

Minutes of Nevada Department of Transportation  
Board of Director's Meeting  
October 14, 2013

Governor Brian Sandoval  
Lt. Governor Brian Krolicki  
Attorney General Catherine Cortez Masto  
Controller Kim Wallin  
Frank Martin  
Len Savage  
Tom Fransway  
Rudy Malfabon  
Bill Hoffman  
Dennis Gallagher

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Sandoval: Good morning, everyone. I'd like to call the Department of Transportation Board of Directors meeting to order. All members are present. We will begin with Agenda Item No. 1, Presentation of Retirement Plaques to 25+ Year Employees. Mr. Director.

Malfabon: Thank you, Governor. We have quite a list of retirees, and I believe that one is actually present here, so I'm going to kind of save him until last. Retiring from the Las Vegas maintenance crew in District 1, Linda Burns, 26 years of experience with the State, primarily with NDOT. Ren Jackson, who was a Highway Maintenance Supervisor 2 in Wells, 27 years. David Leegard, Transportation Planner Analyst 3 in Planning Traffic Division, 24 years. Jerry Claussen, who was a Right-of-Way Supervisor here in Carson City, 24 years. Albert Chavez, Highway Maintenance Supervisor 2 in District 1, Las Vegas, 24 years. Trish Giomi, recently retired, Transportation Planner Analyst 2, Intermodal Planning, 22 years. Juan Sandoval, no relation, Engineer Tech 5 in Right-of-Way Engineering here at headquarters, Carson City, 18 years. Christi Thomson, who we heard is going to go work up in Washington State, Administrative Services Officer 3. She was the head of our Administrative Services division downstairs, 16 years. Robert Wharton, Highway Equipment Mechanic 1 in Elko Equipment Shop, 15 years. Ronald Wynia, Highway Maintenance Worker 3 in Battle Mountain, 25 years. Bill Hamlin, Highway Maintenance Supervisor 1 in Montgomery Pass, 15 years. And last but not least for the photo op, Todd Stefonowicz, Administrator 1 Assistant Division Chief in our Structures Division here in headquarters, 27 years experience. So, Todd, if you could come up.

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Sandoval: Todd, you don't look old enough to have 27 years. Did you start when you were 10? First, on behalf of the Board, as well as the Department of Transportation, I'd like to present you with this service clock to recognize all of your commitment to the State of Nevada. We truly appreciate it. 27 years. That's remarkable.

Just one other comment. As I was writing down the years, that's over 200 years of experience that we've had the benefit of from each one of these individuals. And I'm sure it will be very difficult to replace that type of commitment over the years. So I, you know, Director Malfabon, on behalf of the Board, if you will convey to each and every one of these individuals how much we appreciate their service to the State of Nevada, I'd truly appreciate it. Thank you.

Fransway: That's combined, Governor. That's combined 50 years more than the State of Nevada.

Sandoval: Yes.

Malfabon: Thank you, Governor. Consider it done. Moving on to...

Sandoval: We'll move on to Agenda Item No. 2, which is Presentation of Awards.

Malfabon: Thank you, Governor. We have a few awards that we received from the American Society of Civil Engineers, Truckee Meadows Branch, for the outstanding achievement in civil engineering, environmental, for State Route 431, Erosion Control Project. Let me get my cheat sheet here. And I believe that project was overseen by John Angel, the Resident Engineer from District 2, and who was the designer on that, John, do you recall? It was in our Hydraulics Division, primarily with Roadway Design, and we just wanted to extend appreciation to John for the performance of that project, our contractor, and the folks in Design that worked on that.

From Engineering News Record Southwest, the Best Project for Highways and Bridges category, the Interstate 580 Project was named the Engineering News Record Southwest Best Highway and Bridge Project. Pete Booth had several REs on that project. It was a lengthy project. It started out with Rich Holmes, who is retired, Pete Booth who is retired. Brad Durski became the resident engineer on that project and saw it through completion, and Rick Bosch also worked on that project. He's currently Assistant District Engineer for Construction. So thanks to them, also to Fisher and

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their construction team, as well as the multitude of folks that worked on it from the design side. We had various project managers as well, and I think Todd Montgomery, who recently retired, worked on that as a project manager, as well as some others. Tony Lorenzi, I think, finished out project management on that one.

The next award was the Intelligent Transportation Society of Nevada, ITS Nevada, for the ITS Project of the Year over \$2 million. It was the I-15 ITS Design-Build Project from 215 Beltway to Stateline, Integrated Traffic Camera System. This project -- as we've been trying to operate our system better without adding a lot of capacity because of the limited funding, we find that it's more beneficial to operate it with cameras, ramp meters, that kind of thing, and we have to have communications with those devices. So to set up that type of system we have to put in fiber optic, and that's what this project accomplished all the way down to Stateline. So appreciate the efforts of our resident engineer, Glenn Petrenko, on this project. Tony Lorenzi was the project manager. The name of the contractor escapes me, but congratulations to that team on this award, as well.

Sandoval: And, Mr. Director, before you move on, similarly on behalf of the Board, please convey our appreciation and congratulations for everyone who was involved in acquiring these awards, and typically you bring the hardware. We didn't get the see the -- so next time if you'd bring those, because I think it is a big point of pride for the Department to be able to win this significant of awards. I mean, looking at the I-580 Project, there were 90 projects in 19 categories entered by project owners, and for us to win that is extremely significant and a great compliment to the organization.

Malfabon: Thank you, Governor.

Fransway: Governor?

Sandoval: Yes, Tom?

Fransway: Okay. Thank you, Governor. And thanks to everyone that was involved in all three of these prestigious awards. But the second one really caught my attention. And I think it would be deserving of a press release. I believe that it's been a long, expensive project, and I think the people would be pleased to know that NDOT and the people who worked on this project are deserving of such a prestigious award. So, do you agree, Governor?

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- Malfabon: Thank you, Member Fransway.
- Sandoval: Sure. I mean, I see our PIO here, and head nodding. So we'll get that done without any -- is there any objection from Board members? So, yes, if we could do that.
- Fransway: Thanks, Scott. Thank you, Governor.
- Malfabon: Thank you, Governor.
- Sandoval: Agenda Item No. 3, Director's Report.
- Malfabon: A lot to report this time, so I'll get right into it. Obviously, the Federal shutdown has been on everyone's mind, and I wanted to report that it's not having major effects on the Department of Transportation because the Federal Highway Administration is not directly impacted. They didn't have to furlough their employees like some other modal agencies, Federal Railroad Administration, Federal Aviation Administration, for nonessential or noncritical staff. And, also, one of the impacts to NDOT is from Federal Transit Administration, who had to furlough approximately 95 percent of their staff. So what it -- how it affects NDOT is that we have agreements with rural transit providers to provide services to folks, a lot of seniors that have to get into the urban areas for medical treatment, to go shopping. So we felt that it was essential to continue what we've agreed to with those rural transit providers. Hopefully the payments will be processed in a timely manner, and this issue of the federal shutdown will be dealt with soon. We know that there's discussions between the Senate leadership and the House leadership. There's no agreement yet, but we're hopeful that because of the looming debt-ceiling issue, October 17<sup>th</sup> is the deadline for that, that they could come to some agreement before that date on this whole issue, and at least extend the budget for another three months or so.
- Sandoval: But in the meantime, that rural transportation will continue?
- Malfabon: Yes, Governor. We felt that it was important to continue that. Basically the process is they provide the service, they invoice the State by the agreement with NDOT, and then we pay that and then we get reimbursed by the Federal Transit Administration. So we'll continue that so that Nevadans continue to receive that service and there's no layoffs in the transit agencies that provide that service.

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Sandoval: All right. Thank you.

Malfabon: We're hearing that there might be some movement on a deal between the House and Senate. We're not sure, but it's something that we're going to watch closely. As I said, it's not affecting us too bad, as far as the highway program, but we'll watch it on the transit level.

The other thing that the federal government shutdown is affecting is the Federal Highway Administration was going to issue performance measures, and they were looking at safety as the first performance measure to be issued to the states. It's a rule-making process, so it takes a lot of time, but they hope to get that out by the end of the year, but they're probably thinking January of next year they'll issue that potential rule that will impose a safety performance measure. We've been tracking safety and reporting it to the Board, as well as to the FHWA, on a regular basis. So it's not going to have a major impact, but the states are concerned that there not be any penalties associated with not meeting a national goal, that the states be allowed to achieve their goals based on their issues within their own state. Such as in Nevada we have issues with what we call run-off-the-road accidents, or lane departures. So we want to concentrate on that. We want to concentrate on pedestrians. We want to concentrate on people that are not buckled up, and also impaired driving.

Good news on the federal front. We received notice after the last Board meeting that we received 7.3 million of August redistribution. That is funds that are not obligated by other states for their federal funds. So that goes back in the pot and we were able to get that money awarded to Nevada and apply it to existing obligations. So that's an additional 7.3 million that will go into the highway fund.

Recently the Federal Railroad Administration issued a Notice of Intent rescinding a notice where they were going to study the environmental impact statement for the high-speed rail corridor, Las Vegas to Anaheim. This was also known as the Maglev Project. Their reason for rescinding that notice was inactivity and the preliminary EIS phase of more than five years inactivity. So we will be meeting with the Maglev Group still. They would like to try to access some earmarks that were there in the past. There is some confusion whether that earmark money is still available, because Senator Reid, years ago, got Nevada some more obligation limits so that we

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could spend the money on the airport connector for the Clark County project. So federal funds went to that project. It was about a \$36 million project, but there's some confusion, and whether that money is still accessible to Nevada or not has to be seen, but some folks feel that it's already been spent on that airport connector project, and not available to the Maglev Group. But we'll continue to meet with them and have discussions with the Federal Highway Administration on that project.

Sandoval: Mr. Lieutenant Governor.

Krolicki: Rudy, just for clarification. I read those news accounts and I didn't know it was just related to the Maglev (inaudible) or whatever the successor name, DesertXpress. I thought it was high-speed rail between Southern Nevada and Southern California. So is -- or is that a separate item?

Malfabon: Lieutenant Governor and Board members, there was a separate action taken where they basically didn't -- they chose not to award the loan request from the XpressWest group, formerly known as DesertXpress. So Federal Railroad Administration did take action separately on that one. There was a loan request under a separate railroad program, significant amount -- hundreds of millions of dollars applied for but not approved by the Federal Railroad Administration.

Krolicki: Okay. I can see why there's not an environmental assessment necessary.

Malfabon: Yes. The DesertXpress, also recently changed their name to XpressWest, already had their environment approval. So this environment impact statement was related to the Maglev all the way to Anaheim.

And recent press releases were made about the TRIP report. The TRIP is a nonprofit transportation research group based in Washington DC, and basically the members are contractors, consultant engineers, equipment manufacturers, suppliers, and they usually gather a lot of information and report that. Their theme is usually related to pavement condition or safety issues, user costs related to the condition of America's transportation system. But the recent news was that Reno was at the top of a bad list there in pavement condition. They were number 2 out of 62 urban areas with a population between 250,000 and 500,000, whereas Las Vegas was actually near the bottom of that bad list. Las Vegas was ranked 67<sup>th</sup> out of 75 urban areas with a population of 500,000 or more. The basis of this information is

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primarily looking at pavement condition, which we believe is gathered from the Federal Highway Performance Monitoring System, HPMS. So NDOT collects a lot of the pavement condition information and feeds it into this national database, and it's accessible by the public. So we believe that's the basis for this issue, but a lot of this does not consider -- because the information in the HPMS system is always dated. It's not as current as some of the information or accounting for some of the recent projects that we completed on I-15 -- I mean, well, I-15 we have finished some, but I-80 in the Reno area, primarily I-80, 580, some of the recent improvements on those roads would not be into this HPMS system. We believe that it wouldn't be considered by this TRIP report. So we believe that we are improving some of the roadway system in Reno, and there are some other roads that are considered -- they're classified as collectors, arterials, on up to expressways and interstate, so all these roads are classified according to how they're used and how much volume of traffic is on them, but we feel that there's only so much that the state is responsible for. So we wanted to make that point that we are putting in some additional funding in some of our major roads in Reno, but there isn't enough funding to go around, obviously, for some of the other -- you know, the Washoe County arterials to receive the amount of pavement preservation work that they need. In Las Vegas the condition is a bit better, but I think that that's just an indication that both the state and the local entities are doing their best to keep up with the pavement preservation needs.

Sandoval: And Director Malfabon, how dated is that? Do you know...

Malfabon: I couldn't tell by looking at the information. We'd have to dig into that, Governor, and answer that at the next Board meeting, I think.

Sandoval: But at least it's your opinion that that was measured before the I-80 project, before the 395 project, before the 580 was completed? Because, frankly, I can't think of a major road, north, south, east, or west, in Northern Nevada that hasn't been worked on within the last two years.

Malfabon: In looking at the breakdown of the information, there was a substantial amount that was poor, but we couldn't dig into it and find out how much without looking into the HPMS data, where these categories of poor, mediocre, fair, and good came from. So we'd have to correlate that to what year that information is currently in the system. But we'll look into that, Governor. I don't believe that it did consider some of the recent projects

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though that -- we do load that information in as we go out there and measure it, but I don't think that the TRIP report -- usually it's a little bit dated information that gets in the TRIP report because they started that report a while ago before the information from the recent projects would be fed into the system.

Sandoval: And the other complicating factor is that the local roads are mixed in with the state roads, so it's probably difficult to extract which is which in there. Is that kind of the point you were making?

Malfabon: Yes. There's definitely a mixture of local roads in that. We tried to work with the locals to collect the information even on the local roads, but they're still responsible for those local roads.

Sandoval: Madam Controller.

Wallin: Thank you. Director Malfabon, to follow up on this, I know last year we had an issue with the vehicle that tests the smoothness of the roads or whatever, and that kind of impacts our financial reporting, how we -- whether we depreciate or expense some of the maintenance that we do. Have you guys fixed that vehicle because that's another thing that we had to...

Malfabon: Yes. I believe that we did correct that, Madam Controller.

Wallin: Okay. Great.

Malfabon: It was soon after you asked the question that we -- it was about a year ago that we did address that.

Continuing on. Recently we had a lot of public meetings. Last week we had one on the U.S. 395 Pyramid Highway Connection. That is in a draft environmental impact statement phase, and we will bring that forward, as far as a presentation to the Board, on what that project is. That project is a huge project for a new road that would connect Pyramid Highway and U.S. 395 and relieve some of the traffic that's currently congesting Pyramid Highway. Being that's in the draft EIS stage, it will take a while before it's in the final environmental stage, and then those types of projects that are of that scope take years to even deliver in phases, subject to available funding.

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Recently, we presented to the Board about the disparity study. Those public meetings are coming up October 22<sup>nd</sup> and 24<sup>th</sup> in Las Vegas and in Reno with videoconferencing to the other major maintenance stations in Northern Nevada from the Reno area on the 24<sup>th</sup>.

We recently had meetings on I-11, and I wanted to make it clear that there's a lot of meetings being held on this Future I-11 corridor, both in Arizona and Nevada. Last week, they had three meetings in Kingman, Phoenix, and Tucson, and October 16<sup>th</sup> is the stakeholder partner meeting in Northern Nevada at the Carson City Community Center, 5:30 p.m., and with a stakeholder meeting at 2:00 p.m. So the public meeting is at 5:30 on that date. Las Vegas is going to have the meeting October 17<sup>th</sup>. The stakeholder, again, is at 2:00 p.m., and the public meeting is at 5:30, and that's at our District 1 training room. These meetings are just to get some of the stakeholder input; things like freight, economic development, some of the major concerns with this new interstate going in. And it's of a particular interest in Arizona because they have a lot more work to do to deliver their portion. In Nevada, as far as the area between Phoenix and Las Vegas, we've got our corridor defined by what we've been calling the Boulder City bypass as the Future I-11 Project. So this study is looking at which corridors could be looked at to the north of Las Vegas, whether it would be on the west side. There's a lot of interest to have it on that side. There's a lot of interest to have it along U.S. 93 which is the existing NAFTA corridor. But for the most part, this study will not come up with a defined corridor. It would just come up with just a lesser number, because they're looking at various corridors and come up with a lower number of alternatives that could be taken to the next level of study.

