

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

**Seventy-fourth Session  
February 6, 2007**

The joint meeting of the Senate Committee on Transportation and Homeland Security and the Assembly Committee on Transportation was called to order by Chair Dennis Nolan at 2:05 p.m. on Tuesday, February 6, 2007, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Dennis Nolan, Chair  
Senator Joseph J. Heck, Vice Chair  
Senator Maurice E. Washington  
Senator Mark E. Amodei  
Senator Maggie Carlton  
Senator John J. Lee  
Senator Joyce Woodhouse

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Mr. Kelvin Atkinson, Chair  
Mr. Mark Manendo, Vice Chair  
Mr. David P. Bobzien, Jr.  
Mr. Jerry D. Claborn  
Ms. Susan I. Gerhardt  
Mr. Joseph M. Hogan  
Ms. RoseMary Womack  
Mr. John C. Carpenter  
Mr. Tyrus O. Cobb  
Mr. Edwin A. Goedhart  
Mr. Pete Goicoechea

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**STAFF MEMBERS PRESENT:**

Elana Graham, Assistant to Committee Manager  
Lynette M. Johnson, Committee Secretary  
Dan Lindholm, Intern to Senator Nolan  
Nicholas Marquart, Intern to Senator Nolan  
Matt Szudajski, Committee Policy Analyst  
Kelly Troescher, Assembly Committee Secretary  
Sharon Wilkinson, Committee Counsel  
Carolyn Allfree, Senate Committee Secretary

**OTHERS PRESENT:**

Clay Thomas, Deputy Director, Department of Motor Vehicles  
Virginia (Ginny) Lewis, Director, Department of Motor Vehicles  
Edgar Roberts, Administrator, Motor Carrier Division, Department of Motor Vehicles  
Kimberly Maxson-Rushton, Chair, Transportation Services Authority, Department of Business and Industry  
Jacob Snow, General Manager, Regional Transportation Commission of Southern Nevada  
Gregory H. Krause, Executive Director, Regional Transportation Commission of Washoe County

CHAIR NOLAN:

Our first presentation today will be by Virginia Lewis and Clay Thomas of the Department of Motor Vehicles.

CLAY THOMAS (Deputy Director, Department of Motor Vehicles):

I am here today to present to this Committee a high-level DVD overview of the Department of Motor Vehicles (DMV) ([Exhibit C](#), original is on file in the Research Library). I have provided you with copies of my prepared statement ([Exhibit D](#)).

We are a large and complex agency and we are meeting challenging demands for our services in both population and expanding program responsibilities. We have funding limitations unlike any other agency due to a 22-percent funding

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cap imposed on us by law. The DMV budget cannot exceed 22 percent of the revenue we collect and distribute to the Highway Fund.

We have 1,240 authorized positions and 21 offices statewide. We operate out of 13 budget accounts and have an approved budget for fiscal year (FY) 2007 of \$123.5 million. We have eight assessor offices which assist us as agents in performing registration and titling functions.

MR. THOMAS:

Our department goals are to ensure the security of DMV staff, facilities and data; deliver progressive, responsive services to our customers by using existing resources and facilities to the fullest extent; ensure the DMV's revenue-collection and accounting efforts reach peak efficiency; enhance capabilities through the use of technology; protect State consumers and businesses against fraud and unfair business practices; and develop programs to provide opportunities for growth and stability through workforce planning.

As Deputy Director of the Department, I am responsible for six divisions: Field Services, Central Services and Records, Compliance Enforcement, Motor Carrier, Research and Development, and Motor Vehicles Information Technology. The other divisions are Research and Development, Field Services Motor Carrier, Motor Vehicle Information Technology, Compliance Enforcement and Central Services and Records.

I would like to give you an overview of each division within the Department. The Administrative Services Division's mission is to provide efficient and effective fiscal management and support services to the director, various divisions of the DMV and associated agencies. This Division is responsible for the distribution of all funds collected by the DMV and in FY 2006 distributed funds in excess of \$1 billion. In FY 2007, the amount is predicted to exceed \$1.1 billion.

In an effort to reduce the number of individuals visiting our offices, we have used alternative services such as kiosks and the Internet.

From 1994 to 2005, growth increased 69 percent. From 2005 to 2007, the growth rate was approximately 8.5 percent. Customer contact seems to be the biggest problem the DMV faces. In addition, the federal REAL ID Act of 2005

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established certain national standards, procedures and requirements for the issuance of state drivers' licenses and identification cards. The implementation date is May 11, 2008. Should the REAL ID Act come to fruition with the May 11, 2008, date intact, this will be the DMV's number-one priority and will consume most of our time and resources.

SENATOR HECK:

What is the unfunded mandate to the State for the REAL ID Act if it is implemented as currently written?

VIRGINIA (GINNY) LEWIS (Director, Department of Motor Vehicles):

We are not currently aware of the availability of any federal funds for implementing this act. The total cost to all jurisdictions in the country will be approximately \$11 billion. For Nevada, it represents \$30 million for the next biennium and an additional \$36 million for the second biennium. We have a four-year window for issuing everyone a REAL ID-compliant card. The states are asking for federal funds, but at this point we have not heard of any.

ASSEMBLYMAN GOIGOECHEA:

Mr. Thomas, I believe you said you have eight county contractors. What are the counties?

