

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
May 11, 2015

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

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Sandoval: Good morning, ladies and gentlemen. I will call the Nevada Department of Transportation Board of Directors meeting to order. I hope all the mothers had a wonderful Mother's Day. We will commence with Agenda Item No. 1, the Director's Report. Mr. Malfabon, please proceed.

Malfabon: Thank you, Governor. And one request to move up an item perhaps after the approval of the minutes, to move up Item No. 9. The students from the university that did pro bono work for us would like to go take their finals today.

Sandoval: A lot more things that you can do, too. Pro bono being the key word. Sorry.

Malfabon: So they do have finals today, so we appreciate their attendance today for that presentation. Next slide, please. An update on the State Route 342 closure. The temporary route will reopen soon, in a few weeks. The final permanent solution will be in place towards the end of the year, but we really appreciate the partnership with Comstock Mining in doing these repairs and getting rid of that sinkhole and addressing the issues of the embankment settlement there. So there might be some flagger control after it reopens. It's a temporary route, but we'll have to wait and see what the after condition is for that temporary condition, for a few months, until the end of the year. Next slide.

A little update on federal funding. We'll find out more as we attend the American Association of State Highway and Transportation Officials meeting this week in Wyoming. But we've been mentioning that the current transportation bill expires May 31<sup>st</sup> and then the Highway Trust Fund runs into the red this summer. But we're hearing that Congress will probably

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lean more towards a short-term patch through the end of the year. Still not decided, but it's probable. And one good news was there's a federal loan program known as TIFIA, that funds were not being used in that program, so they redistribute those funds to the state. And NDOT's share was \$5.9 million which is proposed to pay for existing projects. So it's additional money that will eventually be reimbursed to the State Highway Fund, so good news for the State Highway Fund. Next slide.

We are continuing to work on our TIGER grant application. Did the preapplication, and this is for the project near Apex Industrial Center on I-15 and U.S. 93 in that area. And we'll continue to work with the other applicants. They typically coordinate with NDOT on their proposals, as well. Next slide.

A lot happening in the legislature. Our Assembly Bill 21 that allows us to issue bonds for up to a 30-year term is exempt, but a hearing is expected in the Ways and Means Committee soon. Assembly Bill 43, confidentiality with the procurement process and design/build and Construction Manager At Risk, or CMAR. Work session is today in Senate Government Affairs. Senate Bill 324 gives NDOT the authority to enforce on illicit discharges in our right-of-way. Work session expected soon on that bill. And Senate Bill 23, our short-range project list that we report to the legislature to make it match the four-year list that we do for the feds, that passed both houses so it'll be coming to your desk, Governor. And then our budget hearing was held last week, and I wanted to thank Bill Hoffman, and Robert Nellis, and Felicia Denny for covering that hearing in my absence. Next slide.

Senate Bill 2 was amended. It was initially an 85-mile-per-hour speed limit; allowed NDOT to consider that. We had some discussion at previous Board meetings on that. It passed both houses, amended down to 80 miles per hour. And then Assembly Bill 191 was an important...

- Martini: Sorry to interrupt...
- Malfabon: Yes.
- Martini: ...but we can't hear in Las Vegas.
- Malfabon: Okay.

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Unidentified Male: I've got somebody going in that room to figure it out.

Malfabon: Assembly Bill 191 for continuing the fuel revenue indexing in Clark County has a public vote on a ballot question in November of 2016, in all counties except for Washoe, which already has fuel revenue indexing in place. And it would allow -- if a public votes passes, allows each county to consider enacting that measure in that particular county. One important aspect of that is that a state portion of the fuel tax indexing would go to the State Highway Fund, so NDOT would benefit from passage of that bill and future enactment should that happen. Next slide.

As I mentioned, our budget hearing was held last week, and we requested a significant budget amendment, provided the specifics to the Board members in an e-mail, but it had several new positions for Clean Water Act compliance. There you see the areas: executive administration, IT and mapping areas, program development, administrative services, field support, compliance and enforcement. And the committee asked NDOT to consider repurposing 17 existing vacant positions. There are vacant positions that for several reasons were vacant for six months for more. We previously repurposed 6 positions to this environmental group and they asked us to consider these 17 that have been vacant a long time. So we're currently getting with the staff at NDOT, looking at all alternatives to address the need for positions, but we'll come up with something that's going to be workable for our efforts and Clean Water Act compliance. The budget amendment also included culvert cleaning equipment, PM10 street sweepers for the districts and cameras. A lot of these culverts are confined space areas, so the cameras will help us to look in to the deterioration or the condition of pipe culverts and box culverts. Next slide.

Governor, you were at the unveiling of this new technology. It was pretty cool. With commercial vehicles, the driver -- well, you can probably explain it better than I could since...

Sandoval: You are looking at the first autonomous commercial truck. And I had the good fortune of being able to ride in it with the -- gosh, that's even me on the passenger side. But in any event, just backing up two years, we were the first state to promulgate regulations for autonomous vehicles. And at the time, it was to accommodate the Google car that needed a place to test. And the Google car was the first car to receive that red license plate, which

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allows for the operation and testing of an autonomous car. Well, I don't know if I'll still be around, you guys likely will be, but those trucks will -- you know, you'll still have a human in them, but it will be like an airplane with autopilot operating on the highways with this commercial vehicle.

So it was a real privilege and honor for me to be able to take the first ride in it. But what I was even more proud of is that the State of Nevada is ahead, and it puts us on the ground floor of the next big thing in commercial transportation. And what was particularly gratifying is talking to the head of Daimler, and this is a gentleman who's the head of this multibillion, multinational corporation, said they came to Nevada because we were so far ahead of everybody else. There are only four states that have regulations and laws that allow for testing, but because we are even so much further than those states and any foreign country, we were able to do this. And this was out at the Las Vegas Speedway. And they spent probably a little over \$7 million in putting this event together, but even better in the part that I missed was the -- this was a press unveiling, but the public unveiling was at Hoover Dam. And they put a video on the Hoover Dam to do this announcement. So I'm told that that was cool, but probably the right word for that.

But as I said, for me -- we got national attention, and I don't know who the press person is, but I saw at least over a thousand different stories on this and every one -- practically every one of them, if not every one of them mentioned Nevada. So what I hope is that this is something that'll attract other companies that are working on this similar testing to come here and for us to create a cluster or a focus that if you're going to be testing, or building, or operating an autonomous vehicles, you're going to do it in Nevada. So it was a great day for all of us.

One little irony though, so we pulled out of this tent and we went along the Speedway. There's a road and then we actually got on the Interstate 15 and that was interesting. But I trust and it was fine, and in the back of the cab was a cameraman and two sound people to document all of this. And so we made it off the 15 and these other trucks flying by us and we're going the speed limit and the -- Mr. Bernhardt, who was the head of Daimler, no hands, just right there. The truck is operating itself. But in any event, we get off and we're coming back to pull up and park and another commercial

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truck literally pulls out in front of us. And so it was back in manual, and the -- Dr. Bernhardt had to slam on the brakes or else we were going to go right into this other truck. And then my mom instinct went like this, because I literally saved the cameraman from coming through the windshield, because he wasn't buckled. And I said, "Did you get that on camera," because it was a perfect example of why autonomous commercial trucking can be helpful, because no truck would have ever pulled out in front of us if it would have been operated autonomously.

And so it really -- I've probably talked too much, but it was a great experience and it's really exciting for our state. And I want to thank NDOT and DPS that had a big part of making that event happen. They could not describe enough how appreciative and how cooperative all the state agencies that were involved that allowed to make this happen in a very efficient way. And so they said that when other companies talk to them about what their experience was in Nevada, they're going to say it was magnificent. So that's another reason for us to be really proud. So thank you, Rudy.

Malfabon:

Thank you, Governor, and well said. Next slide. A little update on our major projects. First, Project NEON. We're reviewing these alternative technical concepts or ATCs. So when a design-build team has a great idea and they want to be innovative, they have to present that to NDOT, we consider it and then we have one-on-one meetings with them to discuss that. Once it's approved, it can be adopted into the project. We have a public hearing coming up for the -- since we made some changes to the design in months previous, we have a final public hearing on those changes on June 10<sup>th</sup>. Property acquisition are continuing. You see them constantly in the month-to-month in the Board packet. And proposals from the three shortlisted design-build teams are due July 31<sup>st</sup>. Next slide.

USA Parkway is also a design-build project moving along. The four firms are shortlisted; Ames, Granite, Kiewit and Q&D. The draft request for proposals will be issued the end of this month, and then mid-June we'll have a minority contractor workshop so that we can talk about the disadvantaged business enterprise goals and make those connections between those subs and the prime contractors on the design-build team. The final RFP will be around early August of this year, and hope to have notice to proceed first part of 2016. Next slide.

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Other projects, as you saw in your Agenda, Carson Freeway had the bids opened and you're going to be considering award of that project today. We're still doing -- or just wrapping up the bid review on U.S. 95 Interchange at the 215 Beltway for those two large ramps. Las Vegas Paving is the apparent low bidder and you'll consider that at the next month's Board meeting to award that project. Next slide.

On...

Sandoval: Rudy, before you...

Malfabon: Yes.

Sandoval: ...move on. Excuse me. Will you talk a little bit about the I-580 and what's going on there?

Malfabon: Okay. The...

Sandoval: In Reno.

Malfabon: We have -- Q&D is our contractor on the concrete paving rehabilitation. So the public has been seeing a lot of the crack-sealing operations, but they're going to get down to the actual slab replacement. So it's going to be very intensive efforts that are going to affect the traffic. You'll see a lot of traffic control. We met internally to try to identify where we would have a serious issue with traffic, gridlock. And we went a little bit southerly on the southbound direction to eliminate some portion of the project that, really, we were going to have no flow of traffic through there. So we did consider that and in hopes that we could at least eliminate that bottleneck to where -- a point where we would get enough lanes to handle the traffic volumes that are currently there on 580. So unfortunately, we did have to reduce some of the scope of work, but we felt it was necessary because of the amount of traffic in that section. We've been hearing a lot from the RTC Board in Washoe County about concerns of just safety in that whole spaghetti bowl interchange area on I-80 and 395 and 580. So we felt that it was appropriate to take those actions and we'll have some significant traffic control impacts, but we think that it's the best approach.

Sandoval: No, I was driving through between 9:00 and 10:00 last night and the traffic going northbound was backed up, I think, all the way close to Damonte, but

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there was also a pretty horrific rear-ender. It looked like somebody had -- a truck was going full speed and just really hit somebody. So I know it's got to be done and I haven't seen what the plan is, if we're going to use lanes on both sides in order to help traffic...

Malfabon: It's a...

Sandoval: ...get through there.

Malfabon: ...crossover.

Sandoval: But it's not only on Damonte, but it's on the I-80 and coming over to go southbound on the I-580 that things are backing up, as well.

Malfabon: Yes. We'll have to watch the backup, Governor and Board members. So that any advance signing, if there needs to be further down from what we anticipated, the contractor can move the signing in advance and keep up with those backups, because that is a significant concern, the rear-enders, as people are stopped or going very slowly, with people not paying attention. Thank you for pointing that out. Next slide. Oh, okay.

This one, no settlements are expected at tomorrow's Board of Examiners Meeting. We did have a bench trial for a property owner named Nasser. It's a parcel at Blue Diamond Road and I-15 where the owner was asking, basically, to negate the contract that we had selling the property to him years ago, when we did the Blue Diamond Project. And we built a flyover as part of the I-15 South design-build project, and he's saying that that affected his value of his property. The negotiations continue on a property owned by Wyckoff. It was also on the -- affected by I-15 South design-build project with some overhead transmission lines placed on Warm Springs Road. We think that we can reach a settlement possibly on this one, and that would eventually go to the Board of Examiners should we reach a settlement. If we don't reach a settlement then we'll have to go to trial.

On the Meadowood Interchange construction claim, we're looking -- we proposed some experts to Meadow Valley's president to consider for a nonbinding dispute resolution process. We feel that because we're far apart that it would be best to get some independent look at the issues here. And then one thing to mention is that we're going to really dig into this a lot more in detail. Reid Kaiser and I will work together on this claim, and we have

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an independent review going on shortly, once we get under contract with an expert to look at the drill shaft construction issues, because that's really what one of the basis of the delays, we feel, but we are far apart on this issue, as well. And as I said, we hope to really dig in to the details of both sides and come to some resolution if we can. If not, we hope to avoid going to court, but we're working towards a resolution. Next slide.

It's a very brief Director's Report, but I'm willing to respond to any questions from the Board. Did we get sound in -- okay.

Sandoval: Any questions from Board members? And, Rudy, now is not the time to talk about this in detail, but I think I mentioned it to you briefly with regard to a possible -- I mean it's a project for the future, but a flyover off of I-80 heading southbound, because I don't know if a day goes by that I haven't seen an accident.

Malfabon: Yes. That's one thing that the RTC Board in Washoe County has been bringing up. So the first step that we're doing is we issued an RFP for a traffic study to get what the future volumes of traffic are at that interchange and those freeways coming in to the spaghetti bowl interchange. So once we get the traffic numbers then we will use that for the environmental study. But we feel that there's some significant constraints with the river, park property near there that is probably going to be more of a vertical solution with bridges within existing right-of-way or minimal right-of-way takes. But it is significant issues and concerns with safety at that location with (inaudible).

Sandoval: Well, I'm just trying to anticipate when things are completed out there at the Tahoe-Reno Industrial Center, there's going to be a large volume of new traffic that's going to be coming through that spaghetti bowl from every direction. And I'd like to get ahead of it if we can.

Malfabon: Yeah. So we've anticipated that as well, Governor and Board Members. So we'll have more to report in future months on our plan there. One thing that I did suggest to staff was to look at more advanced warning and dynamic message signs with active traffic management. So the active traffic management would be you can change the speed limit on the fly in advance of a slowdown anticipated. And the -- it's what we're installing on I-15 on Project NEON. I think the I-80 and 580 would be something that we could

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look at implementation of active traffic management in that location, as well. Any other questions?

Sandoval: Any other questions or comments from Board members? Seeing none, we'll move to Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment to the Board?

Martini: There's a gentleman here to speak on his property. I'm not sure if it's part of the resolution on Item No. 7. Sir.

Sandoval: Sir, why don't you come forward, please.

Martini: No, right here. Sir, here's the speaker. Yeah.

Sandoval: If you...

