

**MINUTES OF THE JOINT MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TRANSPORTATION  
AND THE  
SENATE COMMITTEE ON TRANSPORTATION AND HOMELAND SECURITY**

**Seventy-Third Session  
February 10, 2005**

Assembly Committee on Transportation and the Senate Committee on Transportation and Homeland Security was called to order at 1:30 p.m., on Thursday, February 10, 2005. Chairman John Oceguela presided in Room 1214 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Mr. John Oceguela, Chairman  
Ms. Genie Ohrenschall, Vice Chairwoman  
Mr. Kelvin Atkinson  
Mr. John Carpenter  
Mr. Chad Christensen  
Mr. Jerry Claborn  
Ms. Susan Gerhardt  
Mr. Pete Goicoechea  
Mr. Joseph Hogan  
Mr. Mark Manendo  
Mr. Rod Sherer

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Dennis Nolan, Chairman  
Senator Joe Heck, Vice Chairman  
Senator Mark Amodei  
Senator Maggie Carlton  
Senator Steven Horsford  
Senator Michael Schneider  
Senator Maurice Washington

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Marjorie Paslov Thomas, Committee Policy Analyst  
Randy Stephenson, Committee Counsel  
Linda Ronnow, Committee Attaché  
Lee Ann Keever, Committee Secretary

**OTHERS PRESENT:**

Clay Thomas, Director, Nevada Department of Motor Vehicles  
Ginny Lewis, Director, Nevada Department of Motor Vehicles  
Jeff Fontaine, Director, Nevada Department of Transportation  
Susan Martinovich, Deputy Director, Nevada Department of Transportation  
Rudy Malfabon, Deputy Director, Nevada Department of Transportation  
Greg Krause, Executive Director, Regional Transportation Commission, Washoe  
County, Nevada  
Krys Bart, Executive Director, Airport Authority of Washoe, Nevada

**Chairman Oceguela:**

The Joint Transportation Committee will please come to order. [Roll called.]  
The first item on the agenda this afternoon is a presentation and overview of  
the Department of Motor Vehicles with Clay Thomas, Deputy Director.

**Senator Nolan:**

I would like to thank the Assembly Transportation Committee for going together  
on these presentations today, and some following presentations this next week.  
I think that in the interest of time, both with the legislative members and time  
for the presenters, it's very efficient and a good way to do business and we  
appreciate being here.

**Ginny Lewis, Director, Nevada Department of Motor Vehicles (DMV):**

[Introduced herself.] Appreciating that you have a short amount of time, we were very challenged to put together an overview that presents who we are and what we do. If any of you would like to meet with any of us to try to better understand the Department, we would certainly be glad to do that. Clay Thomas is the Deputy Director, and he will today be presenting the overview of the Department to you.

**Clay Thomas, Deputy Director, Nevada Department of Motor Vehicles:**

[Introduced himself.] I am here today to give a presentation, a high-level overview of the Department of Motor Vehicles as to its mission, its functions, and its responsibilities.

To begin with the overview, the Department is a large and complex department. Size-wise, we are within the top five for state agencies. We have approximately 1,200 employees, we have 13 budget accounts that we operate out of. We have 7 divisions, 8 if you want to include the director's office. We have a \$1.8 million budget. We have 21 offices statewide that we operate. We have 8 county assessors serving as agents for this Department, and statutory mandates in 24 chapters of the *Nevada Revised Statutes*.

In addition, we are challenged by the demands for service. This is not unique to the DMV; it's all state agencies. The growth issue with this state has obviously had an impact on the ability to do our job. We are concerned with that, and as we get into the presentation we will show you some of the technologies and some of the things that we are doing to mitigate those circumstances. We also realize that technology is a key to meet those demands. The DMV has been very progressive and aggressive in the area of alternative technologies. You will see them later on in this presentation. Doing so and finding alternative methods that affect the citizens of this state and our customers, hopefully prevents or slows down the need for any type of buildings in the future.

We also have some unique funding limitations that no other agency has, and that is the Department has a 22 percent funding cap. Basically, or very simplistically, what this means is the highway funding for the Department budgets can't exceed 22 percent of the revenue that we collect and distribute to the Highway Fund. Because of this funding cap, the DMV is now close to being a 50 percent fee-funded agency.

As you can see, we have our Department goals, they are very important to us, they are near and dear to our hearts. We do go back and look at them time and again and make the necessary changes. Obviously, our number-one priority is to

deliver progressive and responsive service to our customers. We also want to ensure that the Department collects the revenue that is owed to the state and is properly distributed. In addition we again look at the capabilities to enhance our product and our services through technology. We are bound to protect the citizens and businesses against fraud and unfair business practices in this state.

[Clay Thomas, continued.] Last but not least, something that is very important to us is developing the programs and recognizing the good jobs that our employees are doing and rewarding them appropriately, and to finding areas and methodologies in which we can advance their careers as we move on to other endeavors.

As for the organizational chart, starting at the top, setting to my left, your right, is the Director, Ms. Ginny Lewis. What I also would like to do is introduce the management staff that is here today and I would like them to just stand, so you can put a face to the name as we go through this. Our Administrative Service Officer is Dennis Colling. He oversees administrative services. We have Mr. Dave Schreiber, who is the Administrative Law Judge. He is not here today. He oversees the administrative hearings. We also have Public Information Officer, Mr. Tom Jacobs. We have the Chief of Personnel, Mr. Phil Brittenham. We have administrators who oversee different divisions. We have Field Services, overseen by Tom Fronapfel. Central Services and Records, which is overseen by Martha Barnes. Our Compliance and Enforcement Division, which is overseen by Troy Dillard; our Motor Carrier Division, which is overseen by Edgar Roberts; our Management Services and Programs by Mr. Russ Fensler; our Motor Vehicle Information and Technology, which is by Chuck Conners.

To begin with, I would like to touch on a few of the units that are within the director's office that I think are important. One of them is the Administrative Hearings Office. The Administrative Hearings Office's purpose is to ensure the public right to appeal administrative sanctions by the Department of Motor Vehicles, and to be given a hearing in a fair and impartial manner. Again, that was Mr. David Schreiber.

Our Public Information Officers are responsible for media relations, media education, and departmental communication. On average, our two PIOs have contact with the news media at least once a day. The next one we have within the director's office is our Personnel Unit, which is responsible for recruitment and selection of employees managing the safety and workers compensation programs, and involved in the internal employee relations. A point to note here which I think is very important is commencing on March 2005; our personnel unit has launched the Work Force Planning Program, also known as Career

Planning. This program will open up lines of communication with staff to identify future skills needed to advance their careers. This is just now starting out and we are really looking forward to that.

[Clay Thomas, continued.] The next division that we have is our Administrative Services Division. The mission of the Administrative Services Division is to provide efficient and effective fiscal management and support services to the directors of various divisions of the Department and other associated agencies. A point to note here is that we anticipate fiscal year 2005, will be the first year the Department will exceed \$1 billion in revenue collection mark. In addition, Administrative Services is actively involved in the statewide E-payment platform, allowing for all methods of payment. This involves E-payment platform, this is debit cards, and other items like that.

Next is our Management Services and Programs, the research and development training hub of the Department. One of the accomplishments that occurred out of this division recently was during the fiscal year 2004. The training staff was able to complete 11 new hire vacancy academies, which are eight weeks long. This represented over 130 newly trained employees. In addition, the division has been instrumental in developing the business rules for all the alternative technologies implemented by the department.

Our Motor Vehicles Information Technology, which is also known as MOVE-IT. Information technology continues to stabilize and enhance the DMV system, reducing our wait times. They have increased the overall abilities of our Internet, kiosks, and interactive voice response. They have been instrumental in digital imaging, increased the use of the bar coding, digital license plates, and in supporting the overall automation and re-engineering of the DMV. Some of their accomplishments: the Motor Vehicle Information Technology Division has been an integral part in developing and implementing all of the alternative technologies adopted by this Department.

In your binders ([Exhibit B](#)) you will find information as to the type of enhancements that MOVE-IT has been working on. These items were showcased yesterday during the legislative workshop. These are things that in the future we are moving forward to expedite our processes.

Next is the Motor Carrier Division. The Motor Carrier Division licenses all commercial vehicles over 26,000 pounds, licenses all vehicles with apportion registration, and conducts audits of motor carriers and fuel suppliers to enhance compliance with Nevada laws and regulations and jurisdictional agreements.

[Clay Thomas, continued.] Over the last four years from FY2001 through FY2004, Nevada's 172 licensed fuel suppliers remitted over \$1.8 million in fuel taxes to the state, Nevada counties, and airports.

The Central Services Division maintains records, provides services and information to Nevada's motoring public, regarding drivers license, registration, titling, and the manufacture of the license plates. In fiscal year 2004, the title section produced over 440,000 titles and maintained a four-day turnaround time. As for the mail-in renewal, which was both registration and drivers license for FY2004, they processed over 450,000 renewals, and maintained a two-day turnaround time. The license plate factory was able to produce over 1,053,000 license plates in that fiscal year. In addition to that, within Central Services we also have the digitized license plates that a lot of you are aware of. In your binders you will find a matrix that contains a display of all the digitized license plates currently in production. It's the flat plate design, and it is basically the future for the DMV.

We also have a Compliance and Enforcement Division, which is the regulatory and law enforcement arm of the Department. Their mission is very diverse as you can see. The fraud unit was funded during the 2003 Legislature, and during this time a specialized unit came to fruition, basically to target fraudulent uses of Department processes. Since the inception of this unit in October 2003, cases and activity equaled 1,022 cases that they have been responsible for. Several of the large and high profile investigations are currently ongoing. The unit has made 106 arrests, canceled 161 issued documents, referred 16 additional cases to the District Attorney's office, and has put at least two false identification manufacturers out of business. In addition, numerous accolades and letters of appreciation have been received from allied agencies in support of this unit, and assigned personnel.

The Field Service Division is the largest division within the Department of Motor Vehicles, and employs close to 700 employees. This division is responsible for the registration activities in 21 DMV offices and 8 assessors offices. This division processed 1.4 million customer transactions in FY2004.

This next line speaks to the 100 percent staffing that was authorized during the last legislative session for the Department of Motor Vehicles. We are showing you the southern offices because southern offices have 100 percent staffing. The Galletti Way office up here in Reno has yet to have the academy and field 100 percent staffing equation that we have. Part of that reason is that their wait times have not gone over the magical 60-minute mark that we use as the identifier. Showing this slide right here as to the wait times, and to the effect of

the 100 percent staffing has had on this Department, when you compare 2003, which had an average wait time of 74 minutes, to 2004, which dropped down to 53 minutes, there was a 21 minute savings on average for every customer that came through the office.

[Clay Thomas, continued.] As of December 2004, the Sahara, Flamingo, and Henderson offices have had an average wait time of 35 minutes. When I say 35 minutes, this is the time from the moment they come in the door, are in our information line, get in the queuing system, and are ultimately served, and walk back out the door. We think that is very good.