MR. THOMAS:

I am not able to tell you; they are the counties in which we do not have DMV offices.

ASSEMBLYMAN GOIGOECHEA:

Are the contractors included in the staff figures you gave us?

MR. THOMAS:

No, they are not included; they are independent.

ASSEMBLYMAN CARPENTER:

What have been the consequences of the changes in the dyed-fuel law, *Nevada Revised Statute 366.735*, implemented last Session? Are you collecting more money?

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EDGAR ROBERTS (Administrator, Motor Carrier Division, Department of Motor Vehicles):

Since the implementation of the bill regarding dyed diesel fuel, we have seen dyed-diesel use go down.

ASSEMBLYMAN CARPENTER:

Do you know how much use has fallen? Is it substantial?

MR. ROBERTS:

A substantial drop in dyed-diesel fuel use on the road has occurred over the last biennium.

ASSEMBLYMAN CARPENTER:

When will you have some actual calculations to show what it was?

MR. ROBERTS:

I can provide those when I get the Motor Carrier budget brief.

ASSEMBLYMAN MANENDO:

Each field office is equipped to obtain confidential information from members of the public. The information is supposed to be deleted every day. Apparently we had problems with the data not being deleted, but the problem has been resolved. I had constituents who had concerns. Identity theft is a huge issue. However, there are about 23 non-State users, such as county assessors and automobile dealerships, who have not had background checks but have access to the information. We have an improved tracking system for your own employees and county assessors' employees, but what are we doing to prevent a dealership from using confidential information in a negative manner? How do they go about obtaining the information?

MS. LEWIS:

We have worked with county assessors to obtain employee background checks. They sign confidentiality agreements with us. One dealership, Shack-Findlay Honda in Las Vegas, pilots the registration site. They do not have access to any driver's license or social security number information; it is strictly profile driven for registration. The dealership, too, has provided employee background checks and signed confidentiality agreements. We take the responsibility of preserving

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and protecting customer information seriously. We have done everything we can to eliminate anybody who is not entitled to accessing the data from doing so.

ASSEMBLYMAN MANENDO:

Are there dealerships that do not comply? I am trying to determine where we have breaches and how they can be corrected.

MS. LEWIS:

Currently Shack-Findlay is the only partnership we have. They have access to the DMV application to register cars. Any future partnership will be profile driven and will require the same security background checks we impose on all of our own employees.

ASSEMBLYMAN CARPENTER:

Do you have any information on the law or resolution the state of Maine passed stating they would not comply with the REAL ID Act?

MS. LEWIS:

Many states are becoming vocal about their concerns on implementing the REAL ID Act because of the financial burden imposed and the challenge of implementing it by the May 2008 deadline. Draft rules have gone to the Office of Management and Budget in Washington, D.C. They are working with the Department of Homeland Security to adopt some of the recommendations made to make this a more practical law the jurisdictions can implement. We are also asking for federal funds. Until those federal rules are finalized, we do not know how many of the recommendations will be adopted.

CHAIR NOLAN:

Chairman Atkinson and I attended a National Conference of State Legislatures (NCSL) transportation leadership meeting last fall with legislators from about 30 states, and we worked on recommendations for improving this. We worked on modeling language on behalf of the NCSL for a resolution for the repeal of the REAL ID Act. We jointly have submitted a bill draft request on behalf of Nevada to our Congressional Delegation also, requesting the repeal and supplement of the REAL ID Act. When it is finished, we will bring it before both committees.

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Next we will have an overview from the Transportation Services Authority (TSA), Department of Business and Industry.

KIMBERLY MAXSON-RUSHTON (Chair, Transportation Services Authority, Department of Business and Industry):

We have provided to the Committee a legislative overview of the Nevada TSA ([Exhibit E](#), original is on file in the Research Library). Contained in the packet is information relative to the creation of the TSA as established in 1997, its statutory mandates with respect to overview of the commercial motor transportation industry within the State of Nevada, an overview of the organization of the TSA and its operating budgets and statistical information demonstrating the work of the TSA over the last biennium.

I will discuss the TSA in the context of its existing operations with respect to matters and issues we have addressed over the last biennium. We will provide you with a road map for the future of the TSA and an outlook for the next biennium. We will demonstrate the responsiveness of this agency to the issues raised last Legislative Session and provide you, as Legislators responsible for oversight of transportation within the State, the competence and knowledge of the effectiveness of the TSA, its importance, and the importance of the continuing existence of the TSA.

The TSA is the regulatory body responsible for protecting the safety of the traveling public and ensuring that good operators have the resources and tools to stay in business and illegal operators are prohibited from jeopardizing the safety and welfare of the traveling public in the commercial motor industry within the State. At the present time, the TSA oversees approximately 349 certificated carriers with varying authorities for operating limousines; taxicabs; tow trucks, both consent and nonconsent; nonemergency medical vehicles; and charter buses. The approximate total fleet size of those operators is 6,250. This figure excludes those entities exempt from the jurisdiction of the TSA, which are vehicles operated by certain resort casinos and nonemergency medical transporters contracted with the State for Medicaid recipients.