Sandoval: Who is the ultimate decision maker with regard to the 93 versus the 95 corridors?

Malfabon: The Transportation Board is.

Sandoval: This Board?

Malfabon: So it'll be -- we'll come up with the environmental impact statement but it'll be up to a lot of -- the Board will have input on that, as well. So what we looked at is when it gets to the point of actually being constructed, they have to go through the environmental process so it'll look at what makes sense from the purpose and need that's defined for the project. If the purpose and

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need is focused on economic development and movement of freight, it will define what is going to be the corridor that will be chosen out of those alternatives.

Sandoval: So you'll have the environmental study, but would we also have available to us the physical study as to what the costs would be, one versus the other, impacts on communities, one versus the other?

Malfabon: Yes. All of those things will be looked into, Governor, and we'll have a -- actually, next month we could give the Board a presentation on some of -- the current status of the corridor study.

Sandoval: Because I'd like to know what the criteria is going to be that is going to go into the ultimate decision point for this Board. Because it's really important that we have the right facts loaded into that process so that when this Board makes that decision, we can know that. And when we have these meetings, or when you have these meetings, one in Carson, one in Las Vegas, I want to make sure that the proper notices go to the rural communities, because, you know, when you look at each of those corridors, there are rural communities there that are going to be affected, as well.

Malfabon: Yes, Governor. And definitely -- the time to give the input that will kind of lead to the selection of the proper corridor is during the defining the purpose and need for the project. So when it gets to the environmental study phase, that's when the purpose and need is actually established for the project. So right now they're -- it's kind of a broader study that will define alternatives, but then getting those alternatives honed into one corridor will happen during the environmental stage.

Sandoval: And when do you estimate this process will be completed and it would come to this Board for a decision?

Malfabon: I would say that it's probably, for definition of the purpose and need, to go forward with that would probably be next year, and then the environmental would take several years to complete. Usually on a project of this magnitude -- unfortunately, it takes about five years for a study of this magnitude for this type of corridor.

Sandoval: Well, then that would put even more emphasis on the importance of these community meetings right now if those -- what happens there is going to go into the calculus over the next five years. We have put out plenty of notice

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out there so people are aware that these meetings are about to occur in the next week?

Malfabon: Yes, Governor.

Sandoval: Okay.

Malfabon: And we've had pretty good stakeholder participation, as well as public participation. We've had previous meetings up in Northern Nevada and Southern Nevada. I that we did have one in Eastern Nevada a while ago as well, but most of the ones that are well attended are in the urban areas in Reno and Carson City area and Las Vegas, obviously, and then the Arizona meetings.

Sandoval: Any other questions? Okay. Member Fransway.

Fransway: Thank you, Governor, and thank you, Mr. Director. The way I hear it is that there will be options, 93/95, that come before the Board, and I assume that the environmental issues will be also presented before the Board so that we can make an informed decision on which option to take. And then after we approve an option, then it will go back to the environmental side of it; correct?

Malfabon: The environmental at this stage for this corridor study is very high level, so it's not as detailed as a detailed environmental impact study. So I would say that they're going to come up with some options for corridors, but previously there were several different options, not only 93 and 95, but also through other alternatives through maybe even a new highway. I wanted to make the point that it is very high level right now in this corridor study, so it's going to look at options and it will eventually come up with a lesser number of options to the Board, and it's not going to be okay, one or the other or at that level to present to the Board to say one or the other at that point. It'll be a lot more work to do before the Board would kind of weigh in on which options are the most likely to benefit the state and the residents of the state and folks that are hauling freight on these roads.

Fransway: Okay. So you mentioned sometime next year it will come before the Board. Will that be informational mainly?

Malfabon: That will be some discussion on purpose and need, defining -- when we go into the environmental impact statement and actually look at doing a project,

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it will -- the first step is to define the purpose and need, and usually we do that with stakeholders along that route and definitely the Transportation Board should be providing direction to the Department on purpose and need. So we'll have a discussion or a presentation next year about what is the purpose and need of this interstate route and what are we going to -- try to define and nail that down so that we can go forward and do the environmental impact study.

Fransway: Thank...

Sandoval: That purpose and need will go a long way in implicating which route, I would imagine.

Malfabon: Yes, Governor.

Sandoval: So that's -- you know, the more information this Board can have leading up to that decision, the better.

Fransway: Thank you, Governor. Thank you, Mr. Malfabon.

Malfabon: Thank you. Governor, a question was asked last month about the rubberized chip seals and whether the business in Las Vegas, I think it's called Phoenix Industries, was the supplier of the recycled rubber tire material. And we looked into that, and it's actually a product that's obtained from Arizona from Wright Asphalt. What it is, is the product that's manufactured in Las Vegas is not as fine of a grind. It's a coarser grind, and what we do is we take a much finer ground rubberized material and blend it in with the asphalt at the terminal, and then it's shipped to the job site or closer to the job site, where it's blended some more. So I just wanted to respond to that question, that it is not the business in Las Vegas that produces the recycled rubber product, but it is a product that's blended in Arizona and meets our needs because it's a much finer grind material.

A little bit of a status report on the EPA issue and our stormwater pollution prevention program. We presently submitted our -- what's called NPDES, National Point Discharge Elimination System, MS4 requirements, to the Nevada Division of Environmental Protection at the end of last month. The next step would be for us to kind of update the EPA on what our progress has been since the last update, which was July 18<sup>th</sup> of this year. So we'll give regular updates to Environmental Protection Agency so they are apprised of what we're doing to enact some of these recommendations from

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the audit. Meanwhile, we have hired a consultant for that audit, which the agreement was approved by the Board, and we've been talking to a lot of the maintenance workers statewide about what's coming up as far as training and maybe some improvements in washout stations at some of the maintenance yards. Anything that impacts water quality, we have to be careful in what we're doing and make sure that we're complying with the EPA audit recommendations.

A little update on the Boulder City Bypass. Pleased to report that on November 5<sup>th</sup> we should be advertising the next phase, which is the frontage road, a little bit over a \$20 million project. And the frontage road will be along the new kind of south and off the side of the new alignment. So it's not going to be along the U.S. 93/95 route, it's going to be along the new alignment of the new Boulder City Bypass Future I-11. We did get into an agreement with the -- or we will be entering into an agreement with the RTC of Southern Nevada, as they are proceeding with their phase, which is called Phase 2. It's about a \$300 million project, and it's the phase that has a lot of earthwork on it that goes up through the mountainous area around Boulder City. They're going to be doing that project as a design-build procurement, and we will have participation along the process because we anticipate that we're going to be maintaining this entire interstate system when it's a Future I-11 designation. They're looking at -- they're hoping to release their RFP for their design-build project, the Southern Nevada RTC, last Thursday, so -- they did? Okay. So a lot of interest on that project, as well as our project. We'll give an update later on our Project NEON project, which is a large project occurring at the same time in Las Vegas. But we will be working closely with RTC. Our project is advancing, and willing to answer any questions. We will have a more formal presentation in the months to come on the Boulder City Bypass.

We did also, where -- as far as the procurement of some of the properties and some of the legal issues, we had depositions occur in the -- the name slips my mind, but...

Gallagher: Jericho?

Malfabon: ...Jericho Heights, yes. The walls came tumbling down. So we did do the depositions on the NDOT staff that were involved in that project, and we'll go forward to the court hearings. I think that we do our first initial presentation in November to the court, with the trial expected next year.

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Governor and Board members, we will be deferring a presentation on the fuel tax indexing measure that was recently enacted in Clark County until next month, but we anticipate that there will be significant changes to the document that's later on in the Agenda, the Statewide Transportation Improvement Program, which is the four-year list of projects that are anticipated to be done across the state. So a lot more to bring forward to you on that fuel tax indexing issue, and we probably will have the folks from the Department of Motor Vehicles involved, too, because they have to -- they're involved in determining the amount of revenue that is distributed back to the county through that fuel tax indexing measure. They did come to some discussions with Clark County and the RTC of Southern Nevada on how to achieve collection of that fuel tax indexing amount starting January 1<sup>st</sup> of next year, so they have to do it manually while the programming is done to their system. Washoe County, when they enacted fuel tax indexing, it took about nine months to complete the programming to the system at DMV for that fuel tax collection and redistribution back to the county. So it does take some time, but they felt that it was doable to do it manually, and then implement the programming solution next year. But it will not delay the collection of that fuel tax indexing.

And that concludes the Director's Report, Governor.

Sandoval: Thank you, Director Malfabon. Any questions from Board members? All right. And we'll move on to Agenda No. 4, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like provide comment to the Board?

Martin: No, sir.

Sandoval: We'll move on to Agenda Item No. 5, September 9, 2013 Nevada Department of Transportation Board of Directors' Meeting Minutes. Have the Members have an opportunity to review the minutes, and are there any changes? Yes.

Wallin: I just have -- it's not really a change, but in the Minutes for Agenda Item No. 8, we had requested the slides, and I never -- and I know Mr. Savage requested them, as well. I think we all did, and we never did receive those slides, and I did receive a follow-up from Dennis Gallagher on my question

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about are they an in-state real estate company. I did get that information, but not the slides, so...

Malfabon: Thank you, Madam Controller. We will get you those slides, and I apologize for missing that.

Sandoval: If there are no changes, the chair will accept a motion for approval of the September 9, 2013 Nevada Department of Transportation Board of Directors' Meeting Minutes.

Wallin: Move to approve.

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

Martin: Second.

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

Group: Aye.

Sandoval: Motion passes unanimously.

We will move on to Agenda Item No. 6, Approval of Contracts Over \$5 Million.

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

Nellis: Governor and members of the Board, good morning. Robert Nellis, Assistant Director for Administration, for the record. The first Agenda Item No. 6, approval of contracts over five million, there's one item under Attachment A, Page 3 of 12, for your consideration. This item is to construct a 2.5 mile truck climbing lane on I-15 in Clark County. The Director recommends awarding the contract to Las Vegas Paving Corporation in the amount of \$35,650,000. Are there any questions on this item?

Sandoval: Madam Controller?

Wallin: Thank you. I do have one question on this contract here. In the Price Sensitivity Report here, you go down to where it talks about mobilization, and the engineer's estimate was like 2.1, almost 2.2 million, and they came

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in -- the low bid was 1.2 million and then the second lowest was 574,000. Can you tell me why we had such a difference there?

Malfabon: I can respond to that, Madam Controller. The mobilization typically is -- and the engineer's estimate is typically a flat percentage, depending on the size of the project. So our designers would've estimated it based on whatever -- for that size of project, whatever the associated percentage is. But there are controls in -- when a contractor either overbids or underbids mobilization. When they underbid it, that's basically up to them, because they don't receive the money as quickly. But when they overbid it, there are controls in our specifications that prevent overpayment so that they're -- they only receive the money periodically as the -- it's not a lump sum that they get right at the beginning of the job. It's limited based on our specifications.

Wallin: Thank you.

Sandoval: Any other questions from Board members on this Agenda item? If there are not, the chair will accept a motion for approval of the contract described in Agenda Item No. 6.

Cortez Masto: Move for approval.

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

Krolicki: Second.

Sandoval: Second by Lieutenant Governor. Any questions or discussion? All in favor say aye.

Group: Aye.

Sandoval: Opposed no? Motion passes unanimously. We'll move on to Agenda Item No. 7, Approval of Agreements over 300,000.

Nellis: Again, for the record, Robert Nellis. Agenda Item No. 7, there are three items under Attachment A for your consideration. They start on page -- actually, just on Page No. 3 of 20. Are there any questions on any of these three items?

Sandoval: Perhaps if you would just take us quickly through each one.

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Nellis: Thank you, Governor. On Item No. 1, this is a transportation asset management plan in the amount of \$383,728, and that's a service provider contract.

Item No. 2 is for the Central System Software support. That's for software enhancements.

And Item No. 3 is upgrading the fiber optic cable along Interstate 80. That's adding bandwidth in Fernley, Lovelock, Wells, to the state-owned Level 3 fiber optic cable that crosses Nevada along I-80.

Sandoval: And on that third contract, how is it that we're responsible for the cost of adding bandwidth?

Malfabon: Assistant Director of Operations Rick Nelson looked into that issue, Governor.

Nelson: Good morning, Governor and members of the Board. For the record, my name is Rick Nelson. I'm the Assistant Director of Operations for the Department. Several years ago, many years ago, probably on the order of 15 or so, when Williams Brothers ran fiber across Interstate 80 from Wendover to Stateline, part of the negotiations that occurred in allowing them into our right-of-way were that the Department would be given a number of dark fiber in the bundle of hundreds that they ran across the state for transportation use. So what we've done over the years has been to tap into that dark fiber and light it up, illuminate it, so we could start running our communications across the state on that fiber, and that's how NDOT became responsible for it. What this project will do is install taps, if you will, into that fiber across the state, a lot like interchanges on the freeway. Just because you live next to a freeway doesn't mean you can actually get your car onto it. So what this project does is it builds these portals, if you will, at these eight locations, so the Department can tap into it for our radio traffic, for the production kinds of Internet access that we need for our maintenance stations, and to provide access for our ITS devices that we have along Interstate 80.

Sandoval: Will other state entities have access for use of this, as well?

Nelson: The short answer is yes. We have a very good working relationship with EITS and NSHE. The three of us -- these three state agencies cooperate and collaborate in order to move communications traffic across the state. Just

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because we can get on to the I-80 fiber, we still NSHE and EITS to get that connection back here to headquarters, so...

Sandoval: And what I have in mind, and I'm just talking off the top of my head, is telemedicine and distance learning. Would those type of -- if there is some programming out there, will this assist in those endeavors?

Nelson: I believe it will.

Sandoval: Okay. Any other questions? Mr. Fransway?

Fransway: Thank you, Governor. Rick, I have some questions relative to what the Governor just asked. One of them that wasn't answered is if we have a dark fiber in the network, someone must own the cable itself. I assume it's a Sprint cable. Is it?

Nelson: I believe it's owned by Level 3 these days. It was originally put in by Williams. Now, that fiber, I mean, physically is bundled up with the Level 3 fiber, but we actually -- it's dark fiber, it's dedicated to us. We've got exclusive use for it for transportation purposes.

Fransway: Okay. So if there is an incident like a cut cable, for instance, and we find ourselves out of service, would we be -- would someone be held accountable to restore that service for NDOT?

Nelson: I believe the answer to that is yes. This cable that runs across Interstate 80 is the major connection between Chicago and San Francisco. It carries an awful lot of commercial traffic on it, and I think restoring our four fiber would be sort of incidental to getting all of the commercial commerce going on that cable. So whoever is responsible for the cable itself, they would get it all fixed up for us.

Fransway: Okay. And I notice in our packet that we were able to do this without going to bid because of the high risk of failure, and as part of the contract, are we guaranteed future maintenance to those circuits or...

Nelson: Actually, this procurement was competitively -- it was a competitive procurement. It just wasn't low bid. So it's based on...

Fransway: Okay.

Nelson: It's a performance-based procurement, not a low-bid procurement.

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- Fransway: Okay. So you did go out to bid, but we weren't obligated to take the low bid?
- Nelson: That's correct.
- Fransway: Okay.
- Nelson: And that's how it was procured, so they knew that going in, that it would be based on their ability to perform, not the low bid.
- Fransway: Okay. And was any future maintenance negotiated into the bid process?
- Nelson: No. This is just to install the facilities themselves. Between NDOT and NSHE and EITS, we maintain all of this hardware.
- Fransway: Okay. Thank you. Thank you, Governor.
- Martin: I have a question, sir.
- Sandoval: Member Martin, and then Madam Controller.
- Martin: On the Item No. 2 on Page 3 of 20, the Kimley-Horn, when I read the information, that was not a competitively bid, or not a competition for the, as I recall, for this million dollar contract. Could you kind of expand on why that is?
- Nelson: Well, installing this equipment is extremely technical and sensitive, because they're in -- working in and around live communications. Oh, I'm sorry, Member Martin, were you talking about No. 2, the Kimley-Horn Central System Software?
- Martin: Yes.
- Nelson: Oh, okay. I'm sorry. The -- do you want to take this one, Denise?
- Inda: Denise Inda, Traffic Operations. Member Martin, the Kimley-Horn agreement, Kimley-Horn is the developer of the software system that we use. We call it Central System Software. It's utilized to control and monitor the field devices that we have all along our roads throughout the state. It's used by the RTC FAST group, who manages the roads for us down in the Las Vegas area, the interstates, and it's also managed by our two other districts in Elko and Reno to control the devices that are (inaudible). And so those are things like cameras, dynamic message signs, ramp meters,

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anything that's out there, it uses this software to talk and control back and forth. We implemented this software a number of years ago through a selective competitive process and Kimley-Horn was the firm that won. At this point, because we have an investment in this program, they have developed the algorithms and the software itself, and so it's in the Department's best interest to continue utilizing the folks who actually developed and know the software best. And so we were able to work through the sole source process that's available to us, and we were allowed to work directly with them to continue service of our software system.

