

Minutes of Nevada Department of Transportation
Board of Director's Meeting
June 8, 2015

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

Sandoval: Good Morning. I will call Transportation Board of Directors meeting to order. We will commence with Agenda Item No. 1, which is the Director's Report. Mr. Malfabon.

Malfabon: Thank you, Governor, and good morning Board members. I apologize for the dark hallways. We're doing some recabling of some of the stuff in the ceilings.

I wanted to start out with special thanks to Tom Fransway, who's mentioned to me that this is his last Board meeting. Three members of the Board were up for reconsideration by you, Governor. And Tom put in his letter of intent to step off of the Board. And I just wanted to thank you for your years of service, not only to the citizens of Nevada, but especially to the Nevada Department of Transportation serving on this Board. Thank you, Tom.

Fransway: Thank you, Rudy. It's truly been an honor. Time to spend a little more time with family and friends, but I can tell you I will always remember my eight years on the Board. Thank you very much.

Malfabon: I know that a lot of Board members will express some appreciation for that. We did get you a going away present, a picture of Winnemucca from 1949.

Fransway: Thank you, Governor, and thank you for this gift. Garley and I were both one year old. Thank you. But I...

Garley: I remember that street well.

Fransway: Yes, I do. Thank you very much.

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Malfabon: Governor, I know that a lot of the members will have some comments and then maybe we can do a photo opportunity afterwards.

Sandoval: Yeah, why don't we do that. I have a few words now. I don't get surprised too often, Tom, but I really want to thank you for your service to the State of Nevada. I mean it's not often that you have somebody who serves on a board and really comes from the heart every single time. And what is in the best interest of his constituency, in the rural counties, in Humboldt County. Again, it's unfortunately not common to have somebody who's honest as the day is long and who is sincere and always has people's best interests at heart. But also fights for the folks that he represents on this Board. So it's a rare, rare combination. And I've learned a lot from you having served on this Board with you, and I admire you and I respect you and I appreciate you. And I know it's cliché to say this will be a hard seat to fill, but it's true. It's absolutely true. That's something that you don't say just to say it. It's because of the man that you are and a person that has such a devotion to the State of Nevada.

And it wasn't just about the rural counties when it came to Clark County, when it came to Washoe County; any project throughout the State of Nevada. I mean we had that joke not long ago about the bridge over the Truckee River, that land -- it rolled over four different agendas or three agendas, but you wanted it right. You insisted that it be done right. And that, again, sometimes folks will say, oh, that's just a little detail. We'll let it go by. You never did. And so, Tom, thank you for what you've done for this Board, what you've done for Transportation in the State of Nevada, but most importantly, your decisions and your wisdom have gone into every project throughout the state, and it will touch people for generations to come. Not to mention the safety and what you insisted upon, as well. So, again, I am really going to miss you. Really going to miss you. Thank you.

Fransway: Thank you, Governor. Hits me right here. I appreciate it and it's certainly bittersweet. It was a hard decision, but it's four more years and it's just a challenge for me. And I can't tell you how much of an honor that it has been to serve with you and with the members of the Board. Truly, I've developed a friendship with all of you and I will have that friendship all of my life. And so thank you for the opportunity, Governor, and it's been a pleasure working with all of you.

Sandoval: Mr. Controller.

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Knecht: Thank you, Governor. And, Tom, this is mixed surprise. It's very unpleasant to lose a person like yourself who was a role model to me. And, of course, I'm very happy for you that you'll get to spend the time with your family. I will tell you that eight years ago, when I was new on the Board of Regents, I had the pleasure of learning from then Chairman Bret Whipple. He became a really good friend over time, and I went to school on him. I've been going to school on you and I suddenly feel like my education is interrupted and I don't know what I'm going to do, but I'm sure going to miss you. Thank you for your service. Thank you on behalf of the people of Nevada. Thank you for being just a really good role model. Sitting here and watching you go through the details in a really pleasant low-key way each meeting has been a real privilege and a real pleasure. I think the only thing you ever messed up was you didn't give people an opportunity to get a chunk of that bridge. But other than that, seriously, we will miss you and we really appreciate it. And I think what the Governor said about statewide orientation for true public service in the public interest applies to you at least as much as anybody else. Thanks.

Sandoval: Thank you, Mr. Controller.

Fransway: Thank you, Commissioner Controller.

Sandoval: Member Savage.

Savage: Thank you, Governor. And, Tom, I don't want to be too repetitive, both the Governor and the Controller. But you're a man of honor. It's been a real privilege to serve next to you. I'm really going to miss you. Your visionary, your work ethic, your honesty, integrity. It's going to be a hard place to fill. And I know I'll be calling you, so keep that phone line open. But it's been a real pleasure, Tom Fransway, and all my best to you and your future and health. Thank you, Tom.

Fransway: Thank you, Len. And Len and I have got some similar roots in that Len is pretty close to Humboldt County. And his roots -- his Basque roots to the (Inaudible), and his mother I know very well and his aunt, the late Mary (Inaudible). And so, Len, it's been very much of a pleasure sitting here next to you and watching you and what you've done with the Construction Working Group is incredible, and the time that you've spent in it, I appreciate that, Len, and also everyone that was involved. And it wouldn't be right if I didn't say that this organization is top notch. And the staff that

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I've had the privilege of working with -- Rudy, Bill, all of you -- it's been an honor and I appreciate that and I hope that we can continue our friendship into the future. Thank you.

Malfabon: Thank you, Tom.

Sandoval: Frank, do you have any words?

Martin: I was hoping I wouldn't be last. But, Tom, you and I have been together -- you came on the Board the same time that I did originally. And it's always been a pleasure, as the other gentlemen have said, to listen to your viewpoints. I've always had a ready-fire-aim attitude towards my job, and you were the calming factor for me in many, many instances. So I thank you for the things that I have learned. And, Ron, I got to go to school on Tom's back. So my contributions here, whatever they may be, are largely due to watching Tom and how he reacts and how he thinks and how he responds. So, Tom, thank you very much.

Fransway: Thank you, Frank. It's been a pleasure working with you all these years. And you're right, you and I were appointed at the same time and it's been a really valuable experience working with you and the people in Southern Nevada. Thank you.

Sandoval: Member Skancke.

Skancke: Thank you, Governor. Tom, had I known that two meetings ago me giving you a hard time about that bridge was going to cause you to resign, I apologize. I had no idea it was that important to you, and I'll reconsider my action from that day, if that helps. In all seriousness, I'm the new guy here and it has been an honor to serve with you. I've learned so much from you, and you're going to be missed from this Board, as the Governor said, the attention to detail and the dedication. Transportation is serious business, and you take this business very seriously. And it has been an honor for me to serve with you. We're going to miss you tremendously, but wish you well and enjoy your free time, and as Len said, keep the line open. We're going to need you. Thank you very much.

Fransway: Thank you, Tom. It's been a pleasure working with you also. And I can tell you that the vision that this Board and you, Governor, have taken over the past several years to move this state forward with our transportation needs has served the people who transit this state every day, and have served it

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well and will serve it well way into the future. And it's been very much of an honor to be part of it. Thank you all.

Malfabon: Governor, if we could do the photo opportunity. Next slide, please. Good news on State Route 342 and our partnership with Comstock Mining. They did complete the temporary road for State Route 342, up there near Virginia City. And we have a short video to show you. And I really thank Thor Dyson, our district engineer, for covering that event.

Video: This road, State Route 342, between Silver City and Gold Hill was closed due to a lot of rain and a chronic problem. The rain occurred in February, February 6th and 7th, and it turned out we had to close the road because water was just disappearing into the cracks. The Silver Hills Mine Shaft was a chronic problem for over 68 years. And essentially, it had a number of catastrophic failures, the most recent one being in 2005. And here were are in 2015. We had another failure, an imminent and catastrophic failure. And today with the partnership with Comstock Mining, Storey County, the residents of Storey County, the residents of Virginia City, Silver City, and Gold Hill, we were able to open this road up earlier. 2,000 vehicles use this road a day. It may not seem like a lot when you look at I-80, but it means a lot to the community of Virginia City, Silver City, and Gold Hill.

We can appreciate that phase one of this project is not only done, but it's done ahead of schedule. And we'd like to thank the Nevada Department of Transportation and their staff. The project has undertaken unprecedented cooperation of state agencies, without whose combined assistance and urgency, it would have taken years to complete. And...

Malfabon: Sorry about the video problems, Governor.

Video: (Inaudible) State Route 342, between Silver City and Gold Hill was closed due to a lot of rain and a chronic problem. The rain occurred in February, February 6th and 7th, and it turned out we had to close the road because water was just disappearing into the cracks. The Silver Hill Mine Shaft was a chronic problem for over 60 to 80 years. And essentially...

Unidentified Male: We can come back to it.

Malfabon: Sure. It was a well-produced video and I wanted to thank the staff that produced that. And also Storey County Commissioners and Comstock Mining that were at that presentation. Next slide.

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Also good news, the North Virginia Street signal by the Bonanza Casino was activated last week. We held a media event that was well attended. And folks from the City of Reno, Mayor Schieve was there, several of the Washoe County commissioners and just about the -- if not, the entire Reno City Council was on hand there to celebrate that. This is just the temporary signal, so PAR Electric was our contractor. It cost a little bit over about \$215,000 for the temporary signal. And the City of Reno, my appreciation goes out to them for loaning us some traffic signal poles and then we'll replenish their stockpile as those poles come in. So it was a good way to expedite the contract.

There is another permanent improvement that's over \$1 million. It's still under design right now. We're looking at the utility issues and the sidewalk. Ryan Sheltra was a great partner there, the general manager. He hosted the event there on-site, and he's working with us on the property for the future sidewalk and elimination of one of the driveways on the north end of his property. Next slide.

A lot of media attention up here in Northern Nevada on the I-580 reconstruction. Major work began about three weeks ago with removal and replacement of some of the concrete pavement. 800 cubic yards of concrete has been placed on the southbound direction of I-580, south of the Spaghetti Bowl there. We have three lanes in each direction during the temporary traffic control situation during the day. With regular lane closures and some ramp closures at night, we issue regular press releases to the public so they know what their alternatives are. And there is other construction work going on in Reno right now; the Southeast McCarran project by Washoe RTC, the bridge demolition going on right now on Virginia Street Bridge over the Truckee River. So we ask that people just plan their routes and leave a little earlier than usual because of all this construction going on in the Washoe Valley area. Next slide.

We reported recently that Nevada was number one in the nation in our bridge conditions. That was from a Road and Transportation Builders Association report. That was put to the test recently when we had a moderate earthquake north of Las Vegas. It caused us to be concerned about a ramp on U.S. 95 to I-15 southbound. We shut that ramp down while we conducted some structural inspections. Good news is that there were no structural issues identified. Our bridges are sound. But you can see a photograph there of the bridge joint. That's just a rubber material that fills

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the expansion joint on the bridge, and it was torn. So we will be doing a contract to replace that joint. Not a structural issue, although it looks worse than it actually is with that crack. It's actually rubber material that's been -- over the years and in the heat of Las Vegas, it gets a little bit hard and cracked like that during the earthquake event. Next slide.

We had our barrier rail hit on U.S. 395 north of Oddie Boulevard here in Northern Nevada. And we will be doing an emergency contract to replace that rail. So I'm just giving some notice to the public. We will be affecting those lanes there on 395 north of Spaghetti Bowl, as well as the work that you see going south, where we're replacing the concrete panels that I showed earlier. This contract will be about a million contract to address some of the problems with that rail and put in a higher rail that really is a lot safer for trucks on that stretch. Next slide.

The Surface Transportation Bill extension was signed by President Obama, so it extends the bill through July 31st. The Highway Trust fund later this summer will run into the red unless there's additional funding other than the traditional federal gas tax that goes into that federal fuel taxes. So we'll probably be on a series of short-term extensions either through the rest of the federal fiscal year or through the end of the year, is the likely scenario. But good news is that the Senate, later this month, will be discussing a long-term bill and we're hearing that they're thinking about a six-year bill for Surface Transportation reauthorization. Obviously, still that major hurdle of identifying where the funding will come from. As I've stated in the past, there is a need to increase revenue or to transfer from the General Fund to make up the difference between what the federal fuel tax takes in and what the states are currently obligated to spend. Next.