Since 1997 when the TSA came into existence, there has been a growth of approximately 10 percent within the commercial motor industry. Currently, the TSA employs 25 full-time employees, consisting of 3 commissioners appointed by the Governor and 22 full-time statewide staff members.

Ms. MAXSON-RUSHTON:

The TSA was restructured in 2006 to more effectively utilize the staff and its resources. A comprehensive review was undertaken with the result being the creation of two distinct functions within the TSA: the administrative function, responsible for organization, administration and personnel, and the operations function. Within the operations section are the financial function, the compliance function and applications function. The enforcement function is separate.

The applications, compliance and financial functions work directly with the certificated carriers. It is important to note there is a clear division at this time between the compliance and enforcement areas of responsibility as result of many issues raised during the last Legislative Session. We are committed to using enforcement staff to go after illegal operators. This means all resources of the TSA, with the exception of the administrative staff, are dedicated to assisting carriers and to providing resources and tools for them. In short, we are here to ensure good operators in the State continue being good operators, without the weighty oversight of government interference.

The organizational changes outlined are important because we serve as a resource and an asset to the certificated carriers, and because of the significant work done by the TSA enforcement staff in stopping illegal operators. We clearly recognize the importance of regulatory oversight of commercial motor vehicles.

Last, we recognize the need for identifying and effectuating a balance between the needs of the public and the industry's ability to serve them. In 2006, four emergency provisions came before the TSA for consideration. They were requests from carriers currently in operation to provide transportation services in areas not being served, such as statewide transportation for all prisoners and inmates within the State, airport minibuss service at the Reno-Tahoe International Airport for an area outside the Reno metropolitan area and the Las Vegas Strip trolley.

Recently, as the result of an outcry from the Las Vegas Convention and Visitors Authority and the Airport Authority, the TSA held a special agenda to authorize certificated carriers to place more vehicles in service to accommodate conventioners for a large convention in Las Vegas. An emergency authorization



was granted. Tomorrow, the TSA will hold another special agenda to accommodate the needs of the National Basketball Association all-star game next weekend.

With this framework in mind, the TSA respectfully requests the following additional positions: Financial Analyst, Accountant II (a classified position), two administrative assistants and a compliance function position. Each of those five dedicated positions will be utilized for applicant service and for carrier services. Additionally, we are requesting an additional enforcement officer.

The goal of the TSA during the 2007 Legislative Session is to demonstrate the effectiveness and necessity of a strong regulatory body, ensure good operators stay in business with as little government interference as possible, maintain the robust economic condition the commercial transportation industry is currently experiencing, and protect the health, safety and welfare of citizens and tourists in Nevada.

SENATOR HECK:

Can you provide specifics on how you are addressing needs outlined in the *Biennial Report of the Legislative Auditor, December 2006*, specifically revolving around lack of records from inspections and not following up on inspections?

MS. MAXSON-RUSHTON:

In 2004, the TSA was subject to a legislative audit. The findings dealt with poor recordation and maintenance of records and other performance measures in which we were failing. Recommendations were put into place by the Legislative Counsel Bureau Audit Division. As a result, we established and have maintained a database with comprehensive data and materials now widely utilized by the industry and by other transportation entities similar to ours throughout the country. We are something of a model as a result of the legislative audit.

The number-one complaint we had was that applications coming before the TSA took longer than six months to process. We have one financial analyst handling all applications and other financial matters. This is the basis for the request for the six positions we are seeking.

SENATOR LEE:

Please discuss the medallion program, the Taxicab Authority measure allowing for the emergency temporary increase in the number of taxicabs in service. What are you doing to create opportunities for limousine companies to have more vehicles in service?

MS. MAXSON-RUSHTON:

The TSA does not currently engage in the medallion certification program. Our licensures are certificates of public convenience and necessity. There are no inherent limits with respect to the amount an applicant can seek. So, there are no limits placed by the TSA.

A moratorium may be imposed periodically in which there may be no growth or modification of certificates, usually for about an 18-month period. The basis for it is to ensure new operators understand their business and can truly serve the public. It does not prohibit growth or modification; it is simply a restriction on an application to demonstrate extraordinary circumstances and positive growth.

I cannot speak with specificity as to why the medallion program was established with the Taxicab Authority, but I believe it was because they did not want to have an oversaturation of the market. With respect to limousines, this is a robust forum at this time. Our city is growing and tourism is on the rise. This growth is the single reason for establishing the operations function. We want to see good carriers get into business; we want to see carriers grow and expand. We are here to assist and not interfere. The TSA has no intention of establishing the medallion program.

CHAIR NOLAN:

For the freshman members of the Legislature, some edification is probably appropriate. The Legislature dealt with A.B. 505 of the 73rd Session, which the Governor vetoed. The Assembly will be hearing the bill again this Session. The bill essentially would have incorporated the TSA into the Public Utilities Commission of Nevada. It was the result of a great deal of dissatisfaction of some organizations in the private sector that the TSA was responsible for administering.

The changes the TSA has made are dramatic. Ms. Maxson-Rushton has weathered the storm through this process, and the new commissioners have

also done a yeoman's job in working with us through the interim. There were a number of flaws in A.B. No. 505 of the 73rd Session and it does not characterize the TSA as it exists today. We have two bills in the Senate for some further modifications with TSA. We are working with Assemblyman Atkinson, the TSA and the administration on further improving the agency's function.

