

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

**Seventy-Fifth Session
April 2, 2009**

The Committee on Transportation was called to order by Chairman Kelvin Atkinson at 1:36 p.m. on Thursday, April 2, 2009, 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/75th2009/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, Chairman
Assemblyman Mark A. Manendo, Vice Chair
Assemblyman John C. Carpenter
Assemblyman Chad Christensen
Assemblyman Jerry D. Claborn
Assemblywoman Marilyn Dondero Loop
Assemblyman Pete Goicoechea
Assemblyman Joseph M. Hogan
Assemblyman Ruben J. Kihuen
Assemblywoman Ellen B. Spiegel
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblyman David Bobzien, Washoe County Assembly District No. 24
Assemblyman Joseph P. Hardy, Clark County Assembly District No. 20

Minutes ID: 785



STAFF MEMBERS PRESENT:

Brenda J. Erdoes, Legislative Counsel
Marjorie Paslov Thomas, Committee Policy Analyst
Darcy Johnson, Committee Counsel
Marlen Schultz, Committee Secretary
Steven Sisneros, Committee Assistant

OTHERS PRESENT:

Dawn Lietz, Supervising Auditor II, Audit Section, Motor Carrier Division,
Department of Motor Vehicles
Jonathan R. Peters, Ph.D., The University Transportation Research Center
and The College of Staten Island, New York
Ron Dreher, representing the Peace Officers Research Association of
Nevada, Reno, Nevada
Jeanette K. Belz, representing the Associated General Contractors,
Nevada Chapter, Reno, Nevada, and the Nevada Highway Users
Coalition, Reno, Nevada
Scott Rawlins, Deputy Director, Department of Transportation
Jacob Snow, General Manager, Regional Transportation Commission of
Southern Nevada, Las Vegas, Nevada
Susan G. Martinovich, Director, Department of Transportation
Lisa Foster, Reno, Nevada, representing the City of Boulder City, Nevada
Rudy Malfabon, Deputy Director, Southern Nevada, Department of
Transportation
Frank Wilson, Associate Consultant, Department of Transportation
Zev Kaplan, General Counsel, Regional Transportation Commission of
Southern Nevada, Las Vegas, Nevada
Veronica Meter, Vice President, Government Affairs, Las Vegas Chamber
of Commerce, Las Vegas, Nevada
Shirley J. Ybarra, Senior Transportation Analyst, Reason, Washington,
District of Columbia
David N. Bowers, Assistant City Engineer, Department of Public Works,
Las Vegas, Nevada
Dan Musgrove, representing the Commercial Real Estate Development,
Southern Nevada Chapter, Las Vegas, Nevada
Peter Ernaut, Reno, Nevada, representing the Nevada Resort Association,
Las Vegas, Nevada
Carole Vilardo, President, Nevada Taxpayers Association, Carson City,
Nevada

Bruce Woodbury, representing the Nevada Highway Users Coalition and the Henderson Chamber of Commerce, Las Vegas, Nevada
Ralph Murphy, representing the National Association of Industrial and Office Properties, Las Vegas, Nevada
Steve Redlinger, representing the Southern Nevada Building and Construction Trades Council, Las Vegas, Nevada
Kenneth Ackeret, Private Citizen, Las Vegas, Nevada
Danny Callejo, Owner, Terzo Inc., Las Vegas, Nevada
Tony Almaraz, Major, Nevada Highway Patrol, Department of Public Safety

Chairman Atkinson:

[Roll was called.] We have three bills to hear today, as well as four bills that are on work session. We will move to our work session first, and then we will have a presentation from Dr. Peters from New York.

Marjorie Paslov Thomas, Committee Policy Analyst:

[Read from work session document on Assembly Bill 235 ([Exhibit C](#)).]

Assembly Bill 235: Makes various changes to provisions governing the taxation of certain fuels and special fuels. (BDR 32-897)

This was sponsored by Assemblyman Hardy. There is a comprehensive amendment that was proposed by Dawn Lietz, a Supervising Auditor II with the Department of Motor Vehicles (DMV). Behind A.B. 235 is her amendment ([Exhibit D](#)).

[Read proposed conceptual amendment from ([Exhibit C](#)).]

Chairman Atkinson:

We heard this bill some time ago and requested the sponsor of the bill to work with others and to have the opportunity to bring it back to Committee before the deadline. I asked Dr. Hardy to work with the Department of Transportation and some other people to see if we could come up with an amendment. He did his job well.

The Chairman will entertain a motion.

ASSEMBLYMAN CHRISTENSEN MOVED TO AMEND AND DO PASS ASSEMBLY BILL 235 WITH ALL TEN AMENDMENTS.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblyman Carpenter:

As disclosure, I sell this fuel, but it will not affect me as long as I pay my taxes.

Assemblywoman Spiegel:

I need clarification on amendment 7, paragraph (f) ([Exhibit C](#)). It reads, ". . . operators of motor vehicles exclusively operating intrastate" We exempt people who make occasional trips across the state line from other places. Does this clause reference people who drive only within Nevada?

Dawn Lietz, Supervising Auditor II, Audit Section, Motor Carrier Division, Department of Motor Vehicles:

Currently, we issue those licenses to intrastate Nevada carriers only. We do not need to issue those any longer. This is saying that if they operate commercial motor vehicles intrastate they do not have to carry the special fuel user license in their vehicles.

Assemblyman Carpenter:

I thought that the Department of Agriculture was the one that checks fuel for its octane rating. Do they do that with biodiesel too, or do you do that?

Dawn Lietz:

The Department of Agriculture does the checks at the retail station, but they do them randomly. Unless there is a complaint from a consumer, they do not always get there while the bad fuel is still in the tank at the retail station. If we can see there is a company selling a bad product to the retailer, the amendment would allow us to assess them a fine for selling the bad product which ultimately made it to the consumer market.

Assemblyman Carpenter:

You would check the stations, right?

Dawn Lietz:

No, sir. When we audit them two to three years later and are reviewing all the bills of lading, we would be able to see all of those separate shipments of ethanol or biodiesel that were delivered on top of the fuel that they purchased at the rack that was delivered to the station.

Chairman Atkinson:

As we have a full day today and I do not want to open a hearing on these bills. These questions should have been asked before today.

THE MOTION PASSED UNANIMOUSLY.

We will give Assembly Bill 235 to Dr. Hardy for the floor statement.

Marjorie Pavlov Thomas:

[Read from work session document on Assembly Bill 372 ([Exhibit E](#)).]

Assembly Bill 372: Makes various changes concerning registration of commercial motor vehicles. (BDR 43-1015)

There are no proposed conceptual amendments.

Chairman Atkinson:

The Chairman will entertain a motion on A.B. 372.

ASSEMBLYWOMAN SPIEGEL MOVED TO DO PASS
ASSEMBLY BILL 372.

ASSEMBLYWOMAN WOODBURY SECONDED THE MOTION.
THE MOTION PASSED UNANIMOUSLY.

Mr. Carpenter will take the bill to the floor.

Marjorie Pavlov Thomas:

[Read from work session document on Assembly Bill 417 ([Exhibit F](#)).]

Assembly Bill 417: Revises provisions governing the operation of vehicles.
(BDR 43-946)

There are no proposed conceptual amendments.

Chairman Atkinson:

The Chairman will entertain a motion.

ASSEMBLYMAN CLABORN MOVED TO DO PASS
ASSEMBLY BILL 417.

ASSEMBLYWOMAN DONDERO LOOP SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

That completes our work session. We will move into the presentation by Dr. Peters.

**Jonathan R. Peters, Ph.D., The University Transportation Research Center and
The College of Staten Island, New York:**

I am an Associate Professor of Finance at the City University of New York, College of Staten Island, and Research Fellow at the University Transportation Research Center of the United States Department of Transportation. I am also a member of the Transportation Economics Committee of the National Academy of Sciences Transportation Research Board, and I specialize in public finance with a specialized interest in public-private partnerships (PPP), toll roads, and toll systems.

I will give you a brief overview of the last ten years of work that I and my colleagues have worked on in terms of understanding the impacts of toll road systems as well as issues you may want to think about regarding alternative forms of road finance.