Martini: Just right there. You can just stand right there. You're fine.

Denisi: I stand there.

Martini: Yeah.

Denisi: Okay. Alrighty. Okay. My name is Vincent Denisi. I'm from here in Las Vegas. And I think I'm probably on this project, Condemnation Resolution 448. All right. Anyway, the Nevada Revised Statutes indicate that just compensation is the sum of money necessary to place the property owner in the same position monetarily as if the property had never been taken. I can live with that, no problem. I'm happy with that. But I am the owner of 1007 Desert Lane, and 1007 Desert Lane is in the planned development Las Vegas Medical District. The surrounding streets are (inaudible) in Charleston, Rancho, Alta and MLK. Inside this medical district it's almost completely hospitals; UMC, Valley Hospital, Group Medical Facility, Goldring, et cetera, and many testing laboratories such as Desert Radiology, Quest Diagnostic and, of course, the tons of malpractice attorneys who sue all the above. And plus, it has many state and local governmental offices related to healthcare.

Okay. This location was -- directed me to go to when I set up my business by the Las Vegas City Planning Department, because I repair durable

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medical equipment and it's the only place -- only one of three places that my licensing would occur, you know, could be used. In this area, at the time, it had just changed from residential to planned development and we had an influx of businesses on the street that I'm located on. Once NDOT announced the NEON Project, everyone left. Me, I was stuck there because I own the property. And when you own the property you can't rent it, you can't move. It's hard to build a business knowing that you're going to be pushed out any day. I had invested \$275,000 for the building, another \$150,000 for repairs and I tied up all my cash. And, of course, the building at the time had a market value of around \$795,000. Okay.

As an investment -- and just to let you know, my hair is not gray because I'm trying to get senior discounts. But the fact of the matter, this is my income. My sole income. And this was an investment piece of property. An investment, basically, is something that you put your money into so you get more money than if you put the same money in the bank. There's a residential part of the property. There's two buildings on the property, two complete buildings on the property. There's a residential part that has a typical bathroom, kitchen, living room, bedroom, et cetera, that's rented out for \$750 a month. And there is the commercial part, the front which -- well, I'm running the business myself, a durable medical equipment repair shop, which pulls in \$1400 a month, which means my total income from rent is \$2150 per month income. And that's what I live on. Okay. I make a little money from the repairs, but that wasn't the, you know, that's not the main source of income.

All right. Now, about a year and a half, two years ago, NDOT offered to purchase the property and they offered me an appraisal. And appraisal amount of \$231,000 which is ridiculous. I mean, in an area loaded with hospitals and medical facilities, nothing sells for \$231,000. Another thing, too, is the Nevada Revised Statute very clearly states in there, Section 37.112, that things are supposed to be based upon the fair market value, not the appraisal value. The appraisal value is, basically, if someone lends you money, what is the scrap value of whatever he lent to you, so that he could get his money back. The fair market value is what property should be selling for. And all the property on this particular strip was very, very expensive until this condemn by NDOT, where they told they were coming

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through condemning it and the stuff became worthless. Who's going to buy a property that's in the middle of being condemned? Okay.

I told them I was willing to take another piece of property in the -- in this medical district with no problem, you know, just so -- once it had the same arrangements. I told them I would be willing to accept a blank piece of property or a piece of property where if there were old buildings we could have them removed, plus the cost of replacing it. The answer is no. Once again, they keep telling me about the appraised value, which has nothing to do with the fair market value of anything in the area. They actually picked out places for me to look at. Only one in the area. The others outside the area. And the area -- and the least expensive stuff they could find was in the \$350,000 to \$380,000 range. They finally said they were going to go up to \$300,000 then to \$350,000 but they're not going -- they weren't willing to pay for any of the repairs in these old buildings. And these are buildings that are from the '40s, '50s and '60s. Everything is wrong with them. I mean, they're knockdowns. They need to be knocked down.

I went to about 25 of them. I've been faced with leaky roofs, places that had no bathrooms, no water, no electricity, no inner walls. One had a sinkhole that you could drive an SUV in to it. They showed me a couple of residential cul-de-sacs and buildings with no heating and no air conditioning. And I don't think this is in the spirit of the condemnation process. I mean the -- I was reading last night the Nevada Revised Statute, which is not exactly exciting reading, under Section 37.120. And once again over there it says I'm supposed to be put in the same monetary situation that I started off with. I collect rent of \$2150 per month. Okay. I mean if you don't want to give me the property, an equal piece of property, put money in the bank so that I would have that much interest per month coming out. Leave me like I am right now.

I've been literally stuck in this location because of their indecision for over -- almost 10 years, where there's -- I think described in Section 37.111 of Nevada Revised Statutes of the loss of goodwill. First of all, if they move me out of the area, my licenses are no good. My business -- I can't -- most of my business has been word of mouth, customers just know I'm there, and there's no way of -- as soon as I move out, I lose all my customers, I lose all my income from the business. That's a problem also. And, of course, the

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Nevada Revised Statutes talks about the assessment of damages. And my biggest assessment of damages, they completely destroy the fair market value of the property as soon as they condemned it. And every time I speak to the people over at the relocation sector, they keep, you know, they keep pointing out to the appraised value of the property. Whereas the Nevada Revised Statute 37.112 very, very clearly states in black and white, that they should be working with the fair market value of the property, and basically the fair market value of the property before they came in and condemned the area.

And for that reason I'm asking you folks to help me out with this situation, because you're taking away my livelihood. You're taking away my income. And so far \$231,000, yeah, that -- you know, how long is that going to last me? I guess get a job from Kmart and maybe Lutheran services bringing me some food and Catholic charities, some meals on wheels and I'll be set. But you know that's not how, you know, how I want to live. And that's about all I have to say, and I can use your help. Thank you.

Sandoval: Thank you very much, sir. Is there any other public comment? All right. We'll move to Agenda Item No. 3, which are the April 13, 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: So moved.

Sandoval: The Controller has moved for approval. Is there a second?

Skancke: Second.

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

Group: Aye.

Sandoval: All right. We'll move -- what item was that for...

Malfabon: Item No. 9, Governor.

Sandoval: We'll move to Agenda Item No. 9, which is a Presentation on NDOT's Communications Plan and Branding Campaign.

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Malfabon: Okay. And Sean Sever, our communications director will introduce the speakers.

Sever: Good morning, Governor, Board members. I'm Sean Sever, NDOT Communications Director. And I appreciate you taking us out of order this morning. The students have to get back to school; they have finals this week. So I wanted to share something that we are working on to help portray NDOT in a positive light, and that is a communications plan and branding campaign. First of all, my staff does an excellent job informing the public and stakeholders about NDOT projects and programs. We send out a number of news releases and proactively reach out to the media. We utilize social media and tap into our 11,000 Twitter followers. We keep our website content fresh and create high-quality videos. We handle our employee internal communications and then host public events and hearings to help get the word out.

And to give you an idea of how busy we get, we normally get about 4,000 visits a day to our website. The day after the I-15 flooding event in Southern Nevada, we got 62,000 hits on our website and nonstop phone calls. My staff was -- I don't even think they took a break those days. They just went phone call to phone call. So we're one of the few agencies where you can still get a live person on the phone. I think people really appreciate that. One of the things we're most proud of is the Zero Fatalities campaign, which has reached 98 percent of Nevadans. And that means 98 percent of the people in Nevada have seen one of those ads and recognized the campaign.

So my staff does an excellent job. They allow me to cover the legislature where we're also having a lot of success as well this session. So two things I think we're missing here at NDOT is, number one, is a communications plan and the second one is a brand. And one of my employees took a social media class at UNR and the instructor told the class that the students were available to work on a communications plan. And I took them up on this offer. So I thought their young ideas would be a great combination with what my staff was already doing. This was also a free opportunity, so instead of paying an ad agency a lot of money to develop a campaign for us, the students did it for us for free. I went through this same program when I was at UNR in a journalism school, and our client at that time was Nevada

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Bell, which shows my age. So I contacted my professor who's still there, which shows his age, and he couldn't make it, unfortunately, today and we decided to move forward.

Now, no offense here, but when you work with students, you don't always know what you're going to get back. But I do remember how rigorous this class was for me and also that the professor used to own and operate an ad agency in Reno. And that's exactly how they operated. Half of their class worked on our campaign. Their other clients were Pizza Hut and the Reno Philharmonic. And what we got back was ad agency quality stuff. And Deputy Director Bill Hoffman and I were there for their final presentation, and the students exceeded our expectations. So I'd like to have the students share an abbreviated high-level version for you all, and then we can take questions afterward.

Sandoval: Thank you. I'm looking forward to this.

Allen: Thank you for having us today. We're going to get started.

Sandoval: And if you would identify yourselves just so we have it for the record. Oh, it's coming? All right. Excuse me.

Allen: Bridges, intersections, orange cones. These are all images commonly associated with the Nevada Department of Transportation. And that makes sense. They're products of your hard work. Be proud of them. Embrace them.

Fullerton: And for the next 10 minutes, we want you to forget about them. We're going to show you how NDOT is so much more.

Riley: NDOT is the pothole that is not there. There's no storm you knew not to drive through, and the accident that did not happen.

Honaker: It's peace of mind as the driver gets behind the wheel for the first time. It's the safety and connected of Nevada families.

Allen: Again, thank you for having us today. I'm Jennie Allen.

Fullerton: I'm Lindsey Fullerton.

Riley: I'm Mary Kate Riley.

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- Taylor: I'm Kenzie Taylor.
- Reddy: I'm Bree Reddy.
- Honaker: And I'm Lindsey Honaker. We're excited to share with you a new strategic communications plan. These energetic yet practical tactics aim to reach the public every day, highlighting the good things that the Nevada Department of Transportation does for the state.
- Riley: We believe there is an opportunity to make NDOT a positive presence in the community outside of a project setting.
- Honaker: NDOT needs to control the conversation surrounding their organization by sending out positive and strategic communications.
- Allen: It makes sense to focus on building strong communications between NDOT and constituents. By sending out consistent, strategic communications, NDOT can reinforce the trust the public has in their organization.
- Riley: The Nevada Department of Transportation keeps Nevadans safe and connected by building and maintaining highways.
- Honaker: This clear positional statement is how we want the public to perceive NDOT. It reaches the very core of the hard work that you do for the state.
- Allen: The following messages reinforce this positioning statement by connecting what NDOT does with the public's interest.
- Fullerton: The first message is NDOT takes a proactive approach to safety in the community.
- Riley: Next, the roads and highways NDOT builds connect all Nevadans.
- Honaker: And lastly, NDOT is accessible to the public.
- Allen: The goal, improve the public's perception of NDOT.
- Fullerton: The strategy; to show the public how NDOT keeps Nevadans safe and connected by creating positive awareness through unifying brand, developing new community outreach programs, and seeking positive media coverage for NDOT's efforts.

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- Riley: We want the public to see for the positive presence you are in the community, one that promotes road safety and is in touch with its public.
- Fullerton: It's important that all of NDOT's communications demonstrate the important of safety for Nevada's drivers and pedestrians.
- Allen: It is also important to remind Nevadans that the roads and infrastructure that you build connect them to each other and opportunities around the state.
- Riley: A strong tagline should connect your message back to the public in order for them to remember what NDOT does. We've created a tagline that we feel best supports your brand while also resonates with the public's make concern -- safety.
- Honaker: The Nevada Department of Transportation, Safe and Connected.
- Allen: We chose this tagline because we believe it gets to the heart of what NDOT does.
- Riley: In order to do this, we need to reach the 95 percent of Nevadans who we found through conducting public surveys had never attended a public meeting.
- Honaker: This group includes the driving population of the state, specifically 30 to 60-year-olds, active members of the workforce, families, and commuters who are not specifically affected by projects. And lastly, new drivers age 16 to 18.
- Fullerton: So how did we get here?
- Riley: We interviewed NDOT employees, conducted public surveys, researched other departments of transportation and analyzed the UNLV College of Engineering research.
- Honaker: After conducting surveys at both Northern Nevada grocery stores and online, we found that 95 percent of participants have never attended a public meeting, 32 percent discovered road projects only after driving through them, and 24 percent have never heard of the Nevada Department of Transportation. And the majority of the participants thought that NDOT operated the bus system.

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- Allen: The 2014 UNLV Customer Satisfaction Survey surveyed general perception of Nevada's roads. Topics of this survey ranged from traffic congestion, road maintenance, safety, funding, as well as differences between regions.
- Fullerton: This quote was taken directly from the survey. Notice how safety is the public's most pressing concern.
- Honaker: We also looked at neighboring states for similar population sizes to see how they use social media. These three examples have high numbers of followers, as well as engaging content.
- Fullerton: NDOT social media used should demonstrate positive productive conversations regarding projects, interests and pressing concerns around the state.
- Allen: We've developed a list of guidelines for NDOT account postings. All employees with access to the social media account should be familiar with them.
- Riley: We call it Etiquette to Drive Engagement, and it consists of eight essential guidelines for maintaining uniformity throughout platforms. Interacting with constituents on social media is a great way to demonstrate your accessibility.
- Honaker: One of the essential guidelines is to find a balance between fun, informational and promotional posts. For every project update, post something fun to interact your followers with your organization.
- Allen: Other tactics such as monthly photos contests encouraging followers to submit photos of their favorite roads and asking questions are great ways to generate engagement on your pages.
- Riley: Take advantage of your videographer by creating sharable and engaging videos. These videos should be unified under the idea that NDOT keeps Nevadans safe and connected.
- Honaker: Post all of these videos on all social media platforms.
- Allen: Now, here is an example of a video we produced highlighting NDOT rest stops.

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- Fullerton: Rest stops provide an alternative for drowsy driving and many Nevadans are unaware of NDOT's efforts in building and maintaining them. Sharing this video will remind constituents how NDOT keeps them safe on the road.
- Allen: Though it is important to reach out virtually, it is equally important to have a physical presence in the community. That's why we're recommending a new program. "Street Smarts brought to you by NDOT" would bring NDOT employees into student assemblies and classrooms around the state. Students would be informed on safety tips, educated on how to drive in the snow, introduced to tools such as NV roads and further give them ways to keep themselves safe as they begin driving.
- Riley: It is all right to let the public know when NDOT is doing something good. Earned media will allow NDOT to tell its story through a number of different outlets. Show the public how hard you worked to keep the roads of Nevada safe, and how much you are committed to keeping communities and neighborhoods safe across the state.
- Honaker: Promote partnerships with local radio stations in exchange for traffic updates, weather advisories and driving tips.
- Allen: During NDOT projects, the stations would run NDOT project updates. NDOT should also prepare messages to run during adverse weather conditions. "Watch out for black ice," and "Don't forget your chains," are subtle ways of reminding the public how proactive you are about their road safety.
- Fullerton: These partnerships could happen in a couple of ways. First, NDOT could reach out to the stations and ask them to play the messages as public service announcements, or they can ask the stations to seek out a third party on their own terms.
- Riley: Gaining media attention will be the perfect supplement for our community outreach efforts. Any time NDOT is involved with a sponsorship or a new community outreach program is created, a press release should be sent out. The goal here is to seek coverage of the work NDOT does to be proactive about safety and in keeping Nevadans connected.

