

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
April 13, 2015

Governor Brian Sandoval  
Lieutenant Governor Mark Hutchison  
Controller Ron Knecht  
Frank Martin  
Tom Skancke  
Len Savage  
Tom Fransway  
Rudy Malfabon  
Bill Hoffman  
Dennis Gallagher

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Sandoval: Good morning, ladies and gentlemen. I will call the Board of Directors for the Department of Transportation meeting to order. Before I commence with Agenda Item No. 1, I wanted to take a moment to recognize Mr. Ron Raiche, who is an NDOT employee whose life was tragically lost as a result of an accident. And if you would all join me in taking a moment of silence in his honor and in his memory. Thank you. And I'm sure we all will join in sending his family our thoughts and prayers.

So that'll take to Agenda Item No. 1, Presentation of the Retirement Plaques for 25+ Year Employees. Mr. Director.

Malfabon: Thank you, Governor. We have several retirees to honor today. I'll go over the list. I think that there's only one individual that's present today, but if there are others, as I read off your name, please make it known so that when we have a photo opportunity you can come forward.

Brad Fronberg was a highway equipment mechanic, a Supervisor I, 32 years of service. Liz Jackson was a friend of mine down in Las Vegas, Supervisor III. She was an assistant RE on Crew 922, 26 years of service. Louie Echegaray, Highway Maintenance Manager in Ely, 34 years of service. Ron Broady, Supervisor I in Location, 30 years of service. Nadine Klestinski, an Engineer Drafter III in Roadway Design, 25 years of service. Shane Cocking was a resident engineer, Manager I in District 2, 25 years of service. Joan Ives, Engineering Tech IV in District 1, 25 years of service. I actually hired Joan when I was a resident engineer, so brings back memories. Project Manager III, William Shulz, Bill Shulz, in Architecture;

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did a lot of our projects and architecture, retired with 26 years of service. Let's give a round of applause to those retirees.

And we'll do the photo opportunities with the awards, Item 2, and then I'll have -- Shane Cocking, I believe, is in the audience. So we'll have him come up and receive his clock from the Board at that time.

Sandoval: And before you proceed, Mr. Director, just again, my personal thanks to all these employees. Somebody is getting ahead of me and they did the math for me, but it's a total of 223 years of service and experience that we're going to be losing, but by the same token, these are folks that all can be proud of a job well done. I mean look at this, the least amount of years of service for any of the individuals on this list is 25 years, and that's just flat-out remarkable. And I know that it's going to be hard to replace these individuals and hope that somebody can come in and backfill and do the great job that they have. But this, for me, shows complete commitment and dedication to the people of the State of Nevada. So thank you very much.

Malfabon: Thank you, Governor. Okay. Moving on to Presentation of Awards, Item 2. The Nevada Taxpayers Association awards strong, continuing and consistent efforts to spend taxpayers' dollars wisely and efficiently, and the effective, open, and accountable practice of creating a user-friendly government, and they have the Cashman Good Government Awards. We had submitted a group of employees from NDOT associated with a software program called DocuSign. So we've been trying to do more electronic documents and forms. It saves a lot of paperwork and filing, a much more efficient processing of some of our contracts and agreements. And I wanted to recognize the folks that were involved in that from our admin services and IT departments: Kayla Sneed, Teresa Schlaffer, Jenny Eyerly and Dave Wooldridge. So we'll have them come up shortly. But this is a pretty nice award from the Taxpayers Association that we acknowledge their efforts.

And then we had several partnering awards, and we have a very robust partnering program. Partnering is the way that we do business at NDOT, so we work very closely with our contractors at the project level. And it's really the resident engineer who's got the responsibility of the day-to-day management of construction, oversight of the contractor's operations, and that contractor's project manager or superintendent on the project. Those are the ones that hold the keys to a successful project. And even on some

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projects that have very tough challenges to face, they work together closely. And we wanted to acknowledge their efforts on several of these projects.

The first is the State Route 431 Mt. Rose Highway project, the Silver Award goes to Granite Construction. And the project was originally slated to be completed in two construction seasons. It was substantially completed in only one season, greatly reducing costs and impacts to the traveling public. And everybody knows that Mt. Rose Highway is a heavily traveled route in the summer; a lot of folks going up to Tahoe to enjoy the sights up there. And the NDOT crew and Granite Construction did a great job overseeing that project. When we have the photo opportunity, if Matt Cates of Granite, Shane Cocking, who recently retired, and I don't know if Thor is here from District 2 -- but congratulations to Crew 913 of NDOT, through Shane's leadership and Granite's construction crew, led by Matt Cates. That was Contract 3558, Mt. Rose Highway.

A Gold Award winner, State Route 207, we discussed a lot last year as this project was implemented by Q&D Construction. This was a Construction Manager at Risk project, so Q&D did that assistance during this project to help us get a good quality design and then went on to construct. But the issue here was the team successfully conducted widespread public outreach to keep affected stakeholders, residents, commuters, and businesses informed of the project status. They also created innovative and time-saving solutions, such as noise suppression techniques that allowed for night work throughout the summer. So a very well-orchestrated approach to the project, very innovative. To get some of the residents through there, through some of the gates with the card key, I think that was very innovative. They did a lot of outreach, even down here in Carson Valley and South Gardnerville/Minden area to affected stakeholders. And a very well-done, well-delivered project. That was a Gold Award recipient for our partnering program. And we'd like to acknowledge the efforts of Brian Graham of Q&D Construction. Pedro Rodriguez was our project manager and John Angel was the resident engineer for Crew 911.

And lastly, the Silver Award winner goes to I-80 Carlin Tunnel's Construction Manager at Risk project. This project was with Q&D Construction. A lot of different types of construction on this; bridge construction, reconstruction and rehabilitation of the pavement, the tunnel

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lighting system, and tunnel rehab. The project team was committed to improving safety, reducing congestion, and improving the highway infrastructure quality. Through collaborative teamwork they achieved measurable results, including finishing the project a year ahead of schedule. So you see a lot of the theme of working together and finishing projects ahead of schedule with the least amount of disruption to the public in these projects. So we acknowledge on Carlin Tunnel's CM at Risk project, Kurt Matzoll of Q&D Construction, Dale Keller was our project manager. And pleased that Tim Mouritsen and Nick Senrud from Crew 908, the acting resident engineers on the project, were able to come down and be acknowledged in person, coming down from Elko.

So first, if we could do the photo opportunity, we'll do the retirement first. Shane?

Sandoval: If you would proceed with the Director's Report.

Malfabon: Thank you, Governor. I wanted to acknowledge a couple of employees that were recently promoted. I noticed that Sonnie is down in Las Vegas. Sonnie, tell me if I'm pronouncing this correctly, Braih. Okay, see, third time is a charm. He's our civil rights officer that I mentioned last month. And our civil rights officer is over not only our disadvantaged business enterprise, or DBE program, Title VI is an important element of their oversight, the ADA program, and contract compliance, which is a day-to-day job with managing our contractors and the administration, all the paperwork they have to do on both state and federally funded projects. So welcome, Sonnie, for your -- congratulations on your promotion.

Braih: Thank you very much. Thank you.

Malfabon: And then I wanted to mention that Sharon Foerschler was recently promoted to the chief construction engineer position at NDOT. Sharon was an assistant construction engineer for several years, and really a great field of candidates were interviewed and considered for this position. I'm pleased that Sharon Forrester was selected by Reid Kaiser, her supervisor as the assistant director of Ops. So Sharon, best wishes in the construction engineer position.

Foerschler: Thank you.

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Malfabon: You have your hands full, I'm sure. Okay. Next slide please. And, Governor, thank you for acknowledging our loss. Ron Raiche was one of NDOT's family members. And it really was a tragedy that he was struck and killed on I-80 near Battle Mountain while they were doing crack-filling operations on the shoulder. The truck driver was arrested as indicated there. And our hearts go out to the family members and to Crew 371. There was a coworker with Ron at the time. It was very unfortunate. And I included a picture of the memorial wall, Governor and Board members. I would want to acknowledge our loss officially when the time is right. We're ordering the star to add to that. Unfortunately, there's been 25 preceding events there on that wall. And I wanted to also mention that we've heard that his mother was devastated by that, obviously, but she intends to testify at the legislature on an issue that's of importance to her about traffic safety and the speed limit.

Next slide please. A little update on State Route 342, the road to Virginia City. And the Comstock Mining Company is removing the uncompacted fill. They've removed a lot of it. And as we mentioned last month, the temporary route will reopen June 2015, and then they'll continue removing some of that unstable material on the slopes, finishing, finally, in December. But they're paying for the construction costs. We're overseeing the construction. Next slide. You can see where the old mine shaft that had caved in a few years back was located, and they did a design including reinforcing steel and those steel beams, a lot of concrete capping that mine shaft, so we won't have that issue of a sinkhole in the future with that type of measures that they're doing.

Sandoval: So, Rudy, have you or has somebody mapped all those tunnels so that this doesn't happen again?

Malfabon: They know where most of them are. I think that this was the only one that was a concern for causing a sinkhole. The other ones were apparently far enough down, so they've addressed them all that had a conflict with the road. So we hope that this never occurs again; after they get the final completion at the end of the year that it'll all be nice and safe and we won't have that type of thing hanging over our head anymore.

Sandoval: Okay.

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Malfabon: Next slide please. A little bit on federal funding. There hasn't been a lot of action. Congress is just coming off of a two-week recess. But as we've reported in the past, the current surface transportation bill expires the end of May, but they will have some issues with the Highway Trust Fund, the revenue not keeping up with how much the states' DOTs are allowed to expend on their federal aid projects. But we're hearing that we'll get some news in the next couple weeks from the House side on their proposal for funding transportation. And I wanted to acknowledge the efforts of the RTCs and the electeds that did the Stand Up for Transportation event last week. It was something that was organized by the APTA, which is the American Public Transportation Association. The event was highlighted down in Southern Nevada at the RTC's bus maintenance facility, and up here we did an event collaboratively -- or participated there where the Carson Freeway is going to have a connection with the junction with U.S. 395 and U.S. 50. So thank you all for your participation in that. It got a lot of coverage on social media, as well. A lot of people did little short videos, Standing Up for Transportation.

Next slide. Recently, USDOT announced the availability of \$500 million in TIGER grants for this next round. They're doing a lot of webinars and we will have a representative. Our Washington, D.C. advocates are available to attend the April 16<sup>th</sup> summit from USDOT. So the USDOT is trying to give a lot of information about how to be competitive in this grant process. There is something unique this year. They have a preapplication, very simple online method for preapplication, and then applications are due June 5<sup>th</sup>. We're looking at some improvements on I-15 area near Apex. I've been trying to see what we can develop as a proposal that could be competitive for the TIGER grant program. And as always, we coordinate with the RTCs and other public entities as they develop their applications and see where we can partner together, at least support their applications that go to USDOT. Governor, I know that you receive a lot of requests for letters of support, so we anticipate that that'll be the case this year, as well.

Next slide.

Fransway: Governor?

Sandoval: Member Fransway.

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Fransway: Thank you, Governor. While you're on TIGER, I'm just wondering, Mr. Director, is that \$500 million kind of follow suit with the past or is it less or more?

Malfabon: It's about what we saw. I think it was \$600 million last year, so it's a little bit less.

Fransway: A lot less.

Malfabon: And to that point, I think that one of the things that -- at the I-11, which I'll cover a little bit later, the groundbreaking, Senator Reid made a comment about earmarks. And this money that is discretionary to USDOT actually Congress used to see this as their earmark fund. So that's something that we don't anticipate that earmarks will come back, but at least they're having some discussion about this discretionary account. \$500 million, when you spread it across the 50 states and D.C., it's not a lot, comparatively speaking. So that's why it was great that Nevada, the RTC in Washoe County and RTC of Southern Nevada received quite a bit of TIGER grant funding last year for their two projects. So we hope to continue that trend of receiving several millions of dollars from this TIGER grant program. Hopefully NDOT will be successful, but we're pleased if any agency from Nevada receives some of that grant funding.

Next slide. Good news on our bridge condition. The American Road & Transportation Builders Association released a report recently that noted that Nevada was, depending on how you look at it, we're the best in the nation as far as the bridge condition. So out of the 50 states, we were the 50<sup>th</sup>. When they included D.C. on one of the categories of number of bridges, we were behind D.C., but they're very small. But the point was that we have the least amount of structurally deficient bridges at 1.8 percent. And, in fact, some of the bridges on the list that are coming up -- I know that Virginia Street Bridge over the Truckee River is one of those that's going to be addressed. So we're going to continue this trend of systematically reducing the amount of structurally deficient bridges. We're blessed in that we don't have the problems that some of those states back east have with large river bridges, crossings, and deterioration. We have relatively good weather. So our bridges, though, we're pleased that we're number one in the nation as far as the condition.

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And there is an explanation. Federal Highways has not changed the definition of structurally deficient. But as we've stated in the past, it's safe to drive over these. They might have to be load restricted in some cases, but they're just bridges that need some attention.

Sandoval: Okay. No, and, Rudy, I think this is extraordinary. And I just want you to save this, because isn't there another organization that puts out a report that said our bridges weren't in good condition and that we needed to invest a lot of money?

Malfabon: I think it was the same organization.

Sandoval: Is it?

Malfabon: Well, they do this...

Sandoval: Because didn't we -- I mean, am I...

Malfabon: ...they do this ranking. And I think, Governor, you're thinking of the ASCE Report...

Sandoval: Yeah.

Malfabon: ...American Society of Civil Engineers. So a lot of groups do reports. And even with the ARTBA Report, they highlighted the need to address some of these bridges in Nevada, and they do a state-by-state report. So they obviously want to promote investment in infrastructure as being advocates of road and transportation projects.

Sandoval: No, but it isn't the same organization, is it?

Malfabon: It was ASCE that had the other report.

Sandoval: Yes. Yeah, so I just...

Malfabon: But the ARTBA Report does say how many millions of dollars are needed for bridges in each state, state by state.

Sandoval: So I don't want to beat a dead horse here, but this one reflects a little bit more positively than the other one.

Malfabon: Yes.

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Sandoval: And this one is a little bit more neutral than the other one, based on who sponsors it, correct?

Malfabon: Yes.

Sandoval: I didn't hear you.

Malfabon: Well, they all have a stake in it, but definitely this is good news and it's a great report for Nevada. We're number one in bridge condition. Next slide.

A lot happening in the legislature. Last week was the deadline to get bills out of the Committee. And pleased to report that our two bills passed out of Committee on the Assembly Transportation. One was the bonding that allows us to issue bonds with the proper approvals up to a 30-year term rather than the current 20-year limitation. And as we testified on this one, it's not to say that we're going to issue bonds for 30 years every time. In fact, when you look at the bond issuance in the past, even though we can go up to 20 years, very few of those bond issuances have been up to that maximum term. So it just gives us more flexibility in financing major projects.

Then Assembly Bill 43, the Construction Manager at Risk and design-build procurement process and confidentiality of certain information, that was passed. And then the Senate side, we had two bills. One was the housekeeping bill on what we report to the legislature. It was formally a three-year list and now it's a four-year. And that's in alignment with the federal requirements that were changed several years ago from a three-year to a four-year, but we didn't change the NRS appropriately. Then Senator Manendo gave us one of his placeholders for a BDR, and we are pleased to report that Senate Bill 324 passed out of Committee last week. It gives us enforcement authority on discharges onto or over NDOT right-of-ways. So we can be in the enforcement role for our stormwater program.

Sandoval: Okay. I have a question and then the Controller has a question. On that last one, so we're dealing with the EPA right now obviously...

Malfabon: Yes.

Sandoval: ...and we're the ones that have the issue, so where does the enforcement -- this doesn't give enforcement authority over ourselves, does it?

