

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

**Seventy-Sixth Session  
March 31, 2011**

The Committee on Transportation was called to order by Chair Marilyn Dondero Loop at 3:19 p.m. on Thursday, March 31, 2011, 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/76th2011/committees/](http://www.leg.state.nv.us/76th2011/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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn Dondero Loop, Chair  
Assemblyman Jason Frierson, Vice Chair  
Assemblyman Kelvin Atkinson  
Assemblywoman Teresa Benitez-Thompson  
Assemblyman Steven Brooks  
Assemblyman Richard Carrillo  
Assemblywoman Olivia Diaz  
Assemblyman John Hambrick  
Assemblyman Scott Hammond  
Assemblyman Joseph M. Hogan  
Assemblyman Randy Kirner  
Assemblywoman Dina Neal  
Assemblyman Mark Sherwood  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Committee Policy Analyst  
Darcy Johnson, Committee Counsel  
Jordan Neubauer, Committee Secretary  
Sally Stoner, Committee Assistant

**OTHERS PRESENT:**

Carole Vilardo, President, Nevada Taxpayers Association  
Jeanette K. Belz, representing Nevada Chapter, Associated General Contractors of America  
Cheryl Blomstrom, representing Nevada Motor Transport Association  
Richard J. Nelson, P.E., F.A.S.C.E., Assistant Director, Operations, Department of Transportation

**Chair Dondero Loop:**

[Roll was called. Rules and protocol were stated.] We will hear one bill today, Assembly Bill 374. I will open the hearing on A.B. 374.

**Assembly Bill 374:** Directs the Department of Administration and the Department of Transportation to conduct a joint review of the mobile equipment owned by the Department of Transportation. (BDR S-852)

**Assemblywoman Melissa Woodbury, Clark County Assembly District No. 23:**

I am here to introduce Assembly Bill 374. First, I am going to talk about the background and genesis for this bill. Former Governor Jim Gibbons formed the Nevada Spending and Government Efficiency (SAGE) Commission by Executive Order in May 2008 to study the Executive Branch of state government and to make recommendations to him and the Legislature on how to deliver high quality services to citizens at the lowest monetary cost. [Continued to read from prepared testimony ([Exhibit C](#)).]

In October 2008, the Department of Administration Division of Internal Audits commenced an audit focused on Nevada Department of Transportation's (NDOT) usage of heavy equipment in order to enhance fleet efficiency. The final report from this audit was issued in September 2009, and I submitted a copy ([Exhibit D](#)) to the Committee. The audit report included several recommendations that were ultimately accepted by NDOT. Therefore, in light of

NDOT's progress in implementing these recommendations, I would like to propose an amendment ([Exhibit E](#)) to A.B. 374 that was developed in collaboration with NDOT. [Continued to read from prepared testimony ([Exhibit C](#)).]

**Chair Dondero Loop:**

Thank you. Are there any questions for Ms. Woodbury?

**Assemblyman Atkinson:**

You said there was not a fiscal note on the bill, but the original bill says there is one. Who is going to perform the reviews of the mobile equipment?

**Assemblywoman Woodbury:**

Nevada Department of Transportation is here to confirm; they will complete the cost-benefit analysis as they determine whether to purchase or lease equipment.

**Chair Dondero Loop:**

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

**Carole Vilardo, President, Nevada Taxpayers Association:**

I am here to speak in support of the bill on behalf of Nevada Taxpayers Association. I would like to take the opportunity to thank Assemblywoman Woodbury for the bill, and if you have not seen the Department of Administration Division of Internal Audits' report ([Exhibit D](#)), please take a look at it. It details recommendations for evaluating heavy mobile equipment. The recommendations were accepted. The audit report contains many things that are parallel to the first section of the bill, which is why the first section is not necessary. At this point, NDOT has established an initial inventory and the condition of the equipment. Going forward, NDOT will be adding to the equipment that already exists. When NDOT decides they want to purchase something new, they will do the cost-benefit analysis. Our members alerted us to the reason this bill is important: equipment is being noticed sitting on the side of the road. My developer and construction members do not understand how equipment can sit on the roads for three or four months. One of the benchmark factors, for the companies who do the leasing or utilize the equipment, is they can work heavy equipment 200 hours a month. We noticed that and concluded if someone is paying for the equipment and not utilizing it, it is a waste of money. If the equipment is not being utilized, it still has to be maintained and periodically has to be replaced. That does not sound cost-efficient. It would be more cost-efficient to do a short-term lease. That is why we were looking at the evaluation of the heavy equipment. I am extremely impressed with what was done and the fact that NDOT has already implemented many of these recommendations. I applaud NDOT. I urge your

support of the bill because it will allow us to continue with what was done in the audit report.

**Chair Dondero Loop:**

Thank you. Are there any questions from the Committee?

**Assemblyman Atkinson:**

I read this bill earlier; I do not understand the need for it. Why is there a need for this bill if NDOT has the ability to do it on their own?

