think this is an item that needs to go through the public involvement process. Vehicle eligibility, I don't know if you were aware, but there is an NRS that would allow the Department to adopt policies that would allow high-mileage vehicles, energy-efficient vehicles into the HOV system as is done in some other states. So we have to address that issue. We are not recommending that because we don't think that there's the available capacity in there for that, and that it would be very difficult for the enforcement aspect. But, again, that's going to go through the public involvement process, and we get questions on this issue quite often.

Ingress and egress is the other issue, whether to allow people in and out continuously or pick the places where they can get in and out. And I guess our team is sort of recommending -- those of you who have been to Southern California, it's kind of the Southern California system. And that is there's ingress and egress points every, you know, about three miles with about a quarter mile where you get in and out and you cannot get in and out at other places, and it runs for 24 hours. Going to go through the public involvement process and we'll probably be back before this Board after that's over, but that's where we're at right now. Next please.

Direct access interchange; really the big ones that were in the original study were build NEON and the Summerlin flyover. But it also studied direct access to the strip, and that's an important aspect; is can you get from that system, especially for transit vehicles, off at an interchange that is not a general purpose interchange to the strip? Way back in 2007, we studied Harmon and Hacienda as like half diamonds at each. This is a big part of this update to the plan is look for the locations for those direct access so we can get the workers and others to the strip. And we'll go through quite a process to get to that recommended location.

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Direct access to Park & Rides at transit centers. So the transit centers out on Summerlin Parkway or way up north, they may want to get directly from that into the HOV lane and we'll make recommendations on that just like we did in the original study. And then is future direct access freeway to freeway such as I-15 to I-215 probably more in the long-range element, but we will study that issue again as well. Go ahead.

And with that I really -- answer any questions on the system, but just point out we're starting the public involvement phase. NEON is a big part of what we're doing with the HOV system, so we want to bring it to the Board at this time as an informational item.

Sandoval: Thank you. And that was very thorough. Do you know if the utilization of the current HOV lanes is what you expected it to be?

Terry: It's not good. We kind of expected it not to be good. It's gotten much better since we've extended the HOV system much further north, I'll say, in the last year since the US 95 project opened up. And the usage has helped in terms of the number of people since the RTC has added express buses in it. But it needs to be a longer system to provide the time-savings advantage. And we kind of knew that going in and it's why NEON is so critical.

Sandoval: Okay. Thank you. Any other questions from Board members? Thank you, Mr. Terry. Next Agenda Item is 13, Status of Project NEON.

Malfabon: Thank you, Governor. Our project manager, Cole Mortensen, will present to you an informational presentation on the status of Project NEON, recognizing that next month we will actually come back with the request for the release of the public-private partnership request for proposals, the RFP. Cole.

Mortensen: All right. Good morning, Governor, members of the Board. For the record, I'm Cole Mortensen. Next slide. I'd like to talk to you about today a little bit on the benefits of Project NEON. Still we want to keep focused on that; kind of go through what the overall scope of the project is. I'm going to update you on the schedule and then talk a little bit about a financial update, in addition to a number of the changes that have occurred on the project since last June. And as Director Malfabon had mentioned, we anticipate making it out to each and every one of you over the next month to explain

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more in depth and to be able to offer an opportunity to brief you again on the project. And then next month we'd like to bring the project to you again for approval to release the RFP to industry. Next slide.

Again, as we've talked about it before, you know, we're going to have a big project in the most heavily traveled stretch of road in the entire state. So if we can get more now and we can afford to get more now, we want to continue to look into doing that. Savings on project cost, the initial thought behind phasing the project ends up costing a significant amount in temporary construction, as well as additional impacts to the traffic and all the construction escalation associated with delivering the other phases later.

As I've mentioned before, improving those connections -- John Terry just mentioned some of the critical connections and the added utility that we're actually going to be getting out of the HOV system. One of the key components to it and one of the biggest features of doing that is actually keeping those HOV riders in the inside lanes. You're no longer asking them to move through the general purpose lanes. Say from US 95, if they want to get on the I-15 they can stay in the median. That direct access interchange that'll allow traffic to get out on Western Avenue is going to just be another one of those locations where we're adding that utility. And anybody that wants to get off in the downtown area can just stay in that HOV system and stay out of the competing traffic in the general purpose lanes.

And, of course, last but not least we want to create some jobs. But what I want to show you here is actually a graphical representation, a rendering that we had put together that actually shows the entire project. We just started overhead at about Sahara, and as you can see we're just passing Oakey/Wyoming. What I want to point out is that direct access interchange. In this video, you can see the traffic is taking those off-ramps down to the ground level and they're going under the northbound lanes to access the local facility, and then here they're getting back up to where they're entering into the HOV system again.

Now, off to the left-hand side, I want to point out that this is where our phase four ramp rating came in. So all those movements that you see on the left-hand side is where we're trying to take off those interchange movements and make sure that they happen in more of a CD road environments.

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Sandoval: Can you slow that down?

Mortensen: I don't know if I can. We may just have to -- I'm happy to play it again.

Sandoval: You're going about 85.

Mortensen: I'm happy to play it again. I'm optimistic, you know, that's what I'd like to see traffic moving like when we're done. Yeah, I'll run it back and we can play it again. But one of the things in this rendering that I do want to point out is it doesn't have the sound walls or the barrier rails that we anticipate having on the facility. And then as we're moving down, this is where we connect into the existing HOV system at Rancho. Well, a little further down than that. So if you wouldn't mind backing up again and then running that one more time.

Unidentified Male: Sure.

Mortensen: There really is a lot going on in this short stretch of road. And if I may, over here is where you see some of that ramp rating still appearing. This would be the ramps going to Sahara and allowing the I-15 traffic in here.

Unidentified Male: So where will we make -- sorry. Where will we make the decision to get off at Sahara?

Mortensen: Boy, I don't know if I can slow it -- yeah, I don't know if I can slow it up. I believe it's actually going to be right here. At this location here is where you'd actually make that decision to get off at Sahara, so it'll be just past where you'd make that decision to get off at Charleston. Of course, we're going to need the advanced signage in place to allow motorists to understand that. All right. Next slide.

So when we're talking about the schedule, when I was before you in January, we had anticipated asking for Board approval to release the RFP in this month. As I've mentioned, we've had a lot going on and I really want to allow you the opportunity to have a little bit more time before you make that decision. And then we'd also like to make sure that we're getting out to you with the most up-to-date information that we have before we actually release the RFP to industry.

Last week we released the second draft of the RFP to industry on Wednesday, and we'll be going into one-on-ones the first part of May to get

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additional feedback from the developers on the setup of the RFP and to make sure that we can continue to make it competitive. As you can see from the schedule here, we're still anticipating having a preferred proposer selected in December, and then we'll go under commercial close in February of 2015, and that's actually the executed contract. And then there's a short period of time -- well, not a short period of time, about a three- to four-month period where we actually go through financial close. And there's some key financing decisions that happen during that period of time that'll shape the contract just a hair more, and at least the financial obligations within that contract. But we anticipate going out to design and construction in midyear of 2015, at this point in time. Next.

As offered earlier, we'd like to give you an update on the phase one right-of-way. Right now, we're at about 75% complete -- 74% complete on our right-of-way for phase one. We've actually had a few parcels drop off because of the priorities of the P3 project and other issues. So we previously had 48 parcels, and I think right now for phase -- or for the P3 phase we're actually looking at 43. But we have 32 of the 43 parcels acquired right now. We're right at about \$69 million spent on the right-of-way, and our current cost estimates have it coming in at right around \$90 million in total. Now, of course, that doesn't take into consideration any of the settlements that may have to occur and that type of thing. But right now we're anticipating still being under the budget that we had set previously. Next slide.

Financial updates; one of the things that I wanted to step through here is that we've had items added to the project that have increased the scope and the cost of the job. And so I want to make sure that you understand what those items are and what they bring to the project, and then we'll discuss how that's impacted the overall cost and what we're estimating in the future. As I brought to you in January, the phase two of the project, which is anticipated to be \$20.5 million as the reestablishment of MLK from Alta to Oakey and Wyoming. That's going to be funded by the City of Las Vegas, but we'd like to get it incorporated into the overall scope. Next slide.

One of the unique facilities that we'd like to incorporate into the project, both for preconstruction and during construction, as well as afterwards, is an advanced traffic management system. And what that is, is that's actually a

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gantry setup that'll have gantries like you see in the pictures at spacings throughout the corridor that you see. We're actually looking to start at the 215 and take it all the way up to Rancho Road on US 95. And what that's going to allow is a more direct and, I guess, discretized management of the traffic through that footprint. What it allows is small DMS signs above each of the lanes of traffic that we can then manage and change the speed limits of the lanes themselves. And so if there's an accident in the outside lane, what you do is you put that big red X over the outside lane and then you may reduce the speed in the next lane over so that you're encouraging traffic to move away from the incident and actually continue to flow smoothly, as well as having the opportunity to get them queued where they need to be. Say during construction if you know you've got a couple of lanes closed down, you're letting the drivers know in advance that that's the case so that they can move over into the lanes that are moving, and hopefully spread out that distance where you're trying to get the cars to weave and to make those movements. Next slide.

With the change of the express lanes to the HOV system, what we discovered in looking at that is that we're going to end up with a lot of ghost striping and we're going to end up with some issues that are created by that, as well as the crumb rubber within that area is going to start reaching its expected life. But what we're looking at right is a mill and an overlay of the express lanes, and that'll be an anticipated additional cost of \$5 million. And that'll include some of the signage changes and the striping as well. Next one.