Chairman Atkinson:

For the Committee members, and in the interest of brevity, my handout ([Exhibit G](#)) is in your folder.

Jonathan Peters:

New York City and the New York Metro area have one of the heaviest toll burdens in the nation. I personally spend \$1,200 per year on tolls. Obviously, it gives me a first hand look at how toll systems operate.

[Gave overview from slide presentation *Road Funding issues: Financing Options and Measures of Success*. ([Exhibit G](#)).]

National and state fuel taxes represent the greatest sources of revenue, with tolling representing approximately 7 percent of the nation's funding sources for road and transportation infrastructure. Nevada receives approximately \$206 million from national gas taxes and \$438 million in state gas taxes.

Assemblywoman Spiegel:

On your slide with the reported violation rates, you showed the highest rate of violation being in 2002 on the Garden State Parkway at 7.75 percent. I know that many of those stations are not staffed, especially late at night when they get a lot of usage. I was wondering if your data was skewed.

Jonathan Peters:

There are a lot of violations, and for a number of reasons. They may happen because of an honest mistake, or for purposeful reasons—people choosing not to pay. Those early numbers are actually very high because they had some technology issues. The implementation of the electronic tolling was rather

weak which had significant impact on the violation rates. That also meant a lot of follow-up in terms of collection issues. Certainly, if you are going to have a cash system, that always represents a challenge and you have to staff and manage that. A lot of people say that they are not going to go with a cash system but rather a license plate recognition system. In your case, if you are not going to have cash systems then you are probably going to have license plate recognition systems. London spends roughly half of their money on the management of their license plate recognition system. It may be somewhat less nowadays, but it is an expensive process.

Assemblywoman Spiegel:

What about the social costs associated with fast-paced technology for people like me who absolutely hate it because of the privacy implications?

Jonathan Peters:

There is no question that the technologies involved represent issues related to privacy. One of the reasons people do not use electronic tolling mechanisms is loss of privacy. It is always a problem if you use an electronic method and people choose not to use it because of privacy concerns because it will impact flow performance on the road, so you will take a hit in terms of the operational quality.

The second issue for a lot of individuals is that you have to have a certain amount of financial infrastructure stability to actually use these systems. Typically, you must have a stable mailing address, a credit card, and/or a checking account. Low-income people may not have that available to them and therefore choose to use a cash-based technology. That, again, will impact performance.

Assemblyman Kihuen:

Have you done any polling in Nevada?

Jonathan Peters:

No. Part of my work on social equity has been more focused on the measurement of usage as opposed to opinion because those are two different things. We found, in the New York data, that a lot of the people using these facilities, especially ones without free alternatives, were moderate and lower-income people. I spent most of my time using official payment-type data. I do not specialize in polling opinions.

Assemblyman Kihuen:

Do you know of anybody who has done polling in Nevada?

Jonathan Peters:

Yes. There is a whole literature on people's opinions about different types of systems. If there is a monopoly-type corridor there is less appreciation. People generally do not like it when it is the only alternative. If you have a parallel free route, then people may be more tolerant of having a priced lane. This is also important in the legislation because if you are going to write a concession agreement, typically you have a unique corridor. It may be a monopoly.

When you write the contract you are basically taking whatever public right-of-way you have and then giving it over to a concessionaire. It is very important, if you have future plans for light-rail or some other kind of lane configuration, to be very careful in writing the contract because if you want to reacquire that right-of-way after you have leased it out, it can be very difficult and expensive. It represents a conflict, and you have to decide the most important balance to strike. If you are going to give a card to one use it may preclude other uses.

Assemblyman Kihuen:

I asked that question because right now with the economic downturn and gas prices increasing I would be interested to see whether Nevadans are in favor or opposed.

Jonathan Peters:

The other piece of it comes back to the question of funding the rural routes and the low-volume roads because if you are going to use a pricing-type system, the people who are on the price system generally want to see if it is a user fee. They want to see their revenue applied back to the card they are on. If I am paying for my road use, why should I not get investments in my road?

You have low-volume roads, rural roads. Who is going to pay for them and how are they going to be funded? That is a really good question because you need to have a mechanism for it. It is probably going to have to be something that is a broad-based tax to fund those facilities because if you do it on a pure fee basis they are not going to generate enough revenue. Probably just the cost of deploying a technology system to read the license plates would eat up multiple years of tolls.

In Minnesota, they have reported a very high rate of violation. Minnesota's high occupancy in toll lanes basically breaks even, from a revenue perspective. They collect enough money to pay for the operations of the lane, but they do not make any significant positive revenue. These toll lanes are a success as a flow tool, but from a revenue perspective it is not so good.

Chairman Atkinson:

You live in New York. How often do you use a toll road?

Jonathan Peters:

Every day I go to work I pay three different tolls to two different toll authorities—three segments on the Garden State Parkway and the toll bridge into New York City.

Chairman Atkinson:

What do you pay annually?

Jonathan Peters:

I pay \$1,200. In the New York Metro area it is not surprising to find that people are paying \$800 to \$900. This is a good question because we are getting ready to go to the Bureau of Labor Statistics. I think that the consumer price index data is deficient in measuring the burden of road user fees. It really does not track it well. In areas with high tolling, like the New York City Metro, it can be a significant burden on households. For low-income wage earners it can effectively be a barrier to accessing the job market. If you are looking for a job in an area where there is a toll facility, you might end up looking for a lower paying job in a non-toll area.

In some cases in New York Metro we have \$13 round-trip fares. That takes an hour-and-a-half or two hours of your wages for the purpose of getting to work. You as a worker might decide that you cannot take a particular job. It can be rather significant. I have spent a lot of time looking at the data, and it troubles me very greatly. I think that in a lot of cases that survey was not released or did not have much of a discussion.

Chairman Atkinson:

You said about \$1,200 a year. Why has it taken over your roads in New York?

Jonathan Peters:

Part of it is historical. New York Metro built theirs before the main highway bills were passed in the 1950s. Those tolls that I showed you are 50 percent profit. When you pay your bridge toll, half of the money is going into subsidizing mass transit. If you have a subsidized mass transit system I am appreciative of that, but the question is, who is going to get the service? Who gets the investment in transit infrastructure? It has grown over time. The rates were less onerous in the 1970s. The tolls in New York Metro have gone up three-and-a-half times the rate of inflation. It was expensive in the 1970s, but it is getting progressively worse.

In addition, because it is a monopoly corridor it is a source of revenue. I know everybody is pressed on revenue. The agencies obviously look at it as a way to provide funding, but it is getting very onerous for the users.

Chairman Atkinson:

I would like to take Assembly Bill 518.

Assembly Bill 518: Makes a technical correction to previously enacted provisions regarding taxes for regional transportation projects. (BDR S-973)

Brenda J. Erdoes, Legislative Counsel:

Some of you have been here long enough to recall when we used to do revisers bills. If we were still doing revisers bills, this would have been in a revisers bill primarily because it was a mistake in drafting this provision in 2003. We try not to do revisers bills anymore because they combined all of the different things that we needed to change and brought them before one Committee, usually the Assembly Committee on Judiciary. A Committee like this, who had seen this bill in the past and passed on it, did not get the chance to look at it and make a decision. As your nonpartisan staff we do not urge or oppose legislation. I can tell you that I have tracked through all of the versions of this bill. From our notes when we were drafting it, it is my opinion that when we drafted this we made a mistake that was not caught for several years after that. This is my attempt to bring it to you and let you know that this is what was intended all along, and the remarks that I read in the minutes support that.

Chairman Atkinson:

We will close the hearing on A.B. 518, bring it back to the Committee, and entertain a motion.

ASSEMBLYMAN CLABORN MOVED TO DO PASS
ASSEMBLY BILL 518.

ASSEMBLYMAN CARPENTER SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN CHRISTENSEN AND
MANENDO WERE ABSENT FOR THE VOTE.)

We will open the hearing on Assembly Bill 407.

