

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

**Seventy-Seventh Session
February 12, 2013**

The Committee on Transportation was called to order by Chairman Richard Carrillo at 3:20 p.m. on Tuesday, February 12, 2013, 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 nelis.leg.state.nv.us/77th2013. 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 Richard Carrillo, Chairman
Assemblyman Joseph M. Hogan, Vice Chairman
Assemblyman Paul Anderson
Assemblyman David P. Bobzien
Assemblywoman Lucy Flores
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman James W. Healey
Assemblywoman Ellen B. Spiegel
Assemblyman Michael Sprinkle
Assemblywoman Heidi Swank
Assemblyman Jim Wheeler

COMMITTEE MEMBERS ABSENT:

Assemblyman Steven J. Brooks (excused)
Assemblywoman Maggie Carlton (excused)
Assemblywoman Melissa Woodbury (excused)



GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Vance Hughey, Committee Policy Analyst
Sean McCoy, Committee Policy Analyst
Scott McKenna, Committee Counsel
Cinthia Zermeno, Committee Manager
James Fonda, Committee Secretary
Jacque Lethbridge, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Rudy Malfabon, P.E., Director, Department of Transportation
Carl Hasty, District Manager, Tahoe Transportation District

Chairman Carrillo:

We will start with an introduction of **BDR 43-230**, and I would like a motion.

BDR 43-230—Revises provisions governing mopeds. (Later introduced as [Assembly Bill 101](#).)

ASSEMBLYWOMAN SPIEGEL MOVED TO INTRODUCE
BDR 43-230.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION

THE MOTION PASSED. (ASSEMBLYMEN BROOKS, CARLTON,
AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Carrillo:

Now we will move on to our presentations. [Protocol was explained.] We have two presentations that will give us an overview and better understanding of what these agencies do. The agencies to present today are the Nevada Department of Transportation (NDOT) and the Tahoe Transportation District (TTD). First up is Mr. Rudy Malfabon, Director of NDOT.

Rudy Malfabon, P.E., Director, Department of Transportation:

Thank you for this opportunity to give you an overview of the department and how we operate. With me is Bill Hoffman, Deputy Director; and in Las Vegas, Tracy Larkin-Thomason, Deputy Director for Southern Nevada. Also with me is Sean Sever, Communications Director; Tom Greco, Assistant Director of Planning; John Terry, Assistant Director of Engineering; and Scott Sisco, Assistant Director of Administration. Not present today, because of leadership academy graduation at NDOT, is Rick Nelson, Assistant Director of Operations.

The Nevada Department of Transportation takes care of nearly 5,400 miles of highway in the state and approximately 1,100 bridges on the state highway system, but one important thing to note is it carries the majority of the traffic in this state. So, 54 percent of the vehicle miles traveled are on those state highways. Since we are an intramodal agency, we also cover various modes of transportation: rail, bike, air, and bus. You all know that the State Highway Fund was set up in the *Nevada Constitution*, and has various revenues that go into it, primarily fuel tax revenue and motor vehicle registration money.

This slide [([Exhibit C](#)), page 4] gives you an overview of our mission, goals, and budget philosophy. We really are focused on the safety of the public, our employees, and our contractors. We look at preserving our assets, operating the system efficiently, delivering timely and beneficial projects and programs, and also having a customer-focused approach, because we do a lot of things with permitting, working with developers, elected officials, and local governments. We also try to be an innovator and an employer of choice, and that goes, not only for NDOT employees, but also our contractors and service providers. We are looking to be more economically efficient and always have safety in mind. We are looking to prioritize projects a bit better and deliver programs efficiently, and we also try and have an idea of savings, so that we can restore the Highway Fund balance to about \$90 million. This is where it should be, and in recent years we have dipped below that.

This next slide includes a simplified organizational chart. The Department of Transportation is a very large agency with approximately 1,780 employees. Most of them are in the area of operations. You will see in the box on the right [([Exhibit C](#)), page 5] that operations has about 478 employees, and about 240, nearly half, are in the districts. The engineering side has about 300 employees, and planning and administration have a couple hundred employees between them. You see at the bottom of the chart the three districts with the number of their employees. District 1 is in Las Vegas and covers the southern half of the state. District 2, in Reno, covers the northwestern part of the state, and Elko covers the northeastern portion.

