Minutes of Nevada Department of Transportation
Board of Directors Construction Working Group Meeting
March 9, 2015

Chairman Len Savage	Tracy Larkin	Dave Olson
Controller Ron Knecht	Bill Hoffman	Mary Martini (Las Vegas)
Kevin Lee	Sean Sever	Mario Gomez (Las Vegas)
Reid Kaiser	Jeff Freeman	Frank Martin (Las Vegas)
John Terry	Lisa Schettler	Darin Tedford
Dennis Gallagher	Megan Sizelove	Thor Dyson
Sharon Foerschler	Jenni Eyerly	Pierre Gezelin

Savage: Okay. So let's go ahead and get started this afternoon with the Construction Working Group Meeting of March 9th. It's a little after 1:30. We have everybody here today. So in Las Vegas I see Member Martin and we have the Controller, Mr. Ron Knecht. We thank you for the work (inaudible).

Knecht: Likewise.

Savage: I'd like to call everything to order, and by that we have public comment as our second Agenda item. Is there anybody here in Carson City that would like to speak on the public's behalf? And Las Vegas?

Martin: None here, sir.

Savage: Okay. We'll move on to Agenda Item Number 3. Any comments from the Working Group for discussion only at this time from anybody on the Board or anybody that's staff or within the Department?

Kaiser: I'm Number 9D, Contractor Prequalification. Jenni's involved in interviews today and she might have a break at 2:00, so when she shows up we might try and fit her in, because she wants to give a little discussion on contractor prequalification.

Savage: That sounds good.

Kaiser: Okay. Reid Kaiser, by the way, for the record.

Savage: Thank you, Reid.

Kaiser: Yeah.

Savage: Any other comments or concerns that would like to be tabled at this time?

Dyson: For the record, Thor Dyson, District Engineer. I thought maybe we could go around just the room for introductions for Board members, if that's all right.

Savage: It sounds like a great idea.

Dyson: So I'm Thor Dyson, district engineer for District 2, which is the Reno/Sparks area, basically the northwestern portion of Nevada.

Knecht: Thank you for taking care of 242--or 1?

Dyson: 342.

Knecht: 342.

Dyson: That's all right.

Larkin: Tracy Larkin. I'm the Deputy Director, and I'm located in Southern Nevada.

Terry: John Terry. I'm the Assistant Director for Engineering.

Tedford: Darin Tedford, Chief Materials Engineer.

Hoffman: Bill Hoffman, Deputy Director.

Lee: Kevin Lee, District Engineer for District 3, basically Northeast and Central Nevada.

Sever: Sean Sever, Communications Director. I'm also the Legislative Liaison.

Gallagher: Dennis Gallagher, the AG's Office.

Sizelove: Megan Sizelove. I work in the Construction Division.

Schettler: Lisa Schettler. I'm in Construction Division, the Partnering Program.

Foerschler: Sharon Foerschler. I'm the Assistant Construction Engineer over Districts 2 and 3.

Freeman: Jeff Freeman. I'm the other Assistant Construction Engineer over District 1, which is the Las Vegas up through the Tonopah area.

Kaiser: Reid Kaiser, Assistant Director of Operations.

Knecht: Ron Knecht, Controller.

Savage: And Len Savage

Knecht: Happy to be here with you.

Savage: Thank you, Mr. Controller. And Len Savage.

Unidentified Male: Oh, (inaudible) south?

Savage: Yes. Let's talk to Southern Nevada. Member Martin?

Martin: I've got two members with me today, Mary and Rudy, so I'll let them introduce themselves to Ron.

Martini: Mary Martini, District Engineer for District 1, which is Southern Nevada, and this is Mario.

Gomez: Mario Gomez, Assistant District Engineer, District 1, Las Vegas.

Martin: And I'm Frank Martin, the guy that'll always getting names wrong.

Savage: Well, thank you, everyone and, again, I want to reiterate what I said at the earlier Board meeting. It's a real pleasure to chair the Construction Working Group and Member Martin and the new Controller, we look forward to welcoming you. And it's a real pleasure to have the engagement and the passion that we have with the NDOT administration, NDOT staff. It's a real pleasure. We kind of roll up our sleeves at this level a little bit to ensure that we have an open dialogue, roundtable discussion for the betterment for the State of Nevada. So I just wanted to say a few words. Anybody else? Then we'll get right into business. Has everybody had a chance to review Agenda Item Number 4, the November 10, 2014 Construction Working Group Meeting Minutes? And I realize the Controller was not at the meeting so he will not be able to voice his approval on this subject matter. Member Martin?

Martin: I wasn't at the meeting either, Chairman Savage. So it looks like you've got a majority of one right now.

Savage: Looks like they're correct, so I'll move to approve.

Knecht: Yes, I read them. They look good to me.

Savage: (Inaudible). Okay to approve those?

Gallagher: It actually should take a majority of the members of the Board. However, I mean, given the fact a majority of the Board were not present, I think you can make representation to those other Board members that this is a fair and accurate minutes of the last meeting, and under those circumstances, I would advise the other Board members that they are free to vote.

Savage: Okay.

Martin: I'll second Chairman Savage's motion.

Knecht: And I'll vote yes.

Savage: So we approve the minutes. All in favor say aye.

Group: Aye.

Savage: Thank you. And moving to Agenda Item Number 5, the update on the Disadvantaged Business Enterprise known as DBE Program. Ms. Tracy Larkin.

Larkin: Basically, just to kind of let you know where we're at. Two things I wanted to say upfront is we have 10 positions, 7 of those are vacant. So we are working under a little bit of (inaudible). So we're focusing on the backlog of certificates. We're focusing on the backlog of closeouts, and then working on setting a good, firm foundation for the DBEs we move ahead.

Now, for outreach efforts, as we announced earlier, we have a new Civil Rights Officer, Sonnie Braih, bring him in. He comes with -- he used to run the DBE Program in the State of Minnesota when he went back to school, became a lawyer, put out a shingle, and decided that it's actually easier working a state worker than, I guess, being a lawyer. So he has been phenomenal in there. He really knows the program. He knows the national players.

And so we've been working on the outreach methods efforts. We have joined with RTC with their outreach efforts, particularly in Southern Nevada. We're doing joint events. Also, we are partnering with the AGC to provide training there so they're -- also the Contractors Board also provided funding in there so, basically, the three of us have gotten together, provided funding. We're sharing our training officers and what

that does for the DBE Program is it's a reduced rate to the DBE or free for the DBE component, and we're keeping track of that.

Also, a lot of outreach efforts to all the other chambers; they call them Community Connectors, so the Asian Chamber, the Latin Chamber, the Urban Chamber, and what outreach is there. They also have a couple Workforce Connections in Southern Nevada. Basically meeting with them and looking how we can promote and develop our DBE team farther.

The biggest issue we're finding in our area of transportation is while we have about 488 DBEs, which is actually a fairly shallow pool, there's only about 24, maybe 30, that actually operate within our industry. And that's proving to be a huge challenge, particularly in Northern Nevada. I mean literally, in the Reno area we have about seven and that actually basically overlaps into the Elko area, where we have about four, and we're talking a couple of the same agencies. So it's a very small pool that we're working on developing.

On the Unified Certification Program there are six certifying people that participate on the UCP Board. Three of them…

Knecht: A question on that…

Larkin: Sorry.

Knecht: …if I may. When the DBEs operate as subcontractors, do they have to be identified beforehand by the contractor in the bid?

Larkin: Yes.

Knecht: And can a given firm be a DBE for two different contractors that are bidding?

Larkin: Yes and yes.

Knecht: Yes and yes. Okay. So at least we don't further diminish our numbers by forcing them to compete head-to head-on a mutually exclusive basis.

Larkin: That doesn't mean they will work with all of them. And maybe…

Knecht: Fair enough.

Larkin: …that's not a fair statement to make. But one of the issues that we do have to watch, and particularly as we now are actually picking up in

construction -- and more in Southern Nevada where they have a lot of the fuel revenue indexing they've got there -- is that the more work that there is out there, while we're taxing some of them, we have to watch that pool as to where they're actually working. We have run into some trouble, some issues with some agencies where they're just stretched too thin.

Knecht: Stretched thin.

Larkin: So on the UCP Board there are three certifying agencies within the state and that means NDOT and the two airports, Reno-Tahoe and McCarran. There are six persons on the Board itself that actually do the approval. So, basically, NDOT and the airport do all the background; we do the processing. We then go to the Board and present it to the six people; that is RTC in the north, RTC in the south, the two airports, CAMPO, and NDOT. So it goes before that Board and then upon approval, basically gets certified and goes forward. Do you have a question?

Savage: Yeah, I did. How long has this program been in existence? It's a federal program, I take it?

Larkin: Oh, the DBE programs...

Savage: No, not the DBE, the Unified Certification Program.

Larkin: You know, I can't answer that. I've been dealing with it for about two years. I certainly know it's been in effect considerably longer. I really don't know.

Savage: And who represents NDOT on that Board?

Larkin: Right now it's Sonnie Braih.

Savage: Sonnie Braih.

Larkin: Usually there's a couple representatives. There's only one vote, but they'll usually have a couple representatives of each agency so that in the absence of one, someone else can show up.

Savage: And Tracy, first of all, I want to thank you for spearheading the DBE for the Department, because I know that's a huge undertaking. I know it's been discussed at the T Board level quite often. And one of the questions I have from the feds direction, do they dictate this Unified Certification Program?

Larkin: It is part of the federal program. Each state is made up a little differently, and from my understanding, is NDOT's is a little bit different than from some of the other states, where basically it goes in and you have a full Board. But, like I said, that's the way we've been operating since I got in. I haven't seen any reason to particularly change that at this time, but…

Savage: Okay. So you think we're still heading down that path without any additional issues?

Larkin: Basically, it goes before the Board so that if -- basically, to try to eliminate any bias that might come through…

Savage: Mm-hmm.

Larkin: …on any particular agency. So that you get another pair of eyes that will actually -- each time at the monthly meeting, and it does meet monthly, they present the file and they'll basically say it meets the qualifications. It meets the amount of personal net income. It meets the ownership criteria, and the other criteria that goes before. So if anyone has any question -- and usually that gets in the areas of do they actually operate the business? Do they actually make the business decisions? And sometimes that could be debatable, depending on your perspective.

Savage: And how often do you have to recertify?

Larkin: They have to do an annual account, basically saying nothing has changed (inaudible).

Savage: So every DBE contractor comes in front of the Board at least once a year?

Larkin: They usually don't come in front of the Board; they have to submit, basically, a piece of paper or something that basically we still meet the criteria. Hopefully, the intent is that they graduate from the program. They develop enough that they basically see the income level and they graduate from the program.

