

Minutes of Nevada Department of Transportation
Board of Director's Meeting
July 7, 2014

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

Sandoval: Good morning. I will call the Department of Transportation Board of Directors Meeting to order. I trust everyone had a wonderful Independence Day weekend. It's kind of nice to have those three days in a row. That worked out really well.

Any event, we will commence with Agenda Item No. 1, Presentation of retirement plaques to 25-plus-year employees.

Malfabon: Thank you, Governor. Good morning, Board members and definitely welcome back everybody after a relaxing Independence Day holiday weekend. I took an extra day off on Thursday.

I wanted to acknowledge the many years that a lot of these dedicated state employees put in for--on behalf of NDOT, and other state agencies that they may have worked for. I'm going to go through the list of names. And we have two present today, that I'm aware of, and we have their clocks, so that--we'll do the photo opportunity after I read the names and acknowledge them.

First of all, from Las Vegas, George Nicely, 25 years. Val Nance, 30 years. Scott Carroll, 25 years. Patrick Pevey, 25 years. Jason Baker, 28 years. Rick Free, 25 years. Sally Wallace, 25 years. Monte Bliss, 25 years. Patrick Christensen, 26 years. Todd Wright, 28 years. Kevin Baxter, 30 years of service. John Ferguson, 25 years. Glenn Petrenko, 29 years. And T.K. Brown, 33 years. I wanted to congratulate those individuals on their retirement and wish them well as they go on to--unless they're going to keep working, but hopefully they'll relax and take it easy in their retirement.

So we do have, Governor, the new certificates that the Board members signed this morning, and they really did look nice. I wanted to thank the

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staff's efforts in putting it together for your signature to show your appreciation to these individuals that I mentioned. And we'll get these certificates signed by the Lieutenant Governor and get those to them. I wanted to acknowledge the next two individuals that are present today, that will be asked to come up for a photo opportunity with the Board members.

Kym Borgman worked 25 years, and Mike Stair, 32 years. I wanted to invite Kim first. And, Governor, if you would present the clock to Kym Borgman. And, as I said, we'll get the Lieutenant Governor to sign the certificate of appreciation and get that to Kym.

Sandoval: Congratulations.

Malfabon: The next individual, Mike Stair, was the chief of our Equipment Division for many years. And I wanted to thank him for his 32 years of service. Mike, do you want to invite your family up?

Fransway: Thank you, Mike.

Stair: Thank you very much.

Fransway: Appreciate it.

Malfabon: I know that the Board would join me in wishing everybody a successful retirement and thank them for...

Sandoval: Mike, before you go I just want to publicly say thank you for sharing this day with your family and us. And we really appreciate everything that you've done for the great State of Nevada. Thank you very much.

Fransway: Thanks, Mike.

Sandoval: Now you can get out of here as soon as you can.

Malfabon: He's going fishing.

Sandoval: Thank you very much. Another big hand. Thank you. Now, Rudy, before you go on...

Malfabon: Yes.

Sandoval: ...with regard to the others, yeah, I did some rudimentary math and that was 436 years of experience that is leaving the Department. And you put all

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those years together and put all that experience together in terms of building the state, keeping the people on the roads safe and everything that each one of these individuals have done, it's nothing short of remarkable. And so I, you know, I only wish that all of them could be here so that we could publicly acknowledge them. But, you know, those are big shoes to fill.

Malfabon: Yes, Governor. Thank you for acknowledging that. That is decades of service to the State of Nevada, and we really appreciated their years here. I wanted to make one other announcement. We don't have a clock because it was very recent, and I wanted to acknowledge Tom Greco, our assistant director of Planning has submitted a letter of--informing us of his retirement after over 30 years with NDOT, and he had several years with RTC. So accumulatively, he's had over 40 years of transportation industry experience. And he'll be making his retirement effective August 1st. So I wanted to acknowledge Tom, and hopefully we'll get a retirement clock. This is the second clock, Tom? But I know that's a recent development and I wanted to make the Board aware of that. And obviously big shoes to fill there, and we'll do some interviews and fill that position as soon as possible.

Sandoval: Yeah. And, Tom, we won't get a chance to publicly thank you for everything that you've done, and it's really been a pleasure to work with you and have you present and everything that you've done for the state. You're going to be missed very, very much.

Greco: Governor, your words are generous. I joined NDOT in '76, and I planned on staying for two or three years and move along. So it has been my distinct pleasure serving the Board, working with the administration, with staff, FHWA, the MPOs, the districts. And I have been listening to these little voices in the back of my brain. They're getting stronger and stronger. And the strongest voice was my wife, and you've got to listen to that.

Sandoval: That's not a little voice.

Greco: Thank you all.

Sandoval: Yeah. Thank you.

Malfabon: Thank you, Tom.

Sandoval: Perhaps we can do the picture today. And, Tom, did you have a comment that you'd like to make?

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Fransway: I was going to kind of say what you said. I was going to ask Tom if you could make it to our August meeting so that we could have a proper farewell to you, but if you can't, we need to have a photo op now. I'm sure, Governor.

Unidentified Male: Now is good.

Sandoval: Okay.

Malfabon: That concludes the retirements, Governor. Thank you.

Sandoval: Okay. Thank you. Then we'll move to Agenda Item No. 2, Presentation of awards.

Malfabon: Thank you, Governor. I'll go through the awards and then have the groups come up for the photo opportunity at the end. The first award is the--from the American Council of Engineering Companies, ACEC, and it's on behalf of NDOT's I-580 Freeway extension earning a national recognition award at the ACEC 2014 Engineering Excellence Awards competition. This is a prestigious award honoring our project on I-580 for its exceptional innovation, complexity, achievement and value. NDOT and the project were recognized in April at the Engineering Excellence Awards Gala in Washington, D.C. And we'll have the representatives come up later.

Tony Lorenzi--there were many project managers on that project. I think, Tom, didn't you work on that at one point? It seems like several project managers played a role in that one, but Tony Lorenzi will be accepting the award on behalf of NDOT. And we have a representative from CH2M Hill, our design firm, on that project as well. From the Springs Preserve, we received the 2014 Southern Nevada Landscape Award, first place for commercial design by professional. We used Stantec Consulting Incorporated, and we won first place for commercial design. And the 2014 Southern Nevada Landscapes Award's competition for the 515 and Flamingo Road Interchange.

As the Board's aware, we try to put landscape aesthetics as part of several new interchange projects, but often we try to get back to some of the older interchanges that haven't had improvements in a while. And to make them look aesthetically pleasing, we believe it's a benefit to the local residents, as well as the region to have a showcase of that magnitude on our freeways. I

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know that I've received lots of comments from the public about--supportive comments about how well NDOT is doing on aesthetics on our freeways, both in Northern and Southern Nevada. Now, there are some people that feel that we're spending money on that, but I think that it's money well spent and making the freeways more friendly to visitors and to residents.

This particular project at the interchange of 515 and Flamingo was accepted as for--as an award winner because it utilized sustainable methods and materials, as well as native drought-tolerant planting to create efficient low maintenance and effective aesthetics for state roadways. And that aspect is also important to maintenance forces that don't want to spend a lot of money on some aspects of irrigation. So we--using drought-tolerant plants, especially in these drought conditions in our state, is an important aspect of these types of projects.

The next project that I wanted to--award that I wanted to acknowledge is the--from the Lake Tahoe Bicycle Coalition, the 2013 Certificate of Appreciation. Each year, the Lake Tahoe Bicycle Coalition honors those that have made a significant advancement to promote safer bicycling and walking opportunities at Lake Tahoe. I was talking to Mr. Gallagher and he was up at Tahoe this weekend. And just lots of folks go visit that--it's a jewel for our state, as well as the State of California, our neighbor. And a lot of pedestrians, a lot of work to do up there, but anytime that we can have safer bicycling and walking opportunities at Lake Tahoe, it's a win-win for everybody that uses that facility. It's a great attraction for Nevada and a great tourist destination. We received a 2013 Certificate of Appreciation, and we're recognized as an agency that is committed Tahoe become more bicycle friendly.

Now, I think that Carl Hasty is here for that group. I wanted to acknowledge Pedro Rodriguez as one of our project managers on that project. And we won the APWA Project of the Year Award, Spring 2014, for transportation projects under \$5 million for the state line to state line bikeway south demonstration Tahoe Transportation District. The prime design consultant was Lumos and Associates. This is the project that built the new bike path up there. So definitely ties in with this award from the Lake Tahoe Bicycle Coalition. So if we could, let's go ahead and get the first group for the I-580 Freeway extension. Tony Lorenzi is here and the representative from CH2M Hill. Hello.

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We have another one for the bicycle award. But we didn't--we had to reprint the certificate for the landscape award, so you can acknowledge Lucy at a later date. Pedro, if you could come up, and Carl. This is part of our efforts and it's kind of in alignment with one another bike project that was awarded and project of the year. Q&D did a great job on that project.

And just to mention, that Construction Manager at Risk process was used for that bike project. And that process worked out very well to address some of the design aspects of that project as they went along and looked into how to build that in that environmentally-sensitive area. So great job to that project team. That concludes the awards portion of the Agenda.

Sandoval: Thank you. Then we'll move to Agenda Item No. 3, the Director's Report.

Malfabon: Thank you, Governor. A lot happening on the--at least deliberations on the transportation bill. Next slide, please. So we received letters from U.S. Department of Transportation Secretary Anthony Foxx, regarding a possible slowdown in federal reimbursements. That's what we anticipated, what they've been discussing with us since this spring, when they anticipated if this issue didn't get addressed before the end of--expiration of MAP-21, but also with the fiscal cliff that we've been discussing with the Transportation Board.

So these letters affect both the Federal Highway Administration program for highways and Federal Transit Administration program for transit. Since all of these monies, these funds come from the Federal Highway Trust Fund, they're affected by that fiscal cliff, the shortfall in revenue not being able to keep up with the amount of authorized spending levels to the state Departments of Transportation. The reason for the difference is they're separate accounts within that same fund, so the Transit account is not--it's still in the same situation, but there's a few months difference there.

Some of the--on the Senate side, there's proposals to raise the gas tax that are being discussed, but most likely not enough support to pass that issue and to fund the transportation shortfall. So what we anticipate is that--next slide--there will be a short-term extension either--on the Senate side they proposed the PATH Act, Preserving America's Transit and Highways Act of 2014. It's a short-term six-month extension. Funding was proposed to be accomplished through tax code changes, and support is being negotiated between the two parties in Congress. But the original proposal for \$9 billion

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for that six months was reduced recently. So there's still much more to discuss. Most likely, this might turn into a three-month extension, something to get through the end of the year, so that when the new Congress is seated they'll take up deliberations in 2015. Next slide, please.

The Bridge Act is a new transportation act that's being proposed to--it's basically another loan program to incentivize the private sector investment at transportation, as well as some other sectors such as water, energy projects. So it's similar what we've seen with the TIFIA program and establishing an infrastructure, financing authority with the initial \$10 billion of funding from the government, finances no more than 49% of the capital cost up to a 35-year term for those loans, and project minimum established of \$50 million in size. And this--there's a board that would be comprised of seven persons, no more than four from the same political party that would make those decisions on which projects to finance through this loan program called the Bridge Act. Next slide. So we'll keep the Board informed about Congress' deliberations on the transportation bill. Most likely, it's going to be a short-term extension funded by a general fund transfer.

I-11 Boulder City Bypass, I wanted to report that the--that Tetra Tech, who's our consultant for the naturally occurring asbestos sampling and testing, is actually doing additional surface sampling on the RTC's Regional Transportation Commission of Southern Nevada's phase two project. That's the large design-build project that goes up into the mountainous area. So there will be an amendment to our agreement with RTC. We're amending our contract with Tetra Tech to perform that service, so it's a wash as far as it's a receivable from RTC to do that additional work.

So we're pleased that the Federal Highway Administration is working with us to identify whatever needs to be done. We're on track to maintain the progress of the project, and we're developing the specifications to include in our construction contract that address naturally occurring asbestos, things like dust control the contractor has to perform, haul-truck-speed limitations, blasting limitations and such, so that we can control dust and address that issue to the satisfaction of all parties. The project is still programmed for this federal fiscal year, so it's not at risk. We're going to get that project out. From what we're hearing, it's looking good for addressing this issue of asbestos and keeping the contract on schedule.

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Sandoval: So based on that, A) we're on time and we're going to stay on schedule.

Malfabon: Yes, Governor.

Sandoval: And then second, there haven't been any significant findings of any more than normal naturally-occurring asbestos?

Malfabon: I think that they've found some but it's in the rock areas. It's very limited to certain areas and not significant to where that it would drive this to a different process under the environmental rules.

Sandoval: That's good news.

Malfabon: Next slide. In regards to the intermountain west corridor study that we're doing jointly with Arizona DOT, the public meeting was held in Las Vegas at the Fifth Street Historical School. We had about 70-75 attendees there, so great attendance. And the public comment period is open now through July 18th, and folks that are interested that want to see the presentations that were given at that public meeting, can go on www.I-11study.com website and view the presentations and make public comment at the site. So it's a great turnout also on the Arizona side. They had a couple of meetings on the Arizona side, so a lot of interest in this project. As you're probably aware, a lot of discussion also and possible amendments for the next transportation bill, but those amendments will probably take place after the longer-term bill is discussed and approved in 2015.

Project NEON; we're going to be providing a lot of information to the Board members, so you'll have that in advance of the August 18th meeting. That meeting was rescheduled. It's best to accommodate as many Transportation Board members as possible. We'll be providing the risk analysis information, the Bond Council analysis of both delivery options between P3 or bonding, schedules and support costs for both options and other information as we had touched on this issue of stipends to the team members, TIFIA options, discuss that a little bit more in detail, and one-on-ones with the board members. So we're scheduling those one-on-ones with Board members in late July, early August time frame in anticipation of giving you more time to deliberate the Project NEON procurement on August 18th Board meeting.