Well, Governor, it was described as a historic session and unprecedented. And really hats off to you and your folks that had to do a lot of convincing. And I, as a resident and a Nevadan, I can say that, on behalf of many Nevadans, we appreciate your focus on education. You told us in the State of the State Address what you were going to do and accomplish, if not all of it, nearly all of it. And appreciate the focus on education and increased funding and accountability were just the keystones of your agenda. And I think I can speak for all of us to say thank you for the effort and also for finishing on time. It was quite a session and it makes our bills that I'm going to go through pale in comparison, but we appreciate the leadership that occurred from you and your team in this session.

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The bills that passed, we did get the authority now to work with this Board, the Board of Finance and the Treasurer's Office on allowing terms of bond repayments up to 30 years from the current 20 years. And we addressed a lot of the concerns from the legislators about this. Even though we have the ability to issue bonds for 20 years, only one of the five series of past series of bonds were issued for that term. So there was concern about that it could cost more if you paid more interest over a longer term. Obviously, that's true, but we're very thoughtful and we look to what debt we can carry in that highway revenue that we're committing towards prepayment of bonds.

AB 43 addressed confidentiality, and I think that it makes it more open and transparent as far as the process that we use to select design-builders and Construction Managers At Risk, because that is a two-step process typically. And the folks that are competing for those types of opportunities want to see what their competition proposed, how they won and how they could improve their proposal the next time around. So at the notice of intent to award, they have the ability to look into that. So their competitors, proposals and find out what they -- if they want to do a formal challenge or if they want to just review it so they can improve it and have more transparency in the process.

SB 23, just aligned our short-range project reporting from the three years to the four year. It matches the federal reporting requirement for our short-term and working with the RTCs, the Metropolitan Planning Organizations across the state. So we're all on the same page now with a four-year list. SB 324 was an important one that Senator Manendo gave us a placeholder bill that he wasn't going to use, and we appreciated that to get enforcement authority for illicit discharges. So polluted water that comes into our right-of-way on our streets and highways, we can take very quick action. Previously, we'd rely on NDEP, Division of Environmental Protection, to do the enforcement. And this is one that that's going to help us in the negotiations with the U.S. EPA on the Clean Water Act compliance. Next slide.

Those are our four bills. Now, other bills have passed that affected the Department of Transportation; SB 2 initially was the 85-mile per hour speed limit proposal from Senator Gustavson that had a lot of discussion at this Board over a few months. It was amended to 80 mile per hour. It doesn't require us to go out there right now or October 1st and change all the signs on the interstate. We'll be very thoughtful on that approach. We've reached

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out to several other states that have this 80-mile per hour speed limit, so Utah, Wyoming, Idaho. Some of the western states that have the same challenges with long stretches where people would want to driver faster and they feel that it's safer. But we want to investigate this and be very thoughtful in our approach to this. But I just wanted to mention that that did pass.

AB 191 was very important for fuel revenue indexing. Not only to continue in Clark County, but also to -- if the public votes county by county, with the exception of Washoe, in November of 2016, to allow this and the County Commission enacts it, then a portion of that revenue, which is the state fuel tax portion that's indexed, would go to the State Highway Fund. So it could be substantial, particularly in Clark County. I know that Tina Quigley was very pleased with the legislature's consideration and your signing of that bill, Governor. Next slide. Go ahead.

Okay. Uber was a topic of discussion, and these two bills allowed Uber to operate. And one of the things how it benefits NDOT is that the revenue that could be generated out of a service fee attached to the Uber or Lyft, the first \$5 million of that will go into the State Highway Fund. So that's an additional revenue source for the Highway Fund that was not there previous to this session.

Pedestrian safety zones were an item on SB 144. So we'll work closely with the local public agencies and the RTCs and school districts, because often they're related to school zones. And if there's any state highways that are in these pedestrian safety zones, we'll take the appropriate actions for striping or signing. But any bills that improves safety, particularly for pedestrians, we're very pleased with, such as SB 245. It matched the penalties for hit-and-runs similar to -- increased the penalties, because we had a rash of fatalities associated with pedestrians. Some of those were hit-and-run crashes, and we want to make people drive responsibly and act responsibly when there is an incident. Next slide.

Sandoval: Okay. Before you move on to that...

Malfabon: Yes.

Sandoval: First of all, would you talk a little bit about the additional staff positions that were put into the budget for NDOT with regard to the Clean Water Act?

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Malfabon: Yes. We had worked with Nevada Division of Environmental Protection for an organizational chart. An approach to obtain Clean Water Act compliance based on our discussions with the EPA and a draft consent decree, which is a list of activities that we have to do. So it addressed mapping, design efforts, construction efforts, maintenance efforts, the permitting that I talked about that we needed enforcement authority on, and public communication and outreach. Educating property owners that are adjacent or next to the highway that maybe might not be aware of certain activities that they should watch out for like spilled motor oil, for instance, on a parking lot.

So in concert with our Clean Water Act compliance ramp up of how to address those needs, we had a budget amendment for 59 -- I believe it was 59 positions. Significant amount of positions in all those areas that I mentioned or those activities that we have to conduct and improve upon. It was substantial and we asked for more maintenance positions, because right now we put the devices out there to prevent some of the silt from rainfall getting into the storm drain system and then discharging into rivers or other waterways, the lakes, Lake Tahoe in particular. So we asked for more maintenance positions. We asked for more maintenance equipment. Out of those 59 positions requested, 42 new positions were approved and the legislature directed us to look at some of the vacant positions and repurposing positions for this purpose of obtaining Clean Water Act compliance.

So we are pleased with that budget amendment that went through. We did receive a lot of questions about it and we responded to those questions. But we also received approval to start hiring those, effective July 1st. So we've already started with some of the leadership positions, and an additional deputy director position will be hired and work our way through those new positions and really improve and address the Clean Water Act compliance issues that we're facing as a department.

Sandoval: Thank you. So we should, going forward, be okay. I mean, I can't see a reason why we wouldn't be.

Malfabon: Yeah, I think that it's going to show the U.S. EPA that we mean business. The legislature approved that budget amendment after we had taken it through the budget office. And I think that obviously it's going to take some effort to fill those positions, but we know what we have to do. It's just now negotiating with the U.S. EPA. But I think that they'll be pleased with that.

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That is an enormous amount of positions in all cross-cutting areas of the Department, and to have another deputy director to lead this program. I know that Bill Hoffman has been relentless, but it's taken a lot of his time from other responsibilities that he has. But I appreciate Bill Hoffman's efforts in working with Environmental and NDEP on this, and your staff, Governor. So I think it puts us in a better footing for success with Clean Water Act compliance and the U.S. EPA.

Sandoval: And then will you chat a little bit about the money that's going to go back into the Highway Fund from the GST in the second year of the biennium.

Malfabon: The GST, a portion of that used to be offset for DMV operations. And I don't know the exact amount, Governor, but it's going to result in more money into the Highway Fund for projects. And that was a key issue that was important not only to the Department, obviously, but to our contractors, or materials suppliers. A lot of folks that were concerned about the stormwater amendment and the cost of that type of program and compliance, their goal was to have more projects out the door, and certainly that's our goal too. We have a lot of needs, but having that addressed is going to mean millions of dollars into the Highway Fund for future projects.

Sandoval: Yeah. No, and that was money that was otherwise going to the General Fund, but is now going to the Highway Fund.

Malfabon: Right.

Sandoval: And then, finally, which I want to express my thanks and appreciation to the employees of the Nevada Department of Transportation, but to all state employees, as part of the budget we eliminated the furloughs and we also put a COLA in the budget, as well. And it was very important to me because the state employees have made so many sacrifices, at least during my tenure here, and financial ones. And so, again, I don't know if it gets it caught up to exactly where it should be, but at least now no more furloughs and we're going to have those COLAs. We're going to have the step increases, as well. And I just wanted to publically express my thanks to all the men and women of NDOT for your hard work, because I see it all the time.

And an example of that was the earthquake in Las Vegas. Literally, there were people from NDOT on site within minutes. And with respect to the press, there was this big headline, "Earthquake; Bridge Closed." And so the

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folks from here got there, investigated, inspected, and determined exactly the nature of it and put people at ease that the Spaghetti Bowl was okay and it was safe. And people who were coming from out of town could know that they could come to Las Vegas and know that it was safe. But it was because of that immediate reaction of the people of this department to get out there and get the facts out.

Malfabon: Yes.

Sandoval: And so, again, I don't think I say it enough, but for the men and women that are out there on the ground and making things happen, I mean a couple of years ago with that flooding out there by Mesquite, I mean you could go on and on and on. And so the people of this state are very well-served by the employees of this department. And as I said, it was important for me to get that in the budget to at least show that this administration and the legislature is very supportive of their efforts.

Malfabon: Thank you, Governor, for not only the comments about what our folks have reacted to recently with events, but the support for that cost of living increase and elimination of furloughs means a lot to employees that have been dealing with pay cuts in the past several years, and we really appreciate that in the budget.

A quick update on USA Parkway. As we've mentioned, the four design-build teams have been shortlisted. The draft request for proposals was issued the end of last month. And we're going to hold a DBE or minority contracting workshop on June 17th, at the Nugget in Sparks. We're trying to attract more women-owned firms and minority-owned firms to the program, and this is a good opportunity. It's a state-funded construction project, but we do have the DBE goals on state-funded projects, as well. Design-build is a little bit different. You have to get in very early on these teams, and that's one thing that we're trying to make those connections between the primes on the design side and construction side that are these team members on design-build efforts. And the final RFP will be issued in early August 2015, and we'll have a selection by the end of the year and construction will still be on track to be finished by December 2017. Next slide.

A lot of other major projects to update you on. Carson Freeway work begins June 15th, next week. Sorry, I had forgotten to change that slide.

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That was actually last month, not today. I-11 Boulder City Bypass Phase 1 work is underway. This initial phase for I-11 has a lot to do with submitting of the plans, and initial phases is a lot of utility underground work. So you're not going to see a lot of construction work. You're going to see a lot of underground trenching and utility work, initially, while we review the contractor's plans on that project.

US 95 interchange, the bids were opened and you're going to be considering the award of that project later today. That constructs two of the major ramps at that interchange. This is a multiphase project on U.S. 95. We've been systematically widening U.S. 95 all the way up to Mt. Charleston eventually, but we're at that point where we're working at the 215 Beltway, the interchange with 95. Next slide.

No recent settlements to report. We do have a tentative settlement on a property owner named Wycoff that was related to the I-15 south design-build project. And so that will be going to the Board of Examiners soon. That was on Warm Springs Road where the parcel was located. Still working on this I-580 Meadowood Interchange construction claim. Now that the legislature is over, I'm getting more involved with this. And Reid Kaiser and I, our assistant director of operations, are going to have a meeting later this month with the Meadow Valley president. And I think that there's just a lot of information, a lot of detail to go through. We do have some kind of independent reviews going on right now. We're waiting for that information on the drilled shafts, and we'll be in a better position to deal with that claim in later weeks. Next slide.

I wanted to mention that we've hired 56 interns this summer. It's a great opportunity to support not only the local universities here in Nevada, but to showcase the Department as a future employer for these young students that we want to get more talent. As we see on a quarterly basis before this Board, there is decades of experience going out the door, and we want to recruit some bright young talent. You saw it with the -- last month's kind of the messaging on the media campaign, the Safe and Connected that the students developed. That kind of talent is out there. We want to expose them not just to engineering, but all sectors of the Department. We do a lot of things in planning and operations and the districts, so not just the engineering sector. And even in administration, there's many opportunities for these young students to gain employment at either the Department of Transportation or other state agencies.

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It gives them an opportunity to work for us, see what it's like and hopefully attract them in the future. There's probably a lot of the interns here today, so young faces in the audience. I'm not going to say that I look old, but compared to -- the other thing is that we will be removing the grass. Governor, you had an event recently to showcase the attention needed to the drought, and people need to conserve water, both at home and at work. And we're going to be xeriscaping the front, eliminating some of the grass that uses a lot of water. We're obviously going to be looking very much into detail as far as the districts and all of our facilities and how much water we use and how we can do our part as a state agency to lower the use of water at our facilities.