Savage: Mm-hmm.

Larkin: We recently had one that was decertified in the state of Arizona and it was because they had graduated from the program. The issue there was that they were certified in our state by reciprocity.

Savage: Okay.

Larkin: So that then becomes just decertified here.

Savage: That's all I have on that UCP.

Larkin: We are working and it has actually been going very well. In the last five months we're are working on create a single website for the Nevada DBE, so that all of us will be looking at connecting basically. So if you want a DBE question to go to one site that has one master list, and then it could also have -- for instance, in Southern Nevada they do like an emerging small business program that could have that list, but make sure that it's clear that if you're using federal money it has to be the certified list from NDOT; it cannot be any other list in order for it to count. And also with some links to the different programs of that. So a lot of DBEs are basically airport concessions. That's a good portion of them, so you can get in there and look at it. So all the people you see, all those ones at the airport, usually are in on those programs.

Then going down to contracted services, basically, like I told before, that we are really working on the backlog of DBE certifications. We hired a group -- this is actually a question from one of the Boards, the ACC group. They know the Nevada DBE pool. They are actually under contract with both RTCs and both airports. So we did a sole source on it, but they came in because they know the process on there, so we are rapidly catching up on the backlog and then processing new ones.

Then moving on from that, again, there are also the new applications we're taking in. Sonnie and the ACC group have been working phenomenally on that. We put some clerical work associated with them that they can do like certification (inaudible) and the smaller housekeeping items with it.

Supportive services contract. We have one that's just about ready to go out, and that is actually going to be interviewing every DBE we have and what we're looking at is to truly get a base of what we have. Because I keep giving round numbers, but a lot of what we'll have is you have the (inaudible) codes and we're looking at further dividing that with work codes. So that if you're a contractor and you say that I do concrete, do you do residential work, do you do commercial work? Basically, so we can fine-tune what we have and identify the gaps and help develop, so we can grow the pool that can service our industry. And that money -- and actually, that is provided by federal funds. That is supportive services that

we are allotted from the federal government, and for this one it's about to the tune of $132,000.

The process for tracking attainment of DBE participation. We're doing a number of things there, but right now how we track is through certified payroll. So, basically, as you had mentioned before, they identify the DBE at the time of bid, how they're going to obtain it, and then by following the certified payrolls to that company or also by invoices to a certified supplier. And these things come at different rates. Like if you're a supplier it counts at 60 percent of the income. Unless you're the manufacturer supplier, in which case it's 100 percent, and we could go on this for a long time.

But we have done a fair amount of outreach to industry and I want to say upfront is that most of the people in here know that when I came into this program, which I've probably been involved for about a year; it was officially put under me last July, I've had a lot to learn. And I want to thank the Construction Division. I want to thank Member Martin and his son, the AGC's Office. I've been asking questions left and right. The district engineers, the REs, the contractors. I mean, a lot of them get, "Can you explain to this me? What does this mean to you? If I do this what does that mean? If we change this process what does it mean?" Sharon has been phenomenal in writing things up and helping me formulate things and get it out there, and good at reminding me when I don't pay attention.

So we've had three workshops with industry, with the construction industry, and we just had a meeting with AGC last week and it was requested and we'll set another one out. We have written a DBE implementation plan. It is out for initial review right now, and then it will go out to the industry, and I'll be happy to send you a copy. Basically, it defines the responsibilities of contract compliance of the RE construction, basically it identifies the roles of each area.

We brought back on two people who used to work in construction, they've been retired a couple of years, and they are working on a -- I want to make sure I say it right -- basically it's not a construction model, but it's basically a process manual that has about nine different chapters and it's on the subcontractor agreement, request to utilize service providers, apprentices, trucking, determine if it's on prevailing wages, and all that. Of that, about

four chapters are done. Five are in final revision, and that should be going out to review fairly soon.

So we're basically trying to get -- and I know I keep saying basically -- right now we're trying to get a firm foundation. We're trying to get the processes outlined and make sure that everyone actually is on the same page and knows what they need to do. And that is we have an RE meeting that actually starts tomorrow. It goes tomorrow afternoon through - which we'll be there and Wednesday. This is a big topic of discussion in the field and we're trying to get these questions answered before the construction gets into full swing.

Part of the process is we want to ask from contractors upfront, basically, if there's a resource type of low bid diagram. We're not exactly sure how to do it. We've been messing with some different forms, trying to see what works. And basically I also need to send that out to the contractors to see how it looks from their end. And what it is, is if you're using DBEs, where they're expected to be used within the contract, so that along with tracking the certified tables. So if you get it 50 percent done at the contract, or you should be 30 percent done with your DBE, 20 percent. It really depends on what items are being used. You may have the full force of it at the end of a contract. You may have it at the beginning of a contract. So we want to kind of get an idea of kind of a spot check. Are we on track on there? And the thing that we have been saying, really, at every single agency meeting, meeting with industry, and we do have them both in the north and south and we have them quarterly in the north and south, plus Lisa puts together partnering meetings, one thing that we're really stressing is documentation. Documentation. Documentation that it's (inaudible) any time you get a blip, document it. Because at the end of it, when we're having to deal -- at the end of the contract if there's nonattainment, that has repercussions with the Federal Government withholding funds, and we want to make sure that we document why we couldn't achieve it. If there's good documentation -- and sometimes there are reasons, there are valid reasons, and sometimes the reason's are a little questionable. So we just say that we're really kind of putting the onus on REs to basically keep very -- apparently I can't get basically out of my vocabulary now. The real estate on top of it and anytime there is anything, just document saying are there other alternatives, are there other opportunities?

And then on the last part going down here is the construction crew training is starting, but we're by no means where we need to be on it yet. And on a commercially usable function there is actually a form and we need to do that with every single DBE that's out on the job to make sure -- and it's a responsibility of the construction crew or whoever is assigned to it , but basically determine is the DBE that's out on the site actually doing a commercially usable function. Are they really doing something that's useful or is it kind of a pass-through? And that is pretty well it. Any questions?

Savage: I have a couple. First of all, thank you, Tracy. And thank you, Sharon, your staff and the entire Department, because I know it's quite an undertaking and I'm glad the Department is being proactive about everything at this stage, because I know we had some internal issues at one time and now we're moving on. So one of the questions I have is from the fed standpoint, do they use a pass or fail per project? Or how does that work as far as--

Larkin: A goal is set per project.

Savage: Right.

Larkin: And that's really one of the reasons when we say pass/fail (inaudible). So if our overall state goal is 5.59 percent, so at the end of the year what we're looking at is did we, with all of our projects, put 5.59 percent or more towards the project? Each project is individual. Some projects do not support a DBE goal at all.

Savage: Correct. Right.

Larkin: Others can maybe go a little higher, others lower. So if we set a project goal at 5 percent, that's the goal for the project, that's what the feds use. Now, if a contractor comes back in and just say they're going to 10 percent, they now become contractually liable for the 10 percent. It becomes the new goal for that project. So at the end of it they're looking to say did they obtain that 10 percent? Now, if it's moving along and they don't, then basically they have to explain why they did not achieve it. We had one where a DBE actually went out of business during the middle of a contract; one where there was something at the end. But if there's other opportunities or they know about changes, they need to make a good faith

effort during the contract to see if they can replace it. If they don't make it at the end, that is where the feds are coming in and looking at (inaudible).

Savage: So the feds are at the table the entire time with the Department...

Larkin: Oh, believe me, they're on fast dial.

Savage: Okay. During the construction project.

Larkin: I would say we keep them more informed (inaudible) if we hear anything coming up, we've got a bit of a heads-up.

Savage: And my last question, Tracy, is what kind of grade do we give ourselves at the end of the job to confirm that X contractor had fulfilled his percentage of DBE commitment?

Larkin: That's part of the close-out process, is actually going back in to determine did we have enough of the (inaudible) supplier or do we have a certified payroll. That's how we check it and then we clear it that way. Now, if they don't, that's where it becomes an issue, because basically at that time, it's too late. But that's why we pay attention and we're really stressing to pay attention as you go along. We have withheld funds. So we've retain funds and right now we're starting off with retaining 10 percent of the non-attained portions. We withhold that from a payment. And basically that's to kind of get the attention of -- if it gets fixed, then we let it go. If it's not, we still hold it. There's still some discussion as to whether we're going to withhold more if there's no action taken, but that's where we start, and we just implemented that in the past couple of months.

Savage: And it'll be interesting to see how that moves forward because there has to be consequences and if the contractors don't abide by their percentage stipulated at bid time, then what enforcement do we have as a department to ensure that we obtain these federal reimbursements?

Larkin: And one other thing that has been expressed a great many times is that -- and this is expressed internally and externally -- is that as we set the goals there's very little incentive, really particularly in some of these areas, for the contractor to exceed the goal that we state. Because if they go really high and then something fails, DBE doesn't perform, it doesn't go forward, well, then they have to replace it. Or if they sub out -- the DBE is supposed to do $100,000 worth of work. They sub out $20,000 to a non-DBE firm, that $20,000 doesn't count. That means then you have to get

another DBE to replace it to take that other $20,000. So now they're paying out another $20,000. You can see where this goes. But if you don't leave enough of a cushion -- and then that's another thing. When you actually look at how you determine a DBE goal, you're looking at the availability of people to do the work, you're looking at the geographical location of the work. You're looking at the amount of work that's out there and then you're also looking at basically -- well, all those things factor together. But you need to leave a little cushion in there, because if you use every item in there that could potentially be subbed out, I think you're putting the contractor in a no-win situation. Because if anything fails, it's going to be hard to make it. And it's a lot of paperwork when they don't, so from my perspective (inaudible).

Kaiser: I have a quick question for you. Again, this is Reid Kaiser. You had mentioned earlier that we're really limited on DBE subs here in Northern Nevada and it seems like me everybody uses the trucking or their DBE sub and if a DBE sub like that goes and promises three contracts that he can be their DBE and he has, say, 15 trucks and he's using all of his trucks over here in this other job, what does contractor two and three do if contractor one has them all? And then contractor two and three--

Larkin: You're getting the crux of a really big problem that we're having and then it's two things. Trucking is used -- actually, it seems primarily in the rural areas, and I've been asking the contractors about that. It seems like more the rural areas that that's what they use or if you have some where you use it, just you're doing a lot of things, you're delivering oil or something like that.

