

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TRANSPORTATION**

**Seventy-Fourth Session
May 31, 2007**

The Committee on Transportation was called to order by Chair Kelvin Atkinson at 2:31 p.m., on Thursday, May 31, 2007, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Kelvin Atkinson, Chair
Assemblyman Mark Manendo, Vice Chair
Assemblyman David Bobzien
Assemblyman John C. Carpenter
Assemblyman Jerry D. Claborn
Assemblywoman Susan Gerhardt
Assemblyman Ed Goedhart
Assemblyman Pete Goicoechea
Assemblyman Joseph Hogan
Assemblywoman RoseMary Womack

COMMITTEE MEMBERS ABSENT:

Assemblyman Ty Cobb (Excused)

GUEST LEGISLATORS PRESENT:

Senator Dennis Nolan, Clark County Senatorial District No. 9



STAFF MEMBERS PRESENT:

Marjorie Paslov Thomas, Committee Policy Analyst
Russell Guindon, Senior Deputy Fiscal Analyst
Brenda Erdoes, Committee Counsel
Christine Henriksen, Committee Secretary
Matt Mowbray, Committee Assistant

OTHERS PRESENT:

Mendy Elliott, Director, Department of Business and Industry
Andy MacKay, Chairman, Transportation Services Authority, Department
of Business and Industry
Edgar Roberts, Administrator, Motor Carrier Division, Department of
Motor Vehicles
The Honorable Jim Gibbons, Governor, State of Nevada
Susan Martinovich, Director, Department of Transportation
Russ Law, Chief, Operations Analysis Division, Department of
Transportation
Rossi Ralenkotter, President and Chief Executive Officer, Las Vegas
Convention and Visitors Authority
Bill Bible, President, Nevada Resort Association
Oscar Goodman, Mayor, City of Las Vegas; Chair, Las Vegas Convention
and Visitors Authority
Jim Gibson, Mayor, City of Henderson; Secretary, Treasurer, Las Vegas
Convention and Visitors Authority
John Swenseid, Bond Counsel, Las Vegas Convention and Visitors
Authority
Guy Hobbs, Financial Advisor, Las Vegas Convention and Visitors
Authority
Luke Puschnig, Legal Counsel, Las Vegas Convention and Visitors
Authority
Marvin Leavitt, representing Urban Consortium of Cities
Mike Alastuey, representing Clark County
Lisa Gianoli, representing Washoe County
Bill Gregory, representing Enterprise Rent-A-Car
Robert Ostrovsky, representing Hertz Rental Car Corporation
Carole Vilardo, representing Nevada Taxpayers Association
Veronica Meter, Vice President, Las Vegas Chamber of Commerce
Samuel McMullen, representing Las Vegas Chamber of Commerce

[Meeting called to order and roll called at 2:31 p.m.]

Chair Atkinson:

Assembly Bill 595 (1st Reprint) has been moved to this afternoon and will be heard after the second Floor Session.

We are going to start with Senate Bill 393 (2nd Reprint).

Senate Bill 393 (2nd Reprint): **Makes various changes concerning transportation. (BDR 58-109)**

Senator Dennis Nolan, Clark County Senatorial District No. 9:

I will start by prefacing the impetus behind the changes that S.B. 393 (R2) makes, where it came from, and why there is a need for it.

During the 73rd Legislative Session we had a bill that addressed some long-term problems the Transportation Services Authority (TSA) had. Some of those problems stem from lack of supervision, and perhaps some overzealous enforcement which was going on. There was inconsistency in the way the TSA administered many of the rules and regulations they were charged to enforce with regard to the different motor vehicle carriers.

The TSA is the entity that oversees movers, tow trucks, certain charter buses, limousines, and taxicabs outside of Clark County.

The bill from the 73rd Legislative Session would have taken the entire agency and put it under the Public Utilities Commission (PUC). This agency was taken from under the PUC several years ago because it was not doing the job it was charged with. We felt that creating a stand-alone agency was the answer.

There has been a change in administration and a complete turnover in the commissioners since the last legislative session. Many of the problems, which seemed to be administrative, have subsided. They have gone with a new Executive Director and a new set of commissioners. If that was the end of the story we would not have a need for this bill.

[Chair Atkinson stepped out at 2:34 p.m.]

With S.B. 393 (R2) we want to ensure the agency is able to do what it is charged with in spite of any turnover, changes in its makeup, administration, or the commissioners. It needs to function with some guidelines.

Senate Bill 393 (2nd Reprint) has a change of name from the TSA to the Nevada Transportation Authority (NTA). The impetus behind this is there was some confusion with enforcement officers of the TSA and those of the Federal Transportation Safety Administration. It was felt that a name change was needed in that area.

The bill also prescribes the qualifications of that position. The deputy commissioner is to be the NTA's chief executive officer and oversee the day-to-day operations of the Authority, including its enforcement activities. Providing for a deputy commissioner is a shift in positions internally.

There have been at least half a dozen meetings with TSA, highway patrol, taxicab authority, the commissioners, and myself before the session and another half a dozen meetings during the session to create this bill. It has been vetted with most of those parties who have an interest in this issue.

The bill requires employees of the NTA to perform enforcement activities, carry identification, and wear identifiable clothing as prescribed by the commissioner. Compliance enforcement investigators in the NTA must be trained in commercial vehicle safety inspection.

The concept behind this is the NTA officers were plainclothes officers prior to that, and quite often, people who were subject to enforcement by them were not sure if they were being stopped by a TSA officer or if the plainclothes person approaching them was someone who meant to do harm. It was felt that wearing a uniform or some type of identification would help in this area.

The reason behind having them trained in commercial vehicles safety inspection is that one of the charges of the TSA/NTA was vehicle safety; however, none of the enforcement officers have been trained in vehicle safety inspection. It makes a lot of sense to train these people to do vehicle inspections.

The bill provides that a former member of the NTA may not seek employment in an industry that the NTA regulates for one year after leaving the Authority's employ. This is consistent with a number of other administrative enforcement positions that are in statute. If someone is in a position of enforcement over commercial business who then goes into the private sector, he has a unique opportunity to have influence.