The next slide (page 6, [Exhibit C](#)) gives you an idea of staffing levels, but the point of the slide is to show that we do use some temporary employees during the construction season. Called construction aides, they are used primarily on a lot of these construction projects to do some of the lower-level tasks. In the wintertime, depending on winter conditions, we use a lot of maintenance workers, construction aides for maintenance, and temporary highway maintenance workers. This is primarily for snow and ice control and providing public safety here in the winter.

This gives you an overview of the NDOT districts, and you can see the boundaries of the districts (page 7, [Exhibit C](#)). They do not align directly with the county boundaries; there are usually geographic reasons for having the boundaries that exist currently. We also have major maintenance stations besides the offices in Las Vegas, Reno, and Elko that I mentioned. We have a major maintenance station in Tonopah for District 1, and in Winnemucca and Ely for District 3.

The next slide (page 8, [Exhibit C](#)) shows a red circle where there are maintenance stations all around the state. The reason they are so spread out is for responsiveness, primarily in winter for snow and ice control. A lot of those stations are critical for clearing snow from mountain passes in rural Nevada, so that is why they are so spread out. There are about 51 statewide maintenance stations, including the major ones that I mentioned.

As the committee is aware, NDOT has the responsibility, shared with the Department of Motor Vehicles (DMV) and the Department of Public Safety (DPS), for maintaining a healthy Highway Fund balance. Together we look at revenue projections. We work closely with the Department of Administration and Legislative Counsel Bureau (LCB) staff to go over those numbers periodically. As I mention in the presentation, on June 30, 2012, the Highway Fund balance was about \$86 million. It dipped down to the \$30 million range sometime after that, primarily because of construction payments. We had an infusion of reimbursements from the Federal Highway Administration (FHWA). I neglected to mention that one of our FHWA representatives is here: Greg Novak, who is our administrator of the major projects program at FHWA. Recently, the cash balance was brought back up to \$125 million. That was primarily because of reimbursements from the FHWA.

This next chart (page 10, [Exhibit C](#)) gives you an overview of revenue sources. Of the state revenue sources that I mentioned previously, gas taxes make up the bulk of them. There are also special fuel taxes, which are diesel and other types of alternative fuels, and vehicle registration is a large part of it too.

Federal revenue though is substantial, and in fiscal year (FY) 2012 it was \$466 million. There are also other miscellaneous receipts. One thing to note there is Las Vegas Convention and Visitors Authority (LVCVA) revenue was received in FY 2012. That was primarily for the I-15 South Design-Build project by the airport in Las Vegas.

Here (page 11, [Exhibit C](#)) is how much people pay in Nevada for the gas tax. State gas tax is about 18½ cents, which is about the same as the federal portion. County optional tax can be up to 9 cents, and then there are county mandatory fuel taxes. And, it gives you a history of fuel taxes in Nevada, which have not significantly changed since 1995. One thing to note on the federal program is that we give those fuel taxes to the federal government, but Nevada actually receives a lot more than it pays in. We are actually called a donee state, not a donor state. We receive more back from federal aid than we put in.

Special fuel tax revenue is shown on page 12 ([Exhibit C](#)). As far as how much we pay in diesel tax per gallon, that is collected differently for truckers than it is for the owner of a diesel pickup or car. A trucker actually has to file taxes that get shared between the states they drive through in interstate trucking. That is controlled through the International Fuel Tax Agreement (IFTA). This gives you a breakdown of the special fuels tax: diesel, propane, and compressed natural gas. Again there has been no significant change in those rates since 1995.

