

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

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

The Senate Committee on Transportation was called to order by Chair Shirley A. Breeden at 3:42 p.m. on Thursday, March 31, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Shirley A. Breeden, Chair
Senator Michael A. Schneider, Vice Chair
Senator John J. Lee
Senator Mark A. Manendo
Senator Dean A. Rhoads
Senator Mike McGinness
Senator Elizabeth Halseth

GUEST LEGISLATORS PRESENT:

Senator Joseph (Joe) P. Hardy, Clark County Senatorial District No. 12
Assemblyman Crescent Hardy, Assembly District No. 20
Assemblyman Lynn D. Stewart, Assembly District No. 22

STAFF MEMBERS PRESENT:

Kelly Gregory, Policy Analyst
Bruce Daines, Counsel
Patricia Devereux, Committee Secretary

OTHERS PRESENT:

Susan Martinovich, P.E., Director, Nevada Department of Transportation
Jacob Snow, General Manager, Regional Transportation Commission of
Southern Nevada
Bob Hazlett, Senior Engineer, Maricopa Association of Governments

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John McGee, Executive Director, Arizona Department of Transportation
Tom Skancke, Executive Director, I-11 Alliance-CAN-DO Coalition
Roger Tobler, Mayor, Boulder City
Scott Rawlins, P.E., C.P.M., Deputy Director, Chief Engineer, Nevada
Department of Transportation
Carole Vilardo, President, Nevada Taxpayers Association
Gary Milliken, Government Relations-Public Affairs, GEM Consulting; The
Associated General Contractors of America Las Vegas Chapter
Mike Cathcart, Senior Financial Analyst, Finance Department, Budget and
Strategic Management, City of Henderson
David Bowers, City Engineer, City of Las Vegas
Terry K. Graves, Henderson Chamber of Commerce
Ryan Bauman, Nevada Contractors Association
Chad Dornsife, Best Highway Safety Practices Institute; National Motorists
Association
Paul J. Enos, Chief Executive Officer, Nevada Motor Transport Association
Emily Sermak, Nevada Legislative Affairs Committee; Citizens in Action

CHAIR BREEDEN:

We will open the hearing on Senate Bill (S.B.) 214 with statements of support from two of its sponsors.

[SENATE BILL 214](#): Requires the Department of Transportation to establish a demonstration project for a toll road in connection with the Boulder City Bypass Project. (BDR S-842)

ASSEMBLYMAN LYNN D. STEWART (Assembly District No. 22):

I have been traveling on the road to Boulder City (the City) for 34 years. I have observed the increase in traffic across the Hoover Dam (the Dam) since the tragedy of September 11, 2001 (9/11) and the opening of the Mike O'Callaghan-Pat Tillman Memorial Bridge (the Bridge). The City's businesses have suffered greatly due to the traffic jams, so I favor creating a toll road around the City through a public-private partnership (P-3).

ASSEMBLYMAN CRESCENT HARDY (Assembly District No. 20):

The proposed Boulder City Bypass (the Bypass) is in my district. We need to move forward with this bill to support my constituents in the City and the State's economy.

CHAIR BREEDEN:

We will close the hearing on S.B. 214 and recess to hear an informational presentation on the proposed U.S. Interstate Highway 11 (I-11) project.

SUSAN MARTINOVICH, P.E. (Director, Nevada Department of Transportation):

I will provide a brief summary of this issue from the viewpoint of the Nevada Department of Transportation (NDOT). There has been much discussion about the I-11 corridor from Phoenix to Las Vegas. The proposed route would then continue up through Nevada to connect with U.S. Interstate Highway 80 (I-80) and on to port facilities in Washington State. This highway would provide many opportunities for goods and commerce movement and alternatives for public travel. The NDOT has worked closely with the Regional Transportation Commission of Southern Nevada (RTC SNV) and Arizona to facilitate the I-11 project, of which the Bypass is a large part.

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

We have a PowerPoint presentation ([Exhibit C](#)) on I-11. This slide shows a dynamic-message sign which we will activate to direct traffic off of the Bypass and onto Alternate U.S. Highway 95 (Alt-95) instead of U.S. Highway 93 (U.S. 93) through the City. We monitor the heavy traffic through the City with cameras, in cooperation with NDOT and the City.

These photos taken the week after Christmas 2010 near Railroad Pass show traffic going north and south starting to become backed up from the Bridge. This photo was captured by NDOT close to the Bridge coming from Arizona into Nevada. It shows backed-up northbound traffic after vehicles have just crossed the Bridge. There was heavy traffic in both directions every day of that week. This is the interchange where people can go down to view the Bridge and Dam. The NDOT is doing striping and signage to facilitate movement at that interchange. We worked with NDOT and the City to install more traffic cameras to monitor the congestion.