Mendy Elliott, Director, Department of Business and Industry:

I want to impress upon you the importance of changing the name from the TSA to NTA. There is a lot of confusion, and people are calling and telling us that

they were not treated appropriately as they were going through the airport. This will halt that confusion.

Andy MacKay, Chairman, Transportation Services Authority, Department of Business and Industry:

There were numerous bills that concerned the TSA. This bill wraps everything up and hopefully puts an end to a lot of problems we have had in the agency in the past. With respect to the deputy commissioner, a lot of what is in the bill we already do, but it is not outlined by statute. This bill outlines it in statute.

You can imagine the confusion in our office. We are five doors down the hall from TSA, and every day someone comes in for a job interview or to make a complaint. Then it is reciprocal. They receive inquiries on their end and they have to send them down the hall to us.

By law, if you are appointed to the NTA, you cannot be employed by a transportation company for a year after leaving the NTA. This bill really makes that clear. It brings it into concert with the PUC and the Gaming Control Board (GCB). There is a definite consistency that this provision creates.

[Chair returned.]

Chair Atkinson:

Are there any questions from the Committee members?

Assemblyman Goicoechea:

Has your staffing level changed?

Andy MacKay:

It will not change anything in terms of staffing levels. We have been tentatively approved from the money committees to receive two additional positions. One is a compliance audit position that goes straight to the safety inspection classes however, that position is currently underfilled. Secondly, we are also receiving an additional financial analyst.

Assemblyman Goedhart:

Is the training that you will be doing, the same training that Nevada Highway Patrol (NHP) officers are getting with the Department of Transportation (DOT) regarding commercial carriers?

Andy MacKay:

Yes, although they will not be classified as a certified commercial vehicle inspector is. That is an intensive course and costs a lot of money. We will

have a smarter staff as a result of this bill. All vehicle inspections are conducted by Commercial Vehicle Safety Inspectors (CVSI) certified inspectors. When they go to a carrier for an operational inspection, they will be able to look at the vehicles and have the requisite knowledge to identify whether a vehicle inspection could have been signed off when something was not right.

Assemblyman Carpenter:

Will they be inspecting tractor-trailer rigs or things like that? They will just be inspecting buses and tow trucks, correct?

Andy MacKay:

The only jurisdictions we have are intrastate charter buses and tow trucks. We do not have any regulatory oversight over tractor-trailer rigs and will not be inspecting those vehicles.

Assemblywoman Womack:

Will this also include school buses?

Senator Nolan:

No, NHP will continue to do the inspection of school buses.

Chair Atkinson:

Did someone cover uniforms? Could someone cover it again?

Senator Nolan:

[Briefed the Chair on previously given testimony.]

Chair Atkinson:

What does the fiscal note address?

Senator Nolan:

The fiscal note initially addressed \$60,000, but I understand that the fiscal note is relieved.

Edgar Roberts, Administrator, Motor Carrier Division, Department of Motor Vehicles:

On the Senate side we amended the section that applied to the motor carrier division out of the bill and on May 8, 2007, we submitted a revised fiscal note reflecting a \$0 impact ([Exhibit C](#)).

Chair Atkinson:

Why did you take out the fiscal note?

Edgar Roberts:

We amended out the sections that applied to the motor carrier division in the Senate and were requested to submit a revised fiscal note.

Assemblyman Hogan:

Was there an intention in the original bill to include a number of other functions in the remodeled agency and were there then second thoughts to take them back out?

Edgar Roberts:

The original bill had staggered registration provisions in it with an early implementation date, which would have cost our contractor \$99,000 to implement. We amended that section out since we had staggered registration in Assembly Bill 5.

Chair Atkinson:

Is the uniform something you have agreed to?

Andy MacKay:

Our investigators do have identifiable clothing. It is in the form of a polo shirt. They have badges they wear on their waists, as well as flap badges that are in a wallet.

There is a key provision in the bill that says "...as deemed appropriate by the deputy commissioner." In the NTA's eyes that still allows the deputy commissioner, by right, to clearly indicate when plainclothes officers are necessary—such as stings on legal operators or setting up a potential move by a non-certified carrier.

Chair Atkinson:

Do you agree or not agree with the uniforms?

Andy MacKay:

The answer is no.

Assemblyman Manendo:

Are the inspectors able to make arrests or impound vehicles?

Andy MacKay:

Our officers are Peace Officer Standards and Training (POST) certified officers. They are category 2 officers; however, the policy of the TSA—these are compliance enforcement officers, not the audit enforcement officers—is not to make arrests. The only time that an arrest would be made is for a very isolated

incident. For example, a gentleman is wanted on felony warrants, and NHP, Metro, or Reno police are not able to transport the individual. The individual is arrested and transported by the TSA officers to the local detention center.

The commission's opinion is that our enforcement officers should not do anything that would constitute an arrestee receiving even a hangnail.

Assemblyman Manendo:

Do they carry weapons? Can they enforce traffic laws and issue speeding tickets?

Andy MacKay:

It is worth mentioning that they do not carry intermediate weapons, such as batons, pepper spray, et cetera; but they do carry firearms.

They have limited police powers pursuant to *Nevada Revised Statutes* (NRS) 289 and can enforce only the provisions of Chapters 706, 482, and 483, as well as the applicable administrative codes.

Chair Atkinson:

Are there any other questions? [There were none.]

Is there anyone who would like to testify in support of S.B. 393 (R2)? [There were none.] Is there anyone who is opposed to S.B. 393 (R2)? [There were none.] Is there anyone who is neutral on S.B. 393 (R2)? [There were none.] We will close the hearing on S.B. 393 (R2). We will reopen the hearing on S.B. 393 (R2).

The Committee members should have a proposed amendment in front of them ([Exhibit D](#)).

Marjorie Paslov Thomas, Committee Policy Analyst:

There is a proposed mock-up in front of you for S.B. 393 (R2). On page 1, Section 5 will delete the requirement to carry identification and clothing specified by the Nevada Transportation Authority.

The second proposed amendment is in Section 17, subsection 3, and would remove the prohibition against Authority members working for a related business or industry for one year after working for the Authority.

Chair Atkinson:

Are there any questions?