Over the last eight months, we've also really taken a look at the O&M for the project. What's the footprint that we want to recommend having for the contractor, and what does that actually include? One of the things that came out of that study was actually looking at our legacy facilities that are out there, the bridges that we currently have. And the reason that this is important is we actually have several bridges that are actually identified in this drawing that are either needing to be replaced now or would need to be replaced during the term of the O&M contract. And so then the question becomes is it best to replace it now when the developer is out there and they have all their traffic control in place and the ability to do so, or allow the developer to replace them in 10 years. We're recommending having them do it now while the traffic control is in place so that we're not out there in

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another 10 years for a several month or a year cycle so that they can get these bridges constructed. The additional cost for the four bridges is approximately \$30 million. One of the things that we're actually looking at, too, specifically with the US 95 structures and making sure that it'll handle the additional capacity necessary for the future of the I-515 going south. Next slide, please.

So in June, I believe, we came to you and we said that the overall project cost and net present value, I believe, was about \$602 million, and right now we're at about \$740 million. So we've seen a distinct cost increase. Our availability payment is still anticipated to be around \$32.7 million (inaudible)...

Sandoval: And let me stop you before you move off that 740, and I apologize. When you say "a distinct cost increase," that's because you're adding these other things on, not because the cost of the project is more originally?

Mortensen: Correct. Correct.

Sandoval: Okay.

Mortensen: We've actually gone through -- we're adding scope. We've gone through and we've fine-tuned and actually identified exactly what we want to have for the O&M. And then the other part of that that I'll talk about, too, is interest, and the interest rates have gone up. And so there's been a certain amount of cost increase that we've seen due to interest rates. And that's another thing that we want to make sure that we're able to answer all your questions with regards to that and what those financing costs are and how those actually impact the project cost. And I'll talk a little bit more about that here in a second.

Back to, you know, we're still watching what we can afford. We're still able to keep under that \$100 million mark on our debt service that we had talked about previously as well. Next slide. And so the way that this has turned out from the \$602 million that we provided you last June is the 5% is in our increased construction and development cost. Those are the additional new bridges and somewhat updated construction utilities costs. The 7% increase in O&M and lifecycle costs, that's really -- it's costing us 7% more based on what we finalize that O&M scope to be rather than what we had anticipated

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back in June, which in June we were just looking at the cost of the constructed footprint, whereas now we want to extend that O&M limits from the actual construction that they're doing on US 95 to Valley View so it allows a distinct point where the developer is able to turn around and to maintain right up to an interchange structure.

Same thing on I-15 headed north, I believe it goes to about Washington. And then south, I believe we're looking at about Spring Mountain. Heading south on the I-15, with the anticipated improvements that we have out there, we've actually cut it short at about City Center -- or the old -- or F Street or that structure. And then down at the bottom here I have the 11% increase in financing costs. And these are, again, the change in interest rates that we've seen over the last 10 months. And these are things that we definitely want to keep our eyes on, because as I mentioned earlier, we're executing the contract next February. And so whether interest rates go up or down, they can have a significant cost impact on the project.

Sandoval: So when you say 11%, what's the effective rate? What was it before and what is it now that...

Mortensen: That I'd have to get back to you on as far as what the assumptions that they were using and what the effective rate was, because it's a combination of the different financial mechanisms as far as what the rate for TIFIA was, what the rate for the private activity bonds are, and then it's a combination of a number of rates.

So this is just a graphic showing, essentially, just what I've talked about here. And last June, we thought it was going to be about \$602 million, so we've added 5% in construction cost to the project. When we finalized our O&M that was another 7%, so we've added a total of 12% in construction and then O&M cost. So then again the 11% changed due to those interest rates fluctuating. Next slide, please.

Now, this is a graph that I believe we showed you, again, last June, although it is different now because we've bonded for the right-of-way, and so the right-of-way is included in the dark area down below, whereas before we were showing those right-of-way payments as part of the debt service. And you can see the dark line is the total future commitment for what we told you in June of 2013, and the yellow lines are the reestablished values that

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we're looking at right now for the project payments as of P3. The dash line is actually kind of a technicality. What they're doing is they're subtracting out the O&M cost there because technically that's not future debt service. So you can see that back in June, we were right at the \$100 million mark, but now here in May of 2014, we're still staying under that \$100 million mark. Next slide, please.

So, again, when we're looking at that kind of change happening over the last 8 to 10 months, what I wanted to do is show you one of the other things that we've been looking at and actually just looking at the sensitivity of different aspects of the project. Right now, if our construction costs come in, say, 5% less we'd be looking at a corresponding 4% change in the total net present value cost of the project. On the far left-hand side of the screen, you can see the impact of a half a percent change in the overall net present value for the project. And so you can see a half a percent interest rate change converts to about a 4% total fluctuation on the net present value for the project.

Now, conversely, on the other side of the graph you see we have a 1% interest change and that equates to about a 9% overall. We did half a percent down and 1% up because it's less likely at this point in time, or at least our financial advisors feel that it's less likely at this point in time that that interest rate will go down rather than up.

Still, one of the drivers that we're looking at and we're continuing down the path with TIFIA. TIFIA is a low interest rate financing program. If we don't get TIFIA what our financial advisors are recommending is looking at doing a \$300 million final acceptance payment versus the \$200 million final acceptance payment so that we can take advantage of the lower bond rates. But that would be a 14% impact on the overall net present value of the project. Next slide.

This is just another slide and essentially clarifying what we showed you on the last one. The additional costs on an annual payment is indicated there in the \$5.7 million for the extra debt service on the \$300 million final acceptance payment versus the \$200 million final acceptance payment. And so right now we're still looking at a base availability payment of about \$32.7 million, and you can see the fluctuation with the financial risks that we're looking at. Next slide, please.

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And so that really concludes the update that I have for you right now. As I'd mentioned, we would -- and I'm looking forward to working with each and every one of you over the month here to sit down and really be able to dive into a number of the terms of the contract as well. There are a handful of items that we want to make sure that we point out to you as we move forward before releasing that RFP. So, Governor, at this point in time I'm willing to take any questions.

Sandoval: All right. Thank you. And I guess I want to go back to my other question on are we mixing apples and oranges, because when you have these adders...

Mortensen: Mm-hmm.

Sandoval: ...aren't those financed differently than how you're financing Project NEON?

Mortensen: You know, that's one of the things that it's -- and that's partially why we want to sit down with each and every one of you individually is so that we can sit down and explain some of the intricacies of how it's been handled. Each of those added costs are essentially -- take the four bridges, for example. Those are four bridges that we would've had to have replaced as an additional contract sometime over the next 35 years, if not now. And so those are projects that would have gone out. They'll be included as part of the availability payment. So when you see that what we have in there is -- yes, it's additional to the construction costs that we're currently estimating.

Sandoval: And how would we have otherwise paid for those bridges?

Mortensen: They would have been decided on at that point in time, whether it was state or federal funding or a combination of both in the future when they needed to be replaced.

Sandoval: And this MLK, is that \$20 million in that number as well, even though the money is coming from City of Las Vegas?

Mortensen: It's coming back out, too, but it's considered to be a project cost. So in the financing end of things when we're computing that availability payment, that \$20.5 million has been considered, but we're still trying to show it in terms of the total project cost, at this point in time.

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Sandoval: Okay. I just want to make sure. And this \$25 million on the advanced traffic management system, that's just another complimentary project that you're going to build into this?

Mortensen: Correct. And the reason that we want to build it in now is it's something that the Department has been looking at for some time, but it makes a lot of sense to get into the NEON now, because if we can help that traffic align ahead of the work zone and ahead of the construction zone and help notify drivers in advance of the work zone, we're hoping that that'll help the 270,000 cars a day get through that work zone efficiently.

Sandoval: Okay. And perhaps this is the question for when we meet individually. But, you know, we're building this house and now we're adding an addition. And can we afford the additions?

Mortensen: That's where we're still -- and those are questions that I'm happy to answer and we're going to be presenting that kind of information to you when we come to brief you as just how does that impact, what does it look like compared to what we were anticipating last June? Some of those items we've been wanting to kind of keep under our hat a little bit, though, to make sure that we're not tipping our hands to the industry.

Sandoval: You just did, didn't you?

Mortensen: I know. I know. I know. Well, you know, it's a fine line. We're, you know, hoping to give you enough information so that you're comfortable with what's going on, but at the same time, you know, we're hoping that we can keep things at least as understandable as possible in the public eye.

Sandoval: Yeah. Let's see. So will these increases upfront increase the amount of the availability payments later on?

Mortensen: Yes. On everything but the phase two work, because essentially we'll be receiving that money when the construction is being completed at that point in time, and so everything else would be financed through the availability payment.

Sandoval: And those availability payments are 40 years, 30 years?

Mortensen: Thirty-five.

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Sandoval: Thirty-five years.

Mortensen: Correct.

Sandoval: So that's something that, you know, again we can talk about later, but we'll all be long gone. And, you know, somebody 20 years from now is going to be sitting here and we have to be able to answer the question what were they thinking. And so as we add things on, I want to make sure that we're not overextending people in the future.

Mortensen: Correct. Correct. And we're still coming back to you with the similar analysis that we brought to you last June. We've been asked to look at the design-build bond scenario as well, and that's the type of information that we'd like to bring to you individually.

Sandoval: Okay. Questions from other Board members? We'll go to Member Fransway and then Member Savage.

Fransway: Governor, thank you. And thank you, Cole. My question relates to the replacement of the bridge structures, which we already talked about in some fashion. It sounds like the option is to do it now or do it later.

Mortensen: Exactly.

Fransway: My question is if we do it now, will we be inheriting aging infrastructure after the O&M is timed out for a better term?

Mortensen: I understand what you're asking. We've considered both sides of that argument. The four bridges that were selected are very close and they all have some structural issues that we've been monitoring with them anyway. The other side of the question, and the problem for us, is when we're looking at those four structures, we've identified that they have some problems, and so when we have a developer come in to try to give us a price on how they're going to maintain that facility then there's the potential to have added risk thrown in there, because they don't fully understand the issues and when they may have to replace those bridges.