**ASSEMBLY BILL No. 505 OF THE 73RD SESSION:** Makes various changes concerning transportation. (BDR 43-973)

SENATOR LEE:

Will you be auditing financial reports of companies running on a shoestring more regularly?

MS. MAXSON-RUSHTON:

It has been an ongoing concern as a result of the 2001 economic impact to tourism. The TSA implemented a system of financial audits required for the fully certificated carriers. The TSA has fully regulated carriers and partially regulated carriers under its jurisdiction. We oversee partially regulated carriers with respect to safety and insurance, with limited financial review. An annual financial report must be filed by all fully regulated carriers. In it is a requirement there be a 20-percent equity maintained in a 1-to-1 current ratio. The prior action of the administration was to file an order to show cause. The current action of this administration is to work with the carriers to bring them up to the 20-percent and 1-to-1 level. We know there is a significant impact to safety when carriers operate on a shoestring, and it is the basis for doing a more comprehensive review. We have determined the 20-percent equity and the 1-to-1 ratio are solid indicators with respect to safety and ongoing compliance with other requirements.

CHAIR NOLAN:

Thank you. The Regional Transportation Commission (RTC) of Southern Nevada is next.

JACOB SNOW (General Manager, Regional Transportation Commission of Southern Nevada):

I have chosen to focus today on one particular aspect the RTC is addressing and what I feel is the most important transportation problem facing the State, which

is moving workers, residents, tourists and conventioners into, out of and along the resort corridor in southern Nevada, the Las Vegas Strip (the Strip).

MR. SNOW:

For each gallon of the gasoline we buy, 18 cents goes for federal excise tax for the federal Highway Trust Fund. There is a very complicated formula for how Nevada and the rest of the states get money out of the Highway Trust Fund for transportation infrastructure. In 1980, some very powerful senators and congressmen in Washington who represented states and cities on the East Coast decided to go after 3 cents of the 18 cents they had contributed to the Highway Trust Fund. They passed a law placing the three cents in a special account called the Mass Transit Account of the Highway Trust Fund. I brought a summary of a state-by-state breakdown of what each of the 50 states pays into and receives from the fund ([Exhibit F](#)).

States such as New York, New Jersey, Massachusetts, Maryland and Illinois have some of the biggest and oldest subway systems. Their infrastructures started to fail, so they created this Mass Transit Account of the Highway Trust Fund to provide funding for trains and some buses. A complication arose when their senators and congressmen created two separate accounts inside the Mass Transit Account. The first account is a formula account of about \$3 billion a year which is divided amongst all the states and all the cities in the states based on transit ridership, specifically, and not by population. So, the big cities with the big train and subway systems get the majority of this money.

The second account, consisting of almost \$4 billion a year, is the Highway Account. The money is distributed according to Congress's discretion. They passed a law saying 80 percent of the \$4 billion from this account goes to train systems only. So, 20 percent is left for everything else, such as buses and park-and-ride lots.

I refer you to the handout ([Exhibit F](#)). You will note the District of Columbia paid \$5,587,000 into the account and received \$262,500,000 from it; the state of New York paid \$186,692,000 and received \$763 million in return. Washington, D.C., did well because it has a very nice subway system, and New York did well because of all the subway systems going into and out of Manhattan.

Utah contributed \$35,409,000 and got back \$85 million. The reason Utah did so well is that Salt Lake City was constructing its light-rail system at the time. In contrast, Nevada contributed \$30,387,000 and got back \$10.5 million because we have had bus-only systems for a little more than a decade.

I would like to tell you what we have been doing to remedy this situation. The date on the handout is FY 1998. Since then, because of the implementation in southern Nevada of our system called the Metropolitan Area Express (MAX), we have been able to garner about \$80 million in federal funds which we would not have otherwise received. We are doing a much better job of recovering our money than we have done in the past.

I want to show you a DVD rapid transit proposal the RTC has been advocating and working on for a number of years ([Exhibit G](#), original is on file in the Research Library). The Nevada Department of Transportation (NDOT) is working hard on widening Interstate 15 (I-15). It is important. Before I worked at the RTC, I worked at McCarran International Airport. One day, the Director of Aviation asked me, for purposes of planning, what the relationship was between new hotel rooms being built on the Strip and the number of people who would be coming through the airport. I found, for every new hotel room on the Strip, 320 additional people would go through the airport. When it came to surface transportation, we determined 2.3 additional cars would be on I-15 for every new hotel room constructed on the Strip. With all the new hotel rooms to be built in the next three to five years, I-15 will be a very challenging problem for us and for the NDOT. It is a congested corridor now.

Then we asked an even more sensitive question: how many additional cars will we see on the Las Vegas Strip for every new hotel room? Strangely, there was no relationship. We were baffled. When we found the explanation, we realized the practical capacity of the Strip, which is 3 lanes each way, with curb cuts every 300 feet and many traffic signals, was exceeded in the mid-1990s. We can get up to about 70,000 cars a day, and then the growth line is flat. We cannot fit more cars on the Strip. So, instead of moving more cars, we are focusing on moving more people.