We really need to take that into consideration when we set the goal, because if not, and again, we have asked at different times. Like when there were three or four jobs in Kevin's area in District 3, if you're getting three or four jobs in a very rural area the chances continually grow smaller on there. So I do know, in some cases, we've had contractors who had a little bit more leeway in some of their scheduling where they weighed it, they adjusted it, and that. But that was one where it was very well documented and we allowed a good faith effort on that to go through. And even the feds, while not happy, understood what it was. But I think it becomes really crucial on us to be prudent, and I don't mean hold back, but we need to be fair in how we set the goals. Because we're also getting complaints from non-DBE trucking agencies that if it's a federal job,

federal projects, they're not even being asked. Don't even bother to submit a bid. Because that's where they're trying to gain all their--

Kaiser: Wow.

Knecht: One more question on the withholding. You said 10 percent of what now?

Larkin: I said the nonattainment. So if a project, let's say, it had $1 million worth of DBE, they already attained $500,000 of it. So with $500,000 left our first withholding would be $50,000. So we don't want to penalize them for what they have attained.

Knecht: Yeah. Thank you. Thank you, Mr. Chairman.

Savage: Thank you, Mr. Controller. Anything from Las Vegas, Member Martin?

Martin: No. I've met with Tracy and talked with Tracy a couple times on this thing. She's got it pretty well in hand. I operate in this world all the time and she's been doing a really good job. The method that, Len, for the certification of what the contractor claims is kind of arduous for staff because they literally go back and talk to each one of the minority subs just to confirm what they're doing. And when we get back into a really, really busy time I can see that getting really arduous for Tracy and her staff to have to confirm the participation of every -- rather than taking the prime contractor's word for it, they go back and actually get copies from the minority subcontractors, get a copy of their bids just to make sure that they had bid. And so it gets pretty arduous.

Larkin: And, actually, Member Martin has really made a good point on it, is one of the reasons why we have been meeting a lot with industry and more, again, meeting with the REs is because we recognize this is a big impact, at times, on the staff. And so there's that point of what we really need to do to make regulations and how we actually think we're making them.

Knecht: One more question, if I may. Do we have any kind of information technology system that would let us automate that verification process and reduce the, as Mr. Martin says, arduous load on staff?

Larkin: Some of the points, and it depends on where you're talking about. If you're talking about the verification at pre-bid, it goes in.

Knecht: Yeah.

Larkin: And much as it pains me to say, there are times when we have calls from the DBE where they said the contractor didn't give a bid and the DBE will say we were never contacted, which is one of the reasons why that practice is still perpetuated.

Knecht: But in the actual execution of the contractor, do you actually verify, "Did you submit this bill and did you get paid," and that stuff?

Larkin: The payroll certification is actually -- we have what's called LCP Tracker. And that tracks the payments. So ultimately it should be, and as we get some training on that, the RE or the designee on the crew should be able to pretty well follow that and kind of get a percentage of where they're at on the project. So that's kind of doing that with a spot check. So, yes, we're trying to implement as much as we can.

Knecht: Thank you.

Savage: Thank you, Tracy. Any other comments or questions? Let's move on to Agenda Item Number 6.

Kaiser: Okay. Reid Kaiser for the record. I'll cover Item Number 6 and back to Item Number 5. We do, at the Department, also internally want to thank Tracy for all the hard work because it was very difficult some the goals we were getting in that section, and we appreciate all the efforts she's done in making it a realistic program for the Department. So we appreciate it.

Savage: Excuse me, Reid. I just saw Jenni walk in.

Larkin: Oh, Jenni's here.

Kaiser: Oh. Okay.

Eyerly: I snuck in.

Savage: You snuck in.

Kaiser: Okay.

Savage: (Inaudible), Jenni. So if you'd like to come up here, Jenny. We're moving down quickly to Agenda Item Number 9D; is that correct?

Kaiser: It's 11E.

Savage: I'm sorry; 11E. It was 11E. I'm sorry.

Kaiser: No, it is 9D. It's 9D. 9D.

Savage: We're just letting you--

Eyerly: What do you need?

Kaiser: Contractor prequalification. We want to just get a quick update on where we're at, what our program is. And I wanted to update the CWG just so they're aware of what a contractor needs to do to get prequalified to bid in that work.

Eyerly: Okay. So the way it works right now, the prequalification is based on four different components. So the first one is the financial condition, and that looks at their assets and liabilities. Basically, we get a financial statement from them and look at their current assets minus current liabilities plus any letters of credit. So we're basically looking at their liquidity and that forms the basis for the prequalification dollar amount. So what happens is we look at their liquid assets and then we apply a multiplication factor, and that factor has three different components. And those are: their company experience, their volume of business, and their past performance rating. So depending on how they score in each of those three different areas, they get a multiplication factor up to 10. Anything over $25 million is considered unlimited, so we don't keep track of anything specific over $25 million. But those are the factors that determine their bidding capacity.

So if we wanted to look at one or the other of those areas and see how it impacted or changed the point system or look at what's not working about the current system and how we want to change it, I'll tell you right now the quickest and easiest way is to look at the things that we have already and tweak one or the other of those. If we're trying to wipe the slate clean and start over again we're going to have a really hard time, because of lots of regulations and rules and open competition and Federal Government wanting to look at open and fair bidding. Same thing with the State. So I guess it really depends on what you're trying to achieve. And then we look at what we have now and see how we can (inaudible) what you -- where you're headed.

Savage: I don't know if it's a valid achievement, just about gathering knowledge as to how it's been to review if the process is viable in 2015. When did it originate? Do we need to look at this and try to make it better? I'm not

sure. I think this is a discussion only at this time to see how we can get the wheel going a little bit.

Kaiser: Yes. Now, the NRS, does it require that we just have to have a program? Or does it say that we have to have to use the point system and so forth?

Eyerly: It doesn't get this specific.

Kaiser: Okay.

Eyerly: This was developed through a transportation policy that was revised in August of 2012, but the foundation of this has been around for a lot longer than that. I think we looked at it in 2005 and it was--

Kaiser: Yeah, a long time.

Eyerly: --still viable back then. So the regulation isn't this prescriptive, but it does say that you have to be prequalified based on a program that's established and that's published, and known fair and followed, so…

Savage: Has it ever been challenged, Jenni?

Eyerly: I have been here almost four years and not that I'm aware of. It hasn't been challenged.

Savage: And do we disqualify contractors that don't prequalify?

Eyerly: Yes. There's been a couple of occasions, actually, especially when the economy went bad, that there were some contractors that really didn't have any current liquidity. So if you don't have current liquid assets it doesn't matter what your multiplying factor is, you're not going to have a bidding capacity. So there were some people who didn't have enough liquid assets to actually qualify to bid on a project. And then there were some cases that we looked at very closely because of the past performance ratings and how that was affecting their bidding capacity. And those get escalated up to the Director's Office level and they make the decision about using their discretion to disqualify someone or not.

Savage: So does the Department have monetary levels for contractors who are only able to bond X amount, like $5 million and under or $1 million and under, $10 million and above. Do we have different categories for different contractors?

Eyerly: No. So when it comes to bonding, here's where it gets kind of interesting. It's almost a whole separate discussion which can make it confusing because we don't look at how much they can bond for, we look at their financial strength based on their financial statements. So there's actually a few different pieces that need to come together in order for them to actually get a contract with us. So there's the Contractor's License limit through the Contractors Board and this NDOT bidding capacity and then the actual bond that they produce when they get a contract with us.

Savage: Member Martin, did you get a copy of this NDOT Contractor Prequalification's Checklist?

Martin: No.

Eyerly: Would you like one?

Martin: Please. A couple of things that I found interesting. She said what's on the financial statements of the company and their liquidity, I get that part and that's good. Len, you and I both know that in our world a lot of times what's counted by the bonding companies, which is really where the buck stops, is how much personal assets the indemnitor has as well. And so what I hear her saying is that NDOT doesn't take that into consideration in their evaluation of the contractor. Every entity, every State entity, the Department of Public Works, Clark County, City of Las Vegas, Clark County School District, City of Henderson, they all have their own little prequalification tweaks and, Reid, what you said, the State of Nevada Regulations does not lay out any particular formula. Everybody seems to design their own, and it sounds like NDOT has designed one. I have never, ever seen it and so what she's saying makes sense. The only thing is, is that many times a lot of entrepreneurs don't carry all their wealth in their company; they carry it in their hip pocket or they carry it in other assets. And so the indemnification comes from a different point for the company or the assets for the company's actual ability to perform comes from different areas. I don't know if that's any help.

I think the way NDOT's doing it right now is a reasonable way to do it because it does make them look at the company and it makes each entrepreneur, or each owner, want to keep their assets, or should want to keep their assets, within the company. I've not ever heard when somebody said has one been disqualified, I immediately said to myself no. I didn't know that actually people had been disqualified.

Eyerly: Yes. We did run into that situation. It's rare but it does happen.

Martin: What about when somebody answers or wants to bid on a job and they've got a bid limit established by you all for $5 million and a job comes in at $7.5 million? Do you disqualify them when they go ahead and bit on it?

Eyerly: They typically don't bid on it. They usually know ahead of time that they don't meet the criteria.

Martin: What about DBEs, do they go through the same kind of criteria?

Eyerly: Yes, they do. However, DBEs are more commonly subcontractors.

Martin; Right.

Eyerly: To the prime.

Martin: So you don't watch the DBE; you leave that up to the prime to watch?

Eyerly: Correct.

Martin: Okay. That's the way it is in my industry as well, so I understand that part.

Eyerly: And one thing I did just want to clarify. When you were talking about the assets of certain corporations and the way that they structured their financial assets, the letter of credit can be a tool to help that situation. So if they don't carry a lot of liquid assets in the business, if they get a letter of credit from their financial institution, their base financial dollar amount for that multiplying factor.

Martin: Yes. Where I was coming from, I have seen subcontractors -- because we prequalify our subcontractors, within my company too, and I've seen subcontractors that carry an asset value within their company, liquidity within their company, that said they couldn't do a $5 million job. On the other hand, they bring to me a letter from the bonding company, not from the agent, that's says they're bondable up to $30 million. And so when the rubber meets the road in that way we usually elect -- whatever the financial statement says, we elect, in some instances, to hire them; we just bond them. Because someplace out there, when you've got that letter from the bonding company that they can just submit a $25 million bond, someplace out there, there are assets that the bonding company's got a hold of that will allow them to issue that kind of a statement. Does that make sense to you?

Eyerly: Yes.

Savage: Thank you, Member Martin.

Martin: So maybe--yes, that's all I've got. Thanks.

