

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
June 2, 2014

Governor Brian Sandoval  
Lt. Governor Brian Krolicki  
Controller Kim Wallin  
Frank Martin  
Tom Fransway  
Rudy Malfabon  
Bill Hoffman  
Dennis Gallagher

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Sandoval: ...Department of Transportation Board of Directors Meeting to order. We'll commence with Agenda Item No. 1, which is the Director's Report.

Malfabon: Thank you, Governor. If we could bring up the PowerPoint slide for Director's Report. While they're bringing that up I'll go ahead and start. Last month, I mentioned President Obama's transportation bill, called the GROW AMERICA Act, had proposed \$302 billion over 4 years which is a 37% total increase, 22% increase for highways. The increase is proposed to be paid through corporate tax reform. We've heard that it's unlikely that corporate tax reform will be passed in time to address the Highway Trust Fund shortfall expected in August of 2014. They also try to maintain a prudent balance in the Highway Trust Fund at the federal level, and those numbers vary, but I've heard anywhere from \$2 to \$4 billion is a prudent balance in the Highway Trust Fund.

On May 12<sup>th</sup>, Senator Boxer, Chair of the Senate Environmental and Public Works Committee, issued the MAP-21 Reauthorization Act. There are four Senate Committees that must pass legislation for a comprehensive transportation bill. The Senate EPW Committee has jurisdiction over highways; Senate Commerce has jurisdiction over safety; and Senate Banking has jurisdiction over transit. The Senate Finance Committee has responsibility for the Highway Trust Fund, which funds these three programs.

Here are some highlights of the Senate bill which was approved as amended on May 16<sup>th</sup>. It provides \$265 billion over six years from federal fiscal year '15 to '20. This is equivalent to current levels of federal funding for highways, which is a modest amount with an adjustment for inflation each year. It requires \$18 billion for federal fiscal year '15 to overcome the

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current deficit between annual federal fuel tax revenue and the currently authorized levels of spending to the state DOTs. The Senate Finance Committee has not yet indentified how to find this gap, however, and it's unlikely that a federal gas tax increase will be approved. Possibly this could require a general fund transfer. It creates a new formula-based national freight program funded at \$6 billion over six years. This will be distributed by formula, and the formula is based on states' population, mileage. Congress definitely doesn't want to touch the formula distribution because it gets very controversial amongst the states.

As a side note, I wanted to mention that next month we're going to request that the Board allow us to issue an RFP for a freight study for Nevada. Another item of note is that the research funding was cut from \$400 million to \$250 million per year, and at the AASHTO meeting that I attended last week in Louisville, Kentucky, the Board of Directors passed a resolution to inform Congress of AASHTO's concerns and desire to keep the funding for research at current levels. Next slide, please.

On the House of Representatives side, Speaker Boehner sent a memo to House Republicans on May 30<sup>th</sup> stating that they are preparing a proposal to fund an 8-month extension of MAP-21 using a combination of savings from a modified six-day postal delivery service and transfer from the Leaking Underground Storage Tank Trust Fund. This postal delivery modification -- what they're discussing is take 10 years of savings by reducing the amount of mail delivered on Saturdays. There would still be some deliveries, such as prescriptions. Certain things will still be delivered on Saturdays, and the post office would still be open. But this savings would help find this shortfall in the Highway Trust Fund. There is some discussion, and obviously a lot more discussion has to take place in the House side, but I'm just trying to show the Board the differences between the two proposals, between the Senate and the House. Next slide.

The other thing that we're aware of was recently Representative James Lankford of Oklahoma introduced a bill recently to rescind outdated earmarks for transportation projects. This bill is titled The Orphans Earmarks Act. It would eliminate earmarked funds in Department of Transportation accounts that still had at least 90% left unobligated after 10 years. Just to give you an idea, SAFETEA-LU was signed in August 2005, so next August would be that 10-year period. And SAFETEA-LU was the

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last one that -- transportation bill, that is -- that had earmarks in it. MAP-21 was signed July of 2012, and it had no earmarks in it.

Senator Tom Coburn of Oklahoma and Senator Claire McCaskill of Missouri have introduced similar legislation in the Senate. I anticipated this type of action, and in February of this year I provided the metropolitan planning organizations, which includes the RTC in Washoe County and RTC of Southern Nevada, with a list of outstanding earmarks and discretionary awards and asked that they take appropriate steps to see that those earmarks are spent. I also directed staff to accelerate preliminary work on the 215 Beltway Interchange at North I-15, so we can spend our \$5.5 million earmark. Go to the next slide, please.

This is the list of earmarks. As you can see, some earmarks are NDOT's, others are RTC's, and even one, the Lake Mead Parkway one, Phase 2, which was not a large earmark but still there. Back in the day, developers could go and ask for earmarks to our delegation. So I didn't confirm whether it was Henderson's earmark, so I have a question mark. But I had it highlighted in yellow because our financial program staff obligated at least 10% of all earmarks for viable projects back in 2009. The only earmark at risk is that one in yellow, the Lake Mead Parkway Phase 2. It was for a flyover bridge from Lake Mead Parkway to the road to Lake Las Vegas. This might have been a developer request. As I said, I haven't confirmed that yet, because the applications go to headquarters, Federal Highway Administration in D.C., and we have not received any paperwork to substantiate who requested that earmark, but that's the one that's at risk in the State of Nevada. That amount, though, would not be appreciable compared to the cost for environmental approval, moving utilities out of the way, doing preliminary design, and construction. Next slide.

To give the Board an update on I-11, Tetra Tech, our consultant for naturally occurring asbestos, submitted their initial plan to Volpe which FHWA's technical reviewer. The comments were provided back. Tetra Tech then resubmitted their plan for final review. Surface sampling started last week and subsurface sampling starts this week on the project. We'll report to the Board members of any concerns with tests results as soon as we find out, and we will let you know even in between Board meetings so that you're aware of what's happening with those test results. Next slide.

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As far as some project updates, good news on State Route 207 full closures. They finished before Memorial Day weekend, as planned, and we received many thanks from some of the resorts up at Tahoe that were pleased with the efforts of the Q&D Construction team and the NDOT project team. And I would like to extend my appreciation to both Q&D and the NDOT teams for their efforts in achieving their goals on that schedule.

Last month the Board awarded a cold milling and repaving project to Granite Construction on Mount Rose Highway for \$10.3 million. The project limits are for Mount Rose Summit down to U.S. 395, which is about 16 miles, and the project completion was anticipated for summer of 2015. Granite Construction has proposed a different plan of attack on the traffic control to have 15 working days of full closures for the section between the summit to Douglas Fir Drive. This is kind of the curvy part of Mount Rose Highway which is -- it's about half of the project limits, though. They would propose that the closures start after August 11<sup>th</sup>, and they would work from 9:00 PM Sunday night to noon on Friday each week. So the highway would be open on weekends, and the project would be completed by the end of September. So this is a worthy proposal to consider. I just wanted to bring it to the Board's attention as we do our due diligence on Granite's proposal.

During the closures, Granite would propose using a pilot car to allow emergency vehicles, the residents at Sunridge, Washoe County maintenance forces, service providers, and school buses to get through the project, even if it was during that closure phase. The road would otherwise be closed to others trying to get to Mount Rose or to Lake Tahoe. There are benefits to reducing the working days from 180 days to 90 days. It saves us a substantial amount, but the primary benefit is to finish the project this year instead of summer of next year. We would like Granite to reach out to those stakeholders directly impacted. As you're aware, there's several special events that happen throughout this region in this time frame. We have Hot August Nights; we have Lake Tahoe Shakespeare Festival, SummerFest up at Tahoe, the Nugget Rib Cook-off, Virginia City Camel Races, the Reno Balloon Races, the Reno Air Races, Street Vibrations, and that's just to name a few of the higher-level events that occur.

Now, some of those events occur over the weekends, and the idea is that tourists come to Nevada to attend those events, but they also like to go up to

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Lake Tahoe. And Mount Rose Highway is one of those primary routes to get to Lake Tahoe. But Granite Construction and our construction project team have looked the length of time it would be to delay under the normal traffic control approach of single-lane closure with pilot car, and going alternate routes actually is comparable in terms of the amount of time it would take to get through the construction zone, compared to the other detour alternatives, to go up I-80 and then go up to Incline Village that way or to go through Carson City.

Fransway: Governor, could I ask a question, please?

Sandoval: Yes.

Fransway: In regards to that, Mr. Director, is there a fiscal impact associated with those proposed changes?

Malfabon: There is no fiscal impact proposed. We would ask that Granite Construction did the same thing that Q&D Construction did with hiring an outside consultant to do the outreach to the public. If we do our due diligence and it looks favorable, but I think that it has a lot of benefits going for it. Next slide.

I wanted to give you an update on U.S. 95 Northwest Project. Last month you approved a contract for two drilled shaft foundations at the U.S. 95/215 Beltway Interchange. This is to finalize the bridge designs for the first construction phase of the interchange known as Phase 3A. The interchange project phase was first approved in the fiscal year '12 Transportation System of Projects document. Under Agenda Item 7 of today's Agenda, you have an amendment for federal fiscal year '15 for Phase 3A construction, \$40 million. This is for the westbound 215 to southbound U.S. 95 ramp and the northbound U.S. 95 to eastbound 215 ramp. The U.S. 95 Environmental was approved in May of 2008, and we've had seven public information meetings for this project in the last seven years. The latest was held on May 14<sup>th</sup> to let residents and businesses know about the upcoming Phase 3A at the interchange, and to show the aesthetics theme for the interchange. The entire estimate for the interchange in total is between \$225 to \$287 million, but the first phase is building these two ramps that I mentioned. Next slide.

This slide shows that there are five total phases. Phase 1 in pink and Phase 4 in orange have been completed. And about half of Phase 2 in green is

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currently under construction, and that's a \$35.7 million contract that was awarded to Las Vegas Paving. Still remaining are widening from Durango Drive to Kyle Canyon Road, which is the road to Mount Charleston; constructing the 215/95 interchange that I mentioned; and constructing the Kyle Canyon/95 interchange.