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- Honaker: We also suggest having project managers submit editorial pieces to newspapers in all three districts. Giving a human voice to your organization will further drive the idea that you are accessible to the public.
- Allen: These recommendations are not far off of what NDOT already does. Take for example this editorial piece written about the Kingsbury Grade. It demonstrates NDOT's accessibility very well. However, we would like to see it emphasize exactly how the Kingsbury Grade safely connects commuters from the valley to the lake. There's always an opportunity to show Nevadans how you keep them safe and connected.
- Fullerton: An important part of any communications plan is tracking your progress. Quantifying the results will help you make adjustments to the plan in the future, to better fit NDOT's needs.
- Riley: Improving NDOT's communications will help position NDOT as more than a government organization.
- Honaker: NDOT's new communication plan will remind the public what keeps them moving every day. NDOT is...
- Allen: The pothole that is not there.
- Fullerton: The snow storm you knew not to drive through.
- Riley: The accident that did not happen.
- Honaker: Peace of mind as a new driver gets behind the wheel for the first time.
- Fullerton: The Nevada Department of Transportation...
- Group: Safe and Connected.
- Sever: So, once again, Sean Sever for the record. So what -- there's no action to be taken on this item. I'm really just trying to get a buy in. I presented this to the NDOT front office, the Construction Working Group and Mr. Savage, and the next stop would be your NDOT employees. And so our next step -- unfortunately, the students are -- they've moved on to their next semester. But we'd like to institute this communications plan and the Safe and Connected tagline this summer, and I have two interns that are going to work for us this summer that are going to help us out with this. But I think

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if -- I really believe that if we're consistent in delivering this message things will go much easier for us when the public understands that all we're trying to do is keep them safe and connected. So we can take any questions at this time.

Sandoval: Sean, thank you. And first, congratulations. That was magnificent. I mean it was really good. I mean really good. And we do need to get into the 21<sup>st</sup> century. In fact, I'm so impressed with what you've produced, I think the challenge is the Department, in terms of incorporating it and implementing what you've produced for us. And I like the tagline because it's simple and it's straightforward and, as you said, it gets right to the heart of the matter. So I'm very excited to see our plan or NDOT's plan to start implementing that. And another thing that's, I guess, rewarding for me, is that it was important to me that your generation produced this because that's what we need to do. And I'm a dinosaur so I don't get the social media thing, the Twitter, the Facebook and all of that, but we have to do that to be able to communicate effectively with the public given that this is the way that most people interact these days. So that's my personal take, so I think the challenge now is for us to follow up and make sure that we implement this.

So I'm a proud graduate of the University of Nevada, and so it's really nice to see you folks -- or all of you put this together, but I was also very pleased that you incorporated the survey from UNLV, because that's another part of this, is I don't want this to be a northern centric study. This is something that needs to cover all of the state and if anything, we've got to make sure that we also are reaching out to the rural counties as well. So it's very good. Any other comments from Board members? Member Savage.

Savage: Thank you, Governor, and students, and Sean, and your staff. Congratulations. Fantastic job. I love the passion. I like the youth. It's all about the future, as the Governor said, and outstanding presentation and just network. You ladies know how to network, and the Department does a great job, and we have our work ahead of us, but we have to sell, sell, sell. And I think you earn that media attention on the progress that this Department will see in the future. So thank you very much. Job well done. Thank you, Governor.

Sandoval: Member Skancke then the Lieutenant Governor.

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Skancke:

I just want to state for the record I graduated from UNR with the Governor and I am not a dinosaur. And I will submit to you that neither is he for the things that we've been able to accomplish. Ladies, outstanding job. I mean this is just actually exciting that the Department of Transportation could have a brand that actually talks about the way we do business here, which is we do connect people, hopefully in a safe manner. And number one, one of our number one priorities here, you captured that, which is safety. We are trying to get to zero fatalities. It's difficult. But I think if you lay out the strategy that you've laid out, we can get there because it's about reminding the public that that's their job, it's not just our job. And I think it's important that you remind the public that they've got to stay connected. And because the millennial generation is better connected, you're a part of that, you understand that.

So what I'm really excited about is that you took the time to do this and you put it together so well. You can tell that this was done with passion, and interest, and concern. So well done. I had a couple of questions -- or just a couple of other comments, if I could, Governor. One, love the concept of Smart Streets, because what the Governor did in that truck with autonomous vehicles, our streets need to get smarter both from a safety point of view, as well as from a driver's point of view. So my next challenge to you would be, and I realize that you're going back to class today and you might all be graduating. But as someone who does communications on a daily basis, if someone could define what a smart street was I suggest you trademark it.

The next thing is -- because we've got a lot of dumb streets. The next thing is I just wanted to know as far as the employees to the classroom, do we get to pick some of those employees who get to go to the classroom? That's just a comment, editorialization. And finally, amazing creativity. I like the interaction of the whole group, and how you communicated with us, and how you made the presentation. I think that was just superb. So we're lucky. As a graduate of the University of Nevada myself, I'm very happy to see the programs that you all are involved with, the success of those programs. And, Governor, I'd like to say that this is something that we didn't have to spend any money on, right, that we didn't actually have to get a researcher from the university to get a \$400,000 grant. It's probably something we should have spent some money on. So well done. Superb. And I hope the Department picks up this brand. I think it will resonate with

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the public. I think it gives the public direction and puts some responsibility on them. So, again, outstanding job. Thank you, Governor.

Sandoval: Thank you. Mr. Lieutenant Governor.

Hutchison: Thank you, Governor. And I'll just echo the comments. This was an outstanding presentation, just how you coordinated the speaking parts, where you just knew who was speaking. That takes a lot of effort, I know. And there was a lot of rehearsal and effort and time in that, so just those kind of details for those of us who do communicate publicly and have been involved in presentations to a variety of audiences. That was very impressive. I had a very quick -- a couple of follow-up questions for you. How big was your survey, the public survey that you said -- the online? And then -- was it at shopping centers, as well? How big was that survey and do you think it was big enough or if you had more time would you want to make it bigger, or can you just tell me a little bit about that?

Riley: Yeah, I stood outside the grocery store. I would say we were able to get, I think it was close -- it was over 100. I think it was 116 is the number that's in my head right now of physical grocery store surveys, and then we had potentially close to 40 online surveys.

Allen: The online survey did go around the whole state, so we did have a few contacts in rural areas and many more in Las Vegas. Yes, if we had had more time and more research, we would have loved to go to the different districts, and stand outside those grocery stores, and talk to more people, but unfortunately, we were sort of limited to their area.

Hutchison: And what was the response, particularly in-person response? Were people willing to talk about this subject? So many of us here are just accustomed to sort of the political process where people sometimes aren't so interested in that engagement. But when you engaged with the public personally, which by the way is a very difficult thing to do by itself, what was the response?

Riley: It was during election season so I had to preface it with "I'm a student, I'm a student. Please talk to me." And people were a lot more receptive. And it was -- once I...

Sandoval: And welcome to our world.

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Hutchison: Yeah, exactly.

Riley: Once I got speaking with them, they were overflowing with ideas and wanted to talk to me about all of their concerns, but a lot of it did, like Lindsey mentioned in the presentation, have to do with the bus system, and I tried to kindly remind them that that's actually not what NDOT does at all. And so I felt that I was able to inform a lot of people through that process about what exactly NDOT was doing. And like Lindsey mentioned, all of them did mark that they -- or most of them had marked that they had not heard of NDOT and their efforts, so...

Hutchison: Thank you. Just a real quick follow-up and I don't want to spend too much time on this, but because what the Governor said is so true with your generation being so in tune with social media. As part of your evaluation, did you -- or part of your work, did you evaluate NDOT's social media presence currently? And be as kind as you'd like, but how does that compare to what you're proposing? And use whatever system you'd like. I mean on a scale of 1 to 10, let's assume that your social media suggestion is a 10, where are we now, and what was your overall view in terms of just how we're representing, and how we're reaching your generation through social media?

Honaker: I would say that, again, our suggestions aren't far off from what they're already doing on social media. I would just say, kind of like I said before, implementing the eight guidelines, just so we kind of have structure as to what we're posting on all social media platforms. And also, kind of having a fun element as well so it engages all of the followers and everything and kind of -- so we can kind of build up the following.

Allen: And this was a bridged version, so they have the full eight guidelines in the book we gave them. But just simple things like the length of posts and when to post. Things like that are -- yeah, really small things do a lot in terms of reaching people online. So things like that, but overall good. They do a good job.

Riley: And through our research of other departments of transportation that were very successful with similar population sizes, we were able to come up with these ideas because they had such large followings and we wanted to, kind of, mirror that.

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- Hutchison: Well, thanks again for a wonderful presentation. And, Sean, we just got a report that there were 17 existing vacant positions that needed to be repurposed. There may be some candidates here in the future. So thank you very much. Governor, thank you.
- Sandoval: Mr. Controller.
- Knecht: Thank you, Governor, and thank you ladies and Sean. Very good job. Thank you above all for providing some comic relief that we candidates didn't provide during the election season. Some lighthearted moments. I'm not going to dwell on this because everybody has said pretty much what needs to be said and I second all that. I did want to let you get back to your finals where I know you're going to do well. And above all, I know you're going to do well after your finals out there in the business world, so good luck and thanks.
- Group: Thank you.
- Sandoval: Well...
- Sever: Just to conclude, Governor, if I could. So going back to their research, they did pull a lot of information from the UNLV study which is a very comprehensive study that NDOT does. But I also have full confidence in my staff to carry the torch from here forward and be successful.
- Sandoval: No, thank you. And if you could take to your professor you don't need to take a final, you just did and you got an "A."
- Group: Last semester's class.
- Sandoval: Oh, okay.
- Sever: They also got an "A."
- Sandoval: But the other piece of this, I -- maybe the Department does this and I -- everyone -- I don't sound so cliché, but is there an app or can an app be created that folks can check on? Because I just saw this line of cars last night, and if there's more of a real-time way to communicate where the bottle necks up so that people aren't pulling into situations, I'd love to see that. I don't know if that means you have to join Twitter for NDOT and you get a tweet and it tells you, or if there's an app where you can see where the

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problems are so that you can try to avoid it, that would be something I'd like to see incorporated in this. For example, DMV has an app that you can see what the wait times are real time. And similarly, if there was something that regionally could be used in order so people could know. I know we have those dynamic reader boards that shows how much time it takes to get somewhere, but if there's something that could even -- someone could use before they leave their place of work or before they leave the house to pick up their kids or whatever the errand is, that's something I'd like to see, as well.

But, again, really good job. And I feel like we're on America's Got Talent or something, but -- you do. You do. And so you pass, and everybody gave you the thumbs up. But in all seriousness, this is a great benefit to the state and when we incorporate what your suggestions have been, I think you'll have some -- not some, you will have the satisfaction of knowing that you've made this state a better place. And so, I really want to give all of you my thanks and appreciation. And as the years move on and you see this start to roll out, you can say I did that. So thank you. Thank you.

Malfabon: Thank you. Thank you, ladies. And to Sean, that was very, very impressive. A lot of good advice for NDOT to take forward. The next item will be presented by Robert Nellis.

Sandoval: We are moving to Agenda Item No. 4, Approval of Contracts Over \$5 million.

Nellis: Good morning, Governor, members of the Board. For the record, Robert Nellis, Assistant Director for Administration. And I only wish we had that video for our budge closing on the rest stops before they -- if we could go back in time.

There is one non-bus construction contract under Agenda Item No. 4, Attachment A on Page 3 of 13 for the Board's consideration. This project is located on U.S. 395, Carson City Freeway, from South Carson Street to Fairview Drive, to construct a four-lane controlled access freeway to include signs, lighting, sound walls, and landscaping esthetics. There were six bids and the Director recommends award to Road and Highway Builders in the amount of \$42,242,242. And, Governor, that concludes the contracts for

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consideration under this Agenda item. Does the Board have any questions on this contract?

Sandoval: Okay. Questions? Member Savage.

Savage: Thank you, Governor. Thank you, Mr. Nellis. I think I know the answer, but I'd like to go on record. On Page 13 of 13 of the price sensitivity cost comparisons, Page 13 of 13, under Temporary Pollution Control, the low bid had an amount of \$10,000 and the second low bid had an amount of \$400,000. And the line item below that under Dust Control, they had \$5,000, the apparent low bidder, and the second low bidder had \$500,000. And my question to, I guess, Mr. Terry or Mr. Nellis, would be is the Department at risk financially if it takes more money to control the dust and the temporary pollution?

Terry: John Terry, Assistant Director for Engineering. I do not believe so. Those are two lump sum items that extend over the duration of the contract. Yes, we do see contractors moving money and spreading it out within other items, but I have heard of no issues NDOT has had of enforcing our dust control and our temporary pollution control specifications in making the contractor do the work on the project. So for that reason, no, I do not believe we are at risk.

Savage: So if the contractor did come back and spend \$400,000 rather than the \$5,000, the Department would not have to fund that contractor any more money?

Terry: No, it's a lump sum bid and that's his bid.

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

Sandoval: Thank you, Member Savage, and that's a great catch because what we don't want to see is an amendment later on, to be adding money for dust control. So you're telling us that won't happen; that if it does cost the low bidder more money to do that, it's going to be its responsibility to absorb that expense?

Terry: Again, John Terry, Assistant Director. Yes, the specifications are pretty clear on what has to be done under that bid item, for the duration of the

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contract. And unless some other things change, they should have to do the items that are in that item of the contract. Yes.

Sandoval: And just as aside, just because it's been a sensitive issue, there are no issues with airborne asbestos for this project, are there?

Terry: None that I or anyone else is aware of. That's correct.