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- Malfabon: No. Let's say that there's dirty water, polluted water coming off of an adjacent parcel or further up the canyon or something that is discharging onto our NDOT right-of-way, then we have authority to basically do a cease and desist, make someone stop what they're doing and clean it up. And it also gives us the authority to investigate where this polluted water is coming from onto our right-of-way.
- Sandoval: And who previously had that authority?
- Malfabon: That would have been the Division of Environmental Protection. We would've notified them and it would've been a longer process. So this is a more definitive process and we're in control of our own right-of-way.
- Sandoval: Okay. Thank you. Mr. Controller.
- Knecht: Thank you, Governor. Am I on? How's that? Thank you, Governor. Rudy, back to the first item, AB 21, allowing bonds to be paid over 30 years. I think that's a very positive thing, especially in light of the continuation of near-record low interest rates and we should take advantage of that while it lasts. And who knows how long it will last, it may last a while. But do we have a formal or semi-formal process for deciding, with our investment advisors or investment bankers, what duration of bond to go with each time?
- Malfabon: Yes, Mr. Controller. What we do is we get with Bond Counsel, they look at what's our outstanding obligations, what series of bonds are going to be paid off in the years to come, and they give us advice on what term to issue that for so we get the best deal for the state and the taxpayers.
- Knecht: So it's the best deal in the sense of basically optimizing our overall financing portfolio?
- Malfabon: Exactly.
- Knecht: Okay. That's what I wanted to be sure of then. I think that's very important. Thank you, Governor.
- Malfabon: And just very quickly, while they're not on the slide, I wanted to mention a couple of bills. Senate Bill 2 was the speed limit bill that we discussed last month. It was amended to 80 miles per hour instead of the 85 originally, and it was passed out of Committee. There was another bill in the Assembly, AB 345, that would allow people to put up personal securities in

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lieu of bonds. They could actually, under this bill, if it was passed and approved, they could put up their house, say for instance. And that would make it difficult for personal securities for us to be in the middle of how much is that worth, have they put it up for other security for other loans. So it was something that we looked at it, but we were opposed in the end to that type of personal security in lieu of traditional bonds.

Then we also looked at Senate Bill 371, apprenticeships on construction contracts. And we work with the unions and non-unions alike on our construction contracts. And what we do is we provide training hours on construction contracts, and the prime contractor or the subs will hire apprenticeships with the unions. The unions all have different rules on how many journeymen per apprentice. And it was complicated, but this bill was proposing a 15 percent flat rate for apprenticeships on construction contracts of a sizeable nature, and I think it was over \$2 million. And we expressed some concerns. We definitely liked the idea of apprenticeships and it trains the next generation of construction workforce, but we had some concerns with that high-level 15 percent and we checked with another state that had a similar law and they were having some challenges with that. So we testified neutral with some concerns on that one.

And then last week, Assembly Bill 450 was heard in the Assembly Transportation Committee. Had to do with I-11 Toll -- it was a toll project with public-private partnerships mentioned in it. But we didn't see the final markup of that bill, so we'll have to wait and see. Obviously, NDOT in the past has put forward some bill draft requests for tolling authority for managed lanes and for public-private partnerships that would allow us to initiate a P3 rather than start one after receiving an unsolicited proposal. So we'll be watching that bill as it develops and we see more definitive requirements that are stipulated in AB 450. Next slide.

A great event last week with the RTC of Southern Nevada. A lot of folks present. Governor, thank you and the Board members that were present for that event. It was a great day for us down there in Southern Nevada, and I thought it was a nice touch allowing us to sign the box culverts that had the I-11 shield on them. Greg Nadeau from FHWA, the acting administrator of FHWA, was in town, as well as both of our senators and several of our congressmen. And a lot of support for this project and a great turnout, as

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you can see from the photograph there. And, again, it was an important project, and that was highlighted through the presenters' comments. And I wanted to thank the RTC of Southern Nevada for working with us on setting up that event and all the outreach folks that assisted in that, and as well as our contractors. For us it's Fisher Sand & Gravel and for the RTC, Las Vegas Paving, that helped in setting everything up out there and making that a successful event. Next slide. Yes.

Sandoval: Member Fransway.

Fransway: Governor, I was just wondering if you're offering a reward for the return of your speech.

Sandoval: Give a little context. So I had these prepared remarks and it was a little breezy that day and I wasn't prepared as I normally am and had them in a folder. And as we were -- I had to, obviously, put them down while we did the Pledge of Allegiance, and a gust a wind came up and blew them away. And so I said, "I know that my remarks will be brief," because I did not have them. But all's well that ends well.

Malfabon: And I wanted to quell some rumors about a possible issue with Fisher Sand & Gravel. And we looked into this issue, talked to Fisher, our contractor, about what they intended to do. And they actually had some points to make about reducing how much haul goes across, by Fisher, across 95 and by Vegas Paving across the other direction at that interchange with U.S. 95 that's on Phase 2, the RTC's project. So we will work with them, but we looked into this and Fisher is going to produce aggregates and other materials from the Phase 1 excavated material. That's allowed by our specifications. And our specifications are very clear, our plans are clear. If there's a shortfall in building the embankments that's required in the contract, then Fisher has to haul in material to make up the difference.

What they're trying to do is point out that both the NDOT project and the RTC project have a surplus of embankment. That's why we're having them build an embankment on Phase 2, and they're just looking at what's the safest and least impactful to traffic method of hauling in there. They have to meet their obligations by our contract, and I would be the first to fight if they had an issue that was going to result in extra money or a claim. Some of our Board members have asked about this, and they're willing to be

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involved as we work out this issue, and I appreciate their involvement in that. But as I've stated, I believe that Fisher has some good points to make. They'll work closely with the RTC, NDOT, and Las Vegas Paving to find out what's the best way to construct this, but they are obligated by the contract with NDOT to build the embankment that is mentioned near that U.S. 95 Interchange. Next slide.

An update on Project NEON. On March 18<sup>th</sup>, we had a workshop with minority contractors which we -- if they're in the federal program and certified, they're disadvantaged enterprises or DBEs. 32 vendors were present there, so they got to meet our design-build teams; kind of show themselves off, what they could do for those contractors or engineering companies. Most of the time, the major subs are identified in the team that was prequalified for the three teams on Project NEON, but it's an opportunity for some of the other smaller subcontracts to let them know what's available out there and meet and greet our teams.

We've also been meeting with the design-build teams and we received a lot of alternative technical concepts, ATCs. So a design-builder will have plenty of ideas on how to build this job smarter, more economically, have some innovation, so that's a benefit of design-build. And what we'll do is once we approve an ATC, that idea is available for the teams to use. The property acquisitions are continuing, and you'll see a lot of them on today's Board packet. And proposals are due from the design-builders on July 31<sup>st</sup>, so we're still on schedule to meet that date. Next slide.

An update on USA Parkway. This is also a design-build procurement. Six teams had submitted for the statement of qualifications, and those are the three in alphabetical order: Ames Construction, DeSilva Gates Construction, Granite Construction, Kiewit, Q&D, and Road and Highway Builders, LLC. Next slide. So the process is to -- go ahead, next slide -- to rank those teams against the criteria, so look at their qualification packet, assess the points on these -- well, criteria on these. So if they met the goals of the project and organization of the proposer team and key personnel, project understanding and experience, past performance, safety. And since this is a state-funded construction project, we look at the bidder's preference per NRS, as well. Four teams out of those six were shortlisted; Ames Construction, Granite Construction, Kiewit, and Q&D.

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And just to mention the process, the selection official -- in this case, I was the selection official. I receive a presentation from the teams that ranked those proposals. And it's in the blind, so I don't know any names of team members. You have Team 1 through 6. And so we see the rankings and it was clearly a delineation on shortlisting for -- by NRS, we can shortlist three to five, and because there was a clear delineation, our recommendation to the selection official was cut it off at four. So that's where we're at now and then we'll issue draft request proposals on May 27<sup>th</sup> to those four shortlisted. Next.

A lot of major projects bid recently. And Carson Freeway, we opened bids on April 2<sup>nd</sup>. Road and Highway Builders is the apparent low bidder, \$42.2 million. Six bids were received, so very competitive. And what happens next is we do our review of the bid through the Bid Review Analysis Team, the BRAT team, and then they'll have their recommendation and then we hope that next month you'll be approving the award of this and several other contracts that I'm going to mention.

U.S. 95 Interchange at 215 Beltway, that's the project that we talked about. The two ramps are the first phase of that. Bids were opened last week and Las Vegas Paving Corporation is the apparent low, \$39.2 million. Three bids were received on that contract. Next slide.

This is a project that's being administered by Clark County Public Works, but we have \$35 million of federal funds associated with this. In fact, NDOT has maintenance responsibility of the 215 Beltway from I-15 to the airport connector. So Las Vegas Paving is apparent low bidder, and there were three bids received by Clark County Public Works. The winning bid is about \$52.5 million. Next slide.

No recent settlements to take to the Board of Examiners tomorrow. And I just wanted to mention that we are continuing discussion with Meadow Valley Construction on their claim for Meadowood Interchange on 580. That was completed a few years ago, but we're still working through the issues associated with a construction claim. We are doing an independent review of the facts associated with the drilled shaft construction, because that's a major component of the delay and additional costs that they incurred. We have a difference of opinion on who's at fault for that issue, so that's why we thought an independent review would be helpful for the

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Department. And then also we, in January, did an audit of Meadow Valley's books and got some information from there. So we'll continue those discussions and try to work out the issues. We're not saying that it's going to be easy, but we'll definitely involve the Board, keep you informed of those measures that we're taking to address that construction claim. Next slide.

That concludes the Director's Report. I'm willing to answer any questions.

Sandoval: Any questions from Board members? Thank you, Mr. Director.

Malfabon: Thank you, Governor.

Sandoval: We'll move on to Agenda Item No. 4, which is Public Comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment to the Board?

Martin: None here, sir.

Sandoval: Thank you. Agenda Item 5, March 9, 2015 NDOT Board of Directors Meeting Minutes. Have the members had an opportunity to review the minutes and are there any changes? If there are none, the Chair will accept a motion for approval.

Knecht: Move for approval.

Fransway: So moved. Second.

Sandoval: Controller has moved for approval. Member Fransway has seconded the motion. Any questions or discussion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes. We will move on to Agenda Item No. 6, Approval of Agreements over \$300,000.

Malfabon: And Robert Nellis, our Assistant Director of Administration, will cover these next two items.

Sandoval: Good morning, Mr. Nellis.

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- Nellis: Good morning, Governor and members of the Board. There are three agreements under Attachment A for the Board's consideration. They're found on Pages 3 of 18 in your packet. The first item is in the amount of \$892,373.30 for subsurface utility engineering services on State Route 648 Glendale Avenue from Kietzke Lane to McCarran Boulevard. The second item is for weather forecasting services. Per the agreement language, the amendment can be extended for two additional years with the same terms and conditions at \$103,478 per year. This amendment extends the termination date from 9/30/15 to 9/30/17, and increases authority by \$206,956. Then finally...
- Sandoval: Mr. Nellis, just one question on that, just out of curiosity. So we outsource that and obviously the purpose is to plan so that when we need to lay down material on the roadways during a winter event. But do we consult with the state climatologist? I mean is this something we have to outsource and...
- Malfabon: We do and the reason that we outsource is it's very specific to certain sites. You can have storm events that are limited to a certain area, so this gives us more specific information so that Maintenance can get out there either apply brine ahead of the storm or doing their winter operations during or subsequent to the storm to clear ice and snow. So it's very specific and more detailed information, and that's why we need the service to help Maintenance be more direct in their specific locations.
- Sandoval: Okay. Please proceed.
- Fransway: Governor?
- Sandoval: Oh. Member Fransway, then the Controller, and then the Lieutenant Governor.
- Fransway: On the Item No. 2 and your comments, Governor, and I may have asked this before, because we did this last year. But my question then was do we use NOAA for this particular -- and if we do that's wonderful. If we don't, why not?
- Malfabon: The other weather services, so national weather services, NOAA, they're more general, I think, is the information that we receive from them. So we could rely on them, but it's not going to be as specific for some of the locations that we're trying to conduct winter operations on is what we've

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heard from our Maintenance staff. So they need this service to get more direct information, and it's given to the actual people that run the maintenance crews. So they get on this provider's forecasting service and they can get more specific information for specific locations. And it really does help us to be more efficient and not waste brine, for instance, or salt sand.

Fransway: Okay. So, for instance, it's more specific to the on-the-ground condition than we're talking about the availability to project frost or frost depths or those sorts of things that NOAA and these other just don't have the depth of information that we need?

Malfabon: Yes. I know that our district engineer, Thor Dyson, is coming up to the mic to address that. But one of the things I wanted to mention for pavement temperature is we do have road weather information system devices implanted in the pavement. And a combination of atmospheric weather forecasting and some of these information system devices that we have throughout the state on our highways, that gives us real-time information to act upon. Thor, if you want to add to this.

Dyson: Yes, certainly. Again, Thor Dyson, District 2 Engineer, Governor, Board members. The Telvent weather service that we use is, like Director Malfabon was stating, it actually uses the road weather information sensors in the roadway, so temperature sensors, and they get involved with when the road's going to freeze. And so we're able to accurately time through the weather forecasting service, the sensors in the ground, the algorithm and the computers processing that information and telling our maintenance forces, okay, at 9:48 p.m. tonight it's anticipated that the road's going to freeze. So, therefore, based on all the atmospheric and the pavement sensors at that location, and we have lots of locations throughout the state and we know what to apply, when to apply, how much to apply, and when to reapply.

Member Fransway, we do use NOAA. We work very closely with the National Weather Service. When there is a major event, be it wind, be it snow and ice or rains or flooding, they'll send us e-mails. We do some webinars with them, as well. They're more of a global area. So for me, as District 2 engineer in Reno, we look at problem areas on Mt. Rose, Washoe Valley with wind, down by Shores and Hawthorne. And the National Weather Service will give us a more global or a more macro view of what is

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to come. So we use both tools. One's free, so to speak. I mean, NDOT's not paying NOAA's services, but we use their information. And when there is an emergency about to happen, the EOC, Emergency Operations Center for Washoe County kicks in and NOAA's brought into that, as well, and there's detailed briefings for them. This service really helps us with our specific snow and ice and some construction efforts, as well.

Malfabon: Thank you, Thor.

Fransway: Mr. Dyson, thank you for explaining that to me, and the answer that I was looking for is what you just relayed to me. It's very site-specific and time sensitive to what we need when we have construction issues, and I appreciate that. Thank you.

Dyson: You're welcome.

Malfabon: Mr. Controller.

Knecht: Thank you, Governor. Mr. Dyson, or anyone for that matter, Director Malfabon, my question is in the same line as the Governor's and Member Fransway's. I guess it's the next and maybe ultimate question. I appreciate the need and the explanation you gave on the route-specific nature of this on the need for real-time data and that sort of thing. And that's very valuable. My only question would be would we're renewing this for two more years, which means it's at least a four-year contract and I would assume there is a lot of development going on in this business just the way is the case for all information technology and all sensors and that sort of thing. And are we confident that we won't miss an opportunity for somebody to bid anew on this with new capability and maybe lower costs?

Malfabon: I'll try to take that, Thor. Because Thor is not the contracting authority for this. But one of the things is that we try to be efficient in the contracting process so we don't have the administrative staff put out another RFP when we're satisfied with the quality of service and the price. So it is a great question. We feel that we're getting the quality of service and a good price for that service, so we built into our contract that two-year option. But one thing to point out is that on every contract we can unilaterally stop that service, shut it down, and then reprocur the services if we feel that we're not getting the quality or that we're paying too much if we -- a vendor is

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always able to approach our staff and talk about their services and how they could save the state and taxpayers money.

Knecht: I just want to be clear. This wasn't an implicit criticism of the vendor or any vendor. It was just this is an area of rapid technological development, and so it strikes me as something we want to keep our eye on for new possibilities coming up continuously.

Malfabon: Definitely. My remarks, Mr. Controller, were more general. In every contract that's kind of what we look for.

Sandoval: Mr. Lieutenant Governor.

Hutchison: Thank you, Governor. And all my questions really had been answered, but it prompted one in terms of just historically has weather information processing ever been done in-house or through state agencies rather than outsourced? Was there a reason to outsource it and that one time we did do it in state?

Dyson: You know...

Malfabon: I don't think that we've done it to that extent. Thor, if you could comment.