Assembly Bill 407: Increases the fee for reinstatement of a driver's license or commercial driver's license. (BDR 43-515)

Assemblyman David Bobzien, Washoe County Assembly District No. 24:

This is the result of some investigative work over the summer in looking at different fees that the state collects and trying to get a sense of where we are as we are starting to experience our current budget situation. Certainly this Committee is aware of the ongoing funding challenges for highways and roads in this state.

In addition to the bill there is a Legislative Counsel Bureau (LCB) research report ([Exhibit H](#)) from last summer that talks about administrative license revocations, which is a program that is pretty common across the country whereby upon a Driving Under the Influence (DUI) arrest, if there is sufficient evidence that the condition was present, law enforcement is empowered to suspend a driver's license. This bill deals with the fees for reinstatement following that suspension.

It is difficult to make state-to-state comparisons with regard to fees, but in looking at our own fees, they are a little on the low side. I am bringing this bill for your consideration and you can decide.

I have a worksheet ([Exhibit I](#)) that looks at a couple of these proposals in terms of how much money was collected in Fiscal Year 2008 versus what we could reasonably project if some of these fees went up. It is \$700,000.

Chairman Atkinson:

Where does the money go?

Assemblyman Bobzien:

The money goes to the Motor Vehicle Fund. There is some money that comes out for the administration of the programs, but after that it goes from the Motor Vehicle Fund to the Highway Fund.

Chairman Atkinson:

The Department of Motor Vehicles (DMV) needs \$750,000 to open an express lane in North Las Vegas.

**Ron Dreher, representing the Peace Officers Research Association of Nevada,
Reno, Nevada:**

We stand in support of A.B. 407 and hope that you pass it.

Jeanette K. Belz, representing the Associated General Contractors, Nevada Chapter, Reno, Nevada, and the Nevada Highway Users Coalition, Reno, Nevada:

We support A.B. 407.

Chairman Atkinson:

We will close the hearing on A.B. 407

We will open the hearing on Assembly Bill 464.

Assembly Bill 464: Requires the Department of Transportation to establish a demonstration project for a toll road in connection with the Boulder City Bypass Project. (BDR S-393)

Assemblyman Joseph P. Hardy, Clark County Assembly District No. 20:

The reasons we are looking at A.B. 464 are safety, noise, air quality, flow of commerce, and ease of travel. In as much as there has been a significant amount of growth between Phoenix, Arizona, and Las Vegas, Nevada, the infrastructure to travel upon is not growing. The Hoover Dam Bridge will be completed in about a year-and-a-half. The city voters have said they would prefer a bypass as a link between Highways 93 and 95. That bypass around Boulder City has met all of the criteria except for one vital thing: money. The first presenter that you had today was able to run us through all of the concerns that people had about user fees. I would recognize those concerns and address them. Speaking of the social justice concern, there is an alternative route. We would not close the alternative route. The route through Boulder City is probably less than 11 miles. The road around Boulder City is probably closer to 15 miles. It would entail a new road. Therefore, you allay some of the concerns about taking a road that already exists and turning it into a toll road. Likewise, the bill before you addresses the issues of video monitoring and automated collection so that you do not have to go through toll booths and have traffic stop in order to go on the road. The question that comes up is: is it fiscally feasible? This bill will allow us to look at that. We would encourage you to look at the bill in a flexible way.

Every time you see the word "shall" you can put in "may." When you see the word "shall" it is usually preceded by the word "if." This allows for an opportunity, should it be fiscally feasible. There has been a buy-in by Boulder City, which owns the bulk of the land that this demonstration project would be on. They have stepped up and said, "The land is available." We have saved a huge amount of money because of that. The federal government has a literal buy-in by funding the first phase of the project, almost \$30 million. The Park Service has recognized that we need a road and is willing to have it cut

into the mountain. There will be a need to study, particularly after the bridge is completed, what the traffic pattern will be through Boulder City. The bill addresses the concept of a public-private partnership. I am flexible to whatever the partnership is. I think the citizens of Nevada would be as well.

This project has been estimated at \$400 million. It will generate jobs, it will enhance commerce, and it will enhance the flow of traffic. Speaking with some, it is obvious that we need a cost-benefit ratio analysis of some kind, and that is why we are inserting "may" instead of "shall" and the word "if" followed by the word "shall."

Assemblyman Goicoechea:

I am concerned about how you are going to collect the tolls. You are talking about a lot of out-of-state traffic coming through there.

Assemblyman Hardy:

That is one of the things that has to be a part of the feasibility study. One of the things we have to do in the state law is allow video monitoring, and this bill addresses that. The technology for transponders already exists. Much of the traffic may be repeat traffic, particularly after the bridge is finished. Yes, there will be a lot of out-of-state traffic that will be "license plate captured."

Assemblyman Atkinson:

I have a question on page 11, line 39: "The bonds and notes must be authorized and issued under the procedure describing *Nevada Revised Statutes* (NRS) 408.273, but the bonds or notes must be secured or provided in the section and may have a maturity of up to 40 years." When I look at NRS 408.273, special obligation bonds, it is 20 years. Did you mean for this to be 40 years?

Assemblyman Hardy:

If you look at the public-private partnership concept, they like as many years as possible. Obviously, when they start looking at a public-private partnership they want some kind of steady and sure return on their investment. We should do whatever we can to allow them to have an interest in doing it. In the economic climate that we have today it may be problematic for several years to have a private-public partnership happen.

Chairman Atkinson:

If this bill is talking about the Boulder City bypass project, we are talking about 14.7 miles. Does this give residents the option?

Assemblyman Hardy:

The phase two part is 14.7 miles.

Scott Rawlins, Deputy Director, Department of Transportation:

Everybody knows we are in financially hard times, especially in the transportation field. For state projects we are over \$6 billion short for our needs over the next six years. We are looking for opportunities to build some of these transportation improvements. Part of that \$6 billion shortfall is the Boulder City bypass, an important route between Las Vegas and the city of Phoenix that brings in visitors and needed goods. We support the project, and I concur with everything Assemblyman Hardy said about the process we went through and our approvals that we have at this point. We do a cost-benefit analysis on every project over \$25 million.

Chairman Atkinson:

What is the cost of this project?

Scott Rawlins:

The total cost for phase 1 through phase 2 is somewhere around \$450 million.

Assemblywoman Spiegel:

Are you or someone else going to outline where the road is, where it would go, and how it would work? Reading this, I am not clear about the vision for the demonstration other than some of the technical details. Where is the land?

Scott Rawlins:

If you can imagine where the Railroad Pass Casino is going into the Boulder City area, there would be a road that would take off from right where the existing freeway ends and the pavement changes from concrete to asphalt. It takes off south of the existing alignment, and would have an interchange below the Railroad Pass Casino area that would improve operations in that area. We have some safety concerns where the signal is at Railroad Pass Casino. There would be a route that would tie into US 93 to the east, and then the Boulder City bypass project would continue down to the south and tie into US 95 as it goes towards Laughlin. There will be an interchange there. From that point, the alignment basically skirts around the south side of Boulder City until it gets to the east side. It goes up and over the Eldorado Ridge mountains and ties into the Hoover Dam bypass project near the Hacienda Hotel and Casino, where they are tying into the existing US 93 now. That is generally the alignment—two lanes in each direction.

We have broken that up into a couple different phases. One phase goes from US 95 up through Railroad Pass to deal with all of those safety issues near the Railroad Pass Casino and extends the freeway system down to US 95.

The second phase is from US 95 around the south side of Boulder City tying back in with that Hoover Dam bypass project. There would be an alternate route which would be the existing US 93 that goes through Boulder City today.

Assemblyman Manendo:

Why was this particular project picked? Is there so much traffic that you need to create a four-lane highway?

Assemblyman Hardy:

The pre 9/11 truck traffic through Boulder City was such that over 2,000 trucks a day came through, and it became problematic making a left turn anywhere in Boulder City. It was hard to go out of a storefront or parking lot to turn right, let alone turn left. The safety issues that arose when driving through Boulder City presented many different challenges. As you come from the dam towards Boulder City there is a huge hill you go up called Hemenway Valley. The traffic would have to slow down coming up the grade. You did not have an effectual break in traffic coming through Boulder City with continuous heavy truck traffic volume. When the events of 9/11 happened and the dam was shut off as a truck route, the traffic dropped precipitously, and now the citizens of Boulder City do not have that risk going across the street that they did before. This process that we are talking about started long before 9/11. We have been waiting for the other shoe to drop when the bridge gets done and we will have significant safety issues again. The citizens of Boulder City decided to look at this long before 2001.