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We've also had a lot of discussions between the Attorney General's office assigned to NDOT and legal project management right-of-way folks about legal strategy, risk management, possible process improvements in our right-of-way acquisition process so that we can manage the process, think strategically and minimize some of those acquisition costs as best as possible and manage that risk. Next slide.

We're looking into a collocation site for the--there's a lot of legal support, as Board members are aware of. We hired a lot of outside counsel, but we have--is it five members of the Deputy Attorney General's that are working on imminent domain, just on the Attorney General's staff down there assigned to NDOT in Las Vegas. So a lot of resources legally that are addressing this issue of imminent domain and the acquisitions for NEON. But we're looking at a co-location facility as an option, because of the--having everybody co-located for some of these discussions is more helpful, especially as we get into more of the court cases and have to discuss legal strategy at a moment's notice.

We're looking at some options there. One of the options includes looking at office space at the North Las Vegas City Hall. We're also going to look at office space in the Water Authority building there. So besides the commercial office space, as well, and look at all of our options available. We will go through the state B&G as part of the process for leasing office space.

We're doing a lot more to integrate right-of-way and legal risk recommendations with the right-of-way acquisition team, and we've deferred the presentation to the Interim Finance Committee and legislature until after the August 18th. I believe it's going to be the week after--or the week of the August 18th Transportation Board meeting. So it's going to be in synch with that, so we'll have a determination from the Board before we go to the IFC and present accordingly. Next slide.

Okay. The Mountain Rose Highway; last month, I talked about Granite's proposal to have full closures during certain periods of time to expedite the completion of the project. They're getting such great production that they were able to complete the lower half of the project recently. Saw the positive news reports of that. They're still working on the upper half drainage improvements and anticipate repaving the upper half in

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mid-August. We're not going to anticipate any major work and appreciate Granite's working with our resident engineers' team on this project. So July 26th to August 3rd, when we have some major events in that area, we're not going to be having major delays to the public. Next slide.

The Safety Travel Signal project on State Route 160, Blue Diamond Road at Cimarron, and also at Buffalo and Durango, has started work on June 23rd. We're anticipating substantial completion of that by August 22nd, before school starts. We've got curb and gutter poured at a couple of the intersections, so making those improvements with those crosswalks to accommodate pedestrians. That project is on schedule and going well.

I wanted to update the Board about what we've been doing as far as the Environmental Protection Agency storm water audit. So our Clean Water Act compliance is what's involved here. And we get a permit from Nevada Division of Environmental Protection. They're working with us, as well as Conversation and Natural Resources to coordinate with U.S. EPA. Our consultant was approved by the Board last fall. They've been providing training and developing some new manuals for NDOT for both maintenance and construction forces. We've added six positions to administer the program in the districts. One of the things that was deficiency is we didn't have a lot of documentation to support what we've been doing out there in the field. So maintenance, operations, construction operations and overseeing permits by developers, we needed to document that process better. And these additional positions that we took from elsewhere in our NDOT agency were available. We filled one in Reno. Interviews were conducted for the Elko and Las Vegas positions and we hope to fill those soon.

We're accelerating some of the task orders by our consultant Stantec, to make sure that we're more timely and can show the EPA progress in this effort. And also, looking at probably some additional survey support. Part of the requirements is mapping all of the storm drain outfalls of a certain size, so your larger pipes are mapped out. We did a lot of work and I wanted to extend appreciation to District 2. Some of the construction crew folks were helping out on surveying that, but we probably need some additional support from an outside company to help address some of the areas outside of District 2. As we've entered into the construction season, it's a drain on the surveyor forces to try to cover two things at one time; to

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cover the construction projects as well as this effort here. So we probably will be bringing a contract forward for your approval when we get that negotiated.

Sandoval: So before you leave that slide, Mr. Director, are we doing everything we can as quickly as possible, on this issue?

Malfabon: We believe that we are, Governor. We know that EPA wants us to accelerate our efforts. And we believe that with adding these staff positions, and accelerating Stantec's contract of certain development of manuals and really beefing up the program, I think that we are doing what we can.

Sandoval: I mean we have to have all hands on deck, because to put this in perspective for the rest of the Board members, this is--could be the largest liability facing the state today. We're talking hundreds of millions of dollars.

Malfabon: It's right up there with--yes, it's significant. And some other states have faced that challenge as well. So we're looking into how other states addressed those same audits. Several western state DOTs were audited at the same time frame as NDOT, so we're learning from some experience of those other state DOTs as well.

Sandoval: But we're subject to the EPA here, and it's one of those things. And I don't like these situations, but when they say, "jump," we have to say, "how high?" And so, I'm really concerned about this. So I want to make sure, because the last thing we need is for them to slap some type of disciplinary order on us and that--for the state to be facing that kind of a liability. So if we need to hire more positions, we need to do it. If we need to get a surveyor in there right away, we need to do it. This has to have priority.

Malfabon: Yes, Governor.

Fransway: Governor?

Sandoval: Yes.

Fransway: On that light, I know that there was a move to change the language of the Clean Water Act to remove navigable waters and replace it with waters of the U.S. And I don't know the status of that, but in regards to what we're talking about here, I think it's very important as to whether or not what level of compliance we will need to do. And so, it would be a suggestion,

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Governor, that maybe we get an update on that proposal. I think it was administrative and there was a lot of pushback on it. And so, I don't know whether it'll need congressional approval or not. But maybe, just a suggestions, we could ask Jeff Fontaine to give us an update on that, because I know NACO has been very involved in it.

Sandoval: Yeah. No, and I have personally had conversations with the new director of the EPA, not only on this enforcement issue, but on that one.

Fransway: Okay.

Sandoval: And I don't think it's a congressional one. It's a...

Fransway: Administrative.

Sandoval: ...administrative.

Fransway: That's what we're afraid of. Yeah. And I don't know, Governor, how much authority there is to make those changes administratively.

Sandoval: It would--and I don't want to get into the...

Fransway: Yeah.

Sandoval: ...legal pieces of it, but obviously it would increase, massively, the scope of the authority of the EPA. And so this is an issue that the Western Governors are very familiar with. And as the new chair of the Western Governors Association, it is an ongoing conversation of all of us with the Environmental Protection Agency.

Malfabon: Thank you, Governor. As far as some of the upcoming public meetings, the Board approved the engineering contract with CA Group to develop the design for this first phase of State Route 160 Blue Diamond Road from Red Rock Canyon cutoff there to Mountain Springs. So the first half of the project is being designed, so we have a location design hearing set up this week at Frias Elementary in Las Vegas. You're going to hear an update on USA Parkway. The environmental study is what's been underway for several months now, but we anticipate mid to late August that we'll do the public meeting for that environmental study on USA Parkway. And you'll get, as I said, a much more in-depth presentation on that later today.

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Project NEON; we have to do a reevaluation as we look into some changes that--or outcomes from the high-occupancy vehicle or the carpool lane study that we had presented previously, an update to the Board a few months ago. But as we make changes to Project NEON with--related to that study's recommendations, we have to go back out to the public as part of the environmental process. The other change was the city had provided funding to construct the Martin Luther King Boulevard Bridge over Charleston Boulevard. So that is a change from the original environmental document, and we're going to update the environmental document by apprising the public at that August 27th meeting of those changes to the design of the project.

Carson Freeway; one of the things that we've been looking at is where to place surplus roadway excavation material excavated from the new freeway. And we're looking at a site up on U.S.50. It's a maintenance facility that NDOT uses currently, but we want to get out of that site and basically reclaim it with the surplus material. So it's going to be environmentally sound as far as our approach, but we do have to do this reevaluation presentation to the public as part of that process. And that--probably early September 2014 is when that project will have that NEPA reevaluation meeting. And this project is still slated to be contracted out late this year; be under construction in the next couple years, 2015-2016 time frame. So it's contract out either--John, is that spring or late this year? John will correct that, when we anticipate the contract advertising. I guess it's dependent on the federal funding issue, Governor and Board members. First of the year.

I wanted to mention a couple of--it's okay, you can stay on that slide--but a couple of other upcoming public meetings that weren't on that slide. We have to develop regulations by the amendments to the NRS that were passed at the last legislative session. One had to do with road relinquishments. So we had worked out how to address road relinquishments with counties, cities. And one of the terms used in--is that the Board would adopt regulations for that purpose of road relinquishments. So we have to do a more formal process of public meetings for those and then bring that to the Board for your adoption. Same thing with digital outdoor advertising as an issue for the Board to adopt regulations. No big challenges there. We had everything worked out. It's just the use of the terms and regulations. NRS requires us to follow that more formal process and bring that back to the Board and then eventually to the legislature.

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As far as--go ahead--recent settlements and verdicts; tomorrow at Board of Examiners meeting, I had mentioned these previously to the Board. The memorandum for both of these settlements has been provided to the Board of Examiners and were on their Agenda. So the first is the \$4.587 million settlement for Jericho Heights. As you recall, this is the significant costly acquisition for--related to our phase one project. Jericho Heights was the name of the parcel proposed development along the route there. We previously had the risk of significant exposure on this. They were saying that actions taken by NDOT affected their property values and they were throwing out a \$30 million number, with possible risk up to over \$100 million. So it's significant and we were pleased to get a settlement involving the parties for Jericho Heights. The other settlement that was significant was Highland Properties related to Project NEON, and that was a \$13 million settlement. These are subject to Board of Examiners approval and then we'll give you the details after the Board of Examiners hopefully approves those tomorrow and we make the case to that Board for approval.

There was also a tentative settlement that will go the Board of Examiners most likely in August that involved a use of private property. Initially, the property owners are alleging that it was a taking of their property. We argued that it was not a taking of their property. But what happened was there was a channel--a drainage channel built along the railroad track. We believe that we had all the rights secured from the UPRR to do that construction. We had temporary easements from property owners. However, our contractor went outside those boundaries even though we had staked them out. So we're going to deal with the contractor directly for the \$62,500 for what we saw as a trespass issue. Basically, we have to pay rent for using that private property owner's property for the duration of the alleged encroachment. And as I said, this money--we're going to try to get this money back from our contractor. Is it Capriati? I believe it's Capriati. So although there were others involved in the lawsuit, Clark County Public Works, as well as the Clark County Regional Flood Control District, we felt that because it was NDOT's construction contract, we hire the contractor to construct that drainage channel. We saw it as our issue and we'll deal directly with our contractor, Capriati. Next slide.

So I wanted to close by mentioning as far as the operational audit we get, I had some clarifications received from your staff, Governor. We anticipate-- I met with Robert Nellis and our chief of accounting, Dave Olsen, to talk

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about the RFP. We anticipate getting the RFP out this month with negotiations after selection in August, and then bringing that contract to the Board, because it will probably be above a \$300,000 limit so the Board would approve that mostly likely at this September Board meeting. And then we can go on forward with that and give you more details on the schedule and updates regularly.

I'm willing to answer any questions on any of the items I covered or any other items.

Sandoval: Yeah. Just one question for me. Thank you, Mr. Director. There was some press over the weekend on the traffic on the I-15 North, between Mesquite and Logandale and Las Vegas. Do you have any...

Malfabon: Yes.

Sandoval: ...further comment or...

Malfabon: Yes.

Sandoval: ...observations?

Malfabon: In anticipation of a lot of the traffic that was going to be headed out for the 4th of July weekend, I wanted to mention that District Engineer, Mary Martini, and her assistant for construction, Mario Gomez, went out to survey the project, talked to Las Vegas Paving about what could be done to accommodate that type of increased traffic. The project is significant as far as the amount of construction. It's over-excavating several feet of bad material that's underlying causes swelling of the pavement and it had kind of a loopy-loos in the pavement surface, so we had to completely reconstruct several areas. So it's not an easy project to address, but the folks got together with Las Vegas Paving, came up with some ideas and we anticipate that we can accommodate those additional changes to make sure that we get traffic accommodated better in the--both the last weekend and going forward as we complete that project.

I'm not certain about when the project is going to be completed, but we did get some thanks expressed by Clark County and others as we try to do our best over this weekend and in the future.

Sandoval: Member Martin.

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- Martin: I drove that segment of road twice over the weekend, and the first time was going up the hill out of Moapa or Glendale was a real issue, because it had one lane going and it was backed up a long, long ways. The second time I drove it, you had opened up both sides and the traffic flowed like butter. So I want to thank Mary and her staff for being on top of it and fixing a really, really bad situation (inaudible).
- Malfabon: Thank you, Frank.
- Martin: And now too bad Arizona (inaudible).
- Malfabon: I was going to just say that. I was just going to say Arizona DOT is doing their project in the Virgin River Gorge. And, unfortunately, because they're working on bridge decks, there's really no option of building additional lanes out there or accommodating something temporarily, so...
- Sandoval: Do you have any plans, because this is a project that'll go into 2015, to do any community meetings just to keep people posted on what's going on?
- Malfabon: I'd have to defer--we can definitely get out there to the Town Advisory Board meetings...
- Sandoval: Mm-hmm.
- Malfabon: ...in Moapa. And it was kind of piggyback with Commissioner Tom Collins' meetings. He's been having his staff work directly with us on that issues, and we'll have Tracy Larkin Thomason kind of look into that issue for more information to the locals.
- Sandoval: So I understand it's a no-win situation, because if the road's bad you're going to get complaints. And when you're trying to fix it, you're going to get complaints. But obviously, whenever we keep people informed, that usually works out better.
- Malfabon: Yes. Yeah.
- Skanche: Thank you. I received a lot of phone calls on Wednesday regarding that particular project, and I'd like to commend Las Vegas Paving for responding extremely quickly to the Department's request and to constituents' request. And would like to suggest, going forward, to a concept that we've worked on in California for the past number of years for these large weekends. We've included in some of the Cal Trans projects contracts over the years

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that beginning Fridays--don't holler, Bill, just yet. But beginning Fridays, around three o'clock in the afternoon that all lanes are reopened and no construction starts again until Monday morning, like at midnight, 1:00 a.m.