Sandoval: Okay. Because that, obviously, has a lot to do with the dust mitigation that needs to be done.

Terry: And, again, John Terry. We're going to talk later about NOA in Southern Nevada and dust control as the primary mitigation measure we're taking. And we were already doing extensive dust control on our projects. It's just ramped up in the NOA area. But, yes, dust control, especially in the urban areas, has and will continue to be a requirement.

Sandoval: And I'm a -- I'm not a contractor, but when they come to you and say -- what was it \$50,000?

Savage: It was \$5,000.

Sandoval: Or \$5,000, don't you come back and say, really, \$5,000 for a major road project?

Terry: And, again, John Terry, Assistant Director. And, again, the really is when our bid analysis team evaluates the bids and sees if any advantage or change is being gained by the way they bid the projects. We're aware that the contractors move money around within the way we bid our projects and we track that. So we evaluate it and we pay it as lump sum, but we still enforce our spec.

Sandoval: So when they -- and if they came back and said we've got a change order on dust mitigation, you'll say sorry.

Terry: You have to do what's in the spec. A change would only be if something changed that they had to do stuff beyond what was in the specification that's in the contract.

Sandoval: But when you see that number, \$5,000, don't you say there is no way that you're going to be able to get this done for that amount?

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- Terry: Agreed. And we even see penny-a-ton oil and things like that where they move money around within these contracts. Yes.
- Sandoval: Well, doesn't that mean we're getting overcharged in another area?
- Terry: Yes.
- Sandoval: Well, that doesn't sound logical to me.
- Terry: We could have a long discussion on how highway contracts are bid and the way money is moved around within those and how we establish our reasonable bid prices, but as long as the other quantities are correct or relatively correct, then no advantage is gained by doing that.
- Sandoval: Well, it's probably a conversation for another day so I have a better understanding. But I'll just hold that thought. Mr. Controller.
- Knecht: Thank you, Governor. And my follow up to that would be this; we're looking at temporary pollution control where we've got a 40 to 1 ratio between the top two bids, which does bracket the engineer's estimate, and then we've got 100 to 1 on dust control which also brackets it. I'm moved to wonder do we go back and look at how we specified the scope of work for each of those to make sure that there isn't a loophole that somebody's taking advantage of, to get down to \$5,000 and \$10,000? Because that's what would worry me might bring us a change order.
- Terry: Again, John Terry, Assistant Director. I mean we attempt to look at our spec. I do not know of any recent changes in the northern areas on our temporary pollution control and dust control specifications, or issues we've had with enforcing those specifications, or loopholes that would end those specifications. So I'm sure people are looking at it, but I am not aware of any issues with those specific bid items.
- Knecht: And a follow up, Governor. John, does the persistence the last few years of the drought exacerbate the dust control problem, or pollution control problem, or does it mitigate it, or have no effect or what?
- Terry: Again, John Terry, Assistant Director. It certainly affects the availability of water for the dust control. The pollution control which is more our stormwater-type stuff is probably less if you don't get as many rains. That's

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the runoff that occurs during a project. So I would said the availability of construction water is the issue.

Knecht: Thank you. And I guess I'll close with this; you can certainly secure my vote for this by telling me it'll be done sooner rather than later.

Terry: I actually don't know what the construction days that this contractor bid. It was 350 in here. Okay. I would like to point out that I don't know why, but we didn't put our engineer's estimate in this one. But...

Malfabon: It's there.

Terry: Was it in there?

Malfabon: It's very -- bid \$100,000.

Terry: Okay. It did make it in there. Oh good. For once we were quite close.

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

Hutchison: Just a real quick follow up on that last point. Are the engineer estimates available for those bidding? Is that just not disclosed?

Terry: No, our current policy is we give a range. It's quite a wide range. We do not give out the exact estimate, nor our individual items for individual items.

Hutchison: Thank you.

Sandoval: If there are no further questions, Mr. Nellis, is there anything under this -- anything else under this Agenda item?

Nellis: No, Governor. That concludes Agenda Item No. 4.

Sandoval: 4? Okay.

Nellis: Yeah.

Sandoval: If there are no further questions, the Chair will accept a motion for approval of the contract described in Agenda Item No. 4.

Knecht: Being the local boy, can I have that one?

Sandoval: Yes.

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- Knecht: So moved.
- Sandoval: So Controller has moved for approval. Is there a second?
- Savage: Second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? Hearing none, all in favor please say aye.
- Group: Aye.
- Sandoval: Opposed no? The motion passes unanimously. When does work commence?
- Malfabon: We expect in about 30 days that they'll commence work.
- Sandoval: All right. Thank you very much. Let's move on to Agenda Item No. 5, which is Approval of Contract -- or Agreements over \$300,000.
- Nellis: Thank you, Governor. Again for the record, Robert Nellis, Assistant Director for Administration. There are six agreements under Attachment A found on Pages 3 and 4 of 26 for the Board's consideration. And, Governor, if it pleases the Board, I can summarize two at a time and then pause for questions before moving on to the next items.
- Sandoval: Let me ask if there are -- I do have a specific question on one of those -- on one of these contracts.
- Nellis: Would you like me to summarize first and then pause for questions?
- Sandoval: I don't think so.
- Nellis: Okay.
- Sandoval: I think we'll just wait to get to it. So my question is on Contract No. 2 with Snell and Wilmer. And perhaps this is a question for Counsel, but Snell and Wilmer has represented NDOT for a very long time on various matters, but Snell and Wilmer has also commenced a plaintiff's action against the state with regard to a different issue, which obviously brings up the issue of conflict. And I'm not aware of any waiver of conflict, and I kind of want to get Mr. Gallagher's take on this.

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- Gallagher: Good morning. For the record, Board members, Dennis Gallagher, Counsel to the Board. Governor, no waiver was requested of the Department of Transportation in regards to the litigation that was filed by Snell and Wilmer against the state.
- Sandoval: So would not -- I mean it's a pretty basic conflicts check in my book and they're both against us -- they're representing the State of Nevada on one hand and suing the State of Nevada on another, although I don't know if they try to thread needle by saying one is we're representing NDOT on one hand, and we are suing DHHS on another. But as I said, in my mind, at a minimum there should have been a communication. So I think there's a conflict here. I don't think that Snell and Wilmer can continue to represent the state on these matters before us. And so I am not supportive of Agenda Item No. 2 until that's resolved. So other comments from Board members?
- Hutchison: Governor, thank you. I was going to ask a question different on Item No. 2, but I agree 100 percent. You cannot be on both sides of the "V" against the existing client. I think the case law is pretty clear in terms of trying to split hairs with this and saying which department it is. The client is State of Nevada and I agree 100 percent. I would not support Item No. 2 either, until we understand that there's either been a waiver, which apparently there hasn't been, or what's their explanation. They better get out of the plaintiff's business or continue to defend the state.
- Gallagher: I can represent to the Board that neither myself nor the attorney on my staff who's assigned to this matter, were aware of Snell and Wilmer's representation in the Rights of Passage case until Friday of last week.
- Sandoval: So where does that put us? I mean obviously they've been representing us for -- since -- at least on this one, July 18<sup>th</sup> of 2013.
- Gallagher: Correct.
- Sandoval: So do we seek other counsel? Do we -- what's our next step?
- Gallagher: I will get with Mr. Kaiser after this meeting, and we will discuss it, and we will come up with a proposal. Also, we have not -- I have not heard back yet from Snell and Wilmer about their representation in the other case, so I have no explanation that I can convey to the Board as to how this happened.

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Sandoval: And just as an aside, I don't think we should paying one penny in attorney's fees from their retention of that client and the filing of suit against the state. So I would ask that if there's a bill that comes to state, and there are billings for work that was commenced subsequent to that plaintiff's action, that we shouldn't be responsible for those.

Hutchison: And, Governor?

Sandoval: Yes.

Hutchison: Just to piggyback on that. There's even some precedent to suggest that they're -- and I don't know how far you want to take it, but the scorchment of fees when a lawyer intentionally puts the law firm in conflict with the client. The client has got to go out and secure new counsel. Now, this counsel's been on the case for a while, and you have to have an awful lot of up-to-speed costs to replace counsel. So that's maybe something else they want to consider, as well.

Sandoval: Thank you.

Hutchison: Thank you.

Sandoval: Mr. Controller.

Knecht: Thank you, Governor. And I've got two things in that regard. Under the circumstances and given the questions and answers on the record here, I think it would be appropriate if Counsel and the Department would formally notify the Controller's Office of any bills that may be in process so that we can be sure that nothing is untimely or improperly paid under this contract. There's \$170,000 already logged before this Amendment 3, and I'd like to know the details of that. The second thing, Governor, is -- and I see Mr. Gallagher nodding affirmatively there. Did you have anything you wanted to add, sir?

Gallagher: Oh, I was going to wait, Mr. Controller, until you finished your statement to say we would get that information to you.

Knecht: Thank you. I appreciate that. Governor, would it be appropriate to move to table this one item at this point?

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Sandoval: Why don't we wait until we get through the entire Agenda item and then we'll take it on there.

Knecht: Okay.

Sandoval: I have one more questions and it's one of my favorite topics, the escalator. It -- and that's Contract No. 6. I see that we have to pay the expense of continuing to maintain that escalator until we replace it. I had an opportunity to have a conversation with some of the Commissioners, and it was relayed to me that we are getting close to finalizing the agreement to turn that over and have the county -- Clark County be responsible for the maintenance thereafter.

Malfabon: Go ahead, John.

Terry: Again, John Terry, Assistant Director for Engineering. We do not yet have the executed agreement with Clark County on the escalators, which is not just the maintenance, but a lot of issues to do with the escalators. And we're in like the second draft of that agreement. But at the same time, the county has said, although I have not seen the final one, that they are sending over a letter saying they have every intention of taking over the escalators upon execution of the agreement, and we expect that contract to them. We also expect that next month, hopefully, we will bring to the Board the first purchase, which is the advance purchase of the escalators to start on the project.

Sandoval: Thank you. I have no further questions. Board members, any other questions with regard to this Agenda item? Member Savage?

Savage: Thank you, Governor. Item No. 1 and Item 4, again, I know we're always on the construction department about estimate -- job estimates. And Item No. 1 is about six times the original cost, and Item No. 4 is around three times the original cost. And I know this work has to be done, but it's all about good estimates and pricing upfront so there's no surprises at the end of the day. And is there any explanation as to why the major cost increases that we didn't see?

Malfabon: I could address Item No. 1. So the IT staff were supporting the development of this access data of this eDiscovery system. They felt that they were not able to get to other IT projects as a result of the commitment to support for

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this software. It's a good software system for the electronic discovery, the e-mails, any kind of electronic documents that you have to provide. And you have to, basically, scan all your documents and make them accessible to the legal staff. So it was a good product, it's just that they couldn't support it, so we had to amend the contract to provide that support from the vendor instead of getting it from the in-house support. So it frees up the IT staff to work on other internal projects at NDOT.

Savage: So do you -- because the amendment came out early even though the contract had another year left on it.

Malfabon: Right.

Savage: Do you foresee any other additional dollars?

Malfabon: I don't foresee any. It was, basically, a change in the scope of work to...

Savage: Okay.

Malfabon: ...provide the support.

Savage: Okay.

Malfabon: So it wasn't in the original scope of work.

Savage: Okay. Very good. Thank you. And Item No. 4, Emergency Work, I think. It was, again, original amount was \$300,000 allocated and now we're at \$1.2.

Malfabon: On this one, most likely though there will be a change. It sounds like it's going to be a lot more significant rock scaling. So we had previously mentioned to the Board about the cave rock tunnel area...

Savage: Mm-hmm.

Malfabon: ...on U.S. 50 and some of the rock scaling required because of rock fall mitigation required. It looks like the contract -- construction contract is going to be a lot more cost, but the -- that came about after the development of this item in the Agenda. So I don't know if, John, you have something additional to add to that. But it was a substantial increase.

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Terry: Again, John Terry. They're somewhat related. This is additional rock scaling, which is potentially scaling back in mitigation. Cave rock, and we will probably present in the near future on that, is more significant than that, and we're actually talking about a more significant -- a fix to the area by cave rock to prevent the rock falls. In that, we're going to create a catchment area to sort of deal with it. So they're sort of related, and maybe you could give it better than that.

Dyson: Certainly. Thor Dyson, District Engineer. On February 6<sup>th</sup>, we have massive rains. In those massive rains, we have two different events. The major event was the closure of State Route 342. While that was going on, the District was dealing with also cave rock on U.S. 50. It was several large rocks because of the rains had fallen down, and actually fell down and came close to hitting a motorist. So we closed the tunnel and began emergency operations to address the rock fall that was a real big concern for safety for all of us.

So in the process, we have -- the Department has an on-call agreement with Hi Tech. And we have had them originally for around \$380,000, if I remember correctly, to address various rock fall issues throughout the district. So NDOT has a lot of roadways and a lot of the roadways in District 2 have cut slopes. And those cut slopes, when it rains a lot, rocks can come down. Cave rock is a unique situation and based on -- we didn't know what was going to transpire, so we worked with headquarters to increase the dollar amount from the \$388,000 to \$1.2. It may or may not be used throughout various areas in the district. So we've got rock fall problems along I-80. We've got rock fall problems down by Hawthorne, and cave rock is one that's a concern.

Currently, the Department is working on more of a long-term fix. We've had meetings with TRPA. We've had meetings with the tribe there and we're moving forward with a long-term project to address cave rock. Like Assistant Director Terry said, we'll be coming forward with that to address it on a permanent basis. This is on an as-needed basis. We may not even touch a dollar of this. If it rains a lot, I might be using quite a bit of it. I think that fairly well explains it.

Savage: Thank you, Mr. Dyson. Thank you, Mr. Terry. That satisfies my concern. Thank you, Governor.

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Sandoval: Thank you. Mr. Lieutenant Governor.

Hutchison: Thank you, Governor. And I have questions on Items 2 and 5. And it won't surprise Mr. Gallagher it has to do with attorney's fees. And so I'm going to try to consolidate my thoughts and comments so that I don't belabor the point. But my first point is -- or my first question is I know on Item No. 2, and we discussed that from a conflict standpoint, but just from a procedural standpoint, I know there's a big jump from the initial agreement of \$30,000 an hour up to \$450,000 amendment. I get why that happened, because it sounds like there was a FOYA request initially that Snell and Wilmer was brought on for, initial consultation. And then it rolls over into litigation, and so obviously that's going to be a big difference.