One of the things I wanted to do in this presentation is give you a lot of information about how the Federal Highway Program works. There are a lot of questions and a lot of regulations, and I will go through several pages that cover that program (pages 13-19, [Exhibit C](#)). The trust fund was created in 1956, which was when the FHWA began constructing the interstate system in the United States. Revenues include that gas tax we mentioned and the diesel tax that goes to the federal government. Tires over 40 pounds have a fee associated with them. Trucking and trailer sales have some revenue going to the federal government, and there is also interest due on the Highway Trust Fund. Most funding is through apportionments, and we call those silos, or pots, of money. So the federal government apportions funding for highways and surface transportation. The program is reimbursable, which means we have to pay with state funds first and then we get reimbursed, but it is a very quick reimbursement. Typically, it is a matter of a few days; but, if not, it is in a matter of a few weeks, when they have to review something such as a substantial settlement for a right-of-way acquisition or a settlement for a legal case. There is also a match required, but because our state has so much federal land, we actually have a low match. Typically it is 5 percent, but it can be higher on certain federal programs.

We are currently under an authorization bill called MAP-21—Moving Ahead for Progress in the 21st Century. It started in the middle of last year and it continues for a couple of years. Congress passes that law, MAP-21, which authorizes the surface transportation program for the United States and gives departments of transportation the assurance of how much money they will receive from the federal government. They apportion, or distribute, the funding by formula to the states, and in this case it is based on how many miles of highway system the state has and the population of the state. It is based on those formulas, and Congress typically does not want to mess with those formulas because it gets into quite a bit of argument. They try to avoid addressing those formulas or changing them too much from authorization to authorization.

The federal aid program is split into different program areas and some of that money flows through to the RTC. You have heard the term MPO, or metropolitan planning organization. An RTC is an MPO—a regional transportation commission can be a metropolitan planning organization. That is just the nomenclature we use. We have RTCs in Washoe County and in Clark County, and there are two MPOs: the Carson area MPO and the Tahoe MPO.

The appropriations act that we are abiding by is basically the budgeting process. Every federal fiscal year—October 1 to September 30, versus July 1 to June 30 for a state fiscal year—Congress has to pass a budget, which is the appropriation for that year. Currently they do not have an agreement for an entire year, so this current appropriation expires in late March. So, next month Congress has to deal with this issue of the budget for surface transportation for the remainder of the federal fiscal year. The Federal Highway Administration tells the states: here is your obligation limit, and that limits how much funding the states get from the federal government.

Assemblyman Sprinkle:

Let us refer back to the appropriations act for one second. When we are talking about it expiring in late March, it seems to me that is going to be hit-and-run about the same time as sequestration. What do you anticipate being the ramifications from that if that does happen at the federal level?

Rudy Malfabon:

The sequestration affects discretionary spending and it has some automatic cuts. It does not affect the highway program, because that was already authorized, so that is good news. The difficulty could arise if they do not agree to a budget. Then the FHWA does not have the ability to pay its employees so they are not there to process the payments to the departments of

transportation. That is the risk to us and it has happened before, during the Clinton Administration, when they did not have a new budget approved before the other one expired and they actually had to send employees home. That is the biggest risk to us, but for the most part we think that they will resolve that. Sometimes they come up to the last minute, but they usually resolve the budget issues.

Assemblyman Sprinkle:

So if they do not would you have to put future projects on hold? How would you prepare, or plan, for that, as a worst-case scenario?

Rudy Malfabon:

We would put upcoming projects on hold and, if they were federal aid projects, we would delay advertisement, just so we do not have that risk. That is the idea behind having the \$90 million in the Highway Fund, to cover those types of expenses.

Continuing on, the FHWA has to approve obligation of funds, so there is an appropriation and then there is an obligation where they commit the funds to certain projects and programs. And as project costs are incurred, if it is an approved project, we bill the FHWA for reimbursement and they reimburse us very quickly from the Highway Trust Fund.

This next slide (page 15, [Exhibit C](#)) gives you an idea of some of the changes in the Surface Transportation Program (STP), but primarily focuses on highways here. The previous authorization was called SAFETEA-LU and the current one is called MAP-21. They had categories that were dedicated silos of funding: Interstate Maintenance, National Highway System or NHS, and Highway Bridge Program. These have been combined and consolidated into the National Highway Performance Program (NHPP). These numbers in billions of dollars are for the entire length of MAP-21. That just gives you an idea of proportionately how much money is going to certain programs. In the case of Nevada, we are getting a little over \$200 million in that category for Interstate maintenance and the National Highway Performance Program. So that is mainly your higher level U.S. highways, Interstates, and some state routes that carry a lot of traffic.