And the operational audit, we shortlisted two firms that will be interviewed very soon. Those firms are Eide Bailly and Piercy Bowler Taylor & Kern. After the interviews are conducted, we'll negotiate a contract and bring that to the Board for approval, and also have some discussion about what items to tackle first, because there were several items in the scope of work that we want to prioritize. And I think that that concludes the Director's Report, Governor. Ready for any questions.

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

Malfabon: The video is ready, would you like to watch it now?

Sandoval: Oh, yes, let's watch the video for the Virginia City.

Video: This road, State Route 342, between Silver City and Gold Hill, was closed due to a lot of rain and a chronic problem. The rain occurred in February, February 6th and 7th, and it turned out we had to close the road because water was just disappearing into the cracks. The Silver Hill Mine Shaft was a chronic problem for over 60 to 80 years. And essentially it had a number of catastrophic failures, the most recent one being in 2005. And here we were in 2015, we had another failure, an imminent and catastrophic failure. And today with the partnership with Comstock Mining, Storey County, the residents of Storey County, the residents of Virginia City, Silver City and Gold Hill, we were able to open this road up early. 2,000 vehicles use this road a day. It may not seem like a lot when you look at I-80, but it means a lot to the community of Virginia City, Silver City, and Gold Hill.

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We can appreciate that phase one of this project is not only done, but it's done ahead of schedule. We'd like to thank the Nevada Department of Transportation and their staff.

The project has undertaken unprecedented cooperation of state agencies, without whose combined assistance and urgency, it would have taken years to complete. NDOT, Storey County Government and its employees, SHIPPO, NDEP, Comstock Historic District Commission, and even the office of the Lieutenant Governor. It was about teamwork, and as the Lieutenant Governor has said many times, AmeriCAN, and we did. Open the road.

Malfabon: And that concludes the Director's Report, Governor.

Sandoval: All right. We'll move to Agenda Item No. 2, Public Comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? Yes, sir.

Mendiola: For the record, my name is Dave Mendiola, County Administrator, Humboldt County. First of all, I'd like to thank the Board for giving us this opportunity to talk. I don't have much to say, other than I've brought along with me an old cowboy from Humboldt County Nevada, Mr. Garley Amos, who's our chairman of the Board of Commissioners. And we'd just like to make mention of the I-11 corridor. And I know you've made your decisions up to I-80, but we'd like to be considered for the future as you make decisions going farther north. Potentially, up into Ada County and Idaho. So, Mr. Amos, if you'd like to say a few things.

Amos: Good morning. Garley Amos, Humboldt County Commissioner, Chairman, and a long-life resident of Winnemucca, Nevada. I concur with Mr. Mendiola. It would be a very beneficial move to have I-11 come through Winnemucca and come up through that area. It's kind of economically depressed, and especially if we lost our gold mines, it would be pretty hard on a lot of people. We'd lose a lot of jobs and stuff. So I think that would be an ace in the corner and we would sure appreciate it if you would consider us. Thank you, folks.

Sandoval: Thank you, Mr. Chairman, for being here and taking the time to provide that...

Amos: My pleasure.

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Sandoval: ...comment. Yeah.

Mendiola: Thank you.

Sandoval: Mr. Mendiola, thank you.

Amos: And thank you, Tom.

Quigley: Tina Quigley, General Manager of the Regional Transportation Commission of Southern Nevada. I would like to thank all of you, Governor in particular, for your support for AB 191, which for everybody's clarification, it was previously in last session we were going to have two ballot questions in 2016 to ask the voters whether or not they wanted to continue to tie local and federal gas tax to inflation. That was one question. And the second question was going to be do you want to tie the state portion of gas tax to inflation. It was going to be very confusing for the voters. So AB 191 allows us to have one question wherein the county and NDOT will be very closely aligned and we will together -- we've come up with a list of very high-profile and important projects that would be able to be funded with this. And for NDOT it means over a billion dollars, for local government it means over two billion. So very important and much appreciated.

We also are excited to see this new revenue stream, the additional \$5 million coming into the Highway Fund. And just as a representative of Southern Nevada, we certainly are going to be paying a lot of attention to where that money is directed, recognizing the fact that this new type of operation in Southern Nevada is going to mean some policy changes, some infrastructure changes and some coordination changes with our airport and our resorts. So we will be interested in seeing where that money goes. Thanks.

Sandoval: Thank you. Ms. Quigley. Any other public comment from Carson City? Any public comment from Las Vegas?

Martin: None here, sir.

Sandoval: Thank you. We will move to Agenda Item No. 3, May 11, 2015 Board of Directors Meeting Minutes. Have the members had an opportunity to read the minutes and are there any changes? Mr. Controller.

Knecht: Thank you, Governor. Two brief items. One's at Page 29 at the bottom, where I spoke inaudibly according to this. I believe the correct word there would be being, "being the local boy." I should have said may I have that

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one. But, anyway, the second thing is at Page 32, there's a discussion at that point, and this is just for information, about the payment of invoices to the law firm. And I just wanted to let you and everybody else on this Board and NDOT know that I took action as a result of that discussion, as I said I would, to make sure that the invoices were held. And I will continue to hold them pending any information from this Board and from the Governor's Office.

Sandoval: All right. Thank you, Mr. Controller. Any other changes to the minutes? If there are none, the Chair will accept a motion for approval.

Martin: I have one, sir.

Sandoval: Oh, I'm sorry, Frank. Go ahead.

Martin: It shows me as present. I was not present last month on the front page.

Sandoval: You would've gotten a freebie there, Frank. All right. So if there's a motion to approve the minutes with the amendment that notes that Mr. Martin is not present, as well as the additional on Page 29 by Controller Knecht to delete the inaudible and to insert "being," B-E-I-N-G.

Knecht: So moved, Governor.

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

Savage: Second.

Martin: Second.

Sandoval: Second by Mr. Savage. Any questions or discussion on the motion? All in favor please say aye.

Group: Aye.

Fransway: I will abstain, Governor. I was not here.

Sandoval: So motion passes, and if you would mark Mr. Fransway as abstaining. We will move on to Agenda Item No. 4, Approval of Contracts over \$5 million. Good morning, sir.

Nellis: Good morning, Governor and members of the Board. For the record, Robert Nellis, Assistant Director for Administration. There is one construction contract under Agenda Item No. 4, Attachment A found on Page 3 of 11 for

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the Board's consideration. The project is located in Clark County to construct ramps and a collector road for the U.S. 95/215 Interchange and to construct a reinforced box storm drain with all the pertinences. There were three bids and the Director recommends award to Las Vegas Paving Corporation in the amount of \$39,200,000. The anticipated proceed date is July 2015, and estimated completion is by spring 2017. And I'd just like to note, Governor, for the record that Las Vegas Paving is already working near the project site at U.S. 95 from Ann Road to Durango, and this substantially reduces the mobilization costs.

Sandoval: Thank you, Mr. Nellis. Does that complete your presentation?

Nellis: Yes, sir, it does.

Sandoval: So that would explain the gap between the successful bidder and the number two bidder?

Nellis: That's correct, sir.

Sandoval: Any questions from Board members? If there are none, the Chair will accept a motion for approval of the contract described in Agenda Item No. 4 which Las Vegas Paving Corporation.

Fransway: Governor, I move for approval of Contract 3583.

Sandoval: And just fair warning, I'm going to give Mr. Fransway every motion this meeting. So Mr. Fransway has moved for approval. Is there a second?

Martin: Second.

Sandoval: Second by Member Martin. So we have a motion and a second for approval. Any questions or discussion on the motion? All in favor please say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item No. 5, Approval of Agreements Over \$300,000. Mr. Nellis.

Nellis: Thank you, Governor. There are five agreements under Attachment A found on Pages 3 of 29 for the Board's consideration. The first is with Collins Engineering, Inc. in the amount of \$881,384.16. This is for up to 68 annual routine underwater bridge inspection services. And just want to note

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for the Board that this is federally mandated and federally funded. And as the Director pointed out earlier, Nevada's bridges are ranked number one. And even though these are under water, I just want to note also for the record this is a four-year contract, so hopefully we'll get rain, Governor.

Sandoval: I was going to ask how many bridges have water beneath them right now. But I understand.

Nellis: Ongoing, yes, sir.

Sandoval: Yeah. Mm-hmm.

Nellis: And then also Line Item No. 2 with TSK, that's in the amount of \$300,000. This is for on-call architectural design services for various department buildings, as needed, including design remodels, additions, replacement or repairs of small buildings or building systems. Then, finally, members of the Board, Items 3 through 5, in the amount of \$300,000 each are for on-call building inspection material and testing services for all department facilities, as needed. Services are necessary to ensure the Department's building construction projects adhere to the International Building Code, as well as the National Electric Code compliance. And that concludes Agenda Item No. 5. Are there any questions for the Department regarding these items?

Sandoval: Questions? Member Savage, then the Controller.

Savage: Thank you, Governor. A couple questions, Mr. Nellis. Line Item No. 1, is Collins Engineers, Inc. a Nevada company?

Nellis: It appears we don't know. (Inaudible).

Savage: Okay. If you could check into that and let me know, I'd appreciate it. Line Items No. 3, 4 and 5, what are the pool of engineering businesses that NDOT pulls from for services of this nature?

Nellis: Do you want to answer?

Kaiser: Governor, Transportation Board, I'm not sure. I'm wondering if Anita -- Anita Bush, our Chief Maintenance and Asset and Management Engineer could probably give you a little better answer than I could.

Savage: And the other thing Mr. Kaiser and Governor, excuse me, we can also take this to the CWG meeting after this meeting to answer some of these questions, if you'd like to, as well.

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- Kaiser: Okay.
- Savage: Because I'm also concerned -- or not concerned, but a question would be what firms had the agreements during the years of '09 through '13.
- Kaiser: Okay.
- Savage: So I'm just making sure that we're fair and equitable.
- Bush: Governor, members of the Board, Anita Bush, Chief Maintenance and Asset and Management Engineer. We put out an RFP, the Request for Proposals, when we advertised this contract, and we had like 12 proposals.
- Savage: Twelve?
- Bush: And it was competitive, so we decided to contract with the three firms and how it works is for each task we just go down on the list. So we make sure that the work is distributed evenly. And all the civil engineering firms who do material testing, they can propose for the RFP. So it was a competitive process and we just went with the top three firms.
- Savage: Okay. Thank you, Ms. Bush. And as I mentioned, Governor, I think we will take this to the other Construction Working Group and talk more about the consultant assessment and how it's reviewed. So I appreciate it. Thank you, Governor.
- Bush: Thank you.
- Malfabon: And in response, Governor, to the question. Collins Engineers has a regional office in Las Vegas. They're a national firm, though.
- Sandoval: Mr. Controller.
- Knecht: Thank you, Governor. And looking at Page 3, Mr. Nellis, Items 2 through 5 all have bid amounts of \$300,000. And when I saw that, initially my thought was the event in the movie, "Casino," where the guy hit the big jackpot three times in a row and Robert De Niro's character said, "That can't happen." This didn't happen as a matter of chance, I presume. I just want to clarify what you're doing, and I think this is a good idea if I'm right, is you're making sure that these contracts are at a stated amount that triggers review by this Board so that it doesn't fly under the radar and you'll, of course, manage them very frugally to make sure we don't spend anything more than needed, but that you've got the Board's review and authority and

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it's for the time periods specified, so that these people are on call and you can operate efficiently without having to go out for new bids and contracts and review by this Board every year or six months or whatever. Do I glean correctly that that's what's going on?

Nellis: Yes, Mr. Controller. For the record, Robert Nellis, Assistant Director for Administration. That's correct. The reason they're on the approval items is specifically so we can get the Board's approval, and these are maximum amounts. We have these on-call agreements, so we may go up to those amounts. We may not, but I'd be more concerned if they came in at \$299,999.

Knecht: I would too. And I just want to say to NDOT administration and management, I think that's a good practice. We run into lots of problems in state government where state government can't act timely and efficiently, and this is certainly one way to put us in a position so that we can and so that we're not behind the eight ball when something's needed. And on that first contract, by the way, if you get out there right now you can probably inspect all those with no water under them.

Sandoval: Any other questions or comments with regard to Agenda Item No. 5? If there are none, the Chair will accept a motion to approve Contracts 1 through 5 as described Agenda Item No. 5.

Fransway: So moved, Governor.

Sandoval: Member Fransway has moved for approval. Is there a second?