After the May 14<sup>th</sup> information meeting to the public it was reported that NDOT was working on a \$525 million project that is estimated to be completed in 2029, and I wanted to clarify that this amount is for the entire project, not the phases that will be under construction in 2015. As the project phases are ready to be funded they're added to the RTC of Southern Nevada's Transportation Improvement Program, the TIP, which becomes part of the Statewide Transportation Improvement, the STIP, that the Transportation Board approves. And the STIP is a four-year list of funded projects. The RTC of Southern Nevada intends to give NDOT \$6.4 million of fuel tax index funds for this U.S. 95 Northwest Project, and we appreciate their participation. Next slide.

As part of the Director's Report, I will inform you of upcoming public meetings. As we implement our landscape and aesthetics corridor plans we hold public meetings to showcase the themes that we've established. You've seen the railroad theme here on the Carson Freeway. For five interchanges in Southern Reno, the theme is ranching in Washoe County, and the construction projects will be subject to Board approval based on available funds. The meeting will be held June 17<sup>th</sup> at the middle school in Reno that's identified there, and we're going to cover five interchanges from South Virginia up to Neil Road. So it's just to present the landscape and aesthetics theme and get public input on that through that information meeting.

You're receiving an update on the I-11 study on Agenda Item 9 today. This is just to mention that the public meeting will be held in Las Vegas on June 26<sup>th</sup> for that study, and there will be an associated public comment period for the month shown there, June 18<sup>th</sup> to July 18<sup>th</sup>. There will also be a virtual public meeting on the project website, which is a means for the public to comment on the project. And the last time we did that virtual public meeting on the website, we attracted about 2,000 people during February 2014 using that method.

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We've been doing an environmental assessment to clear the future alignment of USA Parkway all the way to the junction with U.S. 50. We expect to hold a public meeting sometime in late August to late September with FHWA environmental approval anticipated in the fall of this year. Our project manager will present an overview of the project to the Transportation Board this summer.

I wanted to thank Controller Wallin. Controller Wallin was able to accompany us on several of our county tours. So far we've covered seven counties and expect to finish the remainder by July 11<sup>th</sup>. We finished Nye, Esmeralda, Pershing, Lander, Humboldt, Churchill, and White Pine, so the other ones are still to come. As I said, we'll finish by mid-July. Next slide.

I had mentioned last month that we had reached a tentative settlement on the Jericho Heights case. That was an inverse condemnation case. We do not have that settlement signed yet, but once it's signed it will go to the BOE. We anticipate that that will be at the July Board of Examiners Meeting.

Governor, you had asked last month and the month before about cleaning up debris on I-80. I know that was a concern because of so many visitors coming to Reno, as well as the residents along that corridor in Reno. District 2 maintenance forces spent nine days in May removing 351 cubic yards of debris. By the time that we had our Board Meeting last month they had started that effort, had spent about three days out there, but they continued on. And three crews were involved, including honor camp labor from the Department of Corrections. And, Governor, I wanted to mention that the maintenance really appreciated your handwritten note of thanks to them. That meant a lot to them for their efforts.

Finally, you may have read about Carson City needing NDOT's help for parking for the fair and sesquicentennial event later this year, this summer. Late last week we discussed our concerns with Carson City, with the Mayor. And the Mayor feels that the City can work with us on issues of legal concerns, such as indemnification for our contractor, and to pay for any rehabilitation work after the event. Because what Granite Construction has to do is to basically treat all those bare ground areas, and if there's cars parking on it after that treatment that would disturb that treatment we'd have to reapply it. Granite was planning to be done with their project right around July, according to the resident engineer. Now, there's still final

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cleanup and punch list period to take place, so the closeout of the project still takes many months after that. But that gives you an idea of the time frame. But I'm confident that we will resolve the issue to the satisfaction of Carson City and NDOT, and we'll assist on this effort.

That concludes my Director's Report, Governor.

Sandoval: Thank you, and will you thank crews again for their work on...

Malfabon: Certainly.

Sandoval: ...the I-80 corridor, because it looks really nice and much improved. And also my appreciation for working with Carson City for that parking issue that you just discussed. That's a big event for them.

Malfabon: Yes.

Sandoval: And the way it was reported was that -- it wasn't a positive report and...

Malfabon: Yes, Governor. Patrick Pittenger didn't know about those discussions taking place when he had the interview. I think it was on Wednesday or earlier in the week.

Sandoval: So in any event, I appreciate it. Any questions or comments? Madam Controller.

Wallin: Yeah. This is just a followup. Last month, we talked about the Cactus Interchange and that settlement. And do we know anything yet about compounded interest or -- because you're going to get us a report back, so...

Gallagher: For the record, Dennis Gallagher, Counsel for the Board. The motions are still being argued before the trial court on that issue, so we don't have any additional information at this time.

Krolicki: And if I may, is there anyone from Q&D here today? I don't see anyone. I said this last month, but absorbing another month of the 207/Kingsbury construction project, everyone's on a first-name basis now. All the folks holding the signs, -- we had winter arrive unexpectedly. I mean, they had every season within 12-hour periods. You know, coffees were delivered. But the goodwill that was created, again, in a very difficult situation, very inconvenienced regular situations, they just did it spot-on. So again, I just

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want to say thank you to Q&D for really the outreach and the compassion shown for a very difficult construction project.

Malfabon: Thank you, Mr. Lieutenant Governor.

Sandoval: Thank you very much. We'll move on to Agenda Item No. 2, public comment. I do have two people signed in for public comment. One is Joan McClure [sic].

McClure: I must have signed the wrong sheet, Governor.

Sandoval: Oh, John. John. Excuse me.

McClure: John.

Sandoval: Yeah. Mr. McClure, it says please check in if providing testimony for public comment.

McClure: I'm sorry. I don't have any.

Sandoval: Okay.

McClure: I have no public comment.

Sandoval: All right. Thank you. And we also have a Ms. Gilbert from the Town of Tonopah.

Gilbert: I'm actually commenting on I-11 given the opportunity.

Sandoval: Yes. Now would be the time.

Gilbert: My name is Brenda Gilbert. I am with Beck Environmental, and I'm here at the direction of James Eason from the Town of Tonopah. And I appreciate the opportunity to address this Board. James Eason has asked me to tell you that the Town of Tonopah heartily supports designation of the Western Nevada Alternative of an Intermountain West Corridor following Highway 95 north from Las Vegas as a segment of U.S. Interstate 11.

Sandoval: Ms. Gilbert, just so I'm clear, did you say "hardly" or "heartily"?

Gilbert: I'm sorry.

Sandoval: Heartily. Right?

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Gilbert: Heartily.

Sandoval: Okay.

Gilbert: Thank you, Governor. Minor details.

Sandoval: Yeah.

Gilbert: The Town of Tonopah is drafting a resolution for approval by their Board, which codifies their support for the designation. An I-11 designation would benefit the Town of Tonopah and the State of Nevada because it connects the two population and commerce centers of Nevada. It supports development of an electric vehicle-charging network to enhance tourism. It improves safety of the route. Allows the development of infrastructure to support crosstalk areas for the trucking industry. It ties together Nellis, Fallon, Hawthorne, and Creech defense facilities. It ties together airport facilities designated for the unmanned aerial vehicle industry. It avoids areas in the flight path utilized to transport live ordinance, and it facilitates improvement to feeder highways like Highway 6, which connects Bishop, California, with Ely and Salt Lake City, Utah.

Upon designation of the Western Corridor as I-11 the Town of Tonopah intends to begin a marketing campaign designed to build upon existing industry while attracting new industry, consistent with the Governor's economic development plan. For example, the nation's only active lithium extraction operation lies along this route. Presence of a robust transportation corridor that enhances connectivity regionally, nationally, and internationally would enable development of a fully integrated supply chain for lithium batteries. The Town of Tonopah has reached out to its neighbors along the route as far north as Washoe County and east to Ely to begin discussions it hopes will lead to collaboration benefiting all of Nevada. The Town of Tonopah respectfully requests this Board approve support for the Western alternative at its earliest opportunity. Thank you.

Sandoval: Thank you, Ms. Gilbert. Is there any other public comment from Carson City? I don't see anyone in the room in Southern Nevada, but I will ask. Is there anyone present in Southern Nevada that would like to provide public comment? Okay. We will move to Agenda Item No. 3, May 12, 2014, Nevada Department of Transportation Board of Directors Meeting Minutes.

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Have the members had an opportunity to review the minutes, and are there any changes?

Martin: I have a couple questions.

Sandoval: Yeah. Member Martin.

Martin: Rudy, in your report last month you indicated that you were going to email to us the facts about the GROW AMERICA Act.

Malfabon: Yes.

Martin: I talked to Ms. Wallin, and neither one of us has received that information from your office.

Malfabon: Yes, Member Martin. I followed up on that when I returned from the AASHTO trip, and there was some miscommunication. That will go out today, including Speaker Boehner's memo to the House Republicans, and the latest summary on the Senate EPW MAP-21 Reauthorization, so we'll send all that today.

Martin: Okay. Thank you.

Krolicki: And, Governor, I have one on Page 17 of the Minutes. I've got a large paragraph and a smaller paragraph, each containing an inaudible, and I'm sorry about that. The second inaudible should be Peloton. The first one, I'm not sure what it -- it could have been a variety of things, so we'll just leave it as inaudible. Peloton is certainly the second inaudible.

Sandoval: Will you spell that?

Krolicki: It's P-E-L-O-T-O-N...

Sandoval: Correct.

Krolicki: ...Peloton.

Sandoval: Any other changes to the Minutes? The Chair will accept a motion for approval of the Minutes with the change suggested by Lieutenant Governor.

Wallin: Move to approve.

Sandoval: Madam Controller has moved to approve. Is there a second?