The next change in the highway program structure, was off-system bridges and the Surface Transportation Program STP, which are combined into the STP. This is where a lot of that money flows through the state to the metropolitan areas, to the RTCs and the MPOs. We have about \$36 million that goes to Las Vegas to the RTC of Southern Nevada. We have about \$8 million that flows to the Washoe County RTC and about \$47 million is statewide, and that is very flexible on use. Statewide money can be used in rural areas or urban

areas. There is also a category for communities that are less than 5,000, that is a statewide area. The point is that on the STP is where a lot of the money goes to the local agencies to use for federal aid.

Another one that the RTCs control in Clark and Washoe is Congestion Mitigation and Air Quality funds. Because they have air quality issues—you have seen some of the inversion layers in the winter and air pollution that hangs around those basins and valleys—Clark and Washoe are called non-attainment areas for air quality and they get this additional money. Clark County gets about \$24 million and Washoe gets about \$18 million. They have control over that funding and sometimes NDOT actually requests to use some of that funding. They have approved it in the past for things like sweepers, which mitigate dust, or ramp meters—Intelligent Transportation Systems (ITS). These are efforts that make you operate the freeway better, which means less emissions from cars and less air pollution.

The Highway Safety Improvement Program remained the same. In our case, we typically get about \$12 million a year for that but it has been as high as \$24 million. That can go to various projects, as well as programs such as our Zero Fatalities Program, Buckle Up, or even to law enforcement. We work with law enforcement, emergency medical responders, and educators who teach the kids how to drive. This includes different programs here, not just projects for safety. The next category, metropolitan planning, remained the same. Another big change under MAP-21 is that recreational trails, Safe Routes to School, and transportation enhancements were combined into the Transportation Alternatives Program (TAP). Transportation enhancements is where you see some of the beautification projects and sometimes it was used for architectural historical buildings like railway buildings or depots that were made into museums for railroads. Safe Routes to School is a program that tries to get kids to bike and walk to school, so that they are healthier. Recreational trails speaks for itself. Those programs were consolidated into what is called TAP. In Nevada it is about \$19 million.

I talked about how the Federal Highway Administration tells us how much money we are getting and we obligate the money to programs and projects. One of the strategies that NDOT uses is we try to use every dollar of federal aid that we do get. There are two opportunities to receive more federal aid than initially anticipated. One is August Redistribution where the FHWA looks at which funds are going to lapse, or go away, because they will not be spent in that fiscal year, and they redistribute them. There are also states that do not get their projects out on schedule; these are federal aid projects that are programmed to go out in that federal fiscal year but they are going to miss that deadline. That money goes back into the pot, so to speak, and gets

redistributed to states that have projects that are eligible and ready to go. It gives you a history here (page 17, [Exhibit C](#)) from 2004 to 2012. We have been very efficient at receiving a lot of federal money that other states leave on the table. In recent years it has not been as much, unfortunately, because a lot of states are getting better at delivering their programs, but it is still a substantial amount of money, \$3 million dollars on average, that we have received from other states not spending their allocations.

There are some major changes to mention from the MAP-21 bill. It got rid of earmarks and our congressional delegation was good at getting us earmarks in the past. Earmarks were for a specific project and were put into the authorization bill, which is usually a five- or six-year bill with the current one at only two years, and they could also be put into the Appropriations Act. That has gone by the wayside, but we still have some earmarks that are on the books to the tune of about \$52.5 million; \$20.5 million of that is actually set aside for a new bridge over the Colorado River in Laughlin. It is a significant amount of money. We worked with the recipients of those earmarks or proponents of those projects: sometimes it is NDOT, sometimes it is the RTC or a local member of the RTC, and sometimes it is a community in rural Nevada, such as the railroad in Ely, that could promote tourism in that area. So, we work with them to make sure that they spend that money.