Assemblywoman Gerhardt:

What is the reasoning for not allowing them to work for one year after terminating?

Chair Atkinson:

Ms. Gerhardt, are you talking about the original bill or the mock-up?

Assemblywoman Gerhardt:

I am talking about the mock-up.

Mendy Elliott:

The original discussion regarding the year is that we have had some situations within business and industry when people within our purview leave and go to work for the private sector. We are trying to slow down the attrition into the private sector. We have this talent and put a lot of time and energy into our chairman and commissioners. We do not want them to leave to go to work for the people that we might contract with or consult with. We are hoping to have a cooling-off period between the time of their employment with the State of Nevada and their moving into the private sector.

Assemblywoman Gerhardt:

If that is what you want to do, there are non-compete contracts that you can enter into that are covered in existing statutes. I am concerned with doing something here that is special when we have already established how non-compete is to be handled fairly in the law.

Mendy Elliott:

We are fine with whatever language you would like to come up with. This is a recommendation so we put it into the bill for discussion purposes.

Assemblywoman Gerhardt:

If I could get something from Legal on how that is already handled, I would appreciate it.

Assemblyman Goicoechea:

I heard Mr. MacKay say that he believes they have to have the ability to do undercover stings, and yet with Section 5 the amendment would delete the requirement of having to wear identification and proper clothing. Most of us on this Committee feel very strongly that if they are on the streets they should wear the uniform. I do not see the portion in the bill that allows you to go undercover.

Andy MacKay:

We have policies and procedures for our enforcement staff. It is very clear that in the event they are out in the field, enforcement staff is to have their badges and photo identifications. If they do not, they are in contravention to policies and procedures as prescribed from the TSA.

I want the record to show we had that language in the bill at the discretion of the deputy commissioner.

Assemblyman Goicoechea:

In Section 5 of the amendment it deletes the requirement that you have a uniform.

Andy MacKay:

That is correct.

Chair Atkinson:

Assemblyman Goicoechea is speaking about the amendment and the amendment does delete the uniform requirement. I am not sure if Ms. Elliott or Mr. MacKay has seen it.

Andy MacKay:

I have not seen it.

Assemblyman Goicoechea:

That is what prompted my question. This deletes the requirement. If you are on routine patrol you should have the uniform in place. Then I continue on in the bill to where it allows you to go undercover.

Chair Atkinson:

Are you saying the Committee wants them to have uniforms?

Assemblyman Goicoechea:

That was my initial reaction to it. They should have uniforms. I do not like that portion of the amendment that deletes that requirement.

Chair Atkinson:

I believe they do have uniforms. It is the polo shirt with a logo and a certain type of pants they are supposed to wear. Is that correct?

Andy MacKay:

You are correct. That has been tentatively approved in our budget. There is an allowance for polo shirts, windbreakers, et cetera.

Assemblyman Goicoechea:

I would like to see them have uniforms.

Chair Atkinson:

Are there any other questions?

Assemblyman Goicoechea:

I would like clarification from the Committee. I am hearing Mr. MacKay say they would wear a uniform even with the amendment. Is that correct?

Chair Atkinson:

That is correct. They already have a uniform they are required to wear.

Assemblyman Goicoechea:

With this amendment they would have the ability to go undercover at any point and would not be contrary to statute?

Andy MacKay:

Yes. In the event that undercover surveillance is needed, they will have something that will identify them as a member of the enforcement division of TSA.

Chair Atkinson:

We will close the hearing on S.B. 393 (R2).

ASSEMBLYMAN MANENDO MOVED TO AMEND AND DO PASS
AS AMENDED SENATE BILL 393 (2ND REPRINT).

ASSEMBLYMAN CARPENTER SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN COBB WAS ABSENT
FOR THE VOTE.)

We will recess until the call of the Chair.

[Meeting recessed at 3:14 p.m.]. [Meeting reconvened at 5:54 p.m.].

We are here to discuss Assembly Bill 595 (1st Reprint). I will turn this meeting over to Vice Chair Manendo because I have to give some remarks to get this going.

Assembly Bill 595 (1st Reprint): Makes various changes relating to taxes on fuels and the provision of funding for highway projects. (BDR 32-643)

Vice Chair Manendo:

We will open the hearing on A.B. 595 (R1).

Assemblyman Kelvin Atkinson, Assembly District No. 17:

[Read from prepared statement ([Exhibit E](#)) and presented amendments ([Exhibit F](#)).]

Vice Chair Manendo:

I am not sure what order you would like to go in. On the last statement you made, you referenced Section 55.7 of the bill. Once they get to the \$20 million range would there have to be a review? I want to know how we came up with that figure.

Assemblyman Atkinson:

That came out of the Blue Ribbon Task Force to Evaluate Nevada Department of Transportation Long-Range Projects (Blue Ribbon study).

Vice Chair Manendo:

I do not see it in the amendment. Maybe we can have someone from the Blue Ribbon study come and talk about how they came up with that figure because I have a concern and would like to see more oversight, maybe go down to \$10 million.

Do we know how we came about these particular projects being a priority? People in southern Nevada want to know.

Assemblyman Atkinson:

That question is better addressed to Ms. Martinovich. Instead of just looking at funding, we decided to figure out how much money this plan would produce, then decide from that which projects we could get done with that amount of money.

Vice Chair Manendo:

Are there any questions? [There were none.]

The Honorable Jim Gibbons, Governor, State of Nevada:

[Read from prepared statement ([Exhibit G](#)).]

Susan Martinovich, Director, Department of Transportation:

A lot of discussion went into putting this package together. One of the key points of the discussion was if the money comes, what will be done. We want to make sure we do the right projects.

All of the projects identified have gone through benefit/cost analysis and were prioritized based on needs and other factors. Those factors could include the volume of traffic, accidents, funding price, and user cost.

We also looked at the time frame in that all of these projects have to go through the National Environmental Protection Act of 1997 (NEPA) process because in addition to the funding that may be generated here, there is always the possibility of receiving federal allocation. That is a time-consuming process. Following that is the right-of-way stage along with the final design stage. There are a lot of steps in a project development even before the project has one shovel of dirt turned.