Knecht: Second.

Sandoval: Second by the Controller. Any questions or discussion? All in favor, please say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item No. 6, Contracts, Agreements, and Settlements. Mr. Nellis.

Nellis: Thank you, Governor. Again for the record, Robert Nellis. There are two attachments that can be found under Agenda Item No. 6 for the Board's information. And beginning with Attachment A, there are four contracts on Pages 4 and 5 of 19 for the Board's information. The first is located in

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Interstate 15 for Project NEON; demolition, asbestos, and hazardous material abatement for 11 parcels. There were four bids, and just to note for the Board's information, there is a calculation error on the fourth bid in CGI's bid. That's why that amount is so much larger than the others. And the Director awarded the contract to Baldwin Development, LLC, in the amount of \$676,676.

The second contract is on U.S. 50 in Silver Springs, Lyon County to construct a fence with cattle guards. There were four bids on this one, and the Director awarded the contract to Sierra Nevada Construction, Inc., in the amount of \$689,007. The third contract on U.S. 50 is in the Carson City Clear Creek watershed to construct multiple storm drains, drop inlets, trench drains, slope flattening, grading concrete curb and gutters, and channel work. There were five bids and the Director awarded the contract to MKD Construction, in the amount of \$1,160,000.

And, finally, Board members, Item No. 4 is a resurfacing project located on SR 158, Deer Creek Road, in Clark County. There were two bids and the Director awarded the contract to Las Vegas Paving Corporation in the amount of \$2,118,000. And I'd just like to make a correction for the record that contract was awarded on May 4th rather than April 8th as stated in your packets. And, Governor, that concludes these items. Does the Board have any questions for the Department?

Sandoval: Questions from Board members? Mr. Controller.

Knecht: Thank you, Governor. And I just want to turn to Item 1 at Page 4. The bids and the estimates kind of prompt a wow question. The three bids are significantly below the engineer's estimate, which is always, I guess, a good thing in its own way. Then there's one that's only 6 times the engineer's estimate and 10 times the others. Can you give us any insight on the engineer's estimate and the validity of the bids and what's going on there? In particular, were the specs clear to everybody? Because I worry that when somebody comes in with a bid 10 times what everybody else does that there may have been something unclear in the specs.

Nellis: And, Mr. Controller, as our tradition, we'll have our chief engineer answer that question.

Terry: John Terry, Assistant Director for Engineering. And actually we were kind of surprised by the bid. The one is an error. I think there's a decimal error

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in that one. In the other estimates, we are a little bit surprised in that this is -- is the third or the fourth demolition contract on NEON? So are they finding that the work isn't as hard as they go on and they're doing it more economically or are we not adjusting our estimates down appropriately? But we recommended award. The bids were reasonable. The companies are doing a reasonable and they are very close to each other and we're looking closer at our engineer's estimates for these demolition contracts. But I guess the good news is we're finding these demolition contracts are going down the more we release them and we have another one yet to go.

Knecht: Just one more comment on that, Governor. And thank you, John, that's a helpful explanation. I saw the asterisk there and then I didn't find that at the bottom of the page, but it's at the bottom of the next page so, okay, typo. That's a pretty expensive typo, by the way, for somebody but not us. I'm comforted also by the fact that the two low bids are within about 5 percent of each other. And so there's a kind of a reinforcement there, and let's just hope that this trend continues. Thank you.

Sandoval: Please proceed, Mr. Nellis.

Nellis: Thank you. Governor and members of the Board, again, for the record, Robert Nellis. There are 79 executed agreements that can be found under Attachment B on Pages 11 through 19 for the Board's information. And Items 1 through 5 are cooperative and interlocal agreements. 6 through 23 are acquisitions and an appraisal. 24 through 32 are facility agreements and leases. 33 through 52 are for right-of-way access. And, finally, Items 54 through 79 are service provider agreements. And just a few notes for the record, Item No. 53 was actually misordered between Items No. 67 and 68 on Page 17. So there are still 79 items, it was just placed out of order. And then Item No. 77 on Page 18, the amendment date is actually 5/11/15, not 9/26/1900. So I didn't want the Board to think we were amending agreements from that far back. And that's it. Any questions from the Board, Governor?

Sandoval: Thank you, Mr. Nellis. A couple of questions from me on 20 through 23. I see the end date is 2025.

Hoffman: I can take that question.

Sandoval: For lease agreements and...

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- Hoffman: So, Governor, for the record, Bill Hoffman, Deputy Director at NDOT. These hold vacant leases, the actual expiration date isn't as important as the work that goes on to close out the agreements. When we close escrow, that's what actually ends the agreement itself. And there was one situation where we held the expiration date too close, so we didn't give ourselves enough time to do that work, and it really caused a lot of inefficiencies and a lot of extra time and resources. So what we've done in this case to be very conservative is kick the date out, well out in advance. Ten years is a lot, but we're working on dialing that end date back somewhere in the two- to three-year range. So we're looking at that, evaluating that, but we did notice that and we'll work to drill down into the details and get that agreement expiration date as close as we can to what we think is accurate, so...
- Sandoval: No, and thank you. I just wanted to make sure that you didn't know something that we didn't know.
- Hoffman: No.
- Sandoval: All right. Move to Contract 24 and just a question on that is it goes through 2020, but the contract is for preliminary engineering.
- Malfabon: I can take that one, Governor. So the gas company has certain rights for their major gas line in that that actually is in the same area as that U.S. 95 interchange project at the beltway. Eventually, this gas line has to be relocated for the future phases of that interchange contract. Not the current one that you approved, but since they have certain rights we're paying them for the design for the future relocation.
- Sandoval: And then moving to Contract 60 for the site cleanup. It just seems a little high, \$240,000.
- Malfabon: And I'll take that one, too, Governor. We pay for the services rendered, but often along highways, unfortunately, there's encampments by people that are homeless, and it involves hazardous waste. Obviously, they're using the site. And also sometimes drug paraphernalia that we have to be cautious around so that they won't get stuck with a needle and such. But the cost is significant, but we've been doing this service with various environmental cleanup firms, and we feel that the costs are reasonable.
- Sandoval: All right. That's all I have. Questions from other Board members? Member Fransway.

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Fransway: Thank you, Governor. And, likewise, I had a question on Item 60. Seems to me like that's somehow a misappropriation of fuel tax funds in order to clean up after a homeless site. I suggest that there must be a level of enforcement on our part or on law enforcement's part to eliminate what I consider a trespass. This Board and the funds that come are paid for by the traveling public in the form of gas taxes are not meant for social issues. So I suggest that somehow in the future there be a mechanism that NDOT can avoid these types of -- what I feel is (inaudible).

Malfabon: And in response, Member Fransway, we do sign our facilities "No Trespassing." Unfortunately, that doesn't keep folks from camping out next to the highway. We also do some things not only with larger rocks so that it's not comfortable to camp out at that location, but also make it look nicer esthetically. And then we also have been talking to the engineering side of the Department to design things so that they're not going to attract people. It's not a nice spot to -- for instance, under a bridge. We don't have a level platform under a bridge that would attract someone camping out right there under a bridge in the shade.

So we also work with law enforcement in Southern Nevada. We coordinate the cleanup efforts. And I believe this is proper use of State Highway Fund money to conduct maintenance activities. It's basically cleanup along the highway similar to what we do with our litter and trash control along the freeways. It's just that there's more hazardous materials there to deal with due to encampments. And when law enforcement is involved, we give proper notice to the people that are camping out there. They have personal effects that they take away and then we come in there with maintenance, clean it up. And often what happens is, unfortunately, they come back to those areas. Law enforcement has a lot of responsibilities. I don't know if Mary Martini, our district engineer, has anything to add to that. But it's been a challenge, especially in Las Vegas.

Martini: This is Mary Martini. I'm district engineer for District 1, Southern Nevada. Essentially, the areas in question are usually around our older sections through the middle part of Las Vegas; D Street, F Street, H Street. And we recognize that it is an expenditure of funds, and this has been going on for some time, so it doesn't look like it's a part of the transportation effort. However, we have some pretty significant water quality issues because the reality is, is that we've got hundreds of homeless people and they're

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transient, which means that they camp and then they move on and then they come back, regardless of the efforts that we take.

While we're involved with the social services and we're involved with law enforcement, they are there. There is a lot of human waste that accumulates. Sometimes they can fill up a box culvert half, three-quarters of the way full in between cleanings. And we usually get the hazmat contracts out about once every six to eight weeks. I'd be happy to give you a tour of the realities of the underside of Las Vegas, but if we did not expend this money we would be in serious violation of water quality, health standards, and just the neighborhoods of what occurs next to people's homes, because the homeless are living in those areas. Thank you.

Dyson: And Thor Dyson, District 2 Engineer. We experience similar things, particularly on the I-80 corridor through downtown Reno. Everything that District Engineer Mary Martini said is equivalent to us, it's just in a lesser scale. I do want to add that they do cause a lot of problems, particularly with our irrigation lines. They're looking for water to drink. The economy, when it tanked and got a lot worse back in 2007 and 2008, we certainly saw an increase in the homeless activity. And we have to follow certain regulations and we have to be very careful when we start moving people's encampment. And we want to make sure that we follow all the NRSs, and our legal division has helped us in the past on how to address homeless camps, homeless situations under all our structures. And it's a tough deal, but it does need to be addressed for water quality and everything that Ms. Martini stated. Thank you.

Sandoval: Other questions?

Savage: Yes.

Sandoval: We have Member Savage, then the Controller.

Savage: Thank you, Governor. And, again, 59; I think the dollars are excessive. Not 59, I'm sorry, 60. 60 on the homeless camp cleanup. I feel it's excessive. I understand the reasoning, but the whole equation regarding transportation and safety and homeless, it doesn't add up. So I think we really have to keep our finger on this, and I think with the additional staff with the Clean Water Act and the opportunity that we have jurisdiction in these areas, I think we can utilize, because it is a safety issue. When you tie the two together, it

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doesn't make sense. And I think the dollars are high, but as long as we're on top of it I've got complete confidence in the staff and the administration.

The second item I have, Governor, would be Item 59, the TIGER Grant dollars were CH2M Hill again seemed excessive to me for just under a three-month period for \$80,000. And if someone could explain that to me, I would appreciate it.

Nellis: For the record, Robert Nellis. I don't know if I can explain the \$80,000, but I thought maybe putting in perspective the amount of money that we're going after might help. It's a \$17 million grant and applying for these grants takes a lot of time and effort to go into it, so that the ratio itself is a good ratio, if that helps.

Savage: Well, the ratio, but for two months' worth of work for 80 grand. That ratio is the one that bothers me. I understand the \$17 million and I know a lot of people that write grants, but I just want to make sure that we're running it as tight as we can to ensure that every dollar needed on Project NEON can be used towards the construction or the right-of-way. And it just seemed high to me. So I would like the Department to ensure that the dollars used for that TIGER Grant exercise of a little over two months be reviewed. I'd appreciate that.

And lastly, Governor, Items 77 and 78. Mr. Nellis, you spoke on that earlier. I know it was a timeline extension. Are there no dollars associated with that extension of time?

Nellis: I don't believe there are, no, sir.

Savage: No dollars?

Nellis: No dollars.

Savage: That's appreciated. Thank you.

Sandoval: Mr. Controller.

Knecht: Thank you, Governor. And I'd like to stay on the same page at Item 76. We all seem to have our triggers based on our personal experience. And as someone who's testified as an expert witness many, many times, these jump off the page at me. So my question is with 75 and 76, we've got basically on-call survey and expert witness and related services, and they're running

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from -- I think they started back in May of 2013, and running more than two-and-a-half years and up to three-and-a-half years in the second case, No. 76. I presume this is done on a bid basis with a list of bidders; am I right, at the start there?

Gallagher: For the record, Dennis Gallagher, Counsel to the Board. Generally, the firms are selected based upon their expertise. I'll point out to the Board on Item 75, that particular matter has been settled and the settlement of which has previously been approved by the Board of Examiners. This was just catching up with that settlement. Item 76, this is the last remaining parcel that the Department is dealing with in connection with the Boulder City Bypass. Very complicated, given the nature of the land out there and this particular individual's very unique business. So this particular firm was engaged because of their expertise engineering-wise to help with project design to see if there were any alternatives that we could use less of the property owner's land for this project.