The next three slides show congestion on U.S. 93 on Sunday, March 20, 2011, at Veterans Memorial Drive. Boulder City Mayor Roger Tobler had predicted that every weekend—especially holiday weekends, which this slide does not show—traffic would be so backed up that the entire commercial corridor would grind to a halt. People do not want to give up their spaces in the traffic line. Because of that unwillingness to allow vehicles to enter the line or yield to others, this is a

huge concern to owners and operators of businesses and residents trying to get into and out of the City. It is also a concern for people coming home from spending a nice weekend in Las Vegas because the bottleneck from the Bridge and resumption of truck traffic around the Dam has made this route unreliable.

There are economic impacts associated with this congestion. Whereas tourists come from all around the Nation to Las Vegas, 9 percent come from Arizona. Of that 9 percent, 90 percent drive in on U.S. 93. The message we are sending to Arizonans is, "If you want to come to Las Vegas to recreate, you cannot make the trip reliably on U.S. 93." That is discouraging some tourists from returning, causing a considerable economic impact. This is not a message we want to send to anyone, much less our Arizona neighbors. This slide shows how far traffic backed up to Railroad Pass on March 20.

People can monitor the traffic congestion through the City on a 24-hour basis at <http://www.traffic.com>. On that site, the computer graphic's red lines indicate backed-up vehicles on the Bridge, and yellow lines indicate problems through the City up to U.S. 93. On the RTCSNV's Website, <http://www.rtcsv.com>, people can access traffic-camera images in real time.

The ultimate solution to this problem is to build the Bypass. The NDOT has been on top of this issue for a long time. It conducted an environmental impact statement (EIS) that took 3.5 years and was approved by the federal government. The federal government has given its blessing to building a road around the City that would relieve the one-lane traffic bottlenecks from the Bridge. Ms. Martinovich has aggressively pursued the Bypass project, and the State will begin construction this year on an additional lane on U.S. 93 where it goes up Hemenway Valley. We all agree that the ultimate solution is to build the Bypass, the first phase of I-11 in Nevada.

The blue line on this graphic is the proposed route up from the new Bridge alignment through steep terrain around the south of the City to a new interchange at U.S. Highway 95 (U.S. 95). It would merge with U.S. Interstate Highway 515 in the southeastern corner of the Las Vegas Valley. While working with our counterparts—the Maricopa Association of Governments (MAG), the Arizona Department of Transportation (ADOT) and the Brookings Institution—a lot of attention has been paid to the I-11 corridor because Las Vegas and Phoenix are the only two U.S. cities with populations of more than 1 million not

connected by an interstate highway. That connection would improve transportation safety and reliability and benefit Nevada's economy.

As Ms. Martinovich mentioned, we are working with other states on this project. As this map shows, the ultimate plan is to extend I-11 to Reno and I-80 then through Oregon and Washington to Canada. The economic advantages of an interstate through Las Vegas linking Canada to Mexico are obvious.

BOB HAZLETT (Senior Engineer, Maricopa Association of Governments):

We have a PowerPoint presentation ([Exhibit D](#)) on the I-11 corridor. The idea for this project has been percolating at MAG and throughout Arizona for several years. My presentation is similar to one I gave in April 2010 before the 2009-2010 Legislative Commission's study on "Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation."

This slide shows the member agencies of MAG. We are the counterpart of RTCSNV and are the metropolitan planning organization (MPO) for the Phoenix-Maricopa County area. Our council of governments is responsible for transportation planning in the Maricopa Valley. This slide shows MAG's responsibilities under federal and state law: population projections, freeway program arterial streets and human services. The third column shows our oversight-governing board.

This slide shows our regional transportation plan, a \$17.5 billion program implemented until 2026, half of which is paid for by a half-cent sales tax in Maricopa County. The plan is divided into three regional programs: Freeway and Highway, Arterial and Transit. Phoenix wants to ensure it has good gateways into the city. U.S. Interstate Highway 10 (I-10) comes in from California, U.S. Interstate Highway 17 comes in from the north, and I-10 comes in from the Tucson area, providing connections to U.S. Interstate Highway 19 and Mexico.

This slide shows what drives Arizona's economy. Like Las Vegas, we have been hit hard by the economic recession, and are trying to figure out alternative ways to further economic development. These pie charts indicate that truck traffic and goods movement in Arizona and Nevada are similar. Almost two-thirds of goods are moved by truck through both states. Arizona is examining how it can provide value to that supply chain.

The MAG is eyeing the ways commodities flow throughout the world and how that influences the entire Southwest United States. We have asked freight industries about their top priorities. This pie chart shows the two most important things are schedule reliability and goods-movement consistency, and that freight rates are competitive.

These bar graphs show where goods originate worldwide and in the Nation. The most active ports are along the Pacific Rim, including Long Beach-Los Angeles, the world's fifth-busiest port and the busiest port in the United States. The chart on the right shows how Long Beach-Los Angeles dwarfs all of the U.S. ports, especially those on the East Coast. This all figures into how the Southwest transportation system works.