We have outlined these to fit when the NEPA project process would be completed, right-of-way acquired, final design approved, and the project ready to go out the door. Our goal when the funding is in place to produce a project as quickly as possible.

These projects include the work on Interstate 15 (I-15) in the heart of the resort corridor ([Exhibit H](#)). There is a design-build project that will be ready to go if the \$170 million from the General Fund is approved. That will be the first project.

There have been projects developed for southern I-15 to the state line that address the tremendous needs of the volumes of tourists and freight movement up the I-15 corridor as well as projects on I-15 near the Charleston interchange connecting with the Martin Luther King industrial area to provide more north-south routes.

There is a project on United States Route 95 (U.S. 95) to help with the growing northwest valley.

In the north with the Interstate 80 (I-80) corridor and the U.S. 395 corridor in the "Spaghetti Bowl" area, we want to provide some increased capacity to help with the growing congestion and the truck movements through our State along the I-15 corridor.

There is also some funding for our pavement preservation program, which is key to help retain and maintain the assets we currently have.

These are the projects we are committed to. They are projects that meet the benefit/cost analysis at a very high level. We are moving forward with them with enough flexibility that if something should happen during the development

of one to postpone it, there will be another one of equally high importance moving up to take its place. That is where you get the benefits of our projects.

Chair Atkinson:

Can you explain the last page of the funding model?

Susan Martinovich:

These were the projects that had the highest benefit/cost analysis and addressed the issues of the majority of the public. These were routes that had high volumes of people who have the most need.

Chair Atkinson:

Are there any questions?

Assemblyman Carpenter:

On the last page it says the total cost of these projects will be \$525 million. I thought I heard the Governor say the income would allow for bonding of around \$1 billion. Is there a difference there or are there other projects you are going to do?

Susan Martinovich:

Subsequent to the generation of this list, there have been projects added. I asked for those, as well as other additional projects to be on there. We wanted to be in development on more projects than we had funding for so that if a project does get postponed or cancelled, we will have another project in line.

All of the projects are within the I-15 corridor, and we also have the one on US 95 that has been identified.

Assemblyman Carpenter:

Will the added projects bring the cost up to the \$1 billion?

Susan Martinovich:

Yes, they will.

Assemblyman Carpenter:

Do you think the criteria you have is strong enough to get a benefit/cost analysis? We have had problems in other locations with these projects not being finished on time and being over cost.

Susan Martinovich:

Yes, the department is moving in the direction where we need to better track what we are doing. We are stewards of the taxpayers' money and we need to make sure we do what we said we were going to do. There could always be some issues where you run into something unexpected, but we want to be upfront and very visible. We are going to be tracking more through the performance measures that are required and through the reporting to our transportation board and the Legislative Counsel Bureau (LCB). Under this bill, we are required to report the status of these projects.

Assemblyman Goicoechea:

On page 23 of the mock-up ([Exhibit F](#)) and in the first handout ([Exhibit H](#)) it shows that the contribution by the Fair and Recreation Board will run for 25 years at \$20 million per year. On page 23 it says "...a lesser amount of \$300 million or 30 years." It is in Section 46.5, subsection 4. It says "...an amount which the Fair and Recreation Board determines can be repaid." Above that it says "...\$300 million" then "...a period of not more than 30 years." It says "...the lesser of." I want to get clear on that because it would be 15 years in one case or 30 years in another.

Chair Atkinson:

Could we have Legal staff look at that?

Russell Guindon, Senior Deputy Fiscal Analyst:

You are correct in that it does not exceed the lesser of the \$300 million or 30 years. The Las Vegas Convention and Visitors Authority (LVCVA) is estimating that under a scenario of 5 percent interest rates and paying the \$20 million over 30 years, they thought they could then bond \$300 million. The second criterion is that there could be an amount which the board determines can be repaid with bonding of the principal and interest for 30 years, paying no more than \$20 million. It is guessing, that at 5 percent per year, they could take \$20 million per year to get around \$300 million.

If they cannot get there because of interest rates, it allows for them to have less than that. It would be what they can get in the current bond market at \$20 million per year for 30 years.

Assemblyman Goicoechea:

There might be the capability to move beyond the \$300 million at some point? If the bond market is favorable, \$300 million would be the amount; but if it is not favorable, I do not see the mechanism that would allow exceeding it.

Russell Guindon:

That is true. It says "...does not exceed the lesser of the \$300 million." It could end up being less than the figure in the bill and thus the \$300 million is the maximum that is in there.

Assemblywoman Womack:

On page 23 it speaks about the 5 cents per \$100 of assessed valuation per county. Those funds will stay within Washoe County and Clark County. How would that work, and how would those funds be used to benefit the highways?

Susan Martinovich:

I do not know the specifics of how that would work. I will have to rely on someone else to answer that.

We have identified projects in the counties, particularly Washoe and Clark Counties. That funding would go to those projects. In Washoe County it would be the I-80 corridor at the Spaghetti Bowl to help the congestion through there. In other counties it would go toward preservation projects.

Assemblywoman Womack:

It will not be additional projects? It will be the projects we have been looking at?

Susan Martinovich:

Yes.

Assemblyman Manendo:

On page 27 of the mock-up—oversight is something we have to be concerned with. Highway project means a project that is at least \$25 million. If it is \$25 million or more, would this section kick in?

Susan Martinovich:

Yes, that threshold is for Section 47.3.

Assemblyman Manendo:

How did we come up with the \$25 million figure?

Russell Guindon:

It is my understanding that these numbers came out of the Blue Ribbon study. When the analysis was done, this \$25 million probably would have been in 2005-2006 dollars. There may be some inflation that would have occurred. This is probably a lower number under today's construction costs.

Russ Law, Chief, Operations Analysis Division, Department of Transportation:

We set that based on the parameter the Federal Highway Administration (FHWA) has for their regulation regarding value engineering.

My former division does the value engineering for all of our big projects. We have to do that on any national highway system project over \$25 million. That is by federal regulations. We set that criterion for doing benefit/cost analysis at that same level.

Assemblyman Manendo:

I did not know if that was something new or if it was something in current law or federal law. All of the projects are above the \$25 million, but when we progress further, there might be smaller projects that will not be that amount.