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- Martin: Second.
- Sandoval: Second by member Martin. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed, no? Motion passes 5-0. We will move on to Agenda Item No. 4, Approval of Agreements over \$300,000.
- Malfabon: Thank you, Governor. Assistant Director for Administration Robert Nellis will present this item to the Board.
- Nellis: Good morning, Governor and members of the Board. There is one agreement under Attachment A on Page No. 3 of 7 for the Board's consideration. This is Amendment No. 1 with C.A. Group, Incorporated. It's for the State Route 160 widening project, and the request is to increase authority by \$1,013,000 and extend the termination date from 12/31/14 to 12/31/16 to complete technical support and final design. Does the Board have any questions for either Assistant Director John Terry or I on this item?
- Sandoval: Board member questions? Member Martin.
- Martin: If I read this correctly, sir, this has been going on now already for two years, and you're looking for it to go on another two years; is that correct?
- Terry: Yes, Member Martin. Assistant Director for Engineering John Terry. Yes, Member Martin, that's correct. The first phase was for the environmental phase which we anticipate to be done in the fall of this year, and so we're moving into the final design phase.
- Martin: So this is for engineering on this phase?
- Terry: Yes. The entire project has a longer limit. This amendment is for the final design of one of the phases of the project. Yes.
- Sandoval: Thank you. Further questions from Board members? If there are none, anything further?
- Malfabon: No, Governor. That completes the items for Agenda Item No. 4.

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- Sandoval: Okay. Thank you. If there are no further questions, the Chair will accept a motion for approval of the agreement over \$300,000 as described in Agenda Item No. 4.
- Wallin: Move to approve.
- Sandoval: Madam Controller has moved to approve. Is there a second?
- Martin: Second.
- Sandoval: Second by Member Martin. Questions or discussion on the motion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed, no? Motion passes 5-0. We will move on to Agenda Item 5, Contracts, Agreements, and Settlements.
- Malfabon: Thank you, Governor. There are six contracts under Attachment A down on Pages 4 and 5 of 22 for the Board's information. Governor, I was going to go ahead and read the Items 1 through 3 and then pause for questions before moving on. Agenda Item No. 1 is a chip seal project of existing roadway in Lincoln and Nye Counties along U.S. 95, SR 318, SR 321, and SR 376. There were three bids, and the Director awarded the contract to Intermountain Slurry Seal, Incorporated, in the amount of \$4,114,893.06.
- The second contract is along SR 318. The project is to install enhanced milepost markers and center line/shoulder rumble strips where currently not installed in Lincoln County and White Pine County. There were two bids, and the Director awarded the contract to MKD Construction, Incorporated, in the amount of \$426,000.
- Third item is along SR 229. The project is to install two-inch cold mix on existing roadway, special detector sensor probe, and sensor with transverse rumble strips in Elko County. There were six bids on this one, and the Director awarded the contract to Granite Construction Company in the amount of \$2,886,886. Does the Board have any questions for the Department regarding the first three items?
- Sandoval: A couple of these our engineers underestimated. Are we okay in that regard?

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- Terry: Once again, Assistant Director for Engineering John Terry. I mean we've been kind of pushing our engineers to lower their estimates because the trends were going down. I think we're starting to see a trend where they're starting to go up again. We're okay with the amount that these are over in our analysis, as well as the comparison to the second bidder are reasonable, so yes.
- Sandoval: And when you say they're starting to go back up, what...
- Terry: I think we're seeing asphalt and some of the other prices starting to go up, and again, our engineers base on past projects and reasonable prices from what we've seen in the past. And when we start to see a little bit of an increase we're the low bidder again, but we think they're reasonable.
- Fransway: Governor?
- Sandoval: Yes, Member Fransway.
- Fransway: Thank you, and thank you, Mr. Terry. But Item 3 is substantial. That is \$765,000 over, and that's over one-third, so it leads me to believe that maybe there was some kind of a change in the design or something.
- Terry: Again, it is a project where the vast majority of the cost is in one item, the cold mix and the repave, and it is in a rural area, areas where we sometimes struggle with the estimates, but we did not see any irregularities. Simply, we were lower than they were on those items and that the comparison of the first, second, and even third bidders were reasonable.
- Sandoval: Controller Wallin?
- Wallin: This is just a comment here on Item 2. When I was in White Pine on the County tour one of the Commissioners was saying when you do the rumble strips could you make the center lines one different from the ones on the edges so that way they could kind of tell in a snowstorm where they're at? I don't know if that can be done at this point, but something for thought.
- Terry: That's the first I've heard that one, so I'll pass that on.
- Wallin: Yeah. That's what I learned at the County tour.
- Malfabon: You're in trouble either way.

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- Krolicki: And just one question on No. 3; what is a special detector sensor probe?
- Terry: Anybody going to help me out here? Go ahead.
- Inda: Denise Inda, Chief Traffic Operations Engineer. A special detector sensor probe is part of the RWIS station which is the Road Weather Information System that's at that site. If you drive back and forth between Reno you see the RWIS station in the middle of Washoe Valley. It's a station that gathers atmospheric, subsurface, and pavement data, including wind data, and it helps us in our winter maintenance. It also helps in other aspects of our work, and so what's happened, when they go through and they mill the roadway they have to replace the actual sensor, the puck that's in the travel lane.
- Sandoval: Maybe that's your \$700,000, Tom.
- Terry: I thought they were little weather stations.
- Sandoval: All right. Any other questions on Contracts 1 through 3? Would you please proceed,
- Nellis: Thank you, Governor. Agenda Item No. 5 -- and for the record again, Robert Nellis, Assistant Director for Administration. Picking up on Page 5 of 22, Item No. 4, this project is another chip seal project on existing roadway in Eureka, Humboldt, Lander, and White Pine Counties. There were three bids on this one, and the Director awarded the contract to Sierra Nevada Construction, Incorporated, in the amount of \$4,824,007.00.
- Item No. 5, this project is to upgrade signal systems in Washoe County. There was one bid on this one, and the Director awarded the contract to Titan Electrical Contracting in the amount of \$214,246.00.
- And finally, Item No. 6, this project is Package No. 2, signal system, the systematic replacement of five sections of PP heads utilizing flashing yellow in Clark County. And please don't ask me what that means, but...
- Malfabon: PP means protective/permissive.
- Nellis: There are two bids on that one, and the Director awarded the contract to Acme Electrical in the amount of \$605,969.00. Are there any questions on Agenda Items 4 through 6? Okay.

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Governor, moving on to Attachment No. B, there are 24 executed agreements under Attachment B that are found on Page 7 through 9 for the Board's information. Items 1 through 3, 1 is a cooperative agreement and 3 are interlocal agreements. Items 4 through 6 are acquisitions and one facility agreement. Items 7 through 10, there's a grant and three leases. And then finally Items 11 through 24, there's a property transfer, and the rest are service provider agreements. Does the Board have any questions regarding any of these items?

Sandoval: Madam Controller?

Wallin: This is just for -- well, one, I have a question on Item 16. Just kind of tell me a little bit more about the Kimley-Horn Research Strategic Plan; what you're doing on that and why you have to hire a consultant to determine what you need to research.

Greco: For the record, Tom Greco, NDOT Assistant Planning Director. Member Wallin, Item 16 is a research effort, and there is one misprint. Over in the comments on the right where it states, "Develop a 10-year strategic plan for the Department," it is meant to read "Develop a plan for the research section, so that the research that is being done over the long range meets the needs of the Agency." Okay?

Wallin: And then this is just clarification because we have the -- it's Item No. 15, and maybe I'm confused about what we approve and what we don't approve. The original contract was for like \$1.7 million, and now we're adding another \$100,000 to it. And so should that have been in the approval part? Because I'm concerned that if all of a sudden we start having these contracts and we add \$100,000 here, \$100,000 here, \$100,000 here, we never approve it, and then we go over the amount that we should approve. And also we're lengthening the date, so you can comment on that, too.

Malfabon: Madam Controller, in response, by the table that was approved the Board about what we bring for information and what we bring for approval, this amendment is less than \$300,000, so it abides by what the Board has previously approved as far as the methodology and process. As far as the additional scope of work, there is some additional work that Atkins is being asked to perform on I-80 Corridor Master Plan, so that's why the additional \$100,000 -- I don't know if John...

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- Greco: I can...
- Malfabon: ...or if Tom can address the additional work.
- Greco: Absolutely. The original scope of work on I-80 as a multistate corridor included California, Nevada, Utah, Colorado, and I think that's all.
- Nellis: Wyoming.
- Greco: Wyoming also. We realized recently, about six months ago, in discussion with Washoe RTC that there is an urgent need to analyze and plan on how to address the volume growth on 395 north of the Bowl, north of 80, up to about Parr and Atkins, in doing the I-80 Master Plan, looked at that area briefly. With their previous knowledge and a little bit of additional scope at \$100,000, they will analyze that section and work with both RTC and NDOT.
- Sandoval: Thank you.
- Nellis: Again for the record, Robert Nellis, Assistant Director for Administration. Governor, that completes the items under Attachment B, and then there's Attachment C.
- Sandoval: Please proceed.
- Nellis: Under Attachment C there are three settlements found on Page 11 of 22 for the Board's information. The first settlement is in the amount of \$65,000. This is a direct condemnation action settlement to acquire approximately 0.5 acres of real property located on the northeast corner of Cactus Avenue and I-15 in Las Vegas for the I-15-Cactus Interchange Project.
- The second settlement is for \$5,000, and this settlement is for the issue of whether the plaintiff was denied training for four months related to a lawsuit for sexual harassment, discrimination, and retaliation based on events in 2007. A jury found, however, in favor of the Department in the harassment case.
- And, finally, No. 3 is \$3 million plus interest and expenses that are currently being negotiated. It's an eminent domain case to acquire approximately one acre of real property located at 307 West Charleston Boulevard, Las Vegas, formerly operated as the Charleston Antique Mall, for Project NEON. And

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Governor, Mr. Gallagher would be happy to address any questions the Board may have on these items.

Sandoval: Questions from Board members? Member Martin.

Martin: On Item No. 3, last month you estimated the interest and legal to be approximately \$200,000; is that number still standing?