A lot of port activity is beginning to occur in Mexico. The port in Long Beach-Los Angeles is nearing capacity. A port is being developed in Punta Colonet, about 160 kilometers south of Ensenada in Baja California. On its opening day, that port could have the same amount of traffic as several East Coast ports and those of Oakland, Seattle and Tacoma. By 2023, shipments to Punta Colonet could exceed those received by the New York-New Jersey port. The implications for Arizona and New Jersey are obvious.

We have also studied transoceanic transfer of goods. It takes goods about 20 days to go from Shanghai to New York via Los Angeles. That time would drop to 19 days through Punta Colonet and Arizona. Shipping industry representatives tell us that could be an important difference.

How does this all relate to the development of I-11? This slide shows how the interstate system is geared toward Long Beach-Los Angeles but not Mexico. Three class 1 rail systems crisscross the Southwestern United States: the Burlington Northern Santa Fe Railway, traversing Arizona; the Union Pacific Railway's east-west Sunset Route, through southern Arizona; and the Burlington Northern Santa Fe Railway, through Utah and the northern tip of Arizona. The California Department of Transportation cannot find time to rehabilitate U.S. Interstate Highway 710 going to the Long Beach-Los Angeles port because its closure would adversely affect goods movement. The I-11 corridor could help facilitate goods movement by going to the Mexican ports of Guaymas to Punta Colonet. The corridor could add value to supply and goods movement throughout the Southwest and the Nation.

This is a map of the original 1956 interstate highway system designed under and authorized by then-President Dwight D. Eisenhower. This map shows additions to the system between 1957 and 1992, mainly in the highly populated eastern United States. A few interstates were added in the West, including U.S. Interstate Highway 70 from Denver to Cove Fort, Utah, and U.S. Interstate Highway 82 in Washington. High-priority corridor additions mandated by the Intermodal Surface Transportation Efficiency Act of 1991 and the Transportation Equity Act for the 21st Century were mostly in the East. All of these corridors have a freight component.

This map shows how the I-11 corridor could be an opportunity to link Las Vegas and Phoenix to the Pacific Northwest and I-5 in California. The latter is heavily congested, and I-11 could help relieve that. When the interstate system was conceived, the Tucson-Reno corridor only had a population of 700,000, and planners wanted to push interstates into California. Now there are more than 8 million people in that corridor. We definitely need a high-speed, more reliable corridor in the West.

The I-11 concept has moved forward with Arizona's long-range vision statement, called the Statewide Transportation Planning Framework, which was accepted by our State Transportation Board in January 2010. The U.S. 93 route in Arizona is being upgraded from two to four lanes, and ADOT has aggressively planned interchanges and reserved rights-of-way for them. When the Bridge opened, ADOT opened the last 15 miles of four-lane U.S. 93 between Kingman and the Arizona-Nevada line at the Colorado River.

We need to take the next step and turn I-11 into a true interstate. It would deviate from the U.S. 93 route around Phoenix, and we are looking into doing an EIS for that section. This slide shows how the MAG Economic Development Committee has addressed freight and inland-port issues and is moving forward with securing the interstate designation and necessary rights-of-way.

We are also pursuing the Freight Transportation Framework Study, a 12- to 18-month process with a mega-regional approach. It is in the Arizona Sun Corridor Megaregion, which includes Tucson, Phoenix and the majority of Arizona. Identifying and capitalizing on the new strengths of the Arizona Sun Corridor Megaregion might help MAG add value to the freight supply chain for the Southwest and the entire Nation.

SENATOR SCHNEIDER:

Arizona has been affected by this recession as badly as Nevada has been. What is the outlook for economic growth and traffic on the highways mentioned? Has Arizona's population dropped, especially in the Phoenix area?

MR. HAZLETT:

We are still growing, albeit not as rapidly as between 2000 and 2010. Our high home-foreclosure rate has hit our economy hard. But all trends indicate we are still a desirable place for retirees—including Canadians—and we anticipate slower population growth. Arizona is enjoying many new investments. Intel Corporation is investing \$5 billion in the Chandler area to expand its semiconductor plants. There are many spin-off industries related to that. Businesses are relocating here to escape California's regulatory climate. Our population projections for 2040 are being moved forward to 2050.

SENATOR SCHNEIDER:

High-technology industries like Arizona because of the investment you have made in your universities and colleges. Nevada is struggling to emulate that.

CHAIR BREEDEN:

How is Nevada assisting you with the I-11 project?

MR. HAZLETT:

We have been working with RTCSNV on the Western High Speed Rail Alliance Initiative on the four-state MPO Council of Governments coalition and on data exchanges for programming travel-demand and socioeconomic models.

JOHN MCGEE (Executive Director, Arizona Department of Transportation):

The I-11 corridor is a high-profile concept for the Arizona government. Governor Jan Brewer recently directed ADOT to secure funding for an EIS for the first phase of construction in western Maricopa County. The ADOT has discussed the I-11 concept with the Arizona Congressional Delegation and Ms. Martinovich. While the project will be expensive, there is potential for long-term growth in all of the western states.