We also show the southern Nevada customer counts for 2001 through 2004. What you will see here is that there has been an increase of approximately 800 customers per office per month in the Las Vegas offices. Given that increase, we are still able to maintain under a 60 minute wait time and a decrease of 21 minutes basically with that 100 percent staffing.

In addition, we have the kiosk machines that are basically a stand-alone unit that are located within our metropolitan offices and some of our smaller offices. This kiosk unit allows individuals to come to the DMV and process or renew their registration and/or driver's license without ever having to have contact with a DMV technician. A lot of times individuals have cash in hand and they wait until the eleventh hour because they want that decal. What they would do in the past is come in, wait in line, and have to ultimately meet with a technician. It would take a long time, and that increased our wait times. This has decreased this. They are taken out of the information line, sent right over to the kiosk, and the transaction on average takes less than two minutes to produce their registrations.

The kiosks have been so successful that we are actually looking at adding four more; one to Minden, Fallon, Mesquite, and Pahrump. The reason for that is their work load has increased, and customer counts are increasing. We discussed actually adding more staff to these offices, but instead of doing that, we have moved forward with alternative technologies and looking at putting the kiosk at those locations first.

This graph ([Exhibit B](#)) basically validates the large portion of our customers. They are using the cash to conduct the kiosk transactions. Individuals who like to use cash basically do not use our website and do not intend to use our mail-in renewal. They wait until the last minute and want that. This indicates, as you can see, that out of the Carey office 59 percent of transactions basically have been cash, where Sahara offices had as high as 68 percent of transactions

on a kiosk could have been cash. This has definitely helped the Department of Motor Vehicles.

[Clay Thomas, continued.] The next item that we have is our new Decatur facility. In your binders there is ([Exhibit B](#)) a display showing a more equitable distribution of the DMV offices once the Decatur facility is up and running. This facility is not yet built but we are moving forward with it and when it is up and operational it will replace the existing Carey facility. When that happens, the Decatur facility will be seven miles north and one mile west of the old Carey office. What is very interesting about this new facility when it's up and running is the amount of windows. Currently the Carey office has 36 windows to handle the customers. The new facility is going to have 43. We have added the additional windows because of the growth that is occurring in the north valley.

In addition to that those of you who have had the pleasure to ever be at the Carey office understand how horrendous the parking is at that location. The parking spots are for customers and staff.

One of the challenges that is facing the Department is to ensure the integrity of the driver's licenses and our identification cards. We have an obligation to protect the citizens and businesses from the effects of both identification and title fraud. Everybody in this room is acutely aware of the identity theft that continues to plague society in this state. The bottom line for the Department of Motor Vehicles is before we issue an identification card or a driver's license, we will need to verify that you are who you say you are. How are we addressing these challenges? We have administered fraud document training to all technicians who serve the public. They are the first line of defense. Questionable documents that come in can be easily identified by our technicians now and called into question before an actual driver's license is issued.

In January of 2004, a change took effect in the law that allowed the DMV not to accept a driver's license on face value; no automatic reciprocity for every state out there. The problem that we have found in the past under this scenario is that there were some states whose standards were not as high as Nevada's, and because of the reciprocity agreement, we had to issue a driver's license. We no longer have to do that. We will accept the driver's license, but we may, depending on the circumstances, ask for additional documentation if it's one of those states that has less stringent requirements than we have.

Another challenge that's facing the Department is the population growth. Between 1994 and 2003, that represents a 53 percent increase in growth. When you look at the population projections for 2007, it's going to be



approximately 2.6 million people in the state of Nevada. A good portion of them are going to have contact with the DMV, either for driver's license or registration.

[Clay Thomas, continued.] What are we doing to address these challenges? We have the 100 percent staffing in southern metropolitan offices as I said earlier; we have 53 minute wait time down there, even with an increase of 800 customers per month per office. Technology has been a partner for us, and we continue to look for alternatives to serve the public so they do not have to come into an office. One of the things that we are doing right now is the emissions station program. Currently, we have 24 emission stations participating in an auction program between Washoe and Clark County. This is a "once in, done" concept. An individual who has to have a smog test done on his car can go to one of these emissions stations, successfully pass the test, and if that is done, can actually register his vehicle right there at the emissions station. Therefore, we never see him in the DMV at all. We are looking at trying to expand this program to add more emission stations.

Individuals now can renew their driver's license and vehicle registrations on the Internet. Insurance re-instatements and also your drive records can now be obtained from the Internet.

The website of the DMV covers all sorts of information. If you are a first-time resident here and you need to get your driver's license or registration it tells you exactly the document that is needed. We've tried to make this user-friendly to ensure individuals have all the information they need before they come to the DMV.

We also have a public education campaign. For a three-month period, this sign that you see up on the screen now was located in south Reno off of U.S 395. We also have used TV spots and radio spots. With a three-month program like this, it tends to stay in the public mind. By doing so they will see it every day while driving to work and find an alternative method instead of coming in to the DMV. We do have a BDR out there that addresses additional funding that may enhance this campaign. After the first of the fiscal year coming up, we plan on moving this type of item down to the Las Vegas area also.

What would have been the results of the alternative technologies and the 100 percent staffing? Obviously we have reduced our wait times and will continue to look for ways to do so. Between fiscal year 2003 and fiscal year 2005, there has been a 68 percent reduction in over time hours amongst the Las Vegas metropolitan offices. It's improved morale and our staff does not feel

overwhelmed by having the amount of customers waiting in the office. Around 200 customers would be waiting at the door prior to the opening, and there would be 200 customers in the office at the close of the day. This has spread that out, this has removed some of those people, and they feel that they have a better handle on doing their jobs.

[Clay Thomas, continued.] In addition to that, it's improved customer service, which of course is very important to us. The bottom line here is if you have satisfied customers, that means there are no complaints to any of you, there are no complaints to the Governor's office, there are no complaints in the news media, and there are no complaints to us. We think that has been very important and we think that we have managed to turn that around from what it used to be in the past.

The DMV is a gateway agency. More people will come to the DMV than probably any other of the combined individual state agencies. We deal with more people than anywhere else. If we can make their visit pleasant, help them and be courteous to them, and conduct the transaction in the most efficient manner possible, then they walk away with a very positive attitude of the state government. That is good for all of us.

Last but not least in the back of your binders there is a BDR summary of the Department bills. They are there for you to review. These are bills that we believe, if enacted and passed, will definitely help us out and allow us to do our jobs even better and more efficiently, and also be able to help the public and our customers.

- BDR 43-241: Increases fee charged for issuance or renewal of driver's licenses to facilitate the efficiency of kiosks.
- BDR 43-396: Revises provisions to allow advertising at Department of Motor Vehicles facilities and mailings sent to the public.
- BDR 43-610: Makes the Motor Carrier Section of the Compliance Enforcement Division into a separate Division of the Department of Motor Vehicles.
- BDR 43-651: Revises provisions governing the requirements for the Department of Motor Vehicles to mail out insurance verification forms to motor vehicle owners.

**Assemblyman Goicoechea:**

This is a question that I get asked a lot and I don't know the answer. Do insurance providers typically notify the DMV when coverage has lapsed or been cancelled?

**Clay Thomas:**

Yes, they do. Every 30 days, the book of business has to be sent to the DMV with all their current charges on it. When it's compared against our database, if one has fallen off and the registration continues to be active, that would be captured in our insurance verification program.

**Senator Carlton:**

When you say that you are at 100 percent staffing, could you clarify that? Does that mean that every window is opened and staffed, or does that mean that 100 percent of the people that you scheduled were there that day?

**Clay Thomas:**

Prior to this we had technicians that were on-site to do the job. The problem is that certain things take away from the windows; they need training, they call in for sick leave, we have vacancies, the 100 percent staffing formula takes that into account. What should happen is when you walk into a DMV and you are standing there and you look around, every window should be filled. There should be somebody there to help you at all times of the day.

**Senator Carlton:**

Thank you, I just have a quick question about plate exchange. In this state, when you switch cars, you switch plates. What percentage of time is spent on exchanging plates, and how many people actually have to do that? If we get away from having plates follow cars, and use the Internet as you've done so well, you could just have an owner keep the same plate, put the new VIN [Vehicle Identification Number] number on the new car, rather than coming back to give you these plates all the time and constantly switching plates when a car is not the same. How much time do we spend on plate exchange? How much could we save by not having to do that any longer?

**Clay Thomas:**

Maybe I need a little bit more clarification. If you are issued a license plate, and you then put it on a vehicle, and ultimately sell the vehicle and get another vehicle, you retain that plate. That plate gets put onto the very next vehicle, we would take that information and transfer that plate number back to the next vehicle. As to the amount of time or how much of that is occurring, I don't have that information before me today, but I can look into it for you.

**Senator Nolan:**

This is an area that I think we have addressed in the past. I have had some constituent calls again. With respect to the insurance of vehicles, when there is some indication that insurance has lapsed, there is notification put on the renewal, so that when the person does come in to either renew their license or their registration, I think they're notified that there was, at least at some point in the history of their registration, lapsed insurance, and there is a fine imposed; I believe, \$250. The complaints that I have received have been with people who have had some kind of administrative issue with their insurance company where there has been a lapse of insurance, but their insurance company, because apparently on the other side of the fence there is a heftier fine of maybe \$1,000 or \$1,500 that might be levied against the insurance company, this is what I have been told. With the insurance companies, there is a serious disincentive for them to correct the problem because of perhaps a penalty that they are going to receive, and I might be misstating the problem, but that's how I recall it, so if you could help me out, Clay, with that.

**Clay Thomas:**

I think the best way to address this is, before any action is taken against an individual, there are two certified letters that go out to the individual asking them to verify that in fact they do have insurance. That gives them the opportunity to work through their insurance company to resolve the issue. After that time frame has lapsed, then the Department will take action and will suspend the registration. If that does occur, and an individual comes in to register his vehicle, yes, there will be a stop on it, and he will have to pay the difference. As to the fine amount for an insurance company, I am not aware of that or what those circumstances are. We do not just arbitrarily take action against individuals. There have been a lot of situations where there have been questions as to whether an individual had insurance at the time, and working through the insurance company and through our insurance verification program, we have resolved the issues, and there has been no fine administered.

**Senator Nolan:**

So was I incorrect in understanding that there is no penalty or administrative fine otherwise assessed against insurance companies if the issue was an administrative one on their part?

**Ginny Lewis:**

You may be referring to an administrative fine that is imposed by the Division of Insurance, which regulates the insurance companies. That's not something that we would oversee, and I can't speak specifically to what that is, but all I can

assume is, maybe they're not complying with some of the rules out of the division of insurance, and they are imposing a fine.

**Senator Carlton:**

That happened to our family earlier this year. We received a notice of non-insurance, and when we sent the card back the people at the other end would not take our word for it; it had to come from the insurance company, and sometimes you have a problem getting the insurance company to respond to them, so our constituents could possibly get caught in a catch-22. Apparently they send this information in on a tape or a disk, and if it's not sent in time, then you get the certified letter, and you are the one caught in the middle, but you have no way of providing that proof to the DMV because they only accept it from the insurance company.