Assemblyman Manendo:

How much is going toward sound walls?

Assemblyman Hardy:

Three-quarters of a mile. We went far enough south that we will avoid that.

Assemblyman Manendo:

You are going to avoid sound walls?

Assemblyman Hardy:

That is the intent.

Assemblyman Hogan:

I wanted to be clear about the alternate route. Does that continue to Arizona by crossing the bridge?

Assemblyman Hardy:

Yes. The alternate route is the route that is now traveled through Boulder City. There will be a shutoff of traffic at the dam, so you will not be able to drive the road across the dam. You will be going across the bridge. There will probably be some significant monitoring of that little piece of road. You will still be able to go down the road to the dam because we have a visitor center there. It will still be a tourist attraction, but you will not be able to go from side to side like you do now.

Scott Rawlins:

That is where the split will be. If you are heading west towards Las Vegas you will either decide to go south around Boulder City, or you will continue on the existing road to get to Boulder City itself. That would be the alternate route near Hacienda. Everybody will go over the new Hoover Dam project. That is the route into Arizona.

Assemblyman Hogan:

The assumption is that the new Hoover Dam project is complete and in use before this is constructed?

Scott Rawlins:

That will be the case.

Chairman Atkinson:

I want to address the alternative route so people will not have to get on this one. You have told me that that is an option.

Assemblyman Hardy:

I said that, and it is still true. You can go right through Boulder City. We would prefer the cars to keep coming through Boulder City as it is scenic and historic and we would love for them to stop and play for the day.

Assemblywoman Spiegel:

Based on your projections, have you envisioned the distribution of the vehicles using the demonstration project versus the traditional route in terms of Boulder City residents versus out-of-towners?

Assemblyman Hardy:

I suspect that the residents will not want to back up and go to the bypass from either direction because they will be in the middle. They will still use the local roads. There will obviously be people who will want to get their transponder reception wherever they want to go. They would go around Boulder City. We do not envision Boulder City residents driving from one end to the other and then using the bypass. It will be a more direct route for them to keep using the regular road. If we do not do this then traffic will be worse than it has ever been.

Jacob Snow, General Manager, Regional Transportation Commission of Southern Nevada, Las Vegas, Nevada:

If you had more time to hear from Jonathan Peters he would emphasize that with the current financial constraints in transportation financing, the opportunities for public-private partnerships will be very limited, if any at all in the next several years. We note that the language in this bill would require the Department of Transportation (NDOT) to do a public-private partnership or partnerships. We think that is a good thing, and we are supportive of that. We are as supportive of this legislation as we have been in previous sessions.

However, we would like to point out that the additional opportunity of a public tolling authority ought to be considered in this case so that we would have a chance to have the project go forward when needed. I can tell you that there are members of my Commission that would be interested in participating in such a public tolling authority. We think it would be appropriate for members of the state Legislature to also participate. We think that would be a good way to make sure that the concerns about equity, the concerns about transparency, and some of the other concerns that have been discussed today could be dealt with.

The Regional Transportation Commission (RTC) is willing to convene a stakeholder advisory committee to study how toll authorities are set up and provide recommendations to the Legislature in the next session. This could include reviewing the policies of successful public tolling agencies around the country and developing a tolling policy that best fits the residents of southern Nevada. We would of course work closely with NDOT on this Committee. I have already had the chance to speak to Director Martinovich about doing so. We are in support.

Chairman Atkinson:

You mentioned the public-private-partnership component. There is always a lot of talk about it being available, how it can be accessed, and what it does to relieve the burden from the taxpayer. But I am starting to hear the same thing

that you just stated—because of the economy do you think there will be opportunities for public-private partnerships, with respect to roads, in the next few years?

Jacob Snow:

There are a number of ways, shapes, and forms that public-private partnerships can take for these types of projects. With regard to an equity contribution or a cash contribution up-front in exchange for the ability to charge a toll, I do not believe that you will see any type of that activity in the next couple of years at the very least and maybe for the next several years.

Assemblywoman Spiegel:

My understanding is that there is a question about the constitutionality of having toll roads and public-private partnerships, such as this demonstration project. I am curious about how much money your department has spent working on this and evaluating all of the different components and elements.

Jacob Snow:

We have not spent any dollars working to analyze this except for our own internal administrative costs and what research we have done. A few years ago we had a representative from Texas, where these types of approaches are used extensively, address our board on the matter. I could not point to any specific expenditure that we have had on this. I do not believe there is a constitutional impediment, but I am not an expert on that.

Susan G. Martinovich, Director, Department of Transportation:

We have worked with the Legislative Counsel Bureau (LCB) staff and the Attorney General (AG), and the language in this bill parallels verbatim what the *Constitution* says. There is no conflict with the *Constitution* in this bill.

Darcy Johnson, Committee Counsel:

That is correct. We are comfortable that the language in this bill is constitutional.

Lisa Foster, Reno, Nevada, representing Boulder City, Nevada:

Boulder City is in support of this legislation.

Chairman Atkinson:

We will close the hearing on A.B. 464 and open the hearing on Assembly Bill 524.

Assembly Bill 524: Authorizes the Department of Transportation to establish a demonstration project for managed lanes in Clark County. (BDR S-1035)

Susan G. Martinovich, Director, Department of Transportation:

[Read from ([Exhibit J](#)).]

Assemblyman Goicoechea:

Do you anticipate using any private sector monies in this pilot project, or are we going to build it with public funds, see how it works, and then start talking about bringing the private sector in?

Susan Martinovich:

That is what our proposal is, to use the private sector to provide the initial funding for the initial scope and then pay it back, over time, through the tolling facility.

Assemblyman Carpenter:

The back of this map ([Exhibit K](#), page 7) says that it would allow the Department of Transportation to impose a user fee or toll on vehicles that do not meet certain criteria which opt to use the express lanes. What does that mean?

Scott Rawlins, Deputy Director, Department of Transportation:

High occupancy vehicles, three or more people, (HOV + 3) could use these lanes for free, as could vanpools, and the Rideshare Program. In partnership with the Regional Transportation Commission of Southern Nevada, (RTC) we could provide high speed bus routes on the freeway system that we do not have today.

[Read from ([Exhibit K](#)).]

The project is seen in yellow in the middle of the US 95 corridor from Ann Road down through the Las Vegas spaghetti bowl and down I-15 to the Beltway. There are two new lanes in each direction along the I-15 corridor. There are two lanes in each direction along the US 95 corridor between Summerlin and the Las Vegas spaghetti bowl and one lane in each direction from Ann Road down to Summerlin. There is a new connection from the middle of Summerlin Parkway to US 95, a new connection through the Las Vegas spaghetti bowl, and a new connection down through the Beltway. That connection is going to suck in all of the airport traffic and get that right in the middle of the I-15 corridor. We are also adding new access points to the resort corridor at Harmon and Hacienda. From the middle of I-15 you can get to properties along Harmon and Hacienda. We are looking at trying to tie those access points to Frank Sinatra Drive and Dean Martin Drive, which are next to I-15. Now you have backdoor access to those resort properties. We would also add an access

point near Oakey Boulevard for access to the downtown area and the Clark County government center.

How do these work? It is as simple as registering online, through the mail, or at a kiosk. You get one of these passes, you open up an account, and it is your choice. Those general-purpose lanes that are there today will remain, so you can choose to use those general-purpose lanes in a safe, reliable way.

These are new lanes, with one exception. That exception is on US 95 between the Las Vegas spaghetti bowl and Summerlin Parkway. There is an HOV lane out there today. We would add one more lane to that HOV system. An HOV+3 could still use that system, but we would allow people to use that excess capacity that is not used by HOVs. This congestion pricing system brings reliability. As the demand increases, more and more people will want to use the system. We can keep a certain running speed in those lanes, a minimum of 45 to 50 miles per hour, so we can keep that free-flow condition. With that condition we can provide that transit service—the high-speed bus route. It is your choice. You can use the general-purpose lanes, or you can use these lanes for a fast, safe, and reliable commute.