TOM SKANCKE (Executive Director, I-11 Alliance-CAN-DO Coalition):

I have been involved in the I-11 project since 2009. I am the CAN-DO Coalition's (the Coalition) executive director. CAN-DO is an acronym for "Connecting Arizona-Nevada Development Opportunities," the formal name for the I-11 Alliance. An Arizona business group has worked with MAG and ADOT to examine the I-11 corridor from Phoenix to Las Vegas. Southern Nevada business leaders joined the Coalition to advocate for and assist and share in the vision in connecting the cities.

Senator Schneider's question about the project's immediate versus future needs was excellent. As a transportation consultant, I know we need to focus on both. The MAG, RTCSNV, NDOT and ADOT do that, with the assistance of the private sector. After connecting Phoenix and Las Vegas, the next phase is to carry I-11 up to Seattle, so the Washington Department of Transportation is part of our discussions.

Sixty-seven percent of our Nation's imported goods arrive in four western ports: Seattle, San Francisco, Oakland and Long Beach-Los Angeles. Forty-seven percent come from Long Beach-Los Angeles. The goods demand from the 22 western states over the next 20 years is expected to rise 22 percent. Forty-five percent of those goods are destined for places east of the Mississippi River by truck or train. Unfortunately, for communities like Las Vegas and Phoenix, 90 percent of goods come by truck. Trains pass through our communities, but it is the trucking industry that supplies them. Interstates like I-11 are a vital component of economic sustainability and critical for economic diversity and development in our region.

Mr. Snow and I are working with the Nevada Congressional Delegation, all of whom support the I-11 project. The federal government has no more money for transportation. The most successful formula for employment and economic development is transportation infrastructure investment. This has been true for 120 years, and this is not the time to stop investing in transportation.

I agree with Senator Schneider about Arizona's efforts to attract investments. The three things relocating businesses look at are—in order—an educated workforce; a reliable, safe and sustainable transportation infrastructure system to deliver goods and people; and a long-term, sustainable water resource. Nevada is lacking in all of those areas. We need to start investing in

transportation infrastructure to diversify our economy. I encourage the Committee to support the I-11 project for the future of our State.

MS. MARTINOVICH:

I want to relate what is happening now and in the future with I-11. There is a lot of discussion and forward movement. As for the immediate need for the Bypass referenced by Mr. Snow, NDOT has been working with RTCSNV and the City's freeway arterial system to provide signage for drivers. The NDOT will put a project out to bid in the next couple of months to widen the corridor just north of the Bridge. The approximately \$10 million project will widen two lanes in both directions. We are also working with our partners at the Federal Highway Administration (FHWA) to ban trucks on the Bridge route, at least temporarily during construction. That will alleviate congestion.

As Mr. Skancke and Mr. Snow indicated, their agencies and NDOT are working with the Nevada Congressional Delegation on the designation of I-11. Highways are designated through the FHWA or through congressional delegation decree. The latter would give us more flexibility. If we went through FHWA to get the "Interstate 11" designation, the entire route in Nevada would have to be brought up to federal freeway standards within 25 years. That is a tremendous challenge involving total control of freeway access, keeping the roads in good repair and working through rights-of-way issues in rural communities. The congressional delegation designation would allow us to call the project the "future I-11," setting the stage to move forward.

The NDOT has begun a feasibility study about the route of I-11 after it leaves Las Vegas. The route between Phoenix and Las Vegas is well established, but we are unsure how it will proceed north. The U.S. 95 route appears to be the best choice, but how do we go around small, rural towns? Where should I-11 intersect with I-80 in Washoe County? The feasibility study would lay out some initial alignments, and then we will begin the National Environmental Policy Act of 1969 (NEPA) process. The NDOT is not doing this in a vacuum. We are working with the Regional Transportation Commission of Washoe County, RTCSNV, ADOT, MAG and transportation agencies in California.

SENATOR LEE:

The nuclear industry would be required to pay a small amount to dispose of its waste at the Yucca Mountain Nuclear Waste Repository. Perhaps we could fund I-11 by charging a small amount on goods being moved into Nevada, instead of

asking the federal government to fund it as an interstate. You mentioned banning trucks on the Bridge. I thought we built the Bridge so trucks would not impede traffic. Businesses need goods delivered by 10 a.m., so banning the trucks will hinder people's ability to get jobs done on time. Could we allow trucks on the Bridge from 5 p.m. to 8 a.m.?

MS. MARTINOVICH:

You are exactly right. The Bridge was built because of the extensive backup of vehicles crossing the Dam after 9/11 security measures were implemented. The backup is extensive now, even with the Bridge road. Construction to widen that road will create an impact, so we are looking at ways to minimize the short-term effects. We will work with the City and Arizona because I do not want to pit agencies against one another. Hopefully, by autumn 2011, the traffic jams now plaguing the City will cease.