Martin: Okay. So when we set ourselves up for sole sourcing a number of years ago, did we negotiate any rates for the engineers? Any rates for the upgrades, anything like that or we just are stuck with whatever Kimley-Horn decides to charge us?

Inda: No, sir. We negotiate with them. Each round of awarding, we put out -- this next -- for example, this agreement goes for four years. And so what we did is we utilized the data that we had, all of the expenses and the expenditures and the work that has been done for the past eight years. We looked all of that, and we utilized that to negotiate the rates for this next four years. And you're asking -- one thing that you did ask, the hourly rates that we are paying Kimley-Horn for any changes that go beyond the regular maintenance portion, we actually kept them at the same rates that they've been using for the -- that they were using on the previous agreement. So we worked very hard to keep the cost down as much as possible, and we did not let them raise the rates as they initially suggested. You know, it's all part of the negotiation process.

Martin: So the million dollars is for maintenance, or is it for enhancements?

Inda: It's for both. The agreement is broken down into two parts. We know that there is a certain amount of support and maintenance that the system requires, that the software requires, and so that breaks down to about 13 hours a month, and we're paying them \$35,000 a year to take care and maintain the system. They are able to network in, look at the system, work with our IT folks, work with our district staff, and just keep the system running because, obviously, when you have a system that runs devices that are actually regulatory devices, you need quick response and quick turnaround when something like a dynamic message sign can't be communicated with or the ramp meters down in Las Vegas can't be

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communicated with. So they're -- it allows them to be available and accessible and to make quick turnaround changes.

The other component of the agreement is it's actually only paid out as we need the work to be done, and it's based on agreed hourly rates for the different people who work on that, the different levels of employees. And when we decide that something needs to be done. For example, something that might occur, maybe not regularly, but it does occur, is if a device that we have out on the road, if the manufacturer of that device upgrades or changes the operating system of that device, sometimes -- because they don't care about us, you know, they use their priorities and their preferences. Those upgrades might change the way our Central System Software needs to communicate with it. And so they will -- we will have to go in and tweak our software or tweak the algorithms so that it can make -- you know, control the device like it always has, turning the camera, different functions that we might be able to do, maybe the different fonts on a dynamic message sign. These things that seem simple sometimes aren't simple. And so we will -- when changes like that occur, we will work with Kimley-Horn and negotiate how many hours we're going to pay them to make whatever changes we need them to make so that we can continue operating the devices and utilizing our investment that's out in the field.

- Martin: Okay. Because when I looked on Page 15 of 20 for the rates, it's all zeroes.
- Inda: We noticed that as well, and unfortunately, the scope that was attached in the Board packet was the draft scope. The agreement that has been finalized includes a sheet that has all of those hourly rates filled in. So the agreement was executed with all of the appropriate information. I can't say why that happened, but it just did not get included in your Board packet.
- Martin: Okay. Thank you. And Rick, could you make sure that the Board members get a copy of that rate sheet so that we know what we're supposed to be signing off on here?
- Nelson: Absolutely, Member Martin.
- Martin: Thank you, sir. No further questions.
- Sandoval: Madam Controller?

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Wallin: Actually, Governor, I had the same questions that Member Martin had about, you know, being a sole source contract and not having the rates in the schedule. I thought, well, I guess we're just paying for expenses, that's a lot, you know, no hourly rate. And I guess -- I don't know if this question would be for Rick or for Denise. There's a lot, you know, because I know that this is sole source and things like that, there's a lot of talk now of looking at moving to the cloud to support software and things like that. One, because the maintenance and upgrades are taken care of as part of the package and stuff. I know that we're already involved in this one, but at some point we may move off of this platform because when you're kind of held hostage with one vendor, they can keep on raising up their maintenance costs and what they do for you year after year, and you just can't get off of that merry-go-round, so to speak. So are you guys looking at possibly going to the cloud sometime in the future as you do software upgrades and contracts?

Inda: Yes, Member Wallin. This product may or may not be something that could be accessed via the cloud, but what we have done is we somewhat recently put out an RFI, a request for information, for -- and the purpose was to find out from all -- many of the vendors who provide this kind of software, this kind of system to other agencies, other states. And so we put an RFI with all kinds of questions in it to find out what their systems do, how they function, what services and what abilities they had, and so then we have all of this information back. We're in the process of summarizing it, and then we're going to use that information to determine what our next steps might be. We may find that we're better off just tweaking our existing system for a while longer. We may find that we want to plan for some kind of, you know, competitive process replacement, because it is software, and software, unfortunately, becomes outdated faster than we ever want it to. But we're exactly looking into what might be the best direction for us to move into, over time.

Martin: One other question. The previous four-year contract, which I'm assuming there was a previous four-year contract, was it a million dollars, was it 500,000? Do you recall?

Inda: Let me pull that sheet out. Okay. We have had four previous contracts with Kimley-Horn regarding the Central System Software. I'll start with the first one, the oldest one first. That agreement started in 2001, and it ran through 2009. That was the initial purchase of the software, development and

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purchase of the software and, you know, got it running and into place. That agreement was for approximately \$4.7 million. Then the next agreement was for maintenance and support only, and that ran from 2008 to 2009, so one year for \$250,000. The next agreement ran from 2010 to 2012. The total cost was \$500,000. So two years for \$500,000. The most recent agreement was for \$250,000 and it ran from 2012 to the present, so a little bit longer than a year. So each year we find -- because of the changes and the development to our ITS infrastructure in the field, we find that we need to do about a quarter of a million dollars worth of work on the system.

Sandoval: I was going to go to Member Savage, and then I'll go to -- or did you have a follow-up on this one?

Wallin: I just had a follow-up on what she just said.

Sandoval: Madam Controller and then Member Savage.

Wallin: Okay. So my question is, so we've been paying -- when we've done the contracts in the past for maintenance and what have you, we've been basically doing it for a year, maybe two years, and now all of a sudden we're doing it for four years. Can you tell me why we're doing it for four years, and especially if we're doing an RFI and we might be making some changes, why we did this one for four years and instead of just a year or two years.

Inda: Going through the process of getting an agreement out there and putting it in place takes a significant amount of time and effort on our part, and so this just gives us the ability to continue through four years should we need it, instead of going through this process yearly. What we have done in the past is we were able to utilize our RFA, request for approach process, and those are more restrictive. They have a lower dollar amount, and so we were putting them out for a shorter amount of time for less money, and we looked at it from internally within the division and felt that we could put out a four-year agreement with the same level of effort by going through this process.

Now, just because we have four years of agreement doesn't mean that we can't end the agreement should we put something in place sooner than that. I would suggest, though, that the process will take a while. Even if we were to decide tomorrow that we wanted to go through the process of getting a new system, we'd have to develop the RFP, we'd have to put it out, all of that process, then we'd select the firm, and then they would have to begin

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developing and preparing a system for Nevada. Now, it might be an off-the-shelf system, that would be quicker, but it would still need to be customized for our state, so that would take a year, two years perhaps, you know, just depending on what the process was. So we definitely need Kimley-Horn to support the system in this interim period, and if we stay with them then, you know, after reviewing the decision if we decide that this is really the best system for us right now, then we need them on board to perhaps tweak and fine tune the system based on our findings.

Sandoval: Member Savage.

Savage: Thank you, Governor. Along the same lines as the Madam Controller and Member Martin, I have concern with the length of agreements, but most importantly does NDOT have any other current agreements in place with Kimley-Horn and Transcore, other than these two agreements (inaudible)?

Inda: Member Savage, I can't speak for the entire department. We do -- both Kimley-Horn and Transcore are on the list of consultants, firms, who are on the on-call consultant lists. And so we have utilized them, both of these firms, in the past for a variety of different programs. Currently, in Traffic Operations, I think we have maybe two agreements for design work that were projects that are under construction and Kimley-Horn was the firm - the engineer of record on those contracts, so those agreements are still in place to allow them to respond to any issues that come up while a project is under construction, but we have not had any recent new agreements with Kimley-Horn. Transcore we do. We have a couple of smaller agreements with them that we utilize out of Traffic Operations to provide some assistance for our ITS system. One is for ITS knock-down. That's a unique agreement where if a driver or someone crashes into any of our ITS devices, often it's a device that needs to be repaired quickly, and within the department we don't really have the ability to turn that around quickly, and so we work with Transcore. They can go out there, respond, fix whatever was damaged, and get it operating quickly. The really great thing about that agreement is then they go after the responsible party and their first order of business is to be reimbursed by the responsible party. If they cannot be -- if that work cannot be paid for by that person or group, then NDOT comes back and pays it, and I think out of nine claims, we only paid for two. So nine out of seven instances where there was damage to state NDOT

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property, the responsible party paid for it. So it's a pretty -- that's a very low expense agreement where we can get some very quick turnaround for repair.

Savage: Okay. With that being said, Ms. Inda, I would like to request a summary of the current agreements, the lengths of time, as well as the dollar amounts associated with both Kimley-Horn and Transcore that the department is obligated to at this time. Thank you.

Inda: Absolutely.

Nelson: And also, I would like to add, Member Savage and Board members, that there will be an upcoming agreement with Kimley-Horn, I believe, for the Strategic Highway Safety Plan support for the Department, and that'll be coming probably next month. That's being negotiated right now by a different group, the Safety Division under Planning. So Denise wouldn't have been apprised of that.

Savage: Yeah. My point being is just what obligation does the entire Department have with other agreements with these two entities. I think it'd be helpful for our review. Thank you.

Sandoval: And one last follow-up question. What I'm sensing is a little bit of discomfort with the length of the term of the contract. What jeopardy, if any, would there be if we went from four years to two years on the length of the agreement?

Inda: Only the time investment in two years to put something in place, whatever that might be. You know, we would have to -- within our division, we would have to go through the process of getting a new agreement in place, you know, developing the approvals through the Director, well, through the channels and then getting it approved working with Admin Services, getting -- negotiating another -- well, we'd have to get a new sole source approval and then if that were approved, when we would go through the whole negotiation process once again. So time. Time within our division is the investment that we would have to make.

Sandoval: But you've been doing it on an annual basis up until now, correct?

Inda: Two years or one year, depending -- kind of moving back and forth depending on what we could do.

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- Sandoval: Because we have that initial one that went from '01 to '09, but then it's '08 to '09, '10 to '12, and '12 to '13.
- Inda: Right. So we did have one two-year agreement in there during the interim, and we're just looking at it -- the administrative process takes a seemingly significant amount of our time, and so we were just looking to trim that up and not have to do that -- spend all of that extra effort and time because we're...
- Sandoval: No, and we're not -- I don't think, speaking for the Board, that we're not cognizant of the length of time that you put into this, but just given -- it's the length of four years and binding future Boards to a four-year agreement, whereas there may be a different set of circumstances into...
- Wallin: And, Governor, I think also for the lack of having the hourly rates and the information available, as well, that's another concern for me.
- Sandoval: Madam Attorney General?
- Cortez Masto: The only thing I would recommend is we take a look at the termination clause. I'd be curious what it looks like in the contract, if there's a penalty associated with it, is it with or without cause, that's what I would be interested in seeing, and that goes to your question, obviously.
- Sandoval: Yeah. Well, we won't see it for four years if we approve it today. I mean...
- Cortez Masto: Right. So that's why I don't know if we want to put this off and give us an opportunity to get that information before we approve this contract. If we do put this off, what kind of, I guess, bind does this put the Department in at this point in time. What's the start date for this contract?
- Inda: It's immediately. The existing agreement has expired. Well, the existing agreement hasn't expired, but there isn't any available funding on it. So in the interim, we would not have any support for the software system that controls our devices statewide.
- Martin: Governor?
- Sandoval: Member Martin.
- Martin: Could the Board agree on a two-year extension with a two-year option that would be solely up to NDOT's Board of Directors to exercise?

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- Sandoval: I don't know if I'm comfortable with the option because that may cause an issue with the contractor. I don't know why we just can't go for two years. I'm a little concerned not doing anything because we can't afford to be hanging out there with regard to this technology, and particularly in Southern Nevada, if you say this is cameras and, you know, all the different things that control the flow of traffic there.
- Nelson: Governor, may...
- Cortez Masto: Governor, this is Catherine. And I guess my only concern is without seeing the contract in front of us, that's what we are voting on today. We can request that they come back with a new term of two years, but again, then there is no contract put in place, and I guess that's my only concern is with respect to NDOT, what does that mean and how fast can we get a new contract before us, because right now what we have is a four-year term. If we can get a contract today, maybe before the end of this Agenda, if all parties can agree that we want to amend the term of contract and it's not going to affect anything else in the contract for two years, I think that's possible before we leave today, and maybe that's what we do is table this and put it at the end of the Agenda to see if that's something -- after looking at the contract to see if that's something that's possible.
- Nelson: Governor, Madam Attorney General, in response to your question, typically the standard contract language is that we can terminate for no cause. When we do that, we do look at the -- if there's any business costs from the other party that we should be negotiating on for reimbursements, something that they didn't recoup because of an early dissolution of the contract. But I would suggest that maybe if the Board could consider approving the four-year contract, and we renegotiate by amendment to the two-year with the two-year option subject to Board approval two years from now. That could be done by an amendment to the existing contract, but we always have that option of termination as a department without cause.
- Cortez Masto: With no penalty?
- Nelson: Yes.
- Sandoval: But that was my other question, is what jeopardy attaches if we were to change it to two years? Was the four-year term part of the negotiation and which helped structure what the rates were or those types of things that

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they've figure they're going to get it over four years versus two years. They being Kimley-Horn.

- Inda: I don't think that that -- I don't -- I mean, I can't speak for what would happen during negotiations, but I believe that Kimley-Horn would work with us to come up with the length of an agreement that suits the Department's needs and the Board's desires. You know, they're a good firm to work with; they want us to be successful, so, you know, I don't think they're going to hold us hostage. I don't expect that they would do that.
- Sandoval: Well, no one's suggesting anything pejorative as to Kimley-Horn, it's just that what would happen if we continued this to next month? What happens in the next 30 days? They're not -- the switch isn't going to go off, is it?
- Inda: No. The software will continue to run, but if there are any significant issues that occur, Kimley-Horn does not have the legal ability to do any work for us because we don't have any way to compensate or engage their services.
- Sandoval: So what happens if we just say -- if I took a motion right now that said we'll approve this contract for two years?
- Inda: I'm not exactly sure about the...
- Nelson: Governor, I think the motion would be to approve it for four years subject to an amendment to revise the contract to a two-year period with a two-year option that would come before the Board in two years for approval.
- Sandoval: If I'm Kimley-Horn, why would I agree to that?
- Nelson: We would still have the option of -- the standard language in any contract with a service provider is that the Department can stop the contract. It's a general clause in all of our contracts with service providers, Governor.
- Sandoval: So you're saying that we can unilaterally cancel the contract at any time?
- Nelson: Yes. Now, we do have to negotiate if there's some unrecouped costs, but typically we don't have a penalty imposed on the Department for those types of clauses or...
- Sandoval: Okay. I'd like to hear from counsel please. Mr. Gallagher.
- Gallagher: Members of the Board, for the record, Dennis Gallagher, counsel for the Board. Staff is securing a copy of this agreement right now, so if you would

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like to postpone it, we can take a quick look at the termination clause and the Board can proceed from there. I would point out, too, that the agreement for your approval today does contain that four-year term on it, and whether or not the Board would feel any comfort if there's a termination without cause provision in this agreement, you know, I defer, obviously, to the Board's view on that.