**Carole Vilardo:**

When it is in statute, it does not matter who is in charge. There is a long-term absolute requirement for it. I started looking at this issue back in 1985, and in 1986, I noticed budget hearings periodically getting requests for additional equipment. It is nice to know there is a justifiable reason for additional equipment. What confused me was that we always supported transportation, infrastructure, and a number of bills which provided funding for transportation. Some people think \$10 million from the State Highway Fund to paint buildings for maintenance facilities should be spent somewhere else like to fog seal the roads, et cetera. We started taking a hard look at anybody who was using heavy equipment. If you need it, that is fine, but please justify it. Nevada Department of Transportation justified it. I believe people at NDOT will follow through with this, but I have been around here since 1973, and I know we change administration. If something is important and you want continuity, it is a good idea to have it in statute.

**Assemblyman Atkinson:**

I understand that. We create laws to make sure people do what they are supposed to, which does not make sense to me. Nevada Department of Transportation already has the ability to do the reviews, and they have seen the audit report. Ms. Woodbury says she has buy-in from the Office of the Governor, which means they feel the need for this bill, so the Governor's Office should just tell NDOT to do the reviews. Nevada Department of Transportation must agree with the bill because they offered an amendment to be able to do the reviews the way they want. The amendment takes out almost everything that was originally in the bill. I do not know why we are doing this if NDOT has the ability to do it, and the Governor's Office can mandate them to do it.

**Carole Vilardo:**

The only thing I can tell you is what I already said: this bill is important enough for the reviews to be in statute. It is obviously a policy decision for the

Committee, but I think it is a tool that can be used by the budget committees when they are reviewing requests for equipment purchases.

**Chair Dondero Loop:**

Are there additional questions? [There were none.] Is anyone in support of the bill?

**Jeanette K. Belz, representing Nevada Chapter, Associated General Contractors of America:**

We have worked with NDOT over the years on equipment purchases and believe information like this helps us to be good stewards of the State Highway Fund. I have been here before talking about maintaining the State Highway Fund with a good balance. We feel this bill is important and appreciate what the people at NDOT are trying to do.

**Cheryl Blomstrom, representing Nevada Motor Transport Association:**

I want to echo Jeanette Belz's comments and express our thanks to NDOT for being good stewards with the recognition that a cost-benefit analysis, no matter what purchase is made, is a good idea. We want to report to the Committee and the Governor to make sure that process happens.

**Chair Dondero Loop:**

Are there any questions from the Committee?

**Assemblyman Frierson:**

I have a question regarding the provisions NDOT voluntarily adopted versus what is remaining in the bill. Are the provisions NDOT voluntarily adopted less important and therefore not necessary to put in statute? It is still not permanent, although they voluntarily adopted the provisions. Are the remaining provisions more important, or are they all important? I am confused about what the difference is between the provisions they have already adopted and why those do not need to be in statute versus the remaining provisions and why it is more important they be put in statute.

**Jeanette Belz:**

I think the bill is condensed and deals with cost-benefit analysis. It is identifying what the benefit is going to be globally versus the cost and if there is a balance. It is taking the same kind of information and putting it into a cost-benefit analysis. I am not saying the voluntary provisions are not important; I think they will be included. Maybe they should be articulated. I think it is looking at it in a cost-benefit-analysis way.

**Assemblyman Atkinson:**

I am trying to make sense of the amendment. Ms. Woodbury, did you say you agreed with the amendment from NDOT?

**Assemblywoman Woodbury:**

Yes, I agree with the amendment.

**Assemblyman Atkinson:**

On page 3 of the original bill, lines 23 through 33 read: "On or before January 1, 2013, the Department of Administration and the Department of Transportation shall jointly prepare and submit a report containing a summary of the review required pursuant to subsection 1, the criteria . . . ." In the amendment that part is stricken out. Earlier you said the report would still go to both houses and would include the Governor's Office, but the amendment is deleting that part of the bill.

**Assemblywoman Woodbury:**

In the amendment we added different wording, but it still says there will be a report to the Legislature. It still will be reported.

**Assemblyman Atkinson:**

Is it in the amendment on page 2, beginning "Report to the Legislature . . ."?

**Assemblywoman Woodbury:**

Yes, that is right.

**Assemblyman Atkinson:**

So instead of January, it will be sent February 1 of every odd year just before session?

**Assemblywoman Woodbury:**

Yes, what might be confusing is what we took out of the bill. We took out a report done on already existing equipment. Equipment not being used should be leased rather than purchased, so the internal audit and the actions taken by NDOT after the audit took care of all existing equipment, so we took out the report on existing equipment. We want it to continue for new equipment. That is the change in the amendment.

**Assemblyman Atkinson:**

If it comes to the Legislature, it will go to the Governor's Office as well, right?

**Assemblywoman Woodbury:**

That is correct.

**Assemblyman Atkinson:**

Will the report simultaneously go to the Legislature and the Governor instead of waiting until the Legislature looks at it?

**Assemblywoman Woodbury:**

That is correct.