SENATOR SCHNEIDER:

Mr. Skancke, do the three things you mentioned that relocating businesses look for require substantial investments?

MR. SKANCKE:

That is correct. It would cost billions of dollars to implement all three in Nevada. Phoenix recently convinced APL Ltd., an international goods-movement company, to relocate from Oakland. The company went there not because of the business environment or tax structure. The deciding factor was Phoenix's position on the global grid for goods movement, as it relates to the California and Mexican ports. Phoenix has a long-term water-resource plan, more interstates than does southern Nevada, an educated workforce and a university system from which growing companies can hire executives.

SENATOR SCHNEIDER:

Are companies relocating to Phoenix willing to pay corporate, inventory and income taxes in order to have an educated workforce?

MR. SKANCKE:

In the last five to seven years, I have traveled around the Country working on large economic-development projects. I have observed that paying corporate taxes is at the bottom of businesses' relocation considerations. They are willing to make the investment to establish billion-dollar world headquarters, provided they obtain the necessary resources.

Firms like Hewlett-Packard Company and International Business Machines located in California's Silicon Valley because they could draw workers from Stanford University; the University of California, Berkeley; San Francisco State University and other top-notch educational institutions. Silicon Valley has an infrastructure system allowing efficient movement of goods internationally through the ports of San Francisco and Long Beach-Los Angeles. It also has a sustainable water resource. Many analysts think a favorable tax structure draws relocating businesses, but that is untrue.

SENATOR MCGINNESS:

Ms. Martinovich, the summary of S.B. 214 "Requires the Department of Transportation to establish a demonstration project for a toll road in connection with the Boulder City Bypass Project." Does that place it higher on the priority list than projects currently being worked on by NDOT?

MS. MARTINOVICH:

If the bill passes, NDOT would work with RTCSNV to begin analyzing the opportunities for P-3s to fund the Bypass.

CHAIR BREEDEN:

What is Nevada's share of the Bypass construction costs?

MS. MARTINOVICH:

To date, the total cost to build the Bypass is estimated at \$400 million. We have received federal allocations of \$25 million to \$30 million, and the State has matched that. There are additional, multimillion-dollar designing costs and the cost of the NEPA requirements.

CHAIR BREEDEN:

Has the American Association of State Highway and Transportation Officials discussed the topic, and if so, what is the consensus of its members?

MS. MARTINOVICH:

This is not a national issue. We have learned from other states that if they work with their regions, more federal funding will be allocated. President Barack Obama's federal transportation bill has allocated funds for projects of national significance. On the East Coast, a coalition of 10 to 12 states joined to identify projects and have received federal dollars for improving U.S. 95. We are forming a coalition of four states to fund the

I-15 corridor and set ourselves up for the I-11 corridor. Working with other transportation departments and MPOs, we are in a position to obtain funding off the top, aside from federal-formula funding.

ROGER TOBLER (Mayor, Boulder City):

You have heard about the regional and national significance of I-11, but my City is shut down weekly by traffic jams without it. While the worst days are holidays, in the last two weeks we have seen backups on weekdays, too. Traffic backs up beyond Railroad Pass as far as Henderson's College Drive. The heart of our City shuts down, affecting businesses and residents. We have seen an increase in accidents, including three this week alone. There are no other roads around the City onto which we can reroute motorists. The jams block views of and access to the business corridor and people cannot pull in and out of driveways in the Hemenway residential area. The Bypass project is being renamed as I-11.

CHAIR BREEDEN:

We will reopen the hearing on S.B. 214.

SENATOR JOSEPH (JOE) P. HARDY (Clark County Senatorial District No. 12):

Need I say more? Now is the time to do a P-3 project around the City. When the Bridge opened, it created a traffic-flow crisis, the safety crisis described by Mayor Tobler and a business-safe investment crisis, and exacerbated the economic crisis with which Nevada is struggling.

All over the world, investors do not know where to put their money. One of the best things in which to invest is a long-term infrastructure P-3. This is also a way to diversify economies. One of the objections to toll roads is if there is no alternative, free route, and drivers dislike being forced to use toll roads. We are proposing that the free route remain as a State highway through the City. Trucks will still be able to use that route but have the choice of using the Bypass to save time and fuel. The P-3 developer will have an incentive to keep the price down to make use of the Bypass affordable and attractive to cars and commercial users.

The bill precludes making paid-for roads into toll routes. The Bypass is not a publicly funded road; it will be a new route. The objection by drivers of having to stop at a toll booth is overcome by use of enhanced video technology. Colorado has switched from transponders to video monitoring of toll road users'

license plates. Tolling bills are then sent by mail. The toll is not a tax increase; it is a user fee. Drivers can always choose to use the free route.