My procedural question is when you have a law firm that's helping in a consulting role in one area like FOYA and it rolls into litigation, does that go back out for another RFP and (inaudible) should it in light of two completely different skillsets that may be required for those two different litigation or consulting tasks?

Gallagher: For the record, Dennis Gallaher, Counsel to the Board. Historically, this has not occurred very often. Once the FOYA request came in, it was, kind of, obvious where it was going head. It would either stop there or it would continue to go. The personnel from Snell and Wilmer that were assigned to this are from their construction department. So the Department and my office knew that this FOYA would roll over and pick that firm for the staff that had worked on a similar matter some years ago. I don't know if that fully answers your question.

Hutchison: And this example with Snell and Wilmer, it works and makes sense because it usually rolls over. But have you had a situation in which you anticipate where when the legal issues change or legal tasks change that maybe a firm that's better equipped, I guess, to help NDOT than maybe the initial firm with that task? Is that something that you at least look at and consider before you just automatically roll that over?

Gallagher: Would most undoubtedly look and consider, but the retention of the initial firm, if you will, would probably be -- not probably, excuse me, would be made in mind with where it would end up.

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Hutchison: Future -- yeah.

Gallagher: Yes.

Hutchison: Future litigation or efforts. Okay. And then I just have a question just overall again, kind of, procedure and how we do things. I just noted on -- not only on Item 2, but -- and I think there's an easy explanation for why there was such an increase in the budget, so to speak. But then I looked at Number 5, Legal Support Services, and we went from -- and turn back to the supporting materials which was on Page 23 of 26, and it looks like we've gone from \$275,000 to \$425,000, and so that's almost a 40-percent increase.

And my question is when we get these cases in the door that we know that we've got to get outside counsel for, we don't think the Attorney General's office either has the capacity or the expertise to handle, do we ask for a full litigation budget? That is start to finish, tell us what it's going to cost. Because if that's the case and we've got a \$275,000 litigation budget that now it bumps up to almost 40 percent increase, it seems like there had to be either some extraordinary circumstances or just there's a lot more depositions or a lot more pretrial or something happened. Or do we not request that full litigation budget and so we don't have the full pitcher initially?

Gallagher: For the record, Dennis Gallagher, Counsel for the Board. When we involved outside counsel, we always ask for a budget. In this particular item, Number 5, part of the reason we're seeking to amend it is the property owner's counsel did take one of the judge's rulings up to the Supreme Court on a writ, so that was not factored in the initial budget. And this is the case that the Director mentioned in his report that we are in active negotiations and are very hopeful that we won't need much of this amendment if -- any of it if we're able to settle this coming week.

Hutchison: Thank you. And then my final comment has to do with rates and just the number of bidders. Do we send these out with an RFP? Does the legal world know that NDOT needs counsel for an inverse condemnation action and submit your bids, or is it done differently?

Gallagher: For the record, Dennis Gallagher, Counsel for the Board. We put out requests for expressions of interest. The last one we did, Lieutenant

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Governor, I believe was just over a year ago. We got some responses and, basically, created a pool, if you will, of experienced counsel and their rates, and as needed we'll call upon them.

Hutchison: And then you'll select, based on your knowledge of those firms, their skillsets, their lawyers, whoever is going to be handling it?

Gallagher: Yes.

Hutchison: And do we go in and ask for competitive rates? The legal market has changed substantially. I'm just telling you when you're working with insurance companies or businesses now, they are really asking for your most competitive rates. And particularly, as I went back and looked at the Litigation Report, we've got some firms doing five or six cases. Do we ask them, I mean give us a volume discount? We're basically a client that's going to be giving you a lot of matters. Are you going to give us a rate not \$400-\$500 an hour? You better be giving us a \$200 an hour rate to a \$300 an hour rate and we expect those kind of discounts.

Gallagher: Yeah. For the record, Dennis Gallagher, Counsel for the Board. Yes, we do that. A couple of the firms have given us just discounts across the board. A couple of the other firms use a blended rate.

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

Sandoval: Other questions from Board members? If there are none, the Chair will accept a motion for approval of agreements over \$300,000 as described in Agenda Item No. 5 with the exception of Contract No. 2.

Hutchison: So moved.

Knecht: Second.

Sandoval: Lieutenant Governor has moved. The Controller has seconded the motion. Any questions or discussion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? The motion passes unanimously. We will move on to Agenda Item No. 6, Contracts, Agreements and Settlements.

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Nellis: Thank you, Governor. Again for the record, Assistant Director Robert Nellis. There are two attachments under Agenda Item No. 6 for the Board's information. And beginning with Attachment A, there are two contracts that can be found on Page 4 of 12. The first project is located at the Fernley maintenance station in Lyon County to upgrade the vehicle storage base. There were three bids, and the Director awarded the contract to Raymond Brothers Construction in the amount of \$714,976.

The second project is located on U.S. 95 Amargosa Valley to Beatty in Nye County for half-inch chip seal. There were four bids and the Director awarded the contract to VSS International Inc. in the amount of \$1,542,000. Does the Board have any questions on either of these two contracts?

Sandoval: Hearing none, please proceed.

Nellis: There are 44 executed agreements under Attachment B, that can be found on Pages 8 through 12 for the Board's information. Items 1 through 15 are cooperative and interlocal agreements. 6 through 14 are acquisitions and appraisals. 15 through 21 are facility agreements and the lease. Item 22 and 23 is a license and a rental agreement. And then, finally, Items 24 through 44 are right-of-way access and service provider agreements. And Board members, I just have one note on Item No. 23. There was an error in the end date. That was a typo. It should not be 3-31, 2025. That should be 3-31, 2016. And this just simply allows NDOT to pay rent when a tenant has to relocate prior to total acquisition of the property, and it keeps new tenants from moving in. Does the Board have any questions on any of the other 44 items?

Sandoval: Questions from Board members? Mr. Lieutenant Governor.

Hutchison: Thank you, Governor. Just one question on Item No. 5. And I know that's not a lot of money, but \$10,000 for an employee survey. Is that something that needs to go to UNR to conduct that, or is that something that we just...

Malfabon: I can respond to that. Mr. Lieutenant Governor, we used to do this employee satisfaction survey. It's one of our performance measures. And doing it in house, we heard a lot of concern from employees that would we trace back any negative comments. They felt concern about being able to be upfront about their comments, and we saw a lot more comments and also

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participation when it was a third party. So hearing the interest from our human resources division, we contracted that survey out.

Hutchison: Okay. Thank you.

Sandoval: Any other questions? Anything else?

Nellis: That actually -- Governor, that concludes the items under this Agenda Item No. 6.

Sandoval: All right. This is for information only. Thank you, Mr. Nellis. Let's move to Agenda Item No. 7, Condemnation Resolution No. 448.

Malfabon: Thank you, Governor. We have three owners and three parcels associated with Project NEON acquisitions. The Peaceful Sundays Trust, we have the information provided there. We revised our offer to \$310,000 to the owner, but it was rejected and negotiations are now at an impasse. As in the case of all condemnation actions, we continue to work towards a settlement. It just moves in to the legal realm and it keeps us on schedule for the design-build project.

Mr. Denisi did address the Board on his concerns associated with the second one, the second parcel there. We made an initial offer of \$231,150 for .19 acres. He made a counteroffer, but negotiations are at an impasse. As stated, we'll continue to work towards a settlement, but this moves it more on the legal side to continue those negotiations and keep us on schedule with the court and acquisition of the property.

The third is the Reich Series LLC. We made a settlement offer of \$1,570,000 and the property owner has not responded. So just to be timely in our acquisition and keep on schedule with the design-build Project NEON, we're requesting the Board's support of the condemnation resolution on these parcels.

Sandoval: Are there any questions from Board members? Mr. Controller.

Knecht: Thank you, Governor. And Mr. Gallagher, you heard what we heard from Mr. Denisi. Are you able, at this point, to comment or respond in any way that's helpful to us on the question of what the fair market value was before NDOT took any actions in this area, and whether that fair market value has any meaning or use in all of this?

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- Gallagher: For the record, Dennis Gallagher, Counsel to the Board. Mr. Controller, in order to address your question I will pass it over to Paul Saucedo, Chief of Right-of-Way.
- Saucedo: For the record, Paul Saucedo, Chief Right-of-Way Agent. Yes, sir. When we have a situation like this the appraiser will actually go and find comparable outside of the project area so that you can avoid having any kind of project influence on the value of the properties. It's a very difficult situation, especially when you have a business relocation. Those are very hard, very complex, and there's a lot of contact that we must keep with that property owner to keep them informed, to try to get them through that process. So it's very difficult. I definitely will be talking with our consultant on that to see -- make sure we're making contact with Mr. Denisi and he fully understands everything that we're trying to do there.
- Sandoval: No, and just to follow up, that seems like part of this issue here is a communication one between Mr. Denisi and our appraiser. So certainly we want to encourage the two -- NDOT, and Mr. Denisi, and give him a full and fair opportunity to give all that information that he feels should be part of that evaluation.
- Saucedo: Paul Saucedo again. Yes, sir, we will make sure that there's a connection there. It's difficult because we do not acquire businesses. Our job is to relocate businesses. If they can't be relocated then that's another issue that we have to address. And so it's very complicated, especially when you're people aren't used to having to deal with all of the federal rules and state rules that we have to deal with. But we will definitely reach out and make sure that we have that continued contact with Mr. Denisi.
- Sandoval: Are there any other questions? Mr. Lieutenant Governor.
- Hutchison: Thank you, Governor. I'd like to just understand the Reich Series LLC situation. From the summary, it appears that our initial offer was \$950,000 and then we didn't get any counter at all and we go from \$950,000 to \$1.5 million. Was there a reason for that?
- Saucedo: Yes, sir. Paul Saucedo, Chief Right-of-Way Agent. Yes, Mr. Lieutenant Governor, in that situation we actually provided an appraisal to the property owner. They looked at it. There were some questions, in regards to the

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income approach to value that we used, and their actual costs that they incur in running the business -- or excuse me, in running the apartment complex there. We took that into consideration, also looked at a difference in the cap rate and there was one other issue that was in that that isn't really reflected in our appraisal, but they had been approached by a cell company for (inaudible) Natural Cell Site at one point in time, and they had documentation to support that. And so we tried to be creative, and one of the reasons the cell company didn't come in was because of the project. So there was potential for some consideration there that we worked in to the income approach to value. And that's kind of where we came up with that counteroffer.

Hutchison: So do you -- this goes back, I guess, to the first point that was made. Do you try to communicate upfront with the property owners and get that information before you make the initial offer, or is this -- or it's just sort of as matter of protocol procedure, you just get an appraiser in there, give them a basic appraisal, hand them that and see what they say, and then if they give you more information that's when you go back and revise it?

Saucedo: No, sir. It's kind of a process. I mean we want the appraiser -- the appraiser meets with the property owner. Hopefully, the information flows.

Hutchison: Yeah.

Saucedo: Sometimes the property owners may or may not give that information upfront. We'll go back again once we get the appraisal and get it reviewed, set just compensation, make the offer to the owner and then through the negotiation process you might find out some of these other issues. In addition, the appraiser may not feel that an item may have value to the property, but to the property owner it may have a huge value. So you kind of wrestle with that and try to be reasonable and come up with something that in a settlement situation where it makes sense. It may not make sense from an appraisal standpoint, but it makes sense from a human standpoint or just the fact that there is something there, you just can't put your finger on what it is. Does that make -- does that help?

Hutchison: Yes, it does. It makes sense. And maybe this is a question for Mr. Gallagher, but it seems to me the best approach is to -- before this goes in to litigation -- and I would assume this is the approach. Before this

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actually goes into litigation, the state has come in and made their best, highest final offer. I mean, we are going to say this is our best, highest offer with the information that we have. You've given us all your information. This is our offer here. Now, I assume that that's the case. And if that's the case, Mr. Gallagher, do we then make an offer of judgment from the moment that we file our complaint so that if, in fact, somebody is being unreasonable, and we've given our best and our fairest offer, and if they're being unreasonable, then there's a cost shifting mechanism under the law that would allow us to recover our cost if they go forward with litigation, assuming that we give them the best, highest, good faith offer before we actually commence litigation?

Gallagher: For the record, Dennis Gallagher, Counsel to the Board. Lieutenant Governor, unfortunately under the law they're in a condemnation proceeding...

Hutchison: Nothing available. Is that right?

Gallagher: Yes.

Hutchison: Okay. So there's no cost shifting at all where you could -- so they're really -- okay. Well, I won't say it on record about what incentives that provides. But all right. Thank you. That's helpful to know and we go in with our best offer and if they don't take it then we've got to go to litigation, and we really can't put a lot of pressure legally in terms of cost shifting then.

Gallagher: And if I may, and Mr. Saucedo may elaborate on this. Oftentimes when the Department comes to the Board seeking authorization on a condemnation resolution, it also seeks authority for continuing negotiations. So hopefully, at some point, be it before the complaint is actually filed or have shortly thereafter, the Department can reach a settlement with the property owner.

Hutchison: Thank you. Thank you. Very helpful. Thank you.

Saucedo: Thank you.

Sandoval: Member Skancke.

Skancke: Thank you, Governor. The cell tower information caught my attention, having been in that business 15 years ago. So did they produce a document from that cell company that said that the company wasn't going to go there

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because of the condemnation process or was that just part of their -- I'd like to see a letter from that cell phone company. I know how they operate and how they locate. It's all based upon how much the rent is going to be for that site. There's very little that goes in to their consideration, because they would put a cell tower or a cell site on every living being and every building on this planet if they could get there for a reasonable price. It comes down to dollars. So I'd like to kind of see that letter that was produced by the cell company that specifically says that. That would be really helpful, I think, for people to make a decision.

Saucedo: Okay. For the record, Paul Saucedo, Chief Right-of-Way Agent. I would have to check to see if there is a letter. I know that there was documentation where they had contacted the property owner. I don't know if there was every documentation in specifics to Project NEON and that situation.

Skancke: It'd be helpful to go from this amount of money -- and I am not a lawyer and I am not an accountant, but to go from \$950,000 to \$1.5 million because of a cell tower is a little expensive.

Saucedo: Yes, sir. Paul Saucedo, Chief Right-of-Way Agent. Let me just explain a little bit. We did not make another offer. We made an offer of a proposal to settle. So our just compensation is still the -- is it...