So by having the developer replace them now, it's allowing us to utilize the traffic control that we have in place. It's taking advantage of the economy of scale. We're reducing that escalation from constructing them in the future, and what it's also allowing is it's allowing the developer to have

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assurance that the bridges were constructed to their quality standards that they're willing to maintain over the next 35 years. So that's the thought process that went into the decision behind including those right now.

Fransway: Okay. So if we do it now, they're still going to age. And so when they age in 20 years, or whatever time frame, then we're going to have to do it again anyway, are we not? Do they last that long?

Mortensen: We have certain requirements in the hand-back provisions of the PPA and -- anyway, the PPA is part of the RFP that's going to go out. That's the public-private agreement that requires them to hand back the facilities to us in a certain condition. So, for example, you know, I understand the concern about, well, they'd be handing back a 35-year old bridge. Well, all of the other bridges that are being constructed now will be in the same shape, but what we'll be asking them to do is make sure that when they do hand it back to us they're up to a certain quality standard, and if they're not that they make any reparations necessary to be able to hand it over to us in that condition.

With regards to kind of your question about, well, we're replacing it now instead of in the future and we're not utilizing that service life. I'll have to get back to you on the anticipated service life of each of those structures. I know some of them are very immediate and then others...

Fransway: Okay.

Mortensen: ...have had a number of improvements made to them, so they're in varying conditions because this piece was constructed, you know, X number of years ago and then it was widened and so there's another piece on it, and I'll have to get that information to you.

Fransway: Okay. Thank you, Governor. Thank you, Cole.

Sandoval: Member Savage.

Savage: Thank you, Governor. Mr. Mortensen, thank you for the presentation. A couple quick questions. Has your team considered, due to these additional scopes...

Mortensen: Mm-hmm.

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- Savage: ...and additional dollars, have you considered alternate bid line item dollars for the RFP so that we as a Board and you as a department can actually look at the additional dollars that may or may not be spent due to our funding?
- Mortensen: Mm-hmm.
- Savage: Have you looked at that delivery system and...
- Mortensen: We haven't considered that yet to this point, but we can take that into consideration.
- Savage: It might be wise, because then you have a menu of what's affordable and what's not.
- Mortensen: What you're suggesting is we have a breakout for each of these items and if it turns out that it's less affordable than what we were anticipating that we would just remove one of those items and...
- Savage: Something to consider...
- Mortensen: Okay.
- Savage: ...with your team would be...
- Mortensen: Yeah.
- Savage: That's all I have, Governor. Thank you.
- Sandoval: Madam Controller.
- Wallin: Yes, you knew. Thank you, Governor. To kind of address Member Fransway's question about the bridges. I think it's my understanding that don't the bridges have to be built to a 75-year life now, to that standard? Is that...
- Mortensen: I...
- Wallin: ...my understanding?
- Mortensen: ...believe it is 75 years, if it's not more than that right now. I know when I was a bridge engineer it was 75 years, but there isn't necessarily a magical equation in there that says that if we want it built for 50 years that you change the loads. It's just that basically they've been calibrated so that when

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you design it this way, you anticipate a 75-year life expectancy out of the structure. And now that doesn't mean at year 75 that that bridge has to be replaced. Most of the time we actually go on those bridge inspections that were discussed earlier on the condition of the bridge and the situation that it's in.

Wallin: Okay. And then to kind of follow up with Member Savage's comment, kind of having a menu; I think that's a great idea, and the Governor also said, you know, you're building this house and you're adding on and adding on. So I have concerns, you know, when we're adding on like this, because then what's going to happen if you come back to us in another month and we've added on. So at some point we're going to have to say this is the project, you know, it's not our dream project that we're going to put every bell and whistle in the world on it. So we kind of have to get in check there.

And when you come out to brief the Board members, if you can bring with you what you gave us the first time, telling us about the project so we have the comparison to what you're going to show us now. And then I really want to have a detailed breakdown, because I'm trying to get my head around why an 11% increase in the finance cost. I'm really having a hard time with that as well. But I think, you know, we really have to be cognizant of what we can and can't afford and with transportation dollars getting smaller and smaller, the fact that our fuel tax revenue has been flat for the last five years and I don't see it increasing because of fuel efficiency, that we have to be mindful of this; that we may end up doing this and we've got so many bells and whistles that this is the only thing that Nevada can pay for in the next 35 years. So let's kind of be cognizant there.

Mortensen: Absolutely.

Sandoval: Okay. Just one other component that the Controller prompted a thought -- or a question for me is how when you juxtapose what's going on with all this financing and what's happening federally, and so...

Malfabon: Yes.

Sandoval: ...we have to have those components in mind as well when we (inaudible)...

Malfabon: Definitely, Governor. And I know that we've mentioned before, I think last month, that we have to see how the reauthorization plays out and that would

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definitely play into our recommendations to the Board on entering into this long-term agreement. Even though that's going to only be a portion of that 35 years funded through the reauthorization or whatever length of time it is, that at least gives us some idea of what is Congress', you know, preference on long-term versus short-term.

Fransway: Governor?

Sandoval: Member Fransway.

Fransway: One more real quick. Mr. Director, do the members of our congressional delegation know the importance of TIFIA, particularly to this project?

Malfabon: Yes, and the TIFIA program has been well-funded and, actually, it was increased under the current authorization. So we will definitely keep them informed about the importance of TIFIA as far as to our congressional delegation.

Mortensen: Thank you, Governor.

Sandoval: You've got a lot of work between now and the next meeting.

Mortensen: Yeah.

Sandoval: All right. Thank you. Agenda Item 14, Briefing on NDOT's Research Program.

Malfabon: Thank you, Governor. In follow up to last month's presentation, we didn't do a good job of presenting the overall research program. And you'll see subsequent to this Agenda item there is a specific request of additional support that's separate from our standard research program. So we want to make the distinction a little bit clearer and respond to any questions the Board has.

Also, I wanted to mention that, Governor, you had noted that there's a lot of studies and research throughout that large figure, \$20 million, I believe. That does include some of the studies and planning efforts that are separate from research. So we want to make that distinction and have Ken Chambers, our research chief, present a clearer picture of what the research program is and basically request Board consideration of how we're going to go forward in presenting the research program on an annual basis. Ken.

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Chambers:

Thank you. Governor, Board members. My name is Ken Chambers. I'm the chief of the research section here at the Department. I'd like to introduce our program and our staff to you. We have three main programs that we coordinate under research. First of all, we're a section within planning, and this staff is responsible for several programs. We maintain our library at the Department. We handle the qualified products list through the product evaluation process. And the program that I'm here to talk to you about today is our research program. Next please.

Our research program is required under U.S. code. There's generally provisions in every authorization act to spend the -- excuse me -- 2% of all of our apportionments are spent on planning and research, and of that 2% a quarter must be used on research. So there's the half a percent of our apportionments that we use to do research. That's great for the couple of weeks of the year that we're preparing our budget, but the other part of that is I'd like to point you to our mission statement of providing a better transportation system for Nevada through our unified and dedicated efforts.

We try to identify innovation that will make a better transportation system, better roads, better bridges, better projects, better plans, better processes to do everything better. Here's an example of our apportionments. The formula that was in the last slide. Of the \$350 million that's apportioned about \$7 million of that is the 2% for planning and research. Of that \$7 million a quarter of that, \$1.73 million, was our apportionment for federal fiscal '14 for research. This money comes with a requirement for matching funds. It's mostly 80/20. There are some exceptions.

Where do we spend this money? Your Attachment A has some better examples or a little more detail. But in general, we participate about half a million dollars a year in national programs, our staff salaries, the product evaluation process that I mentioned earlier. That leaves about a million a year available for research projects. How do we select these projects? Our program is basically a process. There is no requirement for a specific topic or area of research. All that's required of us is that we follow a process. That process is outlined in our research manual, and we are currently underway in improving that process to make us a little bit more responsive.

Could we go back one slide, please? Thank you. The program, the process that I talked about is defined in the research manual. It is rigorous and it

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enjoys strong participation from across the Department. It starts off by identifying problem areas and questions. The most relevant problem statements are sent out for proposal and those proposals, based on need and budget, are funded for projects.

Now the timeline, please. It is an annual cycle and as I said, we're working on improving that. A couple more clicks, please. This is an annual process that I think you've seen before. And, again, we are moving toward making this project selection process quarterly rather than annually to be more responsive for the Department. Next please.

The Research Advisory Committee does the heavy lifting here in the Department. This is a group of individuals that work outside their job elements, and I appreciate their efforts. Last year, they reviewed and ranked 77 problem statements. The research coordinator, at their direction, solicited proposals on the top 15 problem statements, and when those proposals were received, there were 28 of them. Those proposals were ranked again by the Research Advisory Committee. Those proposals include scope, budget, schedule. The Research Advisory Committee reviewed those proposals and made a final recommendation to the Management Committee.

The Research Management Committee -- next slide, please -- consists of our two deputy directors, four assistant directors. And they review the recommendations from the Advisory Committee, make any adjustments necessary and give us our direction for each annual program. Last year, the Research Management Committee approved nine projects for funding. The direct benefits of research -- next slide, please -- research is innovation. Innovation that saves lives, it saves money and it helps us do everything we do at the Department better.

A couple of examples I'd like to share. Marked and unmarked crosswalks and pedestrian behavior. Pedestrians seem to have the expectation that a painted line on the road provides safety. We've done studies that help identify the geometry of the roadway to help us locate crosswalks better based on the roadway, and to not contradict that human behavior. This is a difficult project to try to quantify the benefits, because when no pedestrian is injured there's not an article about it.