The other thing that MAP-21 identified is performance measures in seven areas: safety, primarily reducing fatalities on the nation's highways; infrastructure condition, the condition of highways and bridges across the nation; congestion reduction in urban areas; system reliability; making sure that freight can move and that the economy is vital; and looking at environmental sustainability. It also provided some ways to reduce project delivery delays. It provided some additional support for the states to deliver projects a lot quicker and get our approvals from the federal government a lot quicker. There are a lot of strings attached when you accept federal money, and these are all federal law. The National Environmental Policy Act (NEPA) is a huge one and compliance can involve an environmental impact statement (EIS), an environmental assessment (EA), or categorical exclusion. What we do is study environmental and social impacts of all our projects that receive federal aid. The biggest projects get an EIS, which can be volumes of paper that the FHWA and other agencies from the federal government, such as the Bureau of Land Management (BLM), have to review. An example of that would be Project Neon, which I will cover later. It is a huge project, over \$1 billion in Las Vegas on Interstate 15, which had such an EIS. An environmental assessment, or EA, would typically be done for something like a one-interchange project, and a minor maintenance job, such as a repaving job, could be subject to the lowest level, a categorical exclusion. MAP-21 makes it easier to get a categorical exclusion, if it is within the DOT's

existing right-of-way. There are also things such as the Clean Water Act and Clean Air Act that we have to comply with. Different agencies have responsibility for making sure that we are following those requirements. So it is not just the FHWA, it is also the Environmental Protection Agency (EPA) for clean water and clean air.

Another issue is prevailing wage; state law already has prevailing wage requirements, but federal law also has them. Civil rights is an area, Title VI, for non-discrimination. In all of efforts of planning and designing our projects, we get public input from the communities that are affected. We want to make sure we are not discriminating in any way in how we deliver and maintain those projects. It is throughout the life of this program that you have to look at Title VI issues.

I also wanted to mention the Disadvantaged Business Enterprises program (DBE). That is a form of affirmative action to try to get more minority-and women-owned firms a share of the pie from the Federal Highway Aid Program. Currently we are doing a disparity study, which gives us the backup statistical information that can support having these DBE goals. If a contractor who did not received a bid challenged this program in federal court, we would have the statistical backup to say, yes, there is a disparity for women-owned firms and minority-owned firms and this is the proof. That is what the courts will accept. We have a current goal of 10.2 percent DBE participation on federal projects, and we are doing well. In years past when it was called a race-neutral program, we had goals but there was no penalty for a contractor, and a contractor did not have to meet the requirement at the time of bid. Now we are called a race-conscious program and we do have those goals in there. They have to meet them at the time of bid, and show us what DBE subs they are going to use to meet them. It has been quite a change in the last 18 months or so since we have gone back to having race-conscious goals in our program. We have achieved about 9 percent, not quite the 10.2 percent goal, but we have greatly improved from when we were under a race-neutral goal and having only about a 1 to 2 percent achievement.

The other thing with the federal program is it requires a lot of open competition and any kind of local preference is not permitted. The feds require that contractors who bid on our work have to be licensed at the time of award, not at the time of bid, so we work with them on that issue. Another thing that is a major issue for NDOT is the right-of-way acquisition process. There is a fair process that the federal government outlines for us called the Uniform Relocation Act. It requires a lot of steps in the process: getting appraisals, getting review appraisals, making those offers and negotiating fairly,

as well as paying relocation costs if we have to move somebody out of their home or their business (page 19, [Exhibit C](#)).

This next slide (page 20, [Exhibit C](#)) shows you where the money goes. We talked a little bit earlier about revenues, now this is where the money goes out. The bulk of the money goes to capital improvements, this is in fiscal year (FY) 2012. Some goes to the Department of Public Safety (DPS), some goes to DMV, and some goes to repay bonds that were sold for some of the major projects, such as the 580 freeway up here in northern Nevada, and the U.S. 95 widening in Las Vegas.

The next slide (page 21, [Exhibit C](#)) shows where the capital program has been spent. A lot of it has gone to capacity projects, which are new interchanges, lane widenings, and things that add additional capacity to the system. Preservation projects are your typical overlay projects, we repave the road on a regular cycle. Other projects could be safety projects, the ITSs, or traffic signals. In FY 2012, about \$669 million went out. You can see through these pie charts that Clark County gets the lion's share of that; that is where the population is and where a lot of the growth has occurred (page 21, [Exhibit C](#)). Although there has not been as much economic growth in recent years, we are always trying to play catch-up with some needs, so we have a lot of capacity projects in Clark County as well as in Washoe County. Another issue is how does it get split between the rural and urban areas. A lot of the capacity program, as I mentioned, goes to Clark County. Most of the preservation is in the rural areas.