**Assemblyman Carpenter:**

What is the relationship between the Motor Carrier and the Highway Patrol now? Have they been separated?

**Ginny Lewis:**

The same rules and responsibilities exist or are differentiated. Highway Patrol oversees the commercial enforcement aspect of the carriers, we license them, and then certainly have the audit aspect for the field suppliers for the state. There is still a separation of duties between Highway Patrol and Motor Carrier.

**Senator Horsford:**

I have a question as to the sitting of the facility on Decatur and Elkhorn. What was the process in that site selection from your Department, or is that through Public Works?

**Clay Thomas:**

The way that came about is the land was BLM [Bureau of Land Management]. Therefore, when we asked for State Public Lands, that area was secured. I believe the actual acreage was 33 acres. That will probably be more centrally located to cover the constituents in that area as it identifies in the map in your binder ([Exhibit B](#)).

**Senator Horsford:**

I have actually gotten complaints about that from my constituents, while I understand it's in Assemblyman Christensen's district where it is proposed, and we currently lease that facility. I would like to see in the future more consideration for locating some of these needed services and facilities in the communities. When I look at the proposed service centers, three of the four are

in suburban communities, and only one is in an urban neighborhood. While there is projected growth, there is need throughout the entire valley, and I have had several constituents complain that this is going to be very inconvenient for them. While I understand the benefit to the state because we are currently leasing that facility, I think that we could have looked at other avenues. BLM has a lot of land, and they have a lot of land in the urban core, and this is something that helps stimulate economic development. I would just like to put on the record that in the future we consider that.

**Chairman Oceguera:**

Is that land leased or is the building leased, and what's going to be the disposition of that when you move to a new facility?

**Ginny Lewis:**

The new facility will be a state-owned building. The land was BLM, so there was no cost to the state and probably a savings of \$7 million just for the amount of property that the state would need. As far as the disposition of the Carey office, our lease expires the end of December 2005. My understanding is that the building is being sold to the casino that is right in the area.

**Chairman Oceguera:**

There are lots of great things in there that you are doing, increasing the speed, the innovation and technology that you talked about. Just in my short time here in the Assembly, I have seen the professionalism of the organization and the innovation change. I just want to commend you on that. I really liked your last couple of slides about the gateway to government, and I appreciate that kind of attitude.

Next on the agenda is the overview of the Nevada Department of Transportation (NDOT) with the director Jeff Fontaine, and Susan Martinovich.

**Jeff Fontaine, Director, Nevada Department of Transportation:**

[Mr. Fontaine read from the second part of [Exhibit C](#).] With me today is Susan Martinovich, who is the Department's Deputy Director and Chief Engineer, and joining me also is Rudy Malfabon who is the Department's Deputy Director for southern Nevada, which was approved by the Legislature last session. Both of these individuals are registered professional engineers with many, many years of experience in highway engineering and construction management. In our audience we have our assistant directors and other key staff who make up our senior management team. I

believe we are indeed fortunate to have such a competent team and very dedicated employees at the Department of Transportation.

[Jeff Fontaine, continued.] My presentation includes a Department overview, some transportation statistics, the condition of our system, a brief budget overview, descriptions, and programs, and lastly a slide presentation on some major projects.

The Department of Transportation is governed by the state Transportation Board of Directors chaired by the Governor, and also includes the Lieutenant Governor, Attorney General, Controller, and three members of the public. There are 1,729 full-time employees at NDOT and several dozen seasonal employees. Three hundred thirty-three of our employees are engineers, making us the largest employer of engineers in the state; and 763 NDOT employees work in our maintenance program.

This is a map ([Exhibit C](#)) showing the location of various NDOT facilities, including the headquarters in Carson City, three district offices in Las Vegas, Reno, and Elko, and 40 maintenance stations located throughout the state.

The Department has embarked on a strategic planning effort: we have a mission statement, a vision, and goals. Our mission is to efficiently plan, design, construct, and maintain a safe and effective seamless transportation system for Nevada's economic, environmental, and social needs. Our four core goals are to improve safety, deliver beneficial projects in a timely manner, effectively communicate, and manage the Department's assets.

The series of slides here ([Exhibit C](#)) are also contained in the fact book. We are responsible for maintaining 5,500 centerline miles of highways in the state, and that includes over 560 miles of Interstate highways. This represents 21 percent of all 20,653 miles of improved roads in Nevada. The state's system carries about 11.5 billion miles of vehicle travel every year. That represents about 59 percent of all traffic in the state; it also carries about 89 percent of heavy truck traffic in the state. The Department of Transportation is responsible for maintaining a little over 1,000 of the state's 1,623 bridges. We all know about the population growth, especially in southern Nevada, the bottom line on this

chart ([Exhibit C](#)) that picks the national growth. Between 1990 and 2003, Nevada's population grew by about 85 percent. During that same time period the vehicle miles in the state increased 91 percent, the greatest rate of traffic increase in the nation. More people are driving even more miles.

[Jeff Fontaine, continued.] Nevada's transportation is really a bridge to other states as well. up over 40 percent of all traffic on our rural interstate, and 80 percent of these trucks have a destination or origin other than Nevada. This chart shows the interstate highway system in the United States. The thickness of red lines indicates the amount of truck freight moving across these corridors. The three important corridors in Nevada use U.S. 95 between Reno and Las Vegas, I-15 of course, and the heaviest rate corridor in the nation is I-80.

This slide represents the condition of our highways and bridges. The condition of Nevada's highway pavements is rated as the best in the nation, and the condition of Nevada's bridges is rated second best in the nation. Overall, NDOT is rated as the fourth most cost-effective highway program in the nation.

This chart ([Exhibit C](#)) shows the breakout of revenue sources, all of which flow into the state Highway Fund, and NDOT receives funding from the state Highway Fund; does not receive General Fund revenue. Highway Fund revenue sources include the motor vehicle taxes and various fees that were described as being collected by the Department of Motor Vehicles. NDOT also receives federal funding which in fiscal year 2004, was \$215 million. This other category includes cooperative agreements with local entities and even the private sector to cost-share various projects. NDOT is authorized to sell bonds, which we did not sell in fiscal year 2004, but we have issued \$478 in bonds since fiscal year 2000 to support our current program.

This slide ([ExhibitC](#)) shows the disbursements from the state Highway Fund. NDOT is not the only agency that receives disbursements from the Highway Fund; appropriations partially fund DMV.

The Department of Public Safety, and smaller appropriations as well to various other agencies. Disbursements are made to NDOT



for maintenance, administrative support services, and the repayment of bonds. What is left over is what's left for the construction and engineering and right-of-way acquisition of various projects. We monitor the cash flow through the Highway Fund constantly, carefully, and we want to make sure that the projected revenues are sufficient to cover the highway construction contracts and other obligations that are outstanding.

[Jeff Fontaine, continued.] This is a breakout of our expenditures by activity. NDOT's fiscal year 2004 budget is \$676 million. The bulk of that does go to engineering and construction—\$553 million; maintenance is the next largest piece, and then administrative and support services, which represents about 6 percent of the overall budget.

The various programs that I want to briefly describe include programming and project development, maintenance, environmental stewardship, landscaping, noise walls, various other transportation modes, and safety.

One of our key activities is developing the program of projects. This slide ([Exhibit C](#)) shows the cover page of our transportation system of projects. That includes the annual work program, short-range element, and long-range program. It also includes our 20-year cash flow projection. There are many transportation needs throughout the state. In addition to maintaining the system, we need to address congestion in the urban areas and certainly improve safety everywhere. The process that we use to develop the work program to address all these needs is complex and comprehensive.

Last year, we completed a program development manual to document that process, and the manual describes the cooperation that takes place between NDOT and planners in southern Nevada, Washoe County, as well as the rural areas, so that we can develop what we believe is a balanced program. The manual also describes how funding is allocated and how projects are selected.

The next major program is maintenance. Nearly one half of our work force is involved in maintenance activities. Highway work is dangerous. Maintainers often times work just a few feet away from high-speed traffic, or in blizzard conditions. They are involved in a

variety of activities such as pavement preservation, guardrail repair, striping, culvert cleaning, snow removal, fixing electrical systems, setting up traffic controls, and picking up trash. I can tell you that our maintenance force and the folks who support them take a personal ownership of their highways throughout the state, and they work as a team to make sure that their highways are serviceable, clean, safe, and accessible. Many times they go beyond the call of duty by assisting stranded motorists, and many of our workers have been recognized for helping emergency medical personnel and even saving lives. They represent the agency very well and I think they do a tremendous job.

[Jeff Fontaine, continued.] The Department takes very seriously its role as steward of the environment. Every new highway project goes through a rigorous environmental review. We incorporate environmental mitigation when it's necessary. This is a picture ([Exhibit C](#)) of a wetlands in Washoe Valley, between Reno and Carson City. The Department created this as a wetlands bank to offset the impact of future projects. We have set aside four acres of new wetlands for every one acre that would be impacted by a new project.

This year we began implementation of the formal highway landscaping program. The Department now incorporates landscaping and other treatments into all new highway projects in accordance with master plans that have been developed from the major highway corridors. We have a program that provides matching funds to local entities for landscaping state highways. This is a picture ([Exhibit C](#)) of landscaping that was recently completed at I-15 and Sahara Avenue. There was a joint effort with the City of Las Vegas. The other major landscaping project that is just about underway is the spaghetti bowl in Las Vegas.

Highway noise is certainly a significant issue in Las Vegas and Reno. We typically incorporate noise walls into new projects. The noise from existing highways is creating the problems. Noise walls are expensive; they are about \$2 million a mile per side of highway to construct. The department has had a program to provide up to \$2 million per year on a matching fund basis to construct noise walls along existing highways on a retrofit basis. NDOT recently entered into agreements with the City of Las Vegas and Clark

County to share the \$26 million cost to construct noise walls along I-515 between Las Vegas Boulevard and Sahara Avenue.

[Jeff Fontaine, continued.] NDOT has a role in planning and managing programs for transit, pedestrian and bicycle facilities.

**Assemblyman Manendo:**

If you have \$2 million in the matching fund, how are you going to do that with the City of Las Vegas? Maybe I missed it. How much did you say it was?

**Jeff Fontaine:**

The Department agreed with the City of Las Vegas to cost share in the city \$20 million in noise walls. The city is putting out the \$20 million; we are going to repay the city \$2 million over five years out of that program to pay for half of the cost.

**Assemblyman Manendo:**

Does that mean that for the next five years after that until it is repaid, nobody else can do sound walls unless the local entities pay for it themselves?

**Jeff Fontaine:**

When we presented that to our board, we left open the possibility that if there were other noise walls that needed to be constructed, and the local match was made available, that we would consider those and bring those requests to the board on a case-by-case basis.

**Assemblyman Manendo:**

Where would the money come from that the \$2 million are already expended?

**Jeff Fontaine:**

That would come out of the capital program.