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A much more tangible example is our mechanically stabilized earth walls. Basically, retaining walls that you see around many of our structures in Nevada. Those retaining walls, a maintenance worker once identified that the retaining straps behind those walls had corroded much faster than expected. He submitted a problem statement; it was selected as a proposal and funded. That research identified that the corrosion on those straps was probably going to allow those straps to last about 10 to 12 years rather than the 50 or 75 years that we expect our structures to last. That is a direct benefit.

Again, better things to do and better ways to do them. Indirect benefits -- next please -- we can immediately implement innovation. The MSE wall example that I just gave you, the panel members that oversaw that agreement were from our materials section and could change -- basically what that particular project identified was that the test methods of the corrosivity of the soil were not appropriate, especially for some of the soils in Southern Nevada. By us doing the research, we could implement and change the testing procedure before that result was even published.

We also work side by side with our universities to support their capacity and methodologies to research problem areas that we recognize are coming. And we also like to see their students participate in NDOT-related projects. We share our solutions with states, cities, counties, all of our transportation partners. We post our results on the National Transportation Library webpage. We don't just work in a bubble. We work together to help and coordinate with other agencies that have similar problems. Next please.

Our overhead rate; this first bullet is misleading and I'd like to provide a little bit of context. There is no single national rate. The overhead rate is established by the cognizant agency. That's defined as the agency that provides the substantial amount of funding for a program or a project. What this number represents is what I could find in a few minutes at short notice to give you some perspective of the rate that we have currently. I believe that this cognizant agency concept is what allowed my predecessor to negotiate a fairly favorable rate of 23% with the Nevada universities. Next please.

The University Transportation Center, as we discussed last month that is another tool available to the Department for research. Like our research

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program, their award requires matching funds, and it's available to us if we choose to use that for our benefit. The future of the research program -- next please -- I'm not going to stop and wait to see what Congress does, but I'm going to plan to be here and be ready to take up the next round of proposals and solicitations. We are currently improving our process to become, again, a little more effective and a little more responsive for the Department, our primary customer. And this program will remain independent of whether or not we participate in the UTC. Next please.

In closing, I offer, if it pleases the Board, that we would come back and update you on our research program, and remind you that any request for UTC funding will be made separately to this Board for possible action. That concludes my presentation. Thank you very much for this opportunity.

Sandoval: Thank you very much. It was very thorough. There's a fact that I didn't know that I learned today, which is it's kind of like the public art with the projects. There's a certain amount of money within the budget that has to be spent on research. And it was my understanding, at least obviously mistakenly before, that there was some discretion involved in that you could -- and I made the point last week, I'd rather see the money going towards projects, but even if we wanted to we couldn't, because there's a specific set aside for research in our budget. So we either have to -- I guess we have to use it or lose it would be a fair characterization?

Chambers: Yes, Governor, that's correct. In fact, a couple of the examples that Cole Mortensen brought up -- Mortensen. Sorry Cole. The crumb rubber usage on Project NEON, the ghost striping issue. Those are both topics that we're able to and have started research projects on to address to help save money in other areas.

Sandoval: Yeah. No, and I guess I feel bad because I would have put you through all this grief. If I'd had known that...

Malfabon: Well, we didn't do...

Sandoval: ...that there was some discretion involved.

Malfabon: ...a good job of explaining it last month, so Ken did a thorough job this time.

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Sandoval: Because, you know, I'm obviously very fearful of what's going on in Washington, and if there's dollars -- if I had my preference that dollars can go to projects or it could go to research, I'm going to pick projects respectfully every time. But here, you know, I learned today that the money has to go to research regardless of anything else, by federal law. And so that's good to know. So which kind of brings it back to your team which is, you know, you've made a compelling presentation on the vetting it goes through in terms of selection of those projects. Because I think Member Skancke made a really good point last meeting, which was we don't want to do research for research's sake and have a binder on the shelf. We want to be doing research that has direct application to the projects or to the roads that we're doing. and so that satisfies me better.

I'm still going to hammer away on the admin fee. Because it always concerns me because on both Board of Examiners and here we've had kind of an immediate agreement, well, we'll drop it to 8%, you know, when they were up in the 20s or the 30s. And, you know, and I want to be fair on that. I know the number's not zero, but I just want to make sure that as many dollars as possible is going toward the actual research versus overhead and administrative fees. So that's the reason why I've been going -- and, you know, the fact that other states are 46% isn't a lot of solace to me. I just want to make sure that here in Nevada we're spending every dollar the best possible way that we can. So I don't have any further questions or comments. Board members? Member Savage.

Savage: Thank you, Governor. And thank you, Mr. Chambers, for your presentation. Very thorough. And as you know, this Board and the Department is all about effectiveness and transparency. And at this time in our lives economics research is now under a microscope. So I appreciate your patience and I just have a few questions for you, because it was a very thorough presentation. But how often does the Research Advisory Committee meet?

Chambers: Currently that committee meets twice a year, each year for slightly different purposes. The first meeting is to prioritize problem statements and determine the cutoff line to solicit proposals on the most valuable problem statements. They meet again after the proposals have been received, typically a couple months, and rank those proposals again as a

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recommendation for the Management Committee. So currently it's twice a year.

If I could also take one moment to step ahead to -- I've alluded to the changes that we're in the process of making to become more effective. What we'd like to do is rather than burden this committee with 77 problem statements and then 28 proposals, as I said, above and beyond their work duties, we'd like to break them out into expert task groups aligned more appropriately with topical areas, hopefully spread the load a little bit and then have them meet quarterly to review those problem statements as well.

Savage: I think that'd be a good idea. And then to date in 2014, how many problem statements have been received or reviewed by your department?

Chambers: At this moment, we have not put out the solicitation. We don't want to violate the process outlined in our research manual. Even though that process is dated, it's overseen by FHWA, and what we've done is ask them formally in a memo can we modify this process for this year. When we get permission to do that we will conduct this process a little outside the guidelines of that manual and then we'll be able to incorporate the best parts of those changes into the next generation of the research manual.

Savage: That makes good sense. Again, because it's about effectiveness and transparency. So my last question would be if I wanted to review a couple of the results of the agreements, would that be a request that's 30 days away or 60 days away for research programs that have already been completed?

Chambers: That's moments away.

Savage: Moments away?

Chambers: Yes.

Savage: Because I have a few agreement numbers here that I took out of the February 2014 meeting minutes.

Chambers: Yes, sir.

Savage: If you could be so kind, I'll just give you the agreement numbers.

Chambers: Okay.

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- Savage: The first one is 22713.
- Chambers: Okay.
- Savage: The next one is 52813. The third one is 24012. The fourth one is 18804 and the last one is 26911.
- Chambers: I'm at a little bit of a loss because the format of those numbers is a little bit odd.
- Savage: Those were agreement numbers that we reviewed back in the February meeting. And I have a list that I can show you after the meeting, Mr. Chambers, and we can take the time to discuss it in my office or any time that's convenient for yourself.
- Chambers: I would appreciate it.
- Savage: But I appreciate your time and effort.
- Chambers: Thank you.
- Savage: Thank you. Thank you, Governor.
- Sandoval: You're welcome. And just one last question. Because I noticed that Arizona State and the University of New Mexico are part of this consortium, and you're obviously much closer to the process. So, you know, I want to keep the money in state, I guess is the bottom line, and so...
- Malfabon: That's coming up, Governor, and he'll respond to that question specifically as far as Nevada money going to Nevada research projects.
- Sandoval: Okay.
- Malfabon: So would that...
- Sandoval: I'll just save it. Yeah.
- Malfabon: That was basically for -- we're requesting the Board consider this as the option, an annual presentation, or if we go to the quarterly identification of what research projects are going to be funded, we would report quarterly. But the idea was to keep this as an informational report to the Board for our normal research federally funded projects. And separate from that are these

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types of UTC requests that will be asked specifically for Board action, and we have one, you know, revisiting that on Agenda Item 15 coming up. So just request action on Item No. 14 first.

Martinez: Governor?

Sandoval: Yes.

Martinez: For the record, Madam Controller wanted you to know that she needed to leave, so she left about five minutes ago. But my understanding is you still have a quorum.

Sandoval: Yes. Thank you very much. So what is the action that you're seeking (inaudible)?

Malfabon: The action would be similar to what we did to request that the Board receive these as an informational item, not as an approval item for the Board.

Sandoval: Okay. Discussion from Board members? And I think I said this at a previous meeting; I don't want to start having to review or approve all those agreements, so we trust your discretion on that, but I would like to have a continuous update of kind of what we're doing. And I think as Member Savage indicated, just to make sure that the research is connecting with projects and has measurable outcomes in terms of what we're doing with the money. But that's just me. Any other member comments? So the motion would be a motion to approve a process by which the research program would be a quarterly informational item presented to the Board?

Malfabon: Annually currently, Governor, but if it changes to quarterly we would make that presentation.

Sandoval: I didn't mean to scare you. Okay. An annual presentation to the Board.

Malfabon: Yes.

Sandoval: So questions or comments or if not, is there a motion?

Skanccke: So moved.

Sandoval: Member Skanccke has moved for approval of a process by which the annual research program will be presented to the Board on an annual basis. Is there a second?