Assemblyman Bobzien:

On the back side of the projection model, the I-80 to US 395 early action you mentioned was Spaghetti Bowl related. Is that right in that area or are we talking about farther north and south of US 395, and east and west on I-80?

Susan Martinovich:

It would be outside the Spaghetti Bowl in the corridor. There are some issues as you are coming onto Keystone Avenue. It could even be as far as Vista Boulevard and Sparks Boulevard. The Regional Transportation Commission (RTC) is finishing up with the Clear Acre Lane project, but there is a lot of growth in the North Valleys. There is some congestion immediately south of the Spaghetti Bowl. We would look at that whole corridor to make sure it would function through that area.

Assemblyman Bobzien:

We have more specificity with the other projects in terms of widening from a set number of lanes to a larger number of lanes. Is this patching here and there, or are we actually talking about lane enhancements?

Susan Martinovich:

This project has not gone through the NEPA process. That is why it is later in the schedule. At this point, it would be more of some spot capacity improvements where we could widen very quickly. There are some areas on the interstate that are tight and might be restrictive, so we would look at other things we could do to increase capacity.

Assemblyman Carpenter:

The \$25 million threshold would kick in for any project throughout the State that is over \$25 million, is that correct?

Russ Law:

It would apply on capacity projects only. We have a lot of preservation projects that exceed that amount. We do not want to do benefit/cost studies on preserving I-80 or I-15. Those are critical corridors, so we are not going to shut them down or wait to see if a benefit/cost study says it is worth doing something there.

Assemblyman Carpenter:

You would look at it to make sure?

Susan Martinovich:

Yes, we would look at those. We have a whole analysis for preservation projects, which Mr. Law was talking about. We do an extensive review and prioritization based on the volumes and the needs. Those are the projects that would go first. Those are projects that typically are eligible for federal funding. We would evaluate our contracting and construction administration, as well, to make sure we do not run into the problems we have run into in the past.

Chair Atkinson:

We will move to Las Vegas and hear those people's testimony.

Rossi Ralenkotter, President and Chief Executive Officer, Las Vegas Convention and Visitors Authority:

Our board gave me the direction to enter into negotiations, as well as discussions, of how we can improve the tourism roadways in Clark County. Our participation has always been based upon our ability to commit Las Vegas Convention and Visitors Authority (LVCVA) revenues to projects as long as that participation does not impact our mission.

We have recognized the importance of transportation to the LVCVA for quite some time. We have been involved with this issue since 1992 in conjunction with the Nevada Resort Association (NRA), as well as McCarran Airport. We have hired consultants that have been giving us information and direction on road projects between Southern California and Las Vegas, as well as Arizona. We have also been working closely with McCarran Airport on airline issues for nonstop service and expansion of the airport.

In 1992, the Legislature passed an additional 1 percent room tax that is used to improve the roadways in the resort corridors of Clark County. Since that inception almost \$380 million has been generated by our visitors to Las Vegas for the roadway improvements.

For the past year and a half, I was part of Governor Guinn's Blue Ribbon Task Force and represented the LVCVA in those discussions, which were presented as a report back to the Legislature.

One of the things that is very critical to us is we need to have flexibility to be able to complete our mission to promote Las Vegas as the world's most desirable leisure and business destination. Our job is to fill our rooms. We currently have over 132,000 rooms, and that will go to about 170,000 within five years. We need to be able to facilitate the movement of our visitors both by air and by road.

We complete this mission and this task in conjunction with our resort partners. We do that by using our two convention centers, the Las Vegas Convention Center and the Cashman Convention Center in downtown Las Vegas, as well as a variety of marketing sales programs both domestically and internationally. Our award-winning advertising campaign allows us to position the brand of Las Vegas throughout the United States and the world.

We need to stress the fact that our competition has never been fiercer. All of the other destinations in cities, states, and countries are trying to get our customers. On the convention side, the convention centers of Chicago, Orlando, New York, and Phoenix have either completed expansions or they are looking to expand their facilities with one goal in mind, which is to take conventions away from Las Vegas.

In the last two weeks, the California Legislature authorized the expenditure of \$50 million for five years to promote tourism for California. That is directed right at our customers, to try to bring them to California instead of Las Vegas.

We are unique when you compare us to some of the other convention cities. We have two roles. One is to operate our convention facilities and bring people in for conventions. Two is to market the destination.

If you look at the economies of the other cities in the United States, excluding Hawaii, we are the one that represents tourism for our economy. In other words, the tourism industry drives the economic engine for Las Vegas. We need to make sure that train continues to go down the track to fill rooms and bring visitors to our area.

We need to maintain our market share. Part of that is going to be done by going after three key markets. One is the corporate meeting side. This is important for our hotel partners because corporate meetings expose Las Vegas to new types of visitors. Special events bring visitors to Las Vegas, and some

of these are televised so we get that exposure. The one with the greatest growth potential is the international marketplace. That is going to be the most costly. Our ability to go into the Pacific Rim, China, Eastern Europe, and Western Europe is going to require millions of dollars of advertising and sales promotion for us to be able to bring those visitors to Las Vegas.

The current proposal will still impact the LVCVA's ability to function. We have looked at the impact of the dollars that have been talked about. We can manage our finances that allow us to contribute to the expansion of our existing convention center, as well as to market the destination. However, we need to have a little bit of flexibility.

We would like to add a number (3) to the aggregate principal amount statement as it goes forward on page 23, subsection 4(c). The aggregate principal amount statement as it goes forward—we would like to add a number (3) to that. It would say, "However, no principal and or interest payments arising from bonds referred to herein shall be required prior to July 1, 2008."

We completed our budget for 2008. It will take some time for us to process and issue bonds. We need to have flexibility and that will give us the ability to go forward with our expansion program, which is a program that increases the sellable space at the convention center. It also includes a Las Vegas Metropolitan Police substation as part of that project.

Chair Atkinson:

Could you restate where the amendment is?

Rossi Ralenkotter:

It is in Section 46.5.

Assemblyman Manendo:

I think he is under the first reprint of the bill, not the mock-up.