Knecht: So what you're telling me, Mr. Gallagher, in Item 76 which was really the one of concern, is that this wasn't really a commodity-type service, but was a very specific expertise that this contractor had, and so we didn't go to bid and we don't have to worry here about three-and-a-half years being fair to other potential bidders; that sort of thing, because this is a very unusual, perhaps unique situation.

Gallagher: The property itself, Board member, is very, very unique and this firm was selected because of, if you'll pardon the expression, some of their out-of-the-box way of looking at traditional engineering questions. And they've delivered in the past on a number of other property acquisitions where they've come in with new ideas, new concepts that have really saved the state a significant amount of money.

Knecht: Those are my kind of folks. Thank you, Mr. Gallagher. Thank you, Governor.

Sandoval: Other questions from Board members?

Fransway: Governor?

Sandoval: Member Fransway.

Fransway: I had one other and I forgot to mention it when I had the floor. Item 13 through 22, these are expenditures to hold properties vacant. My question is

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how long are we holding these properties vacant? And I assume it's related to NEON. But I added them up and it's around \$1 million.

Malfabon: I can respond to that.

Fransway: So my question is how long?

Malfabon: So as Deputy Director Hoffman mentioned, it's until we actually acquire the property. What we want to avoid is a revolving door of people leasing space. We just relocate somebody and then someone else moves in, then we get to start the process over. So it helps us to pay the property owner, because they're not getting the revenue of leasing the property, but it also saves us money in avoiding future relocation costs for another person that moves in.

Fransway: Okay. So is there a time frame then?

Malfabon: Typically, it's associated based on the parcel, but when we acquire the property, basically when escrow closes, then we don't have to pay that anymore. So since it varies by parcel on the acquisition schedule, but it can be from months to, in some cases, over a year depending on the parcel on Project NEON, because there's over -- well, dozens of parcels still to acquire on a certain schedule.

Fransway: Okay. Thank you, Mr. Director. Thank you, Governor.

Sandoval: Any other questions? Mr. Nellis, does that complete your presentation?

Nellis: Yes, sir, it does.

Sandoval: Okay.

Nellis: Thank you.

Sandoval: Thank you very much. We will move to Agenda Item No. 7, which is a Resolution of Abandonment.

Malfabon: Thank you, Governor. This Resolution of Abandonment is for a parcel next to I-15. Pardon me while I catch up here. The Surplus Property Committee reviewed that and we have an easement. So we don't have the property in fee, but it's an easement interest, so what we do here is abandon our easement interest. And the other thing to add to this, this ramp that you see on Attachment 1 is no longer going to be necessary for access to I-15

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Northbound once Project NEON is built. So that's the other reason that we don't need it in the future. This is right by the outlet mall in Las Vegas by the Spaghetti Bowl. And we worked with Federal Highway Administration on this request and they found it be acceptable to work with the owner of the outlet mall, too, on this encroachment and abandonment of the easement.

Sandoval: Thank you, Mr. Director. My only question is, is that easement -- or I'll put it this way. Does that easement not have any value?

Malfabon: Since we don't own it, it doesn't have any value.

Sandoval: All right. Other questions from Board members? If there are none, the Chair will accept a motion to approve the Resolution of Abandonment as described in Agenda Item No. 7.

Fransway: Governor...

Martin: So moved.

Fransway: ...I assume that the recipient of this abandonment will be Las Vegas?

Malfabon: The recipient is the underlying fee owner, which I believe is the owner of that outlet mall.

Sandoval: Which would be Simon Chelsea, correct?

Malfabon: Yes. Yes.

Fransway: Simon Chelsea?

Malfabon: Yes.

Fransway: Okay. Move to approve.

Sandoval: Member Fransway has moved to approve the Resolution of Abandonment as described in Agenda Item No. 7. Member Martin has seconded the motion. Any questions or discussion? Hearing none, all in favor please say aye.

Group: Aye.

Sandoval: Opposed no? The motion passes. We'll move to Agenda Item No. 8, Resolution of Relinquishment.

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- Malfabon: Thank you, Governor. How many of us know where Deeth, Nevada is? It's actually in Elko County. And we had this property originally back in 1937, quitclaimed it to Division of State Lands to be used as a fire station. And recently, last December, they quitclaimed it back to us and the Elko County Board of Commissioners passed a resolution to continue using it as a local fire station, I believe it is.
- Sandoval: Anything else, Mr. Director?
- Malfabon: No, that's it.
- Sandoval: And if my memory serves me right, Deeth is where Governor Russell taught school in a one-room schoolhouse. So there is some history there. But same question for this item, is there any value to this?
- Malfabon: No, since we had -- maybe I could ask someone from Right-of-Way to address that. But we felt that since it was being used for that purpose, to continue to use for the purpose, really the value is to the community to it continue being used as that purpose, for public use.
- Borelli: Ruth Borelli, for the record, Deputy Chief Right-of-Way Agent. Director Malfabon is correct. It's going to be continued to be used for a public purpose, so therefore we don't sell it. We just relinquish it. Thank you.
- Sandoval: No, and I'm sure the folks out in Elko County are very appreciative.
- Borelli: Yeah, I'm sure they are.
- Sandoval: All right. Questions from Board members? If there are none, the Chair will accept a motion to approve the Resolution of Relinquishment as described in Agenda Item No. 8.
- Fransway: So moved, Governor.
- Sandoval: Member Fransway 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 say aye.
- Group: Aye.

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Sandoval: Opposed no? Motion passes unanimously. We will move on to Agenda Item No. 9, which is the Acceptance of Amendments and Administrative Modifications to the 2015-2018 STIP.

Malfabon: Thank you, Governor. Coy Peacock from our Multimodal Planning Group is going to present this item. It's the regular update for STIP, Statewide Transportation Improvement Program modifications. Coy.

Peacock: Good morning, Governor, members of the Board. It's my pleasure to present to you the changes to the fiscal year 2015 Statewide Transportation Improvement Program or better known as the STIP. These changes were made between March and June of this fiscal year, and they were made to ensure the obligation of all the federal funds by the end of the federal fiscal year, which is September 30th. These changes have been approved by the Governor's designee, which is the Director of the Department of Transportation, Mr. Rudy Malfabon, and also approved by FHWA.

Amendments are triggered when there's a significant change to the design or scope of any project, when recently a significant project is either added or deleted or there is a significant change of over \$5 million or greater than 20 percent. The administrative modifications are triggered when there's a funding category that has changed, when there is a change less than 20 percent or less than \$5 million where a project has been moved between federal fiscal years. I'd be more than happy to answer any questions at this time.

Sandoval: Thank you. Questions from Board members? Well, the materials were pretty clear and great job. Although that you've approved it, Mr. Director, it still requires action on behalf of this Board to approve it, as well, because it is marked as an action item.

Malfabon: It's already been approved, so it's basically acceptance of this information by the Board. And I wanted to note that as we move to the electronic STIP document, you'll get clearer information about where the old funding table was and the new funding table for projects, so at least it identifies those funding sources and how the money moves around. Just as Coy mentioned, our goal as well as the Metropolitan Planning Organizations, the RTC's goal is to use every dime of federal funds. So this is part of that process.

Sandoval: All right. Then the Chair will accept a motion to accept the amendments and administrative modifications to the 2015-2018 STIP.

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- Fransway: So, Governor, is this a ratification?
- Sandoval: It's an acceptance.
- Fransway: Okay. All right, Governor, I will move for the acceptance of administrative amendments and modifications to the STIP as described in Item 9.
- Knecht: Second.
- Sandoval: Thank you, Mr. Fransway. Mr. Fransway has moved. The Controller has seconded the motion. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes. We'll move on -- thank you.
- Peacock: Thank you.
- Sandoval: We will move on to Agenda Item No. 10, which is Receiving a Briefing on Drafts Southern Nevada HOV Plan.
- Malfabon: And John Terry, our Assistant Director of Engineering and Chief Engineer, will present this item.
- Terry: Okay. So trying this new presentation program, so please bear with me. We made this previous presentation to this Board, and I know we've got a few new members, in April of 2014, about the Southern Nevada HOV plan. So quickly tell you what the attempt was to do here and now to tell you that the plan is finalized.
- 2007, we did the Southern Nevada HOV plan. We recently hired Jacobs Engineering to update that plan. The major reasons why we updated that plan; the modeling that was done in the 2007 plan was based upon the 2030 regional transportation model for Southern Nevada, which at that time did not include the mode choice. Mode choice being the model includes transit and people using HOVs, et cetera. We did have access back then to the mode choice model, because Southern Nevada was updating their transit plan, and we utilized it. Now that they have updated the 2035 model to use the mode choice element, we updated our HOV plan to that and to see how it affected our overall plan moving forward. We wanted to evaluate the direct connector locations, which were pretty preliminary in the 2007 study, and we wanted to make some operational recommendations because Project NEON, of course, is a big part of the update to the regional plan, as you'll

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see as we move through this presentation. And we needed to get out to the public on operational recommendations. Next, please.

This is the current situation, for good or bad. We have express lanes on I-15 that extend from about Silverado Ranch to Sahara going north, and we have HOV lanes that were built as part of the U.S. 95 project that currently extend from about Rancho north to about Ann Road. Next please.

The current U.S. 95, of course, is HOV lanes and I-15 are express lanes. With NEON, we will convert two express lanes to one general purpose lane and one HOV lane, creating what we are going to call, moving forward, the near-term HOV system. This HOV system that will be in place in 2018 with the completion of Project NEON. We'll go south from Silverado Ranch on I-15 North to Elkhorn Road on U.S. 95, as well as out Summerlin Parkway to about Buffalo Drive. Next please.

So just show graphically what we're doing, I would call this from the stretch from about Sahara down to Silverado Ranch. There's not always four general-purpose lanes. There's aux lanes, et cetera. But in general, we're going from two express lanes and three general-purpose lanes to one HOV lane and four general-purpose lanes. Again, there's other things happening. There's CD roads, et cetera, but the general section through there. Next please.

And so this is the proposed near-term system. I will say it's very close to the proposed near-term system that was in the 2007 plan. The limits on I-15 are a little bit different and it goes further north on U.S. 95, but it is pretty close to the system that was recommended in the 2007 plan. And I will say the 2007 plan essentially created NEON as we see it today. In other words, it recommended the HOV connector from U.S. 95 to I-15 that is the big part of NEON today. So this is what we're proposing will be open in 2018, an HOV lane with one lane in each direction from Silverado north to north of the 215 Interchange up there at Ann Road -- or at Elkhorn, I'm sorry. And direct connect ramps, those are the purple dots at Elkhorn, as well as the HOV gateway that's part of the NEON project, with a direct connector, the current one that exists at Summerlin Parkway with the one that's being added from 95 to 15 as a part of NEON. Next please.

So, of course, the HOV flyovers are a big deal. This one cost us \$26 million and we thought that was a pretty good bid on that. And the one on NEON is

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going to cost us way more than that. And we're going to talk about some others that are proposed as a part of the long-range plan. So these HOV flyovers that go from system to system are expensive parts of our infrastructure. Next please.

So this is the proposed long-term system. You may say what's the long-term. 2025 and beyond, we think, and it depends on funding and a lot of other things. But this is essentially what we're talking about doing for the most part to our freeway systems in Southern Nevada for the next 15 years. That's why this study is important. Most of our projects that we do on an urban system will include HOV of some element. Again, the limits are a little bit different than was in the first study, but not significantly different. HOV lanes on 515, good portions of 215, and kind of hard to see in there, but there's two lanes each direction on both 95 and I-15. As when this system builds up, we think those will be over capacity for a single HOV lane and would have to be two. It also shows a lot more of the direct access ramps, as well as additional system-to-system interchange at the 215 Interchange. Next please.

Okay. In red are the ones that are being built as part of NEON, and the blue are other ramps that are proposed as part of this system on I-15. So we have the HOV gateway built as part of NEON. They're still talking about direct connector ramps at Blue Diamond, Hacienda, Harmon and/or Meade are in play for the long-range system, as well as proposed connectors at I-15 North and 215. So the system gets expanded quite a bit in a future system, but the red ones are being built as a part of NEON. Next please.