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- Fransway: On a quarterly basis, right?
- Sandoval: No, annual.
- Malfabon: Annually, but if we change the process to quarterly we would inform you quarterly. It's currently annual.
- Fransway: And does that need to be in the motion that instead of annually it would be quarterly?
- Sandoval: No, that's what we just said that we didn't -- or at least I didn't want to do, have it every...
- Malfabon: The research program hasn't been changed. Currently, it's annual so we would do the annual. And it's subject to if the process is changed and FHWA approves a quarterly, we would basically present quarterly. But currently it's annually.
- Sandoval: Okay. I'm still looking for a second.
- Savage: I'll second the motion for an annual review.
- Sandoval: Second by Member Savage. Questions or discussion on the motion? All in favor, say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes 4-0.
- Malfabon: Okay, Governor, Ken Chambers will present the specific request to fund the -- this is separate from our typical research program. This is using state funds to match this UTC research. Ken.
- Chambers: Thank you. As was discussed last month, we had asked for support to finance up to \$1 million to increase the capacity of research done in Nevada with this request. Next please. The University of Nevada has received a grant; a very competitive process that selected them out of over 120 applicants. This is the first time that UNR has been identified as a university transportation center. Next please. Their grant of \$2.8 million has commitments for matching portions from New Mexico and Arizona universities. This request would leverage basically a one-to-one, an equal portion of that grant for research. Next please.

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What would we have studied? Basically, this would, again, expand our current process, identify -- the potential areas that would benefit from research are pretty well identified from our current existing program. This would expand the scope and let us tackle bigger projects and a larger number of projects. Your Attachment B has titles of a -- and a summary of some of those projects. Next please. Like our research program, the UTC has an advisory committee composed of 18 professionals. Your Attachment A identifies each of those members. That committee would function to rank the proposals for NDOT's approval. Next please.

The University of Nevada, Reno has done well academically in the past. They've provided NDOT with excellent applied research results that we can use, and we expect that to continue. This is also a great investment in our future engineers. We love to see these students across the table at an interview when they have firsthand experience with dealing with some of our problems. Next please. Also, UNR has been a resource used by other transportation partners, our cities, our counties, the RTCs in Nevada, and has been recognized publically. Next please.

Finally, Governor, I would request that the Board approve \$1 million in state highway funds to match federal funds for research projects conducted under SOLARIS. That concludes my presentation. Thank you.

- Sandoval: So this is different than what we just talked about? This is \$1 million on top of the \$2 million that is part of the budget?
- Chambers: That's correct.
- Malfabon: Yes. This is \$1 million in state funds and this is basically to match the research that NDOT would select as part of that process of the advisory committee. So it is on top of, Governor. That's why we had it as a separate action item.
- Sandoval: Okay. And just so I'm clear on that last thing that we approved. Any time there's research that involves state highway funds outside of that mandated amount that's something will come to the Board, correct?
- Malfabon: Correct.
- Sandoval: Okay. Member Skancke.

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- Skancke: Thank you, Governor. This is a superb presentation. Thank you, Ken, for giving us this detailed information. I think it's helpful to take a look at -- that other states are helping with the match; that our dollars will stay in Nevada and the outside states will be participating to reach the match for the \$2 million from the feds. So this is very helpful and beneficial for us to have a better understanding of what's going on. I just wanted to, Governor, get clarification from counsel. I sit on the advisory board, it's a volunteer position. I want to make sure that there wasn't a conflict. I would support this today, but I want to make sure that I'm able to vote. And if I have to abstain I will, but I don't think there is a conflict.
- Gallagher: For the record, Dennis Gallagher, Counsel for the Board. The question is whether or not you believe that the independence of your judgment would be affected by your relationship with this organization. If you do not believe so, your disclosure on the record is sufficient and the Board can move on.
- Sandoval: If you don't participate, we don't have a quorum.
- Skancke: I don't think there's a conflict.
- Sandoval: Just saying.
- Skancke: Thank you.
- Sandoval: Questions from other Board members? So this was my concern before. This is taking a million dollars away from projects and...
- Malfabon: This is four years, Governor.
- Sandoval: Pardon?
- Malfabon: I wanted to point out that it is over a four-year period, so \$250,000 approximately a year.
- Sandoval: So do you think the expenditure of this million dollars will provide more savings in benefit than the million dollars that we're spending?
- Chambers: Governor, of course as the research chief, absolutely. More importantly, in all seriousness, sir, I would turn to my partners within the Department of Transportation and point out their participation in our process is exemplary.

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And their perceived value of our program is something that means more to me than, oh, yes, let's spend a million dollars of taxpayer money and leverage another million dollars of federal grant. In my mind, that's secondary to the projects that we could -- the research projects that we could deliver for our brothers and sisters here in the Department to help them do their job better. So I would rely on their discretion and their input to say we don't have to spend that last \$100,000. There's not a topic here that we're interested in researching. But I would give them that opportunity.

Sandoval: Yeah. No, there's just going to be that much more scrutiny at least on these. And as I look through the select list of proposed research projects, when you talk about safe and efficient pedestrian accommodation at coordinated signalized intersections, I mean you can't put a price on if this research is done and it shows that we can do some things to improve safety, perhaps we've saved a life here. When you look at some of these more engineering-type; use of self-consolidating concrete for precast, prestressed bridge girders. I don't know exactly what all that is, but what it means to me is that perhaps there's a better way to build it and preserve it and those things. So perhaps that'll be a monetary savings and a safety savings to citizens.

So I just need to justify this million dollars because, again, we have limited funds now. And there's just a lot more scrutiny that's going to happen than before given what's happened in Washington and the fuel tax and those types of things, what the Controller had mentioned before. So I just wanted you to put that on the record that, at least in your humble opinion and the opinion of those that are part of the selection team, that these will have those long-term benefits for the people of the State of Nevada.

Chambers: Yes, Governor. And, again, I think that the real strength, the pillar of our research program and what's mirrored by this schematic here at the UTC, is that process relies on the subject matter experts. If the bridge people, if the designers, if the traffic operations people, if the maintenance people say this will benefit what we do, then I would stand behind them and say, yes, that will benefit them.

Sandoval: Okay. I have no other comments or questions. Member Fransway.

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- Fransway: Thank you, Governor. As was mentioned in the last meeting, this is a carryover from that. And I want to make a comparison to the recommendations then and now. Then it mentioned that we were going to work with the University of Nevada, Reno. Will that still be the case?
- Chambers: Governor, Member Fransway, yes. The center is actually located at the University of Nevada, Reno. There is equal participation with University of Nevada, Las Vegas, as well as Desert Research Institute.
- Malfabon: So, Ken, the agreements will be with those three entities, not SOLARIS, correct?
- Chambers: That's correct.
- Malfabon: So there'll be -- let me clarify. There'll be, basically, a million dollars worth of projects selected and depending on whether the proposal came from UNR, UNLV, or Desert Research Institute, I think that we gave you a breakdown of who had submitted what proposals in your backup. But the point was that, yes, UNR submitted seven possible projects for consideration; UNLV, 14; Desert Research Institute, 1. And the total of that, basically, would expend that million dollars with the million dollars in matching funds. The idea was that Nevada dollars are going to Nevada research institutions, but each agreement to total up to this amount that you're authorizing would be, you know, basically entered into an agreement by agreement, project by project, research project. So it's not like one master agreement, it's basically the agreements will be done per each research project similar to the regular research program.
- But by the action today, the UTC SOLARIS would have, basically, Board approval of the process and the expenditure over the next four years of that money. They could count on it, basically, that NDOT is going to provide the funds to match the federal funds.
- Fransway: So you're saying that the Nevada University Transportation Center is comprised of three entities, correct?
- Malfabon: It is five, but the Nevada money will go to the three within Nevada.

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- Fransway: Right. Okay. And then also stated in the original recommendation from last meeting that NDOT would select the research projects that it will fund. Will that carry over to your recommendation today?
- Malfabon: NDOT has eight members, four from the RTCs in the north and south and then Member Skancke is serving as an at-large advisory member on that primarily, because of his transportation expertise and his willingness to volunteer to help us out on the selection. So you can see that overwhelmingly there's -- that NDOT has a large presence on that 18-member board, not quite half. But this clarifies the process for selection and there is significant amount of Nevada representation on that advisory committee that selects the projects. That was the point of that. I think that we had to clarify that and we had to dig into the details of the membership, Member Fransway and (inaudible).
- Fransway: So my question is, Mr. Director, can we be assured that this million dollars will be for research that benefits the State of Nevada, particularly?
- Larkin-Thomason: May I add to that? I just wanted to say that...
- Malfabon: Would you identify yourself, please, Tracy.
- Larkin-Thomason: Tracy Larkin-Thomason. I'm the deputy director in Southern Nevada. On these boards, we will only -- yes, NDOT will only pay for ones that we find pertinent. The UTC can look for other funding if we choose not to, so when you look at the whole list of projects there's some projects that I do not really see -- it's unlikely they'll go through the entire vetting process. But it's always been that we want ones that are applicable to what we do here. There's many fine projects on the list, but we will only match -- or make the recommendation for ones that are applicable to us.
- Fransway: Okay. So the short...
- Larkin-Thomason: Does that answer your question?
- Fransway: ...answer to the question is yes, we will have the latitude?
- Larkin-Thomason: Yes.
- Fransway: Okay. Thank you. Thank you, Governor.

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- Larkin-Thomason: Okay. The short version, yes.
- Sandoval: And just so I'm clear, because it says here that ADOT and, I don't know what they call -- and MDOT, they're not putting any money as we know as we speak right now into this -- or no, the states aren't -- or no, the DOTs aren't. But...
- Malfabon: But the -- yes. But the...
- Sandoval: ...the universities are making up the difference?
- Malfabon: ...universities are matching, yes.
- Sandoval: Okay.
- Malfabon: Usually through in-kind services, such as labor, materials, things like that.
- Sandoval: But Nevada is putting the super majority of the money into this, correct?
- Malfabon: Yes, and for the benefit of Nevada (inaudible).
- Sandoval: Yeah. Again, I just want to make -- that's what I want clear is that we're not subsidizing other states?
- Malfabon: No.
- Sandoval: Okay. All right. Any other questions with regard to Agenda Item 15? All right. Is there a motion?
- Savage: I make a motion to approve Agenda Item 15 as stated, Governor.
- Sandoval: So what action are you seeking here, Rudy, just so I'm clear?
- Malfabon: It would be to recommend approval of up to \$1 million of state highway funds over the next four years to support this Nevada UTC known as SOLARIS.
- Sandoval: Okay. So we have a motion in that regard from Member Savage. Is there a second?
- Skanche: I'll second.
- Sandoval: Member Skanche has seconded the motion. Any questions or discussion? All in favor, say aye.