Assemblywoman Spiegel:

Are these new lanes newly constructed, or are they restriped from existing lanes?

Scott Rawlins:

These are newly constructed lanes. The grey lanes you see on the map are the lanes that exist today. The one exception is the HOV lane between Summerlin Parkway and the spaghetti bowl.

Assemblywoman Spiegel:

It would not be narrowing the existing lanes as was done in California to make room for these extra things?

Scott Rawlins:

No. In the area of US 95 we would do some restriping to basically push those lanes out and add that new lane, but you are still going to have the 12 foot lanes that are there today. There would be some construction with the widening, obviously, to get this accomplished.

Assemblywoman Spiegel:

When you were talking about the toll lanes in other jurisdictions like California, I know issues arose with the public-private partnerships that included noncompete clauses that caused the State of California not to be allowed to

maintain the general-use lanes to adequate standards, thereby forcing people to take the toll road.

Scott Rawlins:

There have been a lot of these types of projects throughout the country. Over the last three or four years we have learned from some of the mistakes made on earlier projects. We know exactly what you are referring to, and we are setting ourselves up with language in our contracting so that we do not run into those issues. We set the ground rules of what they bid on. We are going to maintain our state system to our high standards.

Assemblywoman Dondero Loop:

I am uncomfortable with the downtown piece and west on US 95. Is that all the road that is being worked on in all of this time?

Scott Rawlins:

This area is new roadway. We are going to restripe that so that you now have two HOV lanes in the median, and you still have four existing lanes on the outside.

Assemblywoman Dondero Loop:

How will you restripe that without narrowing the lanes?

Scott Rawlins:

There are some areas where there are pinch points. There might be some small sliver of widening in other areas so we can maintain that shoulder. Those lanes will be as wide as they are today.

Assemblywoman Spiegel:

That seems contradictory to me as well. I do not understand how you can say that we are getting these lanes by restriping without resizing the lanes. There are going to be newly constructed lanes, but now you are talking about restriping.

Scott Rawlins:

There will be some widening to the outside, but those lanes will still be there. They will be shifted over. That is where the restriping element comes in. You are still going to be able to travel on those four lanes that are out there today, and you will also be able to travel on the two express lanes in each direction in the median.

Assemblyman Hogan:

I thought you indicated that the new lanes will serve as both HOV lanes and express lanes. That segment will have a dual purpose, or do I misunderstand it?

Scott Rawlins:

Throughout that entire 19 miles, HOV + 3 would be able to use these lanes for free. Transit, Rideshare, and the high-speed bus routes will all use these lanes for free. Right now we only have a four mile stretch of HOV lanes between Summerlin and the spaghetti bowl. We are going to expand that usage.

Chairman Atkinson:

The stretch where the HOV lines are, you are saying they will continue to be HOV lanes, but it will also serve as the toll lane?

Scott Rawlins:

Yes.

Chairman Atkinson:

The HOV lanes have already been paid for by the taxpayers, correct?

Scott Rawlins:

Yes.

Chairman Atkinson:

Now we are going to ask them to pay to drive in lanes they have already paid for.

Scott Rawlins:

Nobody but an HOV can travel in those lanes during HOV hours.

Chairman Atkinson:

I understand that, but it is already paid for. What are the hours for HOV lanes?

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

The current hours are 5:00 a.m. to 10:00 a.m. and 2:00 p.m. to 7:00 p.m.

Chairman Atkinson:

What happens to those lanes after 10:00 p.m.?

Rudy Malfabon:

After 10:00 p.m., currently, any traffic is allowed to get on. That is a time when you do not need to get in there.

Chairman Atkinson:

After we begin the toll part, will it still be free after 10:00 p.m.?

Rudy Malfabon:

Just as Dr. Peters showed, the pricing will change. If it is off peak, you will still be charged a toll, but it will be . . .

Chairman Atkinson:

That is not the answer to my questions. That is a yes or no answer.

Rudy Malfabon:

Yes.

Chairman Atkinson:

My question is, after 10:00 p.m., will there still be a charge?

Rudy Malfabon:

Yes.

Chairman Atkinson:

You are making it sound like the HOV lane that is there will still be available, but it will not because you will have to pay for it. Even if pricing is reduced, the taxpayer is still going to have to pay to drive in those lanes after hours. It is no longer a free lane.

Rudy Malfabon:

The people who will not have to pay are the people who ride in HOV + 3 vehicles that are preregistered. Right now those lanes are not of sufficient length to attract a lot of drivers.

Chairman Atkinson:

We are finished with this conversation. You keep saying the same thing I am saying. I am talking about the individual who wants to drive in that lane after 10:00 p.m. They are going to have to pay if it is one person in the car. You are saying it is not an issue because there is no traffic after 10:00 p.m., none of us can guarantee that. What you are saying is that if an individual decides to drive in that lane, they are going to pay to drive in the lane their tax dollars have already paid for. That was my answer.

Assemblyman Goicoechea:

I am confused about how you are going to enforce this. I could be a single rider, but I could be in a high occupancy lane. Unless you catch me you are not

going to know if I had three people in the car with me or not. I do not know how you know that.

Scott Rawlins:

You are right. There are always going to be people who avoid that. If you make the penalty large enough it is going to deter a lot of people from trying that.

Chairman Atkinson:

What happens to a motorcycle rider?

Scott Rawlins:

That is something we can look at. They could be considered an HOV or an exempt vehicle.

Assemblyman Kihuen:

Have you done any polling? Do you know what the public perception is? Are they in support or are they not? Right now we are facing hard economic times. Gas prices have gone up and down. Do people want to pay extra to ride on the roads that they already paid for?

Rudy Malfabon:

We conducted polling in January of this year. We found that as people obtained more information about what the express-lanes concept is they were more favorable to it. Responders were asked whether they would approve of using a public-private partnership to build highways in the area. They overwhelmingly expressed approval by a 65- to 32-percent margin. We asked them, "If the express lanes were in operation today would you use them?" Thirty percent of the traveling public said they would use these lanes at least once a week. Nine percent said they would use them every work day. That would be enough to achieve our congestion-management goals in that corridor.

Chairman Atkinson:

Thirty percent and nine percent will be enough?

Rudy Malfabon:

That would decrease our congestion enough to meet our goals.

Assemblyman Kihuen:

Did you tell them how much they were going to be paying?

Rudy Malfabon:

We did not have a price. That was a question that a lot of people wanted to know. Two-thirds of people who said they were not in support of that concept

said they might vote in favor of it if they had more information such as the user fee.

Assemblywoman Spiegel:

The thirty percent of the people who said they would be in favor of this did not know that you are talking about having a fee of a dollar a mile during congestion times?

Rudy Malfabon:

That thirty percent refers to how many people in the poll would use it at least once a week. The people who supported it were a much higher percentage. To explain what express lanes are, we explained that there would be a toll associated with the express lanes, and you would have a choice of using the general-purpose lanes next to the express lanes.

Assemblywoman Spiegel:

The people who you used for your market research were not told what the true price would be. They were asked a question in a vacuum, and you are now using that to tell us that the concept is widely accepted.

Rudy Malfabon:

Yes.

Assemblyman Carpenter:

If I come down from Elko and want to use this fast lane, how would I do it?

Rudy Malfabon:

You would have to sign up in advance. We are looking at those issues concerning people who live outside of the Las Vegas area. Obviously, a lot of people come in from California. We are trying to find a system that would work in both states.

Assemblyman Carpenter:

We heard from testimony on the other bill that they do not think this money is going to be available for quite a few years. Do you have any question on that in regard to the Boulder City bypass?

Scott Rawlins:

If the Chairman is amenable to it, we have our financial advisor from KPMG who does this around the nation. He could speak specifically to the level of interest and the money that is ready to be invested. I can tell you that there is a great deal of interest. We in Nevada are in a great position because if you look at these types of projects around the country, ours is in the pipeline to be out

there—potentially by itself—if we can get legislation to support it and explore those options.