Sandoval: So are you saying that we either have to take it or leave it, with regard to the four years?

Gallagher: That's the contract that's being presented, Governor.

Malfabon: And, Governor, we do have a representative of Kimley-Horn here, Mike Colety, if he could come up to the podium to say a few words.

Colety: Thank you, Rudy. Members of the Board, my name is Mike Colety with Kimley-Horn. Lived and worked in Nevada for 17 years. Kimley-Horn is located in Las Vegas, Nevada. We're very committed to the State and the options that have come before, the two year with a two-year option, we would take no objection. We can do that, and, yes, it's true exactly, even though we have the contract, NDOT can stop the contract at any time over those four-year period. It does make it easier just to have that option to keep it going when it's on the four-year term. But I would just like to say Kimley-Horn is staffed to do this project. We're here in Nevada, and like we said, we're here to provide support for the system.

Sandoval: So you have no objection if we were to approve this agreement for four years subject to renegotiation in two and having the contract revisited by this Board in two years?

Colety: Correct, Governor.

Sandoval: So no objection?

Colety: No objection.

Sandoval: Okay. I just want to make you clear.

Colety: Thank you. First time in front of the Board. Thank you.

Sandoval: No. No. No. No problem. And, again, I don't want you to interpret in any way that we don't have full faith in Kimley-Horn.

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- Colety: Thank you.
- Sandoval: It's just not often that we get -- we go jump from one year to four years.
- Colety: Right.
- Sandoval: And the Board likes to have a little bit more input as these contracts go along than rather having the opportunity to do it ever four, if I can...
- Colety: Right.
- Sandoval: If I'm speaking (inaudible)...
- Colety: And I would also just like to -- I can follow up with the other members, as well. Speaking to the workload, I know that we're a particular firm that often has numerous separate contracts in different specialties, like the software, ITS design, bicycle and pedestrian plans or highway safety, but just because there are separate contracts that we have at the same time, we have the capability to do all that work and are very responsive in our service to NDOT. We follow up with the backlog and the number of projects. You have other projects with consultants in our engineering community that are for Project NEON or Boulder City Bypass where you put 20 million into one contract for a design contract, and those are our competitors, and we just have a different method where we may have a lot of smaller projects or good-size -- medium-size projects. But we have the local capacity to do this project, as well as the other work that we're doing.
- Sandoval: Okay. And one other question for you that the Lieutenant Governor suggested to me is that would there be any problem with our delaying this contract for another month so we can get that information? Can you -- is there the ability to continue the work for another 30 days?
- Colety: We have no ability to do this work for the next 30 days without this contract.
- Krolicki: Because there is no funding?
- Colety: We have no...
- Krolicki: I'm not sure -- why could you physically not do the work for 30 days?
- Colety: We have no ability to be paid for the work.

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- Krolicki: Okay. So because of funding?
- Colety: Because of funding, yes. Solely that.
- Sandoval: Yeah. Mr. Gallagher.
- Gallagher: Governor, Members of the Board, I've been provided a copy of the agreement, and as the Director indicated, it does contain a 30-day cancellation with or without cause, at any time.
- Cortez Masto: So since we have the negotiator on the other side of this contract here today, Dennis what if we were to just negotiate right now with the vendor on the term, two years instead of four years for this contract, and do it right now? Can we have the ability to do that without violating some open meeting law?
- Gallagher: Madam Attorney General, that's an excellent question and it is not the contract that's before the Board. I believe that somebody could object to negotiating here at this meeting to modify the terms of the agreement.
- Sandoval: But I think we do have on the record that if we approve this four-year agreement, there's no objection by the vendor to the Board revisiting the contract in two years.
- Gallagher: Correct. And Governor, based on the language in the agreement, NDOT could turn around tomorrow and cancel it upon 30-days notice, subject to entering into a new agreement a two-year term, or any other term, to present to the Board in the future.
- Sandoval: Well, I'm comfortable in going forward, but I would comment that we shouldn't wait till one second to go in the fourth quarter to approve these type of contracts, that perhaps we should start looking at these maybe two or three months before they lapse...
- Nelson: Yes, Governor.
- Sandoval: ... instead of now. And then if you would follow up, and I think you've agreed to do this, you being the Department, with providing us some of that contractual information that we didn't have today.
- Nelson: Yes, Governor.

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Sandoval: So with -- I think that pretty much covers it, unless there are any other questions or comments from Board members? All right. Mr. Martin, did you have any other questions or comments?

Martin: No, sir.

Sandoval: All right. And Board members, do we have any other questions or comments with regard to the Contracts, 1, 2, or 3, that are described in Agenda Item No. 7? Mr. Colety, thank you very much.

So I don't think we even need to take that motion that would allow for the Board to -- well, I still would like to see this contract in two years. So what I'm hearing from -- would that violate anything -- any open meeting law issue, Mr. Gallagher, if we were to -- if I were to take a motion approving these three contracts, however, Contract No. 2, subject to it being revisited in two years by this Board?

Gallagher: Certainly you could do that, Governor, or perhaps without a motion you could simply direct staff to come back with a new agreement for your consideration with a two-year term. I think both methods accomplish the Board's objective. It's really which vehicle you'd like to utilize.

Sandoval: I mean, there is risk on the other side. I mean, in two years, Kimley-Horn can come back and say we want double if we open it back up. So that's, you know, I think it's important that the Board be aware of that. I think that we take the -- we approve the agreement, but just subject to review, not subject to it being brought back, if that makes sense.

Nelson: Governor, I think that what we would do is to amend the four-year agreement to make it into a two-year with a two-year option subject to Board approval, but, you know, the rates are the rates, so they're negotiated currently for the four-year period and we would just make it the Board's approval in two years so we could amend the agreement if you approve it today, and just amend that.

Sandoval: Is that clear, everybody?

Cortez Masto: Yes.

Sandoval: All right. Then -- Member Fransway?

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- Fransway: Governor, so what I'm hearing is if we approve the agreement today, on a subsequent Board meeting we can amend it to a two-year term, correct?
- Nelson: Yes.
- Fransway: And so are we going to approve it for a four-year term today?
- Nelson: Yes. That is correct. And then as far as the term of the agreement, it would be amended and brought back to the Board at a future meeting just so you can see that it was actually negotiated.
- Fransway: Do we need to make that notation on any motion then?
- Gallagher: For the record, Board Member Fransway, Dennis Gallagher, you can either make it -- include it in your motion or simply direct staff to bring back an amended contract with a two-year term. But the Board does need either to accept this agreement here with four years, or reject it and I think the discussion has been -- shown a bit of reluctance to reject it and not have this vendor in place should their services be needed within the next 30 days.
- Sandoval: Mr. Gallagher is correct. I mean, we have to approve this or we won't have the service, and that was part of my comment why we shouldn't wait until this moment, because that puts a lot of pressure on this Board, and actually it takes away our discretion, because we can't reject this and leave the traffic system vulnerable without having Kimley-Horn available. So my suggestion would be that we approve this contract and then -- up or down, and then also make the admonition that it be brought back to us separate from the motion in two years.
- Fransway: So we would make a directive to have it brought back and not part of the motion?
- Sandoval: Yes.
- Fransway: Okay.
- Cortez Masto: So I'm prepared to make a motion, Governor.
- Sandoval: Madam Attorney General.
- Cortez Masto: So I will make a motion to approve these three contracts, and then direct staff as to Contract No. 2 with Kimley-Horn that you come back -- bring back to the Board another contract that has amended to two years, with --

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and then to lock in the rates with the option for two years to extend it. That way it will lock in at the same rate, so we are reviewing it after two years.

- Krolicki: Is your direction part of the motion?
- Cortez Masto: No.
- Krolicki: Okay. Thank you.
- Sandoval: All right. You have heard the motion. Is there a second?
- Wallin: Second.
- Martin: Second.
- Sandoval: Second by Madam Controller. I want to make sure we're clear. Any questions or comments with regard to the motion?
- Fransway: So the directive is part of the motion then?
- Sandoval: It is not.
- Fransway: Okay. In her motion, it sounded to me like it was.
- Sandoval: No.
- Cortez Masto: No.
- Sandoval: Madam Attorney General, if you want to clarify.
- Cortez Masto: Let me just make sure. Let's do this first. The motion will be to approve the contracts as they are. And I don't know, Governor, if you want to do that, and then we can do the direction to the staff after that so it's not part of the motion, but right now the motion is to approve the three contracts.
- Sandoval: Yeah, and I guess our record is not -- that's the best way to make sure we have a clear record on this is to take a straight up or down motion, and then after we've taken that motion, I'll ask the Attorney General to make a directive. So the motion before the Board is the approval of Contracts 1, 2, and 3, as described in Agenda Item No. 7. Madam Controller, do you second the motion?
- Wallin: I still second.

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- Sandoval: All right. Madam Controller has seconded the motion. Any further questions or discussion? All in favor say aye.
- Group: Aye.
- Sandoval: Opposed no? That motion passes unanimously. I'd like to go back to the Attorney General to determine whether she has a directive.
- Cortez Masto: Sure. Governor, I would ask the staff to bring back to the Board the No. 2 Kimley-Horn & Associates contract with an amended term for two years with an option after that for another two years.
- Malfabon: Understood.
- Sandoval: And also, I'd like to direct the Board to come back with any of the information that was not contained in this Agenda item so that the Board has the benefits of that at the next meeting.
- Malfabon: Yes, Governor.
- Sandoval: All right. Thank you. That completes Agenda Item No. 7. We will move on to Agenda Item No. 8, Contracts, Agreements, and Settlements.
- Malfabon: Again, Robert Nellis.
- Nellis: Yes. Thank you, Governor and Director. Robert Nellis for the record. There are four contracts under Attachment A that were awarded by the Director for the Board's information. They start on Page 4 of 11, and complete on 5 of 11. The first is for a chip seal project on State Route 116 and State Route 860 in Churchill and Pershing Counties. The Director awarded this contract on August 28<sup>th</sup> for \$2,094,000. The second is for a replanting project along Interstate 580 in Washoe County. The Director awarded this contract on August 30<sup>th</sup> in the amount of \$1,496,496. Item No. 3 is a remove and replacing bridge decking along I-80 in Washoe County. The Director awarded this contract on September 16<sup>th</sup> for \$792,459.75. And finally, Item No. 4, a roadside vegetation control project in District 1, Clark, Lincoln, and Nye Counties. This one was awarded by the Director on August 21<sup>st</sup> to Pestmaster Services in the amount of \$1,143,748.16.
- Did the Board have any questions or like more information on any of these projects?

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- Sandoval: Member Fransway?
- Fransway: Thank you, Governor. Number 4, I'm wondering why the discrepancy between the engineer's estimate and the way the bids came in, the low bid?
- Malfabon: I can respond to that, Governor. This is a performance-based contract for roadside vegetation control in District 1, so it has performance measures related to it, and the estimate is best on a best guess, but the amount of vegetation to remove from the roadside is obviously subject to how much precipitation we receive, usually not a lot. But this is a contract that's based on whatever is performed has to meet certain measures, and then they get paid for that. If they don't meet the performance measures, they get either a reduced payment or no payment. So it is -- basically they did bid lower than the engineer's estimate, but it's subject to the work performed, and then we pay that after we investigate that it was to our performance measures.
- Fransway: Thank you, Governor.
- Sandoval: You're welcome. Madam Controller?
- Wallin: Actually, that was my question since there was a \$1.7 million difference between the bids. So they aren't going to go -- you said it's performance based, so they're not going to go over that \$1.1 million, or...
- Malfabon: No. They cannot...
- Wallin: They cannot.
- Malfabon: ...exceed that without...
- Wallin: Okay.
- Malfabon: ...basically a contract change order. We will -- this is in line with what we've been doing as a Department in trying to contract our more maintenance services, and comparing that to self-performance. You can see that this is limited to District 1, so Districts 2 and 3 will be a good side-by-side comparison since we're self-performing this kind of service in those districts.
- Martin: I have one question, sir.
- Sandoval: Member Martin.

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- Martin: Does the 30 percent delta between low and second bother you, Rudy?
- Malfabon: Member Martin, I would say that based on the analysis of the qualifications that we were comfortable with Pestmaster Services. We do see the difference in bids, but they have to perform, or not get paid, basically, and there are -- as is the case on contracts, if they don't perform, we can dismiss them from the contract.
- Martin: But we haven't done that customarily?
- Malfabon: We did in that sweeping contract, but it was mutual, with that sweeping contract in Washoe County.
- Martin: Mm-hmm. Okay. Thank you.
- Sandoval: Just to follow up, I think, on Member Martin's comment is they are so low, and what if they figure out, boy, this is bad for us, the next closest is a half a million dollars more, so what position...
- Malfabon: We would...
- Sandoval: ...would the Board...
- Malfabon: Governor, we would probably reprocur that and just self-perform in the interim while we reprocur those services, so go back out on a competitive procurement.
- Sandoval: Member Fransway?
- Fransway: Thank you, Governor. Are the bidders privy to the engineer's estimate beforehand?
- Malfabon: Typically the Department submits a range for the engineer's estimate, not the specific value, so that contractors can't just match the engineer's estimate.
- Fransway: Okay.
- Sandoval: Please proceed.
- Nellis: Thank you, Governor. Robert Nellis, for the record. Moving on to Attachment B under Agenda Item 8, there are 65 executed agreements for



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the Board's information, starting on Page 7 of 11 and ending on Page 11. Were there any questions from the Board on any of these items?

Sandoval: I hear none.

Nellis: Thank you, Governor.

Sandoval: And it's an informational item. If there are no other questions, I'll move on to the next Agenda item.

Fransway: Governor?

Sandoval: Member Fransway.

Fransway: Just a comment. I noticed the vehicle transfers and as far as the grantee, it's working extremely well, and I assume that it's working well for NDOT, too.

Nellis: Yes.

Fransway: I believe that that's a very good way to distribute vehicles that are no longer needed.

Sandoval: We'll move on to Agenda Item No. 9, Condemnation Resolution. Mr. Director?

Malfabon: Governor, this is a condemnation resolution for a property, Trinidad Medina and Adrianna Medina in Las Vegas, related to Project NEON Phase 1. We have been trying to negotiate with the property owners, who are unfortunately involved in a divorce. So it is getting to be difficult to reach a resolution with the property owners, so we want to proceed to condemnation.

Sandoval: I mean, I just -- my review of this is that we're negotiating against ourselves. We keep going up and up and they haven't made a counteroffer, so we need to get moving.

Malfabon: Yes, Governor. And when there is a counteroffer made, we have to substantiate that it's based on some comparable sales or some type of information that's reliable so that we can get federal reimbursement.

Sandoval: Board members, any questions with regard to Agenda Item No. 9? If there are none, the chair will accept a motion for approval of Condemnation Resolution No. 440 as described in Agenda Item 9A.

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- Martin: Move for approval.
- Sandoval: Member Martin has moved for approval. Is there a second?
- Savage: I'll second.
- Sandoval: Second by Member Savage. Any questions or discussion on the motion? All in favor, please say aye.
- Group: Aye.
- Sandoval: Opposed no? Motion passes unanimously. Agenda Item No. 10.
- Malfabon: Governor, I would like to request taking an item out of order. The briefing on the Statewide Transportation Funding really sets up the discussion of the Statewide Transportation Improvement Program, both from the amendments and administrative modifications, but primarily with Item No. 11, the discussion of the draft and work program for information. So I would like to request that we present Item 12 first, and then go into Items 10 and 11.
- Sandoval: If there are no objections, we'll proceed with Agenda Item No. 12, then Agenda Item No. 10. Please proceed.
- Malfabon: Let's load up the presentation on funding. As that's being loaded up, I wanted to mention that there has been a lot of discussion about transportation equity and as it's timely that we make this presentation to the Board as we're presenting the draft Annual Work Program and the Statewide Transportation Improvement Program draft. So without further ado, next slide.
- So there's three primary sources of state highway fund revenue that goes in the State Highway Fund. Federal Highway Trust Fund, obviously that's a reimbursement program, and we typically get about -- I believe it's \$320 million or thereabouts. The State Highway Fund -- the state gas tax and the diesel tax goes into the State Highway Fund, as well, and that's usually a couple hundred million dollars. Other funding sources we've enjoyed in the past, primarily through legislative action and Governor's approval, has to do with perhaps, as a later Agenda item shows, the Las Vegas Convention and Visitors Authority funding, for instance, where that was room tax revenue bonds that went to transportation projects in Las Vegas. General bonding for the Department of Transportation, and also any kind of general fund

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expenditures like we enjoyed in years past, but no longer have the ability to access that type of funding because of the state of the economy in Nevada. Next slide.