Savage: Thank you, Member Martin. Another question I see here is on the past performance rating. So if the contractor gets an F on the job are they still allowed to bid the next job? I mean, where do we go and what type of mechanism do we have in place for holding the people accountable in maintaining that standard of excellence that we expect per plans of specifications, contract schedule, budget, all those checklist items? Do we have enough points in this little sheet, if they do get an F, to not allow them to have the opportunity to bid the next job? I know this is the elephant in the room here.

Eyerly: So I think there's a timing factor that I think we need to first talk about because it may not necessarily be there very last job. Because of the lag in the way that projects work, they could easily be bidding a job well ahead of its start date. So their bidding capacity is determined at the time of bid opening. So they may be six months out from even starting the job, but we're getting them on board early. So it's not an instant process when the evaluation comes in to where it -- let me rephrase that. It's possible that we don't have the evaluation of their current project yet and they may be bidding another one.

Kaiser: Let me jump in real quick. Again, this is Reid Kaiser. This was an issue for us years ago, Kevin will remember, up in District 3. We had a contractor up there who hadn't done any work on a project and that was what we wanted to do. So you can submit a past performance rating any time during the contract. If they haven't done any work, but they're out of working days and then they just fail to show up, you can do a past performance rating and give them a bad number. The problem is that they can just go out and if they have enough financial support behind the company, it really won't make any effect on their bidding. They could still remain unlimited.

Dyson: Thor Dyson, District Engineer. To further expand on that, the past performance ratings, you know, from the RE level and people out in the field, we don't think it has enough teeth or it doesn't really have any impact. So, like Reid Kaiser said they're still able to bid jobs.

Savage: Well, that's not good in my mind to the taxpayers.

Kaiser: Now, let me say one more thing. Now, one thing that we have looked at in the past, there is language in our contract docs that the Director can use to say that a contractor doesn't have -- I don't know the correct language -- doesn't have the capacity to bid work and not award a contract to a certain contractor if they have a bunch of failures in their background. We have never done that. A previous Director, a couple of Directors ago, did write the letters but they never did go out. That contractor just agreed never to bid the work anymore. So we do have that option.

Savage: Okay. This is just an education, Jenny, at this point. Maybe the Department needs to have an internal steering committee to review the prequalification process just see if it still is effective here in 2015. On the private side, like Member Martin was saying, every prequalification that we fill out, one of the question is, "Any current litigation?" Maybe the feds don't allow that. I don't know. But it's realistic and the performance is huge, litigation is big, financial is big. So maybe this is an ongoing discussion that we have at the CWG in six months or…

Kaiser: Okay.

Savage: …a few months down the road just to ensure that you feel, as the Department, you're doing everything you can with input from ourselves at the CWG Board.

Dyson: Thor Dyson, District Engineer. Regarding past performance, I think we call them CCPRs or CPPRs. Is that what we call them? Contractor Past Performance Ratings. If they're not going to mean very much from the RE level and the field level when we're filling these out, then we don't want to do them. But they are required right now for a contract closeout. It's a piece of paper, we fill it out, submit it. The Construction Office comes in and the project's closed out because of one of many reasons, because that past performance rating is complete. But I can tell you that it could use some revamping. I do know that on, and correct me if I'm wrong, on design-build projects or CMAR projects, projects that have alternative delivery methods, that some of the questions there for prequalifying and getting involved with the CMAR process, or design-build process, is does this contractor have any previous claims? Does your team have LDs? Have you been assessed LDs? And those seem to have some impact for not only the contractor and the design team, but also to the RFP people,

the people that are reviewing the proposals, as to whether this team is selected over another team or their proposal should be even submitted over another proposal. So I would like to see things looked at, particularly on the past performance ratings done by people out in the field, because that's who I work with a lot. And if it has meaning we'll be happy to do it. If it doesn't, then we'd just as soon eliminate one form and another piece of paperwork.

Kaiser: Well, let me go ahead and -- otherwise, we're going to beat the Transportation Board meeting time.

Savage: Well, that's our goal.

Knecht: Just one little quick question.

Kaiser: Sure.

Knecht: Somebody comes in with an F. Whatever number you give that, looking at the past performance rating on the formula here, they've been around a long time and have done enough volume of business they can get up to seven points, but you can wipe out seven points with an average between zero and forty-nine right there. And now they've got a bidding capacity calculation of zero and even at six minus six minus five, you're getting down to a pretty low bidding capacity ratio, so unless they've been around a long time and done a lot, and suddenly screw up, it seems to me that a big screw up on the last contract, once that gets into the system, is going to take care of it.

Eyerly: It could. It depends -- yes, it depends on the score and, like you said, unless they've been around a long time and been doing well and then done poorly once. If it's a pattern over time we do have a mechanism to where they can basically eliminate their whole prequalification all on their own. And I'm sorry; I didn't state for this record is this Jenni Eyerly, Admin Services. That was long overdue. You're correct; it can. I think we, as a Department, have a ways to go, and I think I heard Thor volunteer to be part of the internal committee to discuss this issue, to figure out how to really implement this. I think there's concern from -- well, I don't know if I want to open this can of worms, but right now it's confidential. We don't share it with the contractor. So if we're going to really take a look at this, I think that should be part of the conversation, if so, how we share it with the contractor, what the process is to really set that and make it so that the

RE understands what the implication is of the bidding capacity. Because if they're out in the field thinking that it's not going to make a difference whether they turn this piece of paper in or not, I think that's worth taking a look at.

Savage: So I think that sounds good. So maybe in two or three CWG meetings down the road here we'll revisit this subject. Keep it on the task list and maybe have an internal steering committee meeting review things. Because work is picking up and my concern is whether or not the contractors are going to spread themselves too thin, not be able to man it, and perform the work. So I appreciate it, Reid. Thank you, Jenny, very much.

Eyerly: You're welcome.

Savage: Thank you both.

Eyerly: I need Frank's email address. Do you have it?

Kaiser: I got it.

Eyerly: Okay.

Savage: Let's move on to Agenda Item Number 6.

Kaiser: Okay. I'll go ahead and cover this one. Reid Kaiser. If you guys want to open up to Item Number 6 and maybe also Item Number 11A, we'll just briefly go over our project closeout sheet. I thought this was important for the Construction Working Group since we've been working with contract closeouts with the last two or three years and they've been such a big issue, that you guys actually understand what a resident engineer will go through to close out a project.

Something the Department does before a contractor goes to work, we actually send a letter to the contractor letting them know what certifications will be required for the project. So it essentially gives them a way to track what certs he needs to submit to the construction crew. And, again, if there's materials added or something's changed it's assumed the contractor knows he needs to also submit those certs.

So the first column I'll start out with is the EEO. And that's your Equal Employment Opportunity Civil Rights column, and that also includes the

DBE. So the resident engineer, once a project is done, should get, I believe it's a memo, from Contract Compliance Group letting them know whether that item is complete or not. So really it's just the RE is responsible for making sure all the certified payrolls are submitted.

Okay. The lab clearance in Materials Division. What the Materials Division does is they send a memo through all the different labs in the Materials Division, and they'll sign each individual lab. And correct me if I'm wrong, Darin, but they send a memo to all the labs and they'll sign whether all of the tests are complete for that project, for the materials that were submitted and how many failures there were, how many were passing and so forth. And once we get all those, and once we get all of our certifications, then we will send that documentation to the Construction Division.

As-builts. Each resident engineer is responsible to submit a set of as-builts, I believe, to the Districts, to the Construction Office, and what those have in them is a copy of all of the change orders, anything that's changed on a project. Do we put LOAs in the as-builts? The LOAs, which are letter of authorizations, they don't go in the as-builts, so it's just change orders and any changes that were made to the contract. And if I'm missing anything...

Sizelove: You're doing great.

Kaiser: Okay. Jump in and tell me.

Savage: I have a question on the as-builts.

Kaiser: Shoot. Ask away. You bet.

Savage: So are the as-builts done by the contractor?

Kaiser: No, they're done by NDOT.

Savage: By NDOT. And it's all counted by -- is it --

Tedford: Not yet.

Kaiser: Those are hard copies.

Savage: So it's a redline copy from the RE?

Kaiser: Yes. Yes.

Dyson: At this point in time, yes.

Savage: At this point in time. Okay.

Kaiser: Yes.

Savage: So the outside consultant on a design-build bid is not involved with as-builts?

Dyson: No.

Kaiser: Not typically.

Dyson: Thor Dyson, District Engineer. Member Savage, are you talking about a consultant administration? A consultant that's performing NDOT construction administration of that project?

Savage: Yes.

Dyson: Because if they're the acting RE--

Savage: Consultant design.

Dyson: Oh, okay.

Kaiser: No, they're not.

Savage: They're not? Okay, they're not.

Unidentified Female: (Inaudible) construction manager would be.

Dyson: Would be.

Kaiser: Usually a resident engineer will get four sets of the plans, sit them in the corner and call those his as-builts and either they will, as a project progresses, they'll add change orders to them or they'll wait till the end of the job and then sit down and cut and paste and put all the change orders inside the set of plans.

Savage: Because a lot of times, and you probably know this on the vertical side, is that if the contractor doesn't keep up the as-builts, the monthly progressive payments can be withheld if those as-builts are not kept up, and that's not the case here on the horizontal whatsoever.

Kaiser: No.

Savage: Okay.

Kaiser: Yeah. And another thing that can be really difficult when it comes to as-builts is the electrical items, because the electrical items typically change, unfortunately, quite a bit in our plans, and so they're constantly being upgraded. And electrical are really important because that's what the Districts use if they want to go put in a sign somewhere in the shoulder, you know, they've got to go dig a hole. What's usually in the hole? The utilities. So that's why it's really important that all your electrical items be correctly documented in your as-builts, because those as-builts are used by the Districts, they're used by the Permits Group people--

Dyson: Design.

Kaiser: Yeah, they're used by everybody.

Savage: So every DOT across the United States does their own as-builts? The contractors…

Kaiser: I couldn't tell you. We do.

Martini: No, that's not true.

Unidentified Male: I doubt that.

Martini: Get his attention. I can answer some of those questions.

Martin: Chairman Savage?

Savage: Yes? Go ahead.

Martin: Yes. Mary is sitting here and she says no, that's not true. She's been in other DOTS.

Martini: Well, two things. Reid is correct around the use of the as-builts and from a District perspective when we're doing permits and even when we're going back in to past jobs in order to design new jobs, we find a lot of inaccurate information, because in many cases the changes were not recorded on the as-builts, and Nevada does assign that work to the RE. In some cases, the as-builts -- actually, if there's a consultant designer it's assumed that the designer has signed off on the engineering sufficiency of the change orders, but the as-builts themselves do not go back to the

engineer of record to certify that it was built as designed. And in my previous life, other people besides the DOT were assigned the responsibility of doing the as-builts. That was a work in progress, at that time, where it was being transferred to either the design consultant or in some cases the contractor, but the contractor never had primary responsibility for it.