Gallagher: Mr. Martin, for the record, Dennis Gallagher, Counsel for the Board. Yes, it's still standing, but we're going through the posttrial motions. And let's just say the amount of interest is being hotly contested, given that landowner's counsel is again indicating his belief that the interest accrues at a far greater rate than any of us can imagine.

Martin: Is it premature that we consider this item without knowing the outcome of that negotiation?

Gallagher: This is an informational item. You know, the jury came back with its verdict, and now we're in the posttrial motion because they are entitled, under the law, to certain costs and fees.

Martin: Okay. Thank you.

Gallagher: We'll certainly keep the Board posted with any additional developments once we get a firm dollar amount of what the interest owed is.

Martin: Thank you, Sir.

Sandoval: Any other questions with regard to Agenda Item No. 5? Mr. Nellis, does that complete your presentation?

Nellis: That concludes those items under Agenda Item No. 5, Governor.

Sandoval: All right. Thank you very much. And something that Mr. Nellis presented on one of these prompted a question, so I'd like to go back to Agenda Item No. 1 on the Director's Report. Real quickly, Mr. Director, did we finish those signals? Remember we were installing those on an emergency basis for the safety issue.

Malfabon: On Blue Diamond?

Sandoval: Yes.

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- Malfabon: We actually are two weeks ahead of schedule on the procurement. Contractor should start with state-furnished materials, and we anticipate that the construction will be completed before the start of the school year.
- Sandoval: Great. Perfect. Thank you.
- Martin: Was this on 160 in Cimarron?
- Malfabon: Yes.
- Martin: Because I did some research on that. And so the contract has been awarded?
- Malfabon: Robert, do you -- I think that it was awarded previously, or it was on the list previously.
- Martin: In my research, I couldn't find where it had gotten -- although, as I mentioned to Holly today...
- Malfabon: I think that you're right, Member Martin. The procurement schedule is still two weeks ahead of schedule, but it comes before the Board for approval. I think that we need to confirm that with Contract Services, but it is still ahead of schedule on the procurement schedule. And since we are providing state-furnished poles for the contractor to install, it will be completed on that schedule that I mentioned before, the start of the school year.
- Martin: Okay, And the signal hardware, the poles, et cetera, according to an email I received from Mr. Nelson on April 16<sup>th</sup> was ordered on March 4, 2014. Correct?
- Malfabon: I would have to abide by what his information was, Member Martin.
- Martin: And in a previous meeting you said it was about 120 day to procure those poles...
- Malfabon: Yes.
- Martin: ...which would put us out sometime in July before the poles arrive.
- Malfabon: Yes.
- Martin: And we'll still able to get it done by school opening in August?

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- Malfabon: Yes. Member Martin, in response, the contractor can start installing any conduits and doing some of the other work, build the pole foundations to set the poles on.
- Martin: Okay. Thank you.
- Sandoval: Go back to our regular Agenda. We will move on to Agenda Item 6, Condemnation Resolutions A and B.
- Malfabon: Thank you, Governor. If I may suggest that we take these both together, they're related to the South McCarran project that we're doing in partnership with RTC of Washoe County. The first item is for a property called Stanford Crossing, LLC. We need a small fee parcel of 910 square feet and a temporary gradient and irrigation repair easement of 2,316 square feet for a two-year period. Wanted to mention that this property is in bankruptcy, so that's what's complicating the acquisition process. And in order to meet the certification schedule for the right of way for the project, we need to request that the Board consider a condemnation resolution.
- And if I may proceed to Item 6B; this is related to condemnation action for John Sharpel's and Bonnie Sharpel's. It's for a fee parcel of about 501 square feet and a temporary sign construction easement for a three-year period of 260 square feet. This issue, the owners are more concerned about what the project is going to achieve after construction. They're concerned about the accessibility to the property by trucks after the project is constructed. They have made no counteroffer to the offer made, and so there's an impasse to negotiations, and we're requesting the condemnation resolution again to certify the right of way and maintain the schedule for the project.
- Sandoval: Questions from Board members? There are none. The Chair will accept a motion for approval of condemnation resolutions 444 and 445.
- Fransway: So moved, Governor.
- Sandoval: Member Fransway has moved to approve.
- Krolicki: I'll second.
- Sandoval: Lieutenant Governor has seconded the motion. Any questions or discussion? All in favor say aye.

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- Group: Aye.
- Sandoval: Opposed, no? Motion passes 5-0. We will move on to Agenda Item 7, Acceptance of Amendments and Administrative Modifications to the FFY 2014-2017 STIP, and approval of changes to the 2014 NDOT Work Program.
- Malfabon: Thank you, Governor. Deputy Director Bill Hoffman will present.
- Hoffman: Good morning, Governor, Transportation Board members. For the record, Bill Hoffman, Deputy Director. So as part of our ongoing, continuous work to update you and the STIP following the federal process, we are here for our second amendment and modification update and review. So before you today we have -- well, let me just go through this.
- So amendments and administrative modifications are made to the STIP throughout the year in order to facilitate project changes. At the November 13, 2013 State Transportation Board of Directors Meeting covering the years FY 2014 to 2017, the Statewide Transportation Improvement Program was accepted by this Board as part of the FY 2014 to '23 Transportation System of Projects. Quarterly amendments and administrative modifications to the 2014 through '17 STIP were last presented to this Board on March 10, 2014, so what we are coming to you today on are changes that have been made to the STIP since the March 10<sup>th</sup> meeting that it was last presented to you.
- So in Attachment A we have a series of projects. The majority of all of these changes both on the amendment side and the modification side are in Clark County, and I will ask, if there are any specific questions, that I pull Mr. Tom Greco or Jason Van Havel up to answer any specific questions. But just as a little background, the MPO, or Metropolitan Planning Organization, is in control of their transportation improvement program in Southern Nevada in Clark County, so those changes have to be, you know, adopted without question from NDOT. Of course, the Federal Highway Administration has to approve all of these STIP changes, but just a little background to help you all on the process. Hopefully, I've clarified that and not made it more muddy.
- So anyway, a lot of projects, a lot of them in Southern Nevada. The amendments are more serious, if you will, or more substantial, and the

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amendments are really just moving project funding, you know, to a, you know, year further out or closer or minor tweaks, whereas the amendments are major project changes. So with that, if you have any questions I'd be happy to divert them or deflect them to Tom and Jason.

Sandoval: And, as you say, there are quite a few in here.

Hoffman: Yes.

Sandoval: Are there any others that deserve a little bit more detail than others?

Hoffman: Well, yes, and I will say that there is one on Page 2 of Attachment A. It would concern this Board very much, and it is at the bottom of Page 2, RTP Project No. 4467 U.S. 93, Boulder City Bypass Phase 2, Future I-11. Modify funds and project description. So if I understand correctly, what the RTC of Southern Nevada is doing is they're exchanging or swapping fund types; fuel indexing funds that they have received authority to bond against in the last legislative session for federal funding that was already allocated for the project. So they're swapping that. I would love for Jason or Tom or even Tina, if we can sneak her up here, to talk about that, so if I could. If you want to provide the details that would be great.

Malfabon: Let me clarify, Governor and Board members, what the RTC is doing is using a method that NDOT uses successfully to obligate all of its federal funding, and that is called advanced construct. So if they're using their local revenue to build a project, they can advance future federal money and get it -- they receive the federal reimbursement in years to come because of the substantial amount of local funding that they're putting towards the project. We use it to make sure that we use every dime of federal money available, and this is the first time that we're working with them to allow them to do the same thing that NDOT has used as a tool to make sure that we spend all of our federal money.

Sandoval: Sounds like a pretty prudent move...

Malfabon: Yes.

Sandoval: ...given what's happening nationally. Yeah.

Malfabon: Yes.

Sandoval: Anything to add?

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Unidentified Male: That's good.

Sandoval: And I see a nod of agreement...

Quigley: Thumbs up.

Sandoval: ...thumbs up from Ms. Quigley. Yeah. Thank you.

Hoffman: Well, and other than that Governor -- again, Bill Hoffman for the record -- a lot of them are really just trying to take advantage of federal funding that's available, moving it into a closer year or a further year out, just trying to manage their funding and their projects the very best that they can. So with that, I don't think there's any other major projects that the Board would be interested in that I can see.

Sandoval: Okay. Any other questions from Board members?

Fransway: So basically, Mr. Hoffman, what they're doing is they're moving their funding options, and it's really not making that much of a change in the cost of the projects?

Hoffman: Member Fransway, that's exactly correct. So they're just moving funding sources or exchanging funding sources, but it's not causing any additional cost to the project whatsoever.

Fransway: Okay. Thank you.

Sandoval: If there are no further questions the Chair will accept a motion to accept the Amendments and Administrative Modifications to the FFY 2104 - 2017 STIP...

Krolicki: Moved.

Sandoval: ...and -- let me finish. Thank you.

Krolicki: I'm saving you.

Sandoval: And approve the changes to the 2014 NDOT work program. The Lieutenant Governor has moved for approval. Is there a second?

Wallin: Second.

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Sandoval: Madam Controller has seconded the motion. Any questions or discussion?  
All in favor say aye.

Group: Aye.

Sandoval: Opposed, no? Motion passes 5-0. Thank you, Mr. Hoffman.

Hoffman: Thank you.

Sandoval: We will move to Agenda Item 8, Briefing on Request for a Proposal for an  
Operational Audit of Nevada Department of Transportation. Mr. Director?

Malfabon: Thank you, Governor. What I wanted to do was update the Board on what  
NDOT is doing to look at releasing an RFP for an operational audit for  
possible action so you can provide any guidance to the Department. But I  
had brought this up several months ago, and the idea was to look at certain  
areas where I feel that we need another audit review to find out any  
weaknesses, provide any recommendations on process improvements or  
procedures that we have to have in place. And the areas that I looked at  
were several, but what we landed on were a lot of the procurement cards,  
purchasing and expenditures, and internal controls monitoring.