We plan a rapid-transit system connecting McCarran International Airport with the Strip, down the median of the Strip, with a connection to the convention center and to downtown Las Vegas. We have one dedicated lane for a transit

vehicle in the median, with pedestrian access at the secondary intersections. Stations, platforms and bus-stop shelters are in the middle of the Strip. Emergency vehicles would also be able to use the dedicated lane. There are three lanes of traffic in each direction; we are not taking away lanes of traffic for automobiles. Our Deuce system (double-decker bus system on the Strip) has already proven the market for this. On peak days, we carry up to 50,000 people on the Deuce. It is a revenue surplus-generating service for us. We use the revenue surplus to help fund other services for transit throughout the Las Vegas Valley.

MR. SNOW:

We have already received federal funds and we are almost finished with the design for the first phase of the rapid-transit system. We expect it to be under construction this year and will begin service for the phase in downtown starting in late 2008, possibly early 2009. We have ordered the vehicles and they are being manufactured. We are working with the NDOT and the other stakeholders in transportation in this corridor to move not just tourists, not just conventioners, but workers and residents into, out of and along the resort corridor in southern Nevada.

I told you the Strip can handle 70,000 cars a day. This system will handle more than 70,000 people a day. We are moving this forward to add capacity to the Strip in a cost-effective fashion. To give you an order of magnitude for the costs, the downtown portion, which will be under construction this year, will be about \$15 million a mile, most being paid for by the federal government through these accounts.

We look forward to cooperating with the State Legislature to meet these big challenges.

SENATOR CARLTON:

Since I work on the Strip, I am interested in this. You said you would be moving workers. We drive to the Strip, park in a garage behind our property and hike to our workplace. I do not see how this will get the folks coming off Sunrise Mountain at 6:15 a.m. out of their cars.

Second, we need to take into consideration the mega resorts being built in neighborhoods now. It is not just the Strip anymore. The things we are doing on

the Strip are great. People are always going to go to the Strip. How are we going to get people out of their cars and get the cars off the road and off the Strip?

MR. SNOW:

I did not bring the video or graphic showing the system of routes we have planned for faster, more accelerated, higher quality transit service. We are developing a system in the median of Boulder Highway, on Sahara Avenue east and west from Boulder Highway out to the Las Vegas Beltway and along Las Vegas Boulevard South. We already have the system we call our MAX system along Las Vegas Boulevard North from Nellis Air Force Base to downtown Las Vegas. We are working closely with the city of Las Vegas for an extension of the system I just showed you to go all the way from the city of North Las Vegas along the right-of-way with the roadway we are funding. We are reserving right-of-way for transit in that corridor. We will build a bridge over I-15 to speed up the traffic, and it will go out to the northern Beltway and connect there. The city of North Las Vegas is working with us to accommodate transit-oriented development.

We also have some excess right-of-way on Flamingo Road we are trying to develop into a rapid-transit corridor. It is promising for workers who are coming from north, south, east and west on these faster rapid-transit systems. Then, when they get to the Strip they can get onto the dedicated right-of-way corridor. In the future, we expect to connect Flamingo Road, Sahara, Boulder Highway, North Fifth Street through North Las Vegas to the Beltway and Las Vegas Boulevard South to the city of Henderson. We are covering all quadrants of the valley and connecting them into this as part of a system of rapid transit.

We have enough money to fund one light-rail line, and it would make sense to put it in the Strip. Instead, since we are not laying concrete and embedding tracks and providing electrification for a fixed system which does not have a lot of flexibility, we have enough money left over to build a system to serve the entire community. We will continue to ask our Congressional Delegation to help us recover money we think is rightfully ours.

We will advocate working with the resorts in a program offering employees a choice: if they give up their right to park for free, the resorts can provide them

with free transit privileges. The resorts can write off the expense because of provisions in the federal tax code which gives them an incentive to do so. In many cities in the country, employees are being paid for giving up their right to park for free in what is called a parking cash-out.

A friend who works at Harrah's told me it takes 20 minutes to get out of the garage and 20 minutes to get onto I-15. That is 40 minutes to go a mile because of the automobile congestion in the resort corridor. It is what people are dealing with every day.

SENATOR CARLTON:

In all the descriptions you give, you totally skirt the district I represent. If I were to take this to work, I would walk about a half mile to Nellis, get on a bus at Nellis and go southbound to Sahara for two miles, catch the Sahara line to the Strip line, be dropped off in front of the building after three miles, and I would walk two casino-size blocks to get to the entrance of my hotel. It is a long trip to get to your bus. How do we get around that?

MR. SNOW:

An advantage of a bus system over light-rail is that we do not have to stay on the corridor with the dedicated lane for rapid transit. We can take the bus off the fixed guideway and go directly to neighborhoods where there is demand. We want to do that. If we can provide a fast, one-seat ride for people, we can get them out of their cars. This is done all across the world and it is the next revolution in rapid transit. It is a lot less expensive than some of the other systems out there.

ASSEMBLYMAN MANENDO:

What role does the RTC have in sound walls on highways?

MR. SNOW:

Statewide, the NDOT sets aside a fund each year for sound-wall construction. They provide half the cost if another jurisdiction will provide the other half. The other jurisdiction, a city or a county, may come to us and, in cooperation with the NDOT, we will provide the other half. This is currently happening along I-15.