Savage: Thank you, Mary. Anybody else?

Martin: As you know in our world, Len, we're responsible. And you said exactly that the payment stops if the as-builts are not kept up to date. And I can't say that's happened to me, but I have witnessed it and I find a lot of our procedures to be really legacy type of procedures, for lack of a better word.

Savage: So I guess that bears the question, is the Department satisfied right now with the way the as-builts are done?

Kaiser: That would be a good question for the Districts, because they're the ones who are actually using the as-builts the most or even the Design Section. The REs, they work with the District, but sometimes the District uses those as-builts afterwards. So, I mean, Thor, Kevin?

Dyson: Yeah. Thor Dyson, District Engineer for District 2. For us the as-builts work. It is an additional load to the RE, the RE and the office staff, particularly if they have multiple jobs going on and they're quite busy. As-builts on a complicated, long multi-year job can be problematic. A good RE and staff will do just like what a contractor does. They don't have financial incentive like the contractor does to keep up the as-builts, but they know that they the end-of-the-job-centive because it will be painful if they don't stay up on their as-builts. I've had tremendous success and my Permits Office is the keeper of the as-builts. The REs submit one of those four copies to my permit staff in the District 2 Office and any time I've got a question, I need to look at a job, I go pull the as-builts. I'll even make copies of the as-built plans for specific contracts that the permittee or consultant or whomever wants to take a look at that section or roadway for a particular item, they have the as-builts to look at. So it works for us, but I certainly would entertain changing. Just because we've done it this way all along forever and ever doesn't mean that we can't look at something on having the RE not do as-builts and having

someone else do them like the contractors in the vertical world. I don't know. What do you say, Kevin?

Lee: Kevin Lee, District Engineer for Elko. I would agree on the basis, whether it's a pipe and stuff like that, but when it comes to electrical and some of the more complex systems, because the Carlin Tunnels was one of the worst. Staff does not understand electrical, so when they're trying to do an as-built, does it come out to what is actually out there when it comes to some of these complex, say, electrical items? It tends to be around the electrical world is where we're deficient. Whether it's a signal system or heavy electrical items, that's where we're probably deficient. Now, the location of them is fine, but what's in the conduit or what's in the cabinet or what's in the board, that's a different issue.

Savage: And that's a whole nother discussion for a whole nother people because every city, county uses a different type of controller in their cabinet or wants a different type of conductor. So it's a constant hassle for us, as Kevin's saying, when it comes to the electrical items.

Lee: The basics of it seems to be fine; it's some of those complex systems, that's where I see we're deficient.

Savage: Thank you, Kevin.

Martini: Could I ask if I could chime in one more time? Here's the cost of not having accurate as-builts. When we're doing permits, obviously, the electrical is one area where we can get into a lot of trouble. We automatically do a "call before you dig." There's a normal distrust of the as-builts. But even on the regular roadways items, bridge items, etc., we are spending time and money in order to go out and do what is in place, in situ, right now. Now, things change. You can't completely depend on as-builts, but there's a lot of time and money that gets spent when a project is in the beginning phases of design or if it's missed during construction in order to change things, because we don't have a good record of what we have out there and what was built. And if you've got good REs and they've got the time to put it together, then we've got some projects that are great. We have projects that are not great and you never know the difference.

Savage: Thank you, Mary, and well said. And for the record I know Member Martin had to leave, so he's no longer at this meeting. But great

comments, I think, from everyone here at NDOT, and I think it goes to say that I think the as-built process has to be reviewed. And it doesn't have to be reviewed right now, but we'll review it internally and try to have some more clarity and accountability from all stakeholders within a project.

Dyson: Member Savage, Thor Dyson, District Engineer. We do have the REs meeting in the next couple of days, so maybe we can bring that up as a quick sidebar item, just to get a pulse of what the REs think of it, along with, later, some other divisions.

Savage: Good idea. Good idea. And sorry to interrupt you, Reid, but go ahead and proceed.

Kaiser: Oh, that's okay. The next column is a contractor's past performance rating. That's what we just talked about regarding the previous item with Jenni. Okay. The LE is a letter of explanations. What that item is, is for certain items that -- what does it say here? I haven't written one in so long. It must explain cost overruns and underruns, 10 percent and $25,000. So if they underrun or overrun one of those items they have to write a letter of explanation explaining why it did that.

The next column, the ATSS, the Acceptance Test Summary Sheet. Actually, they have a new form for that, right?

Sizelove: It's a combination of the (inaudible) estimates.

Kaiser: Why don't you go ahead and explain that? I don't think I've seen the new form yet.

Foerschler: Sharon Foerschler, for the record. So the ATSS is generated at the beginning of a project and it comes from the Materials Division and lets the resident engineer know what tests are going to need to be performed and at what frequency. And it's based on quantities, so we have our testing frequencies that come from our construction manual. So as the project progresses, the resident engineer will fill out and make sure that we're getting our tests, as well as the Construction Division's Quality Assurance section will make sure that we're doing our independent assurance on those quantities as well. So it's a summary at the end of the project of what's required at the beginning, what the actual quantities were, and that we performed our independent assurance testing at the end of the project.

Savage: Thank you, Sharon.

Kaiser: Okay. And the next column is the WC. That's if there's any wage complaints from the employees on the project. Is that Contract Compliance, the next column?

Sizelove: Construction Completion Date.

Kaiser: Construction -- oh, okay. Completion Date.

Sizelove: Those are just kind of our own tracking mechanisms for the next column that is actually a key date, within the closeout is the District Acceptance.

Kaiser: Okay. Yeah, District Acceptance. We require the District to accept each project, and what that entails is the resident engineer will typically go out on a project with the district engineer or the assistant district engineer and they'll make sure that the contract is built according to the standards it should be. Because essentially after that time once the District accepts it, at that time it goes over to being maintained by NDOT staff, NDOT maintenance staff.

Dyson: Thor Dyson, District Engineer. Basically, just like Mr. Kaiser said, when that meeting happens, then my office will send out a letter saying we're golden, good to go, and the contractor's pretty much gone.

Kaiser: He's off the hook.

Dyson: They're gone.

Kaiser: Now, a contractor can request, during a project on long projects or big projects, to be granted relief of maintenance for certain items. Like, say, if you have a three-year paving project and they've installed a bunch of guardrail the first year, they want to ask for relief of maintenance of that guardrail, they can ask for it and we can grant it. And what would happen after that is if any of that guardrail ever gets damaged, then we'd have to pay for it. So there is that opportunity for them.

Savage: And this brings up the warranty discussion we've had in the past; and the thing about the warranty to me is we're doing this escalator project down in Las Vegas. I mean, there needs to be a warranty on that CMAR project, I would think, different than what we have in our department.

Terry: Oh, yeah.

Savage: Okay.

Terry: Yeah, you can get them on those types of things. John Terry, for the record. On those types of projects but on our typical horizontal highway construction there really aren't warranty items other than certain electrical items.

Savage: Yeah. Okay. Thank you.

Dyson: Thor Dyson, District Engineer. Once we give the contractor relief maintenance, like Mr. Kaiser said, particularly if it's a problematic area and we know it's going to be hit a lot, contractors have performed the work, it's acceptable, we give them a relief of maintenance. Then we do one of two things: if it gets hit, and it seems like everything gets hit in our business, but either NDOT District crews will go and maintain and repair that particular item that the contractor completed, and that we have him relief of maintenance on, or depending on what the item is, sometimes we will ask the contractor, they're right there, we'll ask them to do a change order and get that item repaired for us. And that has happened, on a limited basis, but we'll use that as an option. Get them back out and redo it.

Savage: Right. Thank you, Thor.

Kaiser: Okay. After the District Acceptance, then a memo that is sent to the contractor telling them we accept the DC to a construction office. That will trigger for them to send a document to the Director's Office. We'll accept it, the Director's Office will. And then the next column is Pickup Completed and that's when the Construction Administration group goes out and picks it up. And that's a rough run through of what the closeout document is. Do you guys have any questions? Hopefully, this was helpful.

Savage: Very helpful, Reid, and I thank you and staff for putting it together. And I know it's beneficial for the Controller and myself, and Member Martin. It's mundane to you folks, I understand that, because it's an everyday issue, but all we're trying to do is light a signal and get somebody thinking from a different perspective and maybe try and do something different one day.

Kaiser: Yeah.

Savage: And that helps, so I thank you.

Kaiser: Maybe those as-builts, maybe we can make those electronic and make it easier to do the as-builts someday. We'll have to wait and see. I want to thank Megan, Cecilia, and Alma for all the hard work and spearheading this. And as I mentioned in the Board Meeting today, we have done a tremendous job the last few years closing out projects. We're a lot farther ahead of the ball now than we were three or four years ago.

Savage: Absolutely.

Kaiser: Now we've got contractors complaining if their projects aren't closed out in two or three months, so that's good.

Savage: That's good news. Thank you again, Mr. Kaiser. We'll move on to Agenda Item Number 7, NDOT's Outreach Efforts to Promote the Department through the Public Information Office.

Sever: Sean Sever, Communications Director here at NDOT. I have eight slides ready for you to talk about some of the things we're working currently in my Division and then some things that we're looking at for the future. And as you probably know, we've been in the news quite a bit lately in Northern Nevada with District pedestrian safety issues, but as P.T. Barnum said, "No publicity is bad publicity." So we have had some good things come out of that.

I have 12 employees that work for me in the north and the south and they're excellent staff, which allows me to keep an eye on things that are going on at the legislature. These are some of the things we do: press releases. We put out 15 to 20 per month and with those we really try to be proactive because we've found drivers and people in the public react a lot better when they hear about things first instead of driving into something. So really trying to be proactive there.

Media inquiries. The pedestrian safety issues we've been having. In those kinds of cases, we don't write the stories for the reporters or the headlines. We just want to make sure that the reporters are accurate in what they're reporting, so make sure they have the facts down.

Social media. We have 11,000 followers on Twitter, 1,500 on Facebook. And we use social media primarily as a customer service function. We always try to leave the last response and respond to people quickly. And then on YouTube we do about 5 to 10 videos per month. Sholeh over

there taking the photos. We stole her from Channel 8 in Reno and she does an excellent job. Our website is a popular place. We get about 4,000 visits per day. The day before the I-15 flooding event happened in Las Vegas we got about 2,200 hits, but the day after that jumped to almost 63,000 hits.