So this shows you, under MAP-21, which is the Federal Transportation Bill, and how money flows through us, and we wanted to make the point in this slide that there's some funds that are available statewide. So you got about half of the funds available statewide. Some funds must be sent to Clark County to the RTC of Southern Nevada to distribute. Some have to be spent in other counties, so you see about 17 percent going to other counties across the state, that includes Washoe, and some is committed to bond repayments and subject to FHWA reductions. Sometimes they rescind certain fund categories at the federal level.

And when we received federal funds there are certain pots of money. So color of money is an issue. You've got to look at these pots of money and silos, if you will, and the projects that are expended in these funding categories have to meet those qualifications for these specific funding categories. You have the Air Quality Program, CMAC, Metropolitan Planning category, Surface Transportation Program category, and Transportation Alternatives category. The point of this slide is to show that there are different silos of funding, so that is another thing that we have to consider when we receive the money. Some definitely goes to the urban areas, and some can be used statewide. But primarily, this is money that's going to the urban areas. Next slide.

There's a lot of federal funding categories that are available to other -- primarily rural counties and other counties, such as Washoe. You have different programs, safety programs, planning programs, you see the Air Quality, the Surface Transportation Program, Transportation Alternatives Program. So a multitude of programs. Even though MAP-21 consolidated a lot of the programs, there's still a lot of program areas to consider, and we do our best to expend the money in each one of these program areas. Next slide.

Now, NDOT is not the only recipient of money that goes into the State Highway Fund. There's a lot of other things, besides fuel tax revenue, that goes in there that primarily support the Department of Public Safety and Department of Motor Vehicles, such as motor vehicle registration and license fees. As far as the 1 percent to the other, that's just a minor

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expenditure to support things like EITS or LCB investigations, State Public Works Board support for our architectural projects, Board of Examiners and such. So there's some expenditure there. Bond reimbursement is shown, and about 74 percent of that money that goes in the Highway Fund is available to the Department of Transportation. Next slide.

And one of the questions that we received recently was how much money is raised in Clark County and how much is received by Clark County for projects? So on the left side the pie chart is focused on how much state gas tax revenue is raised in Clark County? There's about a little over 60 percent raised in Clark County, about -- between 15 and 16 percent in Washoe, and then all the other areas. Now, it's significant in the other areas of the state primarily because of the special fuels tax, which is primarily diesel. So there is a substantial amount of money raised in the rural counties other than Clark and Washoe.

Now, as far as the expenditures, what we did is look at our annual work program, and this is information that's reported to the legislature on a biennial basis, but it's based on our project obligations, what was programmed, basically, for those fiscal years, and it shows that Clark County received, over that average of that five-year period about 55 percent of the transportation funding revenue. That's federal, state, and local. The reason that we include federal and state in that calculation of percentage is because some projects are federally funded, because we want to leverage the federal funds with the state funds to meet that match requirement. Typically it's 95 percent federal, 5 percent state, but it can vary, depending on the program. But you can see there that Clark County does receive a lot of transportation funding, and Washoe County is actually receiving a little bit less in that five-year period than what's collected. It's percentagewise, but the reason for a lot of the spending in the other areas of the state is primarily Interstate 80 receives a lot of funding and we'll cover that a little bit later.

Here is the breakdown of the county distributions, and this can ebb and flow. You can look at Elko County and Eureka County getting a bit, Lyon County. So in Elko County primarily the projects there in that five-year period, a lot of interstate projects. In Lyon County the US-50 widening projects that have been occurring toward Silver Springs account for some of that.

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Statewide projects, those are the projects that can't be attributed to one single county, and so we've had some safety programs, such as the Rumble Strip Program, that are a statewide project. Sometimes we have some projects that improve other systems that are a statewide nature. So it benefits the entire state, usually related to operations programs. Next slide.

Now, the question was asked, well, what about 2013? And we looked at our annual work program report that's going to be going to the legislature next biennium, but we broke this out, and it's about the same distribution. Washoe County definitely received a lot less, primarily because of a huge amount of work, as the Board has seen, on Interstate 80 and the area around Winnemucca up into the Elko area. So we've had some major projects over the last year that were programmed for Elko and Humboldt County, and that kind of causes that increase in percentage in all other counties. Clark County still receiving a substantial amount of funding, but you can see that the amount is lower, as far as compared to previous years, and that's primarily just what was delivered in that annual work program. Projects are typically -- we expend all the federal aid that's available for highway projects, but there is an ebb and a flow on an annual basis. So that's why we want to look at that five-year average that we had on the previous slide. Continue.

Here is the distribution by counties. Sometimes you have a year where a particular county does not receive a substantial amount of work, such as Storey County there or Pershing County. And as I said, there is an ebb and a flow based on project need. The way that we select projects is typically when it becomes due for payment preservation, typically an overlay or a mill and fill, we will proceed with funding that type of project, but we avoid a worst first approach. So we have some roads that really are in bad shape that need to be reconstructed, but we do that based on availability of funding. We try to keep up with the interstates first, U.S. routes second, and then the other state routes, which include some of the urban areas, as far as urban arterials in the hierarchy. Next slide.

As far as what is on a later Agenda item is draft annual work program. And what we did was look through that, recognizing that there are some corrections that are going to be noted when that item is presented to the Board. We did our best to assess what is coming forward in 2014, based on our annual work program. This, again, includes local funds, as well as state

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funds and federal funds. Now, we -- the asterisk there for Washoe County, it says, does not include the Southeast connector because that is 100 percent locally-funded project. So it kind of skews the numbers if you include these 100 percent local projects. We try to avoid that by concentrating on federal and state-funded projects. So if a project has some federal or a combination of federal and state, as well the possibility of local funds, we included it in this pie chart.

Sandoval: And there's a little perspective that needs to be pointed out, I believe, is that not only is the percentage greater, but the piece of pie is substantially greater, almost double the amount from 2013 to 2014. So the amount here is over half a billion dollars, whereas the amount of money in 2013 is about 250 million. So the pie is twice as big, and the percentages are obviously different. So, I mean, do we have another chart that kind of shows what -- over the seven-year period and how that, as you say, starts to spread things around?

Malfabon: We do not, but we could definitely -- it's worth looking at an average for that, Governor, and I think that a point that's well made is that you don't want to look at one particular year, and this year, significantly, the amount of money and the amount of percentage increased for Clark County and Washoe County, but you want to look at kind of the average because of that ebb and flow of projects, as I discussed earlier. But it definitely shows that we are investing a significant amount of revenue into Clark County projects, and also in Washoe County, primarily Project NEON and the Boulder City Bypass Future I-11 Project are significant increases, but there's been other projects in Clark County that are being delivered such as the US-95 widening from Ann to Durango was a project that we actually went out with the currently -- it was actually programmed in fiscal year 2013.

I wanted to make the point also that when we program a project, it could be a multiyear project, but just for the sake of being simple in our booking of the project or counting it towards the fiscal year, we don't break it out into multiple years. We just book it in one year. So if it's a two-year project and it went out in 2014, we just book it and count it towards 2014. So that's how you see some kind of differences in some of the funding per fiscal year, because a big project that could be a two-year project went out in one particular fiscal year, although the money is expended over two years. Next slide.

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Now, you see that there's not as much going to Interstate 80 projects and some of these rural counties that you've seen in previous years, such as Elko or Eureka County. Humboldt County does have a significant project coming up. So this is, again, related to when projects are due, when they're funded. As far as the preservation program, primarily in the rural areas, you'll see some differences. But primarily the bulk of the money is still going to continue going to Clark County and followed by Washoe County. Next slide.

Definitely one of the -- well, two of the major projects that we have as a high priority are Project NEON, and we've been spending a lot of money, state funds primarily, on acquisition of right-of-way as we've advanced that project, and later you'll receive a presentation on the status of Project NEON. Boulder City is advancing, as I have mentioned. In November we will advertise the next phase, the frontage road project, which is approximately a \$20 million range. So significant advancements on these two projects occurring and a lot of coordination on Phase 2, which is shown in blue on that -- the inset slide there showing the Boulder City Bypass Future I-11 Project. But I just wanted to make the point that you will see a lot more investment on these projects as they advance through the delivery process. Next slide.

I wanted to mention the importance of state roads. Now, the state system, as you can see, is not a large part -- not the majority of the system, but it is significant in that it carries a lot of the traffic. So you can see the significance of state roads, primarily because the state system covers the Interstate system where there's a lot of volume of traffic, the U.S. routes which also carry a lot of the traffic. Definitely there are some locally maintained roads that carry high volumes of traffic, primarily the urban arterials in Las Vegas and Washoe County, but we also own some of those state arterials -- state highways which are urban arterials. So those are also counted in the vehicle miles traveled. But you can see that the state roads are very important, particularly for carrying that traffic. Next slide.

Another point to make is that the state roads are important and critical because of how much freight movement and heavy trucks. So you can see that we carry 70 percent of all truck traffic and 80 percent of the heavy truck traffic on the state system of roads. So another point to make on the importance of the state system. Next slide.

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Now, Nevada -- you've probably seen the slide before, but it shows the New England states and how they fit in-between some of the major highways in Nevada, indicated by the red lines. We have a large area to cover with our state transportation network, and we have low population in some of these areas of the state. So one of the concerns is, well, are some of the rural counties -- I think there's four to six counties that have not enacted everything that's optional to them as far as their fuel tax, but with low populations, it isn't going to raise a lot of revenue, but I think it's just the point that everybody should be doing as much as they can to cover the funding for the transportation network. When a county does raise its fuel tax, though, such as Elko County just recently did this last year, that money goes to the county for county roads. So it's not going to directly benefit the state typically, but it is an effort to try to keep up with all the state highway network, not just what's maintained by the Department of Transportation, but also what's maintained by the counties. But the point being that a lot of area to cover, and we have an obligation to keep this system in a state of good repair. When we do spend federal money on our system, that's one of the obligations that we make to the federal government, is that we will keep our system in a state of good repair. Also definitely as it was noted on the previous slide, it's critical for freight and national commerce, Nevada being a bridge state to a lot of these ports in California, ports of Oakland, San Francisco, L.A., and Long Beach, that move a lot of freight across our state on the interstate system. And definitely we have an obligation to rural Nevada for connectivity, for people that need to get agricultural goods or livestock to move that across the state systems, as well as recreational and economic development opportunities. So we are one state, and we try to keep our state system in good shape, and there is an obligation for residents in the state and our visitors to the state to keep the entire system in fairly good shape. Next slide.

So I feel that it was important to note that we are aware that there is an equity concern, but we feel that with these statistics that we are paying attention to the needs in Southern Nevada, as well as throughout the State of Nevada. We recently saw a letter to the editor by a North Las Vegas city councilman over the weekend that was concerned and they brought up the Interstate 580 contract and how much that cost and how other projects should be done in Southern Nevada. With the fuel tax indexing initiative that was recently passed and we'll present to the Board probably next month, there are going to be a lot more projects funded in Southern Nevada, and

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NDOT by no means is holding back on any funding to Southern Nevada, as you can see by the amount of effort we've expended for Project NEON, for Interstate 15, and the Boulder City Bypass Future I-11 Project, as well as widening on U.S. 95 that's continuing.

So with that, I wanted to take any questions from the Board on this presentation.

Sandoval: Thank you, Mr. Director, and at least from my review of the slide for 2014, it appears for that year that the amount of funding that goes to Clark County dwarfs what is occurring in the other counties. And then if we were to anticipate what's going to happen in '15, '16, and '17, with the onset of Project NEON and the Interstate 11 or the Boulder City Bypass, that that type of percentage would at least be stable or perhaps even increase.

Malfabon: Yes, Governor.

Sandoval: And then what was interesting to me when I looked at this is that Washoe County is actually an exporter of fuel tax dollars that they don't -- it does not receive a greater percentage of funding than what it raises.

Malfabon: Based on the annual work programs that we reviewed for '13 and '14, that is true.

Sandoval: And the other point that I think you made by that slide with all those eastern states that fit in there is the immensity of the amount of roads throughout our state and that the rural counties simply cannot generate the amount of money that's necessary to maintain Interstate 80 and some of these other roads, and by definition, you're going to see Washoe County and perhaps -- or Washoe County and then to a certain extent up until 2014, that Clark County would be, in other words, subsidizing them because it just -- there's no other way that it could be done.

Malfabon: Yes, Governor. Although there's a lot of revenue raised in those rural counties on the diesel tax, it's just not enough to maintain the entire system, and there is an obligation to maintain that entire system.

Sandoval: But given the expenditures for 2008 and 2012, and the amount of work that's gone on on Interstate 80, it looks like, for now, we're not going to be having those types of expenditures because we've done the work.

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- Malfabon: There appears to be one project in 2014, in Humboldt County, but you're not seeing as many projects as you did the previous year with the Carlin Tunnels Project and the project around Winnemucca and Elko County. So there's been a significant amount of investment on I-80 that you won't see in the next fiscal year. There'll just be a smaller amount of projects on I-80.
- Sandoval: And we should never underestimate, obviously, the importance of Interstate 80 to interstate commerce, as well as commerce within the state. I mean, I'll say from my perspective on economic development, we have to have great roads logistically so that we can move goods in and out of the state and that's one of the reasons why companies are coming here to distribute, is that not only our geographic location, but the quality of our roads to get that product in and out.
- Malfabon: Definitely, Governor. And we believe that with the improvements that we're going to be making with the Future I-11 Boulder City Bypass and Project NEON, that it will also support that type of investment by new companies that want to move to the Southern Nevada region for investing in their business development, and we think that -- also that the level of effort that we put into I-80 is going to provide a good transportation network for those ports, primarily from San Francisco and Oakland, that are passing through to the eastern states.
- Sandoval: Yeah. You also have 95, which is a very important corridor for commerce for Southern Nevada, as well; is that right?
- Malfabon: Yes. US-95 and US-93 both are primary quarters for freight movement, and US-93, as I mentioned, is the NAFTA corridor.
- Sandoval: And so, obviously, some of those roads pass through many rural counties, which will, you know, again, won't be able to generate the type of money needed to maintain those, so some of that money that is generated in Washoe and Clark will go to those counties.
- Malfabon: Yes.
- Sandoval: Or will go to those areas I should say.
- Malfabon: Yes. It goes to those major U.S. routes, US-95 and US-93 to maintain those in a good repair.

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- Sandoval: And just out of curiosity, as I mentioned, the piece of pie from '13 to '14 doubles. Where did that extra revenue come from?
- Malfabon: It's primarily a combination of when locals put in some of the funding to match some projects. If there's a combination, as I said, of federal, state, and local on a project, chances are the local portion is supporting some of that increase in funding. We did not include the \$100 million bonding request that will go to the Interim Finance Committee for Project NEON, although that will also increase the amount of expenditures in Las Vegas for purchase of right-of-way for Project NEON Phases 3 and 4. But primarily that's based on the annual work program. So as you go through the next presentation, it will become clearer as far as what projects are included in that that substantiate that dollar amount.
- Sandoval: Questions from the Board members -- excuse me. Madam Controller?
- Wallin: Thank you. Question on the charts that you have going from 2008 to 2012. Did that include stimulus money in those projects?
- Malfabon: Yes. That would have included some stimulus money...
- Wallin: Okay.
- Malfabon: ...which was distributed statewide.
- Wallin: Okay. Yeah, because it kind of -- it shows here's the gas tax and then we have the stimulus money, which has nothing to do with the Highway Fund.
- Malfabon: Yes. The '08 to '12 numbers were from, basically, our annual work program that was reported to the legislature.
- Wallin: Okay. And then another thing, because we talk about, well, this county collects this much, we need to send money to this county, and I think something that needs to be made aware of is we need to make our decisions based on cost benefit analysis when we do our projects and stuff. And I think it would be interesting if you could supply the Board next meeting with a cost benefit analysis of the I-580 with Project NEON and the Boulder City Bypass, just to, you know, as we go forward, and then any future projects make sure that we have that cost benefit analysis before the meeting.
- Malfabon: We will provide that information, Madam Controller.