ASSEMBLYMAN MANENDO:

The fund is \$2 million a year, which is a small portion, considering it takes about \$1 million to do a mile. The NDOT does not fund it first; the other jurisdiction does. The NDOT pays back later. It is a problem. We appreciate that a lot of money is provided. The State has to repay it, and the State is about five years behind. Someone who wants additional sound walls will have to wait another five years to get on the list. We need to look at how the State of Nevada can provide more. I would say we need to double, or even triple, the amount. If we doubled or tripled the \$2 million, could you handle the additional projects?

MR. SNOW:

We would have to take money away from another project in our capital improvement plan. We have a good working relationship with the NDOT and we are aware of their financial challenges.

CHAIR NOLAN:

You indicated the money you are receiving from the Mass Transit Trust Fund was dedicated to rail projects. Has there been an adjustment to allow for funding the types of projects you are showing us?

MR. SNOW:

Yes, I failed to point it out. What we have been describing and showing you with the dedicated right-of-way for the transit vehicles is called a fixed guideway. It does not matter to the federal government whether it is a train or bus to qualify for the 80-percent level, as long as there is a dedicated right-of-way component.

CHAIR NOLAN:

Are the vehicles we are discussing French-made?

MR. SNOW:

The first vehicles came from France. Since then, we have had a competitive procurement and we have selected a vehicle manufactured in the United Kingdom.

CHAIR NOLAN:

Will they be converted to biofuels?

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MR. SNOW:

We have improved on the previous vehicles; the vehicles we have on order now are complete hybrids.

ASSEMBLYMAN ATKINSON:

Is the amount of \$2 million appropriated for sound walls by policy or mandated by law?

MR. SNOW:

I believe it is policy. I do not want to speak for the NDOT, but I believe it is their policy. It is also our policy. It has nothing to do with the law. It is a practice we have had approved by our board.

CHAIR NOLAN:

Mr. Krause, Reno and Washoe County have been experiencing the same type of population and road growth we have been experiencing in southern Nevada.

GREGORY H. KRAUSE (Executive Director, Regional Transportation Commission of Washoe County):

I would like to update you on issues affecting the Regional Transportation Commission (RTC) of Washoe County. I have provided you with a copy of my presentation ([Exhibit H](#)).

The RTCs are a creature of State legislation. I am finding Washoe County is unique compared with similar organizations across the country. Not many places have combined transportation planning, the provision for public transportation and the building of streets and highways, all within one agency. In contrast with the RTC of southern Nevada, we are an actual road builder as opposed to a funder of other organizations that build the roads.

Even though we have grown substantially over the years, we are still a small agency. We have a staff of 102. We try to provide our services with minimum expansion of the public staff through outsourcing to the private sector. Our total budget for FY 2007 is \$181 million. We have grown substantially more than our staff has.

Our roads are funded from a number of sources. Washoe County introduced indexing to our fuel taxes in 2003. It is currently about ten cents a gallon. We

collect a small increment of sales tax. Our Regional Road Impact Fees (RRIF) are an important funding source for us; federal and State funds are also important.

MR. KRAUSE:

The majority of public transportation funds come from the 0.3125 cent sales tax dedicated for the purpose, as well as the passenger fares and federal funds. We are going to work hard to make sure we get the full \$30 million, with the help of our congressional representatives.

In the past, we were the CitiFare system; we have renamed our services RTC RIDE. It has gone well. We set a ridership record of 8.8 million people in this past year. We have compared ourselves with similar systems in the West and we are second in cost an hour, at about \$75, and second in cost per passenger.

Our service for the disabled is called RTC ACCESS and serves people who often have no transportation alternative. We have a large service area which extends to Cold Springs in the far north valley, to Steamboat, to Verdi on the California border and to Vista Boulevard on the east side of the Truckee Meadows. We have been able to achieve fairly substantial cost savings by utilizing taxi service for late night hours, when the demand is lower.

We are a major builder and rebuilder of roads in our community. Our board sets priorities based on costs and benefits, regardless of jurisdiction. We try to make sure that at least 95 cents of every dollar from all the fund sources goes toward constructing or designing roads. We outsource the design, construction and even the inspection process.

Our investment in repairs on regional roads over the last 12 years was almost \$200 million. There was a bit of a crisis in our community in the early 1990s. Due to deferred maintenance, roads were falling apart. It became the impetus for the RTC to focus all of its gas taxes on catching up and repairing the pavements. We are well on our way to doing it.

The RRIF has been important and effective in our community. Without it and the cooperation of the development community, we would not have been able to build the infrastructure we have built recently. It represents over \$220 million in investment over the last 11 years.

We have entered a partnership with the NDOT to deliver major projects which, historically, the NDOT might have done. The most recent project is the interchange at Clear Acre Lane on U.S. Highway 395 and the reconstruction and replacement of the McCarran Bridge. We ripped down a four-lane bridge with heavy traffic on McCarran Boulevard and replaced it with a six-lane structure. We also tore down a four-lane freeway structure on U.S. 395 and replaced it with a six-lane structure. We kept the traffic going throughout the entire time. The project is almost complete, it is on time and it is on budget.

The next proposed project is an interchange at Meadowood Mall Way. The design is almost completed and we have purchased the right-of-way. We are trying to leverage State and federal funds for the interchange. We will need approximately \$30 million more in construction funds to initiate this project.