**Assemblyman Manendo:**

So we do make exceptions when there is a need. I see the U.S. 50 at Lake Tahoe that was just recently constructed, the binwalls, that is really pretty. I don't know how many homes that that affected, and that was a cost of \$2.6 million. I don't know if that was paid for entirely by local or if the state kicked in. It just seems like we are really stretching \$2 million really far. People in my district have been waiting for sound walls for 15 years, and we keep hearing the same thing: "We don't have the money; we don't have the money." Local governments have to kick in, but it sounds like there is a way, and I think that's the key, is if there is a way that you folks can construct the sound walls

for those people that have been in need for a decade and a half. The homes that were there before Route [U.S.] 95 was put in between Russell and Tropicana.

**Jeff Fontaine:**

First of all, Mr. Manendo, the walls that you are referring to on Highway 50, those are not noise walls, they are retaining walls. You are correct there is a way to provide noise walls, and what we are saying is that with a local match, we are able to build those noise walls. In this case the City of Las Vegas has agreed to front \$20 million, also Clark County has agreed to cost-share a portion of those noise walls as well. The program is in place.

[Mr. Fontaine continued reading from ([Exhibit C](#)).]

We have a role in managing and planning programs for transit, pedestrian, and bicycle facilities in the rural areas, rail, and general aviation airports throughout the state. These other models help provide a multimodal transportation system, and of course the transit, which is a vital service to many rural Nevadans.

Improving traffic safety is a core goal. Sadly, last year 401 people lost their lives on Nevada's highways and streets. That is up from 33 the previous year. The fatal crash rate estimated for 2004 is 1.97 fatalities per 100 million vehicle miles traveled. That is above the national average, which is 1.5. Based on the most recent date for 2003, motor vehicle crashes are the number-one cause of death for age groups 1 to 14 and 15 to 25. We are very concerned about that. We have increased our budget for safety, and we have completed a strategic traffic safety plan to proactively target those resources. Our Deputy Director Susan Martinovich, and the state's Office of Traffic Safety are leading an effort to develop a statewide strategic highway safety plan, which will include local law enforcement, emergency responders, educators, and other stakeholders so that we can comprehensively address this very serious issue.

The final portion of my presentation is a brief overview of the current future highways and the projects that we have. We are currently underway with the largest highway construction program ever. There is about \$460 million in projects currently under construction, and in 2005 the Department plans to have over \$700 million in new projects under construction. This program is financed in part by bonds. It's enabled us to accelerate many of the super projects which would have otherwise taken many years to

complete on a pay-as-you go basis. The \$87 million in bonds that have been issued to date have received very good interest rates. We have estimated needing to sell about \$535 million bonds over the next three years to complete the current program.

[Jeff Fontaine, continued.] This is a listing ([Exhibit C](#)) of the major projects recently completed and underway in southern Nevada. U.S. 95 in northwest Las Vegas is the most congested freeway in the state. More than 200,000 vehicles a day travel this section of freeway. That is up from just 150,000 vehicles just 10 years ago. Relieving this congestion is our top priority in southern Nevada, and once that \$370 million project is completed, it's going to reduce congestion, increase safety, and improve air quality. The Sierra Club's lawsuit to prevent the addition of lanes on U.S. 95 is currently in the Ninth U.S. Circuit Court. However, work does continue on the project, including the new Summerlin interchange, which is expected to be complete this spring.

This is a simulation ([Exhibit C](#)) of what the freeway is going to look like when it's completed. We are heading west from the Spaghetti Bowl. The project will increase the freeway from six to ten lanes between the Spaghetti Bowl and Rainbow Boulevard. The freeway between Rainbow and Craig has already been widened from two to three lanes in each direction. This ([Exhibit C](#)) on the right the I-15 northbound to U.S. 95 westbound ramp, it's going over to the Rancho, which is going to eliminate the weaving conflict that exists there today. We plan to incorporate into this project the state's first HOV, or high occupancy vehicle lanes, and they are starting to pick up just about now. You will see them on the inside lanes in both directions as "diamond lanes."

**Senator Schneider:**

How is the lawsuit going on that? Are you kind of ground to a halt out there?

**Jeff Fontaine:**

The hearing before the Ninth Circuit was held about three weeks ago. We have not yet had a decision. The stay was not lifted. The stay affected the capacity improvements on the project, so those are on hold. However, we are able to continue with other aspects of the project, including the Summerlin interchange, relocating utilities, and other aspects of the project. In fact, we plan to advertise the next phase of the project sometime the next few weeks to reconstruct the

Rancho interchange, so we are hopeful that we will be able to keep the work going, then at some point we'll get a favorable decision, and hopefully that's going to happen and we will be able to add the lanes and get the project finished.

Mr. Fontaine continued reading from ([Exhibit C](#))

As I mentioned, the reconstruction of the I-515 Beltway interchange is going to provide huge benefits to one of the fastest-growing areas in Nevada—Henderson—as traffic has more than doubled on I-515 Beltway in the last five years. NDOT's \$82 million project will construct a modern system-to-system interchange and also complete the last section of the southern beltway. The project is on target to be completed in mid-2006, with a flyover ramp from northbound I-515 to the westbound beltway scheduled to open this spring.

The Hoover Dam bypass is one of the state's most challenging and certainly exciting projects. It is going to allow all this traffic that you are seeing ([Exhibit C](#)) to bypass the congestion and conflicts over the top of Hoover Dam. Since September 11 [2001], commercial truck traffic has been prohibited from crossing the top of the Dam.

The \$230 million project is a cooperative effort between the Federal Highway Administration and the states of Arizona and Nevada. The project will eliminate the bottleneck in the link between the fastest-growing cities in the southwest, Las Vegas and Phoenix, and it's going to improve commerce and make the Dam more accessible for tourists.

This is a video simulation [referred to slide of [Exhibit C](#)] of what the new \$32 million approach road, which is currently under construction, looks like. We are traveling on U.S. 93 from Boulder City towards the Dam, on the new four lane highway, you can see the existing U.S. 93, it's a two lane road up on the left, giving you an idea of the rugged terrain that this project is going through. The Arizona approach road is already completed, and you will note a number of these large power poles had to be relocated as part of the project.

This is a view of what we believe to be a world-class structure is going to look like. It is going to be a quarter mile downstream of Hoover Dam. It will span nearly 2,000 feet, making it the longest

concrete arch bridge in North America. It will be 280 feet higher than Hoover Dam. There will be a sidewalk along it, and you will be able to get breathtaking views of Hoover Dam from the top of the bridge.

[Jeff Fontaine, continued.] Traffic has also nearly doubled on U.S. 95 between Railroad Pass and Searchlight during the past ten years. Certainly the heavy truck traffic has increased since they were banned from the top of Hoover Dam. During the past two years, NDOT has widened U.S. 95 from Railroad Pass to Searchlight and plans to widen U.S. 95 from Searchlight south to the Laughlin cutoff beginning this fall. Interstate 15, of course, is the economic lifeline to Las Vegas from southern California. It's also the second-busiest long-distance highway corridor in the nation. We have already added a third southbound lane from Las Vegas to Primm, and we are planning to finish the northbound widening beginning this year.

One recently completed I-15 project that we believe has provided immediate results is the widening of I-15 just south of Russell Road [in Las Vegas]. This new railroad bridge crossing was constructed so that we could add auxiliary lanes in both directions to and from I-15 at the Beltway.

NDOT has been improving interchanges along Interstate 15 for better access. One of the projects that we are currently doing is the reconstruction of the I-15 Lamb Boulevard interchange in North Las Vegas from a partial to a full interchange. This project should be completed by this summer.

The completion of the first \$20 million phase is the Saint Rose Parkway widening from I-215 to Las Vegas Boulevard, which has significantly improved traffic flow and safety. NDOT has a \$50 million project on tap this year to widen Saint Rose from Las Vegas Boulevard West, including reconstructing the freeway as well. The Freeway and Arterial System of Transportation, FAST, as it is known, is a \$35 million effort to improve traffic flow along our highways in Las Vegas. One of the ways to improve traffic flow is to use technology so we can maximize the efficiency of our existing system. This includes collecting and disseminating information about traffic conditions to motorists over dynamic message signs, highway advisory radios,

and websites so that motorists can preplan their trips or change their trips en-route.

[Jeff Fontaine, continued.] FAST will also allow us to operate our freeways using technology such as ramp meters. One of the freeway operations that we have recently expanded is the freeway service patrol. They provide cost-free assistance and have done so to over 38,000 motorists in Las Vegas and Reno last year. The FSR [Freeway Service Patrol] enhances safety and reduces delays on our freeways.

This is a picture ([Exhibit C](#)) of traffic management center (TMC) located at Decatur Boulevard and Sunset Road. It is under construction; expected to be completed and operational by June. The TMC will also house the southern command of the Nevada Highway Patrol, so that will improve incident response. All the local street signals will be controlled here as well. The freeway and arterial street system operations are going to be integrated, they are going to be seamless, and they are going to be operated by the Regional Transportation Commission of Southern Nevada under an agreement with NDOT. This is just a partial list of projects in Las Vegas that will be under construction this year.

NDOT is already planning for the future with corridor studies to identify improvements on the major freeway corridors in Las Vegas. This is a list ([Exhibit C](#)) of these studies. Some are in the planning stage, some are in the environmental and design phase.

Moving on quickly to northern Nevada, this is a listing of major projects underway. In northern Nevada, the I-80 U.S. 95 interchange, also known as the Reno Spaghetti Bowl, is the busiest and most congested freeway interchange in northern Nevada. The \$53 million project to help reduce this congestion by adding lanes and improving ramps is expected to be completed this year. We do have a long-range plan working with the RTC [Regional Transportation Commission] to meet the growing traffic on I-80 and U.S. 395.

**Senator Washington:**

I understand that there have been some contractual problems with the contractor in trying to get this project completed, and of course it's been in the media for a while. Can you explain to us what has happened, what's transpired,



and what's the outlook, as far as getting some of those on-ramps and off-ramps opened, especially by the Nugget, Pyramid Way, Sparks Boulevard, and Rock Boulevard?

**Jeff Fontaine:**

We held a briefing for the press Tuesday in Reno. We announced a couple of things. First of all, the project is behind schedule, we estimate on a calendar basis by about four months. Part of that delay is a result of weather, and really the contractor has not been able to get on the job and work since the holidays last year just because of the weather. We also have concerns about the pace of the contractor working on the project, and in all fairness to the contractor, they have their own opinions about delays, and I don't want to get in here and talk about that.

The point is we have reached an agreement with Frehner Construction Company. They are going to work more days, make it a six-day-a-week job, they are going to work more hours, they are going to bring more people on the job, and we are going to do everything that we can, as well as the contractor, to get this done by the end of December. As far as specific ramp openings, we are told that the Glendale on-ramp to southbound U.S.395 should be opened in ten days, two weeks. They have already poured concrete there. The Oddie Boulevard southbound ramp should be opened very shortly. In the next couple of months the additional northbound 395 to westbound 80, the second lane on that loop ramp should be open in April.