Skancke: \$950,000.

Saucedo: \$950,000. The \$1.5 was an outreach to the owner to avoid litigation and to discuss possible settlement based on these additional factors that we had. So when we file with the court, we'll go ahead and get a new appraisal, it's part of our process. Either the new appraisal -- or the \$950,000 will be the just compensation (inaudible) that is established with the courts.

Sandoval: Any other questions or comments with regard to Agenda Item No. 7? If there are none, the Chair will accept a motion to approve Condemnation Resolution No. 448 as described in Agenda Item No. 7.

Skancke: So moved.

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

Knecht: Second.

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Sandoval: Second by the Controller. Any questions or discussion on the motion? Hearing none, all in favor please say aye.

Group: Aye.

Sandoval: Opposed no? The motion passes. We will move on to Agenda Item No. 8, which is to Review and Ratify the Selection of the Contractor for the I-80 at Truckee River near Verdi Construction Manager at Risk Project.

Malfabon: Thank you, Governor. Jenica Keller from Project Management Division is here to answer any questions. What we have here is a Construction Manager At Risk contract for scour countermeasures. So scour is when you have high water flows which, unfortunately, we haven't had a lot of, but these bridges are scour -- have the ability to scour out at the foundation. So we want to take countermeasures, have those in place through this CMAR contract.

We had -- the information provided shows that we had an RFP for CMAR preconstruction services February 26<sup>th</sup>. Four firms responded. Two of the four proposers were shortlisted and we held interviews. Granite Construction and Q&D Construction were the two teams that were interviewed, and subsequently we had a selection. And Granite Construction, I appreciate Jenica and the team's efforts to negotiate a contract quickly. This is critical from the standpoint of the timing of working in the river, so that's why we worked rapidly to get it before the Board this month.

The information is provided and Jenica is here to respond to any questions, but we're asking that the Board ratify the selection of Granite Construction as the CMAR provider for the I-80 at Truckee River near Verdi Project and approve a preconstruction services agreement with Granite Construction. The amount of the contract -- Jenica, could you help me out on the amount?

Keller: Jenica Keller for the record. The amount -- the total contract with Granite Construction is \$398,300.

Malfabon: And that is for the preconstruction services. So the construction phase will be negotiated after the design is completed. And that will be brought back to the Board.

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- Sandoval: And what's the time frame for that?
- Keller: We would like to -- we haven't met with the contractor yet. We're hoping to be back either late this year or early next year. There's a very short window of construction within the river, so we would like to be ready to go when that timeline hits, which is July of next year.
- Sandoval: Because I -- just stating the obvious and I don't know if the river is ever going to be any lower, knock on wood, than it is now. And so the faster that we can move on this, the better.
- Malfabon: Yes, Governor.
- Sandoval: And I hope I'm proven wrong and that they -- this is one, probably, amendment that I would like, if there was more water than we thought there was going to be. But in any event, any way we can expedite this would be my preference. Any questions from Board members on Agenda Item No. 8? Mr. Lieutenant Governor.
- Hutchison: Thank you, Governor. And I just want to just -- just trying to get my feet on the ground here in terms of how this works. I was struck by a statement on Page 2 of the memo, third paragraph down, where it says, "The Department released an invitation to interview," and then a couple sentences after that it says, "As specified in the RFP and in accordance with NRS, final selection of the most qualified firm was based 100 percent on score on the interview process." So is there -- there's literally no consideration given to any other factors? For example, the amount of the ultimate contract, I mean you've got...
- Malfabon: We have...
- Hutchison: ...score and then how does -- can you just tell me how that plays in with...
- Malfabon: Yes.
- Hutchison: ...ultimately what the bid?
- Malfabon: So on the Construction Manager At Risk process, you're hiring the contractor to work with our engineers or our consultant engineers to help design the project. So since there's no design developed yet, they have a general idea of the scope of work but they don't have a design to offer any

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bids towards. But they do address some issues about how they're going to reduce costs, how they're going to approach the project. In some cases, they have some great ideas that they present in this process, and that's how they're ranked. So it's a score -- technical score but not -- we don't negotiate the price until afterwards. So this is just for preconstruction services for during design, and then we'll negotiate the guaranteed maximum price after the design is completed.

Hutchison: And if you can't negotiate a satisfactory contract amount from NDOT, I don't know if that's ever happened, but can you go back to number two and ask that person or that company to bid and -- or are you stuck with that one?

Malfabon: Usually, we would put it out for competitive bids. If we are unable to negotiate acceptable guaranteed maximum price, we put it out for the...

Hutchison: That makes sense.

Malfabon: ...low bid.

Hutchison: Thank you.

Sandoval: Any other questions? If there are none, the Chair will accept a motion to ratify the selection of the contractor for the project described in Agenda Item No. 8.

Savage: Move to approve.

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

Skanche: Second.

Sandoval: Member Skanche seconded the motion. Any questions or discussion on the motion? Hearing none, all in favor please say aye.

Group: Aye.

Sandoval: Opposed no? The motion unanimously. Thank you very much. We'll move to Agenda Item No. 10, which is Briefing by the RTC of Washoe County.

Malfabon: Thank you, Governor. You may recall that we had Carl Hasty give a presentation about the Tahoe Transportation District. In a similar vein, Lee

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Gibson, Executive Director of RTC of Washoe County is going to provide an update to the Board on what's happening in the RTC.

Gibson:

Good morning, Governor and members of the State Transportation Board. For the record, I'm Lee Gibson, the Executive Director of the RTC. I don't think we've had the opportunity yet to come before the new Board since everyone joined back in January. And I thought with some of the events that have recently happened in Washoe County, I thought this month would be a great opportunity for us to come and brief you on some of the exciting projects and programs and services that we're engaged in. But I've got a PowerPoint that I think is going to come up. There we are.

So very quickly, just a little bit of background regarding regional transportation commissions. The Regional Transportation Commission in Washoe County is created under state law and by ordinance of the county it's the mechanism by which county option motor fuel taxes for capacity projects are implemented over time. We have become the metropolitan planning organization, as well as the transit operator for Washoe County. The MPO function is a very, very important function. It's really where the Nevada DOT and RTC in Washoe County really come together in a very tight framework of cooperation and decision making with respect to the plan's program and services for all modes of transportation that we implement in Washoe County.

We've recently completed and gone through our process of developing our regional transportation plan. This is a long-range plan for our community. It is the basis from which we pull projects that go in to what's called the Transportation Improvement Program that feeds your STIP process. The guiding principles that really govern my board's decision-making on selection of projects include safety, economic development, sustainability and increased travel choices. I'm going to talk a little bit about sustainability later in the presentation. It's not just about the environment, but it's also about being economical and being good stewards of the taxpayers' dollars.

This is our proposed fiscal year 2016 budget. These are the revenues by source. As you can see, we bring in a lion's share of our funds from the fuel tax. We do have indexing of our fuel revenues in Washoe County. This has provided us the basis, actually, for us to fund a lot of the highway projects I'll be talking about shortly. The sales tax dollars come in, bring in about

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\$26 million a year, that funds some street rehabilitation programs, as well as our public transit programs.

I do want to highlight our regional road impact fee. This is a very, very unique public-private partnership we've established and operated over the years. It's a way we bring in revenue, but also through what are called capital contribution frontend agreements. We're able to work with developers, implement offsets, get infrastructure in place early and do a lot of good early imposition of infrastructure, installation of infrastructure that helps fund development.

Expenditures, as you can see on this slide, the bulk of our money goes to capital improvements, about 50 percent, but we also invest significantly in public transportation, pavement preservation, capitalizing our public transit system, as well as just operating the agency overall.

So, on to some of the major projects. The first I want to highlight is the Southeast Connector. Governor, I cannot tell you how valuable your staff, especially Brittica and Cory Hunt have been in helping us navigate issues with respect to the State Historic Preservation Office, as well as the Nevada Division of Environmental Protection. They were indispensable in helping us move agreements, helping get decisions, and helping us move this vital arterial that's going to really dramatically increase and improve mobility and accessibility in the Truckee Meadows. This is a \$280 million locally funded project. We've already completed phase one. This is phase one right here over the Truckee River. We received our Section 404 permit on April 15<sup>th</sup>. We've already issued our NTP to Granite Construction, ramping up construction right now.

This is not just a road project as my director of engineering, Jeff Hale, likes to point out. This is also an environmental engineering project. We'll be removing 22,000 tons of mercury-latent soils, encapsulating them in the roadway and significantly reducing the rate at which mercury goes in to Steamboat Creek, the Truckee River, and dramatically -- basically, what we're doing is we're fixing a 150-year old environmental problem left over from the Comstock days. So we're very proud of that. We are going to be restoring 80 acres of wetlands and we're upgrading those wetlands. We'll be getting -- for those of you who may be familiar with the area, we're going to be getting rid of the white top, restoring the vegetation and really making

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this for those who will be accessing this bike path that will go all along the 5.5 miles. Really, dramatically, improving that experience that they'll have when they go down there.

This is the Southeast McCarran Boulevard widening project. This is a \$45 million project jointly funded by RTC and NDOT. Knowing the Board's enjoyment of construction techniques, this is a single installation of the ped and bike lanes over the Truckee River. We did this all in one installation, in one day. Really, really fabulous construction technique that -- and construction procedure by our contractor, Granite. They extent of the project is from Mira Loma to Greg Street. We're going to be widening to three lanes in each direction, and it's going to be a great asset for a very, very congested area of town right now.

As I mentioned earlier, we're also the transit operator. This is a unique project in that we're blending our public transportation function along with our street and highway function. This is 4<sup>th</sup> Street/Prater Way RAPID project. This is a \$52.7 million project running, basically, from 4<sup>th</sup> Street station in downtown Reno, eventually linking to Centennial Plaza in Sparks. We'll be connecting 6,000 residential areas, challenged residential areas to 38,000 jobs in the Virginia Street corridor from Virginia Street -- I'm sorry, from UNR through the midtown area to Meadowood Mall. We'll be using our electric buses. Our electric buses are a great innovation. These are provided by Proterra, a company out of South Carolina, but also connections here with respect to the battery design. And these buses, we have four right now. When they're really moving along at maximum capacity, maximum usage, we save about \$200,000 a year. We're looking at bringing in four more for this project. Do the math. We'll be putting almost half a million dollars back in to our operating budget.

As I'll talk about later, our transit system is facing some significant financial challenges. We have a Blue Ribbon Committee that's been looking at these challenges. Any opportunity we have to save funds and plow them back in to services away, we can help improve the quality of life in the Truckee Meadows. We'll be saving over 50,000 -- I think it's 50,000 gallons of fuel alone just in this project. We're also adding sidewalks and bike lanes. So think about 4<sup>th</sup> Street, if you will. It's parallel to I-80. This is the dominant alternate mode corridor for a lot of our regional connectivity. This is where

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the bicycles are found. This is a lot of bus traffic. The bus line is our third most heavily traveled bus line in the metropolitan area. It's also an area challenged, as you can see in the before drawing, with those power poles. We'll be undergrounding the utilities. That's what our TIGER grant is going to help us fund. That's going to allow us to create ADA accessible sidewalks throughout the entire length. Something we're very, very proud of, and I know from our community outreach it's been -- it's something very much needed.

The Pyramid/McCarran Intersection, this is a -- has been a bottleneck for many, many years as the Spanish Springs area has grown and developed. We've been working in this for a number of years with NDOT. We'll be upgrading the intersection. We'll be adding a triple left from eastbound McCarran to northbound Pyramid. It's about a \$72 million project. We're all the way through demolition. I can't say enough about Paul Saucedo and his staff and the Right-of-Way. It's been a joint effort by our two staffs and two agencies. We're through demolition. We have a few relocations left and we're very, very hopeful to be under construction here later in the year.

So the Virginia Street corridor, I want to talk a little bit about this. This is a unique project between -- and partnership with UNR, the City of Reno and the RTC. What we're really striving to do is to take our very successful bus RAPID transit service and move it up to UNR. We see a lot of -- as we know, there's going to be a lot of growth in the student population, the faculty population. We know in the midtown area and the downtown area a lot of growth and development, especially in Startup Row. We need to integrate the fabric of service in this area to help those connections grow and prosper, and allow for especially the text startups to have great access with regard to the resources at UNR. I left my phone over there. What we see in a lot of these text startups behavior, they don't value driving. They would rather use public transportation. They see an ability and an opportunity to use electronic devices for recreational communication or business communication as a much preferred and higher and best use of their time than driving an automobile. Facilitating those connections is something we think is going to be an important addition as something I know in the City of Reno and our partnership with UNR, we're really trying to facilitate.

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Interestingly enough, with respect to millennials, if they're not going to use their electronic devices and use transit, they want to walk or use bicycles. They want to get a physical benefit, a health benefit, if you will, out of that transportation accessibility. So something we're going to be improving upon. Something I'm going to talk a little bit more in my presentation under Planning Initiatives.

Here's an example of the type of designs where we're really widening sidewalks, installing bike lanes. This is Center Street and Virginia Street. We want to try to use an existing right-of-way there, an existing plaza to upgrade that and help improve the aesthetics of the area. Again, this is a very, very important project for us because it's tying together a lot of our regional assets to our public transit system and making the bicycle and walking in transit a much more integrated service. And I might add this is also kind of that north-south connection to the 4<sup>th</sup>/Prater project. The 4<sup>th</sup>/Prater project and the Virginia Street project are closely tied together, and we believe is going to be an excellent multimodal edition to our community, bringing Sparks and Reno together and providing for much closer connections for everyone using our area.

Several months ago, you had two of my bosses here, the mayor of Reno and RTC Chair Neoma Jardon. We're talking about Virginia Street, the safety challenges. We at the RTC will be embarking on a Complete Street master plan. We've had very, very good luck -- very, very good luck, very, very good fortune, I guess, in that whenever we've used Complete Street, and that is a design like you see in the photograph here with the bike lane and the sidewalk, maybe pronounced and more pronounced design and painting and traffic control devices. We've seen substantial reductions in crashes. Just on Plummus, Mayberry, Arlington, we've seen a crash reduction of 46 percent. And the crashes that we do have are much, much less severe. I like to think it's one of the reasons why our auto insurance rates can -- or seem to be a little bit lower than other parts of the state. And it's something this Complete Street master plan is going to help us move forward. It's something that's critical to my bosses at the RTC. We think it's critical for economic development. A safe transportation system is the type of transportation system, I think, the types of businesses we're bringing to the Reno-Sparks area really want to have, and it's something we're going to be moving forward with.