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- Group: Aye.
- Sandoval: Opposed no? The motion passes 4-0.
- Malfabon: Thank you, Governor. And...
- Sandoval: Thank you.
- Malfabon: ...thank you, Member Fransway, for pointing out that we needed to provide more information to the Board from the Agenda item last month. And thank you, Ken, for presenting that very clearly. Next Agenda item, Governor, is -- Bill Hoffman will brief the Board on Nevada Pacific Parkway. I know it's an important issue, but we are running over. So, Bill, take it away.
- Hoffman: Thank you, Rudy. Good morning. Wait. No. My goodness, it's afternoon already. Okay. Good afternoon, Governor, Transportation Board members. Bill Hoffman, Deputy Director, talking about Nevada Pacific Parkway. So I was here before you in February, and we talked pretty high level regarding Nevada Pacific Parkway. Today, I'll dig in a little bit into the details on expenditures and costs for the project. I did provide you quite a bit of reading material. I hope I didn't ruin any of the ballgames for you guys over the weekend. So hopefully you were able to pour through all of those documents. I'm sure you did and you'll probably have some very good questions at the end.
- So what I wanted to do is just jump back and talk about the project benefits. We need to get that clear. The vision that the Wade's had back in the 1990s, late 1990s, was a good one. This is a good project for Nevada. It's a good project for the Fernley area and it's a good project for regional transportation around the Fernley area. So this slide shows the Crossroads Commerce Center that was being planned. Industrial, commercial development area. Has rail access. This is I-80 right here. This is US 50A. So you can see the circulation improvements that the interchange project and Nevada Pacific Parkway play into the overall picture for transportation throughout this business and economic development center.
- So that's the economic development piece. That's needed. Ingress and egress throughout this development is critical, and this project provides that. Also, the roundabout that's on US 50A provides -- well, right now is -- I wouldn't say it's maxed out, but there are times where it is at its maximum

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capacity. So this project actually helps relieve traffic that goes to the roundabout there. So from a congestion standpoint, economic development standpoint this is a solid project.

So the project elements that I went over last time, new I-80 Interchange phase one. That was completed in 2009. New four-lane roadway, phases two and three. There's a northern section and a southern section. Phase two was completed in 2012. Railroad bridge, which is part of phase three, and a connection to US 50A. And with that phase three completion you'll have a completed project and it will reach the benefits that everybody thought it would.

So just very quickly, map version, new interchange. It was completed in 2009. This red piece is phase two. That was completed in 2012. Phase three, which is nearing design completion at this point. It's about 80-85% designed. We are still looking for funding to complete that portion -- or in conjunction or in cooperation with the Wade's, we are looking for funding to complete this section.

Now, this is an interesting piece here that Member Fransway has picked up on. There was an existing roadway here long before the interchange project started. And that, along with phase two and phase three, will be maintained by the City of Fernley. So those have not and will not be under the Department's maintenance responsibility area. So I just wanted to make that clear, because Member Fransway, you've talked about the existing condition of Nevada Pacific Parkway, specifically that portion of the roadway that's been out there for many years. And it's not in the greatest condition. That's certain. There are transverse thermal cracks all the way up and down this roadway. However, unfortunately, the City of Fernley just doesn't have the funding to rehabilitate the road as it's needed. So I wanted to address your issues and items, Member Fransway, at least that one in particular, because I know that's come up a couple of times.

So with that I just wanted to go over a project timeline with you. I started at 2008 for a reason. I'm sure by reading the materials that you have you've probably reached the conclusion that there was quite a bit of a difference between the original agreement and the amendment. And because of the recession and the economic climate, back in 2008, what I would guess happened is because of the economic downturn that the Wade's endured,

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they approached a previous NDOT administration on renegotiating the terms of that original agreement, which really put Nevada Pacific Parkway in their purview for completing.

So based on interviews that I've conducted, information that I've looked at, that is my conclusion, is that there was devastating financial circumstances that the Wade's were enduring at that time and they needed relief and NDOT accommodated that. And honestly, this is just my humble opinion, but I think that was probably for the good of the project, for the good of NDOT, for the good of the Wade's, quite honestly. So it kept the project moving along instead of trying to walk down the bitter legal path.

So 2009, the interchange was completed. I think I've gone over all of this ad nauseam, so I will just -- although this part of the agreement, you've probably noticed, April 1, 2019, we have to have that phase three -- or the Wade's have to have that phase three of the project completed as the amendment is written. So some points that were brought up at the February meeting hopefully -- I went through the February Board Meeting minutes in detail, highlighted, made notes, wanted to make sure that I answered every single Board member's questions. The state economic development funds were not state economic development funds as, Governor, you pointed out. It couldn't have been. So I went back and researched and, of course, they were actually set aside NDOT highway funds that was part of an NDOT program to help with rural economic development for projects exactly like this one.

It was approved at a 2005 Transportation Board meeting and it was not to exceed \$4.8 million in total for use on this project -- for the construction of the interchange on this project. So the next one, control of access value and contribution. Property rights; I went through this. There is an increase property right value that NDOT gets through the control of access, the opening now that exists for the interchange project, for access to the interstate. It was valued at \$5.765 million. The control of access, as I read in the amendment and in the agreement, control of access value was NDOT's contribution to the interchange project in exchange for the developer completing the Nevada Pacific Parkway from I-80 to US 50A. And there is an article within the amendment that clearly talks about what happens with this value if the project is not completed by April 1, 2019.

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Project cost and expenditures -- I better grab a drink of water. This might take a while. This is where the numbers come out. So project cost and expenditures, and this was included in your Board packets. What I tried to do is just shrink it down, make it a little bit more legible for the slides. So phase one, the I-80 interchange, was completed in 2009. The estimated construction cost, \$14.5 million. Actual construction cost, final actual, \$10.8 million. Now, Governor, you had asked questions about, okay -- and what I had presented was we took the savings and just rolled them into phase two. That's not exactly what happened. So what happened was NDOT retained those \$3.6 million and change in savings and then programmed \$2.74 million in eligible federal funds for the project. So that's different than just rolling it in. There were two separate actions; a retain for the savings and then an actual program for those amounts. So hopefully that cleared that piece up.

And then phase two, Nevada Pacific Parkway. Estimated construction cost, \$2.887. Actual is \$2.859. So if you look at the -- these were a couple of very successful projects, quite honestly, and the phase one project finished, I think, 22 days ahead of schedule, if I did my math right. And I don't have any of that information up, but the documents I looked at. And I should mention, kudos to City of Fernley. They provided the 5% matching funds for that phase two portion on Nevada Pacific Parkway, that northern section.

So phase three, status on that. Estimated construction cost, \$10 million. It's to be constructed per the amendment, April 1, 2019. It's currently unfunded at this point, the construction. We don't have the funding for that. I will say that if we go back to...

Sandoval: Let me stop you there.

Hoffman: Sure. Sure.

Sandoval: When you say "we," it's not NDOT, it's the developer.

Hoffman: Yes. Yes, Governor, that is correct. So based on the amendment and the original agreement, it does put the onus, so to speak, on the developer for completing the project.

Sandoval: And when was the original date of completion? I know we extended this.

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Hoffman: I want to think it was...

Fransway: January 1st of 2010, I think.

Hoffman: Yeah, 2010 was what I was going to say. But that was to complete the interchange project. There was verbiage in the original agreement that spoke about NDOT and the developer getting together to work out when the Nevada Pacific Parkway project should be completed.

Fransway: Governor, if I may.

Sandoval: Yeah. And I don't want to -- I want to let...

Hoffman: Okay.

Sandoval: ...Mr. Hoffman finish his presentation, but if you have a question, at least on this piece...

Fransway: I do.

Sandoval: Okay.

Fransway: According to the original agreement...

Hoffman: Mm-hmm.

Fransway: ...the phase three of the project was to add two additional lanes, making the total lane volume at six. The original connect to Highway 50, according to the original agreement...

Hoffman: Mm-hmm. Okay.

Fransway: ...was January 1, 2010. And go ahead with your...

Hoffman: Mm-hmm. Okay.

Fransway: ...presentation, Mr. Hoffman...

Hoffman: Mm-hmm.

Fransway: ...but that is my interpretation.

Hoffman: Okay.

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Fransway: And I believe it strongly indicates that in the original agreement.

Hoffman: Okay. Thank you, Member Fransway. So what I went through before were project costs. Now, these are expenditures. So federal funds that were expended on construction costs, construction engineering and management costs for a total of \$11.46 million. State gas tax funds, \$4.17 million, were spent. That was under the \$4.8 maximum that was approved at that previous Board meeting -- or the previous Transportation Board meeting. And then the developer has put in \$3.3 million in design and that was -- the design was separate. There was never a flow through of funds for the design cost. The developer did those separate. The only link to NDOT was their design had to be reviewed by NDOT and met minimum standards. Okay. Plus the right-of-way value that I'm not quite sure, probably in the \$3 to \$4 million range of right-of-way that they donated for the roadway and the interchange.

And this is how it breaks down. Design work that the developer put in, \$2.5. I've heard as high as \$3.1. I'm still trying to consolidate all of the different information. I've looked in three or four different cost accounting systems, so I'm trying to get down to the nitty-gritty on that whole thing. And just very quickly, this is how the \$3.3 million breaks down. The right-of-way value is for 21 acres. It's been donated for all the -- okay. And then Member Skancke, you had asked about federal matching fund percentages. Of the \$11.5 million in federal funds reimbursed, \$535,000; they were reimbursed at 100%. So this was a special earmark or special grant that didn't require matching funds. Then the remainder, the \$10,923,560 would have been reimbursed at the 95/5 rate that Nevada likes to take advantage of.