Assemblyman Hogan:

With regard to the survey, when I listen to your description of the survey results I made the assumption that we are at a stage in the planning in which we do not have a toll number or a specific set of toll numbers so there would be no misuse of the polling device in not suggesting a specific toll. Is there an idea of what the toll would be?

Frank Wilson, Associate Consultant, Department of Transportation:

We asked the question about toll rates in two ways. We asked them: what do you feel would be a fair toll to pay, and what do you expect to pay? The fair number ranged from 50 cents to \$6. Most people expected to pay \$3. People are not unrealistic about the idea that they are going to have to pay a toll, and it is equal to the value of the time that they are going to save. We asked a very preliminary question because the process the Department and any private partner will have to go through is a very involved, stated-preference survey where they will survey 1,000 to 2,000 people and determine what number is going to work.

That is work yet to be done, but we know that the 600 voters in the Las Vegas Valley whom we surveyed said they would be willing to pay a toll to use these lanes. When asked what they would do if they were asked to vote on it, three out of five said they would vote yes. Of those who said they would vote no, two-thirds of them said that they would probably vote yes if they have more information.

Assemblywoman Spiegel:

A recent article in the *Las Vegas Sun* said that this project runs afoul of our *Constitution*. Could somebody speak to that?

Susan Martinovich:

This bill, like the previous bill, uses the same language from the *Constitution*, verbatim, so we are in line with the *Constitution*.

Assemblywoman Spiegel:

I am curious why that article was in the paper if it is not an issue.

Susan Martinovich:

There were issues about where the funding would go once it was collected. It was clarified that the funding goes into the State Highway Fund. Money raised from toll fees, user fees, licenses, and the gas tax goes into the Highway Fund.

That is what the language says. It allows us to pay the administrative costs, as part of the contract, back to the builder of the facility.

Chairman Atkinson:

Are the current HOV lanes two-plus?

Scott Rawlins:

That is correct.

Chairman Atkinson:

It will increase to three when this goes in.

Scott Rawlins:

That is correct.

Chairman Atkinson:

We are doing that because we can get more people to pay. What is the rationale for going to three once we start paying to drive on the roads?

Scott Rawlins:

The concept of the congestion management idea is to move people. By that pricing element we can move more people.

Chairman Atkinson:

More people will be moved if more people decide to start putting more passengers in their cars.

Scott Rawlins:

We do not have high speed bus service on the freeway system today.

Chairman Atkinson:

Are we trying to cater to them, or are we trying to cater to the taxpayers who also pay for the roads?

Scott Rawlins:

We are trying to cater to the citizens of this state and provide transportation solutions.

Chairman Atkinson:

Right now they do not have to register to drive in the HOV. They can get in with plus two.

Scott Rawlins:

That is up to debate. We are trying to figure out a system that works so that people can be that HOV + 3. If it is not a preregistered program, what program would work? Those final details can still be worked out in the end.

Chairman Atkinson:

When you go to tolling they will have to register.

Scott Rawlins:

Not necessarily. We are trying to find the best solution that would allow HOVs into the system. That was our initial thought. If this Committee has other ideas that would work better we would certainly be open to those.

Chairman Atkinson:

I am having a problem with the HOV lanes. That is going to be a huge issue for me. I have been consistent in my statements when I say that the Nevada taxpayers should not have to pay on roads that their tax dollars have already paid for, and I am going to stay consistent with that. These HOV lanes were already built with taxpayer dollars. Now we want to tell the taxpayer that they have to do something different or pay again. I do not think that is right. Those are, in my opinion, legitimate concerns.

What was actually spent by the Department on these consultants? Is it \$1.7 million? What is it and what was it spent for?

Scott Rawlins:

Over four years ago, the Blue Ribbon Panel was put together by Governor Guinn. It looked at all of the transportation funding issues and came up with recommendations across the board. One of those was to look into public-private partnerships. Our current governor put together a public-private partnership (PPP) advisory panel, which you were a part of. The recommendations that came out of that committee as a whole were that we should pursue public-private partnerships. Our pioneer program was properly structured to be able to handle a public-private partnership and also to further investigate the demonstration project you have before you today. That recommendation was taken to our state transportation board. That board approved those recommendations and directed staff, through Director Martinovich, to hire three new advisors to help bring in some new expertise to refine that demonstration project, help us through the legislative part of this, and educate us about what is going on across the country. We have contracts for \$6 million for those advisors. We have spent \$2.3 million to date.

Chairman Atkinson:

Why is the Department spending so much money on something that we do not have the language to do in state law yet? It is a huge waste of taxpayer dollars, to me.

Scott Rawlins:

I appreciate your opinion on that. We needed to be advised and we need that expertise to assure us that we are recommending the right thing to this legislative body. We needed to do our homework to see what has worked and what has not so we can find solutions for the taxpayers of this state on the best way to deal with the congestion that we know is coming.

Chairman Atkinson:

What do you think the taxpayers will say when the Department spent that money on something that does not exist in the state and possibly will not exist?

Susan Martinovich:

I do not think that the money has been wasted. We have looked forward and we have looked at ideas that have come out of this. If this goes up in flames it is not entirely wasted because we have not spent all of the \$6 million. We have opened the door to look to other means. We can modify the bill. It has allowed us to be able to answer questions with some intelligence. We knew nothing going into this. If we come to you without being able to answer the questions and put the state at risk, shame on us. We needed to have an information background, and I do not have that. We had to bring in experts. If it turns out that this is not the right thing for the state, then we are done, but we will have learned a lot.

Passing this bill does not mean that we will jump into a tolling project. [Spoke from prepared outline ([Exhibit L](#)).] We have heard, through a lot of testimony in other committees, the pluses and minuses of the issue. We are going to be cautious. We are going to be transparent. We have created a process through our pioneer program that provides a lot of checks and balances through our transportation board in open meetings. This bill would give us the opportunity to hone those numbers and see if it is the right thing for the state. If it is, then that is a lot of money that could come into this state to build additional capacity for our roadways. If we were doing this all by ourselves and not talking about bringing in new money, we could not even begin to touch I-15 to provide additional capacity and additional access for another 20 years. If we can get this project going and if it is deemed to be good for the state, we could have a project that people could use in the next four to six years. That is a big benefit to the highway users of this state.

This bill gives us options, it embraces other modes of transportation, and we feel that it opens the door for opportunity.

Assemblyman Carpenter:

Where is the project in Salt Lake, and how much does it cost?

Chairman Atkinson:

If you do not have that information readily available, you can get it to us.

Zev Kaplan, General Counsel, Regional Transportation Commission of Southern Nevada, Las Vegas, Nevada:

The Regional Transportation Commission (RTC) is in support of the concept, and we need the additional tools. As Mr. Snow expressed, with regard to the Boulder City bypass bill, there are certain concerns and things that we think should be considered by this Committee and the Legislature. We have been working with NDOT in a cooperative effort to address those issues. Mr. Snow raised the idea of the RTC stakeholder committee, which is looking at major transportation issues in southern Nevada and could play a significant role in reviewing this further.

Chairman Atkinson:

You said the RTC is in favor of it?

Zev Kaplan:

In concept.

Chairman Atkinson:

You should probably be speaking neutral in that case.

Assemblyman Hogan:

In an area close to my district you are adding access and egress from the new lanes. Traffic will be coming in from and going out to Oakey, which would need a lot of work to be broad enough to be a major feeding point. I assume that you all would have a role in providing surface improvements to make sure that there is a smooth way to get on and off the express lanes and the normal lanes.

Zev Kaplan:

That would definitely have an impact, and it is something the RTC would consider. I do not know the specifics regarding that, but the arterials which feed into the freeway system are within the purview of the RTC, and it has always coordinated with the NDOT on those projects.

Veronica Meter, Vice President, Government Affairs, Las Vegas Chamber of Commerce, Las Vegas, Nevada:

The Chamber is supportive of A.B. 524. We believe that the movement of goods is a vital part of keeping our economy strong. It would, we believe, be an overall boost to the quality of life for employers and employees. We work very hard to protect and promote this.