ASSEMBLYMAN MANENDO:

Where will the \$30 million come from?

MR. KRAUSE:

We are looking at a number of sources. We have made it our top priority for federal discretionary requests. We have received \$1.5 million or \$2 million. We will probably have to bring additional fees forward from the RRIF. We are pursuing private-sector contributions. The potential expansion of Meadowood Mall is by a private party whom we have contacted for up-front funding, with reimbursement through federal allocations. I cannot tell you we will find \$30 million in the near future, but those are the avenues we are pursuing.

ASSEMBLYMAN MANENDO:

What is your next major project you see requiring funding, and how much will it be?

MR. KRAUSE:

We go to our board every year with our top priorities in requests to Congress for discretionary funds. While the Meadowood Mall interchange is first, the second and much bigger project is going to be the core freeway improvements for U.S. 395 and I-80, our major freeway interchange, the "spaghetti bowl" in our community. We will not try to get a billion dollars, or whatever the number will be for the total reconstruction, but do the early-action items, those with the lowest cost and highest rate of return. Recently, a northbound lane was added

to U.S. 395 from McCarran north for approximately a mile which took care of a major roadblock. It is a two-lane road with a steep grade. The trucks use the right lane, leaving automobiles a one-lane freeway with heavy congestion. It is an example of the projects that are our next priority.

CHAIR NOLAN:

New businesses are opening in the Tahoe-Reno Industrial Center. Wal-Mart, for example, will eventually put 700 trucks a day on I-80, most heading west toward California through the spaghetti bowl. I know a revamp of the spaghetti bowl and some additional lanes in downtown Reno are on the NDOT's list. Providing for the capacity for those trucks, even farther out in Washoe County heading toward Fernley, is also a concern.

CHAIR NOLAN:

What do you have onboard for those foreseeable problems?

MR. KRAUSE:

Interstate 80 is heavily utilized in terms of goods movement. We are concerned about development not only in the Tahoe-Reno Industrial Center, but in the Truckee Meadows in general. We are trying to make the short-term, lower-cost investments fit in with the long-term plan. The NDOT has done some preliminary work to widen most of I-80 to about eight lanes through the core, and U.S. 395 will ultimately need similar levels of widening. This will address the truck movement and the passenger movement and growth in the community.

The Truckee River Canyon is more problematic because of the river and the constraints of the topography. The NDOT's position was that it cannot be widened. But, the NDOT has to take another look. There will have to be additional capacity on I-80 for the trucks and the other traffic growth.

The other major business, and my area of expertise, is long-range transportation planning. We have an adopted 2030 plan, but we have a lot of work to do and we are in the process of updating it.

We realize there are severe financial constraints throughout the community, State and nation. We need to make the system as effective as possible for moving cars, people and freight. We need to improve the operations of the arterial system; not just through signal coordination, but also by making sure, as

we build new facilities, that we have good access control, controlling the number of signals a mile, the number of driveways and the locations of those driveways. There is not only a capacity benefit but a major safety benefit identified with controlling access effectively and efficiently.

MR. KRAUSE:

In terms of freeway operations, we realize it will take many years and cost a large amount of money we currently do not have available. In the interim, we need to make more effective use of the lanes we have. In the short term, we will need ramp metering to control access during peak hours and we will need to maintain the freeway service patrols which have been effective in taking disabled motorists out of the traffic flow. Those are cost-effective investments we can make.

We are considering a rapid-transit bus line from the University of Nevada, Reno, to Meadowood Mall and, eventually, to Mount Rose Highway (State Highway 431), on a dedicated guideway. We currently run a bus every ten minutes on South Virginia Street and have very high ridership. Our target is to achieve 30 percent of all travel on rapid transit bus.

There is a big gap in the southeast Truckee Meadows. The RTC board made a decision to pursue the southeast connector through the valley corridor. But, we are going to have to do a lot of work in terms of improving our arterial system as well as the freeway system.

We are also trying to look longer term, further than 20 years out, in working with Reno, Sparks and Washoe County, and the adopted Southeast Truckee Meadows Area Plan. We have targeted 2040 for an updated transportation plan. We try to have a plan, not a detailed one, looking more than 50 years into the future to identify corridors we need to protect in the periphery where there is not yet any development.

We are facing shortfalls at all levels of government. The federal level is perhaps the most troubling because it has been so reliable for so many years. Over 50 years ago, the Federal-Aid Highway Act of 1956, which created the funding for the interstate system, was approved. It is struggling now. It is estimated the trust fund will not be able to meet its obligations in 2009. This has not happened in the past, to my knowledge. There has not been an increase in the

tax rate for over a dozen years. Assuming there is no increase in the federal excise tax on gasoline, we anticipate the 2010-2015 reauthorization of federal transportation funding will represent a 30-percent decrease in real dollars to all states and communities. Whether Nevada will get a fair rate of return on its contributions into the federal transit account is another question.

MR. KRAUSE:

It is a similar situation at the state level. The shortfall of \$3.8 billion included nearly a billion dollars for Washoe County freeways not currently funded. It is caused by a combination of factors. People are driving more but moving to more efficient vehicles and buying less gas. It does not work well when the funding mechanism is based on how many gallons of gas are sold. No one anticipated what the NDOT has estimated for the last 3 years, a 44-percent inflation rate on major highway costs. I understand it is due to international forces at play and the huge demands China, India and other major rapidly growing countries are placing on the market for cement, steel and asphalt.