Rossi Ralenkotter:

We do not have a mock-up. We have only a print of the bill. It would be amended with the mock-up. We can provide that language to the Committee. [Failed to submit proposed amendment.]

Bill Bible, President, Nevada Resort Association:

I am here in support of the proposed amendment to A.B. 595 (R1).

The Nevada Resort Association (NRA) is operating at both ends of the State. We have a number of companies in Clark, Washoe, and Douglas Counties.

In analyzing the project list, it appears we will resolve a number of issues that are of interest to all of our companies in terms of meeting the transportation needs and the needs of the State.

The revenue stream that Mr. Ralenkotter was discussing is a revenue stream that is generated by the gaming industry and the success of the gaming industry that is enjoyed in Nevada. We feel it is important this stream be used to meet some of the transportation needs on the travel corridors.

My appearance here today should not be construed that the NRA did not have some heated discussions on this issue and that all members are of the same mind on the proposed amendment. Universally, all of the member companies are deeply concerned that the proposed diversion could jeopardize the mission of the LVCVA. We will rely on the professional judgment of the management and board of the LVCVA in their representation that this diversion, while causing substantial belt-tightening within their operations, will not seriously jeopardize their ability to achieve their mission. That mission is filling the rooms that are built and operated by the member companies, which drives the economic engine of Nevada.

Some member companies are equally concerned that the funding mechanism being proposed to you does not have more people at the table. The traditional funding streams for the highway fund are user fees that are assessed through gas taxes, diesel taxes, registration fees, or driver's license fees. The proposal you have before you does not deal with many wheels other than the rental cars.

Oscar Goodman, Mayor, City of Las Vegas; Chair, Las Vegas Convention and Visitors Authority:

When we saw what was happening today, I suggested to Mr. Ralenkotter that he speak on behalf of the Convention Authority because I am very unhappy about the process and wanted to see the responsibility of representation of the Authority go to him as the President of the Convention Authority.

As far as I am concerned we have always wanted to be part of the solution, but this process has been very disappointing to me. The Governor has not spoken to me, as the Chair, nor to Mr. Ralenkotter, as the President, about the ramifications of taking money from the Convention Authority, which is a vehicle that provides the lifeline and blood of our economy and has provided me and my family with a wonderful quality of life. It appears to me this has been done in a manner which is not prudent.

Chair Atkinson:

With no disrespect, Mr. Goodman, I have to take exception to what you are saying. We have a bill in front of us; we have offered a few amendments; and we are asking you to speak to the amendments in favor or not in favor. I take exception that this was done improperly. There were a few of us who have discussed these issues for a number of months. This is what we have settled on and are trying to proceed with. I understand the LVCVA, as well as the rest of the city has a huge vested interest in this. We thank them for coming to the table and staying at the table, but we are not going to get into what you feel is improper at this point because we have done a lot of work on this.

Oscar Goodman:

I apologize. I meant no disrespect to you. I am just telling you I chose not to speak and was called forward. You asked me to speak and I expressed my position.

Jim Gibson, Mayor, City of Henderson; Secretary, Treasurer, Las Vegas Convention and Visitors Authority:

While I am not qualified, I can tell you what our bond counsel has told us. John Swenseid's opinion is that any diversion of our revenues must not impair or adversely impact our bonds or other financings currently in place. All of our effort in working toward your goal in this legislation has been to determine how we might do it without such impairment. I am told by the members of our staff who have been working very carefully on the numbers and by Mr. Swenseid that what is proposed will achieve that objective. What you heard from our president is that we have always expected to be and always planned to be at the table as part of the solution. There is something before you that is a major contribution from the LVCVA. We take our responsibility very seriously and are glad for the opportunity to address the amendments to the bill on this occasion. We look forward to continuing the discussion because while this may be about what we can do, down the road there will have to be others brought to the table; other stakeholders will have to be involved. We are anxious to have an opportunity to sit and have discussions over time to help get to the final conclusion of the challenges that face us regarding transportation.

Chair Atkinson:

Are there any questions? [There were none.]

I agree that this is something to keep transportation funding going. At some point we are going to have to involve other stakeholders and move transportation in this State forward.

John Swenseid, Bond Counsel, Las Vegas Convention and Visitors Authority:

I have reviewed the provisions of Section 46.5 of A.B. 595 (R1). I do not think that would impair the contract that LVCVA has with the holders of its outstanding bonds. It is a way that LVCVA can contribute to the solution to the transportation problem in southern Nevada.

Chair Atkinson:

Can you state the section you are referring to again?

John Swenseid:

It is Section 46.5.

Chair Atkinson:

Are there any questions? [There were none.]

Chair Atkinson:

What is the difference between today's proposal and the Governor's proposal that allows the LVCVA to support the proposed solution presented today?

Guy Hobbs, Financial Advisor, Las Vegas Convention and Visitors Authority:

I need to admit that I am not a bond counsel. I understand the provisions that were discussed with Mr. Swenseid regarding impairment. It is one thing to take revenues that are currently inuring to the LVCVA, such as the existing room tax revenues, which have been pledged, in part, to bond holders as part of a gross pledge. We have told the bond holders in the past, or the purchasers of the bonds, that we are going to generate and do generate a certain amount of revenue. Taking that particular revenue stream and diverting it away from the Convention Authority would create impairment with the bond holders. It is the Convention Authority that is the one choosing to pursue its mission, which includes enhancements of transportation to provide for tourism, and the Authority is issuing the bonds themselves. No impairment exists as the Convention Authority has the right to issue bonds on an ongoing basis.

Luke Puschnig, Legal Counsel, Las Vegas Convention and Visitors Authority:

The language proposed today does not place the State in a position where it is directly encumbering the revenue stream the LVCVA has pledged to repay the bond holders. Such language would result in a violation of the LVCVA's covenants with bond holders. The language proposed today allows the LVCVA the discretion to issue the bonds in a manner that does not violate the contracts it has with its bond holders. It is imperative that the final decision to issue the bonds must reside with the LVCVA Board of Directors. Allowing the LVCVA the authority to issue the bonds is related to the mission to promote the City of Las Vegas.