The City has been very aggressive in figuring out how safety can be maintained on the Bypass. The EIS has been completed, the National Park Service has approved construction of a tunnel to access the Bypass from the Dam area and the City owns land with the rights-of-way dedicated to the Bypass. That huge cost of the land and securing the rights-of-way has not been charged to the State. This project is "shovel-ready." A billion-dollar transportation project generates about 37,000 jobs, so this \$400 million project will create about 14,000 jobs in southern Nevada.

SENATOR MANENDO:

I have listened to toll-road issues for many years and always have been hesitant to approve them. I am open to the Bypass concept; however, I need to make certain that S.B. 214 will not expand tolling to other areas in the State. Is that correct?

SENATOR HARDY:

The bill names its sole intent as the Bypass, even though we have heard about all of I-11 today. Section 1 identifies "the Boulder City Bypass Toll Road Demonstration Project Act" as a pilot project.

SENATOR LEE:

How many miles will the Bypass be?

SENATOR HARDY:

When I was on the Boulder City City Council in 2001, we commissioned a study that indicated level of service F roads in town in four places over 10.5 miles. The Bypass will be about 14.5 miles long. Drivers would have the choice of being stuck in traffic in the City or driving the longer Bypass. After 9/11, trucks were banned from the Dam, except local trucks with special dispensation. Car traffic has flowed fairly smoothly through the City, but when the Bridge opened, we had an increase in both cars and trucks.

CHAIR BREEDEN:

You identified the Bypass as a pilot project. Does not "pilot" indicate temporariness?

SENATOR HARDY:

I would be amenable to amend the bill so it did not use the word "pilot." The concept of a pilot project is to prove if it works. If this project works, we will be comfortable in pursuing it on a permanent basis. In the 72nd Legislative Session, I promoted a design-build project bill for I-15 going north from the Las Vegas Spaghetti Bowl. The bill sought to apply that new design-build transportation concept to longer and wider roads. The NDOT finished the I-15 pilot project nine to ten months sooner than projected and on budget. The affected roads were only closed for about 24 hours. The design-build concept was part of my I-11 discussions with ADOT. We need to put our arms around this idea.

CHAIR BREEDEN:

How much will the Bypass toll be? Will the toll be different for trucks than for private vehicles?

SENATOR HARDY:

The toll must be marketable; it cannot be so unbearable that drivers will choose the free route.

SCOTT RAWLINS, P.E., C.P.M. (Deputy Director, Chief Engineer, Nevada Department of Transportation):

We cannot give you that exact figure now. Senator Hardy was correct when he said it must be marketable—what are travelers willing to pay to go the extra 3 to 4 miles on the Bypass? Market analyses would determine that.

SENATOR HARDY:

At the Hawthorne city park, a sign describes the history of Nevada toll roads and how they fostered economic growth in the 1800s. Toll roads are not a foreign concept for this State.

CHAIR BREEDEN:

What is the projected dollar amount of the Bypass toll? Many years ago when I drove on toll roads back East, the cost was only a couple of dollars. Would the toll be different for a semitruck than for a passenger vehicle?

MR. RAWLINS:

In our level-1 market analysis, we assumed the toll would be in the range of 50 cents to \$1.25. It would not be different for trucks.

MS. MARTINOVICH:

To expand upon Mr. Rawlins's statement, we have investors ready to come in. We know this is a \$400 million project, but we do not know the amount of the P-3's investment. Maybe they would only invest \$300 million, with the State and RTCSNV picking up the rest. The question is what is the package we can put together with our P-3s? We cannot begin that discussion without this legislation. Once secured, we can begin the high-level oversight to determine what the parameters would be.

CHAIR BREEDEN:

Would NDOT be responsible for determining how much the toll would be?

MR. RAWLINS:

Senate Bill 214 designates the NDOT Board of Directors as the oversight agency for the tolling structure.

SENATOR HARDY:

I have had an investment company tell me, "We would like to fund the Bypass toll road completely." When I told them it would cost \$400 million, they said, "We know." We cannot have that conversation officially without legislation. If we create 14,000 jobs and sink \$400 million into southern Nevada's economy, we would be a long way toward achieving what Senator Schneider advanced. We have to get Nevadans back to work and educate our children, and S.B. 214 could enable that.

CAROLE VILARDO (President, Nevada Taxpayers Association):

In past sessions, we have supported the toll-road concept with proper safeguards and oversight. The bill contains a couple of things that would enhance those safeguards. I am concerned about section 14, subsection 2, subparagraph (j), which states the State could "Enter into a bond indenture, loan agreement, interest rate swap, hedge agreement" I am a "plain-vanilla" person when it comes to the issuance of financial instruments, particularly if it involves taxpayers' money.

Hedge agreements have gotten several jurisdictions into a lot of trouble. I realize Nevada is a gambling state, but hedge agreements are the ultimate gamble. I would like to see the term "hedge agreement" deleted from the bill. We must be good fiduciaries of money, whether the Bypass cost is privately funded or shared with a P-3. I was happy to hear Senator Hardy say the bill does not

intend to force drivers to use the toll road. I do not view tolling as a tax increase, because as long as there is a free, alternative road or lane, drivers can exercise choice.