So with that, I'll open it up for questions.

Sandoval: Questions from Board members? So just so I am clear, the state has made its contribution and it is not on the hook for any expenditures from 80 to 50, between now and 2019?

Hoffman: That is correct, Governor.

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- Sandoval: Okay. And then phase two is done. We're designing phase three, which has to be done by April of 2019. Assuming that gets completed, that existing roadway, who's responsible for that?
- Hoffman: That's the City of Fernley, Governor. So the City of Fernley, the developer has, I believe -- and we have Patty Wade here if you guys so desire her to speak on this. But they've worked out an agreement with the City of Fernley to maintain from about, you know, this portion of the interchange all the way down just inside of -- or just outside of our right-of-way.
- Sandoval: Okay.
- Hoffman: Or at our right-of-way line, actually.
- Sandoval: So bottom line for me is we've done -- we being the State of Nevada, has done everything it's going to do with regard to this project, and we're just waiting to see what the outcome would be with phase three. And will you remind me, assuming -- and I don't like to do that, but assuming phase three doesn't get built, what happens?
- Hoffman: Okay. So let me just move this over. There we go. Okay. Thank you. So the way that the amendment reads is that if phase three is not constructed and usable by April 1, 2019, the developer is supposed to reimburse NDOT the \$5.765 million in control of access property right values that we contributed to the interchange project, minus right-of-way donations -- the value of the right-of-way donations that the developer's already made for -- I believe it's the interchange project. It might be for both. I'd have to look at that. It looks like -- I see a question coming, Mr. Fransway.
- Sandoval: So is it possible that the right-of-way will exceed that value and that we would owe the developer money?
- Hoffman: Based on some quick -- whipping up some numbers and doing the quick math, there would be a little room left for us to receive dollars back. But I would have to really dig in and see what the actual -- we would actually have to have our right-of-way division help us determine what the actual fair market value property cost back to the year of expenditure; those sorts of things. We'd have to go through a fairly rigorous exercise.
- Sandoval: And pardon the pun...

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- Hoffman: Yeah. Yeah.
- Sandoval: ...we'll cross that bridge when it comes.
- Hoffman: Mm-hmm.
- Sandoval: But if that happened, and it's years away, we don't really know, but if that road doesn't get built, we'll have built an interchange that doesn't connect to anything.
- Hoffman: Not a lot of connection, Governor, but there is some benefit. There is some benefit. There is still this piece that this development still gets to use. Now, you know, the pavement is not in great shape here. The intention was for this full cutoff or bypass, so to speak, but there is some circulation that we're benefiting from. Nowhere near what we would if this whole thing was complete though. You're correct.
- Sandoval: Because it's a good project. I mean that -- it would be very helpful to get away from that circle at...
- Hoffman: Right. Right. The -- yeah. There's the roundabout...
- Sandoval: Roundabout. Thank you.
- Hoffman: ...right here. Yeah, so...
- Sandoval: Any other questions? Member Fransway.
- Fransway: Thank you, Governor. And I suppose the first thing I need to do is disclose that I am the only member present today of the current Board that took the original action in September of 2008 to see this done. The Controller was also present, but I see she is not with us now. I can tell you that as far as I'm concerned the amendment is totally different, totally different from the intent of the Board back in September 20th of 2008, or is it 2007. Yes, 2008. As far as I'm concerned, particularly after what you just said about the continuation to connect, what incentive does the developer have now to make that connection when she's going to have to reimburse the Department if she doesn't for the control of access cost and you compare that to the cost to complete the project?
- Hoffman: Member Fransway?

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- Fransway: Go ahead.
- Hoffman: I'll go ahead and answer. I'm speaking on behalf of Patty Wade. She is here, if you'd like to hear what her answer would be to that. But I would say that just as we would benefit from having this completed, they're the developer of all of this property. The more roadway they get in, the better. So I think there is an incentive for them to complete this for their benefit and, obviously, then to stand by the amendment that they've signed to the original agreement with NDOT to complete the project. But I do think there is a benefit to them just from an economic development standpoint.
- Fransway: Okay. Mr. Hoffman, you mentioned that NDOT will not be responsible for any funds to make the connection, correct?
- Hoffman: That's correct. We are not responsible or have any authority to put any funds towards the project.
- Fransway: Well, when I read the amendment and correspond that with the original agreement that the Board based its decision on, I see that Article 1, Paragraph 1 was changed. The financial obligation of the developer was changed by \$7.5 million. It was changed from the original agreement of "Developer agrees to pay all construction costs associated with the project in excess of \$5.6 million." In the amendment it changed that figure and said that the developer agrees to pay all project in excess of \$13 million. That's \$8 million.
- Hoffman: Yes, sir, it is. The difference that you're talking about...
- Fransway: Okay. So who's going to pay the \$8 million?
- Hoffman: I'm trying to figure out how...
- Fransway: I know and I...
- Hoffman: ...I'm trying to follow and I apologize, but Patty Wade is coming up. Is it all right if she speaks, Governor?
- Sandoval: Yes.
- Hoffman: Okay. Patty.

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Wade:

I was just standing and hoping I'd get a shot. Good afternoon, Governor and members of the Board. There a lot of history here. We talked about it a little bit at the last meeting, but I think it might be helpful -- and I'll get to the numbers, Member Fransway. I'd be happy to. But if I could just take a minute to kind of explain to everybody and make sure everybody understands really the intent and little bit of the history.

Basically, in the late 1990s, early 2000, it became pretty clear to us as the developer and also to the City that, at some point, if Fernley was going to continue -- and we had a really good run in the beginning, and we brought in several companies pretty quickly. We created about 4,000 new jobs within about a two-and-a-half year period. Things were going really, really well. And so as the master developer, what we needed to do was to plan; that's what you do as a master developer is you plan 20, 30 years out. Things continued to go well. We knew that connection had to happen, but it wasn't solely for the benefit of the park. It was also a connection that absolutely had to happen, given the traffic counts that would happen, the 10,000 trips a day that would go through that. That was, you know, we had a bunch of studies done.

All the regional parts of that were very significant and we knew that the roundabout even back then we knew that that was not going to suffice as Fernley continued to grow. It was the fastest growing city in the country for a while there or line county, county. I can't remember if it was city or county. But it was definitely -- there was a lot going on. We had Amazon come in. We had Allied Signal and Honeywell and -- you're all familiar with that, I think. But the Trex Company and several -- Sherwin-Williams. Several fortune companies. It took off and things were going great and we were all fat, dumb, and happy. But we were planning it, and that's what a master developer does.

That connection, if things had continued on, say mid-2005, 2006, things were just going really, really well. End of 2007 and 2008, when this was signed, things started really taking a dive and continued to take a dive, a major dive economically. I think the majority of developers were wiped out entirely. While this started to happen and we saw that curve trending downward, that was about the time that this was going on to sign this agreement. And we got very, very concerned about that and sat down with

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the folks from NDOT, a different administration, and also with some of the members of the Board that were involved in this, and Governor Guinn, originally, and then Governor Gibbons after that.

And we talked about it and we said, okay, you know, we need to be able to build this, but we also don't have funding for this portion of it so -- and the economy is going down and funding is going to come from, hopefully, three sources. One, funding for the connection is going come from one of three sources or a combination. One is sales proceeds. Two is impact fees through the City Fernley, and three, we were, at that time, thinking we were still going to be able to get some funding from the federal government because they had been working with us. They're still talking to us about trying to get some funding through Senator Reid's office. In fact, I have a meeting with Senator Reid's -- one of his key people on Wednesday, to continue these discussions.

We did get money through the state that was headed up by Governor Guinn at that time for this project. And a big reason why we got public funding was because it is indeed a regional project. It's very significant regionally. And it was understood that we would not be held solely responsible as the developer because it isn't something that solely serves our park. This regional improvement is -- it really improves the current deficiencies. And much beyond the current growth of our park, which right now is zero, but it's going to get better. But we have been very handicapped. We've lost five or six years through this recession in terms of sales. We haven't had a sale out there in years. So we've got all that that we're dealing with.

I do want to get to the numbers, but I want to make sure that everyone understands when we embarked upon this project we really did so with the understanding that it was going to be a public-private partnership because of its regional nature and all the benefits to the region to take a lot of that traffic off of the famous roundabout out there that's actually pretty dangerous and pretty full capacity most of the time. But in order to fund this -- and I do want to make sure everyone understands we're the ones that want it most of all. We want that connection. We have to have that connection in order to protect and maintain the integrity of the 4,500 acres we have left out there. If we don't have that connection that's really going to compromise us. So, Member Fransway, that's a huge incentive for us, huge

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incentive, to have a regionally significant park and create economic development and have those sales come back. That's something that's got to happen.

Now, is that the only reason to have this connection? No. There are definitely a lot of other reasons, which makes it a regional project. And that's why we've always looked at it as a project that we would have participation, and we did. We had state participation and we had federal participation for the interchange part, and now we've got that road connection. And we'd probably have it easily built a couple years ago if the economy hadn't tanked on us. And so as soon as those dollars come through sales, as soon as they come through impact fees -- we are on Fernley's impact fee program, but you only get impact fees if you have development. So we've been really stymied.

But we absolutely -- I stand before you today and tell you we want most of all to see that connected, but we don't have those extra dollars today. We're hopeful that we'll get them, and as soon as we do it's our top priority to get it done. So we do have tremendous motivation to get it done. I also want to make sure that everyone understands that we were not, nor was anyone else involved in this, trying to pull the wool over anyone's eyes. When we met with the former Director, Susan Martinovich, everybody came to the conclusion, as was alluded by Bill earlier, that the best for everyone is to make sure that there was ample time to get this done, because what does it serve when you, you know, further hit a developer that really doesn't have any means to get it done. It doesn't do any good for anybody.