Guy Hobbs:

The proposed amendment by Mr. Ralenkotter would not require the LVCVA to make either principal or interest payments before July 1, 2008, and perhaps provide a bit more explanation as to the importance of that particular proposed amendment. The LVCVA has already adopted its budget for fiscal year 2008. This action would be occurring after the adoption of that budget and would impose some hardship upon the LVCVA for the next budget year.

It takes a fair amount of time to issue bonds. This proposal reads that upon the request of the Nevada Department of Transportation (NDOT), the LVCVA would pursue the issuance of bonds. We are not certain at when that would take place. It would take a number of months after such a request to actually issue the bonds. If the bonds were issued after January 1, 2008, no interest payment would be required until after July 1, 2008. While it may sound like it is an entire year that is being asked for, it is actually only a couple of months that would allow the LVCVA to write out the next budget year without impairing any of the programs that it has provided for in its already adopted budget.

Chair Atkinson:

Are there any questions? [There were none.]

Is there anyone who is in support of A.B. 595 (R1)?

Marvin Leavitt, representing Urban Consortium of Cities:

It needs to be recognized that most of the money for these transportation projects is coming from monies that would otherwise be available for use by the local governments in Clark and Washoe Counties for capital purposes. We do not oppose the bill.

While 3 cents does not sound like much, we are talking about \$1.2 billion over the life of these projects.

There are certain capital projects that otherwise would be done by the cities and counties over this period of time that we will not see done now. There are conscious decisions that I am sure are being made now that transportation is of such importance that we will forgo these other projects over time.

Mike Alastuey, representing Clark County:

These contributions are not easy, and they are not without consequences. Speaking for one local government only, I can say that Clark County had significant plans for park and recreation improvements in unincorporated

Clark County and in partnership with our cities that we cooperate with, to the long-term extent of hundreds of millions of dollars.

These 3 cents will not be allocated within the foreseeable future using this financing model for that particular service and that particular amenity for our public. In Las Vegas there are fewer acres per thousand population than anywhere else in the country. In the model, while the contribution is tapered in the early years, it eventually becomes the largest single contribution of this three-legged stool, so that magnitude of contribution has got to be recognized.

The local governments were early participants in the discussion, and we want to recognize their staying power. This was not without some differences of opinion and reluctance within Luke Puschnig's own association. We have to commend the local governments because while other potential participants fell away from the discussions, the local governments and the LCB remained active and are part of this proposal today.

It may be a reluctant participation, but nonetheless a necessary one. We would hope that the Committee recognizes the magnitude and the prominence of this particular contribution in the measure before you.

Lisa Gianoli, representing Washoe County:

Washoe County will lose significant dollars in this. We have, over the life of that tax, used it for backing debt for court facilities. We currently have those dollars obligated to build a new Sparks justice court, as well as to continue to do some improvements to the downtown campus for the district court. With this loss of revenue we will have to modify those plans and that will impact us in the future.

Chair Atkinson:

Are there any questions? [There were none.]

Mike Alastuey:

The dollars should stay directed to projects where they are generated. As this particular measure is considered to move forward, and not having had ample opportunity to look at its details, we believe that a system of governance of direction of those dollars should recognize the existing contributors, the authority of the county commission, and the participation of the cities and the existing RTC, particularly in Clark and Washoe Counties. As details are worked out, those are things we would like to be considered as part of a prominent part of the governance of these dollars.

Chair Atkinson:

Are there any questions? [There were none.]

Bill Gregory, representing Enterprise Rent-A-Car:

Enterprise recognizes the critical needs in the area of transportation, and we are happy to support this plan.

Robert Ostrovsky, representing Hertz Rental Car Corporation:

We have been at the table with all of the other rental car companies since the beginning. We are pleased to be able to reach agreement and participate wholeheartedly in this plan. Transportation issues are important to us. Our customers use those roads every day, and participating in this plan is appropriate on our part. We support the proposal.

Chair Atkinson:

Is there anyone else who would like to testify in support of this bill?

Carole Vilardo, representing Nevada Taxpayers Association:

I am pleased that something has evolved after considering there would be nothing. I appreciate that the members and everyone else who has worked on this have left in the accountability measures because I can promise you there are a number of us who will be tracking them. I believe you may need an amendment on Section 55.5, page 38.

Chair Atkinson:

Please supply us with that because some of us have different versions, and we want to make sure we know where you are.

Carole Vilardo:

It is Section 55.5, page 38, lines 33 through 37 that I have referenced. This struck me when I listened to Ms. Martinovich's testimony—there are some projects that are not on the Blue Ribbon Task Force report, so I think you want to expand this language. If there is a concern about being specific, so you know the projects that were agreed to, you might want to add language that speaks to the projects approved or discussed during this session. That would cover the whole scope of the accountability measures so you can be tracking them.

Chair Atkinson:

That makes sense to me.

Assemblyman Hogan:

I am glad you brought up the accountability provisions. There is something particularly important to me in my district in that area. My district is bisected by I-15 for ten miles from Sahara south, and a great deal of this activity will take place there.

The thing that concerns me is we are going to speed up the flow. I want to be reassured from some source that comparable improvements will be in place as these projects are finished so that the local streets and thoroughfares are able to pick up this increased amount of traffic and not get further jammed up than they already are on all of the streets that feed into and pick up traffic from the I-15.

Mr. Ralenkotter made reference to a 1 percent local tax that is in place which will accumulate \$380 million. It occurs to me that it may be crucial that we focus on the local area and perhaps similar accountability in annual reporting should be considered for those local projects. We may need to talk to the RTC. It would be a terrible disappointment if we have some of the world's best and fastest highways and interchanges and we have not adequately taken care of the question of whether the local streets can handle that traffic. We need to make sure the RTC and others who are involved in that planning are ready to take care of that problem and time it with the completion of the NDOT projects.

Veronica Meter, Vice President, Las Vegas Chamber of Commerce:

Transportation has been one of our highest priorities. We are happy that an agreement has been reached to resolve the critical transportation needs that impact our businesses and communities. We are very supportive of the bill. We appreciate the fact that everyone has worked together to come to this consensus.

Samuel McMullen, representing Las Vegas Chamber of Commerce:

This was Ms. Meter's first testimony, and that is a great indication of exactly how important this issue is to the Chamber. This was their number one priority along with performance pay and some of the other issues you are dealing with.