I had previously mentioned to the Board about that issue with a former  
employee in a stock room in Fallon that's currently now being taken to --  
well, he probably will end up in prison as a result of the things that he did  
with violating internal controls. But suffice it to say, Governor and Board  
members, that I feel that we can do a comprehensive review in line with --  
what the Department administration provides to the state agencies is a  
process, and we often are subject to audits from various federal and state  
agencies -- LCB, the Department administration -- but I wanted to do a more  
comprehensive look at the Department's purchasing, use of procurement  
cards, and internal controls.

The Department administration provides very good guidance on their  
website, kind of a checklist, and also guidance on how many documents you  
should check, so we're going to use that guidance to develop the scope of  
work to confirm that procurement cards are being used per current policies  
and procedures; look at the appropriate levels of purchasing authority  
throughout the Department, in the districts and Equipment Division and  
selected headquarters divisions that perform a lot of purchasing, and confirm

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that proper internal controls are in place and being followed; and then also, as I mentioned, provide any recommendations on proposed process improvements.

For example, the Department has been implementing a software called DocuSign to create digital documents. I think that we can look at that type of -- for our internal approval process that would have prevented that situation in the Fallon stockroom from occurring, because that person, as I mentioned before, was whiting out documents and then faxing them, and that's just not the way to go in this day and age. We believe that we have some good controls with internal documents, with electronic signatures, and this DocuSign software that we've been administering through the Administrative Services Department of NDOT.

The other area that I recommend that we pursue in this RFP would be the equipment rebuild program. It's been in place for about five years, but I want to know about the cost effectiveness of this program. I've been hearing that it's a great program, but on the one hand we're using our mechanics to do the rebuild, which means that they're not being able to perform maintenance services on the other day-in/day-out types of maintenance services needed on our equipment. So I just want to have a second set of eyes independently take a look at this rebuild program. My feeling is that it is a successful program. We've made some improvements over the years based on district input. For instance, they used to not rebuild the electrical systems in these. They'd concentrate on the engine and driveline, but with district input now they're addressing the electrical systems. We just want to confirm that that is the best use of that funding because it is a significant amount of funding that's going to that, \$1.5 million a year for that rebuild program.

Now, I looked at other areas. Interlocal agreements was one of the areas I looked at, but I feel that some of these areas I'm going to cover, what we'll do internally in the terms of interlocal agreements -- we already have Administrative Services helping us on making a process improvement to that. We've received some information from Southern Nevada, from the cities and counties that we enter into interlocal agreements with for projects about their suggestions and challenges with the process, so we are working on process improvements there.

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Under Management and Administration of Maintenance Contracts, we have a lot of service contracts in terms of trying to get maintenance services. We've looked at the sweeping contract that you approved recently, but we want to look at is there proper training in place for the administrators of those contracts in maintenance. Often they're folks that are involved in actual maintenance activities, but they might need some training on making sure that -- how to double-check the invoices, making sure that the hours worked or whatever it is in those invoices, the products that were billed for, that there's a confirmation of those services rendered and that we're paying for services fairly.

The overtime area is one that we're constantly looking at to make sure that the use of overtime is appropriate and that we're following the preapproval procedures, but again, that's one that we can handle in-house to confirm that we're following proper procedures. And state vehicle usage, from time to time we get complaints about improper use of state vehicles, and I feel that that's just something that we can look into internally. The bulk of the vehicles are out there in the districts with maintenance and construction forces, and we can work with the district engineers on that issue in-house.

In terms of facilities, we considered having this in that RFP, but we feel that we can look at this in-house to make sure that the building systems are maintained at the recommended intervals; kind of like we do preventative maintenance on equipment, look at our facilities, too, and make sure that those systems are maintained on a adequate schedule and that we're managing the facilities properly.

With that, I just wanted to update the Board on the progress of that. We have identified now what I'm recommending that we propose in the RFP development. The next steps would be to get with subject matter experts in the Department to draft the RFP and work with accounting and internal audit to assess what would be a reasonable budget for this. We're thinking that it's definitely less than \$1 million for this effort but more than \$300,000.

Sandoval: Thank you, Mr. Director. Questions? Member Fransway, then Member Martin.

Fransway: Thank you, Governor. And I think could direct this to you, Dennis. These are considered professional services, and we are not obligated to take the

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low bid on something. We can pick the person most qualified for the job, correct?

Gallagher: For the record, Dennis Gallagher. That is correct, Board Member Fransway.

Fransway: Okay, and thank you. And when a decision is made, Mr. Director, will it come before the Board for any type of ratification?

Malfabon: Yes. What I would propose to do is just develop the RFP, get the budget defined, and then bring that back for the final action by the Board...

Fransway: Okay.

Malfabon: ...before release of the RFP. And then you would be approving the selection, just as we do on other service types of agreements.

Fransway: Okay. Thank you, Governor.

Sandoval: Member Martin?

Martin: Rudy, I have talked to a couple of the other Board members, and we may have some recommendations of what else we would like to see put into this. I think that it's a great move to do an audit, but it needs to be, again, totally independent and something that the report would be copied back to the Board on initially...

Malfabon: Yes.

Martin: ...so that we could take a look. Because I think we're all looking to use a vehicle like this to improve the Department, not just internally but externally as well.

Malfabon: We would appreciate that type of input, Member Martin.

Sandoval: Madam Controller?

Wallin: Yeah. Rudy, I really like this. I think it's a good start. One thing, and I don't know if you've considered it, but looking at the efficient use of consultants, because I know NDOT has consultants coming out of the woodwork here, and I'd like to see if you're using them efficiently when you need to use them or should you be using staff internally to go and do things, so...

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Malfabon: That's a great observation, and I think that's one worthy of consideration for inclusion in the audit.

Krolicki: And I would echo that, and with all due respect to some of the attorneys in the room, especially in the legal area because the dollar value is so high in some of those. Member Martin talked about that some of the independence, I think, is important just from a perception standpoint. I know you talked about the Executive Branch Audit Committee. You call it the Department of Administration Audits, but in the areas where we have interlocal agreements and overtime and vehicle usage I know, Governor, that we, when sit as EBAC, we've viewed some of these things. I just think it is a healthy thing to have someone outside. Who is the internal auditor? I mean, you would give this to the internal auditor or to the teams, as you are suggesting here?

Malfabon: In response, the internal auditor works for the Department, so we would...

Krolicki: And that person is solo, or they have a small team? And who are they?

Malfabon: They have a small team. What's Sandeep's last name?

Hoffman: Garg, Sandeep Garg.

Malfabon: Sandeep Garg is our internal auditor. He reports directly to the Director's office, and we feel that to have some independence, I think that we'll have the Board -- just as Member Martin suggested, have this auditor kind of present their findings to the Board for direction to the Department. I think that's the best way to go for the independence, but we will have to hire them as a department. But we'll have to work out how that structure will work, because they'll work for us but report to you.

Krolicki: Under normal circumstances an independent or internal auditor reports to the Director but also reports to a Board, so what you just described, but I just think from an outside perspective and just cutting-edge standards and frequency of audit, you know, this isn't a gotcha audit. This is a constructive help audit, and I would think that the Executive Branch Audit Committee, that team looks at these things all the time. They're very good at it, and I just think they would be very helpful. And that's not an RFP. That's just getting in the queue for your audit programs. So again, you know, that's just a recommendation. I mean you do with it what you will.

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But I just think it's a wonderful resource to be used, and it would only enhance your effort.

Sandoval: Madam Controller, anything else?

Wallin: So you want them to do these other items that we aren't going to do on the RFP. Is that correct?

Krolicki: I mean an internal auditor should be doing things every day. That's what they do, and they report to you. We're looking at a more extraordinary, objective, let's take a breath and look and see where we are, and I think outside of in this building is an important aspect. So yes, I would suggest...

Wallin: Right.

Krolicki: I'm not imposing. It's a suggestion. And take it if you will, or maybe this Board has an opinion, but I would think that the Executive Branch Audit Committee is incredibly well suited and trained to deal with specifically these areas. And I would just hate to not utilize that existing resource that, again, does not come through a cost of an RFP. It's just getting on their schedule.

Wallin: Yeah. I think that, you know, Executive Branch Audit, yes, they're a great resource, but they've got so much on their plate. And I think that, you know, if you can do these items, the interlocal maintenance contracts over time internally and report to the Board I think that that's fine. Internal audit can do it at a later date or something, so...

Sandoval: So where are we? So we've got -- I think everybody is in agreement, obviously, that we need to do the audit, that the scope of the audit deserves a little bit more discussion, that Mr. Martin may have some suggestions in that regard. The Lieutenant Governor, I believe, is suggesting that part of this be conducted by internal audit. I don't want to confuse the issue. I want to get the audit going because, again -- and I think the Lieutenant Governor put it really well, this isn't about gotcha. This is a huge organization that has a lot of dollars that flows through it, and we want to make sure that those dollars are being spent in the best and highest use possible. And so, you know, I don't know if we need to go -- I guess I'm still not real clear what you're suggesting, Mr. Lieutenant Governor.

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- Krolicki: Well, I think we canceled each other out. I just wish to proceed as quickly as possible.
- Sandoval: Mm-hmm.
- Krolicki: I think these are all very important things, and I don't want to wait a year to get on the Executive Branch Audit Committee for things like this. But if it's a swifter remedy -- and I've never met the internal auditor. I mean I think that would be an interesting thing to do. This person should be part of our world on a regular basis and certainly yours on a monthly basis, but if they can do it swifter and efficiently and with the credibility that we need in this process, then that's fine.
- Sandoval: Member Martin?
- Martin: Where I was going with this thing, Lieutenant Governor, was that I felt although I am in agreement with Controller Wallin about the number of consultants that we have at NDOT. I think that this is a critical enough strategic issue that this needs to be an outside operational audit, nothing to do with internal; not taking anything away from anybody internally. But this is a strategic issue for an operations audit of a department that controls literally billions of dollars going out for the State of Nevada and the citizens. I think that it would be money well spent to have an external independent audit rather than doing anything internal to the State of Nevada.
- Sandoval: Member Fransway?
- Fransway: And with Member Martin's comments, I think that this also goes a long ways to providing an unbiased audit also.
- Malfabon: Thank you.
- Sandoval: So what you're seeking today is for this Board to authorize you to develop and issue an RFP? I'm reading...
- Malfabon: Yes, Governor, for the two items that I identified, and I'm still unclear as far as what you want me to do on the items from interlocal agreements down to facilities.
- Sandoval: Okay. I think what I'm hearing, at least the consensus, is that everything that's in here be included as part of that RFP. I believe what the Lieutenant Governor was suggesting is that historically and traditionally the internal

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audit has been capable to perform that function; however, it may be a while until it can get to it. So, therefore, we're going to leave that part of this original RFP.