The Pyramid westbound I-80 on-ramp should be opened for the summer. We have met with the City of Sparks and they are pleased with our plan. We have met with other property owners in the neighborhood, so while it's going to be tough, and we still have some more construction to do, we have a plan, and I think we are going to make some progress.

**Senator Washington:**

Is there anything we can do as a legislative body to enhance or speed up the process or ensure that it gets done?

**Jeff Fontaine:**

Thank you for the offer but I think we are going to get it done.

**Senator Washington:**

It takes me an hour and forty five minutes to get here now. It use to take me thirty minutes.

**Chairman Oceguera:**

Please continue.

**Jeff Fontaine:**

[Mr. Fontaine continued reading from ([Exhibit C](#)).]

The next slide is the new truck climbing lane, which by next summer we should have complete. It will be in the westbound direction from I-80 between Keystone Avenue and Robb Drive. This is a picture of what the traffic backups look like, caused by trucks and so forth climbing that grade.

The U.S. 395/Clear Acre Lane interchange is going to reduce traffic congestion for the growing north valley areas of Reno and Sparks. This is a \$35 million project. It is a very good project with cooperative effort between the Washoe County Regional Transportation Commission, who is administering the contract, and NDOT, who is contributing funding.

**Senator Washington:**

Just one more question on that Clear Acre Lane. There has been some controversy with the residents up there in Sun Valley. I guess we have been working with the county. I submitted a request this past summer dealing with some easements and signal lights—the young lady that got hit, a fatality up there. In my understanding it belongs to the state, and the county refuses to take it over until it's been brought up to code. I spoke with the Governor and hopefully we can get this transaction taken care of and turned over to the county. Do you know where it's at in the process now?

**Jeff Fontaine:**

I know that Deputy Director Martinovich has been very much involved in that and she might want to address that.

**Susan Martinovich, Deputy Director Nevada, Department of Transportation:**

Over the past years we have done a lot of striping and pavement of the crosswalks and put some new signs up there. We have been working closely with Washoe County for the pedestrian flashers. We're working to identify funding. The Department has set aside in our annual work program monies for safety-type activity. We are working with Washoe County and the RTC [Regional Transportation Commission] to prioritize that money to establish a flashing type of project.

**Senator Washington:**

What I am concerned about is there was a \$50 million bill put on that. We sent out a letter and the response that we got from NDOT was that it would take at least 50 to bring it up to code, and I don't know if that is correct or not. It's been some time since we corresponded, but the residents are concerned about that area between 5th and 6th. The county won't take it over until it's brought up.

**Jeff Fontaine:**

We are willing to work with you and see if we can't get the problems solved.

**Chairman Ocegüera;**

Through the power of the Internet, I have another question from my colleague from Sparks who is not on this Committee. She asked what are we doing about the Pyramid and McCarran intersection in Sparks.

**Jeff Fontaine:**

I think I would have to defer that to the Regional Transportation Commission folks who are here. I know that they are currently in the middle of a corridor study to look at the whole Pyramid corridor. I know that that particular intersection is of interest to them, and I don't know if you want to have them talk about it now or during their presentation.

[Mr. Fontaine continued reading from [Exhibit C](#)]

We are on U.S. 395 between Reno and Carson City, the most congested rural highway in the state. It's an undivided highway, and the only all-weather route from South Lake Tahoe, Douglas County, Lyon County, and Carson City to Reno, and once the new freeway is completed it's going to help the congestion and increase safety.

This is a flyover ([Exhibit C](#)) of the \$350 million project that is currently underway. It will construct a 9-mile-long, six-lane interstate freeway from Mt. Rose to Washoe Valley. This is looking north coming out of Washoe Valley, the existing U.S. 395 on the right. This will be the new freeway. It is going to be completed in 2008. This project involves substantial hillside construction. I can tell you this project was designed with a lot of public input. We are trying to make this project compatible with the community environment.

[Jeff Fontaine, continued.] ([Exhibit C](#)) This is a rendering of the Galena Bridge in Pleasant Valley; this will be part of the new freeway. It was designed in-house by NDOT engineers. It's going to be 1,700 feet long.

Existing U.S. 395 through Carson City is currently a four-lane street. It's carrying over 44,000 vehicles a day, including a lot of big trucks. Traffic has doubled here over the past ten years. Construction began 18 months ago on the first phase from U.S. 395 north, to U.S. 50. The first phase is on target to be completed in late 2005 or late 2006. Phase II is planned to be completed in 2010.

This is a simulation of what the freeway ([Exhibit C](#)) is going to look like. This is heading down U.S. 50 from South Lake Tahoe crossing over U.S. 395 and on to the new freeway along the eastern side of Carson City.

U.S. 50 Alternate between Fernley and Fallon is a two-lane highway. It's going to be widened to four lanes by 2007. It's a project to improve safety on the mile stretch of highway. A portion of this highway from Fallon to the Leeteville junction has already been widened, and construction of the next phase in Fernley is going to begin this April, with the remaining two phases scheduled to start in 2005 and 2006.

NDOT owns and maintains 39 miles of roadway within the Lake Tahoe basin. These are some of the areas where NDOT has installed new retaining walls along U.S. 50. They are replacing the old retaining walls that are failing and threatening to take out the roads. We also are installing drainage and other environmental improvements as part of this multi-year project.

This highway construction provides jobs and keeps our state's commerce and tourism moving. The record level of work we believe will reduce congestion, improve safety, and provide economic benefits.

In addition to the projects here, there is a brochure of projects in your binder ([Exhibit C](#)). You can also access websites from any of these projects by linking on to <[www.nevadadot.com](http://www.nevadadot.com)>. Some of the project websites include photos and even web-cams that show

project construction. I would also note that we are trying to improve our public outreach. We have opened project offices in Las Vegas, where the public can come in and talk to staff, they can see maps, and they can see models of some of the larger projects.

[Jeff Fontaine, continued.] We are also offering tours of some of these projects. Mr. Chairman, that concludes my presentation this afternoon.

**Senator Carlton:**

Earlier, on the southern Nevada portion of your presentation, you touched upon ramp meters. I am assuming that those are the lights that I am seeing installed getting on to the highway. Would you explain to me how those work, and what's going to happen with those, because I am not familiar with them at all?

**Jeff Fontaine:**

The ramp meters are basically red and green like stop lights, and they are located on the ramps at the entrance to the freeways. What they do is flash green and let cars get on the freeway, or they will be red and cars will stop before they enter the freeway. The idea behind ramp meters is to meter traffic onto the freeway because that makes the freeway flow a lot smoother, as opposed to allowing cars to come on as a group where people have to slow down, and cars are weaving onto the freeway, that's where the conflicts are and that's what can cause a breakdown in traffic flow along the freeways. We currently are planning to activate the ramp meters that have been installed and in place on Lake Mead and Craig on U.S. 95 in the northwest. The southbound direction of 95—we are planning to do that sometime the end of March. That green light is going to be on pretty frequently. We are not going to back up traffic onto the streets. There will be loop detectors, so we are not going to impact the local streets. If we do we will just let the cars onto the freeway. Again, the idea is to allow vehicles to enter the freeways in a more systematic basis so that we don't breakdown the flow on the main lines.

**Senator Carlton:**

There used to be stop signs getting onto a highway, and we got rid of those and went to merging lanes so things would flow smoothly. It seems as if we are taking a step back here, if I understand how they are going to work. What are we doing to make sure that the public understands? Because if that light turns red and somebody keeps going, we are going to have a problem.

**Jeff Fontaine:**

We are working with the Regional Transportation Commission in southern Nevada. We are planning to do a very intense outreach campaign to let people know. We are going to be doing direct mailings; we are going to be doing PSAs, [Public Service Announcements] and everything else. You are absolutely right, we do need to let people know how these things are going to work.

**Senator Carlton:**

What is going to be the penalty for not obliging to these things? What types of tickets are going to be involved, and what time of grace period are we talking about for people to get use to this?

**Jeff Fontaine:**

Right now the penalty would be the same as a violation as a traffic control device. It's already in the statute but I am not sure how the penalties would be set by the courts. It would be a violation of a traffic control device.

**Senator Carlton:**

So that would be considered a moving violation?

**Jeff Fontaine:**

Yes.

**Senator Carlton:**

That's about a \$190 ticket. Do you know if there is going to be a grace period involved for people to learn how to handle these?

**Rudy Malfabon, Deputy Director, Nevada Department of Transportation:**

[Introduced himself.] We have had discussions with the Nevada Highway Patrol, and they are going to initially start with warnings, since it's a new device that's being implemented. There will be a period of time and we are also working with them on providing the enforcement that needs to be in place when we activate these ramp meters, so that they will be out there, the public will see them and they will obey those signals.

**Assemblyman Carpenter:**

Certainly we don't have the problems that you have been showing, but I think we do have a problem on U.S. 93 from Wells to Jackpot. I hope that when you do some reconstruction up there, we can get some passing lanes. They have done it from Jackpot to Twin Falls, [Idaho], and it really helped. If you can keep that in mind, we would appreciate it.

**Senator Schneider:**

Is there on the drawing board an overpass at Sunset and Interstate 15 in Las Vegas?

**Jeff Fontaine:**

I am not aware of any plans at Sunset. There are plans for a number of interchanges further south on I-15 at Silverado, Pebble, further to the south, but nothing that I am aware of at Sunset.

**Senator Schneider:**

What's the time frame for I-215 heading into Henderson, where it's all under construction and has been for an eternity? When is the completion estimated on that?

**Rudy Malfabon:**

Are you asking about the portion where I-215 is being widened? There is a two-mile portion near the interchange of 95. We are looking at finishing that at about a year from now. We will open up those ramps periodically, once the interchange at Gibson Road is finished, we will open that. We won't wait until everything is finished; we will open it up periodically.

**Senator Schneider:**

Would you consider working twenty-four hours on that? We are approaching the good season, you know.

**Rudy Malfabon:**

The contractor works long hours and double shifts on some portions of the project. One of the concerns around the residential areas is noise at night. Sometimes we do have to work at night, but we do have a lot of complaints and try to work with the residents there who are concerned about nighttime noise. It would be unlikely, plus the cost would be quite high.

**Senator Schneider:**

Being from southern Nevada, it just amazes me all the time when I head out of Reno and come down here. We are spending over half a billion dollars on a road that doesn't have a lot of traffic on it, in my opinion. When you come through Pleasant Valley and I look up and see the beautiful bridges that you are building on the side of the mountain, I don't know how you are going to keep those cleared in the winter like this. Was there a way to fix the Pleasant Valley problem for \$50 million instead of spending \$350 million to build this highway that bounces off the side of the mountains? In my opinion, we will have a huge economic figure on it to keep it cleared in the winter.

**Jeff Fontaine:**

That particular project went through very extensive public debate and environmental review, and a record decision on the alignment was reached over 20 years ago. The project has been around for a very long time. About 10 years ago, the Department did look at other options, including the one that you suggested. Number one, the public, or at least the public through which the current 395 goes, was opposed. We didn't feel that we could get past that opposition. There were some environmental issues that we were concerned about, and quite frankly the Department had already invested a significant amount of money in the acquisition of right-of-way and engineering at that point. It's one of those projects where you are absolutely correct, it's not the best alignment to build a freeway, but we have what we have and we are doing the best that we can. We do believe that it's going to provide a lot of benefits for all of northern Nevada.