When we talk about direct connector ramps, that's an example of a picture of them. On U.S. 95 then we've got some proposed at Maryland Parkway, Smoke Ranch and Elkhorn. And Elkhorn, we're currently working with the City of Las Vegas to get that added pretty soon here, as well as additional at the airport connector and Sunset. So this is one example. Going underneath would be another example of a direct connector. In other words, a connector that gets you from an HOV system to an arterial. Next please.

And I'm going to spend some time on this slide. This is part of what we've had extensive public involvement. We've had agency outreach. We've had public outreach. We've had work sessions. And a lot of it is emphasized what are the operational recommendations of the HOV system. So minimum occupancy, two plus. Most HOV systems in the United States are

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two plus occupancy. There are a few that are a three plus, but most of those started as two plus, got over capacity and, therefore, they converted them to three plus.

Hours of operation; we originally opened our HOV lanes at 24 hours. We converted them to time of day. The recommendation of this study, for various reasons that I can get into, is to convert it, when NEON opens, to 24 hours a day, 7 days a week. I would say the main reasons are we have a very extended peak period that would be quite a bit in period anyway. And we're going to significant flyover bridges and, we'll talk about it later, limited access in and out. And we think both the enforcement and the operations of the system are more consistent with a 24-hour a day operation.

And, frankly, the users of our system, of course, are from Las Vegas, but the nearest metropolitan area, which is the largest HOV system in the nation, is Southern California, and that's how theirs operates. And I can answer your questions on that. Trucks more than two axels are not eligible. Towing a trailer, you're not eligible to use an HOV lane, similar to today. Motorcycle is eligible, similar to today. Emergency vehicles are able to use it responding to an emergency, even if they only have one person in it, which is rare. Usually, they have two anyway. Public transit buses are eligible, of course, to use it. A big part of our HOV system is to allow transit in it, and we've worked with the RTC and they are running express buses in our HOV system, and they fully intend to expand that system as we expand ours. But also a dead-heading bus can use the HOV system with just a driver if it helps him keep on schedule to run his route to dead-head to the beginning of his -- or the end of his route.

The other one is the single-occupant low emission and energy efficient vehicles. We currently have NRS that allows us, the Department of Transportation, to allow energy-efficient vehicles into our HOV system. And there's been a lot of discussion about this. We've had calls from various people; why don't we allow them in our system. Our current response has been our current system isn't that effective and efficient until we get a bigger, more robust system, and we don't want to convert and allow them in at this time, and that we would consider it as a part of the bigger near-term system that's supposed to open in 2018. And we're saying to continue to study this. We have a couple of reasons and our current recommendation is to open the system without it and to consider adding those after the system. And the reason is this is based on projections, and

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our projections aren't that great just moving forward in terms of traffic. When you try and project how many HOV traffic you're going to have, the projections can get a little trickier even.

We think our HOV lane is going to operate pretty well and there's going to be some available capacity beyond what's going to be in there, and we could allow additional vehicles in, but we need to be careful. I think our recommendation is continuing to monitor it, open up the system, see if there's available capacity in there before allowing more people in. But this is a study that can be made. It currently says the Department of Transportation can make that decision. What we're talking about here are really high-mileage vehicles. I believe in California it's more than 50 miles a gallon. It's really only a Prius, two or three others, and the electrical vehicles. It's not a hybrid SUV or anything. So we want to continue to study this issue and close out this study and make it a policy issue moving forward.

The last one is access type. And, again, for those of you that have driven in Southern California, I'd say we're talking about going to more of the Southern California model, and that is you cannot get in and out of the HOV lane anywhere you want. There will be access locations proposed that you can get in and out of it, and you must stay in the lane you're in. Otherwise, in between those spacing is about a half a mile or more and runs for a quarter of a mile where you can get in and out. The reasons for that, we think it'll make our system more efficient. We think it'll make -- the jury is still out on the safety issue. Some say they think it's safer this way, but really the statistics don't necessarily back that up. We're going to assist them. That includes major flyovers. As you get close to those major flyovers and decision points, you can't have traffic going in or out anyway. You would have to keep them out. So we're recommending, and we studied this quite a bit, the limited access facility, which is different than the way it currently operates out on U.S. 95 today. And maybe I'll stop here if you have any questions on the operational recommendations while we've got them up there.

Sandoval: Questions from Board members? Member Savage.

Savage: Thank you, Governor. And thank you, Mr. Terry. Very informative, very thorough. Just a question on is there a consultant assisting the Department on these studies?

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Terry: Yes, I believe in the first slide it was Jacobs Engineering as doing the update to the study. Yes. And that was an agreement that went before this Board, I'd say in late 2013, early 2014.

Savage: And they're assisting in the single occupant study, as well, or is that internal department?

Terry: I think we will probably close out this study. I will say that they're the ones that gave us the recommendation of how much capacity is out there, what we think is going to be available as additional capacity, but I believe this is a decision that we have to make.

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

Sandoval: Member Skancke.

Skancke: Thank you, Governor. John, good presentation so far. A couple of questions back a couple of slides on the express lanes to the HOV lanes. What was the determination of reducing the number of express lanes down to one and adding a general flow lane and having only one HOV lane?

Terry: I'll give you two main reasons. One is when we did the express lanes project six, seven years ago, there were, in essence, four general-purpose lanes and we only added one more. One of our main policy points since the 2007 study is we would not convert general-purpose lanes to HOV lanes. Even though for a four-year period in between, those were express lanes. If we were to convert it, we would be, in essence, converting a general purpose lane to an HOV lane. But that's not the main reason. The main reason is capacity. We ran the numbers through our projections and we feel like three is not enough general-purpose lanes and you would have unacceptable breakdown of the general-purpose lanes if you had two HOV lanes. And that one HOV lane, while it's pushing up against its capacity, would be okay and that four general-purpose lanes was the right answer. I believe the long-term answer on the core of I-15 is four general-purpose lanes and two HOV lanes, but that would be part of the 2025 and beyond study limits. But I do not believe, and the numbers seem to bear it out, that we could tolerate three general-purpose lanes through that corridor.

Skancke: And is it more difficult -- that was well said. Is it challenging to come back in 10 years and say, oops, need a second HOV lane? Are there any restriction or any laws or any regulation that would make it difficult for the

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Department to come back, say in 2020 and say, wow, we really missed that number, we need two HOV lanes?

Terry:

Well, nationwide there's been some oops the other way. I mean California went out and simply almost one weekend or one week, many years ago, just restriped I-10 to Santa Monica to one HOV lane and took away a general-purpose lane and there was a huge outcry about it. We certainly would not do it without a big public involvement effort if we were to ever convert a general-purpose lane to an HOV lane. I believe the numbers say through that core we need four general-purpose lanes and two HOV lanes. Just like one of the recommendations of the original study was don't do what was proposed at the time, in the 2001 environmental assessment on U.S. 95, to go to two general-purpose lanes and one HOV lane. And we didn't do that and we did a reevaluation of the EIS. The split of traffic just isn't enough.

You don't have enough HOVs. So if you can't go one and two, we decided as a policy to only go one when we had three general-purpose lanes. If one and two doesn't make sense, the traffic splits don't make sense to go two and three. You've really got to have two and four. I don't know if I answered your question...

Skancke:

Yeah. No...

Terry:

...but those are the thoughts we went through and why this was a big decision to go to one and four.

Skancke:

I'm trying to be proactive, right, so that we don't come back and say -- because with all of the economic development efforts and now with all of the things that the Governor has done in the legislature just (inaudible) on education, Southern Nevada's marketplace is going to become very popular over the next five years. And what we don't want to do, in my opinion, is play catch up, right? So for example, your hours; I was aware of the changes that were made to make those kind of flex hours for HOV lanes. I agree with your assessment that they need to be going forward once the entire system-to-system connectivity is done that that's a 24-hour day, 7-day-a-week operation. You can't confuse the public, right, so you're either going to have an HOV system or you're going to have a temporary HOV system.

And so I think all of those things are very well thought out. I like the limited access. It does work from a safety point of view. It also keeps

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people from shifting in and out. And if you look at what happens in Southern California, where they aren't limited access, I just went through it this weekend, there's that constant dodging in and out and people don't care about double-yellow lines unless there's a highway patrolman behind them at the moment. I had a question about school buses. You have public transit, are school buses -- would they be eligible in the HOV lanes?

Terry: When they've only got the driver in them, I'll have to get back to you on that one. I don't know if they've only got the driver. They're certainly eligible if they've got students on board.

Skancke: Pardon me, Governor, this is an issue that I've spent a lot of time in over the last 20 years, and I've got a couple other questions, if that's all right. What's the fine structure for someone who is violating? Is there a statute that allows us to...

Terry: I believe it's a \$250 fine for violating the HOV lane if you're not an HOV and you're caught in there.

Skancke: And...

Terry: I doubt if very many are given out, but that's the fine.

Skancke: Does that apply to trucks that accidentally get in that lane, as well? Is that a higher fee, a lower fee? In California, they sometimes sneak in because they actually operate as an express lane and they can move quicker through the corridor and then say, oops, I didn't know how I got over here, so...

Terry: I'd have to get back to you on that. All I know if the HOV lane violation.

Skancke: And then on the low-emission vehicles, will there be a permit that's required for those vehicles to be in those lanes or what's our thought process on that?

Terry: I believe we would have to do some infrastructure instead of leaving it up to the highway patrol to is this an eligible vehicle or not. We would have to work with DMV and have some sort of sticker program. So not only would you have to have a high-mileage vehicle, that high-mileage vehicle would have to have a sticker that DMV or somebody has said it's a qualifying vehicle. So there's some infrastructure in place in order to do that.

Skancke: And I'm not a lawyer, so would that require legislative activity action or could this Board set that regulation?

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- Gallagher: Excuse me. Dennis Gallagher, Counsel to the Board for the record. It would probably require legislative action to impose the fine and set it.
- Skancke: And the permit for the vehicle, as well? So like in California, they've got a sticker that goes on a low-emission vehicle that allows them to travel single occupant.
- Gallagher: Board member, I'd probably have to go look at the regulations that are in place for the Department of Motor Vehicles to see if they have that type of authority right now. If they do, then they can go ahead with it. If they don't have that type of authority, it may require legislative action.
- Skancke: My final comment, Governor and Board members, is this is a great opportunity for the state. You had the chance to drive a driverless truck, which I think is a huge industry...
- Sandoval: I didn't actually drive.
- Skancke: Right. I'm sorry, you had the opportunity to ride in a driverless vehicle. And I recently had a conversation with some interesting folks in Southern California about those types of corridors for the future. And it appears to me that if there's any type of technology that is required for that to occur, now would be an appropriate time to take a look at what that technology would be required in that corridor, in those HOV lanes, and maybe we could make that a part of the infrastructure improvements. I think driverless vehicles -- if you've watched TV lately, Mercedes-Benz has one. There's over 250 cameras in that vehicle that they're testing. They're advertising it and I would say that within the next three to five years, if not less, you're going to see driverless vehicles on the road being tested. And know what we're doing in the state around electric vehicles and how we're advancing in our economic development arena, this would be a great corridor for that type of testing to occur. And I would love to see Nevada be the first state to have that type of testing occur, and this might be a corridor where we could do that. So final comments. Thank you, Governor.
- Sandoval: Member Skancke, thank you. And I think you bring to bear a very important point, because Nevada was fortunate to be the first place in the world to test these autonomous trucks. And if there's a way to add another component in here that makes our transportation system anticipate these types of vehicles, because they're coming. I mean it's -- no one would ever, ever imagine this iPhone a few years ago, and I feel the same way about the

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technology associated with autonomous vehicles. So it would be, I think, a great feather in the cap of the State of Nevada, and particularly for Las Vegas, to have that infrastructure already in place so that we can accommodate that type of vehicle.

Now, the technology associated is so beyond my pay grade that I can't even articulate it, but if there's a way to plug that into this analysis, we should do it. And I think there's no doubt that we will have these autonomous vehicles, but if we have specified lanes for those or what have you, it really -- because I'm not aware of any other metropolitan area in the world that is working on this. And we have a great opportunity here to anticipate that.

Skanske: If you could attract the company here, do it.