And I'd like to just suggest that we just incorporate that in our contracts at NDOT for major projects along I-80, I-15, the 95, 395, so we just don't have any questions and no concerns going forward, so the contractors have predictability; that the constituents and the drivers have predictability so that we don't have to deal with these emergency situations going forward; that it's part of the bid. You add it into the timeline and we solve the problem upfront so that the contractor doesn't have to make adjustments in the middle of a project; because we've done that in California, on I-15 projects for the last 15 years, and it's worked out extremely well. And I think if we can do that here that'd be great.

Sandoval: We and California?

Skanche: It might be something we could agree on, actually, in these two states. I just have--Governor, if I could I...

Sandoval: Mm-hmm.

Skanche: ...the Gorge project that's happening in Arizona, sometimes we forget where the genesis of that project came about and how big it is. But that actually came out of the work the Nevada Department of Transportation did on the I-15 corridor study master plan, corridor study. And that was one of the number one ranked projects for the four-state--or the three-state coalition from Salt Lake City to San Diego. That's where three states put their own agendas aside and worked together to prioritize projects from that entire corridor from San Diego to Salt Lake City.

And it was this Department who led that effort a few years ago to bring about that project. It was a selfless agenda by the states to advance that project. NDOT was part of the advocacy to move that project forward. And I don't want the public to forget that sometimes the good things that we do here in this Department, to be creative and innovative as we move forward to try to solve some of these problems. While it's an inconvenience today--actually, had it not been for Nevada, those projects in Arizona would not have been--would have been done at all. So, again, I'd like to commend the Department for that.

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And not to take up too much more time, but I do have a couple of comments on the fuel tax issue that's happening in Washington, D.C. and how that affects our state. I think it's time for our state--and this is my opinion. I'm not speaking on behalf of an organization that I represent or a job that I currently hold. It's just my opinion of being in this business for 25 years. We cannot continue to rely upon Congress to solve our funding problems. I believe we have to get out ahead of this and be proactive for the people of our state.

Eventually, Congress does solve the funding problem, but we have no predictability. We have no way of knowing whether or not they're actually going pass a transportation bill in 2015. In fact, we don't know if there's going to be another transportation bill. They will get to it eventually, but we need more predictability. And as we look at funding options for Project NEON and other funding opportunities for the rest of the state, I think we have to be more proactive. There are some tools that our state is missing, where we are more globally competitive than other states. I won't go into those today, because some of them are contentious and could present unpopular decisions, but I think we're going to have to have some tough conversations going forward. My sources in Washington tell me that there'll be a funding mechanism where games will be played from now until the end of December, and then they'll fund a mechanism in August before they go home. It'll get us to 12/31, and it'll just be a repeat in 2015.

I also believe that this is a way for us to continue to have a fight over who funds what. I think long-term it's an issue over devolution of the Department of Transportation. If we don't get out ahead of this and be proactive, particularly as we look at using TIFIA for funding or Project NEON, if Congress doesn't act there is no money for TIFIA. If Congress doesn't act, there isn't going to be any fuel tax dollars. This is not a fear speech. This is fact. And so I think our Department and probably this Board, may need to have a conversation about where we go as it relates to our funding mechanisms, because the options of just the fuel tax coming from Congress, is just not predictable.

I've seen this report now every month, Rudy, from AASHTO and from you and from every other organization. We don't have any predictability in the program. We've lost the national vision. And states like Nevada, which are donor states that get what we can back from Washington, D.C., it's not fair

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to our constituents and it's not fair to our contractors. And so I would hope that maybe the latter part of this year we could have a conversation. Once we see what Congress isn't going to do, how we move forward as a state, because it's going to just get more and more difficult if Congress does not act. So maybe next month or the month after we can probably have a conversation about where the trust fund dollars are for our state, and what the going forward is going to look like for us, but I don't see it as a bright future for the State of Nevada, as it relates to waiting for Congress to act. Thank you.

Sandoval: Thank you, Mr. Skancke. Any other questions or comments? Member Fransway.

Fransway: Thank you, Governor. Just two short ones. Relative to the lack of Congress to pass the transportation bill and subsequently their delay in reimbursements to our state, I'm wondering, do we have any idea how much highway funds are--what word do I want to say--subsequent to reimbursement?

Malfabon: Well, we typically--in establishing the level about \$90 to \$100 million highway--fund balance for the State Highway Fund. That's supposed to be just in case this situation happened where there was no money coming in and we could have a couple of months cash flow to our contractors, to our employees. And current balance is about, roughly, a little over \$200 million in the State Highway Fund. So we're in healthy shape. We anticipate that, as Member Skancke pointed out, there'll be a short-term fix but in the long-term and going into 2015 and a new session of Congress, there's uncertainty. We just have to kind of plan for the worst but hope for the best, unfortunately.

Fransway: If they are eligible for reimbursement, they should pay us back. It's a loan.

Malfabon: Yes. It is definitely a--it's a type of guarantee in our opinion. But if they slow down payments, which could happen, most likely I think that they'll address the issue the remainder of this year, but going into 2015, it's going to be a more serious issue as they discuss a longer-term bill and how to make that funding gap.

Fransway: Well, can we charge interest?

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- Malfabon: No. That's a good idea.
- Fransway: The next question I had, Governor, for the Director, is relative to road relinquishment policy. You did indicate that you were going to come before the Board in the future meeting relative to that issue.
- Malfabon: Yes.
- Fransway: Will that be soon or do you know?
- Malfabon: I think it's going to be maybe August?
- Nellis: August 18th.
- Malfabon: August 18th, the Board meeting will (inaudible).
- Fransway: Okay. And is the legislature waiting for something from this Board, some adopted policy in order to go forward with that?
- Malfabon: It depends on the timing. There's a process when you're out of session and there's a process when you're in session to make those changes...
- Fransway: Sure.
- Malfabon: ...to NRS. So if we're out of session then the Board adopts those regulations after we have the public meetings, take all that input, establish the proposed regulations, the Board adopts them and then they're, you know, taken.
- Fransway: Okay. Well, I know that we're working on or we are in the time frame of legislation that was passed at the last legislative session. And so my question is, is someone waiting for us to adopt some sort of policy?
- Malfabon: That's what we're going to do. After we have the public meetings, the Board will be asked to adopt the policies...
- Fransway: Okay.
- Malfabon: ...for both of those issues, road relinquishments and outdoor advertising.
- Fransway: And that will probably be in the fall of this year?
- Malfabon: Yes.

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- Fransway: Okay. Thank you. Thank you, Governor.
- Sandoval: If there are no further questions or comments, we will move to Agenda Item No. 4, Public comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Southern Nevada that would like to provide public comment to the Board?
- Quigley: Thank you, Governor. Tina Quigley, Regional Transportation Commission of Southern Nevada. I just wanted to reiterate some of the conversation that your members had regarding I-15 and the project on the way to St. George. Absolutely amazing. I thought NDOT and Las Vegas Paving handled that really, really well. The frustrating part, of course, as Tom Skancke pointed out, was through the Gorge, through the Arizona strip. The fact that they had shut down just about a quarter mile of the Gorge to a single lane caused significant delays. So it's sad to say no matter how much we do and your staff does with your contractors to increase the capacity, keep the capacity open, it still is going to rely a lot on our partnerships with our other states in order to keep that commerce flowing.
- Sandoval: Thank you very much. I'll close public comment. We'll move to Agenda Item 5, June 2, 2014 NDOT Board of Directors meeting minutes. Have the members had an opportunity to review the minutes and are there any changes?
- Martin: I just have a couple of questions.
- Sandoval: Mr. Martin.
- Martin: Rudy, in your last report, you mentioned about this hearing that was going on, on the interest rates; whether it was compounded, how often it was compounded, et cetera, on one of the Project NEON settlements.
- Malfabon: Yes.
- Martin: Has there been a determination worked through on that yet or are we in limbo?
- Gallagher: For the record, Dennis Gallagher, Counsel to the Board. Board Member Martin, it's currently still before the District Court being argued. I strongly

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suspect whatever way the District Court may rule, somebody will want to appeal it to the State Supreme Court.

Martin: So it's already calendared before the District Court?

Gallagher: There's been a motion filed. Opposition filed a reply. Now it'll be before the District Court and probably decided, hopefully, within a month or two, would be my guess, based upon the Court's response.

Martin: Okay. One other question. You had a question about the Lake Mead earmarks. Do you remember, that was a developer...

Malfabon: Yes.

Martin: ...deal that fell apart? Did you make a determination if those Lake Mead earmarks were still available?

Malfabon: They're still available. Those are the only ones that are at risk if that amendment about the Orphan Earmarks Act--or gets put into the transportation bill, then they would be at risk, because I don't believe any of that money was--or at least 10% is the threshold that Congress has for if you haven't spent at least 10% then they're going to go away. So we don't anticipate, because it's significant cost to develop the project and we don't have construction funds available either that--I would recommend that we kind of let that one go. The developer most likely got that and didn't coordinate very well. We were surprised when we first heard word about that earmark, in the first place.

Martin: And then the internal audit, you said the RFP will be ready next month.

Malfabon: Yes.

Martin: Part of the discussion was that some of the Board members would be contacted for (inaudible) put on the Agenda (inaudible) the items for that audit.

Malfabon: Yes.

Martin: I haven't received anything...

Malfabon: No. We want to finish the draft and then give that to interested members.

Martin: Thank you.

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Sandoval: Any other comments? Madam Controller.

Wallin: Yeah. This is just a, you know, came out inaudible. It's on Page 29 of the minutes. It says "Is that (inaudible)." The word is "correct." Instead of--that's what I said, "Is that correct?" So it's the second--well, it's actually the second bullet point down there, on Page 29.

Malfabon: We'll make that change, Madam Controller.

Malfabon: Member Skancke has a comment, Governor.

Sandoval: Member Skancke.

Skancke: Thank you, Governor. I apologize I was not able to attend the last meeting. I was at the Singapore International Water Week with the Water Center of Excellence for the State of Nevada. But I did--I just had a comment on the I-11 conversation. First of all, four years ago when three people sat in a room in Arizona and said this might be a good idea, and everybody said it wouldn't happen, I think it's great now that surrounding states want to be a part of something that wasn't going to happen just four years ago.

I want to remind all of us and kind of the public of, again, the genesis and the vision behind Interstate 11, which was systemically to connect three countries and multiple ports for global competitiveness and long-term economic sustainability for this region, not just our own private agendas within certain regions or certain cities or certain towns. And we sometimes get bogged down in public hearings and information and engineering drawings and conceptual conversations of where things should go, but the original vision by the private sector was to connect the Port of Guaymas to the ports of Vancouver and Seattle. And I'm not saying that that is the solution or the end-all be-all, but this project ties into an item that we have on the Agenda for the Nevada Freight Plan, as well as our long-term economic sustainability.

So as we continue to have conversations about Interstate 11, I hope that we can all keep a couple of things in mind, which is where Nevada sits in the global goods movement grid, how we move multiple economies in a global economy and then how our state competes going forward regionally, nationally and internationally and globally. So I think it's great that surrounding states are interested, and I think we should have those

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conversations. I'm not saying we close off those relationships or conversations, but I'm suggesting to the Department and the public that we keep in mind the original vision of what we were trying to accomplish with the private sector and the public sector as we move forward in that project, and that we don't lose sight of where we need to go.

I would also like to comment on how well the public hearing was in Las Vegas a couple of weeks ago. Sondra and her team of consultants did an outstanding job of presenting I-11 and I think the Department is conducting themselves in a great partnership with Arizona, and I think this project is moving forward in a very good way. So I commend you for your hard work, but also wanted to remind everyone of kind of where we started and where we need to go. Thank you, Governor.

Sandoval: Thank you very much. If there are no further questions or comments, the Chair will accept a motion to approve the June 2, 2014 NDOT Board of Directors meeting minutes.

Wallin: Move to approve.

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

Fransway: Second.

Sandoval: Second by Member Fransway. Any questions or comments on the motion? All those in favor, please say aye.

Group: Aye.

Sandoval: Opposed no? The motion passes unanimously. We'll move on to Agenda Item No. 6, Approval of agreements over \$300,000.

Malfabon: Thank you, Governor. Assistant Director for Administration, Robert Nellis, will present this item to the Board.

Nellis: Thank you, Director, Governor, members of the Board. Good morning. There are two agreements under Attachment A, found on Page 3 of 9 for the Board's consideration. The Director referred to these earlier in his report. Both are with Laura Fitzsimmons, both in the amount of \$350,000. However, the first is for imminent domain condemnation required for Project NEON. The second is for legal guidance in developing a strategic plan for acquisitions and imminent domain condemnations and inverse

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condemnation properties for Project NEON. Does the Board have any questions on these items?

Sandoval: Questions from Board members? Member Martin.

Martin: Do we know, at this point in time, how much has been allocated to Ms. Fitzsimmons on Project NEON and then also on the Boulder City Interchange Bypass? That's question number one. Question number two; in the attachments, I note down at the bottom of the second page, there is a handwritten note that says, "This budget will require an allocation of resources from other budgets with excess authority for fiscal year 2014 expenditures." I need you to explain to me and the rest of the Board members where that money is coming from and how you're moving the money around, and then also answer the question about Ms. Fitzsimmons and the total amount allocated to her so far.