Locally, we are doing a little better. As I mentioned, we have indexed the gas tax in Washoe County. We, unfortunately, have the wrong measure of inflation. We are using the western states' consumer price index. Over the last 4 years the increase has been about 11 percent. For us, the inflation rate has been lower than 44 percent. It has been somewhere between 30 percent and 40 percent. Still, you can see we are falling behind, even with indexing. The sales tax has generally been good and inflation-proof, although recently in Washoe County we have seen a decline. In public transit, the board has, for a number of years, done annual adjustments for inflation, and it has been effective.

I want to talk briefly about the RRIF. By law, we are required to update it on a periodic basis. We were startled when we looked out ten years at the needed improvements. The cost had gone from \$320 million to \$1.7 billion, due to all the factors I have mentioned. Most important, the growth for the next ten years is greater than originally anticipated. The costs of improvements are going up for the variety of reasons previously discussed. It is all escalating substantially faster than the revenue stream. Significantly, the impact fees do not address the segment widenings we need on the interstate system, although they do include funding for some of the interchange improvements.

To give you an idea of the magnitude of change, currently Washoe County has the highest impact fees paid in the State of Nevada, at about \$2,000 a dwelling unit. Based upon the figures we have developed, the fees will increase to \$9,000 or more. This is not decided yet. We are engaged in discussions with the development community and other stakeholders. The process will be the adoption by the RTC board and the three local governments. We do it in a cooperative, local ordinance process wherein every entity adopts the same ordinance and the same fee system.

MR. KRAUSE:

In summary, the funding issue at the State, federal and local level needs to be addressed. We have had positive support from the public. We have had two initiatives before the public and we have been successful both times. It is encouraging to us, but we continue to face challenges in trying to keep up with growth. There has been a lot of discussion about public-private partnership. It is a great idea, but it is not going to be a panacea. There are limitations as to whether it will be applicable. Texas and some other states have led the way. There will need to be legislative change to allow for concessions and ownership of public assets through private operators.

It is important to look at creating a process for a monetary incentive to not drive during peak hours. Oregon is conducting an experiment. Instead of paying gas taxes at the pump, people are paying a vehicle-miles-traveled (VMT) fee. It was started last year, but they are now switching to a differential fee, with a low off-peak fee and much higher fee for miles driven during peak hours. We might look at something similar for our communities.

SENATOR LEE:

The increase from \$2,000 to \$9,000 in the RRIF seems disingenuous to new homeowners. We have a lot of older residential areas where people buy homes and never have to pay the fee. It would not be like a real estate transfer tax; it would just be on new homes. Is that what you are saying?

MR. KRAUSE:

Yes, it is a fee paid upon the issuance of a building permit. Market forces would probably cause the fee to be reflected in an existing home price.



SENATOR LEE:

I am not a big proponent of toll roads, but I would like to hear your theory on them.

MR. KRAUSE:

I am not an expert on toll roads. I am familiar with the Highway 91 proposal in Orange County, California. The idea was to have fairly moderate tolls without a disproportionate equity impact. They found those facilities are used by people who are not necessarily wealthy but have the greatest value of time. It is used by people picking up their children from child care, for example, and by small contractors traveling about the community to get to work sites. They found people are willing to pay fees much higher than originally anticipated. If we build a new facility in a horribly congested system, the public will pay enough to make it a profit-making venture for the private sector.

There will not be much opportunity for such a facility in Washoe County. Administratively, it is difficult. It would be much more effective to pursue the payment of fees through a VMT utility fee similar to the way we pay for the use of electrical power in our homes. It might follow the Oregon model where, no matter what facility you use, you have the ability to collect the fees from all users of the system. You could make it revenue-neutral. You might also have a peak-hour surcharge to gain the benefit of pushing discretionary travel into off-peak periods to reduce congestion without the expense of building and widening roads. Philosophically, I think it has greater potential in the long-term.

SENATOR LEE:

You have not mentioned the gas tax. How do you perceive solving your problem? What do you propose?

MR. KRAUSE:

The freeway system in the Truckee Meadows will need major expansion. Looking to the future, we need to identify corridors and protect them now. We have been protecting a freeway right-of-way in the Pyramid Highway corridor for a number of years. It will be a six-lane, heavily utilized freeway in another 25 years. The challenge is finding the funding for all of these improvements.

The fuel tax, in particular, may be more challenging. Not only do you have the difficulty of adjusting it for inflation, but you also have to adjust it for the ever-

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increasing fleet economy and people buying less gas. A VMT fee which every motorist would pay might get past the problem and leap to the next generation of technology in terms of tracking where and when people travel. It opens other concerns about government monitoring our activity, however.

CHAIR NOLAN:

There being no further business, the joint meeting of the Senate Committee on Transportation and Homeland Security and the Assembly Committee on Transportation is adjourned at 4:16 p.m.

RESPECTFULLY SUBMITTED:

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Carolyn Allfree,  
Committee Secretary

APPROVED BY:

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Senator Dennis Nolan, Chair

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

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Assembly Member Kelvin Atkinson, Chair

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