Dyson: The answer, Member Hutchison -- again, Thor Dyson, District Engineer. The answer is no. Prior to this weather service, we began with these roadway weather information systems back in the early '90s, and at that time we got our weather service from the TV channels, the radio. So this is much more specific. As you know, when it does snow, it hasn't snowed much in the last four years, I know, but...

Sandoval: That was going to be my comment, because they're the vendor and it is what it is. But...

Dyson: But we still have to plan for frost events. There's still plenty of frosting, black ice. A half inch of snow, in many ways, is much more deadly than eight or ten inches of snow. So this really helps us out to tell us, the users and operators of the roadways, what's actually happening on the surface. And what's happening on the surface is dependent on what's happening in the atmosphere, what's the relative humidity, what's the wind, what's the dew point. That kind of thing. So all those things play into how we use this

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weather service with our existing infrastructure for all the sensors on the roadway.

Hutchison: Thank you. Thank you, Governor.

Sandoval: No, and thank you. And in the vendor's defense and in your defense and part of this discussion is you don't just look at the cost benefit analysis of us saving materials; the benefit of saving lives, because as you say, with this type of precision in regards to predicting the conditions of the roads, that's the difference in laying that material down and somebody passing through, that may be the difference of life and death.

Dyson: Agreed, Governor. It's not just savings the lives, which is number one, but it's also the environment. We don't want to put down any more sand and salt than necessary. Without the weather service and without the sensors in the roadway, we will be forced to apply much more material for being conservative and keeping accidents from occurring. This way, we're able to use our equipment less, use our resources better. We're able to stay out of litigation, because when there's accidents and snow and ice on the road then there's opportunities for who's at fault. Is it's the Highway Department's fault? And so we can show, it's documented with our weather service what we did, why we did it, and it makes us a little bit stronger but also much more efficient and less liable.

Sandoval: No, and I appreciate you're saying all that, because for a lay person who looks at this they may not realize everything that goes into this and what the consequences of it are. So we probably spent more time than we should on this item, but I think we've made a good record so that everybody understands why it's so valuable.

Malfabon: Thank you, Governor. Thank you, Thor. Robert.

Nellis: Governor and Board members, moving on to Line Item Number 3, with Diversified Consulting Services. This is for naturally occurring asbestos mitigation, construction engineering, and augmentation services for the Boulder City Bypass. And, Governor, that completes the agreements under Agenda Item No. 6.

Sandoval: And there will be a lot of questions on this one. And just again help me -- and I don't know how long it's been, a year, but we started out a few hundred

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thousand dollars and then it went up to \$600,000 and then it went up again, and now we're jumping up to \$7 million. Is that...

Unidentified: \$8 million.

Sandoval: \$8 million. And why are we responsible for all this and not the contractor? Because, frankly, this is what I was concerned about when we first entered into this was this growing and growing and growing. And now it's...

Kaiser: Actually, this is a construction augmentation agreement, and \$5 million of it is just inspection services, testing services, schedulers; those types of services to help out our construction crew.

Sandoval: But that makes my point, is that's what I thought we had taken care of initially for when we were first surveying all this and this airborne asbestos issue came up.

Kaiser: Okay. Now, from what I understand, and John can probably answer this better than I can, is that was to find the information we needed to put into the contract documents on the engineering side. This agreement is for the operation side for the crew building the project, and what this CDM Smith will be doing, they're a subconsultant to DSC, is they will be monitoring the contractor's operations, they will be making sure that what his NOA program -- his plan is, making sure that it's followed through by the contractor, will be checking the air quality, this subconsultant will be. So this is really the, I guess you could say the quality assurance to make sure that the contractor is abiding by the contract documents, because our staff personnel don't have that expertise.

Sandoval: And I'm not questioning this. This seems like a huge amount of money for that.

Kaiser: It is a huge amount of money.

Sandoval: And I'm curious what is the RTC paying for similar services for its project?

Kaiser: You know, I couldn't answer that. I think they've lumped their costs into the design-build and put that onus onto the contractor. But John can probably answer it better than I can. I'm hoping.

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- Terry: John Terry, Assistant Director for Engineering. The RTC is using the same consultant for this industrial hygienist. They're calling it roll in terms of looking at the air quality monitors and monitoring the dust throughout the entire project. It's hard to compare exactly, because theirs is design-build and ours is design-bid-build, and they put more of the risk of doing that on the contractor. I will say that in addition to this \$3 million that we're doing for our review of what the contractor is doing, there is quite a bit of money in the contractor's bid for the extensive dust control and other measures that they have to do as a part of this that were bid. So I will say there is a shared risk in terms of the NOA out there. This is our role of reading the air quality monitors, assuring that they're following everything that's in the specs, but there is money that is part of the contractor's bid. I cannot give you, right now, I could follow up with an exact comparison between what the RTC is spending and what we're spending. But because of the different contracting methods, they're not apples to apples.
- Sandoval: All right. Member Savage.
- Savage: Thank you, Governor, and John and Reid. So this \$8 million, is this all NOA oversight?
- Kaiser: No, it's only \$3 million of the \$8 is NOA oversight. The \$5 million is for the crew augmentation, and this is a three-year contract. It's 660 working days, so we've got to -- and this crew that we have out there is a 10-person crew. It's a fairly small crew. The contractors, in the first six months, they're going to be out there excavating embankment material, building three bridges, putting in the drainage facilities. So the contractor is jumping into it and going to have a lot of activities going on that do need to be monitored. We're going to need testers. All the material they're going to be using will need to be tested and so forth.
- Savage: Okay. Thank you. And it's just a tough pill to swallow.
- Kaiser: I understand.
- Savage: And like the Governor said, it started out 200, 400, 800. Now it's another \$3 million. We got the green light to proceed, because there was a big curve ball at the beginning when the UNLV had found this asbestos. And we're

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doing the right thing. We're being diligent, following the proper protocol. But the concern is how much more do we have to put towards this line item?

Kaiser: I understand. And, again, this is to keep our workers safe and so forth. And there will be one more agreement coming through. I don't want to add salt into your wound here, but our Materials Division that does a lot of the testing on the materials from the site were not set up to test material with asbestos in it. So even our Materials Division has to write an agreement to hire a materials testing group that is licensed to deal with asbestos-type material. So there is one more agreement that will be coming through here within the next couple months dealing with that. But I understand it's a big pill to swallow, but it's what we need to do.

Savage: So my concern is what accountability -- who did the abatement originally, again? Was it Smith, the subcontractor of DCS?

Kaiser: CDM Smith is who DSC consulted the NOA work to, yes.

Savage: But who did the original oversight abatement review?

Terry: Again, John Terry, Assistant Director for Engineering. We've had a variety of consultants, but the major consultant that we brought before this Board to do our NOA study to get us through the environmental firm was not CDM Smith. It was Tetra Tech overseen by the FHWA's Volpe group. So I would categorize what we're doing now as we hired a consultant to get us through the environmental phase. We made commitments in that environmental update that we did of how we deal with naturally occurring asbestos, and this contract is really the day-to-day assuring that we're following that; that we're reading the air monitors, we're checking the air monitors, we're checking that no dust is leaving the site and that we're training our workers and monitoring our workers while they're out there.

Savage: Thank you, Mr. Terry. And was Smith the subconsultant for RTC? Yes.

Terry: Yes, they were.

Savage: That's where the name is familiar. Okay. Thank you, Mr. Terry. Thank you, Governor.

Sandoval: Mr. Controller.

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- Knecht: Thank you, Governor. And Mr. Terry, two-part question in a way. Is the RTC work and the work that's being done for us, are those scopes at the same sites or different sites? And regardless of the answer to that question, can we be sure that there's no cost shifting going on here given the difference in the contract types that the subcontractor is operating under?
- Terry: Again, John Terry, Assistant Director. Yes, I mean we have an agreement with the RTC. We have a design-build job of theirs. Characterizing the two sites, theirs is a much larger job with even more significant blasting and earthwork than our job, but both jobs have blasting and earthwork, and both jobs build a significant amount of pavement. We have an agreement with them. We have limits between one job and the other. We have an oversight crew on their project. A lot has to be done, but I believe we have protections in place and we are working cooperatively with the RTC.
- Knecht: Thank you, Mr. Terry, and thank you, Governor. I have no reason to cast any aspersions on the subcontractor or the contractor here or even doubt the efficacy of our actions, but it just occurs to me when you've got asymmetric incentives there, one consequence to worry about is cost shifting to where the contractor or subcontractor can recover the cost versus where they can't.
- Sandoval: And I just want to make sure I'm hearing you right. We're not paying our contractor to inspect and monitor the RTC project, correct?
- Terry: That is correct.
- Sandoval: Okay. But I still am really curious, and I know it's not a completely apples to apples comparison between our project and the RTC's project, but ours is a fraction of theirs. And it would be very interesting to me, pardon the pun, if we could drill down and see the comparison between what the RTC is paying for the same services that we are on that project.
- Terry: If it's okay with the Board that we follow up with that information at or before the next Board meeting so we could get it together.
- Sandoval: Yeah. No, I don't expect it right now, but just would be interesting to me. Any other questions with regard to this item? Member Savage.
- Savage: I have a question on Item Number 1, regarding the Glendale project. On the subservice utility engineering, why aren't these utility locations incorporated

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within the as-built drawings of the project or when the work was originally done and completed? It seems to me that should have been a matter of record during the construction.

Terry: Again, John Terry, Assistant Director for Engineering. You would think so, but we have a lot of issues with utilities. As-builts aren't correct. This is a very old road. This is the largest subsurface utility engineering or potholing job that I believe we have ever done. But there are a lot of utilities that are unknown out there and we're putting a lot of holes in the road to determine where they are before we put this important project out. Subservice utility engineering is supposed to go through the old as-built drawings, review those, match them up, pothole in the right places, take that potholing, put it together with the as-built drawings, and give us a map of where those utilities are. And that's what this contract is, but unfortunately, our as-builts are not that good on some of these roads and we find utilities are nowhere near where we thought. And, frankly, utilities are some of the biggest change orders that we pay on our contracts, and we feel this is needed in order to avoid that on this contract.

Savage: So moving forward, I think the Department and the utility contractors have to do a better job on the as-builts, because we could certainly save a lot of money if the as-builts are a matter of record and the utilities are spot on, because just out of curiosity the question begs, what happens when the contractor hits a utility that was marked by this company? Who pays for that?

Terry: That's a complex one. That depends. Not only that and then they're marked by the utility companies, but a lot of our change orders are related to utility conflicts that are discovered in the field. And some of these utilities, we would pay for the relocation and some the utility would pay for the relocation. To answer the first part of your question, moving forward we know require utilities to be surveyed and GPS'd before the hole is filled. And we are getting into our GIS system a map of all the utilities statewide. But these, of course, were done before that process was in place.

Savage: Good. And it just begs the question on the accountability of the subservice utility engineering. I mean, if the contractor hits something, the Department always shouldn't be the one that pays the piper. We should hold the

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engineering people responsible, as well. And that's all I have, Governor. Thank you, Mr. Terry.

Sandoval: Okay. Member Fransway.

Martin: I have a question, sir.

Sandoval: We'll go to Mr. Martin and then Member Fransway.

Martin: Thank you, sir. John, what I see on Item Number 3 is, and correct me if I'm wrong here, please, is that the NOA is only \$3 million of the \$8 million being requested. The other \$4.9 million is to augment your NDOT staff; is that a fair statement?

Terry: Yes, sir, that's correct.

Martin: So really the NOA at \$3 million, not totally unswallowable, but -- if that's a word -- but to have \$4.9 million just to augment our staff seems like a huge number. And how did we come about the fact that the people monitoring the NOA are the same people that's going to augment our staff?

Terry: I'm going to turn it over to Reid for the first part of that. But on the second part, we did make a conscious decision, because we were going to have an augmentation crew out there, that these services seemed to fit within that procurement. So we made the decision to put the NOA people under the larger construction augmentation contract. And, frankly, we debated that decision. Because there are things like setting up an office, having a staff out there, et cetera, that we thought it'd fit with a construction augmentation. And if that answers that part of it, I'll turn it over to Reid to answer the magnitude of the augmentation.

Kaiser: Okay. Reid Kaiser, Assistant Director of Operations. As I mentioned earlier, Member Martin, this construction crew is a fairly small crew. So the augmentation is supplying the crew with two senior inspectors, or Tech IVs as we call them, two material testers, a person to help in the office with the paperwork, a part-time scheduler with a project that's three years long. We typically do not have the expertise to handle a schedule and deal with potential problems that might come up dealing with schedules, so we like to hire part-time schedulers should we need that service. Also, this construction augmentation was financed to pay the contractor if he were to

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work six days a week, so we did put 20 percent of that cost as overtime. If we don't use it then that won't be an expense we pay. So that's kind of the nuts and bolts of the agreement.

Martin: Okay. In the breakdown I see Kleinfelder. And in my world, Kleinfelder is a geotechnical firm, but I believe you said that there's another contract coming up for materials testing. Is that anticipated to be Kleinfelder, as well?

Kaiser: I'm not sure. The Kleinfelder, from what I see in the agreement, is that they supply the geologist under CDM Smith and we need a geologist on the project essentially to map where this material is going to go. So once the contractor is done we'll be able to have a good idea where the asbestos material might be once the project is over. So mainly what that Kleinfelder is there to do is to supply us with a geologist.

Martin: Okay. Thanks. Reid. This last -- this next piece, because on this thing we're beginning to find out we can never say last. The next piece when it comes to materials testing, do you have an anticipation, is that another \$8 million that we're going to have to cough up or is it \$1.5?

Kaiser: I don't have an idea. My guess would be \$1 or \$2 million, but that's a shot in the dark.

Martin: Understood. We call those swags.

Kaiser: Okay.

Martin: But just one more question on this thing. The decision to wrap up the \$8 million in the staff augmentation -- I guess it's a statement rather than a question. It would have been nice to know that as we were awarding it that we were looking for another \$8 million (inaudible) the shot rather than coming in and surprising me -- or surprising us I should say.

Kaiser: Understood.

Martin: That's why I was looking for a warning on what the next shot's going to be.

Sandoval: No, and we've got to know. I mean that's...

Kaiser: Yes.

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- Sandoval: ...I mean I -- sorry to interrupt, Member Martin, but this completely blindsided me, because I thought we were done when we awarded this contract. And as I said, this isn't a small amount of money.
- Kaiser: Understood.
- Sandoval: And just one other follow up, if I may, Mr. Martin. Are the augmented staff going to be from Southern Nevada?
- Kaiser: DCS -- I couldn't really answer that. I know that some of the staff that works for DCS is from Southern Nevada. I know one of the individuals is from Northern Nevada, but when it comes to the actual crew that will be augmenting, I couldn't answer that. Jeff Freeman, who help put together the agreement, who's our assistant construction engineer might give you a better answer.
- Freeman: For the record, Jeff Freeman, Assistant Construction Engineer. Thank you, Governor. Thank you, Board members. I believe the staff that DCS is hiring, they have been hiring a lot of local staff down in the Las Vegas area, so I believe they are staffing, as well as the other members. The only ones that will be coming from outside the Vegas area is some of the asbestos people on the other side, just because we don't have that expertise in Nevada. So all for the construction augmentation, geologist, and even some, like I said, some of these asbestos people are coming from the Las Vegas area.
- Sandoval: Member Martin, did you have any other questions?
- Martin: No, sir. Thank you.
- Sandoval: Member Fransway.
- Fransway: Thank you, Governor. I hate to belabor this, but back to line item number 1. As a person who retired after 30 years of the utility business, it has always been my knowledge that it was the utilities responsibility to locate and to mark the location of their plant. I called USA Dig, it's a free service and granted, if there is a conflict and NDOT needs to have a relocation, it is their responsibility to engineer the relocation, but it's our responsibility to pay for it. So I don't know whether we've got the responsibility of who's responsible for what dialed in here the way it should be.