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I mentioned earlier the question of transit. We had a Blue Ribbon Committee meet from last summer through last month. I'll be taking some of the -- I'll be taking the recommendations to the RTC this week for their consideration. What we heard from this group of business, education, social service and local government representatives is we can't have any more transit cuts. The recession hit our transit system severely. We had to reduce service in order to bring our expenses in line with our revenues. The two biggest -- or the two biggest economic influences that affected our transit service during the great recession was the reduction in the sales tax that funds public transportation operations, but also the experience we had with increasing fuel cost. We actually had a situation where we were cutting service because we couldn't afford the price of diesel, but at the same time we were seeing our demands increase as people were abandoning their automobiles for the very same reason, yet we were having to cut service because we, like those households, couldn't make those expenses match.

We're still facing a challenge. Our sales tax revenues are still in the 2005 area of total receipts, yet we're facing 2015 costs in labor, fuel, spare parts and those types of things. So we've got to work around that. The electric buses are part of the equation, but I think what we heard from this Blue Ribbon Committee is they don't want to see any more service cuts. Mr. Kazmierski, who's featured prominently there, really promotes and believes public transportation is a key element to building that future economy that I think we all throughout the state desire.

The Board will be looking at additional funding. Of course, we are seeing some improvement in our revenue forecast, but we're going to have to take a hard look at how we use sales tax. We do use some of our sales tax for preventative maintenance, and we're going to be taking a look at that. And maybe over time as our fuel revenues increase through indexing, perhaps we'll be shifting some of that money over. But the Blue Ribbon Committee is not taking off the table the question of a ballot initiative, but that's really something for my board to deliberate upon with county commissioners and local governments.

So that's the update from the RTC. I'll be happy to take any questions. I do want to compliment Rudy and his staff, Bill, Sondra, John. We all work very, very closely. We're all dedicated. You have a great dedicated staff.

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My staff, as well. We're all dedicated to safety, the connections, a lot of the things you heard earlier on Item 9. So with that, Governor, I'd be happy to answer any questions.

Sandoval: Thank you. And I appreciate your presentation. Just a few questions for you. One of the things that struck me was your discussion of bicycles. And I haven't seen them, maybe we do have them. But I was up in Portland not long ago and I've been in some other metropolitan areas where they have those bike racks where you can rent a bike and take it from one place to another and leave it there. Are we contemplating anything like that?

Gibson: Governor, again, Lee Gibson, RTC. Yes, we are. In fact, we have a feasibility study right now on a bike-sharing program. We're hoping to get that back in about two or three months and the board will be making some decisions. That's kind of an interesting approach that we've seen. They're actually public-private partnerships, so we want to look for that private partner who will want to own and operate those assets and services and help bring them to the Truckee Meadows. So, yes, we're going to bring that home.

Sandoval: No, it just reminds me of those students that were here earlier. It's pretty common, given that the city is trying to convert to a university town and this new technology and startups and innovation. I think that's going to be an important component of it, given the millennials approach, as you described, to transportation and not wanting to utilize vehicles. Just as an aside, just to comment on the Complete Streets program, I really like the idea of putting those bike lanes, and at least from my observations there's been a huge increase in utilization because I think people do feel more secure and safe with those dedicated bike lanes. So I'm hopeful that that's going to be a permanent component as you continue to redo the streets in Washoe County.

Gibson: Governor, again, Lee Gibson, RTC Washoe. That absolutely is a critical piece. And I want to -- I'd like to remind folks, and I know this, and I think you still may drive that same road, Mayberry. When I'm in my vehicle on Mayberry, I feel safer knowing that the bicycle is in a bicycle lane and the parking lane is there and then the pedestrian is there. We all have our own spaces. And so I know when Mayberry -- before Mayberry was reconstructed and not only did it have the potholes, but it was four lanes. It was a very, very dicey sort of experience driving down that road.

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Separating the different users of the road in to their own separate spaces is really what drives that safety improvement dramatically. And as far as speed goes, what our studies have shown is we bring traffic back down to the posted speed limit. So we're not seeing as much as speeding as we did in the past, after we do the Complete Street treatment.

Sandoval: Right. You've alluded to my Reno home, as you know, is nearby there and I know Member Savage resides there, as well. And that's been my observation since you restriped and redid Mayberry. And it's very -- I guess I'll put it this way. I like to see on a Saturday morning and Sunday morning, you see bikes going from there out to Verdi and back. And I really do believe that it's increased the number of people that are getting outdoors and utilizing bicycling. The other question I had was, are there plans for Virginia Street, north of downtown up through that university section?

Gibson: Again, Lee Gibson, RTC. Governor, we're working with the NDOT staff to work through a Complete Street design solution for the section of Virginia Street north of McCarran. And actually, I should point out we at the RTC through our regional road impact fee will be improving the McCarran/North Virginia Street intersection. So we want to move that forward and we've been meeting with the NDOT staff to work through to get a design process started so we can make those improvements north of there. We operate a couple of bus lines up there. We want to make sure those bus stops, crosswalks, and those features that support the transit use are fully in place and integrated with the street design. And that's really what Complete Streets are all about, so you'll be hearing more from both of us, I think, on that particular endeavor.

Sandoval: And last question is have there ever been any contemplation of malling Virginia Street, between Liberty and somewhere up north, and just using Sierra and Center as circulators?

Gibson: To my knowledge, there has not been a formal study to look at creating a pedestrian mall. I've heard rumor about it. I think one of the things we need to do first, just sort of to be maybe pragmatic, is let's get the Virginia Street bridge installed and see -- I know the Virginia Street bridge, we have a great interest in that because right now, today, we can't operate a bus over the existing Virginia Street bridge -- or I should say our 60-footers. It would be a weight risk. So perhaps after we get the bridge installed we ought to look

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at something like that or look at a transit way. I know we've had some public comment on our Virginia Street preliminary engineering effort, that some folks would like to see buses more fully up Virginia Street, so...

Sandoval: I guess last last question, but is the public transportation, does it break even?

Gibson: No, it does not. We recover about 30 percent of our cost from the farebox. We use the sales tax and advertising for our operating subsidies, and we use federal funds for capital. The 4<sup>th</sup>/Prater project is the first -- is our first small start -- FTA Small Start project. That's a discretionary program where you have to compete. Our argument for success in that program, which is about \$6.5 million, was the efficiency with which our improvements will be made. We'll be having a very, very small incremental increase in our cost, but fundamentally, no transit system in the country pays for itself out of the farebox. They're all reliant on some level of a subsidy. We're actually above the national average for farebox recovery, and that's a good thing. But it is just part of the financing and funding framework for public transportation to have subsidies that capture revenues from other areas.

Sandoval: What is the demographics of your largest users of that system?

Gibson: Our largest users are workers followed by seniors and students. Seniors actually make up about 11 percent of our total ridership. We carry 25,000 people a day. So do the math, almost 3,000 seniors a day rely on ride for their -- fix for their mobility purposes. And what we hope to do is see the worker and student percentages grow. And I think, when we implement the UNR service, that's going to change and change dramatically. One anecdotal story I like to tell about our bus RAPID transit system, I was on a plane coming here from Vegas a couple years ago, and I got the sweet seat which I think we all know what that is, and an attorney sat in the seat in front of me. And he held the seat. The person next to him finally sat down and appeared to be a millennial. They were -- this person was going to relocate to the midtown area precisely because of the RAPID service. They did not want to rely on their automobile. As we all know, the legal profession in Reno has a lot of offices in downtown county courts, district court, federal court. These attorneys wanted to live, if you will, where they did not have to use a car. And I thought that was really cool to hear people just talk about that anecdotally.

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Sandoval: Thank you. Other questions? Member Skancke.

Skancke: Thank you, Governor. And, Lee, thank you for the presentation. It's always great to get an update of what is happening throughout the state. Transit is a big issue for me and it has been for a number of years, so it was great to see that you had put together kind of a Blue Ribbon task force and brought all those people together because it is how the future is going to move. We've all read the studies on millennials. They're not buying cars, all those things. My question is kind of around the transit arena. In the State of Nevada, the MPOs are the transit agencies. And I don't remember the history on that and why that is, and maybe I need to do some research, but I guess my question is when you look around the region at Salt Lake City and Denver and Phoenix and Southern California, they have separate transit agencies and then they have MPOs and cogs. Are we at a point where we need separate transit agencies, because the demand -- so we can increase demand and increase use where MPOs are MPOs and the transit are -- or is there a benefit for the two organizations to still be together at this time?

Gibson: Governor, again, Lee Gibson, RTC Washoe. And I'll throw some perhaps personal experience into this. I've been involved with RTCs in the state since 1989, both in Clark County and here, and in a public capacity and in a private sector capacity. We are very fortunate in this state that our MPO transit authority and street and highway construction agencies are wrapped in to one. We can make and deliver multimodal solutions. In my mind and in my experience, especially during my consulting period where I go to work outside of the state more often, we deliver them faster, better and often times cheaper than what I think other communities can do. We have also been able to deliver public transportation, I think, in this state in a much more innovative framework than other states. We have -- both RTCs operate extensive public-private partnerships for the operation of their bus systems. Of course, we all know Las Vegas has a monorail, which was developed through the private sector.

I think the richness and I should say the ability of us to integrate the planning and programming functions with the delivery functions is something I get a lot of calls through the American Public Transportation Association, or through the Association of Metropolitan Planning Organization that other states would like to immolate. I was just recently at

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a meeting where I actually served on a panel, it was a USDOT meeting through the Secretary's office, and I believe it was in Minneapolis. In Minneapolis, the MPO and the transit authority are the same agency, and they love it because they're able to navigate the federal process. They're able to build innovative funding and financing programs with their local partner agencies and deliver projects. So my personal view is we should be thankful that our MPOs, transit authorities and street and highway agencies in this state are integrated in to one and hopefully advocate throughout the nation they should follow our model, because that's what I tell people around the country.

Skanske:

Thank you, Governor. And thank you, Lee. I was hoping you were going to say that, because there is opportunities when you don't have competing agencies. My final question for you is at the last -- two meetings ago, I made a statement here that I thought that NDOT should be doing more in the passenger rail/transit arena. With all of your years in this industry, I think you said 1989, either in the public or the private sector, what could we be doing to help you? What could NDOT be doing to help the local agencies? And I know they already are, but what else can we -- what else can we do to promote the last slide of your presentation, which is more transit in our state, from workforce to workplace and to improve livability here?

Gibson:

Well, I'll defer to Rudy maybe to chime in on this. But it's my understanding the Nevada DOT, correct me if I'm wrong, Rudy, but you're front and center in dealing with the railroads. And I know when I sort of look at my long-range vision map of our area, when I look at Washoe County, Lyon/Storey County and I see what's going on in the Tahoe-Reno Industrial Center, I take a look at I-80. I drive I-80. When I'm going eastbound to my left is sheer cliffs. I look to the right going east, there's a river. I don't know that anybody wants to go after 404 permits anymore. I see a rail right-of-way. I think the Department being at the tip of the spear, if you will as I understand it, and helping deal with railroads, perhaps we ought to have a railroad summit and start talking about what opportunities may exist for that.

I get a lot of questions about what kind of transit service we're going to operate from Reno to TRIC. And we are moving forward with that,

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Governor. We are looking at and discussing perhaps a partnership with Proterra. Our provider of electric buses has an integrated corporate. They have corporate experience with Tesla. Many of their executives came out of Tesla and are now looking at the battery and transit opportunities through Proterra. Bringing everyone together to talk about how we might be able to do something is important, but long-term when I look at the employment numbers of what could be out there, long-term when I look at what the projections are we maybe wanting to look at some kind of commuter rail option, perhaps. At least look at it. I mean I'm not saying we're going to go build it, but just at least look at it.

Skancke: Thank you. Governor.

Sandoval: No, and I appreciate your bringing this up. But this is me talking, but I think there is going to be some profound change in Northern Nevada with regard to the number of people that are coming to this county as a result of these new projects and businesses that are coming in. And it's very important that we be ahead of this and not be reactive, because we really don't have a big window of time. And also, folding in to that the demographics of the people that are going to be coming to this town to work here. And the difference in their view of transportation and how they get to work and how they live every day. And I think of literally the thousands of people that are going to be commuting to that Tahoe-Reno Industrial Center, and not just because of Tesla, but because of Switch, because of Zulily and some other projects that are possible out there, as well.

I know it comes down to money, but this commuter rail issue is something that I'd really like to see where we are and what can be done, whether there can be a commuter rail on I-80, if there's enough room for that, and the I-580 and such. But I somewhat view us as Las Vegas of maybe two decades ago and before. It really exploded in terms of growth. I don't -- Reno will never be the size of Las Vegas, but I see proportionally the type of growth happening up here that happened there. And we're now spending over a billion dollars on Project NEON trying to catch up with the growth down there and Las Vegas is now growing again, too.

But I see a window of opportunity to try and get in front of this, at least in the northern part of the state. So I want to stay really close to working with the RTC in Northern Nevada and with NDOT, to try and do that. Because I

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think whoever is sitting here four years from now is going to have some very different challenges than this group that is before you today, and I'm hopeful that we will have planted the ideas or the infrastructure. I don't want to be talking about things for two years and then making decisions and losing that window of opportunity. So I -- this is more of an editorial than a question, but I do think given what is coming there -- I guess it really -- I was out at the Tesla site a couple weeks ago and saw the footprint of a building that was only 14 percent of what is going to be built, and I was in complete awe of what it was. And they are going to be -- they are ahead of schedule and they are going to literally be thousands of people that are going to be traveling through there.

And that's why obviously the USA Parkway project is important too, to provide those opportunities to the people here in Carson and Lyon County to go to get to work in an efficient way, and avoid all that traffic coming through the spaghetti bowl in Washoe County. There's just a lot of interconnected issues here that can either come out really well, or they can come out really bad. And so in any event, we just have to keep working on that and stay very close. Mr. Skancke.

Skancke:

Thank you, Governor. And I just -- I mean in all seriousness, a dinosaur would not be talking that way, right. So this is exactly where we have to go. I mean this is what leaders do. And this conversation of NDOT being in the transit business and the future of I-11 which we've talked about, connecting the southern part of the state to the northern part of the state, if -- and how that connects to USA Parkway, and how that moves our economy, and how we become better connected in a safer state if we're going to -- I mean I love that brand, so I'm going to try to tie it altogether. If it's safe and it's connected, we can compete better in a global economy, and that's where you've tried to take this with our economic development efforts. We need the infrastructure to make -- to deliver on that promise.