Krolicki: I heard all your words. So that last part from interlocal agreements to vehicle usage, it will now be part of this independent outside RFP process or staying with an internal auditor? I mean I prefer the former. I mean...

Sandoval: Yes.

Krolicki: ...I think that's the right way to go.

Sandoval: No, then it would be part of this independent audit.

Krolicki: Okay.

Wallin: Okay.

Sandoval: Yes.

Wallin: With adding consultants...

Krolicki: To the scope of the work.

Wallin: ...to the scope.

Sandoval: Yeah. So you're clear, Mr. Director?

Krolicki: So we're plotting the audit. We think a self-review is terribly important, and we're just emphasizing that none of it, you know -- we expect should be done with internal resources, including the State Executive Branch Audit Committee. So all of these audits would be formed as part of the RFP by the private world, who are independent and objective reviewers.

Sandoval: Yes, and I think the only outstanding question is Mr. Martin's suggestion, and the Controller's suggestion, that everything that we want included as part of this RFP is in it, and you've suggested the consultants.

Krolicki: Exactly.

Sandoval: Is there anything else that we want in there? Okay. Now are you clear?

Malfabon: Yes, Governor, I am clear. We'll develop that RFP and bring it back to the Board prior to issuance.

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Sandoval: You don't need Board action to authorize the Director to do that, do you?

Gallagher: No, Governor.

Sandoval: Okay. All right. So are we clear? I don't want any confusion.

Malfabon: Yes.

Sandoval: Okay.

Malfabon: I understand.

Sandoval: All right. Thank you. We will move on then to Agenda Item No. 9, Briefing on the I-11 and Intermountain West Corridor Study.

Malfabon: Thank you, Governor. Our project manager, Sondra Rosenberg, will present this item to the Board.

Rosenberg: Good morning, Governor, members of the Board. I'm here to give you an update in the I-11 and Intermountain West Corridor Study. Just to summarize where we are at this point, we are getting close to the end of this study period. It's been approximately two years. We've gone through developing a vision summary, a corridor justification report, and now we're in this last phase where we're actually evaluating alternatives, identifying findings, implementation, and business case.

So just a refresher. This started with the vision, and then we developed goals and objectives. Those will be the foundation for the purpose and need. Based on those goals and objectives we developed a list of evaluation criteria. They're listed there. They're described more fully in our documentation; how each one of those was measured against the different alternatives. Each step along the way we had a series of stakeholder meetings so that we got input on the criteria, the alternatives, and the evaluations along the way. So this is our process. We developed the evaluation criteria, the universe of alternatives. Our Level 1 screening was qualitative just to see if the alternatives met the goals and objectives of this corridor. Then we did a more detailed quantitative screening of the alternatives that were in the congressionally designated area segment or the Las Vegas-to-Phoenix segment.

This was our universe of alternatives at the very beginning. We then screened those through those criteria. I know you can't read that. That's just

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an example to show the level of detail we did for each one of these alternatives. They were then ranked least favorable to most favorable. Those that ranked somewhat favorable or favorable we felt met the goals and objectives of this corridor. Those that ranked lower than that we felt did not meet those goals and objectives.

For Northern Nevada we have narrowed it down to two corridors that meet those goals and objectives. Both of them loosely follow the 95 corridor and then one would travel through Reno and up 395, the other over to Winnemucca and north from there. Those other corridors that are grayed out, again, did not meet the goals and objectives or scored moderately favorable or below. We did the same analysis on each segment throughout the corridor. Similarly, in Las Vegas we narrowed down to three corridors. Our findings are that all three of those should be carried forward into a more detailed analysis on a region-wide basis for the Las Vegas region.

We also looked at multi-use opportunities. We think it's very important to coordinate with utilities and railroads, and the map there just shows the existing rail lines and the gaps in order to complete a complete north/south corridor. So you see there is an opportunity for the eastern part of the state, for connecting those two north/south rail lines. And in addition, we looked at things like grade and available right of way for rail, as well as utility development.

Just to refresh everyone, we're very early in the planning process. In fact, several of these segments will need to go through additional planning studies even before getting into the NEPA process, and then you go onto design, right of way, construction. So we're quite a ways out, but it's a very important first step. We are currently drafting an implementation program that identifies the next steps, and anticipated outcomes for each segment of independent utilities. So we studied the entire corridor, and then we broke it up into segments that can move forward. Some of them will move forward at different paces than others, but each one providing an independent utility.

And our next steps; we're finalizing our Northern Nevada Connectivity Segment Assessment Report; the implementation program that I mentioned; we're developing a business case; and the final deliverable would be a corridor concept report, a sort of executive summary of the entire study. So it will go through the business case, the case for the corridor, the

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justification, as well as a briefing of the alternatives analysis and summarizing those next steps moving forward.

We do have a series of public meetings coming up. The physical one for Nevada will be in Las Vegas on June 26<sup>th</sup>, and we will have a virtual public meeting, as Rudy mentioned, available on our website. We'll have a recorded presentation, a series of questions, as well as open comment, and comments have been accepted on our website throughout the entire study process, and we'll continue to do that until we wrap it up. We have requested all comments by July 18<sup>th</sup> so that we can summarize that, make any adjustments necessary in those final reports, and come back to you for final acceptance, most likely in August if that's the pleasure of the Board. And that's all I have today.

Sandoval: Thank you, and I want to compliment you because this has been a lot of work, and...

Rosenberg: Yes, it has.

Sandoval: ...perhaps you can put that in a little more context, because I think it's been exhaustive. I don't want to say exhausting...

Rosenberg: Maybe both.

Sandoval: ...but maybe both. But will you talk a little about the public meetings that you've had up until this point and where you've been?

Rosenberg: Sure.

Sandoval: Yeah.

Rosenberg: I will, and I believe the Board was provided with a list of those meetings we've had to date. I don't have them with me. We have had many, many stakeholder meetings. We have had several rounds of public outreach. We had a public meeting at the very beginning of this study not quite two years ago. We had a public meeting last October. We then had the February virtual public outreach where we had that recorded presentation and accepted comments. We received 2,500 comments on that last virtual public outreach. We have had -- I don't have the number of stakeholder meetings, but I think it's on the order of 20 with a pretty broad stakeholder group. I've also provided you with a list of members of those stakeholder groups that

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have participated. Our actual contact list for that is quite a bit longer than that. We have approximately 3,000 stakeholders on our distribution list. We have a couple thousand, I think, members of the public who have signed up for distribution information as well.

We have done media interviews. Actually, I think I do have -- I couldn't help myself. I had to add some slides just in case things came up. So we've had 25. We'll add a couple more there. We had a stakeholder partner's meeting two weeks ago, so we've had quite a bit of a -- an extensive attendance at both our public meetings, as well as our stakeholder meetings. We've gotten thousands and thousands of comments that we've gone through and incorporated as appropriate. We've had many media stories, both on the radio, TV, newspaper, that we've been following and interviewed as appropriate. As you can see here, our attendance at our public meetings; so it has been, we feel, a very open, very transparent, very engaged process.

This is not the type of project that is just a transportation project. It's really about our vision for the state. It's about economic development and transportation, land use, how our state wants to grow, so it was very important to us that we engaged all of those stakeholders and really incorporate their needs as well as ours.

Sandoval: Okay. And then will you go back to this slide?

Rosenberg: Yes.

Sandoval: And will you go into a little bit more detail in your presentation on that, because I'm kind of going through a process here, but I wanted...

Rosenberg: Right.

Sandoval: ...to set up what you've done to get to this.

Rosenberg: Right.

Sandoval: Yeah.

Rosenberg: Right. So I'm going to back up just a little bit here. So again, each step on here we met with the stakeholder partners group so developing the criteria, and not just that list, but actually how we were going to measure each one of those, that is available on our Level 1 Evaluation Summary that's available on our website. It actually defines how each one of these were measured.

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And then each of these alternatives has a sheet that looks just like this, so you can see how they ranked on each one of those criteria. Some of them have several measures. We really wanted to look at, you know, every possible way -- how do we measure capacity, congestion on this broad of a corridor, and, you know, how each one of those ranked. And we brought these sheets back to our stakeholders and said does this -- you know, we've now measured them based on the criteria we all understand and brought it back to them and said, "Do you agree with our measurements of these criteria and these alternatives?"

And we've incorporated any additional changes or comments since then. And then, you know, averaged all of those rankings on that sheet to see which ones are most favorable to least favorable. And as I mentioned, those are the ones that we feel meet the goals and objectives. In addition -- oh, sure.

Greco: (Inaudible) additional perspective there, please. For the record, Tom Greco again. And at this stage of the study, it offers findings. They are not recommendations. They are not eliminating anything. This is a very early planning study. When it goes into the next stage, which will be the environmental study, we will study every line on that map again. So we don't want to give an incorrect message that we're eliminating or recommending anything. This is just the results of the scoring within the study. Okay. Thank you.

Sandoval: So what is the -- it's purple there. I'm not sure what color -- it's like a pinkish on our sheet.

Rosenberg: Fuchsia, I don't know.

Sandoval: Yeah.

Rosenberg: So those are the -- based on our current goals and objectives, those are the alternatives that meet those goals and objectives. So our findings are that those are the two that meet the purpose and need of the I-11 and Intermountain West Corridor.