SENATOR SCHNEIDER:

Ms. Vilardo has highlighted a serious problem. There is a joke that "P-3" stands for "pickpocket partnerships," which is what they have been called nationwide, especially in Texas. We need to be prudent and careful when we enter into such agreements. Nevada is in a position in which it has no money, and we are \$9 billion "upside down" in the State Highway Fund. We are forced into entering into P-3s.

MS. VILARDO:

I absolutely agree with the Senator. The Committee must provide NDOT with as many tools as possible because of our revenue shortage. We can learn from other states' experiences with hedge agreements. Committee members have been involved with the tolling issue long enough to know we are going to have to do the best we can with structuring its toll-agreements language.

GARY MILLIKEN (Government Relations-Public Affairs, GEM Consulting; The Associated General Contractors of America Las Vegas Chapter):

We support S.B. 214 because the Bypass is sorely needed, and we need to increase jobs and taxable activities in southern Nevada.

MIKE CATHCART (Senior Financial Analyst, Finance Department, Budget and Strategic Management, City of Henderson):

We support S.B. 214 because it will greatly improve the transportation corridor in the southeast corner of the Las Vegas Valley. We also support the job-creation aspect of the project. We second Ms. Vilardo's concerns about hedge agreements.

DAVID BOWERS (City Engineer, City of Las Vegas):

This Bypass will provide a safer route, create a large number of jobs and increase commerce in Clark County and Arizona.

TERRY K. GRAVES (Henderson Chamber of Commerce):

For the last three sessions, we have voiced concerns about P-3s, but Senator Hardy did a good job responding to those issues. We support the concept of S.B. 214.

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RYAN BAUMAN (Nevada Contractors Association):

My organization represents some of the largest builders and contractors in southern Nevada. We fully support S.B. 214.

MR. TOBLER:

I want to restate the City's support for the Bypass project. This is now viewed as a project with regional significance. The problem has been a lack of resources, and the passage of this bill will enable us to begin construction sooner.

MR. SNOW:

The RTCSNV has supported S.B. 214 and similar bills every time they have been introduced. This corner of the State is facing a transportation crisis. I was pleased to see representatives of the City of Henderson and its chamber of commerce lend support to this bill. At its worst, when people are returning to Arizona, traffic is backed up all the way into Henderson, shutting down I-5/I-15 into that city. We see that on a regular basis now, especially on weekends.

CHAIR BREEDEN:

How far is the Bridge from the I-5/I-15 corridor?

MR. SNOW:

That backup is about 10 miles long.

CHAD DORNSIFE (Best Highway Safety Practices Institute; National Motorists Association):

The I-11 corridor is a great idea. As a northern Nevadan, it is apparent to me that Reno is a warehousing city. However, when you leave Sacramento, you do not hit another four-lane interstate interchange for 625 miles until Salt Lake City. There are no north-south interstate corridors leaving Reno for any distance. We need the I-11 corridor, transportation options and jobs.

Today, several people have talked about an economic crisis and panic that goes back to inadequate road funding. Nevada has not increased gas-tax user fees since 1991. It is still 14 cents per gallon, which is really 7 cents per gallon in 1991 dollars. California's gas tax is 42 cents, and the federal gas tax is 18 cents per gallon. Our tax is buying us 50 cents on the dollar. In 1991, the State got about 140 percent of its gas tax back from the federal government

because we are a “bridge state.” The entire transportation infrastructure of the West depends on Nevada’s corridors.

The City of Reno cannot afford to repave its side streets; asphalt must be replaced every seven to ten years. Nevada’s entire transportation infrastructure is falling apart, yet we are not willing to devise a system of collecting user fees to support it. I consider toll roads to be loan sharks. Investors say, “We will take X number of dollars out of your economy for 60 percent of the tolling total.” Road taxes are a very small percentage of taxes, and they all go back into the communities as an investment in our citizens. If you added 3 cents or 5 cents of tax per gallon of gas in Las Vegas or statewide, that would be paid proportionally by drivers in our bridge state. Every time people fill up in Nevada, they pay a “toll” for us to rebuild our infrastructure. We need a transportation plan that provides the necessary revenue without having to go to outside sources. That is crazy.

When you look at the operating costs, fees, fines and everything else involved in toll roads, they are a negative. The State can always build toll roads cheaper than can P-3s. The business model on a P-3 toll road in one of the Carolinas is failing after the state paid for the rights-of-way and put up half the money for the project. Now the state has to take over maintenance of a road that is financially unviable. The state lacks the money to do so because it contracted with the P-3 for a certain profit. Someone needs to sit down and say, “What are we doing to fund our roads and transportation infrastructure? How much money do we need?” We cannot rely on the feds; we have to be self-reliant, and we need to plan accordingly.