**Senator Carlton:**

The district that I represent is in an older part of town and we realize the constraints in putting in new highways. If you look at the east side of the valley at the Sunrise Mountain area, it's very congested, and I know the county system of the belt. It's a belt that doesn't fit because it doesn't totally close. We have a bunch of folks up on the hill who are having a hard time getting where they need to be. I know that we can't put a highway in there; I understand the congestion and the urban dilemma of that. What we would like to ask for is, would you please time the lights a little bit better for us since we are going to have this new light timing procedure? That way folks aren't sitting through three different lights to get through Sahara, Nellis, and Desert Inn where it flips into Lamb. We have so many different bottlenecks in that part of the valley, if we could just keep it flowing, especially the way you can do it with times. People are going to work at a certain time; they are going the other way at another time of day. You can spend two or three lights at Charleston and Nellis sometimes. I am not going to ask you for a road, I am just going to ask you for better time lights.

**Senator Washington:**

What about the industrial park that's in Fernley? They have been asking for an off-ramp to I-80. Is that in the works, or where does that stand right now?

**Jeff Fontaine:**

I think you are referring to the East Fernley interchange in the way of development. We met recently with the developers and they have been before the Transportation Board on a couple of occasions requesting funding for their interchange. Probably the last time was about two years ago. What the board



told them then was, you need to come back and bring more to the table; you need to bring back some local support; you need to bring back some federal money, and your own money, and then we would consider your request. That's what they are doing. They recently received about half a million dollars in an earmark in this year's federal appropriations. They are looking at trying to get some more money, and they have filled out the forms that we need to have so we can evaluate the request and consider it along with all the other requests that we get for those types of projects. That will be done as part of this year's program development process.

**Senator Washington:**

I stand to corrected, that wasn't \$50 million, that was \$50,000.

**Assemblyman Hogan:**

I have a question about the employment opportunities offered as a result of this program over the coming years, and things that might be done to improve the diversity of the work force that's being applied to that. As you know, four years ago, the Legislature, I believe in the 2001 session, passed a resolution asking the department to organize a statewide task force to look into the possibility of getting a higher representation of women workers and minority workers. I had occasion to work with that task force to some extent and a lot of good thought went into it, a lot of good discussion, but not a lot of results. I think most of us who worked on that would concur that it didn't really make a lot of change as we can determine, noting that the female portion of the blue collar workforce and the minority of the overall workforce is still increasing in the state. This is a pretty important matter, and I was wondering if the Department would be willing to consider some other approaches to try to make sure that all Nevadans have an opportunity to participate, learn, and become craftsmen.

**Jeff Fontaine:**

First of all, we at the Department meet or exceed all the goals for DBE [Disadvantaged Business Enterprise] and WBE [Women-owned Business Enterprise] participation on our federal contracts, and we are certainly very supportive and are interested in trying to get an increase in participation on all of our contracts. I am familiar with the committee that you are talking about, but that didn't quite pan out perhaps the way that it was hoped to. I know that there were some follow-ups to that committee. Rudy Malfabon has actually been our representative to the follow-up committee on that.

**Rudy Malfabon:**

I sit on the Regional Business Development and Advisory Committee, which is comprised of public agency representatives in southern Nevada, also public utilities, and the gaming industry. We have been dealing with issues of reporting the difficulties of the certification process for minority firms, and outreach efforts in trying to get groups to work together, and really leverage available money for outreach for training. We also look at the dollars spent by these different agencies. Some people don't do a lot to track it, and we are going to impress on those members of that committee to do more to track the dollars spent for the minority firms. Also, we are going to look at our workforces makeup and do some work in that area.

**Assemblyman Hogan:**

My question was directed, not to the minority business opportunity sub-contracting, but rather to the direct employment by your contractors.

**Rudy Malfabon:**

NDOT is participating, and we have partnered with the Urban Chamber of Commerce to have a training program to get minority workers in those fields of construction. We have had one successful group graduate, and I am getting with Chuck Bremer, who runs the training department there for the Urban Chamber, to go talk to the contractors that Nevada Department of Transportation uses, and also go talk to some of Clark County; try to get these individuals that have passed the program placed. We started our second group of students, and it's a two-year program that we are going to cycle through several groups of students and work hard to replace those. While it's the wintertime, and the construction goes year-around in Las Vegas, we also have placed some of those students at NDOT on temporary positions while we are working to placing them in permanent construction positions.

**Chairman Oceguela:**

Mr. Fontaine, you might have missed it, but in the paper a couple of days ago there was report. It kind of painted a gloomy picture, gave us some ratings, a "D+" grade for highway funding, a \$3 billion shortfall, "D" grade for traffic safety, a "D+" for traffic congestion. Although, you said in your presentation, that we have good road and highway conditions, and great bridge conditions, any comments on that report?

**Jeff Fontaine:**

Yes, Mr. Chairman, first of all, we agree with the report on one point, and that is the tremendous growth in this state. We do have a number of questions about how the office's report arrived at their particular decision. We are not

sure what benchmarks they used. I guess the point of the report is to try to raise consciousness about funding and send a message that we don't have enough revenue to do everything that we need to do to address all of these issues. What I have told reporters that have contacted me is, right now we are not holding back on anything. We have a three-year program, and that is our work program. It's funded; it's the largest work program that we have ever undertaken at the Department of Transportation; it's aggressive. When you get out beyond the three-year time frame and you start looking at the long-range program that I talked about, sure there may be some needs for funding in the future, but there are a lot of unknowns. We don't know what's going to happen with the federal highway program. We are certainly hoping to see a significant increase because of our population growth. We don't know what's going to happen with a number of these large projects that are out in the future. Quite frankly, a number of projects that are on the wish list projects, we haven't really done any scoping, we haven't done any analysis. I think it's premature at this point to say that the sky is falling. As I mentioned, we are going to be okay for the current work program.

**Chairman Oceguera:**

Thank you. I will tell you that we are going to have that organization come in to the Committee and present that report. I believe we are going to do that on Thursday, February 17. You are more than welcome to come and respond, rebut, whatever you would like to do. I think it's fair to let them come in and say what they have to say. Things that I saw when you took me out on the tour of your projects, the joint efforts that you've had with local government, I think are all excellent. Like you mentioned it's a Herculean effort to get done what you have to do with the growth.

You had a slide about the public outreach. I think that the public awareness is very important because the public doesn't get to see what we just got to see, that great presentation about all the things that you are doing and the planning that you are doing for the future. The public awareness is one of the most important parts. I would like to thank you for a thorough presentation.

**Greg Krause, Executive Director, Regional Transportation Commission, Washoe County, Nevada:**

[Introduced himself] With me today is Derek Morse, our Deputy Director. Derek leads our planning activities as well as our legislative activities. There is a white folder ([Exhibit D](#)) at your stations that has a summary of my presentation as well as our 25th anniversary document, which we celebrated last year, and has some historical perspective on what we have been doing. We were created by the Legislature over 25 years ago, and our governance is provided by two Reno

Council members, two Washoe County Commissioners, and a Sparks Council member. Our three main businesses are planning—and that is all surface transportation—planning for Washoe County, then we are also empowered to build regional roads, and to provide public transportation. I would just note that that is a fairly unique combination of responsibilities, and a number of other communities, and even states, are very interested in what your predecessors did 25 years ago because it works very well in terms of making sure everything is coordinated. We also obviously work very closely with NDOT [Nevada Department of Transportation] staff and Director Fontaine. We have found that relationship to be very helpful and very productive in making sure we coordinate all of the activities and the building of transportation infrastructure.

[Greg Krause, continued.] We are a small agency. Even though we are 25 years old we have not reached 100 employees. Our basic approach is to try to privatize, whenever possible, our engineering design services, our construction services, and also the provision of public transportation.

In terms of our funding, as you probably know, two years ago we had a major initiative before the voters. It was called WC2, and I just want to note that it was a very important component of us, meeting our long-term goals, and what we did is ask the public to support the idea of allowing the fuel taxes to be protected from inflation. That process, often referred to as indexing, allows very small but steady annual increments as inflation goes up, and that was supported by 57 percent of the voters. Also approved was an additional 1/8 cent of sales tax that is split between roads and public transportation funding, and in addition we received federal and state funds as part of our street and highway construction. Another fairly unique provision is how we build our new capacity in the community, and it's called the Regional Road Impact Fee, applied and adopted by all three local governments in Reno, Sparks, and Washoe County, and administered by the RTC. It is a very important part in how we get the new infrastructure built and try to stay caught up with all the growth that has been discussed earlier today.

I would note that is also allowed to be adjusted for the impacts of inflation on an annual basis. That is our funding for the roads part of our activities. Public transportation is largely funded by a 5/16 percent sales tax, and of course federal funds that come to the Washoe County area. In terms of public transportation, our bus system is called Citifare; we are very proud of it. It's provided as a contracted service. We run 70 vehicles and serve about 8 million passengers. The thing that I think is very important to recognize is that Citifare is critical, as is the entire transportation, to our economic vitality. Over half the use—half the trips—on Citifare are for people getting to and from work. We

work very hard to provide Citifare as a very cost-effective and productive service. When we compare ourselves to similar-size systems in the United States, we have been ranking consistently in the top one or two in terms of productivity, cost effectiveness, and other measures.

[Greg Krause, continued.] We also provide a service that is called CitiLift, for people with disabilities. It's actually required by The Americans with Disabilities Act (ADA), and that is a door-to-door service. It's a much smaller level of service. We serve 225,000 trips a year, but it's very critical for those who often have little or no mobility options, and we think it's very important. It's largely for seniors, but not entirely. What you must meet are the ADA requirements.

Our CitiLift service is actually the largest compressed natural gas, or CNG, fueled fleet in northern Nevada. We are very interested in trying to be environmentally conscious in the provision of our services. This service also is provided through a contract with the private sector.

In terms of how we go about developing our street and highway program—I think in response to some of the questions from the two committees today, it's very important to us to try to meet the most important needs in the community. We do that by involving all the local governments in a technical process in recommending to our elected board the most important priorities and looking very closely at both cost and benefits.

In the construction part of our activities, we privatized the provision of both the design and the construction of the projects. We work very hard to ensure that 95 cents on each dollar is in fact a project expense and not expanding in any way than we absolutely have to our administration of these projects.

We work hard on being innovative and becoming more effective. You have heard the discussion about technology and intelligent transportation systems. We are doing the same thing in Washoe County, wherever cost-effective and appropriate, we work with the University, and the Technology Transfer Center to try to improve our specifications for our road projects. We have been utilizing Portland concrete, typically called the white concrete, in some locations where it makes more sense, and it's more cost effective. It basically is more expensive initially but has lower operating costs and maintenance costs, and has some other advantages.