Malfabon: I will, you know, respond to the question about where the money comes from to Member Martin. The money for the legal services is considered part of the right-of-way acquisition process, so it's coming out of capital improvements. I just said it needs to be programmed as such. The right-of-way expenses are out of the same fund, so it just needs to be programmed so that it's federally eligible for reimbursement. And we've had a discussion with Federal Highway Administration on how to program. In fact, money specifically would be out of that bond. If it's something that's a new expenditure, our programming staff will program the next phase of Project NEON for that \$100 million bond for right-of-way acquisition. The legal costs are in support of that right-of-way acquisition, so they're compensable out of that fund, but then it gets reimbursed later from the federal government.

Martin: And would there be a line item in there specifically? If I hear what you're saying, there's a line item in there specifically for legal fund within that \$100 million bond?

Malfabon: We have to make sure that it's federally eligible, and we've had those discussions. So it will be--yeah, it's programmed that way. We just want to make sure that we're 100% assured that it will be reimbursed by the Federal Highway Administration. I believe that we have that assurance. So it is an eligible expense and it's going to come out of that \$100 million bond.

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Martin: Okay. Because that's the same note was on both these items for Ms. Fitzsimmons.

Malfabon: Yes.

Martin: Okay. And then the total amount.

Gallagher: Mr. Gallagher. For the record, Dennis Gallagher. Board Member Martin, all amounts that have been paid for her contained in the litigation report with a sums paid to outside counsel, which I believe is Item 13 in your packet. And I would point out that that includes funds that are paid to her for her sub-consultants, engineers, et cetera, that have worked on some of those cases. The first contract that is before you is a NEON parcel. On it are a number of businesses, including an adult entertainment venue. The case is going to probably be very complex. There are billboards on it, also. But we're now starting to see some of the big properties for NEON come to the condemnation process, because the landowners are not settling at the right-of-way level. So the Board--this is probably the first in the series that you'll be seeing in the coming months.

Malfabon: And that is not one of the properties we're going to co-locate to.

Sandoval: Member Fransway, you had a question?

Fransway: Governor, Member Martin absolutely hit it on--I was going to ask the same question. I find it troubling that we are robbing Peter to pay Paul, coming from one budget to the other. I guess I understand now that if you say it comes from the \$100 million bond then eventually it's going to run out. And it brings up the old issue that we've talked about now for several meetings, and I still don't know how many properties we still have to acquire and how many have been acquired. And I'd sure be interested to know that. I'm hearing 75% have been acquired in different phases. I'd like to know how far we have to go before we run out of money for that.

Malfabon: And, Governor, in response to that question. We will definitely present that information August 18th. The percentage information that Member Fransway was talking about was related to phase one. And there are definitely a lot of more parcels to acquire in phase three and four. And we'll present that information to the Board so it's a very clear picture. Do that in

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advance so that you can look at that information prior to the Board meeting in August.

Sandoval: And I don't know if I would phrase it robbing Peter to pay Paul. I think it's in that budget, but the cold reality is this; it's expensive and we have to acquire that land and it has become a sophisticated legal process in terms of engaging with the attorneys who represent those landowners. And then when you mix into that the issues with the billboards and the ongoing revenue streams that are associated with that, you know, we have to hire these experts. I would imagine that a lot of the costs associated with what we're considering today have to do with Ms. Fitzsimmons hiring those experts in giving them the appropriate guidance.

And, you know, we know that the attorneys representing the landowners are retaining the best there is. And for us to be able to engage and not get hit with some of these big judgments, we have to have experts that are on that level as well, because that's what we--what I don't want to happen again is what happened in the Falcon capital project, where we didn't have sufficient expert backup and we got hit really hard. And so I think that it's wise that we do everything we have to do, because it really is one of those a penny now, you know, a pound later; whatever the expression is. But we have to invest now to have the best that we can have.

Fransway: Well, Governor, I understand. But according to the way it was written in the comments, made me feel that we were, indeed, robbing Peter to pay Paul when it said, "Allocation from resources from other budgets." And if we were going to cannibalize something from somewhere else, I just wanted to know where it was coming from, and now I do. It's really not from another budget. Thank you.

Skanke: How much is air space? Can you build over them? How much is air space? You think I'm kidding.

Gallagher: No, I think...

Skanke: It's expensive.

Gallagher: Yes. I think that that concept has, in fact, been looked at by some of NDOT staff, from an engineering perspective. I've encouraged it.

Sandoval: Or you could have a big dig like in Boston.

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- Skanche: I'd rather buy air space, Governor. It's cheaper.
- Sandoval: All right. Any other questions with regard to Agenda Item No. 6? Did that complete your presentation?
- Nellis: Yes, Governor. That concludes those items.
- Sandoval: All right. If there are no questions, the Chair will accept a motion to approve the agreements over \$300,000 as described in Agenda Item No. 6
- Skanche: Move for approval.
- Martin: Second.
- Sandoval: Mr. Skanche has moved for approval. Member Martin has seconded the motion. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? The motion passes unanimously. We'll move on to Agenda Item 7, Contracts, agreements and settlements.
- Nellis: Thank you, Governor. Again, for the record, Robert Nellis. There are two contracts under Attachment A, found on Page 4 of 12 for the Board's information. The first project is to install a signal system on State Route 160 at Cimarron Road, and construct pedestrian facilities at Buffalo Drive and Durango Drive in Clark County. There were three bids, and the Director awarded the contract on May 20, 2014, to Fast Trac Electric in the amount of \$1,390,312.98. The contract was fully executed on June 6, 2014, and construction began on the project June 10, 2014. The estimated completion date is 8/22/2014. The length of the project is three miles, and the last major construction on this section was a widening of the road in 2012.
- The second project is located at U.S.395 south of Gardnerville at the Washoe Tribe headquarters, to construct a center turn lane and right-turn lane into the Tribal Commercial Center. There were three bids and the Director awarded the contract on June 16, 2014, to Sierra Nevada Construction Incorporated in the amount of \$795,007. The estimated completion date is early fall 2014. The length of the project is .44 miles, and the last overlay in this location was in 2004. Does the Board have any questions for the Department regarding either of these?

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- Sandoval: Questions or comments from Board members? Member Fransway.
- Fransway: Thank you, Governor. Thank you, Robert. Relative to Item 2, my question is, is this turn lane exclusive to the Tribal Commercial Center?
- Terry: John Terry, Assistant Director for Engineering. Yes, in essence, this turn lane is to that commercial center. There are turn lanes north of this area and this is really kind of adding another turn lane where there are other ones north of that, and has also been identified as location both in our county tours and in our safety studies that has had significant conflicts and accidents out there. So, yes, it is an access just to the Washoe Tribe's location, but there are other left turns like it to the north, and this is extending the cons of adding left turns further to the south.
- Fransway: Okay. And was there any kind of a traffic study involved?
- Terry: Absolutely. Absolutely.
- Fransway: There was...
- Terry: Absolutely.
- Fransway: ...when this center went in?
- Terry: Yes, that it was justified based on volumes...
- Fransway: Okay.
- Terry: ...to have a left turn and has been an item of contention for years of them...
- Fransway: Okay.
- Terry: ...wanting to add this left turn. Yes.
- Fransway: Good. Thank you, Mr. Terry. Thank you, Governor.
- Sandoval: And do you know when the completion for that signal is going to be accomplished?
- Malfabon: August 22nd.
- Sandoval: All right.
- Terry: Correct.

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- Sandoval: No. And I--obviously, this has been about that safety issue, and I want to compliment the Department for putting it all together so quickly...
- Malfabon: Thank you, Governor.
- Sandoval: ...and recognizing an issue, you know, doing the studies, retaining the contractor and getting it installed and in time for school and things. So that's--I think, you know, in the big picture not a huge project, but one that garnered some attention and got done in a quick way. So I want to thank you for that.
- Malfabon: Well, definitely the direction from you as the Chairman of the Board and Board members helped to achieve that timeliness in expediting the contract. So thank you for acknowledging that, Governor.
- Sandoval: All right. Mr. Nellis, you want to move on to agreements?
- Nellis: Thank you, Governor. There are 64 executed agreements under Attachment B, found on Page 12 of 12 for the Board's information. I'm sorry, it starts on Page 6 and goes through Page 12. Items 1 through 8 are cooperative and inter-local agreements. Items 9 through 30 are acquisitions and facility agreements. Items 31 through 34, there's a grant and three leases. Items 35 and 36, there's a license and a property sale. And lastly, Items 37 through 64 are all right-of-way and service provider agreements. And I'd also like to note, Governor, for the Board that Item No. 4 and 51 are both addressing the naturally occurring asbestos within the Boulder City Bypass project. Does the Board have any questions for the Department on any of these 64 items?
- Sandoval: Member Martin.
- Martin: Item No. 42, it's I-580 bridge repair, Q&D Construction, \$214,000. Is this a part of the I-580 that was just completed about 14-16 months ago, something like that?
- Terry: Once again, John Terry, Assistant Director for Engineering. No, it is not. This is the northbound I-580 bridge over Kietzke Lane and the river, quite close to the I-80 location. And as a part of our bridge inspection, kind of a pretty scary, kind of bad situation. That's why we had to go to an emergency contract to fix spalling, et cetera, on a back wall. But it not part of the newly constructed. This was probably built in the '70s.

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- Martin: Okay. Thank you.
- Sandoval: We'll go to Member Skancke and then the Controller.
- Skancke: Thank you, Governor. Item 63, SB Strategic Consulting for federal policy analysis. Could I get a little more explanation? First of all, I don't know who that is. And then is this the existing contractor?
- Malfabon: Yes, to Member Skancke. This is the existing contract, so an extension to the end of the current federal fiscal year. We had just recently conducted the reprocurement and we'll have a new provider once we negotiate a contract. But this is with Scott Bensing and the team that's currently providing that service.
- Skancke: Thank you. Thank you, Governor.
- Sandoval: Madam Controller.
- Wallin: This is dealing with the freeway service patrol. You're adding--can you just explain what you mean by...
- Terry: Which number?
- Wallin: This is No. 47 and there's another down here too, and 50. You're adding the--allow the service provider to enter into an agreement with Travelers Marketing for the purpose of sponsorship services. Can you explain what that means?
- Inda: Yes. Good morning, Governor, members of the Board. Denise Inda, Traffic Operations. Originally, when we put out the RFP for the current services that we have, we included in there some language about having the service provider develop a proposal for sponsorship. Essentially, what that means that the vans, any signs that we might have would have language added "Sponsored by," and then it would be a firm who's interested in paying a certain amount of money to have their name and logo all around the (inaudible). And so it's a way of bringing in that public-private partnership, reducing the Department's costs for the program, and we wanted to see what opportunities would come out of this for us.

So as the program became established, we started having conversations with our service provider, UR Towing, and we realized that in order to further investigate that opportunity, we had to actually amend the existing

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agreement to allow for that. So we worked with our legal division to get the right language and the right guidance in there to make that appropriate. So what we're doing is amending the agreement so that they can then provide us with proposal that we can evaluate, work with Rudy and the front office, and then perhaps bring it to you for your approval and recommendation. So it's just the first part of the discussion.

Sandoval: Okay. We'll go to Member Savage and then Member Martin.

Savage: Thank you, Governor. Along that same question (inaudible), is Travelers Marketing (inaudible)?

Inda: No, Travelers Marketing is sort of a firm that works nationally, and what they focus on--they're like a broker for sponsorship, as I understand it. They work with many DOTs. They work with many service providers to kind of match up people. So an example in other states, in Ohio, I believe it is, their freeway service patrol is sponsored and branded. And so there's a large insurance company who pays to have their logo on the vehicles and on the signs. In other areas, I think CVS, the drugstore, is a big sponsor of other programs. And that's what Travelers Marketing does, is they match companies and agencies up. And as part of the UR Towing proposal for our RFP, they included as a subcontractor, Travelers Marketing, for this piece, because that wasn't something that they had any experience with.

Savage: (Inaudible)?

Inda: In their proposal they mentioned this. At the time, we didn't put the language in the agreement at that time. And so now we're fine-tuning it based on how we're going to move forward.

Savage: Do any of those funds come back to the State of Nevada?

Inda: Yes, they do. That is the whole purpose of the program, is that the sponsorship--and that's what would have to be evaluated and negotiated, you know, based on the proposal that they would submit to us. But it would be the funds come back to the Department and it would reduce the costs, you know, what we put out to pay for the program.

Savage: (Inaudible).

Sandoval: Please proceed.

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Savage: Thank you. (Inaudible) Controller (inaudible). Item No. 19, I don't know if that was a typo or not, but UNLV (inaudible) Washoe County McCarran. Should that be UNR?

Unidentified Male: Yes.

Savage: Yes? It should be UNR?

Malfabon: Yes, that's correct, Member Savage.

Savage: So that wouldn't be part of the competition, Governor, during the--I thought they...

Sandoval: Where are your loyalties?

Skanke: (Inaudible).

Savage: Moving on to No. 25, I don't see any dollars. Is that just a written agreement with the Virginia Street Bridge and the Reno Masonic Temple, or are any dollars associated with that?

Saucedo: Yes. For the record, Paul Saucedo, Chief Right-of-Way Agent. That's a permission to construct. And so on those type of agreements there is no money exchanging. They're allowing us to come onto their property to do some improvements to some sidewalks, curb and gutter. Yeah.

Savage: Okay. That answers that. I didn't know if there was any dollars transferred or not.

Saucedo: No.

Savage: Lastly, Governor, Item No. 58 very quickly, the 72K for the cattle guard. Is that low or high or average for a cattle guard? It seemed high to me.

Malfabon: I can't respond to that (inaudible).