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- Wallin: Because I think that that's important. I think people -- we need to make our decisions based the numbers and not on, well, it seems like it's a good idea, we should do that. So if you'd do that for me. Thank you.
- Sandoval: Well, and that I-580, when was the decision made to...
- Malfabon: That was...
- Sandoval: ...for that project?
- Malfabon: ...three governors and four directors ago, I believe. But it was one of those projects that takes years and years to deliver, starting with the environmental impact statement and going on through to acquiring property and designing the project and constructing it. That definitely was years ago, and any project of that magnitude takes years to deliver.
- Sandoval: Okay.
- Krolicki: Governor, if I may.
- Sandoval: Mr. Lieutenant Governor.
- Krolicki: And with 580, I still vividly recall Governor Guinn talking about that and these decisions literally made -- or begun to have been made that were difficult (inaudible) 30 years ago, and even if it were to have been scratched when, the bridging efforts were being challenged, it would've cost more to not finish 580 than to proceed, according to Governor Guinn. With Controller Wallin's comments, I mean, I've never doubted that the cost benefit aspects have gone into the decisions that this Board and NDOT staff have been making. So, I've been making in my -- whether it's treasurer or lieutenant governor, I've been making decision on a statewide basis for, many years, and I've never been a regional -- never has a regional thought been part of my decision making. It's been what's best based on the information I have, and I'm regularly frustrated when there are tensions, certainly north/south, and certainly less so, but rural/urban. And I just think, not to be defensive, but the decisions and the deployment of capital by NDOT has been under question and editorial comment and those kind of things, and we'll continue to make the right decisions for the right reasons. But I think there's an educational component to this. I mean, I think a contemplation -- and this is a conversation between you, Governor, and the Director, but even a visitation to editorial boards and other key stakeholders,

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I mean, this is a poignant demonstration. These are the things we've believed and intuitively there, but I just think the facts speak for themselves, and if Washoe County is an exporter of revenues from fuel tax, I mean, I think many people would be very surprised. So I would urge at least a discussion about having some kind of editorial visit and especially with projects like Project NEON and the Bypass and I-11, and other things coming up. I think it would be a great road show to have. Not only where we're going in the future, which demonstrates, you know, a deployment in, I think, a very equitable, strategic way, but also historically that perhaps has been a different reality than some suspect.

Malfabon: Well said, Lieutenant Governor, and I know that that's a good suggestion to go forward with the editorial boards. One of the things that we do want to address is some of this reliance on the Brookings Mountain West information that looks at per capita federal spending and makes the -- kind of the jump from that per capita in Washoe County to if you applied that level of spending to Clark County, there'd be 1.7 billion that's available, and that is not accurate because there's only -- as I said, of federal funding, there's only about 320 million available per year. So there's no way that 1.7 billion would ever come per year to Clark County from the federal government for transportation. But those are the kinds of points that we need to talk and discuss with editorial boards, because elected officials are relying on that information, and making conclusions that are not accurate.

Another one that Brookings Mountain West makes has to do with the federal transit grant funding and that money is used by urban areas, by metropolitan planning organizations, such as RTCs, to do light rail transit projects. Since we haven't been doing that in Washoe County or Clark County, Nevada will look like it's not receiving its fair share of federal transit grant funds, but that's because that's not the type of project that has been approved and going forward with those urban areas, with those NPOs. So that's another point that we could make with editorial boards.

Sandoval: Further questions or comments? Madam Attorney General.

Cortez Masto: Rudy, thank you. This is very, very informative. Can you address one thing for me, though, and maybe this needs more information out there. We always talk about the freight going I-80 east and west, but there's a lot of freight that goes I-15 out of California through.

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Malfabon: Yes.

Cortez Masto: And there's a lot of traffic that is traveled on I-15 from California through. I mean, if you've been in Las Vegas at any time, particularly during the weekends, you see bumper-to-bumper traffic...

Malfabon: Yes.

Cortez Masto: ...from California into Las Vegas. Will you comment on what we as NDOT do to not only maintain those roads, but how we've addressed the travel of those vehicles on I-15, and the funding for the maintenance and the roadway repairs that are necessary to maintain it.

Malfabon: Considering I-15 we've done a lot of projects. Some of them have been funded through the LVCVA room tax revenue bonds, primarily the widening there by the airport. But NDOT has also applied some federal funds for -- in the past it was under the -- what's called Interstate Maintenance category. That's been consolidated into a program called National Highway Performance Program. So interstates are eligible under that, as well as some of the high-level U.S. routes. But we've been putting in a lot of effort on I-15 to keep that pavement in good shape. We've paved down to Stateline. We have another project that's the one that Las Vegas Paving was awarded. That addresses a really rough area of the interstate where there's a lot of problems from the soils there in that case that caused some heaving of the pavement. We're going to address that, so -- another project that we've been doing with the help of the local funds -- but we often do things in partnership with the local agencies in the urban areas, but we've been doing projects such as the Mesquite Interchange. We've built a lot of interchanges on I-15 so that it could open up certain areas of the Las Vegas Valley to warehousing or to more mobility and access to where those trucks need to load. And for the traffic that's following -- going through the state, definitely we've done a lot of pavement preservation projects on the interstate. Significant costs for those projects, but it's money well spent because of the amount of traffic on that system.

I wanted to just say thanks to the LVCVA for their funding, because it helped us to operate the system better by building those express lanes in that urban corridor to get the trucks over there in their lane so that they can get through that urban area and not be in that congestion where there's a lot of

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cars entering and exiting at the off-ramps and the interchanges in the urban area of Las Vegas.

Sandoval: Any further questions or comments with regard to this Agenda item? Member Fransway.

Fransway: Thank you, Governor. In defense of the expenditures in District 3, one needs to remember that 280 miles of Interstate 80 Transit District 3, and another 100, Transit District 2, and we as a state are obligated by the federal government to prioritize the interstate as number one. And so whereas I-15 in Southern Nevada is substantial and it is 120 miles, there is a major difference in the fact that Interstate 80 transits the entire northern section of the state. And so I concur with the Lieutenant Governor that this Board should take the big picture in account and be mainly concerned about the entire state, and the fact that we will be expending major funds over the next several years with NEON and the Boulder City Bypass, I believe, balances things out into the objective that this Board is responsible to obtain going forward. So that's my comment, Governor.

Sandoval: Thank you. Anyone else? So, Mr. Director, is it appropriate for us to move back to Agenda Item 10?

Malfabon: Yes. Assistant Director for Planning, Tom Greco, will present Items 10 and 11.

Greco: Governor, members of the Board, good morning. For the record, Tom Greco, Assistant Director of Planning. Agenda Item No. 10 deals with amendments and modifications to our present STIP. The 2012 to 2015 document, which in our next Agenda item we are updating -- revising. Looking at Attachment A, which delineates amendments, which are major updates to the planning document, there is one amendment out of RTC Southern Nevada made up of two items. And Item No. 6005 is to increase funding on a multistate study in the amount of about \$113,000. Any questions on that amendment? Okay.

Moving on to 4148. This is a major amendment in that it moves the airport connector out of year '13 and into '14, and in its place, funds US-95 to the amount of about \$44 million.

Sandoval: Mr. Greco, if I may interrupt you, I am not following you, at least with my materials that I have in front of me -- in front of us.

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- Malfabon: Governor, what's he's referring to would be the RTC number. So you'll see in bold a CL number on page -- or Attachment A, there will be a CL201101 RTC 4148. So he's referring to the RTC number.
- Sandoval: Okay. So that would be -- when you speak of the airport connector, we're looking at this third item under RTC of Southern Nevada?
- Greco: Yes, sir.
- Sandoval: All right.
- Greco: Yes, sir. And that is the major amendment that moves the airport connector project out of physical year '13 into '14, and in that vacant space, Southern Nevada would like to support US-95, and all of the numbers that are in that paragraph below that. And also in Attachment B, Modification on the next page, Modification CL17 also moves around funding to support the US-95 project. So the net result is that the airport project moves into next year, and the US-95 project is designated in '13, to the amount of \$44 million. So that covers the amendments and the first modification on Attachment B. Any questions with those?
- Sandoval: Not a question, but with regard to Attachment A and B, relevant to the discussion that occurred in Agenda Item No. 12 is this Board takes its cue from -- with regard to priorities on the Statewide Transportation Improvement Plan from the local regional transportation entities, correct?
- Greco: Absolutely. And the RTC of Southern Nevada, at a previous Board meeting, did approve these actions.
- Sandoval: So my point being is, I've -- at least in my experience here, we've never overridden the recommendation of the local RTCs when it comes to how they want their capital deployed as to specific projects.
- Greco: Understood.
- Sandoval: Yeah.
- Greco: And we would ask your acceptance, even though the action item does discuss approval of. As you mentioned, the local agencies do the initial approval oversight and it is within their jurisdiction.

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- Sandoval: Board members, any questions or discussion with regard to the approval of amendments and administrative modifications to the FFY 2012/2015 Statewide Transportation Improvement Program as recommended and approved by the local Regional Transportation Commission? If there are no questions, the chair will accept a motion. Oh, Member Fransway.
- Fransway: Thank you. In referring to the modifications -- administrative modifications, CL 17, is that not only a revenue substitution? Is it not also a budget increase?
- Greco: It is. It increases the amount of NHPP funding by about 9 1/2 million dollars going toward the US-95 project.
- Fransway: Okay. And I assume those funds are available funds?
- Greco: Readily. Yes, they are, sir. And while we're on the Attachment B modifications, there are two items there that are in addition to any Southern Nevada actions, and that is the NPO up at Tahoe wanting to do a funding decrease by about a half a million dollars, and the last item, statewide rural is a funding increase of about 2 1/2 million dollars on bridge work. So those are also elements of this amend modification Agenda item.
- Sandoval: If there are no further questions or comments with regard to Agenda Item No. 10, the chair will accept a motion for approval.
- Krolicki: Move to approve.
- Sandoval: Lieutenant Governor has moved to approve. Is there a second?
- Martin: Second.
- Sandoval: Second by -- it's the tie. Second by Member Martin. Any questions or discussion on the motion? All in favor say aye.
- Group: Aye.
- Sandoval: Motion passes unanimously. We'll move on to Agenda Item 11.
- Malfabon: Governor, we would like to hand out a document that as we look through the draft Annual Work Program, which is under Public Comment right now, we notice some things which will be addressed in the presentation, but wanted to bring it to the Board's attention about some changes that we've made to the draft document. They're listed in tabular form on this handout.

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What happened was this STIP document has not -- because of the MAP-21 enactment last year, the feds basically gave us a pass to get to a MAP-21 compliant Statewide Transportation Improvement Program, so that's why we were operating under the previous STIP. There were some major changes from the previous STIP document that we noted when we looked at the draft document, so these are -- the major ones are noted in the handout that we're giving to the Board. With that, I guess I'll turn it back over to Tom Greco and Jason Van Havel.

Greco: Thank you, Rudy. Again, for the record, Tom Greco, Assistant Director of Planning, and our Planning Subject Mentor Expert.

Van Havel: Jason Van Havel, Assistant Chief Transportation Multimodal Planning.

Greco: And we plan an overview of Agenda Item No. 11. We might have done that better. We didn't rehearse. Okay. We have only four slides, so this will be short and sweet. Transportation planning is a cooperative, comprehensive, and continuing process. This document, that we had offered a draft to you recently, and to all other agencies and the public and on our website, the draft document comment period just ended yesterday, and the document is one very important document of our planning process.

Van Havel: The Transportation System Project, the TSP, is a collaborative -- is developed in a collaborative effort with the Federal Highway Administration, NDOT, 17 counties, four MPOs of the state, tribal entities, and community input.

Greco: So moving on to the elements within this document, the two major divisions is a work program and a STIP. The work program is a one-year plan that is financially unconstrained, but it is close to as many projects as we are able to support. There are extra in there if Project A needs to move out here, or be replaced with another one. That's why there's more projects within the one-year program than there are funding support. The other elements of the work program are the short-range plan, which is a two- to three-year element, and the long-range plan, which is a ten-year element that is mostly planning stages of future projects, and the Board does approve that element of this document.

Van Havel: A couple of items on the STIP side that I wanted to point out is that the STIP shows all of the federal funding that is used in various projects. If a

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project is going to use federal funding, it needs to be represented inside of the STIP. The STIP also has financial constraints, so we cannot show more in projects going out than we what we have available money, reasonable expectation of money, to be able to cover those projects, and as you pointed out, Mr. Governor, that we incorporate the local TIPs from the four MPOs exactly as they are. That's their jurisdiction, and they develop their TIPs, and we must incorporate their TIPs into the Statewide Transportation Improvement Program as is. We cannot make changes to those, and those local TIPs are adopted by their local boards.

Greco:

And they are accepted by this Board. I would like to move on to the tradition revision schedule of these documents. So we start the effort in January, presenting workshops to the counties, the MPOs, tribal interests, public, anyone who wants to listen, we offer. That input then is rolled into the first draft of a new document made available about April or May. That goes out for review. In June and July, and this year we actually scheduled it for June, July, and August, went out to the county commissioners with our district staff and our planning staff, gave them an update of the previous draft. They accepted that document, and then in August, with any input during the tours, we update the draft again, and it goes out for public comment, which just ended yesterday. And normally we would bring you a final document at this monthly meeting. We are running a little behind. We would like to offer the final draft next month's Board meeting. And with your acceptance and approval of elements, then it moves on FHWA and FTA. We would hope that by November the federal government is back in action. Because right now FTA is on furlough, and would not be able to do that approval step. After that document is approved, because Southern Nevada is generating an additional gas tax revenue and additional projects that will be supported by that revenue, we would expect a major amendment to this document early in the year.

Van Havel:

So once again, regarding the TSP document, we're presenting the draft to you here today, and we're going to come back to you in the November meeting and ask for the acceptance and approval at that time. I did want to highlight a couple of -- and mention that there are some significant changes that are being made to the STIP, just at Rudy mentioned earlier, associated with the handout. A couple of examples would be there's currently a project listed in the CAMPO TIP for a \$20 million project that would address some of the safety issues in Mound House. We're removing that project and

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installing a project into '14 that'll be a pavement and safety project, so that's an example of a change that we're making from the draft STIP that you have.

Another example is that in the draft STIP that you have, we show a \$100 million project for bonding activities to support the right-of-way activities on Project NEON. Now, that project is not currently represented in the TIP for Southern Nevada. So next month, when we bring back the final one for your acceptance, that project will not be listed there. We are currently working with the RTC of Southern Nevada to get this projected listed into their TIP, but in the interest of public transparency, I think it would be not genuine to go forward with a public comment and not show a project of that magnitude. So it was in there for the public comment. Because of the way the rules of the whole process work, we were going to have to remove that to get this STIP accepted and adopted by FHWA, but we are working to get that into the TIP so we can get it into the STIP as quickly as possible. So there's a couple of examples.

Krolicki: Governor, thank you. Jason, just -- maybe I missed it, but why is not part of the Clark County TIP to be part of this Project NEON?

Van Havel: Well, the...

Krolicki: This is not a -- I mean, this is something we've been discussing for some time.

Van Havel: It has been something that we've been discussing for some time, but some of the particular numbers -- the particular course of action or how we're delivering the projects and the exact numbers are a later developing particular, and we can't just put in vanilla numbers. We do have to show a financial constraint on the STIP. And so we try to have some level of certainty before we move forward and, unfortunately, in this situation we do need to move forward quickly on the STIP side so that way none of that procedural item will impede the advancement of the NEON project.

Krolicki: But you're talking about a hundred million dollar of bonding, so that's still not quantifiably definite enough to be put into the STIP?

Malfabon: I can add to that, Lieutenant Governor. The process that starts with the local RTC happens very early on, so at that time we had not the definite number that we do now, and we anticipate going to the IFC in December to request

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that formally. But because they had started their process and had their regional TIP approved by their Board around May/June time frame, we were not in the -- that amendment was not made at that time.