Public events. We get out in the public a lot, open houses, and school outreach. We found a niche in Las Vegas in drivers ed classes presenting our Zero Fatalities program to the students. And then our public hearings. Maxine handles our public hearings. She does really well. But we're looking to reach out to (inaudible) looking at new methods to reach out to them because a lot of people that show up to our public meetings are retired people concerned with this.

The next slide is on customer service. We're one of the last state agencies that answers the phone with a person and we get 400 to 500 calls per week. You can see 89 percent of those people got the information they needed when they called. So you wouldn't believe some of the calls that we get. People call to find out when their library books are due.

Knecht: I'll swap stories with you on that.

Sever: Right.

Knecht: Because I've been known to answer my own phone and you wouldn't believe.

Sever: Right. Ron and I used to work together at the PUC and I handled phone calls there too, so talk about some interesting calls. So the next slide is our project specific outreach. The reason why you don't see a lot of agreements come before the Board from my Division is because a lot of public outreach is included, especially if it's a larger project. But we do have about $70,000 in on-call funds if (inaudible). I've been really trying to press that every budget needs some sort of outreach, no matter how small it is.

Next slide is Zero Fatalities. I'm sure most of you have seen our TV ads, billboards. In fact, 98 percent of Nevadans are familiar with this campaign, which is a really good reach, and 65 percent have been influenced to be more traffic safe. And so part of the discussion on ped safety is a lot of the different agencies came forward and are partnering

with us on this campaign, which includes the Southern Nevada RTC, the Northern RTC, and also the City of Reno.

So I've been at NDOT for three years and I've been trying to do a communications plan that would tie the work performance standards for my employees to NDOT's overall goals. And I just have never had a chance to do it. Every time I start working on it, I get sidetracked. So Meg, who works for me, was at a social media class at UNR and the professor there offered the students up to do the communications plan for the agency and I thought that was a really good idea. Like I said before, my staff does an excellent job, but I thought that would be a good opportunity to get new ideas from younger people.

So with students you never really know what you're going to get, but Bill and I showed up for their presentation. So it's a journalism class at UNR. They worked on our campaign all last semester and presented to us in December, Bill and I, and they did a really good job. So instead of going out and hiring an ad agency to do this for us, these UNR students did this for us for free. And it was half the class working on our project. And their other clients were Pizza Hut and the Reno Philharmonic and half the class was working on our project. So the instructor, too, he also owned an ad agency, so he has private sector experience. But they came up with a tagline for us which I think is really good: Safe and Connected. Keeping you safe and connected. And I would like to share this with the Board sometime. I think it's really important, with everything that's going on publicity-wise with NDOT, that we get our name out there.

So the next slide up, some future options. My staff and I are going to dive into this communications plan that the students gave us. We're going to decide what to do and what not to do. We're going to look at using the Safe and Connected tagline.

And then the third thing is our Zero Fatalities ads are done. When those ads finish you don't see NDOT at the end of those ads or the Office of Traffic Safety and that was done on purpose, because we didn't want to have to sell somebody safety, but I think we're missing out on that part. We're not getting credit for that campaign and we spent $800,000 a year on those ads, so…

And the fourth thing is creating a road conditions app. That's what the public is looking for. We've been talking about it for a long time, but we

want to make sure when we launch it there's not a lot of bugs in it, that it's 100 percent ready to go. But that's really something we need to push forward with.

And then the last one is just realigning some of my staff job duties. Through attrition as people leave, I would really like to have a social media person, just one person that focuses on social media and responds to people immediately, and they would have other duties as well. But maybe one of those pie plans is maybe some of the UNR students, getting them indoctrinated in my department. And, as a matter of fact, we have an intern position this summer. I'm looking for some input. So that's my presentation.

Savage: Well, thank you very much, Sean. I think you bring out some outstanding points as far as the Department needing more outreach. I mean we saw it on the Kingsbury project and the Moana project, very, very successful. And you play more offense than defense and I'm glad to see the Department moving in that direction, and I think it does need to be on almost every project. I think the administration can review it and whether or not it's a bid line item, I don't know, but it's reality. And the social media thing, I mean, I'm behind on that one, but I know my boys are ahead of it and that's the way that things are going. So it's almost like partnering. We talk about the CWG as partnering all the time, Lisa, and we're really going to try to stress partnering. And I think we really need to stress the outreach that we have to the public on what we're doing with our projects. Mr. Dyson.

Dyson: Yes, Member Savage. I'd like to ask on that data that you put up, Sean, the 400 to 500 calls. Because you were saying that Nevada was one of the last that takes the phone call, that's your staff?

Sever: Mm-hmm.

Dyson: So I'd like to offer up that District 2, and I'm quite sure that Districts 1 and 3 are the same, we take a lot of phone calls also at our District offices. We probably -- I can get -- or maybe we have something -- we need to start track -- well, actually, I can get that tracked for you, the number of phone calls we take on a daily and weekly basis of the public asking questions. So they have multiple resources. They call Sean and his staff; they're also calling my staff in my building as well. So I venture to say that 400 to 500 calls, is that per week?

Sever: Per day, I believe.

Dyson: Per day?

Sever: Oh, per week.

Dyson: Per week.

Sever: Yeah, per week.

Dyson: So I would venture to say it's quite a bit higher than that.

Savage: Yes. It's so great to hear that we're still talking to a live person because nobody likes to get an automated teller or not an automated teller, an automated receptionist. And I really commend the Department, because normally when somebody calls NDOT it could be a frantic call or a time of need, whatever it could be. So let's not get away from people serving people. I think that's very important.

Dyson: Again, Thor Dyson, District Engineer. The last thing I want to say on this is that I think Sean and his staff do an outstanding job, Meg, and Julie. I don't see her here -- there she is. And then Sholeh, did I say that right? They do a great job and have really moved in a really positive manner. I can tell you that other states -- I was fortunate as a district engineer, along with Kevin and Mary, Mr. Hoffman took us up to the State of Washington and I was amazed at the staff that they have from a marketing and a PIO type standpoint. They have literally, if I remember, at the time, and correct me if I'm wrong, Kevin or Bill, Mary, they had like 120 PIOs in the State of Washington. And that included public information people or types that are working on major projects as well. And I know Sean said that was incorporated into the project, but these are DOT employees for the State of Washington. Of course, they have 7,000 people in the DOT. We have 1,800, I think. And at that time we only had three or four, whereas the State of Washington had 120. So you do the ratio, you do the math, and these guys are worked overly hard, so to speak.

Savage: Thanks. I agree, Thor. And, again, Sean, what intrigued me was you went to UNR. And I think you might take it to the T Board level, because I know there's been some concern about the whole research dollar, and if you can get something for free at the University of Nevada, Reno or UNLV, you might take it to the next level and really -- you get a great Safe and Connected. It's a great term. Now, does the next journalism

class work on another project like that? Do we take a couple semesters? Do we have a graphic that goes along with that Safe and Connected? I mean that's great stuff, really good stuff. So think about taking it to the T Board one day for maybe a little goodness.

Knecht: Their meetings aren't very long.

Martini: Mr. Chairman?

Savage: Yes, Mary.

Martini: This is Mary Martini, District Engineer for District 1. Since we're on the subject of both outreach and construction, one of the programs that we are trying to launch here in Las Vegas is kind of a network coordination for the outreach. And what we're facing, of course, as the good news is between the fuel revenue indexing and NDOT funds we're going to be doing a lot of projects. The not so good news is that every major thoroughfare in the Valley will probably be affected in some way, so there needs to be an overall coordination.

So the outreach aspect of that is to try to give people a weekly update of what's going on and in the past, and even right now, when we've got lane closures, etc., we're putting out individual media releases, but we're trying to get switched over to and normalized for the media to expect is that once a week we are saying what's happening throughout the network. Here's all of the lane closures on 95, all of the lane closures on 15, 215, etc. And one of the examples I use is that Flamingo and Tropicana are parallel routes and yet we've got projects on both of them, the RTC on one of them and NDOT on the other. So we really need to be able to coordinate those lane closures. So one of the nice things about this is that if we are good about putting out the data, companies like Google will actually data mine the information and be able to provide it to their subscribers, so that commuters and just the general population has a bigger picture look at all of the projects and how all of the projects are working together.

Savage: Thank you, Mary. Any other comments regarding outreach? Sean, thank you very much for this presentation. We'll go to Agenda Item Number 8, Discussion of the Roles of NDOT Divisions during the Design-Build and CMAR Projects. The roles of project management, as well as construction.

Terry: I guess I'll start. And since Sean had a PowerPoint, I figure (inaudible). John Terry, Assistant Director for Engineering and I'll introduce the Design-Build and CMAR Project, I'm going to give you an overview and kind of lead in after that.

Of course, we've now been doing design-build for, I don't know, six, seven years, CMAR for a little bit less than that. So we've done, what, five design-build jobs and four CMARs, I think, so we're starting to get a little more familiar with it. The process for design-build, as well as CMAR, are laid out in our Pioneer Program Guidelines. This is the update of August 2013. It's been updated over time. It kind of goes through the rules that we use for procuring and using alternative delivery. It also talks about the P3 process and some of the, frankly, the diagrams from in here are the ones we've brought before the Board when we say we are here in the process or whatever. So those two processes are documented in there of how we do it.

If you go to the next one; unfortunately, the ability to do design-build and what I feel is a relatively simple and easy to read NRS under 408, which most everything we do is under 408, but unfortunately we do CMAR under 338 in a rather, in my opinion, poorly written NRS that is a little more difficult to interpret. It seems always to be changing and, in fact, CMAR for everybody runs out in 2017 if it isn't revised and added to in the 2017 legislature. So on design-build, of course, we do only best value design-build procurement. So it's a qualification-based selection by NRS. It has to be at least 30 percent price. We've almost always found more than that. We have, as you've seen, going through NEON and we have a shorter list of quals process followed by an RFP process. Then we can procure a CMAR through a one-step procurement process where they're selected during the design phase, assist us with the design, and then we have the G&P and award of the contract.

The next slide is on design-build. Of course, the owner is up there. The design-builder and all of his designers and everybody is sub to the design-builder and they all answer to NDOT.

And if you go to the next one is the CMAR process where we hire a CMTC. We hire the designer. They work both up through us, then we negotiate the G&P with the CMAR contractors versus design-bid-build.

Go to the next one. And I will point out we're still basically a design-bid-build outfit. The vast majority of our contracts are design-bid-build, not the vast majority of the contract value of our contracts. The biggest contracts tend to go design-build and a certain number of contracts go CMAR, and we do have a selection process that we go through to pick projects that are going to be alternative delivery.