Assemblyman Wheeler:

I was just wondering, back a slide or two you were talking about the state's prevailing wage. Is there any study on how much NDOT could save if you did not have to use prevailing wage and you could actually go to a different kind of bid?

Rudy Malfabon:

Even if the state eliminated the prevailing wage, if it was a federal aid project, we would still have to abide by that, so it would only affect state-only funded projects. We have not done a study that I am aware of on what the savings would be on the state-funded. I believe that the program for highway construction that is only state-funded has only about 15 percent roughly in recent years. So it would affect those, but I am not aware of any study.

In the total for rural versus urban areas you can see that nonurban areas, rural areas, is where about 25 percent of the revenue is spent, primarily for maintenance projects where we overlay the road or fix the pavement.

I receive a lot of questions about how we select projects and how they get prioritized, so I covered this issue (page 23, [Exhibit C](#)). It starts out with planning studies; typically we do corridor studies. The smart thing to do is when you make improvements to a freeway, look at what it does to the entire corridor for movement of freight, people, and goods. There are also annual reviews by our technical staff who look at the state highways every other year; they go out and review all of the state highways by conducting a field review. They see which highways need to be repaved and they rank those based on need. There are also, as I mentioned, programs NDOT has such as the bridge program and the safety program, that are coming from the federal programs. Hydraulics is mainly drainage and they do a lot of projects up at Lake Tahoe for water quality improvement. Traffic operations looks at signals and improvements such as median islands in urban areas. Each of these technical divisions comes up with their list of projects. Then we look at the scoring process: Does it preserve the assets, improve mobility of traffic, and improve safety for the public? What is the economic development? Does it promote livability or improve the community? We also do benefit-cost analysis on major projects that are over \$25 million in construction value. We go through this scoring process, which helps us to rank them. Next we go out to the counties. We have a draft program that we take to the counties, and we do a county tour. We present to each of the 17 counties across the state. We show them our draft program to get their input and consultation. We also meet with Native American tribes across the state. Then we submit our list of proposed federal projects to the MPOs, which are the RTCs in southern Nevada and Washoe County; the Carson area MPO, which includes Carson City area and also portions of Douglas County and Lyon County; and the Tahoe MPO. They incorporate our projects into their plan, and they have their projects that are going to receive the federal aid that they put in their plan. They have something called the Transportation Improvement Program (TIP), which is a four-year program. They also have a longer-range Regional Transportation Plan (RTP), which is years 5 through 20. The federal government requires that your list of projects and your planning efforts cover that time period.

Then the RTC conducts a public meeting. So, not only do they have the public meetings where NDOT sees the counties and talks about our proposed program, but the RTCs, before they adopt the TIP, do a public meeting and get input and public comment. Then they can either adopt the TIP and RTP or amend it, or make some changes to it and then adopt it. Then it goes from them to NDOT. Now we do not have the ability to tweak theirs or change it or edit it. We have to accept it as is when it comes from Washoe RTC, Clark RTC, and the other MPOs. We cannot modify it, so we have to accept it as is or reject it.

I have never heard of us rejecting one, but it could happen. I am just not aware of it happening. Once we accept it, then we put it into the Statewide Transportation Improvement Plan (STIP). We take that to the Department of Transportation Board of Directors for their approval, so that is a public meeting again. The STIP contains our four-year element and any work program. It is called a Transportation System of Projects (TSP), it includes that four-year short-term program. Now the legislative requirement is for us to report the short term but second or third year to you as well as the annual work program, and the long-range element—years 4 through 20. So all this information comes together and gets adopted by the Transportation Board and gets approved, and then we submit it to the Federal Highway Administration at their division office here in Carson City for their approval. After they approve it, then we work with the RTCs to program the funds (page 25, [Exhibit C](#)).