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- Terry: Again, John Terry, Assistant Director. I'll address a couple of things in there. Who's responsible for the relocation cost depends on who has prior rights. This is an old road. We probably have prior rights on a majority on them. That would mean the utility would have to pay for the relocation if our project truly caused a relocation to occur. Perhaps the relocations in this case of the project is simply raising or adjusting the valves. But this is a total reconstruction. In other words, we're not redoing the pavement. We're tearing it all out to, I don't know, 12 or more inches deep and replacing it all. As to USA Dig; yes, you call them, they'll go out there and put an orange mark on the pavement and tell you where the utility is. We're actually doing potholes and physically going down and finding the actual depth and location of the utility in many locations. That is beyond the level of what they will do if you just were to call USA Dig. We need to know the actual location to an accuracy better than what you would get out of that.
- Fransway: Things must have changed, because in the past if we had to pothole to locate a cable, it was our responsibility. We hired, we meaning the utility, hired a backhoe to go out there and pothole it with a standby person to figure out just exactly how deep it was, where it was. And things must've changed somehow. This is costing us \$900,000.
- Kaiser: Reid Kaiser, Assistant Director of Operations. On an actual construction project, if there's a utility in the plans, contractors still go out there and they locate them. So if their utilities are located on the plans, it is up to the contractor to protect those utilities. So I think that point is still the same. So I hope that answers that part of your question.
- Fransway: Well, I guess it does, but vaguely. If the contractor's responsible, why are we being billed for it?
- Kaiser: I can tell you that back in the '90s, when we were doing a lot of the roadwork, utilities were a major problem for us. We were up at -- if we wouldn't have had this same type of service on Kingsbury Grade, I believe we would have found a lot more utilities and had a lot more problems with the contractor up there than if we would not have done this. And any time you delay a contractor or when they hit a utility, there's cost. It's been a real problem for us in the past, and I believe this is just one tool that the Department uses in the engineering design services to try and get by some of those problems that we've had in the past.

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- Terry: All I can say is this is how we do business. I cannot imagine us having a utility go out and dig up our road in these hundreds of locations to find those utilities. We go out there and pothole -- we're talking about holes in the middle of our road to find the utilities for our project. I don't know of a scenario where we would force the utilities to do that.
- Fransway: Well, I can tell you that I've spent a lot of time with a digging bar locating stuff that maybe I wasn't supposed to. Thank you.
- Sandoval: Controller.
- Knecht: Thank you, Governor. And just to follow up on that. Are the utilities' as-builts worth anything in this regard?
- Terry: Again, John Terry, Assistant Director. Some are, some aren't, but these are very old ones. In our experience, the really old ones are pretty unreliable.
- Knecht: Thank you.
- Sandoval: Any other questions with regard to Agenda Item No. 6?
- Kaiser: I've got one comment. I did misspeak on one item. Member Martin has asked what the Kleinfelder person was for, and I said they were a geologist. They're actually a dust control monitor. So details, but it is the dust control monitor.
- Sandoval: If there are no further questions, the Chair will accept a motion to approve the agreements over \$300,000 as described in Agenda Item No. 6.
- Martin: So moved, sir.
- Sandoval: Mr. Martin has moved for approval. Is there a second.
- Savage: I'll second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes. I'd like to welcome Member Skancke. Good morning, sir. Let's move on to Agenda Item No. 7.

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Nellis: Thank you, Governor. Again for the record, Robert Nellis, Assistant Director for Administration. There are three attachments under Agenda Item No. 7 for the Board's information. And beginning with Attachment A, there are five awarded contracts. The first project is located on U.S. 50 in Dayton from .13 miles west of Pine Cone Road to .17 miles east of Retail road in Lyon County to revise striping, construct raised median islands and decel lanes at various locations. There were five bids and the Director awarded the contract to Sierra Nevada Construction, Incorporated, in the amount of \$266,007.

The second project is located on Interstate 80, half mile west of the Wadsworth Interchange in Washoe County for paving and installing a weigh-in-motion automated data collection system. There were three bids and the Director awarded the contract to Titan Electric Contracting, Incorporated, in the amount of \$338,585. And the third project is located on U.S. 50, .8 miles west of U.S. 50A in Churchill County to install automated vehicle counter detector loops and a pull box. There were two bids and the Director awarded the contract to Titan Electrical Contracting, Incorporated, in the amount of \$19,520. And I can pause there, Governor, if there's question on these first three items.

Sandoval: Mr. Controller.

Knecht: Thank you, Governor. Just one. On the second item, we've got a 20-some percent overrun of the lowest estimate versus the engineer's estimate. Any word of explanation on that?

Nellis: We'll have Assistant Director John Terry address that question. Thank you.

Terry: Again, John Terry, Assistant Director. Not really. It's pretty small work in a relatively rural area. Our engineers do their best, but at least, like is say numerous times, the bids compared to each other are pretty close and we're constantly trying to update our bids to be closer to the real bids. But I don't have a real explanation of why our engineer's estimate was so low.

Sandoval: Please proceed, Mr. Nellis.

Nellis: Thank you, Governor. Moving on to the fourth project located at U.S. 6 and U.S. 95, 2.2 miles east of Miller's rest stop in Esmeralda County to install automated vehicle counter detector loops, a pull box and a special M-1

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cabinet. There were two bids and the Director awarded the contract to Titan Electrical Contracting, Incorporated, in the amount of \$28,062. And finally, the fifth one is for the NDOT headquarters building in Carson City to install second and third floor fire sprinklers, upgrade some ceilings, lighting, and the HVAC system and create an exit passageway. There were three bids total, two were responsive, one was nonresponsive, and the Director awarded the contract to Building Solutions, Incorporated, in the amount of \$532,258. And that concludes the items under Attachment B. Does the Board have any questions on those last two items?

Sandoval: Just one, Mr. Nellis. What was the genesis of having to refurbish this building? Did we have an inspection and were found lacking in terms of those issues?

Nellis: Anita Bush will address those questions, Governor.

Bush: Anita Bush, Chief Maintenance and Asset Management Engineer. And we do a building assessment every six years, but the fire sprinklers refurbish -- it's not really a refurbishment. We do not have fire sprinklers in the second and most of the third floor. I mean you can see them over here. We are not going to redo them, but in the rooms that we don't have them, we are going to install them.

Sandoval: I'm just curious, when we put these in we didn't do the whole floor?

Bush: I think we just built this room to be a conference room, and we just do these as we can. And maybe just we didn't have the money at the time. I'm not sure. I don't remember. I wasn't here when we did this room, but that's why we do them.

Sandoval: Thank you. Member Fransway.

Fransway: Thank you, Governor. On that same item, do you know whether that is a wet system or a dry system and is it plugged in so that the fire department can charge the system or do you...

Bush: It's going to be a wet system and, yes, it's going to be -- all of our fire alarm is linked into the fire department. So when it goes off, it automatically comes out -- the fire department comes out.

Fransway: Okay. Thanks.

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Bush: Thanks.

Sandoval: Thank you.

Nellis: Governor, members of the Board, moving on to Executed Agreements under Attachment B that can be found on Pages 11 through 17, and these are for the Board's information. Items 1 through 7 are interlocal agreements; 8 through 20 are acquisitions for Project NEON; 21 through 29 are facility agreements and grants; 30 through 50 are leases and right-of-way access agreements, and finally 51 through 65 are service provider agreements. And I just have a couple notes for correction for the Board's information. Items 2 and 3, within the note section on the first line it says, "TAPS grant." That should actually read "IAP Grant" for Implementation Assistance Program. And these are federal competitive grants that the universities apply for and not part of NDOT's regular research program. And we're just essentially the pass-through entity on these, so...

Sandoval: Okay. Good save.

Nellis: So hopefully there's no questions on those, Governor.

Sandoval: I'll let you get through there, but...

Nellis: Okay.

Sandoval: ...even though it's a pass-through, I still wonder because several months ago we had an Agenda Item continuing some University of Nevada, Reno grants extending more time to get them done. And then maybe it was last month they were awarded more grants, and now here's another grant. And so is there a capacity issue with regard to the university, at least UNR, because we see quite a few going to UNR, and I'd imagine it's probably the same professor who's getting all these grants.

Malfabon: Governor, I can speak to that. For this IAP grant, I'm familiar with it because I'm actually the chair of the committee that selected it. And I didn't -- because I'm the chairman, that's not why they selected Nevada. But I know specifically...

Sandoval: You can admit it, Rudy. It's all right.

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- Malfabon:** No, we have to recuse ourselves on those votes. But this professor at UNR is working specifically on pedestrian safety. I know that a lot of the other research projects by UNR are associated with structures or bridge division. They have that shaker table for earthquake testing there. They have different groups over there that work with asphalt material, so it's not always the same professor or doctor over there that does the research. But I know specifically on this one it's the first time that I've seen this researcher doing some specific pedestrian safety research.
- Nellis:** Thank you, Governor. Again for the record, Robert Nellis. Items 26, I believe it is, 26 and 27, just a few notes on those. These are FTA funds with a local match. And, again, NDOT is a pass-through entity on those. NDOT administers the program and applies on behalf of local entities and nonprofits because -- basically for the ones that are nonprofits or local entities that are too small and don't have the resources to manage the federal funds themselves. But just so you know, NDOT does charge time that's spent on these grants. So those are all the notes I have on these agreements, Governor. Is there any more questions?
- Sandoval:** Yes, and I have a few and then we'll go to the members. But on 15, that's a Project NEON acquisition. Will we be reimbursed for that through federal money of is that eligible for reimbursement?
- Nellis:** Assistant Director John Terry will answer that.
- Terry:** Assistant Director John Terry again. With very few exceptions, all NEON right-of-way is eligible for federal reimbursement and, of course, it's somewhat complicated that we're bonding for the right-of-way to be eligible later for federal reimbursement. But, yes, it is eligible for 95-5.
- Sandoval:** All right. Thank you. Then I'll move to 21, which is with Nevada Power Company. And this is our radio system that we're going to be replacing, I understand, and is obsolete. So just a little bit more clarity on what the purpose of this is.
- Nellis:** I believe we can have either Denise Inda or Reid Kaiser answer that.
- Malfabon:** If Denise could come up. Denise.

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Ina: Good morning. Denise Ina, Chief Traffic Operations Engineer. This agreement is to allow NDOT equipment and system components to be collocated at NV Energy mountaintop sites. And so what it is, is we pay a little bit of a rent and infrastructure maintenance fees to them. This agreement happens to be for four sites in Southern Nevada, but we have well over a hundred of these agreements with a variety of different places. Some might be a rancher where we have some equipment at the edge of their pasture. Others are in other places. So what this is, is this allows our infrastructure to be in place to allow the system to function. What we're doing is amending this agreement to reflect current conditions. There's actually four sites that we need to acknowledge and pay for. We've been paying for them, but it wasn't appropriately documented in the agreement, so we're amending to add those in. And it's also just fine-tuning some of the actual details of how we pay for it and what we do for it. We're trying to get back up to speed.

We're amending this for four years, and what will happen as we move into our new radio system over time is we will assess -- for all of these existing sites where we have leases and agreements with folks, we'll figure out do we still need to have equipment there; will there be others who will be sharing in the cost of that. This isn't for purchasing any equipment. It's for paying to have our equipment sit at the right spot so that the system functions.

Sandoval: No, and I understand you. I would imagine we're paying our proportionate rent given that we co-own the system with...

Ina: Correct. Correct. Cost sharing.

Sandoval: Mm-hmm. All right. And just while we're on it, and this isn't a question. But I'd like to see an Agenda item in the near future about where we are with putting together the RFP on this given the amount of money that's involved. And I believe we talked about looking at Southern Nevada and Metro and the system that they have and whether we can use that one.

Ina: Absolutely. The Department shared with the Board members just last week the final report from our initial review of -- that came out with recommendations on moving forward with replacement of the system, so each of you have that. Reid is coordinating with the director and the other front office staff. We're going to be doing some outreach with individuals

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who have questions, as well as bringing a more formal presentation to the Board in the near future. And we'll be looking to Rudy and the others in the Director's Office to determine the right timing for that. But we will absolutely be bringing more information to you guys in the fairly near future.

Malfabon: And, Governor, to add. The report was sent out electronically, so if there's any members that would like a hard copy of that report, we can definitely give them a hard copy. Just let Holly know or let me know and we'll get it to them.

Sandoval: Yeah. It hasn't hit my desk yet, and that's why I obviously asked the question. But I'm sure it's within the office somewhere, so I can take a look at it.

Malfabon: Yes, it was just last Thursday that we sent out that e-mail.

Sandoval: But I just want to make sure that we have information rather than suddenly an Agenda item landing that says this is what we're doing.

Malfabon: Yes.

Sandoval: All right. Then let's move to 51. And this is a little bit of a follow up, because I thought this is one of those projects where we think we're done and...

Terry: John Terry, Assistant Director for Engineering. And, no, we're nowhere near done. This is the engineering agreement. I believe we presented to the Board, because this is a CMAR project, of how we're proceeding with the CMAR. We presented that we've had some issues with this project. We've also presented to the LVCVA. This agreement is to update the engineering agreement. It was put in here versus put in the section of agreements over because by the note in there that's being paid for with other money. But essentially, this is a major amendment to that agreement. Maybe I could hit on some of the big parts that are a major amendment.

Originally, we hired this consultant to do design before it was a CMAR and before we got the input from the casinos, from the county and from others for what we were doing, before it was relatively straightforward; replace the escalators. As I have mentioned to the Board before, as to the LVCVA, we

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got a lot of input from the resorts that they very much want us to upgrade this to a level similar to the other pedestrian crossings further north across Las Vegas Boulevard. And a lot of this extra money for the -- and we had the design nearly 90 percent and we had to somewhat start over. The biggest element is instead of having the metal fencing that, frankly, people are throwing stuff through and has other esthetic issues, we are putting up the Plexiglas with the LCD railings that are similar to the ones that over Flamingo and others.

That in itself was a lot more design for the consultants, as well as we were convinced that we had to have these consultants take a serious look at what this does to the structural capacity of the bridge because of the added load and wind load that we added to the bridge, which was not done before. In addition to that, since it is now a CMAR, we are proceeding ahead. We included in the consultant amendment assistance with construction services all the way through the end of construction, which was not originally part of their scope. So I hope maybe I answered your questions in terms of why it's such a big amount.

Sandoval: No, you did. That's what I want to know. Thank you. So I'm finished. I'll move to Member Savage, and why don't you stay there while we're on this one so that we can stay consistent.

Savage: Thank you, Governor. And just a couple more questions on 51. And refresh my memory on where we stand with the CMAR. I know we had awarded the preconstruction services. Have we awarded the construction aspect of this project?

Terry: Again, John Terry, Assistant Director. No, and the next phase would be the guaranteed maximum price. And currently we are talking about separating out the guaranteed maximum price of doing the early escalator ordering and then later the final construction phases. So, no, the CMAR contractor is still in the preconstruction phases until we get what will probably be more than one GMP towards the construction. And that's what we're working towards, but we have to get the design to a level that we have essentially biddable documents in order to do that.

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- Savage: So that leads into the question -- thank you, Mr. Terry. It leads into the question regarding the construction estimate, because our design tripled. So where does the construction estimate stand in relation to the design?
- Terry: I will have a better answer for you soon, once we get this design consultant back up and running. But as I have told the Board and I believe I told the LVCVA, we are talking about a project that is in excess of the \$19.6 million that is left from the LVCVA and we will have to put a few million dollars of state funding into it. And the first order of business when we get this consultant back on board is to get better updated estimates so I can answer your question better, but it probably will be a few million dollars in excess of the \$19.6 million.
- Savage: So the current estimate is around \$20 (million)?
- Terry: Yes. The current estimate is more than \$20 (million) and we're trying to refine it right now.
- Savage: Okay. I'd appreciate that. Thank you, Mr. Terry. And, Governor, one other question on line item number 5.
- Sandoval: Before you go there, because I want to -- I have a follow-up question -- excuse me, Member Savage, on the pedestrian crossover. But anyway, so is all this new addition because we're putting Plexiglas instead of fence?
- Terry: A good portion of it is Plexiglas upgraded esthetics to the bridges. I know I'm missing something. But that is a good part of it, is what we're doing on the upper part to upgrade the looks and the -- of the structures is a big part of the upgrade. The escalators and the elevators are pretty similar to what they were before.
- Sandoval: And what's the genesis of that change? Was that something that we proposed or somebody else?
- Terry: The resorts very much wanted it and the county very much wanted it. And, frankly, as we looked into it, we somewhat agreed with them that the current fence situation was not a good situation. There's issues with people throwing things through it. There's gum and other debris all over the railing. It's much harder to maintain in its current state. So I'd say it was a joint

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thing, but it was pressure from both the county and the resorts to upgrade to that level.