PAUL J. ENOS (Chief Executive Officer, Nevada Motor Transport Association):
We are neutral on S.B. 214, although we believe that I-11 could really aid Nevada’s economic diversification and growth. Roads, freight movement and transport logistics are components of getting our economy moving forward again. Interstate 11 could be an economic generator—a vein across the State to advance commerce. That is what trucks do. They move 92.9 percent of all manufactured tonnage brought into Nevada.

Interstate 11 is a good concept, but we have issues with P-3s. Senator Schneider called them “pickpocket partnerships,” so we need to learn from problems observed in other jurisdictions. We need to go into P-3s with eyes wide open to make sure the State does not get the short end of the stick

on any deals. I appreciate Ms. Vilardo's comments on removing "hedge agreements" from the bill's language. We appreciate that I-11 would be a new road and no tolls would be imposed on existing facilities. The Nevada Motor Transport Association has always testified that it is bad public policy to impose tolls on a road already paid for or bonded against with fuel taxes. We appreciate the electronic toll-collection method. Back East, toll booths are only staffed with one person on holidays, causing miles-long backups.

Currently, there is a free alternative road through the City, and there has been a lot of discussion as to whether trucks should use it. I met with Mr. Snow in January 2011 about prohibiting trucks from using the City route. We would like it on the record that if the Committee passes this bill, the current route will remain free and open to all traffic. The last thing we want is the Bypass built, and then it is said, "Okay, truckers, you cannot go through U.S. 93 anymore so you have the choice to go through Bullhead City and Searchlight or take the toll road." We want to ensure that if the Bypass is built as a toll road, commercial vehicles will not be prohibited from using the free, existing route.

In regard to Chair Breeden's question about toll rates, many such roads charge trucks by their number of axles. Usually, Colorado's E-470 Public Highway Authority charges by the time of day, but if a truck has more than three axles, it is charged an additional \$18. The toll could be \$18.50 or \$22, depending on the time. Most of the toll roads I have driven charge by the number of axles.

Calling the project I-11, instead of the Bypass, gives it a better benefit-cost ratio than currently exists. According to the Bypass section of NDOT's Website, if the project costs \$400 million, by 2031, based on 11, 200 vehicles per day, the benefit-cost ratio is insignificant. However, if we consider I-11 as an economic development engine connecting Las Vegas to Phoenix, Reno, Portland and Seattle, the benefit-cost ratio improves.

Trucks have been using the Bridge since October 2010. We truly appreciate that new route, because since 9/11, trucks have been going through Bullhead City and Laughlin. This has been an obstacle for the industry and difficult to meet our shipping customers' demands because the grade is steeper on that route. I know the FHWA has talked to RTCSNV, the City and NDOT about prohibiting trucks on the Bridge during construction of the Bypass. Improvements are needed on that road, because it sawtooths from three lanes to two lanes then

to one lane on one side and two on the other. Ultimately, I-11 is part of Nevada's future.

SENATOR SCHNEIDER:

Building roads to create jobs creates a job crisis. Some towns across the Nation took out bonds to build prisons in an attempt to alleviate job crises. Then the crime rate dropped, so prisons are empty. Many towns are on the hook for tens of millions of dollars in bonds on which they cannot make payments. Every time a state enters into something like that, it needs to be well aware of the downside.

EMILY SERMAK (Nevada Legislative Affairs Committee; Citizens in Action):

The first U.S. toll road was the Ohio Turnpike. Its builders said it would be paid for in 20 years, but tolls are still being imposed. Is there supposed to be a time frame in which a toll road is paid off? Once toll roads are established, they seem to remain toll roads forever. In San Diego, the Coronado Bay Bridge charges a toll of \$1, and that will be true forever.

SENATOR SCHNEIDER:

The toll was removed from the Coronado Bay Bridge seven or eight years ago.

CHAIR BREEDEN:

Mr. Rawlins, when will NDOT begin building the new lane on U.S. 93?

MR. RAWLINS:

We are trying to advertise the plans for bidding by May or June 2011 in order to have the project completed by August or September.

CHAIR BREEDEN:

Will the work be on the short portion where the road narrows to one lane near the Hacienda Hotel?

MR. RAWLINS:

Yes.

CHAIR BREEDEN:

We will close the hearing on S.B. 214. Subsequent to this hearing, Senator Hardy submitted a proposed amendment ([Exhibit E](#)) to S.B. 214 on

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behalf of the Nevada Rental Car Group. Seeing no other business before the Senate Committee on Transportation, I adjourn this meeting at 5:23 p.m.

RESPECTFULLY SUBMITTED:

Patricia Devereux,
Committee Secretary

APPROVED BY:

Senator Shirley A. Breeden, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 214	C	Jacob Snow	PowerPoint presentation: "Interstate 11"
S.B. 214	D	Bob Hazlett	PowerPoint presentation: "Interstate 11 Corridor"
S.B. 214	E	Senator Hardy	Proposed amendment