Unidentified Male: (Inaudible).

Malfabon: Yes, with a phone-a-friend.

Savage: I didn't know, it just, you know, just looking at it (inaudible)...

Malfabon: Typically, what...

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- Savage: ...it might be.
- Malfabon: ...it depends on how much pavement has to...
- Savage: Yeah.
- Malfabon: ...if they try to minimize how much excavation just in relationship directly to how much scope of work is involved in replacing the cattle guard.
- Savage: So it's job specific? Okay. Thank you. That's all I have for now.
- Malfabon: We'll follow up specifically.
- Sandoval: Member Martin.
- Martin: On Item No. 56, there is a contract for \$250,000 to Armstrong Teasdale, LLP, and it says legal support, NEON. I'm assuming by this, this isn't a contract that falls under Ms. Fitzsimmons?
- Gallagher: For the record, Dennis Gallagher, Counsel to the Board. That is correct. Board Member Martin, we've been having a significant number of new issues with the utility companies in Clark County regarding relocation. And we've identified an attorney who has extensive utility experience to assist primarily the Right-of-Way Division in working through these issues with the utility companies. Hopefully, this contract will come nowhere near to the amount that is identified here, you know. It's not to exceed. But there has been kind of a change in the working relationship with some of the utilities. And I don't know if that's due to changes of personnel or whatnot, but it was creating a log jam within the Right-of-Way Division, so we went out and tried to get somebody who could hopefully break through that log jam.
- Martin: And this money comes out of the same bucket that we were talking about before, the \$100 million bond?
- Malfabon: For the portion that's directly related to NEON that would be separate. So if there was work on utility issues with Boulder City Bypass that would not be out of the bond.
- Martin: Okay. Thank you.
- Savage: I have one thing.

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Sandoval: All right. Member Savage.

Savage: To add to Member Martin's comment, I think it's, you know, we go to legal to try to resolve. I think we have to look back and look at the PR possible, too, the communication. And I know we discussed at the CWG before, some of the utility partners holding projects up. And I think it's very important and we should set a priority to ensure that our communication, as a department, with these different utilities, is really understood. Not so much on the legal side, but let's have a cup of coffee, let's try to resolve it and find out what the problems are and really take a proactive stance; because, again, I hate to get more and more involved with the legal. I know we have to, and I'm just hoping for earlier resolve.

Malfabon: Just in response to that comment, Governor and Board members. One of the things that we did with Project NEON's RFP was in advance of any design-build project, we wanted to understand better the NV Energy's process for procurement for when they had to relocate power lines. And we discussed very much in detail distribution lines, transmission lines and the different procurement processes that they have to go through...

Savage: Mm-hmm.

Malfabon: ...and we got that worked into our RFP so that contractors on design-build projects in general, will understand now this is their schedule. You can't just assume that they can drop everything and do everything on a moment's notice. So there's a better understanding, I believe, with NV Energy with respect to other utilities. We're going to be meeting with the Water District about those types of issues where we have disagreements. So we do try to deal one on one with utility companies and try to understand their positions on these issues, and try to work those into our documents and have a...

Savage: Okay.

Malfabon: ...better understanding and working relationship.

Savage: That's good. I'm glad to hear that because, you know, when we hire an attorney it puts them on the defensive automatically. And I think that a lot of things can be resolved at the higher levels between the different officers and administration. So thank you, Mr. Director. Thank you, Governor.

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Sandoval: And agreed, Member Savage. In given the new ownership at NV Energy, at least my impression has been that there is an eagerness to sit down and resolve things short of litigation. And so perhaps it would be a ripe time to take advantage of that and sit down with some of the executives there. I know in some of my conversations with them they have shown a strong willingness to do so. And as Member Savage says, once the lawyers get involved--I'm a lawyer--you know, it tends to escalate. And, you know, maybe again we could reach out to them and see if we could resolve that.

Skanccke: Governor, to that--this is Tom Skanccke soapbox day. I'm sorry. I bet the last meeting went by in, like, 90 minutes.

Sandoval: It actually did.

Skanccke: Okay. So now you hurt my feelings. Wait, I don't have any. Anyway, you know, a lot of these CEOs sit on boards that we all work with and sit on, committees and several of them are on my board. It might be worthwhile for maybe some of--I'm not volunteering my colleagues or me for any more time, but maybe we can assist with some of these individuals as we move down the road with some of these contentious projects and some of these acquisitions. Not to get involved with your day-to-day, but to Len's point, sometimes a cup of coffee and a protein bar--you probably would have said a doughnut two years ago--but a protein bar, might help through some of these processes.

I don't know if we can legally do that, but we all know lots of people in this state. And as we look at some of these escalating rights-of-way costs, I mean at some point when do people start realizing that these are our dollars that we work very hard for to generate for the trust fund. And the more these rights-of-way acquisitions go up and the more these things are delayed, then we have to have conversations about what I just said 20 minutes ago on fuel tax dollars. If we can help, I'm certain that those of us that could would be happy to help. And I think as business people, I think we should probably try to do that.

Sandoval: Thank you. Member Fransway.

Fransway: Thank you, Governor. And mine should be short. But there are several line items with no fiscal note. And one of them has been explained, but there's 11 in total; 25, 26, 28, 15, 30, 37, 38. It makes me believe that there is no

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fiscal ramifications for that and it looks like there should be. Is there a reason that there are no fiscal note to those 11?

Saucedo: Again, Paul Saucedo, Chief Right-of-Way Agent. Mr. Fransway, we could go through each one individually if you'd like. But some of those are, like I explained to Member Savage, some are permissions to construct which don't have a monetary value. Some of the ones with utility companies are agreements to start their process, so there'll be another agreement that would come back that would set out any reimbursable cost that they might have. So it's getting them to start their relocation designs that we might need for a project; things of that nature.

But without going through each one individually, I couldn't, you know, that's--I know looking at it here I've got three or four from the utility companies, so that would be...

Fransway: Yeah.

Saucedo: ...the case.

Fransway: Well, no, you don't need to do that. But it may help, at least it would help me, that if it was included somehow in the note section.

Saucedo: Comments.

Fransway: That would explain it to me, because it looks to me like the Department would be obligated to perform work and that's not free.

Saucedo: Right.

Fransway: And so that may help me in the future.

Saucedo: Okay. I'll note it. Thank you.

Fransway: Okay. Thanks. Thank you, Governor. That's it.

Sandoval: You're welcome. And I know on Agreement No. 2 that we're going to be covering that later on in the Agenda. But just so I'm clear, we are relinquishing land and paying for what we're relinquishing?

Saucedo: For the record, Paul Saucedo, Chief Right-of-Way Agent. That is part of the road relinquishment, road transfer. And so, I know a little bit about that, but I probably wouldn't be the best one to address some of those comments.

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- Fransway: Governor, if I may clarify that. And I was going to do that when we reached that item. But that is in conjunction with the resolution. It is the cooperative agreement portion of that.
- Saucedo: Yes, sir.
- Fransway: And so we have that in our packet. And I talked to you earlier and we will make that distinction if and when we make a motion to agree.
- Sandoval: Okay.
- Fransway: Thank you.
- Sandoval: So I'll reserve that question for that Agenda item. But on 51, which is Terra Tech. Is that more new money that we're adding onto that contract or is that something we've discussed already? The RTC money?
- Terry: Once again, John Terry, Assistant Director for Engineering. That and Item No. 4 are essentially the same issue. We brought this to the Board's attention that it was happening last month. I'm bringing it to your attention that it's going to happen again next month, as was talked about in the Director's Report. So this is the first amendment for us to do air quality monitoring in phase two. We authorized our consultant and they're already out there doing it. We're executing an agreement with RTC that they're paying for that. A similar type of agreement will be before you next month for additional testing in phase two. We're working with them as best we can to get all of this resolved, but it takes these agreements to sort of cover the money out there.
- Sandoval: No, and I get that we're expanding responsibilities here, and duties. But are we going to be able to stay within budget otherwise?
- Terry: We have not amended our additional state funds that we're going to spend on the budget for the Boulder City work, but Tetra Tech's agreement has gone up substantially, but that is being reimbursed. So we are on budget for what we're doing.
- Sandoval: All right. Thank you. Okay. Any further questions with regard to Agenda Item No. 7 on agreements? Mr. Nellis, anything further?
- Nellis: Governor, that concludes all the attachments under Agenda Item No. 7.

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- Sandoval: Okay. This is an informational item before I leave it one last opportunity for questions. Thank you very much. We'll move on to Agenda Item No. 8, Resolution of Abandonment, disposal of NDOT right-of-way located along I-15 Mesquite Interchange drainage easements.
- Malfabon: Thank you, Governor. We're asking the Board to consider disposal of the right-of-way. We have an easement interest to be abandoned there by the I-15 East Mesquite Interchange. That was a drainage easement. The original easement was acquired for wash maintenance. However, since the easement was initially acquired, a new improved drainage channel was constructed. And on May 27, 2014, the Surplus Property Committee determined the easement is no longer required for the drainage facility. So we're requesting the Board to consider disposal of NDOT right-of-way at that I-15 East Mesquite Interchange for the drainage easement indicated.
- Sandoval: If there are no questions, the Chair will accept a motion for approval of the resolution of abandonment as described in Agenda Item No. 8.
- Skanche: So moved.
- Wallin: Second.
- Sandoval: Member Skanche has moved for approval. Madam Controller has seconded the motion. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? The motion passes unanimously. We'll move on to Agenda Item No. 9, another Resolution of Relinquishment with regard to State Route 294, the one we just discussed.
- Malfabon: Yes, Governor. This is for a relinquishment of a portion of State Route 294 at Haskell Street. In your packet you have the agreement between NDOT and the City of Winnemucca, where they will take over that street and we will give them some funding for what was anticipated for the cost of a signal, I believe. But it's...
- Fransway: No.
- Malfabon: Was it the pavement? I can't remember, Governor and Board members...
- Fransway: Yeah, the signal was...

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Malfabon: ...what the...

Fransway: No.

Malfabon: ...number came from.

Fransway: That's not included.

Malfabon: It was basically to transfer a portion of that road to the City of Winnemucca. And Kevin Lee, the district engineer in District 3, was helpful in negotiating this deal with the city. Member Fransway probably has a lot more history with it than I do.

Sandoval: I guess the question for me is just what is the \$750,000 for?

Thomason: For the record, Tracy Larkin Thomason, Deputy Director for NDOT. This was (inaudible) and negotiated to cover the cost of a signal out there. There's some improvements that needed to be at the intersection, and it's a little bit higher because it's also in conjunction with the railroad nearby. So in order to take care of it that was part of the negotiation.

Sandoval: So in other words, before we turn it over, we're going to bring it up to date?

Thomason: Basically, any time we negotiate we want to hand over the thing in a state of good repair. In many cases, what we do is we transfer money for them to take care of it, instead of us doing a project ahead of time.

Fransway: Governor, if I may. This has been a long-standing issue and it has been continually the Department's stand that a signal would not function there with respect to the location to the railroad. And so throughout the talks, NDOT would not agree to be involved in the construction of what was termed as the project, which was the signal light at that intersection of Bridge and Haskell. So ultimately, it was decided not to do that. The city would have the option to do whatever they needed to do to address the situation that exists there.

So the \$750,000 was for maintenance over, I believe, a 20-year period that would be the responsibility of the City of Winnemucca, in the future. And that is written in the cooperative agreement. It is not in the resolution which, by the way, the resolution had no number associated with it. So the resolution is basically in accordance with the cooperative agreement.

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- Thomason: That's a question?
- Fransway: No, no. No, that's what it is. The light doesn't have anything to do with the terms of the agreement.
- Sandoval: Is the attachment--excuse me. Is the cooperative agreement an attachment to the resolution? I just want to be sure because my question is, if it were agendized, does approving a resolution and not a cooperative agreement?
- Gallagher: Governor, that would be the appropriate step for the Board to take the resolution, not the cooperative agreement.
- Fransway: Yeah, but the resolution, it needs to be stated--as far as I'm concerned, Governor, it needs to be stated that the resolution is adopted, if we adopt it, in accordance with the cooperative agreement.
- Gallagher: That could certainly be made part of the record, Board Member Fransway.
- Fransway: Because the resolution doesn't even mention the \$750,000.
- Gallagher: Correct. The resolution is asking the Board to relinquish the property. The cooperative agreement stands on its own. I understand they're related, but what the Board is being asked here today, is to relinquish that property.
- Sandoval: There are two resolutions in the packet.
- Fransway: One is dated December 11, 2012. And that's the action that the City Council took. Since then there have been discussions on the cooperative agreement. There have been different drafts of the cooperative agreement, and I have them with me. After review, the Department felt that it was not an equitable agreement. And so I think that the City Council has taken further action. Whether or not they took action to readopt the original resolution or not, I know that they did take further action. So it's a bit confusing as far as what's in the packet. And I can understand the Governor's question on it. I understand it because I worked with it.
- Gallagher: Governor, I believe the Attachment No. 2 is the Resolution of Relinquishment that the right-of-way is proposing that the Board consider.
- Sandoval: Mr. Saucedo...
- Saucedo: Yes.