Jeanette K. Belz, representing the Nevada Highway Users Coalition, Reno, Nevada:

We are trying to impress upon the leaders of this state how important it is to address our highway funding needs. This is an alternative method for doing that, to try and come up with some other ways. We have done some unpopular things in our time, promoting things like gas tax increases and so forth. This is another alternative that we need to look at. It does not apply to all areas, but at least it gives us some other options to look into.

I do not know whether we are neutral on the bill. We do not know whether there are tolls at 10:00 p.m. or not. At least it promotes the conversation in terms of what we have been working on for a long time and how to deal with some of the funding shortfalls that we have.

Shirley J. Ybarra, Senior Transportation Analyst, Reason, Washington, District of Columbia:

I am the former Secretary of Transportation in Virginia. When I was the Deputy Secretary of Transportation I wrote the Public-Private Transportation Act of 1995. That was the bill, and it is still considered the model PPP legislation in the country. I have implemented a number of PPPs.

There are a couple of things that I want to mention. One is that this is a tool in a toolbox. It is not for every project. It does not replace all of the funding. The first project we did in Virginia is called Pocahontas Parkway, a toll road. The PPP advanced that project by 20 years. The Dulles toll road that was mentioned earlier, the bill was in 1988. It is regulated as a public utility, but it is a private road. It is not a PPP. The deal would be as complex as buying Pepsi or America Online because it is a private road even though it is still regulated by the State Corporation Commission; your equivalent would be the Public Utilities Commission (PUCN).

It is a way to bring new projects to the table. We know, in our recent writings, that there is still, even in the economic downturn, billions of dollars waiting to invest in good projects. A lot of this money has been raised from funds such as the Fireman's Fund in Texas. There is a lot of money out there. The US Department of Transportation has said that, government accountability

offices have said it, and the Pew Research Center has said it, as well as recent studies.

On another toll road, a publicly run toll road called the Dulles toll road, we had the typical toll booths there for many years. We instituted the easy pass system. We went to an instant 45 percent—almost 70 percent now—usage of that road. That is a commuter road, but there are other people who still use it. It was so successful that we ended up taking out most of the toll booths. The technology is there. The examples that are being used concern public toll agencies in labor union states.

I have a quick point to make on congestion pricing. These are managed lanes, sometimes called "hot lanes" or high occupancy toll lanes. As was mentioned, it is being done in numerous places around the country. Atlanta is studying a whole network of them. Hot lanes are under construction on the Washington Beltway. Whatever your HOV is they continue to ride free. It is the individual, or the people who do not meet the HOV number, who are the ones who can elect to pay the toll. That is what congestion pricing is, and I got the sense that maybe that is not clear. It is not the HOVs that pay; they still ride free. It is only when you have a little extra capacity that you allow single drivers, who would pay the toll.

Chairman Atkinson:

Our concern was that they are already built and taxpayers already have paid for the lanes. That was our only issue.

Assemblywoman Spiegel:

I know that in September of 2007 the Virginia Department of Transportation had to refund \$105,000 to users of the toll roads because they were sent inaccurate tickets because the technology for collecting the tolls was not working properly. I was wondering if you could speak about that and recommend systems to be put in place.

Shirley Ybarra:

I am unfamiliar with that.

**David N. Bowers, Assistant City Engineer, Department of Public Works,
Las Vegas, Nevada:**

We are in support of the proposed demonstration project. This will reduce some of the congestion on this interstate roadway as well as on some of the city streets. Not only will the people who are in these "hot lanes" benefit but so will all of the citizens. We have additional connectivity at different intersections in Las Vegas, so it is going to be a big help for us.

Dan Musgrove, representing the Commercial Real Estate Development, Southern Nevada Chapter, Las Vegas, Nevada:

The majority of the buildings that we build are large industrial warehouses. The most important thing that they can do is move goods and services throughout Clark County to and from other places. We see this as a very important first step in beginning the process of bringing new money to Nevada to build roads that we are sorely hurting for. We are looking at any opportunity. We have done the research. The Chairman was involved. One of the partners in my law firm was a part of the PPP commission. I think that there are enough checks and balances so that if at any point this Legislature or the state feels it is going down the wrong road it can be stopped. I fear, having heard the questions and concerns, that this legislation will not go forward. That means we will never have the chance to talk about this going forward. One of the clients that we have been dealing with on a regular basis is a company called Transurban, based out of Australia. They are building the HOV additions in Washington, DC; they got the contract. They have met with Governor Gibbons and Director Martinovich because they have a solid interest in the potential of what Nevada has to offer, but they understand that there is no way to bring in private money unless you have tolling. We see this as an opportunity to get the law codified to begin moving the discussion forward. There are going to be additional legislative sessions that will have the opportunity to stop it before it gets out of place. Without action this legislative session, it is going to be another 20 years before this happens in Nevada. We ask the Committee to give it its due consideration.

Chairman Atkinson:

You said to start it, spend more money, and if we find out in future sessions it is not working we can cancel it.

Dan Musgrove:

I would scrap, perhaps, this portion of a public-private partnership. I do not believe that the money that has gone to this would be wasted.

Chairman Atkinson:

I never said wasted. My question concerned spending more money on something and scrapping it if it is not working.

Dan Musgrove:

I would say that I think one of the processes that the Legislature or private businesses go through is determining what the best process is. Out of this process we may come up with another idea that we can replace it with. I think that all of the work that has been done to look at using these lanes to move goods, services, and people is work well done. The architecture or the

engineering may be something that the Legislature chooses to fund using existing highway dollars. We know that it may take 20 years to do it, but I am not sure that any of this work has been a waste.

Peter Ernaut, Reno, Nevada, representing the Nevada Resort Association, Las Vegas, Nevada:

The Nevada Resort Association is in support of A.B. 524. Clearly, we understand there are some challenges and many details that need to be worked out. As for the demonstration project, we applaud the Department of Transportation's support of this bill. It represents, to us, an innovative way to address traffic congestion in a very important quarter as well as a creative way to finance both expansion and efficiency in traffic.

Assemblyman Hogan:

I had the opportunity to work in the National Aeronautics and Space Administration (NASA) headquarters before the first moon landing. As a result of that experience and other experiences, I am very much an advocate of spending reasonable amounts to try and avoid mistakes, to try to find the right path, document what can be expected, and fend off unexpected unfavorable consequences. We certainly do not want to throw money at a project until we are sure it has some promise. I think that the way to measure the promise it may have is to be willing to do some of the studies and bring in experts. It is a matter of how much and how early. We certainly need to investigate this quite carefully. There is a lot of new terrain we will be traveling if we go this way. If it does not work out we might lose a lot more before we find out it does not work. It is good to find out as early as we can.

Carole Vilardo, President, Nevada Taxpayers Association, Carson City, Nevada:

We have a major problem. Given the needs of the state, we are not going to get a gas tax increase. We know we are going to get to a point where we have an increased population. Maybe not 5,000 to 7,000 moving in a month; maybe it will only be 3,000 or 2,000 a month, but it is going to compound itself in an already problematic area for lane expansion—in some cases such as at the spaghetti bowl. In other cases, the fact that we do not have the money means we are going to fall behind again in building for roadway capacity.

This gives us the opportunity, I think, to do two things. This lets us get ahead of the curve for when we start seeing an increase in population. The other thing is the fact that it is a demonstration project. If you have enough checks and balances, that becomes our training ground. It is a demonstration project, but more than that it gives us the opportunity to know if it is viable for us to use in the rest of the state and what else we need to do.

I am a proponent of public-private partnerships. If you said that we needed to do this state-run I would buy it at this point because I do not know what else we can do to pay for roads. I do not see any bills. The primary concern this session is going to be funding for the State General Fund. I think you are hard pressed to satisfy the General Fund on the one hand, while on the other hand looking at transportation and then going back to your constituency and saying, "Look what we gave you."

The comment was made that the road is paid for. You are not paying to use the road. You are giving everyone the opportunity to move faster through traffic by car pooling or paying the toll and driving singularly in it. In addition, you have part of that where we have the right-of-way, but you are going to use it to build the extension that otherwise could not be done. I think it has a lot more in favor of it.