Getting back to a previous question about Pyramid and McCarran. The graphic ([Exhibit D](#)) here is a conceptual design of what is reviewed as the most appropriate solution. One that we are looking at is the intersection of Pyramid

and McCarran where we have a very congested intersection and we don't have a lot of room. There are many homes and businesses immediately adjacent to the existing right-of-way. One of the options clearly is to build up. That creates some other impacts, it certainly raises certain costs, but it may in fact turn out to be the most cost-effective solution in those locations. We have several of them on McCarran Boulevard, which is a very important and heavily utilized artery in our community. We are just trying to figure out what is going to be the best way to get the job done, yet look to new ideas and new innovations.

[Greg Krause, continued.] The next graphic ([Exhibit D](#)) shows our investment over the past 12 years. The green lines represent streets where we have taken our 9 cent per gallon fuel tax and provided major rehab or reconstruct services to roadways that have deteriorated substantially. It represents over \$160 million in the last 12 years. It was something that the community said they needed approximately 13, 14 years ago when we were having a major crisis, not so much in congestion, but in the quality of the roadways. We have made that investment where we thought was appropriate.

We have also talked a lot about the rapid growth in Nevada. That has been a real challenge, and we have seen major increases in congestion. A regional road impact fee has been a major tool for the Washoe County area to try to address that, to try to build, and to try to stay up with all of the roads that need to be constructed to serve new development, as well as widening and increasing the capacity of existing roads. This map shows the blue lines being the newly constructed roads in developing areas as well as the red intersections, and links that have been widened or expanded.

This investment represents about \$180 million just in the last 10 years. We think it's very important that this revenue source is again adjusted for the cost of doing construction for the impacts of inflation, trying to protect it from that erosion, obviously the other major impact in both northern and southern Nevada is the rapid escalation in property. That translates into higher costs to build roads as we go out and try to buy that right of way.

Our board recently adopted and updated the 2030 Transportation Plan. We are working very hard to try to protect the quality of life. When we talk about quality of life, I think there has been a lot of discussion about congestion and the public's concern about that. We are very concerned about that and also trying to make sure that we remain an economically vital community. I think that is a real issue in both the north and the south.

[Greg Krause, continued.] Our goal is a very simple one: we want a plan that when implemented, will meet the needs of the community. We don't want to have a plan that sits upon the shelf and gathers dust. In terms of the decisions about where the improvements are needed, we work very closely with the local governments as to their land use plans. Our community is currently somewhere over 340,000 people. It is projected to grow in the next 25 years to well over 550,000. Every two to three years as we update this plan, we look at conditions, and what we've typically seen is the projected growth is only increasing; it is not decreasing. These challenges are very real.

In terms of meeting the congestion needs, one of the unique things about our plan is trying to make more extensive use of public transportation. What that means is, we are going to provide that service where it will serve the public the most. Many parts of our community are developing at very low densities, and public transportation does not make sense in those parts of the community. It just doesn't generate the ridership, so we are focusing on our most densely developed areas as well as the areas projected to re-develop to put the transit services and actually increase them and increase their quality.

I have to make every square foot of pavement more efficient; we have to carry more cars; the signals have to be timed as effectively as possible. Where it's feasible, we are going to use reversible lanes in the peak hour. That has been done in other cities, and there are some real challenges to that, but I think it can work. We need to use technology whether it's the traffic signals or providing more information to motorists so they can form choices as to what's the best route to take in the peak hour. All of that has to be part of the solution. We can't build enough lane miles or enough pavement, and we certainly don't want to pave over the entire floor of the valley.

This is a graphic of all the new arterials, existing arterials, and the freeway system that we need to address over the next 25 years. Virtually all of our north/south freeway corridors—395, 580, and I-80—need to be widened. Virtually all of the major arterials need major widening; this will be a real challenge. I think in terms of having a plan that we can implement what we have been very concerned, about and tried to focus on, is ensuring that we have the resources.

I think that many people are very much surprised that almost \$7 billion will be spent on surface transportation in Washoe County over the next 25 years. The vast majority of that is going to be local funds. It goes back to my earlier slide about all the existing funding mechanisms, in particular the protections that WC2 ([Exhibit D](#)) [WC-2 was the advisory question posed to Washoe County

voters in November 2002 regarding increased transportation funding.] provided to ensure that we don't lose, over the years, the purchasing power of the fuel taxes to inflation. We think there is a good chance to be successful. I would like to note that our plan assumed that for both the federal gas taxes and the State gas taxes, a similar protection would be built into this financing mechanism. I think that represents a real challenge. The trade-off is we will have substantially less funding than we think we are going to need if that kind of protection is not provided to those fund sources.

**Assemblywoman Ohrenschall:**

When you talked about the McCarran intersection, and your plans there, for those of us who are not from northern Nevada, McCarran intersects with what, where?

**Greg Krause:**

The intersection that I was referring to is one of our most congested; it is the intersection of McCarran Boulevard and Pyramid Highway. It has become very heavily utilized in both peak hours, and it is developed on all four quadrants around it. The graphic of the possible design option is one of several potential ideas we are looking at. It illustrates that we may have to think out of the box in terms of how we solve this problem.

**Assemblyman Hogan:**

I would just like to understand a little bit better the relationship between the passage two years ago of the funding. I guessed it was mostly based on sales tax increases for Washoe County projects. It was sort of parallel to what we did in Clark. To what extent does that represent the funding package you are counting on for your plan through 2030?

**Greg Krause:**

WC2 did three separate things. It allowed for annual adjustments based on inflation to the local fuel taxes, which represent 15.35 cents per gallon. It did not address the state increment of gas taxes or the federal increment of gas tax, in terms of that annual adjustment. It also added 0.8 percent sales tax that was split between roads and public transit, and it also allowed for annual adjustment of our impact fee system for inflation.

Actually, there was a fourth component that was really a challenge and a requirement of local governments and the RTC to achieve a least a \$50 million savings over the next 50 years. It improved provision of roadway maintenance, and we have actually been working on that for several years. We think we are going to actually achieve that, and more, in terms of the three entities working



together in a state-of-the-art practice, improving the maintenance management systems and computerizing that. That was basically what WC2 did in Washoe County.

**Chairman Oceguera:**

Are there any further questions? Mr. Krause thank you very much. I enjoyed the part about the privatization of most of the services, and contracting out of what you do. I appreciate you coming in, and waiting this long to give your presentation.

Next on the agenda is the Airport Authority of Washoe County.

**Krys Bart, Executive Director, Airport Authority of Washoe County, Nevada:**

[Introduced herself] The Airport Authority of Washoe County was created by the State Legislature in 1977. It is a stand-alone, quasi-governmental agency. Unlike the airport in Las Vegas, McCarran, which is a subset of the county, ours is not. We are the owner and operator of two airports, Reno/Stead and Reno/Tahoe.

The significance to us is that we receive no local tax dollars to operate the airport. In fact, the \$37 million operating budget this year is generated from money that is earned at the airport by way of concession fees, landing fees, things of that nature. That, together with the \$56 million capital project leads us to an annual budget of around \$93 million.

Reno/Tahoe is classified as a medium hub airport by the Federal Aviation Administration. For a point of comparison, McCarran is classified as a large hub. We have approximately 14,000 passengers a day, 291,000 lbs of cargo, and 390 takeoffs and landings. We have three runways, that are in extremely good shape. It was our instrument landing system that caused a problem during some inclement weather. We have had very good dialogue with the FAA [Federal Aviation Administration] and, as a result of that, within the next 18 months we will be getting three new instrument landing systems. We will have three procession approach runways at this airport, which will be very significant.

We are the home of the Nevada Air National Guard, and I'm very proud to say that. We have a very excellent working relationship with the Guard. In terms of what our terminal today looks like, we have 23 gates, 1,450 acres, and a 24-hour air traffic control tower. Through the efforts of our delegation in Washington, we have received \$23 million worth of grants and are in design of

a brand new air traffic control tower, which will be located on the east side of the airport.

**Chairman Oceguera:**

You were talking about the ILS [instrument landing system]. You had some problems with that just recently, so you are upgrading that now, was that in the plans already?

**Krys Bart:**

The ILS, instrument landing system, is actually owned, operated, and maintained by the Federal Aviation Administration, and it is the instrumentation that provides the pathway for aircraft to land in inclement weather. During the Thanksgiving holiday when we had such weather, this system went down. It's about a 20-year-old system. In Reno, because the weather is so good most of the time, it's very seldom used, but we have had experiences in the last five or six years that whenever we really needed it, it was down. We have worked with the FAA, and they are in the process right now of designing a new one on the main runway, and they have budgeted for two additional ones. When we address a runway, even though we have one piece of pavement, we actually have two runways one runway coming in one direction, one runway coming in another direction. At Reno/Tahoe we will be getting three new instrument landing systems. Even during inclement weather, if one goes down we will have the backup course to continue our operations.

**Senator Amodei:**

Krys, continuing on that, can you debunk or confirm some of the myths about that issue in Reno? When that happens there are discussions of the proximity of the Hilton, and the Ascuaga towers, that the minimums are affected by that in Reno, where they wouldn't necessarily be affected by that. Can you just flesh that out in the context of what we have experienced this year with fog delays? Will these precision landing systems do anything to help alleviate the inversion season that we've had this year?

**Krys Bart:**

I would be happy to do that. I think the biggest challenge in Reno is two-fold. First of all, the elevation is 4,400 feet. By comparison, the San Francisco airport is at sea level; the Las Vegas Airport is a little over 2,000. We start with a handicap with the elevation that we have.

Then, unfortunately, we have mountain terrain. Rattlesnake Mountain, immediately south of the airport, is probably the closest and most familiar terrain. It is really the geographical terrain that creates the issue for this airport.

[Krys Bart, continued.] Had we had a better instrument landing system—or newer instrument landing system—during the fog we’ve had, it would have made no difference at all. When a pilot comes in and they have made their decision, they have to be sure that they can conduct a missed approach with clear visibility. They could not do that during the weather that we’ve had. When the instrument landing system is put in or when some of the tall buildings are built, all of those things are programmed with the FAA—their height and the conditions that they create are actually programmed to make sure that they don’t interfere with any of the instrumentation or the landing approach. I have to clearly indicate that those buildings have nothing to do with it but the terrain does.

**Senator Amodei:**

So when you get this upgrade in, triple redundancies, inversion set in again, 24 months from now, the same rules apply as before the upgrades?

**Krys Bart:**

Basically, yes. As you know, though, the inversion layer that we have experienced this year has been unheard of in this environment. It occasionally happens that we would have one or two hours of fog but we have never, in the history of the airport that I am aware of, or experienced what we have experienced this year, both the combination of snow and fog.

We truly are an economic generator in all of northern Nevada and even into California. Our economic impact studies have indicated that our impact is \$3.25 billion. The Airport Authority itself currently has 255 employees, those would include not only employees of the airport, but of the Transportation Security Administration, the airlines, et cetera. The total is about 2,600 employees; so there is a tremendous impact.