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- Sandoval: ...is that correct?
- Saucedo: Yes, sir.
- Sandoval: So I just want to make sure if we approve this today, we button it up and can move on.
- Gallagher: If the resolution is adopted, the property will go to the city and we'll be done with it.
- Sandoval: And, again, just so I'm clear before I take a motion. So we'll approve the Resolution of Relinquishment marked as Attachment No. 2 within our binder, and how do we reference the cooperative agreement within the...
- Fransway: Yeah, we have the reference as far as I'm concerned, Governor, and I'm prepared to do that (inaudible) the reference in the motion.
- Unidentified Male: That's the other place where the dollars are...
- Fransway: Yes.
- Unidentified Male: ...shown.
- Fransway: Yes.
- Sandoval: Well, we did approve, as an agreement in the previous Agenda item, the \$750,000, so we've done that. Or we didn't do that. That was an informational item.
- Malfabon: Yes.
- Sandoval: So that will happen regardless of the action taken on this Agenda item, correct?
- Gallagher: Correct.
- Sandoval: Yeah. So we really don't need to--do we...
- Fransway: (Inaudible).
- Sandoval: Whoever's typing this record, start over again. But any event, I want to be clear on how, or if, we need to reference the cooperative agreement in the motion.

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Gallagher: In my opinion, Governor, it does not need to be referenced. However, if it is the preference of the Board to refer to it, you know, it's certainly within your discretion.

Sandoval: All right. Any other questions or comments with regard to this Agenda item? If there are none, the Chair will accept a motion for approval.

Fransway: Governor, I would move to approve Resolution of Relinquishment as in Item No. 8 in accordance with the cooperative agreement of June 3, 2014.

Malfabon: Item 9.

Fransway: Item 9. Excuse me.

Sandoval: You've heard the motion. Is there a second?

Wallin: Second.

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

Group: Aye.

Sandoval: Opposed no? The motion passes unanimously. We'll move on to Agenda Item No. 10, Briefing on the RFP for freight plan.

Malfabon: Thank you, Governor. Bill Thompson will present this item to the Board.

Thompson: Thank you, Director Malfabon. Governor, members of the Board, for the record my name is Bill Thompson. I am the freight project manager for NDOT. So I want to talk about the requirements of MAP-21, Nevada's freight economic development and the state freight plan. But also, towards the end of my presentation, I would like to bring up Mr. Paul Enos, the CEO of Nevada's Trucking Association, just for a couple of minutes.

On July 6, 2012, the president signed into law the MAP-21 Act. In Section 1118 of MAP-21, it directs the Secretary of Transportation to encourage each state to develop a comprehensive state freight plan, a plan that outlines immediate and long-range plans for freight-related projects. The freight plan would then be incorporated into their national plan. So NDOT has an opportunity to improve our freight network, by developing a freight plan

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that will set Nevada priorities, policy and strategies to enhance freight service.

Keep in mind that the coordinated freight efforts with these plans that you see here will be incorporated into the bigger picture, the freight plan. As the I-80 corridor system master plan, the I-11 corridor study, RTC's Las Vegas goods movement, corridor master plan, the I-15 corridor master plan. There are freight elements in the Connecting Nevada Plan and the Nevada Freight Assessment plan. That document was completed in December of 2013. The Freight Assessment document was prepared to establish on the basis for preparing a complete freight plan to be in compliance with MAP-21.

So let's look at where the other states are with their freight plans. The blue states have just started. Some have just completed their MAP-21 compliance freight plans. Now, the green states that you see here are existing freight plans that they've had in the past and they upgraded them to be MAP-21 compliant. The red states have an existing freight plan that are not MAP-21 compliant. And the white states have not started their freight plan yet.

So here you see the state DOTs monetary values of their freight plans. They range from \$340,000 to \$5 million. Nevada is estimated to be \$1.2 million, to best position our state with freight, bringing all modes together.

Sandoval: Okay. And before you move on, and you know this question was going to come. But why are we in the white and not a different color? Is it just...

Thompson: Well, as I mentioned, you see the blue states. They've already started. We have not started ours, so I chose to go with white as these guys are ready...

Sandoval: No, I get why we're white. It's why haven't we initiated a study sooner to be more precise than (inaudible)...

Thompson: I understand.

Sandoval: ...question?

Thompson: The Department chose to assess the freight in our state first. We completed the state assessment that I mentioned. We just completed it in December of 2013. And with MAP-21 just coming out in 2012, that gave us a good

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picture of where we were, where we are and where we want to be. And now we're in front of you to move forward.

Sandoval: Okay. Does our being a little bit behind the others states put us in any type of jeopardy with regard to federal funding?

Thompson: I believe the answer on that is no. And the reason why is, as long as we start ours by the federal fiscal year 2015, we'll be in compliance.

Sandoval: All right.

Malfabon: I wanted to also add to that, Governor and Board members; that under MAP-21, it does give a state additional proportion of federal funding when they do these projects that are their freight plan. But because we have such a large amount of federal land in Nevada, we don't really gain anything from that. Now, to Bill's--I mean in the situation here, we were waiting on that freight assessment and also the RTC of Southern Nevada also did some studies of freight in Southern Nevada. We also have some other studies that have been done by GOED that we can build off of, for ours. So we're not going to lose anything in being one of the later states to develop our freight plan, and we don't gain anything that other states do that don't have that situation with a lot of federal land. And the states with a lot of federal land get that bonus of additional federal participation.

Sandoval: Well, and again, it's important. I'm glad we've recognized this and we're moving on it, because it is one of our sectors with regard to our economic development plan, a huge piece of the future of this economy.

Malfabon: Yes. The GOED study was one of the ones that we're going to build off.

Sandoval: Madam Controller.

Wallin: Yeah, just to kind of follow up on that, because in noticed that in prior work you've done these freight elements and Connecting Nevada Plan and the I-15 corridor master plan, I-80 corridor, I-11, and then we did the statewide study. So we've spent already \$7.7 million. I was just kind of like, why we're just now doing this now, like following up with the Governor? We've been dabbling at it, but...

Thomason: Again, Tracy Larkin Thomas, Deputy Director for NDOT. Specifically--and it was a decision I made in my last position, which is why I'm speaking

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in here--is we didn't want to pay again for the freight elements that we already had, which was why we're winding up on the I-11. We had the I-15. We have been cooperating with the RTC. So we're actually farther ahead than is indicated by this. We gathered a lot of information and basically did a gap analysis of the information we had. And then so as we proceed, we're paying for new information and not reiterating and recounting.

Sandoval: Please proceed.

Thompson: Thank you, Governor. The future of the freight plan will develop input from stakeholders statewide with approaches to strengthen infrastructure that supports economic job growth. The benefits of the plan will toughen our highway transportation systems, support the Department's aggressive safety agenda, establish performance measures on projects. The freight plan will promote innovation and reinforce efficient, reliable freight networks to support trade.

The freight plan will identify the primary drivers that are critical to Nevada's economic growth. The plan can help achieve planned goals such as achieving safety, state of good repair, livability and employment sustainability. The plan will address all modes of transport that are freight-dependent.

The next few slides will show some of the projects that could possibly come out of the freight plan, and these projects will improve infrastructure critical to advancing our state's competitive edge. One more thing that's not up there that I'd like to mention is, on the roads that heavy vehicles deteriorate the condition of the roadways, such as mining, agriculture, energy cargo and fracking materials that could be coming to our state. A description of improvements that reduce or slow down the deterioration, would also be identified.

To continue with projects, there are our future trends; tuck-only lanes, truck platooning, tube freight transportation which is an unmanned train with cargo in tubes, concept trucks, zero-emission truck corridors, safety projects, truck parking facilities statewide. This will also follow the new Jason's Law that's also included in MAP-21, Section 1114. Railway and highway grade separation, climbing and truck escape lanes, truck bottlenecks. Parking in Nevada is a huge issue. We simply just don't have enough truck parking statewide. So when truck restrictions occur on I-80 at the California/Nevada

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state line, westbound trucks are forced to wait out the truck restriction on shoulders, ramps in the neighborhoods and sometimes even in the travel lanes, creating backups for several miles.

This map produced by FHWA highlights the volume of truck movements as we see it today. The heavy lines include heavier traffic. This one highlights the increased volume of truck movement, forecasted in the year 2040, utilizing the same system showing a larger demand. The freight plan will encourage freight in the empty areas around Nevada. I made this graph to show Nevada's outbound commodity flow by mode and tonnage. And it's forecasted out to 2032. As you see 2012, and it consistently goes up. And obviously as you see the blue part, majority is truck over all other modes.

Talk about the project timeline. We are ready to advertise our RFP, pending Board approval. Once a consultant is onboard, we will come back to you in September with an agreement for Board approval and then we'll give our notice to proceed. Under the USDOT compliance requirement for freight plans, we will start the plan development by federal fiscal year 2015. At this point, Governor, I am close to wrapping this up, and I would like to introduce Mr. Paul Enos, the chief executive officer of the Nevada Trucking Association. Mr. Enos will give his perspective representing the trucking industry.

Enos:

Hi. Good morning, Governor, members of the Board of Transportation. I'm Paul Enos, CEO of the Nevada Trucking Association. And we are here today to support the RFP for the freight plan. And, you know, Bill and Rudy are absolutely right. We have done a lot as far as freight assessment goes and analysis, you know, whether it's intelligent transportation systems, mapping systems, the freight assessment plan I was able to review a lot of the drafts. So we are farther ahead than that initial map does show.

But I do think it is important to have a freight plan that does look at everything we've done and tie it all together. It's a great tool for the Board, especially in a time of very limited resources, to be able to make some decisions that are driven off data, and kind of looking at the big picture and seeing where we're going to have this economic growth; what sectors are we going to grow and where are they going to grow. Is it going to be, you know, a barite mine near Battle Mountain or is it going to be oil in Elko, or

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is it going to be, you know, new casinos on the strip? So where are we going to need to make those investments?

And I think a freight plan where we're taking a lot of this data that we've already done and taking that big picture look, I think that gives us a great tool to decide where we're going to put some of those limited resources that we have to best improve our infrastructure, to enhance our economic development. Thank you very much.

Sandoval: Thank you. Thank you very much.

Thompson: So I'll wrap it up with this slide. For the record, Bill Thompson, Freight Project Manager with NDOT. The project costs for the freight plan will cost an estimated \$1.2 million. That's 80% federal, 20% required state match. Governor, members of the Board, we request Board approval for the development and release of the RFP to seek consultant services to assist NDOT in producing our very first freight plan. This concludes my presentation.

Sandoval: All right. Thank you. And this will have, obviously, my full support. I think it's critical. Is there any way that we can move this along faster? Is there that much information that we have to wait until the end of 2016 to get the report?

Thompson: That is projected time to complete. I believe we can do that, because we have done so much that the plan will pull together, and it's rather important. We don't want to miss anything. But I can tell you that when we come back to you with the plan completed, I'm going to push to have it done a lot earlier. I do want to get this thing going.

Sandoval: Well, fortunately, things are starting to happen in our state, due to the leadership of Mr. Skancke and his responsibilities with the Las Vegas Global Economic Alliance and EDAWN, the Economic Development Authority of Western Nevada. There's a lot of activity. And I just would like to see if we can get this along faster. I mean two and a half years seems like a long time from now. And, you know, given this map with the red lines all over it and such, and given Nevada's growth and increasing prominence, when it comes to logistics and distribution and freight...

Thompson: Yes.

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Sandoval: ...I would really like to have this sooner rather than later.

Thompson: Generally, the 24 months is kind of a standard cookie for an agreement, so cookie cutter. And in the scope refinement, we'll be working on getting a date that will be a lot sooner.

Sandoval: Great. What would be a lot sooner?

Thompson: Will you settle for 18 months?

Sandoval: Member Skancke.

Skancke: Thank you, Governor. And I couldn't agree with you more that time is of the essence. The work that the Governor's office on economic development is doing and all of my partner regional development authorities across the state, we're seeing a massive amount of increased need for this type of work. I have a couple of questions, you can possibly imagine, because I've spent a lot of time in this area. And everything I deal now with in my current position, is based upon economic development.

So I look at the slide with all of the plans that we have done and they are plans. And what I think we need is a strategy more than a plan. A strategy is different than a plan in this regard; a plan gives you a lot of information. A strategy is a document on movement and action. And I think what we need is action, in that with all of the things that GOED is doing and really the work that's trickling out to the regional RDAs from that effort, we're behind the curve.

And so I hope in this--and I've read the entire RFP and I'm not going to take up time here, but I will call you with some suggestions; because I would like to see a framework done by which we move forward with a strategy and not a plan. We had six plans up here that I think we can incorporate into the main strategic document, but I think we need direction. And I've seen those pictures of freight and goods movement in the country. And not to spend money that the state doesn't have, but I would create some type of an incentive in this contract to get this done a heck of a lot sooner rather than two years.

Any contractor that could get this done for us in 12 months, Frank would probably give him a bonus. But--I just wanted to see if Frank was paying attention. But I think as we have conversations about the logistics

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opportunities that our state has, we've got to bring an I-11 and all these other projects. It's going to take massive coordination. When you have conversations about trucks-only lanes there's national implications that each state has in that arena. As we look at whether it's triple trailers or double trailers and all the politics around that and all the technology around all these things, the consultant has to look at this from a very strategic point of view.

So I would be happy to help in that arena. I've spent a lot of time there. I would like to recommend to the Board that we actually do approve this and move quickly. But if the opportunity arises for us to create an incentive to get this done sooner than later, this is a project, Governor, or a strategy where I think we could create incentives for people to get this done sooner rather than 24 months, because of the work that we're doing on the economic development side. Thank you.

Sandoval: Other questions or comments? I noticed that there's no proposed I-11 on the map for 2040. And will the proposed study, the implications of the construction of an I-11?

Thompson: Would you like to answer that?

Greco: Certainly. Thank you, Bill. For the record, Tom Greco, soon to be not your planning director. But I-11 is a very valuable effort in study. It is not on the map because other than going into Las Vegas, it isn't established where it is going to go. But as that study moves ahead, that information will be in the freight plan.