Sandoval: So those scored the highest?

Rosenberg: Correct.

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- Sandoval: Questions from Board members? Member Fransway?
- Fransway: Thank you, Governor. Ms. Rosenberg, was consideration given to the connectivity of the states as they go north to their final destination, the Canadian border, and if so, have any of those northern states weighed in, like Oregon?
- Rosenberg: We had a phone conversation with Oregon several months back. They had a concern about the 395 corridor, however, mentioned that they have a freight corridor. And I apologize, I can't remember the road number off the top of my head, but it could connect to their freight corridor from 395 in California. We haven't yet heard. California has participated via phone on some of our stakeholder partners meetings. They haven't weighed in on a yes or no, we like this corridor or we don't. We have also reached out to Idaho. We haven't heard a strong recommendation from them either, although we do plan on continuing our partnership with these states. At this point...
- Malfabon: Sondra, if I may just -- Governor and Board members, when I was at the AASHTO meeting the Director of the Idaho Department of Transportation indicated that his Board is now giving him direction, or at least one member is, to provide a letter to our Board of interest of their route that goes through Boise. So just a very new development, he just told me...
- Rosenberg: Okay.
- Malfabon: ...end of last week.
- Rosenberg: Wonderful. Yeah. We look forward to that participation. At this point, you know, this is quite a ways out there in the future. I think it's important to plan that far out in the future, but we do have some time to work out those neighboring state developments as well.
- Fransway: And the two options that go via 95, one connects at 95/I-80 and travels to Winnemucca and goes north, and the other one goes to 95, connects to I-80 and then goes east to Reno. Where do those two corridor options weigh in?
- Rosenberg: Currently, based on our Level 1 analysis that was, you know, very qualitative, the corridor that goes through Reno and up 95 did rank most favorable, while the other one ranked somewhat favorable. However, again, those are qualitative measures. Much of that depends on actions by our

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neighboring states, so at this point it was kind of to say which ones meet those goals and objectives and which ones don't, so they're essentially equal.

Sandoval: The Controller and then Member Martin.

Wallin: Okay. Thank you. Thank you, Sondra. I know you've put a lot of work into this, and my question was what Member Fransway had about have you talked to your partners where we're going to connect? Because I think that when you're doing this analysis here we're kind of doing it in a vacuum if we don't know where it's going to connect up, and we say, okay, we think 95 is great for our state here, but for the total project maybe the eastern side might make more sense.

When I was in White Pine for the county tour they brought I-11 up, and one of the commissioners said that he felt that Nevada had already had a preset notion that it was going to be 95 and that their considerations weren't taken in. And I don't see Oregon as one of your stakeholders in here. Idaho, I see, is. He explained that they got into the game a little late, and Idaho hadn't heard anything about it, they said. You know, it's hearsay, so, you know, I'm kind of struggling that, okay, we've decided this is the best way, but we don't know where we're going to come out at. And if we build a road over here and find out that we need to be over here further east, then we're spending a lot of extra money, and we need to make sure that we can afford to do this project and...

Rosenberg: Right.

Wallin: ...that it works for the whole entire country, not just for Nevada. That's my comments.

Rosenberg: A couple of points I'd like to make on that notion. I know the folks in White Pine County. I've gotten to know them quite well during this process. They have said a couple times that they weren't on the map at the beginning, which is not true. You can go back to our very first stakeholder meeting -- all of our presentations for all of our stakeholder meetings are available on our website, and you can see that a line along U.S. 93 has been on there from day one, and it has gotten the same consideration as the other corridors.

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However, in the criteria that we developed, again, with our stakeholder input, items such as connecting -- which one is it -- system linkage, trade corridor, we really looked at economic vitality. We really looked at connecting those major activity centers. We want to be in line with the economic development goals of the state, and so if we make a connection that doesn't connect our two major activity centers, we might be missing an opportunity there.

In addition, we looked at existing legislation. Currently, the 95 corridor between Las Vegas and Reno is a nationally designated high-priority corridor. U.S. 93 does not share that distinction, so those were some of the sort of deciding factors on how those corridors rated. We do think the 93 corridor and connecting the eastern part of the state is very important to the state and to the goals of the state; however, we don't feel it meets the goals and objectives of an interstate-type facility.

Sandoval: Member Martin?

Martin: You did a good job of answering one of my questions...

Rosenberg: Okay.

Martin: ...that the other two Board members put together. In the next phase that Mr. Greco talked about are we going to do a cost-benefit analysis? In other words, the cost of, let's say, improving the 93 corridor, the cost of improving the 95 corridor. At what point does that cost-benefit analysis come into realization?

Rosenberg: Okay. I'm going to answer that in two different parts because we've studied the congressionally designated area segment in a little more detail and actually we're currently working on a cost-benefit analysis for the segments within that congressional designation; so we're working on a cost-benefit analysis for these corridors, the piece of 93 between the two metropolitan areas and for the Phoenix alternatives. So for that piece we will have it. It is planning level, so it is subject to quite a bit of adjustment there.

In terms of what are next steps on the Northern Nevada piece that will depend on direction of the Board, as well as funding available for those types of studies. We certainly can do that. Our next steps currently identified in the draft implementation plan focus on additional studies for

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these two corridors, but we can always add that analysis to reconsider those on the eastern part of the state as well.

Krolicki:

Thank you. And again, I think these were all great questions. I feel like anything we say is going to be hyper listened to, indicating which direction we may be leaning. These are just questions. Very different propositions for the southern route through Las Vegas, because it's still Las Vegas, but this northern route is key. I see what our objectives are, but I think Member Martin talked about cost-benefit, more on the benefit side. The purpose is what? Are we trying --I mean, I dwell on the economic development piece. What can create the greatest commerce opportunity, tourism linkages, more people moving more goods into Nevada, out of Nevada, those kinds of things.

And if it's about moving north to Canada or something, then obviously you got a straighter line going through McDermitt than you would on 395 or a lot of the routes in California, but the -- I'll call the econometric model for putting it, not on the 95 but on the 395 corridor, is that something that would be part of your planning? Because, again, if the economic benefit can be measured -- and that's a hard one, but the number of jobs and the number of companies but if we're opening up really to the western coast as opposed to just north towards Canada, I think that would be very, very important in the decision at least I would make. We don't want to diminish Mr. Fransway's Winnemucca's opportunity and all that. You're still on Highway 80, so you're still part of this. But I would love to see the kind of jobs, the kind of industry, and linking into the GOED future, but even if it's more concentrated on a side of the state I think that's more important to the health of the state long term.

Fransway:

And, Governor, if I may. Lieutenant Governor, I am not advocating the route through Winnemucca. I am just suggesting that, just like what you said, we take into the ultimate goal, and we take into the economic impact of the State of Nevada. All of those things have to be weighed. And, of course, you know, whether or not -- when you get into the environmental part all of these questions are going to be certainly entertained; rights of way, whether we have it, we don't, we got to get it, we have to go through eminent domain, whatever. And so I am certainly -- I haven't heard a thing from my home city or my home county, and I think it's time that I asked

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them are they even aware of it and weigh in in one -- I think that will help you. And, anyway, it's the entire benefit that we're all looking at, I think.

Krolicki: Governor, I know I had my turn, but to go in with Board Member Wallin and others, that northern linkage is terribly important to do what we just discussed. So the Oregon, Idaho, even the state of Washington conversations, I think are very massive in how we take a literal direction here.

Sandoval: Whether Winnemucca is familiar and you talked about Ely. I mean, there have been noticed public meetings, and...

Fransway: Right.

Rosenberg: Yes.

Sandoval: ...what I don't want to happen is for us to start all over again because of somebody didn't react when they first had an opportunity to do so.

Rosenberg: Right. We are, as I mentioned, accepting public comments throughout this entire process. It certainly has been noticed publically when we have those public input opportunities. We have traveled to different parts of the state giving similar presentations. It's also been on the news quite a bit, so I think it would be a difficult case to make that someone who lies -- you know, a city that lies on one of these alternatives wasn't aware of it. However, if that does come up we'd be happy to educate them on the process that we've gone through and accept any comments that they have.

Sandoval: Well, perhaps we ought to do that now and...

Rosenberg: Okay. Right.

Sandoval: ...you know, Tonopah has made a public comment today in support of a certain route, but just to give them this last chance if we're coming to the end of these public meetings and the receipt of public comment to call or however you notify the communities that are on these potential routes...

Rosenberg: Okay.

Sandoval: ...to give them that one more bit of input opportunity that they may have missed the first time.

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Rosenberg: I'd be happy to.

Sandoval: Yeah.

Rosenberg: We'll work with the other planning staff, the folks who organize the county tours. We'll reach out to every contact we have at the counties and cities throughout the entire state to make them aware of this public input opportunity.

Sandoval: Any other questions? Because this has to happen -- you said you're going to be winding this up in August or was it September?

Rosenberg: Yes, so most of the analysis is complete. We have draft documents. We will have a draft of all those remaining documents available by June 18<sup>th</sup>, which is when the virtual public meeting begins. We will be accepting comments for a month, and then at that point we'd like to incorporate those comments and finalize the documents, if possible.

Sandoval: Okay.

Rosenberg: And we've spent a lot of time and money on this study. We would like to, you know, narrow it down a little bit and actually, you know, make some findings to move forward with.

Sandoval: Agreed. And are we on the same track with the Las Vegas metro area analysis as well?

Rosenberg: The Las Vegas metropolitan area analysis has gone through an additional level of screening, so as I mentioned we are working out the cost-benefit analysis for those. We have some information on available right of way, so we have a lot more detail on that. What we think needs to happen next is rather than -- you know, we have eliminated -- or we have found that there are alternatives that probably don't meet the purpose and need. As you can see on that inset map there, there's quite a few that go further south or west than what our final three are. We do think that entire region needs to be studied as one with the major facilities, not just which of these does I-11 fall on, but how does the entire system work, and what accommodations need to be made on the entire system, including these three as well as I-15, before we make a finding on exactly which alignment the I-11 would be.