In federal fiscal year 2004 we were able to get \$21.1 million worth of grants from the users of the aviation system. Those grants are generated through the ticket taxes that passengers pay when they buy an airline ticket. They are used for very specific things, usually having to do with capacity or safety, and capacity can mean system capacity, as well as capacity in the environment, and noise. They always require a match, so the match is a local match. We take no money from the local taxpayer who does not use the airport; we take no money to operate from the taxpayers at all.

I think we have on the screen right now, an overview of the airport ([Exhibit E](#)) that gives you some indication as the upper left hand of the runways you will see the terminal building, and the concourses. That entire quadrant will

ultimately be for passenger services, expanded terminals, and expanded parking garages. In the southwest quadrant—we own about 100 acres which will be used for cargo development. The lands on the other side of the airfield will be primarily for general aviation for development of corporate hangars. We are seeing a tremendous increase for the need for corporate hangars due to the growth in the business environment in Reno.

**Senator Nolan:**

With respect to land acquisitions and sales for future development of the airport expansion, how do you go about dealing with that?

**Krys Bart:**

We use the federal aviation guidelines, and the purchase of land depends on the sources of revenue, so if we are using federal funds to purchase land, federal funds put aside for noise mitigation, which in recent years is what we have used, there are very strict guidelines that require us to do appraisal; to negotiate with the property owner, and if there is a difference, then to do another appraisal, to come to some sort of agreement. It allows us within latitude of 15 percent to negotiate a price. In most cases we have done that, and we have done an outright purchase. There have been a couple of cases where we have actually had to go to condemnation proceedings to acquire the property.

**Senator Nolan:**

Are you still actively involved in acquisitions now, above and beyond the noise mitigation issues? Are you also looking at expanding runway capacity?

**Krys Bart:**

No, we are very fortunate at Reno. At this point in time we are using only about 27 or 28 percent total capacity of the airport. It is a very different situation than Las Vegas. We are not in the process of acquiring any other property other than that which we are requiring for noise mitigation, which has generally been through set-aside funds from the FAA.

I would like to mention our other airport, the Reno/Stead Airport. It's the general aviation reliever airport, which is home to the Reno National Championship Air Races. It is ten minutes north of the Reno/Tahoe International Airport, and it's located on 5,000 acres, 3,500 of which are available for development. This airport is going to be a real key in the future development of the region for business and economic development. It has multi-mode transportation opportunities there and in my opinion is a jewel waiting to happen.

[Krys Bart, continued.] Taking a look back at Reno/Tahoe International, we ended the year 2004 with a little over 5 million passengers. That was an increase of 11.1 percent from 2003, nearly triple the national average of 5.9 percent. I do know that Las Vegas also had great success in the year 2004. There is a very big difference between Reno/Tahoe and Las Vegas. Obviously Las Vegas is Las Vegas and there is no other place like it in the world. Air service comes because everyone wants to come to Las Vegas. In Reno, achieving a record like this takes tremendous effort. Reno is not as known throughout the world as Las Vegas. It is a multi-year effort to drive passenger numbers through additional flights like this.

We have also finished the year with 75 percent load factor on our airplanes, which is very good. That provides an opportunity for our carriers to actually make money, which is pretty important in this environment. In total cargo we were 106 million pounds higher, which is a little over 13 percent increase from December, 2003. That is very consistent with what is going on in this region regarding the business growth. Five years ago, 15 percent of the passengers at the Reno/Tahoe International Airport were business only. Today, our most recent surveys indicate that 45 percent of our passengers at the Reno/Tahoe International Airport are business only. That is tremendous growth in business traffic; it's evidenced both by the passenger side and by the cargo side.

This is a slide ([Exhibit E](#)) of the airlines that serve our airport. I think all of the major airlines at this time are pretty much represented. There is a myth that seems to be perpetuated in the region about the level of air service. Many of our citizens don't understand just how fortunate we are in this region to have this level of air service. Earlier this year, we put this chart together. At the time, we had 88 flights, but we took the opportunity to compare our community to communities across the country of similar size, as evidenced by the population. When you take a look at that, and see the level of departures and the number seats coming into the market every day, and you put Reno right square in the middle of that with a population of 362,090, over 10,000 seats a day, to 19 destinations. That is quite remarkable. The great majority of our seats—93 percent are on fullsize jets, not on regional jets. When you do look at some of these, for example Huntsville, this is tremendous for this region. Our market area has grown substantially; we are in direct competition with Sacramento. Sacramento has just released their final report for last year. They have identified their target area—their market area—and Reno is incorporated into that market area. This is a very different world than five years ago. We have to aggressively market locally and at our other destinations because we

know for sure that we are marketing against our nearest competition now, which is Sacramento.

[Krys Bart, continued.] In 2004, we had a tremendously successful year. We ended the year with 90 daily departures, almost 11,000 seats, and 106 million pounds of cargo, and we added new flights. A new flight to San Diego—nonstop was—our number one non—serviced market with Aloha Airlines. We finished the year by starting nonstop service with Delta to Atlanta. The community and the airport worked on this service for five years. It is a very successful service. We started nonstop with Continental to New York. This is the first time the region has ever had nonstop service to New York. We like to tell everyone that you can get anywhere with one-stop out of Reno. Indeed, you can get to all of the major hubs across the country, and then with one-stop get to anywhere in the world.

I would like to focus on our very unusual snow event of this year. From December 28 to January 11, we had a record 81 inches of snow. We had over 7,000 additional hours of labor to keep that snow cleared, and the labor costs have exceeded \$600,000. During this entire time of snow, the airport was closed only 12 hours.

Today we do have some critical issues that we are thinking about and focusing on for the future. The biggest one is our aging facility. Our facility goes back to 1960. It was built in an add-on mode, box after box. The systems are all aging, and we are in the process of doing a complete evaluation right now to determine just how long we can remain in this facility without putting too much capital into it. We will really be focusing on the appropriate time to begin building a new terminal.

In the year 2012, this airport will be completely debt free. We look forward to that year as the year that we will target for incurring additional debt through bond debt for new facilities. Our number one need is and always will be to maintain and to continue to develop our air service. If we are going to grow the region for all the reasons that we are growing, we need to support that with air service. Today, we are one of the lowest cost operating airports on the West Coast, particularly in the Snow-Belt, and we want to maintain that. We have security mandates that are always difficult to deal with; sometimes they come down at the last minute. They require a lot of change and a lot of interruption into the normal process of doing business. We have been accommodating those, some in temporary fashion, but nonetheless we are accommodating those.

[Krys Bart, continued.] The last issue that has become a critical issue is one of name recognition. Given the competition that we now experience with Sacramento being so close, Reno/Tahoe has to be known throughout the world, very much like McCarran in Las Vegas is. As we go out to market, we are known as the Airport Authority of Washoe County. This year we are introducing a bill here in this Legislature to change our name to Reno/Tahoe International Airport Authority, merely to assist us in our market efforts.

We have tremendous community outreach; we enjoy a good reputation in the community and in the region. We have made great strides in communication with our stakeholders, and we are going to continue that. This month we are starting a monthly airport TV show on our community access channel, as well as a quarterly community newsletter. We do have a website with regular updates. We like to tell the world that we are one-stop, and that you can fly anytime, any place, anywhere from Reno/Tahoe International Airport.

**Assemblyman Carpenter:**

What is that building you are building out on the north?

**Krys Bart:**

The rental cars are building that building; it is a quick-turnaround facility. It will have gas facilities, car washing facilities, so that when rental cars are returned they can be processed and returned back to the fleet for future rental.

**Senator Washington:**

The parking garage is full all the time. What are your plans for additional parking?

**Krys Bart:**

The parking garage as it was constructed is able to take another deck on top. We are looking at expanding the parking garage into the open space immediately to the south. The long-term master plan calls for not only terminal development heading north to Mill Street, but adding an additional parking garage heading north to Mill Street. I do not anticipate that you will see any construction on the garage in the next five years.

**Senator Washington:**

You mentioned also that the facility is just about paid off. It has always been mentioned that there is an expansion, a new concourse coming up, and additional carriers coming into the airport. What does the foreseeable future look like as far as your expansion for the facilities area?

**Krys Bart:**

The terminal will remain in the same location, and it will eventually take up the entire northwest quadrant of the airport. It is my expectation that the first phase of any expansion would occur south of the airport, and then the remaining phases would move north. Eventually this terminal building has to be completely demolished with a new terminal built. I would expect that happening in the 2012 time frame.

**Senator Washington:**

What about FedEx [Federal Express] and UPS [United Parcel Service]? I know they are to the north of you. Will they have to relocate?

**Krys Bart:**

Yes, they will. The property that we have acquired in the southwest quadrant, which is now dedicated for cargo, will be the location that any existing cargo facilities will eventually move to. On airport property, there has been a brand new FedEx ground facility built. FedEx is positioning quite well for cargo growth. We have the land to accommodate that.

**Senator Washington:**

You mentioned your competitor, Sacramento. When FedEx wanted to move into the area and some of the residents thought it was a bad idea, FedEx did go to Sacramento. Is that what caused the increased marketing share on their part?

**Krys Bart:**

Actually, that was the U.S. Postal Service. They did go to Sacramento, but ultimately the U.S. Postal Service has contracted with FedEx, and we are doing a lot of Postal Service lift-out from the Reno/Tahoe International Airport. I believe that the increased competition is due to the growth of Sacramento, and particularly into Auburn. Auburn used to clearly be a Sacramento market; at this point, it's about 50-50.

**Senator Washington:**

The National Guard has been on the radar screen for some time. Are they going to be moving to Stead, or are they going to still be located where they are currently?

**Krys Bart:**

They will be located where they are. Through the assistance of our delegation in Washington, the National Guard has received funds to continue to rebuild and expand their facility. We have recently completed a land exchange, whereby they have actually received an increase of seven acres. It is located north of the



cross runway, not on the Rewana Farm area. It is enough to give them some additional space for expansion. They will not be moving to Stead; however, we do have another branch of the National Guard at Stead. So we do have the National Guard at both airports.

**Senator Washington:**

You also bought the Washoe County Golf Course?

**Krys Bart:**

We did not purchase the golf course. There is a nine-hole golf course on airport property which is operated by the city. However, that golf course is the site of the new air traffic control tower, which will necessitate closing that golf course.

**Chairman Ocegüera:**

Thank you for your presentation. We do need to see if there is anyone who has any public comment on anything that we have talked about today. Seeing none, just want to remind the Committee members that the next Committee meeting will be here again on Tuesday.

Thank you for your patience. The meeting is adjourned [at 4:20 p.m].

RESPECTFULLY SUBMITTED:

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Linda Ronnow  
Committee Attaché

APPROVED BY:  
Assemblyman John Ocegüera, Chairman

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DATE: \_\_\_\_\_

Senator Dennis Nolan, Chairman

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DATE: \_\_\_\_\_

## EXHIBITS

**Committee Name: ASSEMBLY TRANSPORTATION / JOINT WITH SENATE TRANSPORTATION**

**Date:** FEB 10, 2005      **Time of Meeting:** 1:30 P.M.

[illegible]