- Van Havel: And then just to finish up, as Mr. Greco mentioned, that once the Board accepts the STIP and approves the annual work program, the STIP will advance to the Federal Highway Administration and the Federal Transit Administration for their approval, and also to the EPA for consultation. And at this time, Federal Transit and the EPA are both furloughed, so hopefully that will change by the time we need to seek action from those agencies.
- Greco: Let me mention that in the absence of a new approved document, we operate under the old document, and amend that as needed.
- Van Havel: We'll accept any questions if you have them.
- Sandoval: Board members, do you have any questions with regard to Agenda Item No. 11? Member Fransway.
- Fransway: So, Mr. Greco, am I correct by assuming that we are a month behind by our approval of the STIP documents and statewide plan?
- Greco: Member, Fransway, yes, that's an accurate statement.
- Fransway: Okay. And then I'm assuming that there's no statutory deadline for us to make that approval.
- Greco: The federal guidelines require NDOT to bring a new document a minimum of once every four years. So we're not up against any deadline there.
- Fransway: Okay. Thank you.
- Sandoval: Any further questions? Thank you, gentlemen.
- Van Havel: Thank you.
- Sandoval: Next item is Agenda Item 13, Report of the Status of Project NEON.
- Malfabon: Thank you, Governor. Project Manager, Cole Mortensen will give the update.

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Mortensen: Good morning, Governor, Members of the Board. For the record, I'm Cole Mortensen, the Project Manager for Project NEON, and what I'd like to do today is provide you an update of what's going on with the project and then offer an opportunity for any questions. We've got a lot of exciting things going on. One of the things I'd like to do to start off with was just thank the project team and everyone who's helping to make this project move forward. There's a lot of work being done. There's a lot more than I can fit in an update, so, you know, what'd we like to do here is just hit some of the high points.

One of the big things that's happened, I believe it was September 26<sup>th</sup>, we were in receipt of four Statement of Qualifications from interested partners for the project. As you can see, they're listed up here in alphabetical order. Kiewit-Meridiam NEON Partners, Las Vegas NEON Ventures, NEON Mobility Group, and Silver State Mobility Partners. And so we're excited about having some good competition on the projects as we move forward.

Another recent inclusion in the project is we've been working with the City of Las Vegas, and as you know we try not to impact an area as much as possible. If we can get more work done with one project, we're often very excited to do so. So we're working with the City of Las Vegas to actually have what was known as Phase 2 of the project which is the reestablishment of Martin Luther King from Alta to Oakey included with the public/private partnership. At this point in time, the relationship between the city and NDOT would be outside of the relationship between NDOT and the public/private partner. We'd come to an agreement for the cost of the work, the City of Las Vegas would pay us for that work, and then the private partner would design and build it.

As mentioned earlier, I believe, briefly by Director Malfabon, we have been briefing the Interim Finance Committee on the right-of-way bonding. This right-of-way bonding has also included the discussion of the construction completion payment. And just to bring back one of the slides that was shown in June, this slide shows -- at least the lower slide shows what we're anticipating for the P3 project, where what we're asking to do is go out with a bond up front here for the right-of-way. We'll start acquiring that right-of-way and enter into the agreement with a P3 developer, and then at construction completion, when our availability payments would start, we'd also be requesting another bond approval, at that point in time, as a

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construction completion payment to buydown on some of that principle to make it a bit better financing for us in the long run.

One of the other things that I know is often of interest is, of course, our right-of-way acquisition and where we're at with Phase 1. As it is right now, we have 71 percent of the parcels acquired as a percentage of the anticipated cost, so this includes -- the 71 percent is the actual cost that we've either spent for right-of-way or occupancy, and then the remaining is what we'd anticipate for those parcels. So we're still in the process, and we anticipate being able to wrap that up in the next four to six months. We're also working with some of the property owners to try to keep them in place as long as we can so that they have the opportunity to function and to look for better sites to relocate. And so we're trying to be flexible with the property owners, as well, with the P3 project as we're moving forward here.

Sandoval: Are we within budget as well?

Mortensen: Our projected budget right now is still within what we had budgeted for the right-of-way acquisition. Now, of course, we still have a number of those properties that have gone to condemnation, so the ultimate cost of those projects, or those properties, we don't quite have our hands around yet, but we will.

Sandoval: Madam Controller?

Wallin: To follow up with the Governor, his comment, are we on budget with the right-of-way, can you, by next month, get me the schedule of right-of-way where we said this is how much we think we're going to have to pay and this is how much we actually paid that I asked for last November and again in February, and Member Martin also asked for it in February, as well.

Mortensen: I can certainly make sure that you get that in your hands.

Wallin: Thank you.

Mortensen: One last slide here that I wanted to bring up, just once again to let you guys know where we're at with the project. With the inclusion of Phase 4 and Phase 2, we're actually having to ramp up a little bit more than what we'd originally anticipated, so I'm working with the project team to see what we can do to still meet that February deadline. But I do want to point out that when we do come back to you in February, it's going to be kind of the draft

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final RFP, and once that goes out to industry, there will be negotiations that take place throughout the RFP response and evaluation period when they're actually developing their proposals. In August of 2014, you'll once again have the opportunity to approve the selected proposer. At that time we'll have a more polished RFP -- or contract that we can put in front of you, and then once we get through the negotiations process with that proposer, once again the Transportation Board will be offered the opportunity to approve that contract before we actually move into construction for the project.

So right now, without getting into many of the details that we have on the technical side of things, I'd like to conclude with that.

Sandoval: So we are on schedule?

Mortensen: Right now we're evaluating what we can do to meet the schedule, as I mentioned, with the addition of Phases 2 and 4. It's added a bit more work than we had originally anticipated, but we're still going to be shooting for that early 2014 target and moving forward.

Sandoval: And those additions, as you mentioned in your presentation, are in the name of efficiency and less disruption?

Mortensen: Correct. Correct. And to some extent available funding. The City has the funding available for Phase 2 within that period of time, and so it really makes sense for them to work with us to get that included into the project, as well, so...

Sandoval: Well, and that's what I mean by efficiency.

Mortensen: Yeah.

Sandoval: Not only are we doing it all at once, but you're -- today's dollars are...

Mortensen: Absolutely.

Sandoval: ...obviously cheaper than later dollars.

Mortensen: Absolutely. And it also works into an economy of scale for that work, as well. It'll be cheaper if we can have it done as part of the P3 project, as well.

Sandoval: Questions or comments from Board members?

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- Martin: Yes, sir.
- Sandoval: Member Martin.
- Martin: Yes, sir. Is there a milestone schedule out there on a P3 or P6 or Microsoft Office that you can share with the Board members on this process?
- Mortensen: I believe that we can do that with you. We do have -- that's been something we've held in confidence, but I think that's something we can certainly share with you. What we do is we have an overall schedule and a layout for it in Microsoft Project, at this point in time, but I can certainly get that to you either in a PDF or a Word document just so that you can see some of those dates that we're really shooting to hit right now.
- Martin: Thank you. That would be much appreciated.
- Sandoval: Yeah. And if you could get those -- I'm glad that the Controller has a better memory than I do, but when it comes to that information that she is seeking, if we could -- if that could be supplied, that would be great.
- Mortensen: Absolutely. Absolutely.
- Sandoval: Any other -- Member Fransway has a comment.
- Fransway: Thank you, Governor. Cole, are we going to be discussing the request to include Phase 2 from the City of Las Vegas today?
- Mortensen: Certainly, if you'd like. It's really an agreement between NDOT and the City, and it's a receivable for us. Yeah, I...
- Fransway: And that's entirely funded by the City of Las Vegas, correct?
- Mortensen: Not entirely. There's a certain portion of MLK that was going to be required to be reestablished by NDOT since we are disrupting it, and so we're working with the City on what those costs are. And originally we were going to be making some of those reestablishments as part of Phase 1. And so rather than going through and building a two-lane MLK to reestablish the portions that we're disrupting, the City's working with us to provide them with a four-lane MLK in the future.
- Fransway: Okay. Did the City Council of Las Vegas then take official action to request that inclusion?

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- Mortensen: We're working -- I made a presentation to the City Council in, I believe it was August, and they were in support of it at that time. However, we haven't officially brought it before them in the form of an agreement. So as we develop that agreement it will go before the City Council, and then I don't recall whether or not it would actually be included as an Agenda item for the Transportation Board to approve or not.
- Fransway: Well, being that it's part of Project NEON, I would assume that it would come here.
- Sandoval: Well, at a minimum in the context of how it fits with the entire project. If there are other -- I think it's very good that we're doing this, and as we said, in the name of efficiency and cost and less disruption, but it -- so we can have a full understanding how everything fits together and...
- Mortensen: Absolutely.
- Sandoval: Is that what you're seeking, Tom?
- Fransway: Yes.
- Mortensen: And as I mentioned, we're still very early on in the development of that information. As I mentioned, we don't have a finalized agreement with them yet at this point in time. We're still really looking at the feasibility in developing those costs, too, and so we can certainly come back and discuss that.
- Fransway: Thank you.
- Sandoval: And that makes sense. I mean, it's logical that we wouldn't be approving that when we haven't even approved the project ourselves. Any further questions or comments from Board members? Thank you, Mr. Mortensen.
- Mortensen: Thank you.
- Sandoval: We'll move on to Agenda Item No. 14.
- Malfabon: Thank you, Governor. This item will be presented by Assistant Director for Engineering John Terry.
- Terry: Once again, John Terry, Assistant Director of Engineering. We're talking today about the agreement between the LVCVA and NDOT, the various

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projects that have been developed to date, and where we're going to go with the remaining money from the agreement.

Going back, the funding for all of this was provided by AB 595 at the 2000 legislature that a portion of the room tax in Las Vegas was to be assigned for transportation project improvements. AB 595 had other things in it, but this was probably the biggest money part that was in that. And working with the LVCVA and NDOT, we decided that the LVCVA would sell bonds against this room tax money, and they have sold bonds in the amount of \$300 million.

So to date, we have done the I-15 Express Lanes Project back in 2007 to '09, Contract 3355 for \$21 million, LVCVA funds. And then those express lanes were from 215 to Sahara. We added a lane in each direction. Two of the lanes became express lanes, and it really improved the travel times on a critical stretch of I-15. Then we did Design-Build South from 2009 to 2012, which was NDOT Contract 3366 DB, \$279 million of LVCVA.

So the I-15 South Design-Build Project, we talked a lot about here. I think most of you know what it was. That project is completed and closed out. Go ahead. And so essentially now we have five lanes in each direction all the way to Sahara, plus lots of improvements in the south end in terms of collector roads, and we have the express lanes.

With those projects, the average vehicle speeds have really increased on I-15 from Blue Diamond to south of Sahara, accidents and severity of accidents have been reduced, and we've really improved the access to the South Las Vegas strip. Go ahead. And so now we have money left. So NDOT currently owns and maintains Tropicana Avenue. We maintain the Tropicana Avenue/Las Vegas Boulevard pedestrian bridges. These are the first of these groups of bridges that were built. These were built in 1992, and really were the first ones, and the escalators, especially, are extremely expensive to maintain, and they have poor service because they break down a lot currently.

So we have \$19 1/2 million left from the \$300 million bond sale. The previous projects are complete, so we went ahead and closed out the previous agreements with the Convention and Visitors Authority for spending that money. We have now executed a new agreement with the Convention and Visitors Authority to spend the remaining \$19 1/2 million.

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We're going to spend it on this Tropicana Avenue/Las Vegas Boulevard area. We're also going to do some improvements for ADA improvements on Tropicana Avenue, as well as safety improvements, like the barriers that are down there surrounding the escalators and the bridges on Tropicana Avenue.

So we have really high -- obviously, really high pedestrian and vehicular volumes. The project will definitely improve the reliability of the bridges, reduce the long-term maintenance, improve the escalators and machinery, and we are coordinating with the abutting resorts. That's going to be kind of complicated. More response from the New York-New York than the other ones, and we're going to work that in as a part of the process.

Tropicana Avenue improvements include some handicap ramp improvements, sidewalk upgrades, replacement of barriers, and we're going to upgrade the esthetics. These are kind of pictures of the existing escalators that are out there. There's this one and the next one shows we have some issues where we've got to fix on the bridges, but in general, the bridges are not being rehabbed. They're just going to -- maybe some esthetics. It's really the escalators and elevators. Another picture of -- at the MGM Grand, these escalators have caused us a lot of problems. And the next one.

So currently the design is underway. The construction is proposed to begin the end of 2013, and continue into '15. This type of construction is very labor intensive, so it will create a lot of jobs. More jobs in proportion than say a highway project just because of the nature of the vertical construction.

And I ran it through our project delivery methods. We're not very familiar with this type of vertical construction, although we built them originally many years ago, but this is a rehab. Through our selection process, we selected the CMAR process for use on this project and we also are updating our Pioneer Program Guidelines so that the new AB 283 passed in this current legislature is incorporated and that we are in compliance with that as we proceed with CMAR in this project. And with that, I can answer any of your questions.

Sandoval:

Historically there was some negotiation between the State and the County regarding taking ownership of these escalators, and if my recollection is correct, there was an indication by the County that it would take ownership once these were replaced. Is that still on the table?

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- Terry: There were again indications by the County and we continue to work with the County, but we have been down this road before. We are working hard to get with the County and/or the resorts to get us out of the maintenance. It could be some combination of the resorts, specifically New York-New York, taking over maintenance of stuff that they want to improve on their corner with the County taking over others. No guarantees, but we're working very hard to make that happen.
- Sandoval: Because that conversation was going on when I was the Attorney General.
- Terry: That is clearly the intent. That the escalators currently are not really escalators designed for this type of outdoor service, to replace them with escalators -- new technologies that weren't available in '92, that are escalators that are more appropriate for this location, so the maintenance will be less, as well as the other upgrades, so that we can work with the County to turn it over to them or the resorts. That is our intent, yes, sir.
- Sandoval: I have no further questions. Board members? Member Fransway?
- Fransway: Mr. Terry, when do you expect action to be taken relative to the long-term maintenance of those escalators?
- Terry: The County will -- and others will come to us as we develop the project. In other words, saying we're going to update the escalators to a level that reduces the maintenance, we're only at a low level of design now. We've got to work, and they attend our meetings, to see that those escalators are being designed that way, and incorporate that agreement, as we develop the project with the money that's available.
- Fransway: Okay. So it will be an incorporation of the agreement?
- Terry: Yes.
- Fransway: Okay.
- Terry: And they will cooperate, as well, in the development of the project.
- Fransway: Okay, good.
- Sandoval: Any other questions or comments? Thank you, Mr. Terry.
- Terry: Thank you.

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- Sandoval: Agenda Item 15, Briefing on Statewide and Local Bike Plans.
- Malfabon: Thank you, Governor. The next item will be presented by Bill Story, Manager of Bicycle and Pedestrian Programs. And as you recall, the State has been looking into not only the State Bicycle Plan, but implementation of that plan and looking at local bike plans by county. Bill?
- Story: Hi. Thank you for having me here today. I'd like to give you an update on our project in creating these bicycle plans. One thing that came out of these plans is to develop a vision and some objectives and determine what is needed. Now, I should say that the four MPOs, they have their own process and they are the planning entities within those jurisdictions, so essentially this ended up being a high-level rural plan looking at those other parts of the state. And so our goal is to try to get as many people out biking as possible, create as much mode shift as possible, and make it a convenient and safe experience. Right here the mode share and reducing the crashes, relevant to the Zero Fatalities Campaign also.
- So as we went out to do this plan, we went out to all these communities in the rural parts of the state. We looked at existing conditions. We looked at how they connect to schools and attractors, such as senior centers, things like that. What kinds of users they have, what kinds of programs, if there were any issues with law enforcement or any other opportunities that maybe they had not thought of or that were out there that we were unaware of. We looked to see if they had any standards, any other amenities, such as parking or shower facilities, things like that that people could use, and we also -- what we heard loudly from a lot of these communities is how important the cycle tourism in the rural parts of the state has become, especially along the Highway 50 corridor. And then we also brought out and showed them the new U.S. Bike Route System, which I'll show you in a couple minutes. So we went out, we did a state tour. We met in most of the communities -- most of those rural communities and we developed a plan to go forward, collected data, and we recommended in the plan, which I believe you were all provided, strategies and an implementation plan, and as part of that, we also provided training workshops in bicycle facilities, both in the south and in the north, under that contract. So once again, these are the areas outside of the RTC Southern Nevada, Washoe RTC, CAMPO, and Tahoe MPO areas. But what we did also look at is how we connect with other states, all the adjoining states, and how those counties can also connect to these MPO

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plans. We want to make sure they're not routing bicycles in a particular direction and we're not having facilities to match up on the other side of their jurisdiction.