Sandoval: And there is still no certainty as to whether the county will take over the maintenance of this once this is completed?

Terry: While I would say there's no absolute certainty in terms of a signed agreement, we're very close to having that agreement with the county, and this is a big part of that.

Sandoval: Are we going to have that agreement concluded before we start construction?

Terry: At one time I had said we wouldn't go and spend the money towards the construction until we had that signed agreement. We'll have to get to that point. I still hope that we'll have a signed agreement before we expend the money to do this upgrade, but it could be close. We're kind of now in sort of this race with the arena to try and get the early phases done before the arena opens up, so I don't want that agreement to slow down doing these, but that's a decision we've got to make.

Sandoval: We should talk some more, because as I said, we were talking about this issue 11 years ago. And I don't want to -- the state is putting in millions, and we need to do it right. I don't disagree with that. But then we're going to be in with those maintenance contracts that are incredibly expensive, because we may still not have that maintenance agreement. So I don't want to get bread-crumbed into continuing this huge expense after we've made this tremendous investment into getting this done.

Terry: If I could, I just happened to remember the other issue that added to the cost and the complexity of this. And that is the requirement based upon the code that the escalators actually have to be covered. In other words, there has to be a cover over the escalators, which there currently isn't. That's the other part that adds quite a bit to the cost and the complexity.

Sandoval: No, and as I said, I'm not going to quibble with those issues. We have to do what we have to do and it should look right, and we don't want gum and all of that that you've described. But I really would like some closure on this maintenance piece.

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- Terry: Understood.
- Sandoval: Yeah.
- Savage: Thank you, Governor. And the last item would be Agenda Item No. -- I mean line item number 5. It looks like that research is going to be completed at the end of this month, so if I could kindly request a copy of the final study in mid-May, I'd appreciate that very much.
- Malfabon: Governor, in response. We are preparing a presentation once we get those for a final report on that Phase 1 study.
- Savage: Oh, you are? Okay. Thank you very much.
- Sandoval: Okay. Other questions? Member Fransway, and then the Lieutenant Governor.
- Fransway: Thank you, Governor. In comparison to some of the other remarks, this maybe trivial but to me it's not. 2 and 3, both research issues. The question is being that it appears to be a statewide study, one, why are we using both universities to do the same thing? And two, why is it so much more expensive for UNR to do their thing?
- Malfabon: I can respond to that, Governor. It's the same grant; it's the same research project. It's just that they're -- we receive the money directly from Federal Highway Administration under the SHRP 2 research program. And then the researchers are in two different entities, UNLV and UNR. So that's why there's two separate agreements, but it's for the same project. And hopefully that answers the question.
- Fransway: It answers part of it, but it doesn't answer the discrepancy of charges from each entity. \$87,000 versus \$18,700.
- Malfabon: In response, they're doing different elements of the research. The bulk of it is by the UNR researcher, but it's done in a partnership achieving the same goal. And hopefully it will go on to receive a Phase 2 grant. So each grant recipient had about \$100,000. They split it up because they approached this project jointly, so they're doing their parts, the bulk of it to UNR and some of it to UNLV.

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Fransway: Okay. And I hope that our agenda on this is to provide the research based on what we can do provide safety to our pedestrians. And I hope that we're not just distributing the money to -- for the sake of distribution from one university to the next. We need to see results.

Malfabon: And definitely that's -- in response, there were 10 recipients. Nevada was -- NDOT was one of them. But the program uses a unique type of database, video that was in vehicles, instrumentation in the vehicles. So you can actually see what the driver's reaction was to pedestrians. So they have to collect all this data, do their research and then come up with some recommendations that are specific to pedestrian safety and improving pedestrian safety. So it was a unique program. A lot of data to filter through. And this is, as I said, the first phase, the \$100,000 phase to get a proof of concept and then there'd be a subsequent phase to do more research with a limited number of those 10 that were shortlisted. Some of those will go on to a Phase 2 study, but this is specific to pedestrian safety and hopefully we'll have some initial recommendations to improve pedestrian safety.

Fransway: Okay. And it's the same project manager for both universities?

Malfabon: Yes. Manju Kumar is the NDOT project manager...

Fransway: Okay.

Malfabon: ...not the university project manager.

Fransway: Okay. Okay.

Sandoval: And I think, Rudy, just as a follow up is -- what I'm hearing from Tom and what I'm thinking, as well, is I want results that don't tell us something that we don't already know, like install flashers, lower the speed limit. I mean I would like to see some specificity given the conversation that we had the last couple months with regard to pedestrian safety throughout the state. So we...

Malfabon: Yes. This definitely is unique, Governor and Board members, in that you actually see the video of the driver's behavior in the car, whereas in other cases you can only do an accident investigation afterwards. So you can see near misses, you can see video of hard braking events where a pedestrian

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comes out of the side and you can see it from the camera angles that are instrumented in these vehicles. Volunteers authorize this instrumentation in their vehicles, and there's thousands of drivers that were in this program.

Sandoval: But like I said, I anticipate it's going to tell us don't text and drive. Well, we know that. Slow down. We know that. Don't talk on your phone while you drive. We know that. So, again, just something with a little more specificity with regard to strategies on intersections in our state.

Malfabon: Point taken, Governor.

Hutchison: Thank you, Governor. I just have one question so I can try to understand how to read these interlocal agreements. When it says "receivable amount," I assume that means that's coming back to NDOT from one of these other governmental agencies. Is that right?

Malfabon: Yes.

Hutchison: Is that -- okay. So when we see that on Item 1 and 5 and 6, we're doing some work for another agency and then we're getting reimbursed?

Malfabon: That's right.

Hutchison: Thank you very much. Thank you, Governor.

Sandoval: Any other questions from Board members? Mr. Nellis.

Nellis: Thank you, Governor. Moving on to Attachment C, we have one settlement and that can be found on Page 19 of 26. This settlement provides for \$2,403,292.57 to be paid to WestCare Works, Incorporated, for the acquisition of .92 acres of commercial property located on Martin Luther King Boulevard in Las Vegas for Project NEON. And, Governor, that concludes all of the items under Agenda Item No. 7. Does the Board have any questions for Mr. Gallagher on this settlement?

Sandoval: Any questions from Board members on the settlement? Okay. Mr. Lieutenant Governor.

Hutchison: Thank you, Governor. Mr. Gallagher, do you recall what the demand was prior to the settlement? What the plan is for demand?

Gallagher: Forgive me for a moment, Lieutenant Governor. I think it's in the...

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- Hutchison: No, no, please. I don't expect you to have that memorized.
- Gallagher: ...back of the memo. Lieutenant Governor, I believe at one time the claim was for \$5.6 million.
- Hutchison: Okay. Thank you.
- Sandoval: And just for the record, to make sure I've got it right. On that memo, Page 4 it says \$9 million was the demand.
- Gallagher: That's correct. That includes, I believe, the relocation expenses, Governor. And so my prior answer was for the real property acquisition.
- Sandoval: All right. Thank you. Board members, any other questions with regard to Agenda Item No. 7? If there are none, we will move to Agenda Item No. 8, Condemnation Resolution No. 447.
- Malfabon: Thank you, Governor. This condemnation action is associated with Project NEON, and it's for several parcels associated with the same owner. So we have 1901 Loch Lomond Way Trust. The owner in each of these parcels was requesting or demanding the same amount, \$7 million per acre. So we had a very strict process on how we appraise the value of the property. We think it's a fair process following the Uniform Relocation Act, the federal law on this. And the offers that we provided are indicated there for each of the parcels, \$230,000 on one versus their demand for \$1.295 million. The offer of \$205,000 and they demanded \$1.281 million. Again, based on the \$7 million per acre. And the last one, Loch Lomond Way Trust, the state's offer was substantially less than what they demanded at that \$7 million per acre, \$1.281 million that they demanded. So since we were at an impasse, we're requesting a condemnation resolution be supported by and approved by the Board so that the court will decide what's a fair value for the property. We just think that they're being unreasonable by taking that \$7 million per acre figure.
- Sandoval: No, I have no questions about this one. No, we have to be firm, particularly when the sums...
- Malfabon: Yes.
- Sandoval: ...requested are just patently (inaudible).

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- Fransway: Governor, I have a motion if you'd like.
- Sandoval: Yes, please proceed.
- Fransway: I move for...
- Sandoval: Just one moment, Member Fransway.
- Fransway: Oh, I'm sorry.
- Sandoval: The Lieutenant Governor has a comment.
- Hutchison: Just a comment and just an inquiry. Is this unusual for this kind of a situation to arise, where you've got a 2,200 square-foot house backing up to the back of a highway or a freeway, and they're asking for a million dollars an acre or a million dollars (inaudible)?
- Malfabon: I would say it's unusual.
- Hutchison: \$7 million dollars an acre. I mean, tell me that's unusual.
- Malfabon: It's unusual. It's unreasonable and that's why we're at this point of an impasse.
- Hutchison: And they didn't back off that one bit?
- Malfabon: No.
- Hutchison: \$7 million an acre. That's our final offer. I've got a house on a freeway, 2,200 square feet. We want \$7 million an acre. Yeah, okay.
- Malfabon: That's the situation.
- Hutchison: Thank you.
- Martin: I have one question, sir.
- Sandoval: Member Martin.
- Martin: Rudy, when I take a look at your aerial photographs and I see there is a large number of other parcels on Loch Lomond Way that I'm assuming we're going to have to acquire as well, have we started that acquisition process on any of those other parcels and have we gotten any of them purchased and closed?

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- Malfabon: I'll ask our Chief Right-of-Way Agent, Paul Saucedo to respond to that, Member Martin.
- Saucedo: Yes, for the record, Paul Saucedo, Chief Right-of-Way Agent, Governor, members of the Board. Member Martin, yes, we have acquired several of those parcels. I don't have the exact number in my head right now, but we've been very active out there. But I believe most of the single families have been -- we've been able to close and reach agreement.
- Sandoval: At what amount?
- Saucedo: Well, it varies. It varies. And we're trying to be consistent.
- Sandoval: It's not a million dollars, is it?
- Saucedo: No, no. It's nowhere near this amount. That's one of the reasons why it's here. It's just they're basing it off of the commercial value. And so whether that's a legitimate value or not, even for commercial property in that...
- Sandoval: But you don't have any number in your head in terms of a range that we've already paid?
- Saucedo: Well, nowhere near this amount, but typically anywhere from 10 to 20 percent depending on what they have, what they're conditions are. Each one is an individual property. They may have different amenities, different size. It just depends on the property. We try to be -- you look at each property independently, have the appraiser value it and then we negotiate with the owner and try to reach a settlement and avoid having to go to condemnation if we can justify that extra cost.
- Sandoval: Member Martin, did that satisfy your question?
- Martin: Yes, sir. I just wanted to make sure these weren't the first three that we were trying to acquire on Loch Lomond.
- Saucedo: Yeah. No. No, sir. We've been very active out there.
- Martin: Okay. Thank you.
- Sandoval: Okay. Controller has a question.

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- Knecht: Thank you, Governor. Help me out just a little bit with the process here. If we pass this item for condemnation, what is the process thereafter? What are we committing to in the way of process and what are the cost contingencies associated with that?
- Saucedo: Yeah. Dennis, I don't know if you want to...
- Gallagher: Good morning. For the record, Dennis Gallagher, Counsel to the Board. Assuming the Board passes the condemnation resolution, we'll prepare a complaint to be filed in district court. Typically, at least recently, every condemnation resolution passed by the Board is usually with the opportunity for continued negotiations. Sometimes, rarely, but sometimes the landowner does not wish to negotiate any further. But in most cases, they're agreeable to it. As we go through the process with the judicial system, we will continue to negotiate with the landowner and hopefully reach a resolution before we have to take it to trial. These matters do get a preference, Mr. Controller, in that a trial setting within two years of the action being filed.
- Knecht: And just to follow up, obviously, if the continued negotiations are productive, there would be a settlement coming back to us for action at that time. If not, is there further action by this Board that is required before we actually go to court?
- Gallagher: If the settlement is reached before the litigation is filed, it's done administratively and would be reported to this Board. If it is after litigation has been filed, it would go to the Board of Examiners for its consideration. Assuming the Board of Examiners approved it, it would be provided to this Board as an informational item.
- Knecht: Thank you. And thank you, Governor.
- Sandoval: Follow up by the Lieutenant Governor.
- Hutchison: Thank you. Mr. Gallagher, do you anticipate that this case would be handled by the AG's Office or would you anticipate that would be a contracted engagement with outside counsel?

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- Gallagher: Lieutenant Governor, for the record, Dennis Gallagher. I would anticipate the single-family residences would definitely be handled internally by the AG's Office.
- Hutchison: Thank you.
- Martin: One more question, sir.
- Sandoval: Please proceed, Mr. Martin.
- Martin: I found on January 12, 2015 Agenda where we acquired three parcels that have similar parcel numbers to these three. They range from \$195,000 to \$250,000 each.
- Sandoval: You're really good, Mr. Martin. All right. Member Fransway, do you still have a motion?
- Fransway: Reluctantly, yes, I do. Obviously, we still are finding what it's like to spell PISTOL, but obviously also the property owner is pretty proud of his property and we feel that he's inflated it, but we have to go and take our case in court or hopefully out of court. So I would move for approval of Condemnation Resolution 447.
- Knecht: Second.
- Sandoval: Member Fransway has moved for approval of Condemnation Resolution No. 447 as described in Agenda Item No. 8. Controller has seconded the motion. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item No. 9, Resolution of Relinquishment.
- Malfabon: Thank you, Governor and Board members. And just to mention that you will see more condemnation resolutions coming before you for consideration in the months to come associated with Project NEON. Moving on to Item No. 9, this is for disposal of a portion of NDOT right-of-way along State Route 604, which is Las Vegas Boulevard at Lamont Street. NDOT relinquished this road to Clark County previously. There's a portion of the NDOT right-of-way, it's an actual easement along

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State Route 604, Las Vegas Boulevard at Lamont in the City of Las Vegas. It's unimproved, about 924 square feet. We had the easement interest granted to us back in 1943. It's of no further contemplated use by the Department. The county passed a resolution back on February 7<sup>th</sup> of '95 to take this section of the roadway. And the transfer will benefit the Department by elimination of all liability and future maintenance responsibilities. There's no money -- since it's an easement, we don't own it outright, so we're just disposing of this portion of the right-of-way.

Sandoval: I have no questions. Is there a motion for approval?

Hutchison: So moved.

Sandoval: Lieutenant Governor has moved to approve the resolution of relinquishment as described in Agenda Item No. 9. Is there a second?

Savage: Second.

Sandoval: Second by Member Savage. Any questions or discussion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item No. 10, another resolution of relinquishment. Mr. Director.

Malfabon: Thank you, Governor. This is for disposal of a portion of Wells Avenue, a strip of land over and across the Truckee River. We've discussed this previously, and the right-of-way parcel is to be relinquished to the Nevada Department of Conservation and Natural Resources. We do have the resolution from the Department of Conservation and Natural Resources included in this packet. As I've mentioned, we've presented it a few times before. It didn't have all the documentation satisfactory to the Board, so hopefully there's -- if there's any questions that Paul Saucedo can respond to those.

Sandoval: And I'll leave it to Member Fransway. I know this has been of interest to him.

Fransway: It has, Governor. And all along, my concern was -- and I believe the Board recognized that -- my concern was that we were relinquishing this easement

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to an entity that does not have any ability to maintain a road. And it needed to be abundantly clear that no structure is involved and that it does not include any hard surface or roadway. That has been accomplished now, and I very much appreciate it. I'm not going to apologize, but I do appreciate, Paul, what you've done in following up on it. And this needs to be done and when the time comes I'll be happy to make the motion to approve.