Terry: I will say that we just got back here last month from the AASHTO semi-annual meeting. This one happened to be in Wyoming, and some of this technology was a discussion nationwide at that meeting. And I will say it's not just autonomous vehicles. Many of the current vehicles that are being put into the fleet moving forward have some sort of lane departure or other technology built into them. And the discussion at AASHTO was how do we make sure our lane stripes and our other things are detectable by even the ones that are currently being put in vehicles, much less moving forward into vehicles that have stuff that we don't even imagine yet. And nationwide it's being a struggle and I agree, we need to be at the forefront of that, but it's a tricky area because the technologies are evolving.

Sandoval: Yeah, and I don't know if it involves sensors. I know that the vehicle that I was riding in was reading the striping. And so if we have special striping and we're on top of that striping, it will allow for the operation of those vehicles when that day comes. So as I said, I can't really talk real intelligently about this because I don't know if you have to put things in the road, if it requires the striping, if it requires sensors on the sides.

Terry: All of the above.

Sandoval: Okay. But it's kind of like the schools these days. I mean, we've got so many schools that were built in the '60s and the '70s and they don't have the infrastructure for the Wi-Fi and all the technology. And I would really like to be able to insert these things now rather than, as Mr. Skanske says, going

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back and trying to do it later. And then we'll go to Mr. Skancke and then the Controller.

Skancke: Just a follow up on that. I mean this is a really interesting opportunity for Nevada to sit down with 3M and IBM and GM and Mercedes-Benz and all these manufacturers, and maybe we start with ITS America. But attract those companies here to a summit or a conversation around how we create, to use the cliché, a smart corridor, and create it and be smart about how we create the corridor. Let them test their product here and then we become the pilot as opposed to San Diego or Orange County, who always gets the first bite at this apple. If we're ahead of this and we're having that conversation then we attract those companies here. And what has to happen then? They manufacture it here and test it here and we become the pilot program. Thank you, Governor.

Sandoval: No, and well said, Mr. Skancke. And we have a head start in having spoken with the head of Daimler, who manufactured that freightliner. They couldn't test anywhere else on the planet except for Nevada, because we were so far ahead in terms of having the regulations in place for the autonomous vehicles. And so I really like that idea in terms of putting together a summit in that regard.

Skancke: Operations Engineer, Denise Inda, has something to add to this.

Inda: Good morning, Governor, members of the Board. I just want to let you all know that Nevada is very engaged in the connected vehicle concepts. We have a project, which was actually the agreement -- a small agreement was on today's Agenda for consent. What the project that we're working on is, is called Integrated Mobile Observations. The concept is to connect; it's vehicle to infrastructure. There's vehicle to vehicle and vehicle to infrastructure. Both of which are very important components of the connected vehicle system. Our small pilot project is for vehicle to infrastructure. What we're doing is we're utilizing the FHWA prototype, or the recommendation for communications, which is DSRC. And what it is, is it's just the communications method for getting that information transmitted back and forth between vehicles.

We are doing in Nevada tests to gather weather and road condition information from NDOT maintenance vehicles to bring it back in to determine how that can help us better maintain the roads during winter snow

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and ice conditions. So it's a small subset of this bigger connected vehicle. With \$500,000 of federal funds, we are putting in a pilot corridor between Reno and Carson City to test this concept. My vision is that this kind of a small pilot project can enable us to do other sorts of work in other areas. Las Vegas obviously has a lot of -- there's a lot of value and a lot of benefits from doing that kind of work in a much more populated, much more higher volume areas. So I think Nevada is setting itself up well to be engaged and involved, but I just wanted to bring that to your attention.

Sandoval: No, thank you. And I want to be engaged and involved, but I also want to be ahead.

Inda: Excuse me. At ITS America last week, the State of Virginia did announce testing corridor for autonomous vehicles. So there are lots of states who are involved in that, but there's lot of opportunities for a lot of players, I believe, because it's such a huge endeavor.

Sandoval: Well, perhaps to follow up on Member Skancke's idea for a future Agenda item, let's see what it takes to put together that summit.

Malfabon: Governor, we are sending Tracy Larkin to an Automated Vehicles Symposium in July. So when she gathers some of that information maybe we'll have a future presentation on the subject to the Board.

Sandoval: Well, perhaps we can shoot before the end of the year to have that type of summit and do it in Southern Nevada.

Malfabon: Okay.

Skancke: I have some time on my hands beginning June 30th, so I'd be happy to volunteer to -- I'll be gainfully unemployed July 1st, so I'd be happy to volunteer to help you out with that.

Malfabon: Thank you.

Sandoval: Mr. Controller.

Knecht: Thank you, Governor, and everybody else. My remarks will be substantially shorter because you covered the first thing I was going to say and probably better than I could have said it. But, Tom, you brought up a really good point. And, John and Denise, I'm really happy to hear that we are at the cutting edge. I was explaining this over last week to my wife,

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daughter, and mother-in-law at home, especially after we drove I-15 the weekend before. Which brings me to my other question, coming back to your little graphic here. In my experience over the last couple years driving that area extensively, you may know or not that 14 years ago we became People's Republic of California displaced persons back into the real world, but we escaped the HOV preoccupation that California has and all its other PC preoccupations, some of which you point out they've retreated from. And my question is, driving this, I'm looking at it from the point of view of the general public that uses the general-purpose lanes and today uses the express lanes also. Can you say today, John, that when we move from two express and three general-purpose lanes to one HOV and four general-purpose lanes, can you say whether the flow of traffic at peak and shoulder peak times on I-15, for example, for the general public not in the HOVs will be better, more efficient, safer, faster or not or worse or what? What's our expectation?

Terry: It's all tied together with Project NEON. We anticipate, as we've told this Board previously and that our modeling was done on that, is that traffic through the core of Las Vegas will be greatly improved with Project NEON to well beyond the 2025 level in the southbound direction because we essentially built almost everything. You weren't present on the Board when we made a presentation about adding that phase five into NEON.

And that in the northbound, even though we didn't complete all aspects of NEON, that it will be acceptable and a much improved level of service and freeway flow for a number of years, until we get to the final phase five, which is down the road, and that this conversion to one HOV and four general-purpose is a big part of that. I'm not going to sit here and tell you there won't be any congestion on I-15 when NEON opens, because I think, like most big projects, it's going to move the level of congestion to a different spot. And I think in the vicinity of Tropicana, which we're already working on, is where that congestion is going to kind of move to. But it will be greatly improved.

Knecht: If I may follow up. You're talking there southbound in the vicinity of Tropicana as the problem?

Terry: Both northbound and southbound. We currently have a congestion issue. There's five lanes underneath Tropicana with about a two-foot shoulder. And until we replace that bridge, we can't add any more lanes there. And

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that is currently the congestion where the collector road's built as a part of I-15. South design-build come in and then southbound it is also a congestion point, but it's being metered by the area by NEON. I think when we open up NEON more southbound, the congestion is going to move more to there. But I think it will be far better with NEON. And this conversion of the HOV lane is a part of it.

Malfabon: And we're studying the Tropicana Interchange and what to do there?

Terry: Yes, that's correct.

Knecht: All you say comports with my experience down there, that southbound is a little better right now than northbound. And, indeed, the southbound problem is further north, but the northbound problem is often times very severe. And I just want to emphasize my point as a California refugee that we don't sacrifice the broad scope of general-purpose use by non-HOV lanes to an overreaching preference for too much HOV at the expense of everybody else. And I was really glad to hear you recognize that that's a possible problem and one that we need to anticipate.

Terry: If I could answer that. Even when we did the original study, I mean many of the experts from nationwide will tell you one way to get good usage of your HOV lanes is allow your general-purpose lanes to breakdown so that your HOV lanes get such a time advantage. And that is not has been our theory moving forward. Certainly, there's going to be congestion point in the general-purpose lanes and the HOV lanes will travel slightly faster, but we have never bought in to doing that. We are trying to keep our general-purpose lanes at a good level of service. But, frankly, we're falling behind in Las Vegas, and we're doing the best we can to keep up, and this is a big part of the overall program.

Sandoval: John, just to make sure; that is not an option. It'll never be an option. All right.

Terry: Understood.

Knecht: What the Governor said and what Mr. Terry said. I agree.

Terry: Any more on these? I've got a little bit more of the presentation. Could I go to the next one, please. So we talked about limited egress and ingress, and this graphic attempts to show where we're currently proposing to have the ingress and egress points. And like I say, that's like a quarter-mile stretch

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where you have a skip stripe that allows you in and out of the HOV lane. So you'll see they have been laid out preliminarily here and we will finalize the striping. So the current plan is to build Project NEON and Project NEON will cover most of I-15 and a little bit out 95, and then we will put out some sort of contract on 95 to change the striping and the signing on 95 so that it opens with Project NEON. Next please.

We have performance measures, and maybe this addresses some of your questions. We have performance measures on pretty much everything else we do. These are the performance measures that have been, I would say, updated. They were before but they have been updated as a part of this study of what we do with HOV lanes and how we monitor them. We want to optimize the movement of people. We want more people to get through the corridor. We want to provide a travel time savings for a more reliable trip and to increase the bus and transit efficiency, which the buses have been using our HOV system, and we anticipate they're going to continue to and, in fact, add to the bus usage of our HOV system. So these are the performance measures that we're applying to the HOV system. Next please.

So where are we going moving forward? We want to finalize the plan and move forward with -- finalize the update. We want to implement the operational recommendations so that we put things like 24-hour operations on our signs as a part of NEON; that we put the striping in that meet the limited ingress and egress; that Project NEON will complete the near-term system for the HOV system, and we'll have -- I forget, I believe it's like 21-mile HOV system when it's done; adding park and ride facilities and working with the RTC and local agencies. We already are expanding one of the park and ride facilities and I think we'll continue to do that. And then program HOV projects within the STIP for the long-term system. This is what we did when we finished the 2007 study. The results came out. We said we needed to add what ended up being the direct connector as NEON and other elements of that study into the STIP so they could become projects moving forward. Now we're talking about in more of the long-range system, beyond NEON, putting in projects like direct connectors, direct access, and more projects into the STIP moving forward. With that, I can answer any of your questions.

Sandoval:

Thank you. Any more questions from Board members? Mr. Martin, any questions from you?

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Martin: No, sir. It was very comprehensive. Thank you, John.

Sandoval: Yes. Well done. Thank you. We'll move to Agenda Item No. 11, which is the Report on the Status of Project NEON.

Malfabon: Yes, Governor and Board members, as every quarter we have Cole Mortensen, our project manager from Project NEON give you an update. Cole.

Mortensen: Good morning, Governor, members of the Board. For the record, my name is Cole Mortensen, one of the project managers for Project NEON. I guess first off, schedule for the project. We're moving forward. We're anticipating proposals at the end of July. And so once that happens then we'll be going through the proposal evaluation process and we anticipate having preferred proposers selected in September, and then having the contract executed late fall.

Right now, we're wrapping up our alternative technical concept period. And this is where the proposers come to NDOT with their innovations and their cost reductions and let us know some of their ideas and we kind of get an initial opportunity to approve those. And, again, those are things that are providing a better project and a more cost-effective bid form. With that, I'd like to thank the three teams again, because it is a labor-intensive process. We have our next round of one-on-ones with the teams on Thursday, but the three teams again are Kiewit and Adkins, Las Vegas Paving, and Jacobs and the NEON Mobility Constructors, and they are joint venture with Granite and Skanska and Aztrack and the Louis Berger Group.

We are also holding a public meeting for Project NEON on Wednesday night from 4:00 to 7:00. And really what this is getting out to the public one more time here and letting them know about some of the changes that we've had with the project, just a few minor things. And I discussed those at the Board meetings here previously. The at-grades intersection at Grand Central Parkway and Charleston, as well as an eastbound access point from Charleston going up to Martin Luther King Boulevard to add additional connectivity for the medical district there and potentially the new school of medicine at that location, if that's chosen.

So moving forward, I want to give you guys an update on the right-of-way process and the progress that we're making. This drawing just simply denotes the difference between the Phase 1 and the other parcels that we

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needed for the design-build project. And so on this drawing here, the parcels in blue are the Phase 1 parcels and the parcels in red are the remaining properties that we need to acquire for the design-build project.