Sandoval: All right. Great. Because when you look at that 2040 map and you see how thick the red line is going through Southern California and through there, I mean we've got to keep this map on all of our I-11 presentations, because I think it really helps underline the need for that, because everyone knows what the traffic's like in Southern California and through The Valley and up through Northern California. So it just highlights the need for I-11 that much more.

All right. So is there a motion for approval of the RFP for the freight plan as described in Agenda Item No. 10?

Martin: Move for approval.

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- Sandoval: Member Martin has moved for approval. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. And for comments, questions on the motion, again I'd like to reiterate Member Skancke's comment with regard to using all tools available in terms of expediting the completion of the plan.
- Thompson: You bet.
- Sandoval: Any other questions or comments? If there are none, all those in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no? The motion passes unanimously. Thank you.
- Thompson: Thank you.
- Sandoval: Mm-hmm. Agenda Item 11, Briefing on request for proposal for e-STIP.
- Malfabon: Thank you, Governor. Jason Van Havel will present this item to the Board.
- Van Havel: Hello, Governor, members of the Board. Thank you for having me today. My name is Jason Van Havel. I'm the assistant chief of transportation multimodal planning. And I'm here to talk about the e-STIP, what it is, why do we need it and how will we get it.
- I'd like to start off by showing you a little bit of history here. You can see this document and the volume of it. This is our 2005 TSP, our Transportation System Projects. This contains our STIP and our work program. You can see its volume. This is our 2010 TSP and you can see its volume. This is our 2014 TSP and you can see its volume. Notice a trend here?
- Sandoval: Just for purposes of the record, they're getting bigger.
- Unidentified Male: They look like the GOED.
- Van Havel: So this is relatively expressing our current systems that we use to produce that TSP. It's kind of in the Stone Age and it involves manual entry, both on our standpoint and by the MPOs, which a lot of the information inside of the TSP and the STIP comes from the MPOs. Once they produce their STIPs

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then the MPOs send their STIPs on off to us at the state, and then we manually enter the information again inside of our systems to produce those final documents. Of course, as we know, the STIP is required by Federal Highways, and in a recent survey by Federal Highways, currently 60% of all state DOTs are utilizing some version of an e-STIP.

Now, what it is? An e-STIP will allow NDOT and the MPOs and other agencies of the state to be able to enter information in directly into one database so we can all use the same one. Through a web interface, we can all enter that information in once. With that, we can also provide search capabilities, sorting capabilities, printing/saving capabilities that our current systems do not offer. And these types of systems will be allowed for not only us, partnering agencies around the state, local agencies, but also the general public, issuing in a new era of transparency that we've never seen before.

Now, why do we need it? With under a uniform process for all the agencies, the items to really keep and emphasize is that this is one place for all the data to be stored. It does not have to be entered and quality controlled over and over and over again, as each time that it's manually entered. It'll be one format, one format that the DOT and the locals will use and become accustomed to, and the general public will be comfortable with one standard format. It'll be one place to review and approve changes to these documents or in the process of creating these documents. Along those lines, again, I would like to quote something from a Federal Highways' document that they recently published, when they surveyed DOTs around the country about their status of their e-STIP.

It states that, "The DOTs have identified a number of advantages using the e-STIP. The most common advantages were the time, money and paper savings associated with using an e-STIP. In Pennsylvania, the use of an e-STIP has reduced the amendment process turnaround time from two to four weeks to as little as five minutes." And that's part of the advantage of what the e-STIP can bring that we can be responsive in a very quick, timely manner.

It's a reliable program development tool. It'll show real-time fiscal constraint. And ultimately, the STIP's responsibility is to show fiscal constraint that we're not planning on delivering more documents than what

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we have the resources for. So the e-STIP will show real-time fiscal constraint. We'll have process controls to be able to expedite those changes as we need in a very timely manner. It'll show updates on project history so that way we can see the evolution from a funding standpoint, or a scope standpoint of a project of where it came from, versus where it is today. As far as a transparent process, this will be able to build a trust that we haven't had before with local agencies, federal agencies and the citizens of Nevada; a level of transparency that we just have not had before.

Now, how do we get it? We have an e-STIP team that is not just NDOT, but is also the MPOs of the state and the federal agencies. We've looked at other examples of state DOTs e-STIPs including Washington and Utah's, and we've identified some preliminary steps. In fact, with the effort we've gone through so far, this is a picture of some of the team members that we have, that have been getting to the point of where we are. In fact, who present has worked on the e-STIP on some degree, taking part in meetings, participation? We have more people involved than I think are raising hands.

But you can see that we have the broad-based support already. We have Federal Highways, Federal Transit onboard supporting this effort. We have all of the MPOs. We have letters of support from all of them supporting this effort. So we are heading in the right direction and we're going to move forward with an RFP. And so we'll let a potential developer help instruct us what the best method is of utilizing existing software or developing something new. But we expect it'll probably go in the direction of utilizing something existing and then tailoring it to fit Nevada.

Now, some lessons that we've learned from Federal Highways' recommendations are that paper STIPs are inefficient and obsolete. You waste a lot of time reentering manual information, quality controlling to the point where it takes a lot of time and effort and it causes problems if you do not do it adequately. We have all parties onboard. We have the MPOs. We have other agencies, local agencies. They're all supportive of this effort. And we're starting with the e-STIP and then building on the success from there. And with that, I would like to remember one of Mr. Skancke's soapboxes from January, where he emphasized the power of data integration early in the process. Well, this does not accomplish that, but it's a step in that direction. And it also can be used to help fulfill some strategies. It

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won't be the strategy itself, but it can be one of the tools that could help deliver some of these.

And I'd also like to read a couple of other passages that Federal Highways quotes. Federal Highways states that, "All of the states interviewed said that the use of the e-STIP has enhanced their public involvement." So that's a new level of transparency that we have not experienced before. Further, Federal Highways references some state DOT comments. "Texas DOT staff know that business processes throughout the public and private sectors are moving towards electronic systems. And that it is time for state DOTs to embrace the efficiencies that come with this transition. Pennsylvania and Florida DOTs similarly both encourage states to move towards an e-STIP direction due to the resource consuming components, even if there are upfront costs to making this transition. Colorado, official note that the use of the e-STIP does require going beyond the minimums, but it is a good long-term investment. Florida DOT says that the increased consistency between the TIPs and the STIPs make approvals significantly quicker."

So now what does this look like? We're asking today for us to be able to move forward with the issue of an RFP, to get a consultant onboard to help us deliver the e-STIP. We expect it'll be to develop and implement the e-STIP. We expect this to be about a \$500,000 process of which 80% will be federal planning money and 20% state match. And of the federal planning money, the money is designated for planning activities only, so it's not like we can shift it towards other purposes. With that, do you have any questions?

Sandoval: Questions from Board members? Madam Controller.

Wallin: Thank you. The other states that are using this e-STIP, do any of them having planning portals that feed into or are they just--it's a standalone thing?

Van Havel: There's different levels of integration that the other states have experienced. Many of them are in the process of developing much larger, more comprehensive portals, per se. Some of the states that have e-STIPs have implemented narrower scopes in terms of what features their e-STIPs can deliver.

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- Wallin: Okay. And then you talked about how it's going to reduce errors. So you're still going to have to enter the data into this program, right, the software?
- Van Havel: Somebody at some point, but we will eliminate the multiple entries. So instead of having an MPO locally enter it into their TIP program and then us replicate that entry into our STIP program, the e-STIP will be one process and one program that the state will utilize.
- Wallin: And then will it also have some ability to prevent errors; because I know that when I went on the county tours this year we had a lot of times when we were on the tour, that we had projects that had the same numbers on them and there was a lot of confusion. Will this be eliminated then, too?
- Van Havel: That would be a fallacy to think that an electronic system could eliminate all possible errors, but with many of those errors that you're talking about, yes, we can build it into the system to eliminate many of those. Absolutely.
- Wallin: Okay. All right. Thank you.
- Sandoval: Any other questions or comments? Member Martin.
- Martin: I have two questions. Going back to the previous item, what's the time frame?
- Van Havel: The time frame is approximately 18 months.
- Martin: Can we negotiate that?
- Van Havel: Certainly, we can work to expedite that. Our target was to have this system in place to be utilized for the federal 2016 funding cycle, which actually goes into use probably in the April time period of 2015, which is less than 12 months. I don't know that we can get the full functional system in place by then, but that's our target, to get something in place functional by that time period.
- Martin: Was the 18 months the time frame to complete the study or to have the program in place?
- Van Havel: No study, just the program in place.
- Martin: Okay. Along those lines, are we looking at maybe taking Washington's program and just simply going and buying a copy of that and installing it?

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Van Havel: That's absolutely a possibility. And that's where the proposal will come in, is to what proficiencies the contractor can deliver--how can they best deliver the most functional and value to NDOT. If that's what the contractor believes is the best way to go then that's the best--that's what we're going to go with.

Martin: Okay. Along those lines, as a person that's responded to many, many RFPs in my lifetime, it's always the person that is writing the RFP that sets the calendar. And why doesn't NDOT set a calendar for the freight study for this study saying it's 12 months or the proposer give us your best time frame, and that's part of the award procedure?

Van Havel: Certainly can be. It most certainly can be. Our goal...

Martin: Is that a yes, it will be or is that...

Van Havel: Yes, it will be.

Martin: ...it can be?

Van Havel: Yes, it will be, sir. Yes.

Martin: Okay. Thank you.

Sandoval: Okay. The Controller has a follow-up, then I'll go to Member Fransway.

Wallin: Okay. You mentioned that, you know, several states were using pretty much the same software, correct, that it's more of an off-the-shelf thing that you can buy or--because my concern is is you mentioned in there that we might use off-the-shelf software that people are using or maybe we'll create our own. And I have real issues when we create our own, because if other DOTs are using the same thing, those practices and processes should probably be adapted by NDOT. And sometimes I think that in IT projects we tend to come in and modify the software to fit how we do things, even though maybe we're doing things back in the dark ages and should change our processes. So I would really encourage you to look at getting something that is really more off the shelf, and do some reprocess engineering at your level to...

Van Havel: Okay.

Wallin: ...implement it, so...

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- Van Havel: Okay. Thank you.
- Sandoval: Member Fransway.
- Fransway: Thank you, Governor. And as someone who has been involved in the STIP process for many years on the local level, you say you reached out to the locals. Can I ask how you did that?
- Van Havel: Through NACO and the League of Cities.
- Fransway: Okay. Okay. And their response was favorable?
- Van Havel: Yes. Yes.
- Fransway: Good. Good.
- Malfabon: And, Governor, I wanted to mention that although she had to leave, General Manager, Tina Quigley, for the RTC of Southern Nevada, wanted to express her support for the e-STIP development. And definitely, we see that trying to look at what other states already have in place, an off-the-shelf system would be a lot more cost competitive for our consideration.
- Sandoval: Okay. Other comments? Member Skancke.
- Skancke: This is great. So I have just one quick question. Would this technology allow GOED, my organization EDawn and the other economic development organizations to be able to connect or link this to our website, so that we could actually have the STIP on our website, so that as people and companies are looking at coming to Nevada, and industries relocating here, they could actually access this information if they were a logistics or a goods movement to find out what projects were coming so that we could actually help sell them; that it may not be happening today, but it's on the STIP for 2015, and the project, et cetera, et cetera? Could we have access to that or could we actually launch that off of our website? Is that capability available?
- Van Havel: I'm sure that we can share that through your website. I'm sure we can make that part of...
- Sandoval: We just need a link.
- Van Havel: ...the project, yes.

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- Sandoval: We can just link.
- Van Havel: Certainly.
- Skanche: (Inaudible) actually using a paper copy, so I (inaudible).
- Van Havel: Yes.
- Sandoval: Okay.
- Van Havel: Yes. Yes.
- Sandoval: We like yes. Member Savage.
- Savage: Thank you, Governor. Thank you, Jason, for your presentation. One quick question, because I know this is--it's great we're going electronic. But the marriage moving forward, after we've received this property or this electronic format, NDOT retains the right for that program so we can utilize our internal sources from that point after or do we have to stay engaged to this vendor for the next 15-20 years?
- Van Havel: The priority would definitely be that NDOT would be in position to be able to maintain this, but those are some of the details that we'll definitely need to get worked out.
- Savage: I think it's vitally important that we do everything we can to maintain it ourselves once we get the format, and the game plan, and the application made. Again, to stay competitive I know we need outside consultants and this is a good one here, but I think we really need to strive to run the game, run the show after we get the plan. So thank you, Jason. Thank you, Governor.
- Van Havel: Thank you.
- Sandoval: Any other questions or comments? My only comment is this, "thank you." This is something that needs to be done as soon as possible, you know, this is part of that whole goal of being the most business-friendly state in the country and having access. I mean I just saw an economic report where Nevada got a B+ and maybe this will push us to A-. But, you know, I'm really eager to get this done, but these other questions with regard to the vendor are extremely important, only because we've learned our lessons in this state from in another area and another vendor that has not worked out

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real well. And we've learned a lot of lessons from that. So that's why I want to make sure that even on this much smaller scale, that we're going out and we're getting a tried-and-true technology that isn't expensive; that we're not recreating the wheel, you know, everybody wants their own thing.

And if we have something that is already working for other states, I really encourage that we adopt that and then have the ability to transfer operation and input to the state so that we have control of it and our destiny isn't in the hands of a third party. So I would really--as you said, you've said that you'll put as part of the RFP to have this done, or at least as part of the RFP be done in 12 months and move forward with that. But it's no secret this is the way everything is going. All the courts have gone to e-filing. I know the Secretary of State's Office has gone to e-filing, and it's not even the future, it's now. And so I'm really pleased to hear that NDOT is doing it as well. And, you know, you showed those three binders over the years and having to go through all that. That's really cumbersome.