So these three colors basically show the trips that were taken. This is a list of the cities that we went out to and met with people in public meetings, and collected data. We went out, we collected data, actually, on the highways. We measured highways, we -- anytime the character of the highway changed, we documented that, and we got input both at the meetings and we also had a web-based survey that anyone in the state could log in to, and people from out of the state could log in to and provide us input.

Sandoval: One quick question, why was Clark County so low proportionally to the population?

Story: On this part? On the survey?

Sandoval: Yes.

Story: Yeah. This was a survey on the web, and even though we did notify all the bicycle groups in all -- throughout the state, obviously Washoe got their people together and provided lots of comments is what that was. We did not provide meetings in Clark or Washoe or anything like that. We just, pretty much by email, sent the word out to the known bicycle clubs and groups out there that if they wanted to comment on the state plan they could, and this was basically the makeup of the responses that we got, based off the Web. This was the Web only.

One thing I wanted to show is part of it is knowing what our customer base is, and this top diagram is actually a national diagram. It actually came out of one of the planners in Portland, but it's pretty -- a lot of the other states are using it. It's very significant in that it's pretty standard throughout the United States that these are the percentages we're looking at. And what we're looking at -- and you can see that that little pink line on the left, that is your spandex crowd. Those are the recreationalist cyclists that are out all time, and they are the strong, the fearless. It does not matter what facilities are there, they're comfortable riding in traffic. And then you go to the enthused and confident. Those who ride some, but are not quite as confident. But the big group we're looking at is those people that are interested and have indicated through surveys that they would like to use

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their bicycle more, but they're afraid, either from traffic conditions or what other -- physical shape, temperature, environment, any of those types of things. So that's the group -- and, of course, on the right we have a group that will never be interested. So in the State Bicycle Plan, we basically broke that into two sectors, the experienced and confident group and the casual and less confident group, and looked at it that way.

We saw many examples out there of good conditions where we have wide shoulders; we have lots of room for vehicles and bicycles to operate side-by-side. We had excellent -- some communities had excellent wayfaring where it was very, very easy to find where you were going to get to schools to get to parks. Lots of good facilities out on the ground in these rural communities. Lots of innovative features where we have new facilities that are being built and they make an extra effort to connect to neighborhoods that would be otherwise cut off to these major new bike facilities. So that was excellent to see. This is actually out in Fernley. And we also, obviously, had our share of poor conditions. We had areas where we had constraints that are difficult, and expensive constraints to fix. We had lots and lots of the state with little or no shoulder, where the bicycles -- and because of the rumble strips, the bicycles have to ride in the travel lane, and, of course, we have the environmental conditions that we deal with in Nevada.

So we are also looking for other opportunities, opportunities like the picture on the left of restriping, where we have an extremely wide center turn lane in a rural community, and there would be opportunities to provide more shoulder. Abandoned railway corridors. The right-hand picture is actually a picture off I-80 where the old highway parallels for miles and miles, but knowing where to get on and where to get off so that you can use that facility is not designated. Construction accommodation, that came out in these rural communities -- in all communities, actually. Making sure that we're accommodating the bikes, we're providing a way to get them through our construction when we do our needed construction.

And another specific problem area where we are working on a fix for that is part of the Carlin Tunnel Project. And in this particular situation we had no option if you were an eastbound cyclist touring, going across the state, that you could take the old highway eastbound around the Carlin Tunnels, but once you got on the east side, the only thing you could do was run across the

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freeway. And they thought that was so provocative that when they would call that we would say, well, you're going to have to go across the freeway, be very careful, all that, that they would take pictures of it, and there's pictures of this stuff all over the Web that they have to run across the freeway to get back to the other side. So as part of the Carlin project we are building a facility that will go under that bridge and take them to the proper side of the highway.

Sandoval: And that was -- that is a temporary situation, in other words?

Story: Which?

Sandoval: The bottom right slide.

Story: Yes. This situation is now being fixed as part of the Carlin project.

Krolicki: (Inaudible) is being constructed (inaudible)...

Story: Being constructed as part of that project.

Krolicki: We saw...

Story: Yeah.

Sandoval: We being the Lieutenant Governor and I just drove it, but when is the project completion for that?

Story: On the Carlin? It's a two-year project, right, so it's probably '15, that would be my guess. I'm getting ahead. I'm getting ahead now. Probably 2015, as part of that project. That's right.

As part of our going out in the rurals, we were very surprised to hear how important cycling tourism has become to those rurals. They've really decided, especially on the 50 corridor, that these cyclists are coming in that are not carrying a lot of gear. They're buying food and hotel rooms and all these things. So that became a very high priority that came out of the plan. And so we also looked at events people are doing, projects that they're building, and ways that we can improve or enhance that segment of it. And we get this question when we're out there a lot, "Well, you know, we don't understand why we see all these cyclists out here." Well, you know, they're here because of the all reasons that we can't understand why they're riding out here. You know, the example I use is that if you look at National Park

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Service data, Death Valley's highest visitation, by far, is July and August, because people want to be there in the extreme, and the same thing is true. We get some in the fall -- some in the fall, but our highest numbers of riders coming through are during the heat. They want to go across that Great Basin when it's at its peak.

As part of that, other states have -- those documents on the right, other states have actually evaluated cycle tourism to see the effect on the state, and the numbers are fairly impressive. Arizona just completed a study, and it's -- just from people coming from outside the state it's \$88 million a year that they're bringing into Arizona, these cyclists. Iowa down on the bottom, almost \$500 million a year into that economy. They have one event in Iowa that's \$18 million in one week brought into the economy. So it's becoming a big thing and we're starting to see more of that.

Some other reasons specific to Nevada, we are the loneliest highway, and we're on the Western Express, which I'll explain, which is a national cycling route. Some states are promoting scenic bikeways, which is something we're looking at with our state parks and our tourism officials, designating specific scenic bikeways. They're coming here because of these low volume rural roadways. They're looking for state-sponsored tours, the first of which we just -- it was actually the third year. You can see that Park to Park Pedal that Nevada State Parks sponsors in Lincoln County; it was just last weekend again, and that event tends to double each year. The other thing that we were successful is getting State Parks -- this was actually the Bicycle/Pedestrian Advisory Board made a request several years ago to Nevada State Parks to develop a permanent written policy that if you're a touring cyclist you would not be turned away even it was 4<sup>th</sup> of July, campground full. You'd still have to pay the money, but they would find a spot for you. And that is a tool that we can use to market that, you know, they can feel confident that when they get to a state park they'll always have a place to go. So that was signed about three or four years ago.

The Western Express Route, just to explain why we have so many on Highway 50, the Adventure Cycling Association, which is a nonprofit out of Montana, has routes all over the United States, and as you can see, one of the main east/west routes is the Western Express from San Francisco to Pueblo, Colorado, and that is why we're seeing so many cyclists on Highway 50. And they're from all over the world. We were out recently, in one

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afternoon counted 12 in July, and most of them from out of the country, most of them from other countries.

As a lead-in from the Western Express Route, AASHTO has also now approved, and the MUTCD has a sign that is now approved, to develop U.S. bike routes throughout the country. And there are going to be three that come through our state that roughly follow the 80 corridor, the 50 corridor, and the 15 corridor. Now, the ideal situation would be that they're not on those heavy-used corridors, but in Nevada much of it will be on those freeways and highways. So we're working right now to -- we're actually in negotiations with Caltrans that you have to all your surrounding states sign off that the routes you want to sign and want to develop are amenable to them and are what they're thinking, also, at the border. So right now we're dealing mainly with Caltrans in the Tahoe area as to how those routes will come over.

So the resulting objectives that came out of the high-level state plan were to develop community plans.. These rural communities said, great, you know, where can we start, how can we get a plan to implement this U.S. bike route system, to increase bike tourism, and to make sure that we have the appropriate facilities where needed on any of our state highways, and to also look at increasing both vehicle driver and bicyclist knowledge of traffic laws, both through education programs and awareness campaigns, so we've begun that through our education program.

Now, the rural bike plans, coming out of that statewide plan, we have now entered into a contract to develop 14 rural bike plans for all those 14 rural counties, and this will be a much more on the ground, what types of facilities and what specific programs they want in their communities. Once again, it'll be outside the MPO areas, and we've currently had workshops in one county, and we'll be continuing from -- starting, actually, next month we go to Lyon and Churchill County and hold public workshops and develop these plans. These plans will look at, once again, specific things down at the county level, and the community level, both from the programmatic, the law enforcement, the tourism side, and actual facilities on the ground, and they will be approved by those local entities and then come to NDOT for approval. So in a nutshell, that's the two projects.

Sandoval:

Questions or comments from Board members? This -- a lot of work went into this.

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- Story: Yeah.
- Sandoval: And I really want to make sure that that's acknowledged by the Board, and I really appreciate it. Very informative and it looks like there are exciting things on the horizon.
- Story: There are.
- Malfabon: And, Governor, I wanted to point out that Bill does a lot of interaction with that MPOs for their urban areas and their bike plans of those urban areas, because definitely although there wasn't a lot of Web comments from Clark County, there's definitely an advocacy group down there that works with the RTC and NDOT, because some of the solutions are on NDOT roads in Clark County.
- Krolicki: Absolutely.
- Sandoval: Yeah. We were just -- the Lieutenant Governor and I were -- had a side conversation. We'd like to see the people who ride up Austin Summit, because...
- Story: Yeah. Yeah. That's a dream breaker there because from Fallon heading east, that's a bad end to your day.
- Sandoval: Dream breaker. I haven't heard that one.
- Krolicki: That's a good term for it. Governor, if I may. Bill, thank you. And obviously a lot of work has gone into this. You keep mentioning the tourism piece, and as part, one of my hats is with tourism. We have FAM Tours. I mean, some of the Germans in particular love to bike through Nevada. But would you just tell me how you are indeed with the Nevada Commission on Tourism or the rural tourism territories, the volunteer groups, to really make sure that you're, you know, sucking up all of the information that they've acquired in a hands-on basis with the bikers, please.
- Story: Certainly. As a result of this plan, and hearing what we did in these rural communities, we did start having meetings with Commission on Tourism. We were invited to their Rural Roundup. We provided a presentation on bike touring and how it can affect these local communities. We heard lots of great input from especially those folks on 50 that are getting a lot of the bike tourists now, and want to increase those numbers. We even see -- I

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monitor quite a bit of the blogs on the touring cyclists just trying to see what their needs are, if they're running into problems, you know, and many of them now, both going east and west, they're shipping their camping equipment forward ahead of them to lighten up so they can carry more water in the Great Basin, and as a result, that means they're buying hotel rooms and meals in every town as they go across and...

- Krolicki: I got stuck in the Legislature during this year's Rural Roundup so that's why I missed that.
- Story: Okay.
- Krolicki: Thank you. Thank you for doing that. That's just terribly exciting, and it's important, and thank you for working with these folks.
- Sandoval: And do you -- to follow up on Lieutenant Governor on the tourism website, there were suggested itineraries for weekends and things. Is there a link for suggested bike itineraries on that website?
- Story: Well, and that's part of the Scenic Bikeway Program. Both Wisconsin and Oregon had developed these programs where you actually put just on the Web, instructions and all the necessary information someone would need to go do a two-day ride or a three-day ride, just in a small section of the state. And we've identified about three or four sections, initially, in the state where we think that would work, because you got to have places to stay and water and things along the way. And we are moving forward. We've discussed that some with State Parks representatives. A lot of times it will tie into the state parks and we're definitely going to be bringing that forward to those rural territory areas on the tourism side to try to actually get those nailed down, and then part of that is also getting the businesses on board so that what those states do is the businesses put a little sticker in their window that lets those cyclists know that they're a part of this bike touring -- Scenic Bikeway Program so that they know where they're going to be welcomed.
- Krolicki: Governor, if you can back me up, I'm going to put Bill on the spot. A biking event statewide certainly sounds like something the Nevada Sesquicentennial celebration would enjoy and benefit from, and I'm sure Bill has tremendous ideas to share with us and to register his event for Nevada's birthday celebration.

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- Story: Yes. We've already begun that. In work with the western nine counties, USDA Tourism Economic Development plan that was developed, I can't remember quite the exact acronym for it. But we are looking at having a sesquicentennial state-sponsored ride with in the future hopes that it would continue every year, but maybe be in a different part of the state every year.
- Krolicki: Not every 50 years.
- Story: Hmm?
- Krolicki: Not ever 50.
- Story: Yeah, exactly.
- Sandoval: We're looking to seeing the Lieutenant Governor in his spandex.
- Story: That's right.
- Unidentified Male: In the Legislative gift shop they have Nevada Battle Born spandex. I -- what's your size?
- Sandoval: All right. Any further questions or comments? We better stop there. All right. Thank you very much.
- Story: All right.
- Sandoval: We'll move on to Agenda Item No. 16, Old Business.
- Malfabon: Thank you, Governor. The first three parts of that Agenda item, A, B, and C, deal with some legal issues. I wanted to mention on Item C, this settlement was associated with the accident that occurred with the truck escape ramp on Mount Rose Highway, where the truck went off the end of the ramp and ended up hitting a house, which was destroyed. So this was a settlement that was very reasonable for the State to accept, only \$25,000 in that particular case. With that, Dennis Gallagher, our Chief Deputy Attorney General, is here to answer any questions on A, B, and C of this item of old business.
- Sandoval: Any highlights, Mr. Gallagher?
- Gallagher: Governor, I recognize the meeting's running long, but since it is so rare that I get to give the Board good news, we've had some developments in some of the litigation that occurred after the report was prepared. So I'd like to

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report that in addition to that particular settlement, there were two lawsuits out of Clark County that named the State in a horrific accident where an allegedly impaired driver plowed into a bus stop, killing and seriously injuring a number of people. We've been dismissed from that lawsuit. The State had no relationship whatsoever to either the highway or the particular street.

But also I'd like to report that previously you're aware that the State was named in a number of lawsuits that stemmed from the tractor trailer/train collision out on, I believe, Highway 95. There were over nine cases naming the State representing dozens of claimants. We are in the process of getting dismissed out of probably all of them. There's a couple of loose ends, so I'm hoping that we will be dismissed out of all of them, and look forward to bringing that up again next month.

Sandoval: And that's associated with the tragedy with the Amtrak train up near Fallon?

Gallagher: Yes. Yes.

Sandoval: Okay. Any questions or comments from Board members with regard to Agenda Item 16? Thank you very much.

Malfabon: Governor, on Item D, the Fatality Report, although we're seeing a lower trend as far as the latest statistics, the Board information provided 12 less fatalities compared to last year. The latest dated October 7<sup>th</sup> is seven less than last year, although it's unfortunate that we kind of saw a little uptick, it is still on a good trend for less fatalities than last year.

The last item had to do with Freeway Service Patrol costs, and that was an old business item that was requested by the Board for that information. As you can see, the total hourly cost on Attachment E shows that the actual costs for us to perform it was about 98 bucks per van hour, so it wasn't as cost-effective as we thought initially, but the information is provided here for the Board's consideration and any questions.

Sandoval: Questions from Board members? I know Member -- this has been a priority for Member Savage. He's had an opportunity to visit with you about this.

Malfabon: Yes.

Sandoval: Okay.

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- Sandoval: All right. It's been a long meeting, but a good one. I appreciate all the information and the level of detail that we've had for the items in the Agenda. Is there a motion to adjourn?
- Fransway: So moved.
- Sandoval: Member Fransway...
- Martin: Second.
- Sandoval: ...adjourn, second by Member Martin. All in favor say aye.
- Group: Aye.
- Sandoval: Motion passes unanimously the members present, this meeting is adjourned. Thank you, ladies and gentlemen.



Secretary to the Board



Preparer of Minutes