Sandoval: Thank you. Any further comments or questions?

Skanske: Governor?

Sandoval: Any further comments or questions?

Skanske: Governor, this is Tom Skanske.

Sandoval: Yes, please proceed.

Skanske: Thank you, Governor. I'd like to hold this item for another month. I'm afraid I'm going to have separation anxiety if we don't have this at the May agenda. So with all due respect to the motion bearer, I'd like to make a motion we hold it.

Sandoval: I'm not going to accept that motion.

Skanske: That was a joke, Tom. Governor, I make a motion for approval, in all seriousness.

Sandoval: No, and I'm going to defer. I'll allow you to make the second. I was going to defer to Member Fransway. He wanted to make the motion.

Skanske: Absolutely. I'm sorry.

Fransway: So moved.

Sandoval: All right. So Member Fransway...

Skanske: I'll second.

Sandoval: ...has moved to approve the resolution of relinquishment as described in Agenda Item No. 10. Member Skanske has seconded the motion. Any questions or discussion? All in favor please say aye.

Group: Aye.

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- Sandoval: Opposed no? Motion passes unanimously. And, again, thank you to staff for taking care of all the concerns in getting this done.
- Malfabon: Thank you, Governor.
- Sandoval: Let's move to Agenda Item 11, Direct Sale.
- Malfabon: Item No. 11 is for disposal of a parcel. It's a portion of a parcel there adjacent to Clear Acre Lane in the City of Reno, Washoe County. We originally obtained this parcel in fee on September 17, 2008, from the RTC of Washoe County. It was used by maintenance for material storage. And since then on May 23, 2013, Truckee Meadows Water Authority contacted the Department to request the sale of this surplus property. They want to use the property for, I believe it's installing some improvements on it. So we appraised the value of the property, fair market value. \$42,745 was determined last November. And we received the signed direct sale intent to purchase document in February, so it's before the Board now for disposal of this property at that price.
- Sandoval: And, Rudy, who owns that entire parcel?
- Malfabon: Do you know, Paul?
- Saucedo: I believe it's the Department. Paul Saucedo for the record, Chief Right-of-Way Agent. The Department of Transportation actually owns the entire parcel.
- Sandoval: So why would we just sell this one tiny piece so then we're going to have a different owner for that one parcel?
- Saucedo: Well, I think, Governor, it went through the Surplus Property Committee and they felt working with District that this would not be a problem for the continued use of the property. This is going to be a pump station, and so it's going to serve the community. So it was decided that we could go ahead and relinquish this piece or sell this piece and still maintain our operations.
- Sandoval: Okay. Mr. Controller.
- Knecht: Thank you, Governor. Mr. Saucedo, are we asking anywhere close to \$7 million an acre for this?

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- Saucedo: No, sir.
- Knecht: Any idea what it comes out to on a per acre basis?
- Saucedo: We do have an appraisal. I don't -- you know what; I can get that for you. I don't have it.
- Knecht: Okay.
- Saucedo: Sorry.
- Knecht: Well, that said, Governor, when you're ready I'll offer a motion on this one to approve.
- Sandoval: Tom was not using the same counsel as those folks down south, correct?
- Saucedo: Correct.
- Sandoval: All right. Mr. Controller, please proceed.
- Knecht: Governor, I move that the Board approve the sale as presented in Item 11.
- Sandoval: Controller has moved for approval of the direct sale as described in Agenda Item No. 11. Is there a second?
- Hutchison: Second.
- Sandoval: Second by the Lieutenant Governor. Any questions or discussion on the motion?
- Savage: Excuse me, Governor, I do have one late question. This pump station, does it have to do with any water rights that we have on this parcel?
- Saucedo: Again, Paul Saucedo, Chief Right-of-Way Agent. No, sir. No water rights. They already have the water rights that they need. It does not include any water rights from the Department.
- Savage: Okay. Thank you. Thank you, Governor.
- Sandoval: It's just property. I think -- so they're not pumping -- are they pumping underground water from that parcel?
- Saucedo: We'd have to get back to you. I don't know. If they are pumping water, they would have the water rights to do that.

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- Malfabon: So apparently we did not have the water rights on the property.
- Saucedo: We did not include water rights in the sale. They were not included.
- Sandoval: So are they pumping our water, I guess is the question.
- Saucedo: Oh, whether we -- well...
- Sandoval: Because that would change the value a little bit of this transaction.
- Saucedo: Sure. In order for them to pump the water, they would have to have the rights to do so. And we'd have to get back to you on whether there's actually a well there or this is just a station that's actually charging a booster station or something. I don't have the details. It's just a pump station? It's not a well. I misspoke.
- Sandoval: So it's just passing water through is all?
- Saucedo: Right. Sorry.
- Sandoval: No, that was a great question from Member Savage. So we do have a motion and a second. Any further questions? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. We'll move to Agenda Item No. 12, Condemnation Resolution No. 437.
- Malfabon: Thank you, Governor. And to point out that we did revise the memo to be a little bit more precise in the correct description of what we're asking the Board to consider today. This is a proposed rescission of a condemnation resolution that was previously approved by the Board. So Condemnation Resolution No. 437 is being rescinded. And the reasons are noted for the property. It says "Darrell E. Jackson, Thomas M. Strawn Jr., and Andrew S. Levy." We determined that we need more property here, so we have to start the process over, reappraise this larger parcel that we need and then give the offer to the property owner for consideration. So it just restarts the process. As always in these cases, we strive to get a resolution and agreement with the property owner, but if we can't then we would bring it back to the Board for a new condemnation resolution associated with this parcel. Any questions on that specific one before I go to the next one?

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- Sandoval: Member Fransway.
- Fransway: Yeah, am I hearing this right then, Mr. Director, we are going to make a motion to rescind something?
- Malfabon: Yes.
- Fransway: Okay. As part of that, we probably should know when we took the action in the first place. Do you know that?
- Malfabon: It says that it was previously approved by the Board on November 6, 2012. And it was, as I stated, Condemnation Resolution No. 437.
- Fransway: To the counsel, can we rescind action taken that long ago?
- Gallagher: For the record, Dennis Gallagher, Counsel to the Board. Yes, Board Member Fransway.
- Fransway: Okay.
- Gallagher: We've not taken any other steps, other than the Board's resolution of condemnation.
- Fransway: Okay. And was the condemnation resolution numbered the same?
- Malfabon: Yes.
- Fransway: Okay.
- Malfabon: It's provided in your packet.
- Fransway: Okay.
- Malfabon: So the packet materials are the same, it's just that we revised the memo to say that it was a rescission, not the original resolution.
- Fransway: Would you like a motion to rescind?
- Sandoval: Yeah, just one last question. Was there not any court action between 2012 and now with regard to these parcels?
- Gallagher: On both of them, Governor, or just this one?
- Sandoval: Just this one.

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- Gallagher: On this one, I don't believe there was any further action taken.
- Malfabon: And may I proceed?
- Sandoval: Yes.
- Malfabon: Okay. The second one is related to LaPour Grand Central, LLC. Originally, we thought that we required acquisition of temporary construction easements associated with access to this parcel. In reviewing this, we determined that the temporary easements were access to the parcel. After further consideration it was determined that access to the property could be provided by obtaining an agreement for construction outside right-of-way, and the acquisition of the two temporary easements is not required. If approved, we'll reach out to the property owner and work with them to ensure access is provided during construction and after the project is constructed for Project NEON. So in summary, we didn't actually need to condemn for these temporary construction easements. We feel that we can accomplish it through other means that don't require a condemnation action.
- Sandoval: Any questions from Board members with regard to Agenda Item No. 12? If there are none, the Chair will accept a motion.
- Fransway: Mr. Chairman, I would move for us to rescind action taken on November 6<sup>th</sup> of 2012 relative to Condemnation Resolution 437.
- Sandoval: You've heard the motion. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. And, Mr. Gallagher, just for clarity, that also satisfies any action that we needed to take on that second parcel?
- Gallagher: Yes, Governor. In case it wasn't as clear as it could have been, both of those parcels were condemned in the same resolution.
- Sandoval: All right. Thank you. Let's move on to Agenda Item No. 13.

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- Malfabon:** Thank you, Governor. This is a resolution that gives the Director, on behalf of the Governor and the Board, the authorization to work with the FTA grants directly. So it's really housekeeping. Without this updated resolution, we wouldn't be allowed to apply for our Federal Transit Administration grants, which our regular process is just, as I said, a housekeeping item that we're bringing formally to the Board for approval authorizing the Director to act on that behalf.
- Sandoval:** Okay. I see no questions from Board members. The Chair will accept a motion to approve the authorizing resolution with the FTA as described in Agenda Item 13.
- Skancke:** So moved.
- Sandoval:** Member Skancke has moved for approval. Is there a second?
- Fransway:** Second.
- Sandoval:** Second by Member Fransway. Any questions or discussion? All in favor say aye.
- Group:** Aye.
- Sandoval:** Opposed no? Motion passes unanimously. We'll move on to Agenda Item 14, Equipment in Excess of \$50,000.
- Malfabon:** Thank you, Governor. This is equipment that's in excess of \$50,000 has to come before the Board for approval. This is using Congestion Mitigation and Air Quality, or federal funds called CMAQ, and it's in Washoe County. So it's to acquire five PM10, which is related to the fineness of the particulates that we're trying to address with these sweepers. These are high cost sweepers, but they're federally funded in order because of Washoe County being nonattainment for air quality. So it's funded and we're just requesting Board approval. Anita Bush is here to answer any questions, if you have any questions about the purchase.
- Sandoval:** Didn't we just buy some sweepers within the last year or two?
- Malfabon:** Yes, we did. And one of the things with sweepers, we're seeing that they need constant maintenance and replacement. They tend to last about five years because of all the moving parts in these vacuum sweepers. I don't

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know if you want to add anything to that, Anita, but it is something that we are constantly upgrading. And because we had so many years where we didn't buy sweepers, now we're asking for Board approval of purchase of those sweepers. And this, as I stated, is a federal air quality program that's funding these sweepers specifically.

Bush: Yes, we purchased two sweepers in 2010, and then we purchased five sweepers in 2013. And these are PM10 compliance sweepers, which is -- it's the air quality standards of 10 micrometer or less. And we don't have too many of those. Actually, we have 55 total sweepers and -- I don't have the totals out of the top of my head. But anyways, we don't have enough PM10 compliance sweepers, so...

Sandoval: No, and I just want...

Bush: ...that's my opinion.

Sandoval: ...clarity that we're essentially strengthening the inventory.

Bush: Yes. Yes, that's what we are doing.

Sandoval: Any other questions from Board members on Agenda Item 14? Mr. Controller.

Knecht: Thank you, Governor. How many such sweepers with PM10 capability do we have in inventory now?

Bush: Let me see.

Malfabon: I think that we'll have to get back to you, Mr. Controller.

Bush: I mean, I have a table here. I just have to add up the numbers really quick or I can just share the table with you afterwards.

Malfabon: It's just that I don't know. Anita, does the table to indicate which ones are PM10 compliant?

Bush: Yes. So we have 9 here, 14, 15, 25, but we are going to have to dispose 5 of those, so it's 20, and 27 total.

Knecht: So we've got 27 in inventory.

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Malfabon: Statewide.

Bush: Statewide.

Knecht: Pardon?

Bush: Statewide.

Knecht: Statewide.

Bush: Yes.

Knecht: Will we be retiring any or we're just adding the five?

Malfabon: This is not to retire. This is to...

Bush: Yeah, this is just add.

Malfabon: ...get a better quality sweeper that's going to improve air quality in Washoe County. As we stated previously, Clark County and Washoe County are the two nonattainment areas that have air quality issues, so you'll usually see these sweepers in those areas.

Knecht: Thank you.

Sandoval: Member Savage.

Savage: Thank you, Governor. Anita, I want to compliment you on your cost-benefit analysis in the package.

Bush: Thank you.

Savage: You made an analysis of the purchasing by the Department versus the leasing option versus the subcontracting.

Bush: Yes.

Savage: So it's well justified. I appreciate it very much.

Bush: Yes.

Savage: That's all I have. Thank you, Governor.

Bush: Thank you.

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- Sandoval: Any other questions from Board members? Chair will accept a motion to approve the purchase of these sweepers as described in Agenda Item 14.
- Savage: Move to approve.
- Sandoval: Member Savage has moved to approve.
- Fransway: Second.
- Sandoval: Member Fransway has seconded the motion. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Okay. Motion passed unanimously. Thank you very much.
- Bush: Thank you.
- Sandoval: We swept that Agenda item away. We'll move on to Agenda Item 15. So a Report on Decision Lens.
- Malfabon: Thank you, Governor. Last month, there was a question about a contract that was for informational purposes. This month, we're providing a lot more detail to this contract. And the idea is that the Department wants to -- in advance of some of these upcoming federal requirements to have an asset-based -- I mean, pardon me, risk-based asset management plan, the Department wants to be a little bit proactive, put in some software tools in place that will help us to achieve that, and also have a better decision-making process that's more transparent. As stated in the backup, and you'll see in this presentation, there's a lot of different programs. I know that most people would say, well, don't you use engineering judgment to make these determinations about what to fund and what not to fund, what gets priority? And it gets a lot more complicated as these federal rules are going to be enacted. Right now they're in the rulemaking process. The final rules will come out eventually and they'll be required by all state DOTs to follow these federal requirements. But it's a good program and a good process to use, is to look at risk and to look at other factors in determining what our work program is going to be.

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We've asked our project manager, Ed Miranda, along with Jonathan Allen from Decision Lens, to present this. And feel free to ask questions as they give a quick overview of this software tool.

Miranda:

All right. Good morning, Governor and Board members. I'm here to debrief you on the NDOT five-year capital plan and to put in context the Decision Lens contract in support of this program. Let me introduce you to Michelle Maggiore and Jonathan Allen. Michelle is the vice president of the Transportation and Strategic Industries of Decision Lens. And prior to joining Decision Lens, she was the director of CH2M Hill highway and bridge performance and asset management practice for North America, and also the program director for policy and planning at AASHTO. Michelle is a professional civil engineer with nearly 20 years experience in transportation and planning.

Jonathan is the vice president of professional services for Decision Lens, and oversees the implementation of clients such as state, local, and federal government. He has overseen the activities at NDOT for the last year. Jonathan and I were able to work a lot in some implementations from Project NEON, and that's how we got to know this software a little bit more. And prior to joining Decision Lens, Jonathan was a strategy consultant at Deloitte. Both of them will be sharing some facts later on, on the presentation. I just want to make sure that I introduce you to them.

Let's explore the NDOT five-year capital plan vision a little bit to understand and to put into context the Decision Lens contract. What we're doing right now is the idea is to build from the current five-year plan. We want to provide the tools and expertise at the division level. We want to perform a prioritization at three levels, at the division at the portfolio, what we call the cross-functional team, and at the corporate level. In addition, we want to quantify risks into the prioritization process and then provide the analytical tools and experience at the portfolio and the corporate level or the cross-functional team level.

Now, this contract is for services. We already have the tool. We already have the software in and we are expanding. I still have the license for another year from the previous contract that I was working that I mentioned early on. So we asked them to help us now that we have the tool and we still have another year of that tool to help us with some of the services that

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we needed to produce this type of vision within the NDOT organization. Now, the idea is to allow decision makers to use judgment coupled with the quantification of that by layering in the cost, the risks, the finding of strategy, the project sequences, performance measure and to put all of this together as an entire portfolio level with ability to do trade-off analysis.

Now, the idea of this vision is how to put it together is that at the division level they will prioritize projects in going to a cross-functional team. This cross-functional team will look at a portfolio level, and you can see some of the questions on the right-hand side that they will be addressing. They would recommend to corporate where analytics will be performed and priorities and strategy will be communicating back to this cross-functional team, and that cross-functional team will help us to align the resources for the implantation plan at the division level so that we can get these projects out.