So I know we work in the rail and we do transit, but they cannot be neutrally exclusive events. We've got to be more connected and start planning for transit. And I'll take it one step further, Governor. If we're going to put I-11 through the state then there should be a high-speed passenger and cargo rail corridor. I want to remind everyone that during the Salt Lake City Olympics, a third of the people that were in Salt Lake City stayed in Reno

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and in Las Vegas. A third of everyone who went to the Olympics in Salt Lake City, were staying in Las Vegas and in Reno. That's important for us to have that information and that analysis because that's what we have to build for the future. People are staying in other parts of the country, and they're staying here and going to other parts of the region.

So now is the time for the Department of Transportation to be in the transit business and looking at how we move people differently just besides roads. And I hope that we do that. And I hope we can do it over the next three years while we still have -- it's no surprise or any secret that I'm a big supporter of this governor and what he's doing. We've got three more years to get a lot of this done, and I think this Board is ready to make that happen, as well. So well done. Thank you.

Sandoval: Other questions or comments? All right. Mr. Gibson, thank you very much.

Gibson: Thank you, Governor.

Malfabon: Thank you, Lee. The next presentation will be given by John Terry.

Terry: Once again, John Terry, Assistant Director for Engineering. I apologize, not as polished as those UNR students at doing these presentations, but talking once again about naturally occurring asbestos in Southern Nevada. Next please.

Kind of the purpose of this presentation, I mean, this Board has asked a lot of questions of us and I think there's been some feelings that we sort of dribbled it out and trying to talk directly about what we have done and what we are going to do to address this naturally occurring asbestos., both on I-11 Boulder City Phases One and Two, as well as moving forward on other projects and material sources in Southern Nevada. And if I could add here, too, as well, there's been an awful lot of media coverage. After our last board meeting, I believe a little bit incorrect some of it and maybe to address what's really going on here. Next please.

And maybe this is a little bit more for the Board members that are newer that maybe aren't as familiar with this issue. The ones that have been with us for a while maybe bear with me, but naturally occurring asbestos is the natural asbestos as it may or type of rock that are natural in the soil. We're not talking here about asbestos that is from commercially processed

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asbestos, which has been an ongoing issue in this nation. So it's the naturally occurring geologic stuff that's in the soils. Next.

And while it sort of hit us as a huge surprise, we have come to find out that naturally occurring asbestos is in 30 -- has been identified in 35 states and in 44 of the 58 counties in California, which is part of the reason we leaned on California for some of the procedures we needed to move forward. Next please. And in our case, it somewhat started with the UNLV study that came out in October of 2013 that identified the potential for naturally occurring asbestos in various locations in and around Boulder City, and this is one of the maps that was from that study. Next.

So what did we do? We formed NOA team, the FHWA, the RTC of Southern Nevada and NDOT. We got assistant with the Volpe Center, which is a consulting and -- which is the center assembled an expert panel from the FHWA and we moved forward from there. Next. So a lot of people have been involved, California. We got some help from Cal Trans and various agencies that we'll talk about in the next slide. Go ahead. So we hired environmental firms. Later we'll talk about which ones we hired versus the RTC, but the bottom line is we did 611 samples were collected from depths from the surface to 200 feet down. You might ask why we went 200 feet down. There actually are cuts in the Phase 2 project that are that deep. And all the samples were tested to determine if NOA was present and if so in what concentrations. Next.

Kind of hard to see, but that's a map of all the holes we put in the ground out there. And green is good, yellow is no detect. Yellow is very low but did detect NOA. And the red, which there are a few of in the more -- what that be, the far section up in the mountains of the Phase 2 where we detected higher levels of asbestos. Next. So those are the results, 597 samples. Of those, 406 were no detect. 154 had .25 percent or less, and 37 between .25 and 1 percent, and then the 14 samples above 1 percent. As you're going to see in both this and later in the air sampling, we did find it out there, are relatively low concentrations and somewhat inconsistent. Next.

Ambient air. So we tested the soil then we tested the air. We had 17 monitoring stations that went on for quite a period of time, included in both residential and public use areas. Next. Again, kind of hard to tell but you can see the yellow dots are where we put the monitoring stations. So they

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were not just on the alignment, they were in other places around and near the alignment. Next. And, again, the ambient air results, I wouldn't get too concerned with some of those peaks. Those are probably windier days, but they are still well below the .02, which is the minimum level. And so, again, we did get some detect. Very low levels, quite inconsistent. Next.

So we used this for the NEPA evaluation process. And many of you that are on the Board, we debated this process a lot, but since we had an environmental impact statement where a new issue came up after the finalization of the environmental impact statement. We had to reevaluate it. We used all of this data, and all of these experts to do this reevaluation and study the impacts, and the conclusion was by implementing the mitigation measures, that we're going to talk about later, that we were able to proceed with just a reevaluation of the impact -- environmental impact statement and a supplemental impact statement was not required.

What are those mitigation measures? They're mostly, like I say, sort of dust control extreme. Thoroughly wet the work areas and unpaved roads and these are things that got in to either the performance specifications that were in the design-build contract that we worked with the RTC on, or in the actual special provisions in the specs that we did on our design-bid-build for Phase 1. Thoroughly wet the work area. Reduce vehicle driving speed so you don't get dust created. Reduce drilling and excavating speeds. Excavate and blast during periods of calm and/or low wind speeds, perhaps even shut down the job on higher wind days. Next. Avoid overloading trucks. Clean out equipment so you don't get track-out dirt creating dust. And limit the NOA concentration to less .25 percent for the surfacing material. Essentially when we're done, cap it all with material that is confirmed to be low or no presence of NOA. Next.

So what are the schedule impacts of all this we had to do? So the UNLV paper came out in October of 2013. The NEPA reevaluation was completed and approved by November of 2014. We estimate that Phase 2, if it hadn't suffered some other delays, was delayed by nine months due to this. And that our Phase 1 bids were delayed by nine months because of this, because we had to go through the reevaluation process. And we're estimating both projects are six months additional duration of the contract due to these measures that they have to incorporate going slower, more watering, et

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cetera. So that's the best of our guess, but we're still talking about both projected expected to be complete, I-11 open in 2018.

So what does this all cost? NDOT Phase 1 and Phase 2, we were responsible for the NEPA for both. We were responsible for the exploration and testing on hours and the technical assistance that we used the Tetra Tech, a little over \$1 million. RTC and Phase 2, much bigger project but they already had the borings that were left over from doing the geotechnical borings through there and they used a combination of firms, including one via agreement with NDOT, about \$1.65 million on their side was spent in the preliminary. This is the engineering phase. Next. Construction cost, we brought before this Board at the last meeting, we said about \$3 million. We're saying as a part of our construction augmentation, we have some other services. The certified industrial hygienist and other things that we have to do during the construction augmentation phase to oversee the contract, and we estimate that's about \$2.6 million. I think we said \$3 million at the last board meeting. The NOA items and the design-bid-build contract, the dust control and some of the others what we estimate to be beyond what they would have done otherwise, \$1.8 million in that contract. RTC Phase 2, assistance with construction oversight, they're using the firm CDM Smith as well, \$2.1 million. And then an estimate, and again, an estimate for what Las Vegas Paving had to add to their bid to deal with the NOA is \$4.7 million. That's what we know of what the cost is all totaled.

So where are we going from here? That's what we've already done. We have to do a certified lab for source acceptance. Materials get used to process aggregates, et cetera. Many of the tests are done by the contractors, but we have to do final source acceptance. That's part of our contract. In our agreement with the RTC, we said we would cover that on Phase 2 as well. We had anticipated using our existing NDOT labs. That's not the right way to go. We don't want to be hauling that material in to Las Vegas and in to Carson City to do that testing, so we have to set up a source acceptance lab. We expect to do so, and we expect to bring that contract to you in June of 2015 for about \$200,000. Next please.

Now I'm moving off of Boulder City Bypass. We have a critical need in Southern Nevada in terms of material sources, pits. Some of the materials we use, for example, landscaping materials are in that overall area that was

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identified by UNLV as potentially having NOA. We feel we have to test that before we haul and use it on our existing construction contracts, and we're proposing to supplement our -- or amend our agreement with Tetra Tech, who is our Boulder City-only consultant who has done a very good job for us to help us, get through these critical pits so that we can keep going on some of our construction projects by doing this testing for an estimate of \$80,000. Next please.

Then we've got to advance other projects in Southern Nevada. We've got other projects that could be in this area that's potentially affected, and as well as testing other areas of the state. So we need to clear our existing material pits. That's just to clear the pits that are out there that are currently needed for current construction projects, sort of a stop gap. But all of our pits, we need to go out and test them before we go hauling that material to other places. If NDOT develops future pits, which are always an ongoing process, as well as pulling off material from commercial pits that are going to be used on our projects, we're saying we need to move forward with NOA and Southern Nevada, and then we will do our other projects by task order. By other projects, the one that comes to mind is we want to put our ITS devices down U.S. 93 toward Searchlight in the area that's potentially identified as having NOA. We've got to go out and test it, find out if it's there and deal with it from then. We say that those projects we then do on a task order basis, so we want to put out a new full RFP solicitation to deal with these things. We're estimating a two to three-year contract to help us deal with this moving forward. Next. And with that, I'll answer any of your questions on what we're doing.

Sandoval:

Okay. Thank you, Mr. Terry. And I want to compliment you and everybody involved with this. We all know the history on it. It was brought to our attention, as was mentioned in your presentation, in October or November of 2013. We responded immediately. And that's without regard to any disturbance previous, so the -- I think it's important to know or have on the record is that at no point was the health, safety and welfare of the public brought -- put at risk. UNLV researchers brought it to our attention. We responded. We hired the consultants. We did a comprehensive review. The whole process has been transparent with first and foremost the health, safety, and welfare of the public in mind.

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And so as we sit here, and I see both this air and -- I guess I'll put it this way, the mitigation efforts that we've undertaken, I think you can be really proud and confident that we have protected the public here. That we have responded in an immediate fashion, and that going forward, back to what Mr. Skancke said, in terms of safe and connected, the safe part. I mean people think about safety in regard to traffic, but it's also when we build roads. And now with something that someone perhaps may not have been aware of, we have now incorporated that in all our planning with regard to the construction of roads in Southern Nevada. So this is a good day for us. It's been expensive and I know that we've grumbled a bit about how this has escalated, but at the same time we've never lost sight of what the main point is, which is to protect the people, every man, woman, and child there in Southern Nevada who can be exposed to all this. So I feel good about -- great about what we're doing here. And we can move forward with this I-11 and the Boulder City Bypass knowing that we've done a very good job in terms of protecting the public when it comes to this naturally occurring asbestos.

The reason I'm making a record like this is because there's been some suggestion out there that we've done -- we haven't done this. And frankly, I can't think of us acting any faster and any more thorough and covering every base than what we have done. And so I think it's important for the public to know that. And perhaps there are people that are listening in watching on this. I would encourage them to follow up with the Department of Transportation, to get a copy of this presentation and get the true history as to what's going on here. Because I think part of this story has been left out, and it's been to the detriment of the Nevada Department of Transportation and has created a narrative that should not exist in the first place. So, Mr. Terry and everyone involved in this at the Department, thank you. We are going to continue to make this investment, protect the people of our state, and we're going to have a great transportation infrastructure down there with the protections that are necessary during construction and moving forward.

So I -- it wasn't really a question, but I thought it was important to make the record as to what has really happened here with regard to this situation. Anyone else want to make any comments? Thank you.

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- Malfabon: Thank you, John. Moving on to Item 11, Old Business. We have the Report of Outside Counsel Costs on Open Matters and the Monthly Litigation Report. If there's any questions to our chief counsel, Dennis Gallagher, we can take those at this time.
- Sandoval: I have a question, Mr. Gallagher. So was that one case with Snell and Wilmer, is that the only matter that it is handling for us?
- Gallagher: Governor, for the record, Dennis Gallagher, Counsel to the Board. Yes, sir, at the current time that is the only case.
- Sandoval: Okay. Other questions from Board members, with regard to Outside Counsel Costs, the Litigation Report? And Fatality.
- Malfabon: And finally, Governor, we have the Fatality Report. And we continue to see an unacceptable level of fatalities, increasing particularly in Clark County. I wanted to just emphasize the personal responsibilities, but also to Department staff and recognizing the Department's role in driving down these fatalities and working with our partners on law enforcement education to address behavioral side of drivers and pedestrians, bicyclists, motorcyclists and the emergency medical responders, as well. I know that there's a lot of continued efforts out there and we're not seeing the results unfortunately, but we will be tireless on this issue of working collaboratively with our partners to drive down fatalities.
- Sandoval: Questions or comments? Okay. We'll move to Agenda Item 13, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment to the Board?
- Martini: None here, Governor.
- Sandoval: I --
- Malfabon: Governor, if I could make a public comment. I just want to acknowledge the efforts of Mary Martini on several fronts, dealing with the Clark County on the pedestrian bridges and the maintenance issues, the Mt. Charleston flood diversion berm, working with the county on that, as well, to try to get a maintenance agreement. And I think that NDOT is blessed by having people like -- district engineers like Mary Martini, Thor Dyson addressed

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the Board earlier, and Kevin up in Elko, Kevin Lee. We are really blessed to have those three leaders as our district engineers. And I just wanted to make that comment. Thank you.

Sandoval: Agreed and thank you, because none of this is easy. And so it does bear that we mention that. And I thank you for that, Mr. Director, because we get these nice packets that are...

Malfabon: They're not always nice.

Sandoval: Well, I mean nice in the way that it's a great collection of information that's been synthesized to a few -- maybe a hundred pages, whereas there may be thousands of pages of backup and thousands of hours of time and effort that goes in to it. So I think I speak for all the Board members when I show my appreciation. I know we're hard sometimes, but these are the tough questions that need to be asked. And at the end of the day, I think it allows for the best product possible.

Malfabon: Thank you, Governor.

Sandoval: So is there a motion for adjournment?

Knecht: So moved.

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

Skanche: Second.

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

Group: Aye.

Sandoval: This motion is granted. This meeting is adjourned. Thank you.



Secretary to Board



Preparer of Minutes