**Assemblyman Atkinson:**

Will the Legislature be able to make changes, or will it just be a report?

**Assemblywoman Woodbury:**

It will just be a report.

**Assemblywoman Benitez-Thompson:**

I like the idea of cost-benefit analysis. I have served on some nonprofit organizations where it was standard to be judicial with money, and a set policy of purchases over a certain amount would have to go to the board of directors for review, so I like this piece of it. I am wondering if the \$50,000 was per purchase or aggregate spending on a certain item?

**Assemblywoman Woodbury:**

It is already in statute. It is for a piece of equipment that is valued more than \$50,000.

**Chair Dondero Loop:**

Are there additional questions? [There were none.] Is anyone else in support of A.B. 374? [There was no one.] Is anyone opposed to A.B. 374? [There was no one.] Is anyone neutral?

**Richard J. Nelson, P.E., F.A.S.C.E., Assistant Director, Operations, Department of Transportation:**

I would like to take this opportunity to thank the sponsor of the bill for working with NDOT on this piece of legislation. I would like to mention the fact that our equipment division and equipment have been audited many times over the years. It seems to be a favorite target, probably because there is so much money involved. I appreciate the support with the last audit and would like to reaffirm the fact that we agree with all the recommendations that are in the audit, and we have gone about implementing them.

One of the key recommendations in the audit was looking at underutilized pieces of equipment and establishing parameters for them. During the course of the audit, the auditors identified 60 pieces of equipment they believed we should take a closer look at. When we did, we actually went a bit deeper and

disposed of 120 pieces of equipment. We look at the audit report as giving us great value. In addition to that, the equipment and fleet manager trades associations are looking at our fleet as well, and I am happy to report over the last seven years we have been recognized three times as having one of the 100 best government fleets in North America. That is in large part because we embrace these practices in order to best help manage the fleet. In some cases what will happen when we go through the analysis and document the justifications is we decide if we really need the equipment after all. Maybe the equipment can be moved around the state to make better use of it. We see this bill as encouraging best practices and good business.

**Chair Dondero Loop:**

Thank you. Usually audits are completed by third parties or neutral parties. I feel like this is asking the fox to watch the chicken coop. Can you address my concern?

**Richard J. Nelson:**

The Division of Internal Audits keeps coming back. The first thing they look at is past audits and if we are still complying with the previous recommendations. It is important to them that we memorialize the things we say we are going to. We have an equipment manual that has been adopted by the department, which outlines all of the procedures we follow. As far as our continual analysis of underutilization of equipment and disposal, that is memorialized in our equipment manual that we continue to follow. In this case, for new equipment, since it is ongoing throughout the future, we will be presenting those to the Department of Transportation Board of Directors for their scrutiny.

When we develop a list of equipment for replacement or new equipment to be purchased, we have had a long-standing agreement with the Associated General Contractors to bring the list of equipment to them, they share it with their members, and it is vetted through them. In addition to the justification, the cost benefit is also vetted through the construction industry as well.

**Chair Dondero Loop:**

Thank you. Are there any questions from the Committee?

**Assemblyman Frierson:**

Since we are getting rid of the other provisions of the original bill, would this mean once we go through this process—purchase new equipment, have an audit, and justify it with the cost-benefit analysis—in two or three years we will no longer need to do an audit because the equipment is no longer new? Now it is equipment we already have. If we are looking prospectively at auditing new



purchases between now and a few years, are we precluding the audit of keeping that equipment?

**Richard J. Nelson**

No, we are not precluding it at all. In fact, the recommendation in the audit requires us to look at equipment utilization every year, over- and underutilization. We would go through the justification process and cost-benefit analysis in acquiring the piece of equipment, and every year after we would look at the utilization of the new piece of equipment.

**Assemblyman Frierson:**

The auditing of existing equipment would be something NDOT has decided to do as a policy voluntarily. Would it only be statutorily required for the consideration of new equipment?

**Richard J. Nelson**

Yes, that is correct.

**Chair Dondero Loop:**

Are there additional questions from the Committee? [There were none.] Is anyone else neutral? [There was no one.] Ms. Woodbury, would you like to conclude?

**Assemblywoman Woodbury:**

I think it is important going forward that we have something in statute to ensure the cost-benefit analysis is being completed, so when the next audit comes out, there are hopefully no recommendations for cost-efficiency and -effectiveness.

**Chair Dondero Loop:**

Is there anyone else wishing to testify? [There was no one.] I will close the hearing on A.B. 374, and we will hold it for a future work session. Is there any public comment? [There was none.] We are adjourned [at 3:48 p.m.].

RESPECTFULLY SUBMITTED:

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Jordan Neubauer  
Committee Secretary

APPROVED BY:

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Assemblywoman Marilyn Dondero Loop, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Transportation

**Date:** March 31, 2011

**Time of Meeting:** 3:19 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 374	C	Assemblywoman Woodbury	Prepared Testimony
A.B. 374	D	Assemblywoman Woodbury	Audit Report
A.B. 374	E	Assemblywoman Woodbury	Amendment