The idea of this bottom-up and top-down approach was to answer questions like which projects would benefit for the Board's priorities or how do we best allocate funding across programs; what is the best sequencing of projects; how do we address equity concerns between urban versus rural; which project provides the greater value return on investment and what resources are needed.

Now that I put into context what we're trying to do as a program as a vision for this five-year capital plan, I would like to turn the presentation over to Decision Lens and have them explain a little bit the role into this vision. And also we have a live demonstration of the software. I know that some of you were interested. And I want to address one item, is that this is a decision support tool. This doesn't make the decisions for anybody. It provides enough data visually organized, allows you to do a lot of what-if analysis so that the decision makers can make better decisions. All right. With that being said, I'll turn it over to Michelle, and then we'll hear from Jonathan.

Maggiore: Thank you. Good morning. Michelle Maggiore, Vice President, Transportation and Strategic Industries at Decision Lens. Okay, great. Thanks. Decision Lens is a company that provides analytics and collaboration in the transportation planning and programming process. We've helped the federal government, commercial customers, transportation

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organizations prioritize more than \$500 billion of investments. We empower organizations to optimize their available resources and prioritize projects while comparing the relative benefits. So for example, for transportation agencies, comparing the benefits of perhaps highway preservation to highway expansion opportunities.

We are currently supporting more than 20 different transportation organizations and transit agencies in performance-based planning, resource allocation, and structured decision making. And just to give you a few examples, we are currently working with the Utah Department of Transportation on project level prioritization for their three-year capital plan, helping them look at the relative trade-offs among safety preservation and expansion priorities. For the Texas Department of Transportation, we're currently working with them to implement their long-range transportation plan. The work in Texas focuses more at the resource allocation level, so understanding how to best spend and in what categories to achieve systemwide performance transportation goals.

For the Pennsylvania Department of Transportation, we're working more closely with them on MPO coordination and collaboration. So providing a way for MPOs to submit and collect projects and understand the importance of those project and their impacts in achieving goals and performance measures for the transportation system. So we not only have the depth of experience, but the breadth of expertise to deliver performance-based transportation decision making for NDOT.

The power of the Decision Lens methodology and tool is that it will support NDOT in meeting performance goals for the transportation system while rolling those goals and priorities up from really the division level. We are working currently with NDOT on performance management and project selection both within and across program areas. We're starting right now at the division level with those project selection criteria, and we're going to show you a demonstration of how this will work.

The Decision Lens model will allow for ongoing analysis and reporting for the portfolio of five-year plan projects. The outcome of our work is a prioritized project list, but this prioritized list can be reprioritized as priorities change, project selection criteria change, and funding levels change. NDOT will then have the ability to quickly analyze what project or

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projects to select next as budgets change. And this will include evaluating changes in performance outcomes as projects are reprioritized, which is critical to meeting federal transportation goals. Will also allow the Department to make better strategic funding decisions.

Allen:

Thank you, Michelle. Good morning. Jonathan Allen, Vice President, Professional Services at Decision Lens. Governor, members of the Board, it's good to be with you. Just to build off of what Michelle and Ed have shared, in just a minute here I'd like to demonstrate various benefits of these efforts. And, again, the idea is to provide insight to make better decisions and to create a process that's transparent in the capital planning process. And it also enables better collaboration across the different stakeholders across the different divisions. And that's what we're going after here as a team.

If we could, Jeff, we'd like to just briefly show you a live demonstration of some aspects of this. And, of course, for the sake of time, we won't get into too much detail, but we thought that this may be useful and as it was requested last meeting. So if we could show the demonstration. This example is not representative of data within Nevada Department of Transportation. This is a sample model that has a different set of data. Of course, we're working now with the divisions on that aspect. But let me orient you to this aspect of it. You can see on the left-hand side a set of criteria that are reflective of the MAP-21 priorities. And you can see that there are weights associated with those criteria. You can also see on the right-hand side a set of projects representative of the capital plan that would have those projects, and you can see by the color codes how well each project does in conjunction with these different criteria. And so this is representative of a set of priorities that we can have once we bring the criteria and refine those and then get the right data, both in terms of human judgment, as well as the quantitative data metrics that we need to bring these together.

Let me just show you, at this point, some of the benefits of what we can provide. If you look down the list of the criteria at the freight and economic vitality, that criterion, we talked earlier today in the Director's Report about the I-11 visit that you all made. And what this could allow you to do is to say, well, let's look at the projects just from the perspective of the freight

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and economic vitality, those ones that would significantly enhance that aspect or that criterion. As we pull that out, we can see those projects that are of highest priority with respect to that particular criterion. You can also see in the middle the delta between where those projects were ranked previously and how those rankings have changed with respect to this one particular criterion. Again, neither of these scenarios is designed to provide a prescribed decision about what you're doing. It's to give decision makers insight about some of these projects that you may want to flag as being of high priority because of certain criteria that we're looking at.

Another example, and we don't need to do into too much detail on this, but another example is with respect to the bridge condition. I'd like to congratulate the Governor and the Board on the number one ranking on the bridge.

Sandoval: Has the press release gone out on that?

Malfabon: Yes, it did.

Sandoval: It did?

Malfabon: Yes.

Sandoval: Okay. That's a yes? All right.

Malfabon: Yes.

Allen: And of the source I was looking at, it was definitely number one. Again, what you could do is have an important discussion about do we continue to keep bridge condition as the weight or the impact that it has or increase it or decrease it and focus on other key factors or criteria that are important in that nature. And so we can, while holding equal safety, for example, or even increasing safety as an important measure, we can then also decrease the impact of the bridge condition just to get better insight as to how that would change what the priorities of the projects are. And there's an example of that. Again, all of this is designed to create scenarios to be able to use and analyze and compare against other scenarios that are being done.

The Director and others have talked about the fiscal uncertainty associated with the future and in departments of transportation. I'd like to walk through a couple of those scenarios very briefly as to how this would be done. What

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we've shown so far -- that's right, Jeff. Thank you. That reminds me, I do want to show that as we drill down into this, we can focus in on a subset of those projects within certain areas, whether it's safety or pedestrian safety or other areas that we need to focus on, bridge projects. And so that ability to filter -- yeah, if you could show the bridge. We're just filtering down to bridge and now we've narrowed down our focus into specifically what those projects are and what the priorities of that are.

Sandoval: And if I may, how do you set the base on those percentages? Because you could skew where projects rank by changing those percentages.

Allen: Yes. Governor, the base is set with a process, an exercise that we go through with key stakeholders to look at those criteria in comparison with each other and determine which are more important based on those stakeholder inputs. In fact, we would like to have a future opportunity with this Board to go through that process and receive input from the Board about the relative priorities of these criteria. That is something that we have and will do with the Director's Office and other key stakeholders in the organization to determine what the relative important of these criteria are.

Just moving on, imagine a scenario, and I'm going to go into now this phase of the idea of the scenario comparison. So the goal of this united effort with the Department and Decision Lens is to create a set of key scenarios that then this Board and the Director's Office can really analyze. Again, you have a set of funds that are available, and those are federal and state in nature. And, Jeff, if you could go to the visualize that shows this particular screen. What we're showing here is if you had federal cuts related to the fiscal cliff, associated with that, which projects would then be taken off -- below the cut line, so to speak, off of that funded list as compared to the current funding scenario. And you can show that. Jeff, if you could go to another scenario which would show, very quickly, if you had additional funding, so that top scenario. And suppose you had -- because of other reasons you had additional funding that was made available. The question is how do we spend that last dollar? What do we do and how do we allocate our funds in a way that would be meaningful? And you can see that certain projects that were on the not-funded list now would move over onto that funded list as a way of analysis for looking at.

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I just want to show one other scenario, and that is with respect to this trade-off analysis. We know that there are certain projects that whether because of engineering studies or human judgment or neither or both, it's important that we fund those projects. It may be related to the safety of individual lives. And what this allows us to do is to force fund specific projects and see what the impact of funding that project is and how that impacts the rest of the portfolio. We can also drill down into very specific two or three projects and look at the value of those projects and the benefit that those provide.

This diagram called a radar or spider diagram maybe you've seen in analyses is showing us three of the criteria and two projects and how they score on those. So let me orient you to this. You can see that this Interstate 80 bridge project that if you look at the freight and economic vitality, this project is vastly superior in nature to the project that it's being compared, because of the area under that particular point. However, if you look at State Road 50A installation you can see that from a safety perspective the State Road 50A will improve the safety overall, that safety measure. And you can see on the environmental sustainability that they're relatively equal.

So what this is allowing us to do is to drill down and, no pun intended by the way, and look at these projects and say which one is more important for us to really focus on, so that the decision makes can be able to look at this analysis and make those kinds of decisions. There are other aspects of this that we would like to share with the Board at some future time, but I think this is sufficient to share with you the purpose and a demonstration of what we're trying to accomplish.

Sandoval: Does that complete your presentation?

Allen: I'm sorry?

Sandoval: Does that complete your presentation?

Allen: Yes, it does. Thank you, Governor.

Sandoval: So just out of curiosity, so you were here the entire meeting. So the Director went through his report and we talked about the fact that we're starting I-11. We're working on Project NEON. We're going to start USA Parkway. We're going to finish the Carson City Bypass. We're going to build the U.S.

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95 Interchange at 215. We're going to build a connector from the 215 to the airport. I'm just curious about how, given your criteria, how all these projects match up against one another. Could that be done?

Miranda: Yeah, Governor, that is actually the purpose of doing this, is looking at it at a portfolio level. So at this point, remember they are just starting at the division level, then we need to create that portfolio criteria. And, of course, every single project that we have in a five-year plan it will be evaluated. If there are projects already that are under construction, of course, they are not part of the five-year plan. This is projects that we are planning to...

Sandoval: No, I get that this is anticipatory analysis, but I would just be curious to see how we've done.

Malfabon: Oh, I see. So looking backwards at how well we've ranked. And I think that that's a good point, Governor. And one of the things that we want to emphasize is that this is a tool that's going to provide that form of engagement from the Board on the selection of what we call our corporate level. So definitely the Board gives that direction to the Department. Annually, you approve the STIP document, the Statewide Transportation Improvement Program. So we want to have more involvement from the Board and a lot more to discuss with the Board on what those criteria are. We could definitely look backwards and see would we have had the same kind of work program. I think we definitely want to look forward and say as we have a certain amount of funding available, what's the right mix of projects to support and get the Board's approval.

Sandoval: No, and this isn't my way of saying gotcha compared to what we've done, but I've sat here now a little over four years and we've made a lot of decisions with road projects. And it'd be real interesting to me if our matrix of what we've decided, and it would help me be a better decision maker going forward. I don't know if that's part of the contract and I don't want to (inaudible) here, but...

Malfabon: We saw it as doing a workshop with the Board so that we talk about those criteria and then start talking about a specific slate of projects that the Department could deliver.

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Sandoval: No, and I watched the presentation, I think the USA Parkway, if I remember, had a 9 point something to 1 return which was one of the top, if not the top return on a project that we've ever had and others have lower.

Malfabon: It was. Right.

Sandoval: And it just would help me, again, kind of put in my mind how we're doing as we approve these projects. And I don't know if this captures because there's always this issue between what we're building in the north and what we're building in the south, and the amount of money that we've invested in rural Nevada, given that there's so much interstate. So I'm not sure you can measure that. But I'm curious.

Malfabon: You can, Governor. And that's the point that they were making, was benefit cost is a factor that can go into this list of factors for capacity or kind of enhancement of the existing system; those types of projects. But the projects that would be preservation-type projects, what type of ranking do we have to put towards that to take care of what we have, the assets that we do have. So that's the whole goal of this program, is to have those criteria identified, be a lot more transparent about how we select the projects and that we are considering all those factors when we give the slate of projects to the Board for approval, and you're involved in that process throughout.

Sandoval: Then my last question is how do we measure that these are dollars well spent for this contract?

Allen: Governor, members of the Board, Jonathan Allen, Vice President, Professional Services. Of course, that's a great question. With this specific work that we're doing, what we're doing is we're laying a foundation where across the various divisions we're being able to pull together the criteria. I'm just realizing, are you asking about specific to projects or are you asking about specific to this (inaudible)?

Sandoval: Well, just overall. I don't remember how much the contract is for.

Malfabon: I think it was just slightly less than \$300,000. \$290 something thousand.

Sandoval: Yeah. So a year from now we can say, wow, this was money well spent.

Allen: Yes, yes. Okay. I wanted to make sure I was on the right track. So let me offer a couple of thoughts on that. As we implement this across the various

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divisions, what we're really trying to get at is there's a lot of cost associated with doing a bad project, to the organization and to the state generally. In fact, it can go even further than that and we've talked about saving lives today. And if there's a way that we can decrease the risk associated with those projects and increase our confidence associated with those, the projects that should be spent, then we believe it is well worth the cost associated with getting a transparent justifiable system in place with the right services in place to do that.

Sandoval: No, and that's exactly where I'd like to see us go, because on the other hand we can say wow, that was a great project. So the elephant in the room is I-580. There was a lot of money spent on that and there was a lot of criticism with regard to that. And it's built and it's done. But in the future, if there's a project of that magnitude, we can hopefully use the information that comes from you to say this is what justifies the construction of that project and why.

Allen: Yes, sir. That's correct.

Sandoval: Other comments from Board members? Mr. Lieutenant Governor.

Hutchison: Thank you very much, Governor. Thank you again for the presentation. I just wanted to follow up on a couple of notes I had made, and I don't know who, Jonathan or Ed, either one of you. When did we get Decision Lens? When did we purchase that? When was that? And I guess what was the initial cost, initially, and when did we get that?

Miranda: The initial cost for Decision Lens was about \$158,000 for the software, and we got it somewhere in the middle of January of 2014.

Hutchison: 2014. And so obviously we didn't use Decision Lens before last year then, right?

Miranda: Yes, we did...

Hutchison: Okay.

Miranda: ...but we did for another application. Now, you need to have Decision Lens separated into two major categories. One is what we call the tool...

Hutchison: Yeah.

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- Miranda: ...and one is the expertise to allow us to use this tool customized to NDOT needs, so to the state of Nevada needs. And so because we have the tool for another application...
- Hutchison: Right.
- Miranda: ...for another project, we looked at that tool and we said you know what, this vision can (inaudible). We have been working on this vision for about a couple of years prior to that. And so we got the tool and we said, okay, now that we have the tool, and we still have the tool until the end of this year, we said you know what, let's get the professional services in...
- Hutchison: Right.
- Miranda: ...let's maximize our resources and go through. Now, this tool is not a normal software that you usually buy like Microsoft Office, right, and you have it and it's yours. This is more like having the rights to use it during...
- Hutchison: It's a licensing agreement.
- Miranda: It's a...
- Hutchison: It's a licensing agreement. Right. So the state license the software for use through the end of the year or whatever, for the next year or so.
- Miranda: Correct. Correct.
- Hutchison: And then what this contract is for is \$300,000 for professional services, essentially, to help us...
- Miranda: For the five-year plan.
- Hutchison: Right. To help NDOT run the software that we've already got a license for, right? That's what the idea is. We've got a license for the software, now we got professionals who can come in and say let us help you run it. Is there a scenario under which NDOT itself can just simply use the licensed software without having to hire and spend \$300,000 on professionals to come in and help us do that?
- Miranda: I love the question, yes, that's division. Division right now, we have set it up and it's going to have to be set it up in different phases. But right now, at the three level -- if we can go back to the presentation. At the three level,

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we are leaving this license to each single one of these divisions. And we are training them. So if they don't want to use it -- they want to use it for more than the five-year plan they could.

Hutchison: Who's we? Who's training them? Who's we, NDOT or the Decision Lens?

Miranda: Decision Lens folks will come and train. We have -- some of us are familiar with the software because of the year of usage.

Hutchison: Right.

Miranda: Some other folks are getting familiar faster than other programs. Our IT division is way ahead of the game of so many of our programs already thus far. So the idea is at each level we're going to have this tool available, people are going to be trained. They can use it for the five-year capital plan and then if later on they want to use it for something else that they think adds value to their division they can. And that's the idea.

Hutchison: And so will there be separate licensing fees...

Miranda: No.