I think it's important that we work together. I think it's still very important that we work together. And we are continuing to try to make sales in the park. We are continuing to meet with the federal folks that may or may not have funding. We're continuing to look for other things, but when you don't have sales and you don't have cash, you can't finance it. There's no way to finance the deal because, you know, the private financiers are not going to come in and pay for it if they don't see it as a saleable project. So we just have to get it back on its feet. It has a lot of potential. We have a great big deal we're working on right now that can make a major difference in this.

But I tell you, it's my word -- I'm not sure what that's worth to you, but I will tell you that that is absolutely -- we intend to get this done. We're really

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hoping to exceed the deadline. We're hoping it'll work, but some of these things are really truly out of our control. The recession was a big part of that. And you look like you want to ask a question, so...

Fransway: Governor and Ms. Wade, thank you.

Wade: Mm-hmm.

Fransway: And I want to say that it was totally the intent of the Board for this to be a public-private partnership.

Wade: Mm-hmm.

Fransway: I just wish -- you have to admit that the amendment is almost totally different than what we -- the action that we take it on and the rationale that we provided to spend those funds and to approve. The minutes absolutely reflect that. My problem all along has been why didn't you and everybody involved come to the Board instead of going through an amendment by administration? This is not what we voted on, not even close, and that's my problem. I want to make sure this Board -- the purpose for this Board is not to provide bailouts. It's to provide roadway for the people who pay for them. And I don't believe that that happened. And I would have loved to have had an opportunity to have the discussion that we're having today back in September of 2008. I find it offensive that we did not get that opportunity. Now, whether or not we had the ability, as far as administrative ability (inaudible) don't now, an amendment like that now would certainly come before this Board.

Hoffman Member Fransway, for the record...

Fransway: Go ahead.

Hoffman: Oh, I'm sorry. For the record, Bill Hoffman again. The interviews that I held with certain DOT folks, very high-ranking DOT folks, I was under the impression that there were meetings with -- I don't want to throw people under the bus, but there were other administrations that felt like, at that time, because the Board really didn't have agreement or amendment approval authority as you all have today. It was a totally different atmosphere. Now, I do completely agree with you that there should've probably been some notification to you that this was the path everyone was going, but it was the

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decision by the Governor at the time, and the Director at the time, that as long as the Governor and the, you know, the Director at the time and the Wade's were in agreement, that was it. And my recollection of how that went down was just that way. (Inaudible)...

Fransway: Okay. Let me address that right now...

Hoffman: Sure.

Fransway: ...while it's clear in my mind. You had an understanding with the previous administration. Well, for the record, the previous administration declined to vote on this particular item because it was a conflict of interest. So how could that same person be involved in an amendment?

Hoffman: Well, you bring up some very valid points...

Fransway: Well...

Hoffman: ...Member Fransway. But what I'd like to do and what I offered back in February is that won't happen again. Developer agreements will come before you all, as well as the amendments. Everything will come before you, will be open, transparent. Here's what's going on. You'll be fully engaged and involved in any other developer agreements that come through. So we'll fix that. We'll make sure that that doesn't happen again. Unfortunately, we're -- I shouldn't say stuck, but we are where we are with the current situation. And like I offered back in February, DOT and City of Fernley, Lyon County, and the Wade's have to -- we all have to work together to try to get this thing done.

Now, I know the amendment says NDOT doesn't have an obligation to fund anything. I'll stand behind that amendment, but I will also do everything within my power to try to assist in trying to get that project through, however that is. If it's meetings with, I don't know, federal delegations, whatever it is, I'm willing to pitch in and to try to help to try to get the project completed.

Fransway: Governor, I'm wondering if it would help me personally to get through this thing, because I think we can all see how complicated this whole thing was with amendments, with the agreements, with the original agreements, with

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so many different things. And I'll make another point now; would you agree that the road is in very -- that it's in poor shape?

Hoffman: The pavement...

Fransway: Phase two?

Hoffman: Member Fransway, the pavement is not in great condition. You're right.

Fransway: Okay. Well, we asked...

Hoffman: But not -- yeah, not the new portion. The new portions are...

Fransway: New portions.

Hoffman: There are new pieces.

Fransway: Very good.

Hoffman: Right. Right.

Fransway: The original agreement called for the roadway to be built to state and federal standards, and that's certainly not the case.

Hoffman: Well, and if I could, that was why I made such a big deal out of the existing roadway was there before the agreement was entered into. That existing piece, that orange piece in the map, in my opinion, doesn't play into them designing to standards and having to maintain the road. That was outside of the agreement and the amendment. That's just my assumption, Member Fransway.

Fransway: It's your assumption, but that's not what the agreement said.

Hoffman: Okay.

Fransway: So I'm just wondering if we can't come up with another agreement so that we understand exactly what it is and we can ratify that amendment, so that we can truly have a public-private partnership. And that, I guess, is going to be a question to the Chairman. Can we do that, Mr. Chair?

Sandoval: Well, I've got to think about that. But...

Fransway: Yeah.

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Sandoval: ...I mean there's two parties. We can't make them change an agreement that they've already signed. I mean that's my first thought off the top of my head. But that's too big of a question to answer off the cuff here today.

Fransway: Well, it is what it is. And what it is, is this Board member still remains perplexed by the whole thing.

Wade: Can I add a little bit here, Governor?

Sandoval: Just a little bit.

Wade: Okay. Just a little bit.

Sandoval: We've been here for...

Wade: Yeah.

Sandoval: ...four hours.

Wade: Yeah. No, I understand. And I just want to say that we want very much to maintain a good working relationship. We've been here 21 years. We've done a lot of economic development, and that's very important to us. And I think perhaps what might make the most sense is for us to get together with senior staff and people that are involved and not take any more time from this Board, and talk about some of this and, you know, see where things might go, okay. And I think that would probably make the most sense and that's what we'd like to suggest and that's how I was going to conclude, is just to say that that's the case.

And the only other thing I wanted to do so that we're all understanding, the dollars were actually not inclusive that were shown up, and that's not your fault. I went through this weekend and went through everything. So just so you know that we spent \$3.3 in hard dollars, then we spent another \$1 million for consultants of hard money coming out of our pocket. And then we -- the right-of-way is actually 29.9 acres and its value at, say 350 a foot, is about \$4.7, I believe. So just so you know, just under \$10 million is what we've contributed to date. Okay.

Sandoval: Okay.

Savage: I have a question for Ms. Wade.

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- Wade: Oh.
- Sandoval: Okay.
- Wade: Yes.
- Sandoval: Because we got to -- ask this one question. We're going to lose another member because of scheduling, so go ahead, Member Savage.
- Savage: Thank you, Governor. Real quick. I can certainly understand Member Fransway's position and I can certainly understand the Wade's position. I mean this is something that I think that can be reviewed very thoroughly and with oversight from the Department, because it has to be built to our standards. But I guess the question is, is it the Wade's intention to complete the project with the construction costs being paid for by the developer?
- Wade: Yes, it is. Well, by the developer or a combination of developer, perhaps some of the federal folks have talked to us about the possibility of getting some dollars. Don't know if that's going to happen or not. And the City of Fernley impact fees. If we can start development again that will play into it. But, yes, a combination thereof.
- Savage: Thank you.
- Wade: Mm-hmm.
- Savage: Thank you, Governor.
- Wade: Definitely intending to build it.
- Sandoval: Thank you, Mr. Hoffman. All right. Rudy, can you get through old business quickly, please?
- Malfabon: Yes, I'll just be very brief, Governor. We have the report of outside counsel costs on open matters, monthly litigation report. And Dennis Gallagher is available to answer any questions on that. We do repeat the item on the settlements, since it is a legal issue that we included it here as well that we had previously presented for informational purposes on the Woodcock case. And fatality report, the good news is that we're 10 under on fatals compared to where we were this time last year, so great news there. I'm willing to entertain any questions on those items.

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I want to also mention, Governor, that we did get the list of TIGER grant applications and the requests, and we will present that to the Board -- or give that to the Board in an e-mail shortly after this meeting, and also include it in old business so it's public record next time around. We did get a response from our staff on the question about the Pyramid Lake Paiute Tribe on the Wadsworth Bypass. They did not request participation from the developer for the Burning Man event, so that's in response to one of the questions that was asked. So if there's any questions related to Item No. 17, Items A through D, we will try to answer those.

Sandoval: Questions from Board members? No? Okay. Thank you.

Malfabon: Thank you, Governor. And next time we'll try to -- there were some things on the Agenda we needed to cover, but we'll definitely not put so many items so that it's this lengthy of a meeting.

Sandoval: Okay.

Malfabon: Thank you for your indulgence.

Sandoval: Yeah. Let's move to public comment. Any public comment from Carson City? And just an aside, Rudy, I don't know if it's our responsibility or not, but just going through the I-80 corridor through Reno there's a lot of trash on the highway. So if...

Malfabon: That is our responsibility.

Sandoval: Okay. So if we could get someone over there to get the trash.

Malfabon: We will.

Sandoval: Anyone from Las Vegas for public comment?

Martinez: None here, Governor.

Sandoval: All right. We'll move to Agenda Item 19, Adjournment. Is there a motion for adjournment?

Skancke: So moved.

Sandoval: Member Skancke has moved. Is there a second?

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Savage: Second.

Sandoval: Second by Member Savage. All in favor, say aye.

Group: Aye.

Sandoval: Motion passes 4-0. This meeting is adjourned. Thank you for your patience, ladies and gentlemen.


Secretary to the Board


Preparer of Minutes