And as Member Skancke said, we do have sophisticated companies that want to know, you know, "if I'm going to locate here, what is it going to look--what does it look like and what is it going to look like?" So they will have the ability to immediately access that. So this is a win on so many levels. So I really appreciate your work and the folks that have raised their hands in the room and their work on this and those that aren't here, so that we can get this going.

Van Havel: Thank you.

Sandoval: All right.

Martin: I just have one more comment. Is it possible to--and I already made this statement. I just kind of want to recap that as the Governor said, it's going to be a 12-month-max schedule. But is it possible to put into the RFP that the proposer is evaluated based on what his schedule is if he beats the 12 months to deliver the product to us?

Van Havel: I believe we can put that into the...

Martin: It's a performance evaluation is what it becomes.

Van Havel: Yeah.

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Martin: I'm gauged on that. I know Len here is gauged on that every day in their business.

Sandoval: Okay. I see no further questions or comments. The Chair will accept a motion to approve the development and release of an RFP for an e-STIP.

Wallin: Move to approve.

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

Martin: Second.

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

Group: Aye.

Sandoval: Opposed no? The motion passes unanimously. Thank you very much.

Skanche: So, Governor, I want to know, not that that's passed, now how many people have worked on this in the past? Right. Now you're really brave. Thank you.

Sandoval: Next item on the Agenda is 12, Briefing on the USA Parkway project.

Malfabon: Thank you, Governor. Our project manager, Pedro Rodriguez, will give you a preview of what we're going to be presenting to the public as we wrap up the environmental study for the USA Parkway project. Pedro.

Rodriguez: Thank you, Director. Good morning, Governor and members of the Board. For the record, Pedro Rodriguez, Project Manager for the USA Parkway project. Today I'm going to give you an update on where we're at with the environmental phase.

USA Parkway is located approximately 13 miles east of Reno. It's a proposed link between I-80 and U.S.50. Here's U.S.50. Approximately five miles is already paved with a two-lane, two-way roadway. About another five miles is graded to the Storey line county border, and we need about nine to ten miles to connect into U.S.50. It's a two-way, two-lane arterial.

Prior to 2010, the Tahoe-Reno Industrial Center had this project as a private development for their property. In 2010, an agreement was reached between the Nevada Department of Transportation, the Tahoe-Reno Industrial Center

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and county stakeholders that included the following: NDOT would assume ownership and maintenance of the roadway as long as the roadway was designed to NDOT standards. Funding would need to be identified for the construction and the Tahoe-Reno Industrial Center would assist the Nevada Department of Transportation in identifying where the construction funding would come from. Before the project would be eligible for any types of funding, it would need to be cleared environmentally, and NDOT would get the project through the environmental phase, as well as the final design phase.

In fall 2011, NDOT procured Jacobs Engineering to help us get through the environmental phase. The environmental phase is nearly completed. Many tasks have already been completed, including from initially the first public hearing held in Lyon County, which was attended by over 200 participants, survey and mapping, road reclassification, preliminary reports including geotechnical preliminary studies, hydraulic preliminary studies, design reports, things we would do when trying to identify a new roadway. Traffic analysis, forecast reports, road realignments, risk analysis review, benefit costs analysis report which yielded 9.1, as well as other works included with the environmental work like the cultural, the threatened and endangered species; these types of reports that will be included in the environmental assessment.

The preferred alternative for the project has been made public and has been identified. Several alignments were considered for the connection from 80 to U.S.50. The bolded line here is the preferred alternative. It's called the preferred alternative because the public still needs to review the environmental assessment report, and we need to incorporate any comments that they may have, they might have caught that we would have missed before we can classify it as a final alternative. This alternative ties into U.S.50 at Opo. It allows us to utilize the existing graded portion of USA Parkway that's located in Lyon County--excuse me, Storey County and it will provide a high T graded intersection at U.S. 50. This intersection is similar to the one located south of Carson City as you're headed into Minden.

Sandoval: Before you move on, how are we doing with regard to the BLM piece?

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Rodriguez: Located right here is the BLM portion. We're doing well. Yes, BLM has been a key partner in getting through this environmental assessment. BLM is actually also one of the co-lead agencies for this environmental assessment, with FHWA being the lead agency. So each agency has their respective items that they look at through completing NEPA. We're looking at both, but we're taking FHWA as the lead. We're doing well.

Sandoval: How does the right-of-way work in terms of access on BLM land?

Rodriguez: Once we're completed with this environmental process, what we would ask for from BLM, is an easement for the right-of-way.

Sandoval: Okay. And then the other piece, that light bluish, that's private property?

Rodriguez: Correct. This is a private property owned by the Highlands LLC Group.

Sandoval: Okay. Thank you.

Rodriguez: And then the bigger piece up here is the Tahoe-Reno Industrial Center. So currently, we're completing the archeological efforts. I go through the Society of Historic Preservation Organization. And we're also reviewing the administrative draft environmental assessment that is being reviewed by several agencies; NDOT, BLM, FHWA. The next public review phase that will occur will be the review of the environmental assessment report by the public. We're anticipating that to happen late summer, this summer. And we will have our second public hearing meeting at that time to receive any comments that the public also has.

We expect to be completed with the environmental phase this fall, pending FHWA and BLM approval, of course. And construction estimate is estimated to be \$50 to \$60 million. Currently, there is no construction funding identified for construction.

Sandoval: And where would you typically look for that construction funding?

Rodriguez: I have only put together the 30% design. We still need to complete the final design, and then go into construction. So any time between now and completion of final design, we can identify construction funding. Typically, it can happen, I think, at the preliminary level, as well.

Sandoval: No, I...

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- Malfabon: Governor, since this is a regionally significant project, we would look towards federal funding...
- Sandoval: Okay.
- Malfabon: ...our normal resource.
- Sandoval: No, that kind of implies there's no money to be had when...
- Malfabon: Yeah, it would come out of our regular work program that's federally...
- Sandoval: Okay.
- Malfabon: ...funded.
- Rodriguez: With that, I'd like to open it up to any questions.
- Sandoval: Okay. One question I have is on a couple slides back, you said the benefit was 9.1--benefit cost analysis yielded 9.1. Will you give a little bit more detail with regard to what that means?
- Rodriguez: Sure. Benefit cost analysis report is put together for projects to identify what the benefit is to the users relative to the construction of the project or completion of the project. Benefit cost of 1 means that it's as beneficial as it is expensive; 2 means it's twice as beneficial as it is expensive. This gave us a 9.
- Sandoval: So that's pretty good, isn't it?
- Rodriguez: That's really good.
- Malfabon: Almost unheard of.
- Rodriguez: Typically, our benefit...
- Sandoval: What...
- Rodriguez: ...cost ratios are one and a half to two or something along that range.
- Sandoval: Mm-hmm. Is there any other project that has a benefit cost analysis of 9.1 that we're aware of?
- Malfabon: Not I'm aware of. They've usually been just this, as Pedro said, they're usually two maybe three. But this is an amazing benefit cost analysis.

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- Sandoval: And it looks like, if you move forward a couple more slides, in terms of the construction cost that--I mean given what we've been dealing with, that isn't a lot of money to get such an important project done.
- Malfabon: Yes. And, Governor, I wanted to mention, one of the things that you had promoted was to get your Cabinet members touching bases with some of the business owners in Nevada. And I visited a business out there called Dynamic Isolation Systems; talked to the president of that company. And he said that one of the things that--I was just looking at it from the standpoint of distribution of his products, and we're actually using some of his products on the Carlin Tunnels Bridge project. But he talked about his interest was in getting access to employees and having another route to where that Silver Springs to Carson City area--having more access to an employment base was important to him, other than just the commute that's available now on I-80.
- Sandoval: Yeah. No, and I also realize that Lyon County has the highest unemployment in the state. And it really opens things up for the people of Lyon County, Churchill County, all the adjacent counties to have access to employment opportunities in that corridor. And, frankly, both ways because then the employers have access to a whole new population of potential...
- Malfabon: Yes.
- Sandoval: ...employees. Member Skancke.
- Skancke: If I may, Governor. Thank you. Does this require a STIP amendment or is this on a--is this--where are we with this in...
- Malfabon: We would complete the environmental and then look at our funding options. The STIP is a four-year period of time, so we would try to find when it's a good fit in our cash flow and our funding. We'd always want to see more assurance of federal funding, which will probably be coming early 2015. But we think that it's a great project to get on our STIP. Because it's not in the MPO area, it's really the Board's decision to get it on the STIP as a regionally significant project that would be federally funded. So we would propose the recommendations to you as far as what years we get funded in phases.

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Skانعke: I guess if we had that e-STIP 18 months ago, I could have looked at that on...

Malfabon: Yes.

Skانعke: ...my iPad and figured that out. I apologize. But in all seriousness, to me, from an economic development point of view to your point, Governor, this is a critical linkage piece for an entire region of connectivity. And I would think that, from my perspective, this would be a project that would be elevated. Granted, there's a lot of needs in the state, but to me this would be one that we could elevate and move along very quickly based upon the process. So I would support that if that's what you're looking for today, but in the long, again, here's another one of those yes is the answer, right, Governor, and how do we move it along quicker.

Malfabon: Yes. Agreed.

Sandoval: Other questions or comments? Member Fransway.

Fransway: Thank you, Governor. It says that "NDOT will assume ownership and maintenance if designed and constructed to NDOT standards." Am I to assume that NDOT will have inspectors or something on that project to where we know that it's being constructed to the proper standards if, in fact, NDOT does take it?

Malfabon: Typically, on projects similar to this, the example would be the Las Vegas Beltway, the 215 Beltway with Clark County being the owner and constructor of that facility. We have oversight so we have engineers that go out and monitor and they make sure the county agrees to build it to our standards so that their contract with their contractor is to our standards. So it'd be that similar situation in this case.

Fransway: Thank you, Rudy. Thank you, Governor.

Malfabon: If not, the full oversight by NDOT if we have a full crew.

Sandoval: Member Savage.

Savage: Thank you, Governor. And it's well said. I think the 9.1 really says it all. And if it's named 9.1 Project, I think we're looking at something that's stated very clearly and I think the Department needs to be very proactive right now and maybe come back to the Board with a timeline and where we stand with

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these different events, because it's a win-win deal. I mean 9.1, you said it's never occurred before. There's the answer to the test. And I think action needs to be made. And I think, personally, I'd like to see somebody come back, staff, with a report on a definite timeline that's accelerated to the economic development. I mean it's a win-win deal. And that's all I have, Governor. Thank you.

Sandoval: Thank you. And, you know, I see the freight folks nodding their heads in the audience. I think that's another place where we could benefit things and perhaps it could decrease congestion in Washoe County, too, with regard to 395 and I-80.

Skanche: May I ask one more question, Governor?

Sandoval: Member Skanche.

Skanche: Thank you. Of the \$50 or \$60 million, about how much of that is right-of-way acquisition? Do we know yet? Did I miss that?

Rodriguez: No, that hasn't been fully estimated. The \$50 to \$60 million is for the construction.

Skanche: Okay.

Rodriguez: We obviously wouldn't request anything for the BLM, and until we know where this, for sure, that this alignment will be the alignment through here, I don't think we can fully figure out what the right-of-way cost would be.

Skanche: So on the I-11 corridor in Arizona, as an example, the private sector has agreed to dedicate about \$100 million worth of right-of-way through the west part of The Valley. And as I look at a project like this from that point of view, lots of people benefit in the private sector from this type of connectivity. It might be worth our while to figure out a way to reach out to the private sector to see if there's a public-private partnership opportunity for the Department to maybe reduce some of those right-of-way costs to accelerate their benefit by having this type of an alignment connect their opportunities in the future. Just a thought.

Rodriguez: Noted.

Sandoval: Any further questions or comments? All right. Thank you very much.

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Rodriguez: Thank you.

Malfabon: Thank you, Pedro.

Sandoval: Move to Agenda Item 13, old business.

Malfabon: Governor, for the sake of timeliness, we'll just cover this rapidly and allow time for questions from the Board members. You have before you the report of outside counsel costs on open matters, the monthly litigation report and the fatality report. One thing to note on the fatality report, we've had a lot of significant increase in fatalities in some of the rural counties, but I wanted to mention that as of June 30th report, which is a little bit--a week later from the report in your packet, we're currently at seven less fatalities this time last year as of June 30th. So hopefully that trend will continue and we'll end up with less fatalities on Nevada streets and highways this year.

I wanted to mention also that I'm going to be going to Washington, D.C. to participate on a task force that's going to rank research proposals with FHWA funding. And Nevada is submitting two research proposals. It's going to rely on SHRP 2, which is the Strategic Highway Research Program. And they collected a bunch of driver information, road information, camera views of what the driver sees. A huge amount of data was collected and that's going to be the basis for some of these research projects as they go forward and hopefully--I can't vote on the Nevada proposal, but we would actually be the recipient DOT, in partnership with the universities. Both universities in Nevada submitted proposals for that research program to improve highway safety using that data. And that will allow Board members time now to ask questions about any of that information presented.

Sandoval: Thank you, Mr. Director. Any questions from Board members with regard to Agenda Item No. 13? We'll move on to Agenda Item 14, public comment. Is there any member of the public that would like to provide comment to the Board in Carson City? Anybody in Las Vegas that would like to provide public comment?

Unidentified Female: Governor, no one is here from the public.

Sandoval: All right. Thank you. We'll move to Agenda Item 15, Adjournment. Is there a motion to adjourn?

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Wallin: Move to adjourn.

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

Skanche: Second.

Sandoval: Second by Member Skanche. All those in favor, please say aye.

Group: Aye.

Sandoval: The motion passes unanimously. Thank you, ladies and gentlemen. Great meeting.



Secretary to the Board



Preparer of Minutes