Hutchison: ...for each of these divisions or does NDOT itself have license rights under the licensing agreement?

Miranda: Correct.

Hutchison: So NDOT has -- so is that \$150,000 for a certain period of time or...

Miranda: The corporate license in the future, if you're talking about a future expense and we'll say we open it to the entire NDOT organization for anybody to use, 1,800 employees...

Hutchison: Right.

Miranda: ...I think that the amount, Jeff, was 330 if we want to acquire that type of license.

Hutchison: For what term, a year or two years? One year?

Unidentified: Per year.

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Hutchison: Per year. Okay. So you got \$300,000 license fee if you want to have all of NDOT have access to this; is that correct, a year? And then are you telling us that once then Decision Lens comes in and train everybody, we're not going to see you again, a Decision Lens professional services agreement for approval because we're all going to be trained up on this and all we've got to do is have this tool that we'll use now for \$300,000 a year?

Miranda: What I have learned, and this is my experience for the year that I have been working with this in this other application.

Hutchison: Yeah.

Miranda: And this other application is what I talked about that the software and professional services were \$158,000. You learn a lot and you become very good at it, but as you're changing the application nuances come to the application. It's very powerful. You might have seen 1/16 of the entire power of the tool. But I imagine that for the intent and purposes for the divisions to use it, they will be able to use it for the five-year plan.

Hutchison: Okay.

Miranda: There is a (inaudible) process in division at this point. As we use this tool, I imagine that even you, as a Board, are going to say, hey, what about this or what about that and can we do this. And we will see how that translates into that transfer knowledge of that training and professional services needed for it.

Hutchison: Okay. But it seems like then there's going to be a definite element of the licensing fee and then there will be some component of a service contract, is what it sounds like to me, in order to really facilitate and maximize the use of this software.

Miranda: Potentially, if we want to go outside the five-year plan or outside other alternatives. It's going to depend on the use and depend on how comfortable do we feel with all of this insight. If this a benefit. If this allowing us to do our work better.

Hutchison: Thank you very much. And my final question is just how much of this purchasing the software and wanting to use Decision Lens is driven by the federal government? And the reason I ask you that is in the report that we

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got in our materials or in the memo, there's a paragraph on the second page that says, "While NDOT can apply engineering judgment in development of its capital improvement program." That was sort of our point last -- at least my point was last time was, hey, you got a bunch of engineers in this department, right. Let's use engineering judgment. I think other people thought similar things. So I know that you picked up on that well and said, "While you can apply engineering judgment in development of capital improvement program, project prioritization is becoming more complex due to forthcoming federal requirements for states to develop investment strategies based on a risk-based asset management system." I'm not sure what all those mean. It says here that the final rules are coming out, right, from the National Highway System. But how much of this need for this tool is driven by federal requirements or federal expectations or what we think is coming down the line with the federal funding?

Miranda:

I always try to relay questions to something like my family, right. I mean you handle a budget at home, right, and then the more that you spend the more that you have to start keeping track of it, right. Then you give an ATM card to your kids and they are charging on it and now you're trying to make sure that your bank account works.

So if you look at the federal government, per se, not only they have funding strategies that they come in. Sometimes federal cliffs could potentially come in. They have certain scenarios where more money can be given to a state. I mean, I think that as a state, NDOT has been very successful at the end of the year to capture sometimes a little bit more than others states. And if we get another \$10 million because of that capture then we know how fast can we move, which projects make more sense. If we get a decrease in the budget, what do we do then? So if you look at it in that regard, very useful for that level of communication and that level of analysis. If you are thinking through MAP-21 and it says, okay, you know what, we have this logistically-mandated performance measure, which you have in your NDOT book, but also you have these MAP-21 performance measures that you have to meet. Then, okay, how do we do the trade-off which this analysis?

So it helps tremendously. The one thing, though, that I wanted to clarify to you is that the first project that we did, this \$158,000, and we have the software that we're doing the second, for me to continue with that I would

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have had to pay another \$150,000 just to keep the software, right. For what IT needed it, maybe it would have been another \$80,000 for what they needed because they're doing the priority decision of all the IT. So if you look at it, it sounds a lot of money, but if you look at the benefits of it and the trade-off of how much we're gaining of it, I mean we have been having ability to save millions of dollars already by the use of this tool for the last year.

Malfabon: And if I could add, Mr. Lieutenant Governor.

Hutchison: Sure.

Malfabon: It wasn't really in response to the federal requirements that are going to be coming. I think that those are good policies to enact for a department to make those decisions on where resources are allocated and to consider our assets, and whether the risks that we're facing to keep those assets in a certain level of condition. But I think it was just the right time, I think. We were always talking about a better process, talking to divisions or districts; how do you select your projects. It rolls up to us at the higher levels and eventually to the Board as a recommendation. And we felt we needed a stronger tool for decision making that would also address some of these what-if scenarios that are constantly coming up as funding levels go up and down or projects get more priorities or programs get more priorities. We needed a more robust tool to help us make those decisions and pull the Board into those decision making processes.

Hutchison: Thank you. And I think I heard you right, where you said that you thought that the use of this tool has already saved NDOT millions of dollars?

Miranda: Yes, that is correct.

Hutchison: And so you anticipate that it would save millions of dollars in the future obviously. Do you expect that this tool would help secure additional federal funding, as well? Do I understand you previously or maybe I didn't understand you previously?

Miranda: Yeah. This is a decision support tool, right.

Hutchison: Okay.

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Miranda: You still need to use your judgment. You still need to analyze these different things and you need to look at what is the best decision for the state. But what it does allow you to do, though, is to get to that comfort level to be able to measure performance. The Governor mentioned something really interesting in one of the questions that he has, is can I track the past. And immediately in my mind, yeah, but at the same time we can track what we're doing in the future. Now that we have the tool, we can look the performance. How are we doing? Where are we at? How did the cost end up being? We can plug in the actuals. And so there is so much that can be done.

Malfabon: So looking at how we're meeting the performance would actually capture how we did in the past, how we're meeting the current performance measures that we have currently adopted and are going to be adopting for the federal requirements.

Hutchison: Great. Well, thank you very much for answering my questions. Appreciate your time. Thank you, Governor.

Sandoval: Thank you. Member Savage.

Savage: Thank you, Governor. Thank you, Mr. Miranda. Thank you, Decision Lens. Please bear with me on some of these questions and comments. I'm not an engineer. I'm a practical business guy. And so I appreciate your patience on response to some of these questions and comments. The first question is you've been working with NDOT over the past year. How long and when was Decision Lens first established?

Miranda: We acquired Decision Lens in the middle of January of 2014. We knew about them maybe somewhere on 2013, in a presentation that they were giving to AASHTO. And that's how we started getting to know what other states were doing. Very interesting, one of the things that we learned on the last month and a half is the State of Utah, they use a commission. And they wanted to come out with a rating and really provide some input (inaudible), and we're learning a little bit how that has been working for them and what were the benefits and what didn't work that well. So we know from them since 2013.

Savage: So they were established in 2013 as a company in the United States?

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- Miranda: Oh no, they have been in the United States for...
- Allen: Jonathan Allen, Vice President Professional Services, Decision Lens. Member Savage, Decision Lens was founded in 2005.
- Savage: 2005. And how long have you been working with the DOTs?
- Allen: I think our first DOT was in 2007.
- Savage: 2007. And do you have a lot of competition in your industry?
- Allen: I will begin to attempt to answer that, and then I welcome Michelle or others. Our largest competition, frankly, is with processes that are manual in nature, processes with spreadsheets and so forth. We do run into other software companies and tools that focus on performance and project management systems. We know many of those and there are strategic planning tools. We know many of those. Frankly, there are very few, in our opinion, that focus in on this type of strategic prioritization decision making.
- Savage: Okay. So you don't have a lot of competition in this specific line of decision making software?
- Allen: I think that's a fair statement, yes.
- Savage: Thank you. And do you have any E&O insurance? Errors and omissions.
- Allen: Okay. The answer is no.
- Savage: Okay. Because this whole discussion is about theory versus reality. And like the Governor and Lieutenant Governor said, it's all about justifying the expense at the end of the end of the day. So I appreciate your patience on some of these questions. Because my concern, as a business guy, is trying to push the decision elsewhere to a computer. We have great management here at NDOT and we're very engaged in some of these decisions. And I knew every tool that we have, we have to justify another layer. So the initial cost is \$300,000 then the annual cost is \$100,000. So my question is how long do you foresee in being married to Decision Lens for this product?
- Miranda: Yeah, I think that is a question to NDOT. The idea with these initial capital plan is to be able to train all the NDOTs at the three levels and have them being able to use it. So at the end of the contract, NDOT should be able to

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use it. What we have learned through experience and conversations with other states is that when we go to -- usually the first plan that you're doing the five years, you're kind of like meeting every division where they are at today. And then the second time that you make the update is when we can start closing the gaps for what everybody is learning on it. However, after the first initial plan, every member within the organization should be able to use the tool.

Savage: So do you have a budget projected towards Decision Lens in the next five years?

Miranda: No. And that is something that is going to depend a lot in all of us, in your support and the Director's Office of that decision. We do have the ability right now to meet every single division in the program where they are at today and we're going to put them back into the tool and we are going to train them and they should be able to use it. So in that sense, that is our first primary goal. If you ask me and say in your professional opinion where you think that we should go, I will say that my recommendation to the Board will be let's do an update. Just not only we met the divisions where they are at, we let them use it for a year and we look at what they have learned and what do they need, and we graph all the stuff that they need and where they think the gaps are, and we allow Decision Lens with the expertise to come back and close the gap (inaudible) the division and continue with the divisions in NDOT to be able to continue to run not only the tool but the decisions associated with this decision support tool.

Savage: So a couple years out then. And does this mean that positions are going to be reduced within the Department?

Miranda: What do you mean with that question? Would you explain?

Savage: With this tool and this engagement of this contract, do you foresee positions being reduced due to utilizing this electronic software?

Miranda: Absolutely not.

Savage: Not. Okay.

Miranda: This is a decision support tool. One of my expectations is that people will be able to make better decision and have more of a what-if analysis and

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more insight to make better decisions. But I foresee no reduction into the decision making.

Savage: Because my fear, Mr. Miranda, is again, from a private business world, is to add additional layers and have our management team become complacent in engaging in some of these difficult decisions, because it's all about collaborative decision making amongst the departments and the upper administration. And we have to ensure that we look ourselves in the mirror every day and not blame a program; because how do we remain different than any other DOT? Are the basic foundations of this program the same? We've been very good with being progressive and staying ahead of our competition in complying with the federal mandates and the federal standards. So how do we stand alone and stay ahead on where we've been when we have the same program as 20 other DOTs?

Miranda: And the answer is simple. Because we have been making better decisions and we will continue to do them. Now that we have more ability to get more insights to our decisions -- and you know what's very interesting? As I have been talking to the divisions, some of the divisions have been very happy in the sense to say, hey, now I'm going to get to know a little bit more what hydraulic does so I know how to help. So our roadway knows a little bit how to help them. A lot more transparency, so everybody communicating and talking more. So that's where I see the benefit of this tool. This tool doesn't make decisions for you; neither the consultant will be there making decisions for NDOT either. It's going to be training us. It's going to be allowing us to automate a lot of this. This is kind of like -- and I don't want to insult you guys by no means, but it's kind of like when you have Excel sheet. I'm trying to relate to something that we might use in business, right.

Savage: Mm-hmm.

Miranda: We have an Excel sheet and we have tracking our incomes and expenses and we do calculations. And by looking at that report you go like oh, this is what we need to do. Imagine this expanded to what-if analysis and insights so that you can make better decisions, but for sure doesn't make decisions for you.

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Savage: Well, that's good to hear because, again, I'm not a naysayer. I want this program to succeed, but at the end of the day in a year or two, we have to see the benefits on where we saved the Department and the taxpayer the dollars moving forward. That's all I have, Governor.

Sandoval: No, and I'm going to limit -- honestly, I've got a bill signing at 1:30 in Virginia City. So I'm going to limit this. But I think that Member Savage brings up some good points. This is a new concept for us, and we want you to succeed, I mean to help us be better decision makers. And another thing the Director talked about in his Director's Report was the uncertainty with regard to federal funding, and so then you layer on top of that the decrease in the amount of federal funding that we as a state are going to get and the budget challenges that we have. So I want to ensure, as Member Savage said, that we are deploying every dollar that we spend in the best possible way.

So I see the Decision Lens folks nodding their heads. And so I guess what I'd like to see, and I hope I speak for the rest of the Board, is that feedback as we continue to move on, because, respectfully, things will hit our Agenda and then we won't see it again for two years, and it'll be \$200,000 more for Decision Lens. And we're going like, well, wait a minute, what did we get for that and did it work. And we have you that says it works great. It's helping us make better decisions. Well, we need a little more specificity as that moves on. And as I said, I'm not trying to lengthen our Board meetings, because they're long enough as it is. And I think I get more agreement from the NDOT folks than up here.

But in any event, we just want a little bit more specificity, because this is general right now. And as we move on, that would be helpful to me. And I want to be able to sit in a Board meeting and say, gosh, I'm glad we chose this Decision Lens. We almost built this project somewhere in Nevada, and that would have been a bad mistake. And it brought some issues to our attention that we may not have otherwise realized. So I'm more talking than asking a question, so there's no need to respond. The Controller would like to make a comment, as well as Member Fransway. I would respectfully ask you keep it brief, Mr. Controller.

Knecht: Governor, I'm happy to do that because I also don't want to lengthen this. I would just say that rather than a conceptual presentation, an actual

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presentation of a case or an incident or a choice that was made, a very brief one, could be helpful in that regard sometime between now and two years from now.

Sandoval: Member Fransway.

Fransway: Thank you, Governor. And in my view, we are not competing with other DOTs. We're competing with ourselves. We make decisions based on need. Will Lens increase our ability to make decisions on Nevada roads for Nevada travelers with goals set by this Board? You understand that the goals that we set are imperative that we obtain. So hopefully you're looking at those goals and saying this is what Nevada wants and we can help them obtain that. If that's the case then the expense is warranted. Thank you, Governor.

Sandoval: No, and thank you. And that wasn't really a question. But this was put on our desk today, this 2035 investment plan, and it says we need \$50 billion in the next 20 years and that we only have a fraction of the money that's available for that. So, again, accepting the information in this as true, we'll have to make some informed decisions in the next four years with the types of projects that are mentioned in here.

Malfabon: And, again, that was kind of an effort between all the metropolitan planning organization, the four Nevada and Nevada DOT. So a lot of needs. I-11 is in there, so billions of dollars of investment needed.

Sandoval: Yeah. And before I leave this Agenda item, I don't want to neglect our Board members from Southern Nevada. Any comments? It's frozen.

Malfabon: It might have froze.

Sandoval: So see what you did. You paralyzed our members from Southern Nevada.

Malfabon: Governor, I have to excuse myself. I have to catch a flight. I'm chairing the annual standing committee on highway traffic safety in Boise, Idaho. So I have to catch a flight. And I know that you have a meeting to go to, but Bill Hoffman will attend to the rest of the Agenda.

Sandoval: Well, let's move on from this Agenda item. Thank you very much. I am concerned that we don't have the connection to Southern Nevada. And I'm

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not hearing from them, as well, so there must not be an audio. And I'm actually a little embarrassed that I didn't notice sooner.

Martin: We got you back now.

Sandoval: All right. So we just completed Agenda Item No. 15, and we are moving to Agenda -- unless you had questions. I didn't want you all to feel neglected. I'll take that as a no. We'll move to Old Business. Do any of the members have any questions with regard to the reports contained in Agenda Item No. 16? Hearing none, we'll move to Agenda Item 17, Public Comment. Is there any member of the public in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment?

Martin: No, sir. No one here.

Sandoval: All right. Is there a motion to adjourn?

Knecht: So moved.

Sandoval: Controller has moved.

Martin: Second.

Sandoval: Mr. Martin has seconded the motion. All in favor say aye.

Group: Aye.

Sandoval: Motion passes. This meeting is adjourned. Thank you, ladies and gentlemen.



Secretary to Board



Preparer of Minutes