I see that we are not doing anything for transportation funding this year. This is an opportunity. It does not mean that we are going to bid and start on it next year. From everything that we have heard and from other committees that I sat on, we are probably looking at two to two-and-a half years, but you are looking at a much more accelerated time frame for the actual construction and having something available to mitigate congestion.

Bruce Woodbury, representing the Nevada Highway Users Coalition and the Henderson Chamber of Commerce, Las Vegas, Nevada:

Mayor Jim Gibson of Henderson asked me to inform you that he shares my support of A.B. 524. The same is true of Tom Skancke, who is a transportation consultant and has provided written testimony in favor of Assembly Bill 524 ([Exhibit M](#)).

With regard to Nevada's transportation needs, I continue to believe that we must take an "all of the above" approach, especially with the Department of Transportation's multibillion dollar shortfall and the increasingly limited resources available to address those needs. "All of the above" includes federal funding and existing state gas tax revenues. Both of these resources are greatly diminishing as future revenue sources because of higher mileage vehicles and reduced driving by motorists. The national committee that Mr. Skancke sat on has stated that the United States needs to be spending about \$225 billion a year to keep up with our existing and short-term future needs. We are, in fact, spending about \$84 billion a year in the United States. "All of the above" also includes whatever local initiatives can take place, including ballot questions such as we have seen recently in Clark and Washoe Counties, which have gone to the voters who approved significant new local tax revenues dedicated exclusively to transportation.

Frankly, the big void we face in transportation funding in Nevada, both in the short term and the long term, is NDOT's inability to move forward with a very long list of crucial projects all over the state in a timely manner, especially in southern Nevada. We would not be here today talking about toll roads or toll lane demonstration projects if there was a real prospect of having adequate resources anytime soon to properly fund NDOT with public tax dollars. I respectfully submit that it is now necessary to provide for enhanced funding, perhaps through a ballot initiative, but more immediately to give NDOT the ability to establish the necessary public-private partnership to improve I-15 and US 95 in southern Nevada now, rather than waiting 15 to 20 years for the existing funding to take care of it.

Throughout the United States we are moving in this direction, and sooner or later we will have to do so here. Not as the solution, but as one important element of an overall multi-faceted transportation program because we all know that there is simply not going to be sufficient public tax revenue to meet this challenge. I believe we can address all of the concerns that have been raised, and we can do it very constructively. I urge that action be taken now and that we not wait until we face a crisis of gridlock in southern Nevada before we undertake this inevitable action.

Ralph Murphy, representing the National Association of Industrial and Office Properties, Las Vegas, Nevada:

When the Department of Transportation and the Governor's Committee on Public-Private Partnerships proposed the pioneer program, we immediately met with Director Martinovich and General Manager Snow to understand the concept. We think it is a very innovative, state-of-the-art proposal that addresses some of the most serious issues affecting our local economy. We believe this is the best way to enhance the utilization of existing right-of-ways and expand the capacity of our transportation systems while maintaining all existing general purpose lanes. It will reduce congestion and the emissions that congestion causes. It utilizes the most innovative and newest traffic management technologies to produce the best possible way to move traffic through our area. Finally, it will improve safety.

Our board expressed some of the same concerns that you addressed in regard to HOV lanes. We believe there are solutions to address those concerns, but the overall proposal is worth pursuing. We strongly encourage you to support the Transportation Demonstration Projects Act.

Steve Redlinger, representing the Southern Nevada Building and Construction Trades Council, Las Vegas, Nevada:

We believe that this proposal will provide a mechanism to get some of these transportation projects off of the ground and put the unemployed men and women of southern Nevada back to work.

Kenneth Ackeret, Private Citizen, Las Vegas, Nevada:

I have come here to support this bill as a private individual. It is important to give NDOT the opportunity to add the toll lane and the legislation of enforcement to their tool box. I think it is important for Las Vegas to deal with the long-term needs of funding and the traffic congestion on US 95.

Danny Callejo, Owner, Terzo Inc., Las Vegas, Nevada:

We would like to point out that it is vital today, as it has been in the past, that Las Vegas stays a premiere tourist destination. In order to do that the level of service that we can provide to tourists coming into this town is vital. Having an opportunity to provide a project of this type, where the level of service is upgraded by augmenting the capacity and providing an effective connection to the street corridor, is very important. We believe that there are some issues that need to be worked out, but it is very important that we consider an initiative of this type, today, to give Nevada the opportunity to move forward and stay ahead of the group. There are many demonstration projects that have taken place in the past, and there are effective toll road programs that are in use today and around the world. I know for a fact, having used most of those, that they have been very successful.

There are issues in regard to funding. We certainly welcome the opportunity to continue to work with a group. We believe there should be an opportunity for whomever the chosen operator is to refund the cost of infrastructure in place today as part of a system that will ultimately become a toll road program. Having a toll road program provides an opportunity for those who still want to maintain and support a free highway system that will be enhanced by that toll road system which will provide effective connections at mile intervals between the existing main interchanges, which is very important. It would be a benefit for both the community in general, that uses a free system, and also those who decide to use a paid or tolled system.

In regards to concession structure, we certainly support the fact that it should stay under control of the State of Nevada. We have proposed to support a community private and public control board to assist the state in looking over the efficiencies of the program, the level of service, and how it is delivered to our constituents. We strongly believe in the initiative.

Chairman Atkinson:

We have received a written letter ([Exhibit N](#)) from Mandi Lindsay that will be entered into the record.

Tony Almaraz, Major, Nevada Highway Patrol, Department of Public Safety:

The patrollers are in support of the concept of anything that is going to be a traffic enhancement, moving people forward and providing safety. However, there are a couple of areas of concern that we are willing to work on with NDOT. It has to do with regulatory issues. I noticed some of you have a brochure; in that brochure it reads, "The Nevada Highway Patrol will enforce the particular laws." [Not provided as an exhibit.] As everyone knows, the Highway Patrol works under NRS 480.360. That does not cover our mission, so I think there is going to have to be some language changes within this bill as we move on. We are willing to make provisions so that it makes it regulatory and that we can enforce those laws for those who violate them. I know they are looking at systems that would capture that and bill the violator. We are willing to work later on that as the language is amended.

Assemblywoman Spiegel:

What is the likelihood that you would use the speeding transponders as automatic speeding detectors?

Tony Almaraz:

We used to use that a long time ago. That is where you look the time of the vehicle from one mark to the other. It is used in aircraft enforcement as well. We do not currently have that system. I am not the best person to answer that question, but I am sure that there are some capabilities out there, should we decide to install such a system.

Chairman Atkinson:

We will close the hearing on Assembly Bill 524 .

We are adjourned [at 4:42 p.m.].

RESPECTFULLY SUBMITTED:

Marlen Schultz
Committee Secretary

APPROVED BY:

Assemblyman Kelvin Atkinson, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Transportation

Date: April 2, 2009

Time of Meeting: 1:36 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign in Roster
A.B. 235	C	Marjorie Paslov Thomas	Work session document for Assembly Bill 235 with 10 proposed conceptual amendments.
A.B. 235	D	Dawn Lietz	Proposed comprehensive amendment for Assembly Bill 235.
A.B. 372	E	Marjorie Paslov Thomas	Work session document for Assembly Bill 372.
A.B. 417	F	Marjorie Paslov Thomas	Work session document for Assembly Bill 417
A.B. 464	G	Dr. Jonathan Peters	Presentation <i>Road Funding Issues: Financing Options and Measures of Success.</i>
A.B. 407	H	Assemblyman David Bobzien	Legislative Counsel Bureau research report on license reinstatement fee following DUI.
A.B. 407	I	Assemblyman David Bobzien	Revenue worksheet
A.B. 524	J	Susan Martinovich	Testimony in support of Assembly Bill 524.
A.B. 524	K	Scott Rawlins	Testimony in support of Assembly Bill 524.
A.B. 524	L	Susan Martinovich	Additional testimony in support of Assembly Bill 524
A.B. 524	M	Bruce Woodbury	Testimony by Tom Skancke in support of Assembly Bill 524
AB 524	N	Assemblyman Kelvin Atkinson	Mandi Lindsay, Associated General Contractors, Las Vegas, Nevada—letter in support