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- Sandoval: Okay. Any final questions or comments? Now it's marked for possible action. I don't know if there's an action to be taken here.
- Gallagher: None is required, Governor.
- Sandoval: Okay. When do you anticipate bringing this back to the Board?
- Rosenberg: What we'd like to do is bring it back to you -- I'd be happy to come next month if you'd like another update; however, I understand that you'd like all the public comment in before making an official action, so that would be in August.
- Sandoval: All right. And at that time is when you'll be seeking action from this Board?
- Rosenberg: Correct.
- Sandoval: All right. Any other questions? And then by that time you'll have reached out to some of these folks that feel like they haven't had an opportunity to be heard.
- Rosenberg: Yes, absolutely. And if any members of the Board or in the audience have contacts that they've heard some concerns from or want to make sure that we reach out to, please let me know, and I'd be happy to reach out to them.
- Sandoval: Okay.
- Wallin: One thing I would like to see is have you addressed the issues that White Pine County brought up, their concerns?
- Rosenberg: Well, they're focusing on it potentially being less costly to build along the eastern part of the state; however, they haven't addressed connecting the major activity centers, so it might cost less, but the benefit is likely lower. So we've had extensive conversations with them. My understanding is while they would like I-11 on the eastern side of the state, they will be pleased if we continue to emphasize connections along 93 and continue to make mobility improvements, continue to work with them on potential rail extensions, things like that. They just don't want to be forgotten.
- Wallin: All right. Thank you.
- Sandoval: Thank you very much.
- Rosenberg: Thank you.

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- Sandoval: All right, Agenda Item No. 10. Is this...
- Hoffman: Yes, sir.
- Sandoval: ...your item, Mr. Hoffman?
- Hoffman: Yes, sir.
- Sandoval: And before we go into it I just want to make sure that we don't need to have two meetings by the end of this presentation, because it's kind of similar to what we've talked about in the internal audit RFP. I don't know if -- will we have all the information as a result of this meeting to make informed decisions, or is there still some more due diligence that needs to be conducted?
- Hoffman: Okay. Bill Hoffman, for the record, Deputy Director. Governor, based on recent developments I still do feel that there is information that we need to share with the Transportation Board before an action is taken. That's just my personal observation, and I...
- Sandoval: No, and I'm not saying we don't...
- Hoffman: Right. Right.
- Sandoval: ...need information. I guess what I'm...
- Hoffman: Right.
- Sandoval: ...asking today is, is today's presentation just going to prompt a lot more questions that in turn will require another meeting, or would it be better to have it all at once?
- Hoffman: Well, that's a good question. I defer to Director Malfabon, quite honestly.
- Malfabon: Governor, the information that would be presented in this presentation was what the Board members had as far as options available with the numbers that we had about a month ago, so the latest information but a month ago, not including some of the information that you received this morning from outside counsel. So I would say that in order to avoid confusion that you allow us to continue to do our due diligence and then bring this item back to you at a later date for the actual vote on release of the P3 or Request for Proposals, so...

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Sandoval: Okay.

Malfabon: ...I think that that would be best.

Krolicki: Governor, I would actually support the Director very strongly on this. There are so many moving parts, and I think it's not prudent to throw out things that are still moving, because once a fact is out there it's hard to change it if it is dynamic and is a different bogey. And I know folks have arrived and are ready to perform, but I just think as being the largest construction project in the history of this state we need to have everything in order for a right decision and advice from the Board. So I would rather take a big bite next time than a little bite today and having to come back to it, but that's my personal opinion.

Sandoval: Comments from other Board members? Member Fransway?

Fransway: Thank you, Governor, and I wholeheartedly agree with the Director and with the Lieutenant Governor that we need to have an extreme high level of comfort when we make the decision on how to go forward with the financing that's going to take us way into the future, and so I'm sure that the Governor, as Chairman of the Board, will choose the proper timing to have that happen so that we're all totally convinced that this the right decision that we're going to make for the future.

Sandoval: Yeah, and I think the Lieutenant Governor -- Madam Controller, do you have any comments?

Wallin: I don't.

Sandoval: Based on what the Director said -- the Lieutenant Governor, I don't feel like I can be fully informed today to make a good decision, and so I would like to have all outstanding issues further vetted before we have this type of a conversation that is on the Agenda today. I guess my question would be then when would we be in a position to have this Agenda Item on for the Department to perform and complete the due diligence necessary to make a complete presentation?

Malfabon: Governor, I think that we will do our best to have it prepared for your consideration in July. That would require some information from several other external members, advisors to the Department, such as bond counsel,

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our financial advisors, our legal advisors on the P3 project team, but I think that we can pull that together prior to the July Board meeting.

Sandoval: Madam Controller, any comment?

Wallin: Governor, I concur. I just don't think that we're at a point where we can make a decision until we have everything in front of us and we have the comfort that we need.

Fransway: Governor, one more thing. I would like to have a real good idea as to the extension of the TIFIA, and I believe that we need to have a real good sense of where that's going to go in the future.

Sandoval: Member Martin?

Martin: Rudy, I don't want you to over-commit and under-deliver on this issue. This is such a -- and I'm from Southern Nevada, okay, I'd love Project NEON, but I don't want you to over-commit and under-deliver. The July date, to me, seems really ambitious.

Malfabon: I would love August. I have a vacation coming up.

Martin: And it's not often I'm willing to grant a change order for an extension of time, but in this instance I think you're being...

Malfabon: Thank you.

Martin: ...overly ambitious by saying July.

Malfabon: Thank you very much, Member Martin.

Martin: I just know that there is a lot -- and I hadn't even thought about the TIFIA funds. That requires validation, all of those -- there's just a lot of moving pieces, so...

Sandoval: With...

Martin: ...I would recommend that you retract your July date.

Sandoval: No, and that's a great point because...

Martin: Yes.

Sandoval: ...that TIFIA has a lot to do with...

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- Malfabon: The options.
- Sandoval: ...the options. And the other part of this Member Skancke isn't here today, and Member Savage isn't here today.
- Martin: That's right. Yes.
- Sandoval: And with that change that we did in the legislature, the purpose of having that newly developed position was to have an additional Clark County representative on this Board, and Mr. Skancke obviously fills that role. And I would be much more comfortable to have him part of this discussion. And I think he is out of the country today, and so it was impossible for him to be able to participate. But I believe that his input and his ability to comment on this is critical.
- Krolicki: So, Governor, perhaps you can just work with the Director's office as you always do, and just, you know, when the timing is right to bring this back, and you're comfortable that's when it should be on the agenda, but tentatively would be August, but when it's appropriate it's appropriate.
- Malfabon: Thank you.
- Sandoval: I guess that was some kind of validation. I think we do -- I would prefer to have a motion to continue Agenda Item No. 10, given the issue of the Board requiring more information, the absence of the two Board members today, as well as the issue of TIFIA and that issue of maturing so that we would -- and its effect on the analysis with regard to Project NEON.
- Krolicki: Governor, with your words and, again, just the variables that are still uncertain today to make a discussion that's agendized today, I believe, premature. With that, I would move to continue Item 10 to a point in the future. We understand that it might be in August, but to be determined by the Governor and the Director.
- Sandoval: Okay. We have a motion by the Lieutenant Governor. Is there a second?
- Wallin: Second.
- Martin: Second.
- Fransway: Second -- oh.

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Sandoval: Second by Member Fransway, Mr. Martin, and the Controller. Any questions or discussion on the motion? All those in favor please say aye.

Group: Aye.

Sandoval: Opposed, no? Motion passes 5-0. Move on to Agenda Item No. 11, Old Business.

Malfabon: Thank you, Governor. In the interests of time, Items A through E are related legal matters; Report of Outside Counsel, Costs on Open Matters, Monthly Litigation Report, the report on the settlement from the State Tort Fund that we had mentioned earlier, the condemnation verdict on the Gendall Trust property, and the settlement related to Ad America on the Cactus Interchange Project. If you have any questions of our Chief Deputy Attorney General on any of those items A through E, request that he field those questions.

Sandoval: Questions from Board members? No. Please proceed.

Malfabon: Governor, we have the Quarterly Report on the Freeway Service Patrol Contract. I think that that's going well. And finally, the Fatality Report which is very good news. I chaired the Standing Committee on Highway Traffic Safety Annual Meeting a few weeks ago, and one of the things that I'm pleased to report at the AASHTO meeting is that I presented a resolution that was passed for all of AASHTO to adopt a Toward Zero Deaths or TZD, which was our Zero Fatalities Program in our state, what we call it. They approved that unanimously to adopt that as a national goal, recognizing that each state has to make their own decision for that type of program, but you can see the favorable numbers on reduction of fatalities.

I wanted to report a very tragic accident up in Elko where there were four fatalities recently, including a small child. I think the child was five years old or six years old, a really unfortunate accident, and we'll be looking into the causes of that accident and see what measures could be put in place to reduce fatalities in that area, as well as throughout the state. And that concludes that item, Governor. Are there any questions?

Sandoval: Questions from Board members? Member Fransway?

Fransway: Thank you. Rudy, the unfortunate incident in Elko, that didn't have anything do to with any construction or anything like that, correct?

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- Malfabon: No, it sounded like just someone turning in front of someone else...
- Fransway: Okay.
- Malfabon: ...on that State Route.
- Sandoval: Any other questions on Agenda Item No. 11? Then we'll move to Agenda Item 12, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Again, in Las Vegas I don't see anybody, but just in case there's someone not in the camera view, is there any public comment from Las Vegas? We'll move to Agenda Item 13, Adjournment. Is there a motion to adjourn?
- Wallin: Move to adjourn.
- Martin: Second.
- Sandoval: Controller has moved to adjourn. Member Martin has seconded the motion. All in favor say aye.
- Group: Aye.
- Sandoval: Motion passes. This meeting is adjourned. Thank you, ladies and gentlemen.



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Secretary to the Board



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Preparer of Minutes