But this slide kind of gets to, I think, some of the contract administration issues that we get doing design-build and CMAR and that is when we do design-bid-build, essentially, once the project is awarded, the Construction Division essentially takes over and design answers questions as need be, whether it be consultant design or our internal design, and review shop drawings and answer questions. But when we talk about CMAR and design-build, we assign a project manager to those projects and the project manager stays involved through the entire duration of the project, both the procurement phase and into construction.

So the roles, as you get into construction, are different than they are in our design-bid-build projects. And I think that while those lines have been laid in the Pioneer Program Guidelines I think they've also evolved a little bit over time as we've been through design-build projects, both now in the south as well as now in the north. And so we see a few different roles. And I think that lays out really the upfront explanation of the issue, but I think probably an open discussion of kind of those roles is really the issue of this item.

Kaiser: I have one comment here. Reid Kaiser, for the record. Some of the differences we see on the operations side is on an active construction contract, the RE, they take for an example, change orders. They'll sign the change orders. Those change orders will then go to District, who will sign them. Then they'll go to Construction Office. They'll get routed from the Construction Office to the different divisions within NDOT for review, and then they'll go to the Director's Office for signature. Under a design-build or a CMAR, they go up through the ranks on the engineering side of the house. So there is some differences in operations in regards to change orders and I think also on how claims and those kind of issues are handled.

Dyson: Thor Dyson. They still do as-builts. There's no change.

Kaiser: The contractor does the as-builts.

Terry: Oh, no, the contractor does the as-builts on design-builds.

Dyson: The contractor does the as-builts.

Kaiser: Yeah.

Terry: And, in fact, we forced us to do electronic as-builts, because they have a designer and they do the as-builts. I'm not sure on CMARs. CMAR, do we still do them ourselves?

Dyson: I don't know.

Terry: Kevin, what do you guys do up there?

Lee: I'd have to say I think so.

Terry: Okay. And, of course, the big issue for construction crews on design-builds, they don't have to keep track of quantity. There are no quantities we pay. The payment system for a design-build is earned valued based contractor cost loaded schedule percent complete on a lump sum versus our normal pay items. So for that reason the construction crew doesn't have to keep track of quantities. They only have to keep track of quantities in the bigger picture in order to make sure the testing frequencies meet. They have to know how many tons of asphalt to replace so that they know how many tests to take, but that's not a pay item. So even all our new electronic documentation has no application in design-build.

Kaiser: So is our closeout process the exact same? You still got to go through all those different columns?

Terry: Pretty close.

Savage: On a design-build?

Terry: Yeah, but there's not quantities. We don't have any quantity--

Kaiser: Other than quantities.

Terry: --ratification, but I'd say almost every other process is the same. And design-builds are extremely difficult to close out.

Savage: On design-builds, on the payment schedule of values that you referred to, Mr. Terry, have there been any issues in the past on agreement on schedule of values or progress payments?

Terry: Somebody else jump in on some of the projects up north. The ones down south that I've been aware of, of course, okay, we make him submit with his proposal a rough cost-loaded schedule. Then, I think it's 60 or 90 days into the job, he has to submit his final cost-loaded earned-value schedule.

Savage: Okay.

Terry: And I know on design-build south we allow them, and it's listed in the contract, if he ever wants to make a modification to that he has to submit and get that done. And, of course, when he submits that one with his proposal he can't all of a sudden in 90 days have one that's completely different than that. We get the criteria and it can't be too different than that. I'm not aware of big issues with that.

Savage: Okay.

Terry: The biggest issue I've been aware of -- well, you're a contractor, you probably understand this. At first we have at the lowest level of the work breakdown structure it's either done or it isn't done and we changed that to the lowest level of the work breakdown structure to pay on percentage. And then everything rolls up above that. We also, in the early design-builds, had what I called earned value light which was sort of a shortened value. What'd we call them? Pay centers. Price centers that we had which is sort of like earned value light. We've kind of gone away from that and have more of a full-fledged earned value system that's submitted by the contractor. But I haven't heard of issues. To me the biggest issue we have with design-builds, which tend to be our bigger projects, is we can only withhold $50,000. In other words, we can only withhold 10 percent or $50,000.

Kaiser: Don't bring that up.

Savage: No, thanks for bringing that up, Mr. Terry.

Terry: When you're working on $250 million job and you've got $50,000 in retention, it seems like that's a pay issue to me.

Savage: Yeah. And I don't know how long I'll be at the Department, but I'll tell you, the 10 percent is something I'm going to keep mentioning. So I thank you for bringing it up. We need a tool at a Department.

Terry: But other than that, jump in on District 2, I don't think the pay system in design-build has been an issue.

Savage: Okay.

Dyson: Thor Dyson, District Engineer. It has not been an issue.

Savage: Well, I thank you for your presentation, Mr. Terry. And are there any other questions or comments within this room or down in Las Vegas regarding these too? Well displayed here on Amir's part and your part, Mr. Terry, as to the definitions. And any comments or questions or concerns from anybody.

Martini: Just a question. The presentations that were given today, the cameras were on the presenters and we didn't see the PowerPoint's. So if they were available online we'd very much appreciate it.

Savage: Okay. Claudia said she would get them to you, Mary.

Martini: All right. Thank you. And I'm Mary Martini, District Engineer.

Savage: Okay. And one last comment I have. So upon doing this process and writing this up, did anything come to mind from Amir's point or your point, John, or Reid's, as far as we do it the same way we've done it in the construction. We do it different on project management. Is there anything we can do to streamline it to make them both consistent or is two different animals? And I know the delivery method is different. I get that. I'm talking about the actual process. And maybe you guys can think about it, and talk about it. Don't need to know it right now because it's an internal -- I'm just trying to push the buttons and get the thoughts rolling because there's different ways to skin the cat. The process can be the same. Whatever's more consistent is going to make it easier.

Dyson: So, Member Savage, that would mean that Mr. Terry would have to speak to Mr. Kaiser. They'd have to communicate.

Savage: And Amir.

Dyson: I think you bring up a good point that we could help Mary the two a little bit better because design-build, like Mr. Terry said, is new. It's relatively new. We've been doing design-bid-build for a long time. That's what a lot of us are very, very familiar with. Now, District 1 has the lead on design-build and I think District 3 and 2 have done some CMARs now, so we're moving along in that direction. District 2 is going to have a second design-build project, USA Parkway.

Savage: Right. And I want to be very clear. This Department does an excellent job in CMAR delivery, design-build, hard bid, plan of spec. We do a great job. Everyone works their tails off and everybody's working together, but I think we can just be a little more streamlined and look at it from the outside in. So that's enough on that one. Let's move on to Agenda Item Number 9.

Kaiser: Okay. 9A. Megan.

Sizelove: Yes. I'll keep it brief because I'm sure everybody's watching their time. But as most of you know, Electronic Documentation, that's the software that the Department chose to purchase to assist us with contract administration during the construction phase. Just a reminder, every contract 3576 and above will be administered through electronic doc. It will be an eDoc contract, so we will utilize that software.

A quick update is we are about 60 percent complete with the training. I would say all of District 1 has been trained and they have one project that's actually in the process, and this has been moving well along the process, so that's good. We are just about finished with District 2 training and then next month we will tackle District 3. So we're trying to structure our implementation rollout as the contracts come out throughout the state.

Like I mentioned, District 1 has a contract 3577 and then District 2, I believe, has 3578. Those are the two contracts that are currently in the software, running along smoothly. They've gone through a couple of different payment processes successfully, so that's good. The contractors are getting paid. We're excited about that. So we're, at this point in time, in terms of District 1, just continuously working with the crew, making sure that all their questions are answered, that they don't feel like they've just been given the software and the initial training and thrown out to the wolves. Well, we're working with them pretty hands-on. And then as we

continue to roll out the contracts, we'll be touching base with all the crews to make sure they're comfortable as well, but so far things are going great.

Savage: Good. That's great news.

Sizelove: Yes. It is.

Savage: And good feedback from the industry.

Sizelove: In terms of the construction or construction crews within…

Savage: Yeah, within the Department.

Sizelove: Within the Department? So far, yeah. Certainly it's finally to a stage, I would say, that the REs are starting to wrap their head around the software…

Savage: Excellent.

Sizelove: …and come up with some really great questions and helping us tackle more of the complex issues, which is nice for us to get their involvement. And from a contractor perspective, we've been mentioning it at the AGC meetings and getting them -- just making sure that this isn't a new -- a surprise to them.

Savage: That's good. Well, thank you, Megan. Item Number B: CWG Task List.

Kaiser: That's just a group of items that I put in there that I pulled out of the notes from the previous meeting. I think we covered Contractor Prequalification. Construction Agreements. We had agreed that we would hear about that in June, giving you an update on where we are in our construction agreements. Tracy covered the NDOT DBE Process. And report on CMAR projects. Are you guys still wanting an update on change orders from the CMAR projects? That was an item from, I believe, the previous CWG.

Dyson: Thor Dyson, District Engineer. Wasn't that referring to the CMAR job on Kingsbury?

Kaiser: Well, there was Kingsbury. See, I wasn't quite clear on it. Do you guys want it from all the CMARs or was it just Kingsbury or was it also including…

Savage: I think it's the CMAR projects.

Kaiser: Yeah. Okay.

Savage: As a Department, we write them up as a GMP. And we just need to reassure the Board that these CMAR projects are negotiated. We need to be accountable for that number.

Kaiser: Okay. Okay.

Savage: So I think we need to, maybe on a semiannual basis Reid.

Kaiser: Okay. Okay.

Savage: And then you were going to add partnering to this task list.

Kaiser: Sure.

Savage: As well as prequalification.

Kaiser: Now, prequal, I'll leave up there is number one and we'll cover that in September.

Savage: Okay.

Kaiser: Partnering. Okay. You want to hear on partnering? It's a later item but if you want to hear about it now we can. It's 11E.

Savage: Okay. Let's hear about it.

Schettler: Okay. This is Lisa Schettler, Construction Department Program Manager. So we've mentioned before that we were working on a project to research and gather nationwide best practices and compile those on the FHWA's website. FHWA gave us some money specifically for this project. We are going to have a conference here in Nevada, the nationwide conference. So the RFP went out and the deadline has passed and now we have a March 17th deadline for the selection committee to finish scoring the proposal that we got. So we hopefully will have an agreement in April, I think at the latest, as long as the proposal -- I guess there were two proposals, but only one made it through the -- had all of the -- what you need in an RFP. So it didn't quite make it through the agreement. So this was processed.

Knecht: You didn't reach out to the universities, did you?

Schettler: It was advertised in all kinds of forums, so…

Knecht: Well, they do research, I'm told.