Tax issues are the hardest; therefore the people who stayed at the table and figured out how to do this should be recognized. The people who stood up here today, the LVCVA, who figured out how they could do this in a way that was acceptable and appropriate legally; that effort is to be commended.

There are a couple of other things being done, so we are going to take the liberty to speak as this may be the last chance to talk about these issues. As you process your budget with additional amounts for funding in terms of

I-15, we want to indicate that for us, it is a matter of business vitality, the vitality that keeps our people employed, keeps employees and their families in jobs. Most importantly, we are looking at the economic engine. What you are doing today is voting to keep that engine running. The undeniable feature of all of this is it funds the quality of life that we all enjoy.

The Governor has found other ways in the budget to help with the I-15 corridor. That is not just a state road. In Las Vegas a key part of what you hear from your constituents is in regard to congestion. That corridor is a critical feature for local drivers who go to work and do business everyday. That should be noted. This is not just state funding or state roads.

We appreciated the importation of the performance measurements—the reporting, the benefit/cost analysis, and the infusion of those back into the process. Their value has been demonstrated in the fine tuning of these projects. In a lot of ways the work of the Blue Ribbon Task Force was wonderful, but some of the refinement that has been added by the benefit/cost analysis shows the value of including the performance measures. The fact that it will have legislative involvement through the Interim Finance Committee (IFC), making sure people are moving toward the things that make sense for how roads are built and that we are doing things with the greatest benefit and value, is a key feature to us.

Assemblyman Manendo:

Testimony was provided that this fixes the problem. I do not think this fixes the problem. I think this just makes us not get further behind. I am concerned because the Chamber is so important to southern Nevada. Do you think with this plan we are done?

Samuel McMullen:

An interesting feature about the solution in front of you is it is easy to focus on \$1 billion worth of bonding capacity. The other piece the Governor indicated was possible, which he would not have done without the full support of a number of trained individuals to look at the budget and projections, focused on a diversion of sales tax or diversion of live entertainment tax, but if you look at where we are today in this current budget, you have already found \$170 million in a tight budget to put toward highway projects. If just half of that was done in every biennium afterward, you would have approximately another \$80 million to \$85 million per year in growth that can be added to these funds, assuming it is prudent. That is what budgeting is all about. You and the Governor will figure that out and decide whether or not that is appropriate. That is a significant enhancement to this money. What these people have done today has provided an incredible cornerstone for moving forward on a key issue.

Hopefully, there will be additional funds. If we find that our economic situation worsens, that may change. You need to understand this is a work in progress.

Do not forget there are billions of dollars that come through the highway fund that are being used for many of other projects. You have allowed, by passing this measure, the flexibility to fund a whole series of projects in concert with existing funds and newly available funds as they come available. I would not look at this as small as the numbers on this piece of paper. It is part of a larger solution; and the best part is that you have a lot of people working together, looking at things that make sense, and spending money in appropriate ways.

Assemblyman Manendo:

I think Ms. Meter made the statement that this fixes the problem, and I was a bit concerned about that. I do not think this completely fixes the problem statewide. This is a good step, and I commend everyone for it, but I was concerned by hearing Ms. Meter's comment.

Chair Atkinson:

Are there any questions? [There were none.] Is there anyone else in support of A.B. 595 (R1)? Is there anyone opposed to this bill? [There were none.] Is there anyone who is neutral on this bill? [There were none.] We are going to close the hearing on S.B. 595 (R1).

I will entertain a motion. Let us get the amendments described to us first.

Brenda Erdoes, Committee Counsel:

The first amendment was on page 23, Section 46.5, and the request of the Chief Executive Officer (CEO) of the LVCVA is to put a provision in that says, "No payment of principal or interest will be required before July 1, 2008."

The second amendment is to Section 55.5 on page 38, and proposed by Carole Vilardo, to expand the requirement in that section so you cover all of the projects that have been presented here.

Chair Atkinson:

Are there any questions about these amendments?

Assemblyman Claborn:

We have a total of two amendments, is that correct?

Chair Atkinson:

Yes, there are two additional amendments plus the mock-up.

Assemblyman Hogan:

With respect to the last two amendments, we need some assurance that the schedule of payments that would result from the amendment is not starting until July 1, 2008. That schedule is consistent with the planning that NDOT has been doing. If that does not upset the scheduling, then I have no objection to the amendment.

Brenda Erdoes:

It is my understanding that would fit within the scheduling. I do not think timing-wise through the legal process you would be able to actually spend that money before then.

Chair Atkinson:

I will entertain a motion.

ASSEMBLYMAN MANENDO MOVED TO AMEND AND DO PASS
AS AMENDED ASSEMBLY BILL 595 (1ST REPRINT).

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN COBB WAS ABSENT
FOR THE VOTE.)

Is there any public comment? [There was none.]

[Meeting adjourned at 7:36 p.m.]

RESPECTFULLY SUBMITTED:

Christine Henricksen
Recording Secretary

Rachelle Myrick
Transcribing Secretary

APPROVED BY:

Assemblyman Kelvin Atkinson, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Transportation

Date: May 31, 2007

Time of Meeting: 2:30 p.m.

| Bill | Exhibit | Witness / Agency | Description |
|---------------------|----------------|---|--|
| | A | | Agenda |
| | B | | Attendance roster |
| S.B. 393 (R2) | C | Edgar Roberts, Department of Motor Vehicles | Memo |
| S.B. 393 (R2) | D | Marjorie Paslov Thomas, Committee Policy Analyst | Proposed amendment |
| A.B. 595 (R1) | E | Assemblyman Kelvin D. Atkinson, Clark County Assembly District No. 17 | Prepared testimony |
| A.B. 595 (R1) | F | Assemblyman Kelvin D. Atkinson, Clark County Assembly District No. 17 | Proposed amendment |
| A.B. 595 (R1) | G | The Honorable Jim Gibbons, Governor, State of Nevada | Prepared testimony |
| A.B. 595 (R1) | H | Susan Martinovich, Director, Department of Transportation | Nevada Transportation Funding Model |