So for Phase 1 -- I'm afraid this was not the updated -- it's 57. Correct. 57 of the 58 parcels. We've got one outstanding. We've got eight relocations remaining for Phase 1, and so we really are getting down to where we're wrapping it up for the Phase 1 property. So if we take a step back and we look at the outcomes, 38 of the parcels settled through normal negotiations, and we've got 20 parcels that have been referred to condemnation. As you can see the breakdown down below, it's 12 property owners. So we've got 6 of those have reached settlement, 1 is going to trial, and the remaining 5 are pending either settlement or trial. To date on Phase 1 acquisitions, we've spent \$102 million total.

And so for the remaining properties for the design-build phase, we've got 82 offers that have been made out of the 135 parcels that we have to acquire. 54 of those parcels have been acquired or are in the process. We've completed 49 relocations and we've had 6 parcels to date referred to condemnation. In the future, we anticipate having appraisals complete for all of the parcels by the third quarter of 2015, and have all the offers to all the parcels by the fourth quarter of 2015. And to date, we're at about \$14.5 million on the properties remaining for the design-build project, so that brings the total up to a little over \$116 million total on that (inaudible) for Project NEON. And that concludes my presentation at this point.

Sandoval: Thank you, Mr. Mortensen. And trying to get to the bottom line; first, we're on schedule?

Mortensen: We are on schedule, and we're excited about that.

Sandoval: No, and a compliment to that, because this is as complicated as it gets and with all these different parcels and all the different issues that we've talked about today, that's a great accomplishment for where we are right now. So I wanted to thank you for that and everybody on your team.

Mortensen: Yeah, absolutely. The team that we've had has been instrumental in keeping us on track here so far. As far as the right-of-way process that we have in place, we've notified the three contractors as to when we anticipate having those properties in the future. We've looked at each one of those independently to determine the appropriate time frames as to when we

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anticipate getting those acquired, so they're all aware of our schedule and our process as far as the acquisitions go.

Sandoval: I don't recall specifically, and I don't want to jinx anything, but if we stay on schedule, when is that day when we can move that first pile of dirt?

Mortensen: Well, we anticipate having the contractor issue -- the second notice to proceed to the contractor early 2016, and at that point really they're going to start moving dirt. As I mentioned earlier, and I can -- well, it's not up there now, but all those parcels in blue on the map, we've got occupancy to all of those. And we're currently, as you saw earlier, demolishing structures now so that we're managing that risk to the Department, but basically they'll be able to start in those areas where we have a significant amount of property in the early part of 2016 and moving forward.

Sandoval: So we're six, eight months away from...

Mortensen: Correct.

Sandoval: ...commencing with Project NEON.

Mortensen: From seeing equipment out there. Absolutely.

Sandoval: And then second, are we on budget?

Mortensen: So far with the right-of-way acquisitions, we're where we expected to be from the budget standpoint. Again, there's still a handful of more complicated acquisitions that we haven't gone through specifically. Like with Phase 1, there's still a few out there that we haven't settled. And, of course, I was aware your concerns are, but, yes, at this point in time we're where we anticipated being on budget.

Sandoval: Well, and in fairness to you on this on budget, is you can't control the property values going up.

Mortensen: Correct.

Sandoval: And the good thing is, as Member Skancke talked about, is things are happening in Las Vegas, Clark County. And that has something to do with the costs and the values associated with acquiring those parcels.

Mortensen: Correct. And I've tried to be careful when I talk about the cost for right-of-way, because when we say we're on budget we've actually budgeted

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additional based on the risks that we'd anticipated going into the future. And some of those risks, of course, are the market coming back and having that inflation happen, as well. And so I guess the budget that we have isn't the property value now, but there actually is budget in there to account for growth.

Sandoval: All right. I have no further questions. Other members? Member Fransway.

Fransway: Thank you, Governor. And, Cole, thank you. You and your team bit off a whole bunch to chew here and it's to your credit to where we are, the fact that we're on schedule, within budget. You've done a real nice job, all of you. The acquisitions for rights-of-way, right now if I heard you right, we're into it \$102 million, correct?

Mortensen: \$116.5 total. And that's between both -- or the original Phase 1 parcels that we had started on several years ago, and then the additional parcels for the design-build project.

Fransway: Okay. And that is only Phase 1? It's the entire chunk -- it's the entire amount of right-of-way that we had expected.

Fransway: Okay. And \$100 million in bonds that was approved, obviously that's gone. And...

Mortensen: Not quite yet.

Fransway: No?

Mortensen: The \$100 million for right-of-way that was approved was approved for the additional parcels that we needed for the design-build project at that time. And I guess where I'm going is we already had budget set aside for the Phase 1 properties. And so while we are spending against that bond now, that bond was really in funding the right-of-way moving forward from that point.

Fransway: Okay. So we've supplemented the original \$100 million with other funds from other areas within NDOT's General Fund, right?

Mortensen: Correct.

Fransway: Okay. And are you confident that we will not need any more bonding on this particular acquisition portion of NEON?

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- Mortensen: That's going to be a tough thing to predict. Like I said...
- Fransway: Okay.
- Mortensen: ...we have the budget out there. We still have a number of complicated parcels that we're working on acquiring. And so to be able to tell you that I don't think that we'll have to figure out where to come up with some additional funding, there's the potential there, but like I said, right now we are on budget. And so I guess to answer your question is I wouldn't say that.
- Fransway: Okay. Thank you. And once again, thank you for where we started, where we are, and where we're going to be. And your team deserves a lot of credit. Thanks a lot.
- Mortensen: Thank you. I appreciate that. And it really wouldn't be -- it's a team effort and we've got a lot of good people on this project that have really worked hard to push it through. It's been a great experience.
- Fransway: Thank you, Governor.
- Sandoval: Thank you. Member Savage.
- Savage: Thank you, Governor. And, Cole, I too sincerely want to thank yourself, Dale, the administration. There's a lot of sleepless nights and we know this is a major, major project. And the Board is very engaged. We appreciate you communicating with us, keeping us up to speed. And I know nothing's perfect. There's going to be issues. We understand that. We're big-picture people, but I think you guys have your hands on the wheel right now and there's a lot of sleepless nights. And I just wanted to let you know that I appreciate it.
- One of the questions I have for you, Mr. Mortensen, is I was surprised at the 95 ATCs. The 95 alternative concepts that have been brought back to the Department. And I ask you if all those ATCs are confidential amongst the individual contractors or are they shared with other contractors?
- Mortensen: No, no. Those are all -- we have very strict confidentiality policies in place to keep those confidential, because they are good ideas and they have the potential to give teams a cost advantage in the bidding process. And so we keep those very confidential. We keep all those conversations limited to those individuals. And I will say that out of the process there have been some changes that have been made to the RFP, because from a project

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standpoint it was better to have it across the board for all three proposers, but it wasn't necessarily something where it was really innovative concept that we went and said, hey, well why don't you guys all have this for your proposal.

Savage: Well, I'm glad to hear that. I thought that would be the answer, because I believe it's imperative that the Department show the trust to the contractors and the confidentiality, along with the consultant and everybody involved knowing if anything is compromised it could really hurt the project. So I thank you again. I thank your team. I thank the consultant ensuring we keep this thing on track. Thank you, Governor.

Sandoval: Member Skancke.

Skancke: Thank you, Governor. I just want to echo my colleague's comments. I think you guys have done a superb job at keeping this on time and on schedule and on budget. And this is a very exciting time for our state. This is a project that's been talked about for, wow, 15 years or longer. And to actually see this come to fruition is quite an exciting time for our state, so congratulations. Can someone e-mail me this presentation? I'd like to use this in another -- so I'm going to steal it and copy it. I'll put my name on it and take your name off and use it someplace else, but...

Mortensen: Well, let me know if you need any of the graphics so we can get that right too.

Skancke: I'd like to get a copy of this. Thank you very much.

Sandoval: All right. Any questions or comments from Southern Nevada?

Martin: No, sir.

Sandoval: Cole, thank you.

Malfabon: Thank you, Cole.

Sandoval: Let's move to Agenda Item No. 12, Old Business.

Malfabon: Thank you, Governor. The first section is on the Report of Outside Counsel Cost and Open Matters and the Monthly Litigation Report. Is there any questions for our chief counsel, Dennis Gallagher?

Sandoval: Any questions from -- Mr. Controller.

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Knecht: Thank you, Governor. And just looking, Mr. Gallagher, at Attachment A in Item 12, I notice that there are a small number of firms that have a substantial dollar volume of contract authority remaining. Are these firms that -- there are about three or four of them there. One of them, the Chapman Law Firm, I think is pretty big. Laura Fitzsimmons, I'm not so sure about with over \$1.4 million. Are we comfortable that they have the capability if we actually have to expend all those amounts within the remaining time period that they'll be able to deliver on those contracts and not be overburdened and overworked?

Gallagher: For the record, Dennis Gallagher, Counsel for the Board. To address your question, yes, we're comfortable. We budget the cases at the beginning and that budgets reflects the estimate through trial. We hope we don't have to go through trial, and as our experience has shown, so far we're able to settle quite a few prior to that point. But for whatever reason, regrettably, we're not able to settle before they become condemnation actions referred to the Board.

Part of the selection process was not only the expertise of the particular law firms in this area of the law, which frankly is only a small number of lawyers that are willing to work the government side of these types of cases. And as we look at future assignments, we look at their current caseload not only from NDOT, but we always ask the question, "What is your capacity going forward?"

Knecht: So just one follow-up, Governor. It would be fair to say that you could add up those contract authority remaining amounts and look at the date and say, well, we don't actually expect to spend that much on average with those, so it's not a burn rate of a million dollars in a year or something like that.

Gallagher: Yes, Board member. I mean each one of these cases look at individually when we try to budget and forecast it. I think our history shows, though, that not all of the matters that are referred for condemnation actually go through trial. A number of them are settled at different points through the process. Some we're able to settle early on, some will go the full route.

Knecht: Thank you. And thank you, Governor.

Sandoval: Any other questions from Board members? Okay.

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Malfabon: Okay. Continuing, Governor, we have the Fatality Report. And these numbers were significant. The latest report, though, dated July -- I mean, I'm sorry, June 2nd, shows that the -- at least the trend is starting to come down. So we are seven fatalities compared to this time last year. So very significant numbers in the report that you received, but I'm pleased to report that at least the trend is starting to reverse. And some of the projects that we highlighted, such as the signal by the Bonanza Casino, are helping us in those efforts. A lot of kudos to other entities, especially the City of Las Vegas and Southern Nevada, that are also doing safety projects, some of them located on state highways.

And the next pedestrian safety project that we're going to probably complete would be the one up at Incline Village. There's a rapid rectangular flasher similar to what you see on Stewart Street that gets the driver's attention when there's a pedestrian there. So any questions on part C of Item 12?

Moving on, we have the regular update on the Freeway Service Patrol. And you'll note in that update a photograph of the Freeway Service Patrol vehicles with the State Farm logo. That's associated with a campaign to offset some of the expenses of the Freeway Service Patrol program. So that sponsorship, and the numbers associated with the savings that basically offset our costs, are noted there in Paragraph 4 of Attachment D. So it's good news for us. It allows us to give credit where it's due, but also saves us money on that program. Any questions on Freeway Service Patrol Report?

Sandoval: Does that complete your...

Malfabon: That completes that item.

Sandoval: ...report with regard to Old Business?

Malfabon: Yes.

Sandoval: All right. Before I leave Old Business, any other questions from Board members? We'll move on to Agenda Item No. 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 comment to the Board?

Martin: Mary Martini would like to provide a comment.

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- Martini: Yes, this is Mary Martini, District Engineer in Las Vegas. I would just like to wish the Director a happy birthday.
- Malfabon: It's coming up soon.
- Sandoval: You were holding out on us.
- Malfabon: It's not quite today, but I will celebrate it when it's due.
- Sandoval: All right. Well, happy birthday.
- Malfabon: Thank you, Governor. Thanks, Mary.
- Sandoval: All right. Hearing no further comment, we'll move to -- or public comment, we'll move to Agenda Item No. 14, Adjournment. Is there a motion to adjourn?
- Fransway: Governor, I would move to continue this meeting (inaudible).
- Sandoval: I don't think you're going to get a second for that.
- Fransway: I move to adjourn, Governor.
- Sandoval: All right. We have a motion to adjourn by Member Fransway. Is there a second?
- Skanche: Second.
- Sandoval: Second by Member Skanche. Any questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Motion passes. This meeting is adjourned. Thank you, ladies and gentlemen.



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