Schettler: Yes. So, anyway, we're moving forward with that. Hopefully, we'll get started with that in April. The steering committee, we met with Reid recently as the not-so-new Assistant Director of Operations to go over our mission statement for the steering committee and we're just waiting for one final review. We've added internal partnering as part of the mission statement, so once we have final approval on that we're going to move forward. We're trying to form the committee and have our first meeting.

Savage: So who's on the committee, Lisa?

Schettler: Well, I don't have names. We have positions that we came up with. So it's the NDOT Director, Deputy Director, some of our Division Chiefs, the District, all three Districts, Project Management, and then we wanted the agency in the north, the agency Nevada here in the north and Las Vegas agency involved in it. And then I would just be the facilitator, we want to look at construction partnering, internal partnering, (inaudible) resolution process, and we've made the efforts for those (inaudible) processes. So hopefully we'll be looking at a meeting for that. And then the DRBF agreement, DRBF is the Dispute Resolution Board Foundation. They're a nonprofit international organization that we identified as a sole source meaning other states (inaudible) they're international. They're used all over the place. We wanted them to come in and do our training for our dispute resolution team members and also for NDOT and contractors and other agencies and other stakeholders, so that we would have a pool of Dispute Resolution Team members that are trained specifically for Nevada to utilize on our projects. We're going to require dispute resolution teams on projects over $10 million and 120 working days. So where we're at with the agreement is we've got the proposal. We've negotiated the proposal. There are just a couple of requirements that NDOT has with insurance. We're trying to work through those issues because it's a nonprofit organization.

Savage: Okay.

Schettler: It's a little tough for them. So we have identified or we have funding on projects already for dispute resolution teams and specifically one of them is Boulder City Bypass. So since we don't have this training done yet we're looking at nearby states who have done the training. They have lists

and we're looking into ways we can select some good dispute resolution team members for these projects prior to this training.

Savage: Good.

Schettler: The other thing I'm just going to add is we've had three projects were applications for our Partnering Awards in 2014 and we're going to have that up at the next Board meeting in April. We're going to issue the awards.

Savage: How many people submitted on that, out of curiosity?

Schettler: There were three projects and we -- just as a little background, we sent reminders out to the resident engineers. We also have just, I think, a couple times the agencies in the north and the south; the three projects are all up north. There's Carlin Tunnels, the Kingsbury Grade, and Mt. Rose. So I think maybe we need to figure out why we're not getting projects from the south to apply, because there are definitely projects in the south too. So that's something that we want to look at in the future.

Savage: Okay.

Schettler: So that's (inaudible) what we've got. And on a side note, we did get one of our projects, Carlin Tunnels, on the cover of International Partnering Institute Magazine. They did not do an article, but they did put a picture on the cover. So I was going to give these to Kevin. But we are a member of the International Partnering Institute so anybody in the Department, anyone outside the Department, I encourage you to look at their site. They have a lot of good information. One of the things they just had in their most recent magazine, that in the years 2013 and 2014 they found that for every dollar invested in partnering there was a savings of $96 on projects on average.

Savage: Thank you, Lisa.

Schettler: You're welcome.

Savage: Any comments or questions? I appreciate the effort. It's a goal here at CWG to mitigate the attorney's fees that we pay and hopefully this is a tool that will see some results for us. So I appreciate everyone's time and effort and engagement, because it's very important. Moving on to Agenda Item Number 10.

Kaiser: Okay. Item 10, that is the Five-Year Plan. John, that got away from us there, didn't it?

Terry: I don't know. Maybe a little bit for the Controller Knecht. In fact, I don't know if you've been exposed to NDOT. At the Board meeting today we talked about the STIP and that's the long-range plan and the formal plan. The five-year plan is a little bit different than that, in that it's essentially what we're getting ready to put out. It's intentionally over-committed beyond the amount of dollars we probably have in that year, but we want to make sure we have enough projects ready to go or in case something goes wrong with one project, we get more money, something else. Bid prices come in lower than expected, which has been happening lately.

And it is also, I'll give a heads-up, one of the main things that the Director was talking about using this program to help us prioritize better between the categories. Currently we say we're going to do this much value in capacity projects, this much value in our 3R projects, this much in safety projects, etc. We don't really compete them against each other, and we're hoping to look at a better way to maybe make them compete against each other, but also to show that the projects we're doing are really meeting the performance measures, that we are negotiating with FHWA, as well as with the State, and so we want to make that connection between those performance measures and the projects we're doing.

Like safety, we're saying use Zero Fatalities, we're doing projects we think were improving safety, then that improves that performance measure. The performance measure for capacity is we don't want break down levels of service on our interstate freeways; is this project going to improve those levels of service on that freeway, while probably at the same time improving safety on that freeway, then that meets those two performance measures for that.

So we're not there yet on making those two connect. That's part of what we're doing. But the rest of the five-year plan is out there of projects we're working on, but I will say it's still a little bit light in the years, especially '19 and '20, and we have some work to do on capacity projects to fill those out there. But pretty much anything that's shown this year and next year will go out up to the point where perhaps we're overcommitted and we have to hold on to a project until the next year. With that, if I can answer any questions I'd be glad to. It used to be a two-page list, but I noticed it's

gotten to five now, but I tried to keep it as a shortened list but that never seems to work.

Kasier: Yeah. Well, part of the thing, I think they even have on here water quality projects, ADA projects. There's an admin or funding or a division that has projects, I believe they're going on here now.

Terry: Which has added to the over commitment issue.

Kaiser: Yeah.

Knecht: Thank you, John. That's helpful.

Freeman: This is Jeff Freeman. I'd just like to expand on something John had mentioned about finding extra money. The Department has traditionally been very good at the end of the federal fiscal year going after other DOTs unspent money. I think we got, what, $10, $11, last year?

Terry: I think $11.

Freeman: $11 million last year. So this over commitment in the Five-Year Plan is also a plan to be ready when October, when the federal fiscal year cycles through, to try to grab those extra dollars out there. So the Department has been very proactive on that and has gotten quite a bit of money in the past.

Terry: Well, and not that we see it coming but when the stimulus program came years ago and they wanted everything shovel-ready, well, they're not shovel-ready if you haven't finished the design. We don't have very much on the shelf anymore, so we need to get a few extra jobs on the shelf ready to go. But the problem is you don't want to have too many on the shelf because, frankly, they don't age very well. In other words, you've got to put a lot of effort into them if they sit on the shelf for a while. So it's a little bit of a game. You've got to design more than you can afford to put out but not by too much.

Savage: Thank you, John. Thank you, Jeff. I don't have any questions. Appreciate the presentation. Let's move on to Agenda Item Number 11.

Kaiser: Okay, 11A. That's our Project Closeout Document. You guys got any questions on our status? Any projects?

Savage: I have a question on 3292. Let's see, it's page…

Knecht: It's in the middle of page two.

Savage: Yes. Any update or status on job closeout? It says we're waiting for potentially Change Order 6491. Who's working on 69? Anything else besides what I see here or that's what we've got for now?

Foerschler: Sharon Foerschler. There's a couple of outstanding issues on that contract and I don't know if we want to have that in public or behind closed doors session?

Savage: Okay. Very good.

Knecht: There's obviously something suspicious about that because the bid price was $393,393,390. How did they get to that?

Kaiser: Reid Kaiser, just for the record. What contractors will do is they'll come up with a bid dollar amount maybe an hour or two before and they'll write it in like that, but that won't be what their actual price is because they may still be waiting on prices from subs. So what they'll do is since they have that dollar amount then they can just go back and write in their dollar amount for subs.

Knecht: Okay.

Kaiser: And work it about that way. And then, I don't know if they modify their mode or whatever at the end so that same number comes out.

Savage: Because as a contractor, we're very superstitious. I don't have any other questions.

Kaiser: Okay.

Savage: Let's move on to Item 11E.

Kaiser: Now, one thing you'll notice, there's only one job. And the reason for that is our construction administration group has been working feverishly on getting electronic documentation out to the crews. So that's where they've been spending all their time. So now that that is out we are going to start getting the contract closeout again. So hopefully next quarter you should see a few more than just one.

Savage: Good.

Kaiser: Is that a fair statement?

Sizelove: Absolutely it is. Megan Sizelove. I'd like to add to that as well. We want to just start our time period of reporting over again at the beginning of the year, so we're in March, so theoretically it should've covered a three-month span. However, based on when we run the numbers, we run everything at the end of the month. So, therefore, this really only captured January. February was not captured, based on the time of the submittal for all the information for today's meeting. So it just…

Savage: It was a timing issue?

Sizelove: Correct, yes. In the June meeting we'll be able to report on February, March, April, May.

Savage: Good.

Sizelove: We'll see an increase in that number.

Savage: Double digits.

Sizelove: We can only hope.

Savage: Thank you, Megan. Thank you, Reid. Let's go to Agenda Item Number 11C. That's the breakdown of the closeout.

Kaiser: That's our one project we closed out.

Savage: Yeah.

Sizelove: That's good.

Savage: All right. And 11D, Status of Active Projects.

Kaiser: Okay. Reid Kaiser. Controller, red means that we're over on budget and time, okay, on that project. And a yellow means that we're potentially going to turn to red here pretty quick.

Knecht: You remember.

Kaiser: Yes, I do remember. We're approaching budget and time, so that's what those colors mean.

Knecht: Thank you.

Foerschler: Sharon Foerschler. I'm sorry, it's or. The red can be or, it's not both. It can be budget or time.

Kaiser: Oh, okay. Okay.

Foerschler: And the same with the yellow.

Kaiser: Okay. Perfect. Thank you, Sharon.

Foerschler: You're welcome.

Savage: And the only question I had, and I think, John, you answered it earlier, is I see Amir's name at the top and these are all design-build projects for closeout; is that correct or not?

Terry: You're looking at this list, right?

Terry: No. That may just mean that Project Management led the design, not necessarily that it's design-build. Like 3292 isn't design-build. Some of them are.

Dyson: So incidentally -- Thor Dyson, District Engineer -- 3292, the District acceptance and a complete District relief of maintenance letter was sent out last week.

Savage: Okay. Thank you, Thor. I don't have any questions. Mr. Controller.

Knecht: No. Reid answered mine.

Savage: Okay. So with that being said, that'll close Agenda Item Number 11. We already did 11B. We'll go to Agenda Item Number 12. Any public comment here in Carson City? Any public comment down in Las Vegas?

Martini: None here.

Savage: We'll go to Agenda Item Number 13. I'll take a motion to close the session at this time…

Knecht: So moved.

Savage: …for the information regarding the legal counsel. There was a motion made by the Controller. I'll second the motion. Session closed at this time.

Representative