Assemblyman Hardy:

Mr. Malfabon, could you tell me what has been happening over the last ten years, based on our two-year and ten-year plans; where things have gone. Are we getting a backlog, or are we still keeping up with some of these projects? Is the money falling way behind? If you could give me an update on that.

Rudy Malfabon:

We have quite a backlog and one thing we report to the Legislature every year is the State Highway Preservation Report. It indicated several hundreds of millions of dollars in backlog. What we are looking at in that report is that state roads are typically on a certain cycle, but we feel that what we had in that program was anticipating repaving every road every 12 years or eliminating the backlog in 12 years, which is probably not as realistic. The other thing is that we use premium paving materials. We have high-quality asphalts and the aggregate has specific requirements, so it is a premium paving product, as well as the concrete paving requirements. Therefore we think we are getting more life out of our highways and we will probably amend that, but there is a significant amount of backlog. Every state is in the same situation where they have a lot more system than they have money to take care of it, and Nevada is no different. I would refer the members to the State Highway Preservation Report, which was given to the Legislature on February 1.

Assemblyman Hardy:

Another question to go along with that. On our I-15 and I-80 corridors and the 95, have trips per day increased much over the last five years? Are they still staying pretty steady, or do you have that data?

Rudy Malfabon:

Vehicle miles traveled (VMT) has gone down, and in the urban areas it stayed pretty much level the last few years. We saw a big increase until the economy collapsed, and then we saw a decrease in VMT. However, in general, when gas prices went up, people learned to consolidate trips, and there have been several factors driving down the number of vehicle miles traveled. It is mainly the economy, but also people are driving a little bit smarter and consolidating trips. But it has definitely gone down from years past.

Chairman Carrillo:

I did have a follow-up question. You mentioned the different types of materials that NDOT utilizes. Asphalt is probably your number one use, but I have heard that concrete is more expensive initially but its extended life surpasses asphalt. Of course, geographically, you have northern Nevada where you have not the high temperatures you have in southern Nevada. Maybe you could elaborate as to which type of pavement would be better?

Rudy Malfabon:

Concrete and asphalt are the two primary pavement types, and NDOT has chosen to use concrete in the urban areas. You will see a lot of concrete on I-80 because of the truck traffic and the loads it can carry. Both types can be designed to carry the truck loads. The initial cost for an asphalt pavement is typically cheaper, and in the case of roads that are already asphalt, it is cheaper for us to overlay them with asphalt. For concrete roads there have been some advances over the last decade with the use of dowel bars. These are steel bars at the joints that carry the load from the heavier trucks and give us a greater longevity on that concrete pavement. However, it is expensive and there is a balance that we try to achieve between the use of concrete and of asphalt.

Typically, we are going to continue to look at concrete in the urban areas. One example that we are looking at is the I-580 concrete pavement by the Reno airport. A lot of that is broken up and cracked and has to be replaced; we are looking at the likelihood of concrete pavement to replace that. In some areas of the Interstate, if it is in really bad shape, we use asphalt because of the first cost. But we definitely try to look at life cycle costs on some pavements and try to make an informed decision from the engineering perspective. We have what Assemblyman Hardy brought up—there are so many needs on state routes with asphalt pavements that we try to spread the money around too. It is trying to strike a balance between the use of both materials and it definitely makes sense to use concrete in the urban areas.

Assemblyman Hambrick:

This is more for my education. I understand that in the I-15 corridor in the resort corridor area about 18 months ago you replaced that asphalt with a combination of asphalt and chopped-up tires. I like it for driving because, as I understand it, apparently it is safer and it is quieter to drive on. Could you give us, very briefly, some insight into that.

Rudy Malfabon:

That is what was called a surface treatment. It was just a very thin layer of asphalt. We used rubberized asphalt, so it uses ground up tires in that asphalt cement and it is mixed with the rock. It does give us those improvements. It is quieter than a concrete pavement because it does not have those joints. It gives you good friction on your tires and they can stop safely. It also has better drainage, at least for the initial years of its life. The water can drain through it and drain off to the side of the road more quickly than on paved concrete. The thing is, the part of the pavement that is actually carrying the load is the concrete pavement underneath it. We have done it there on that stretch in the resort corridor on I-15, also in a portion of that freeway in Henderson, the east leg of I-515 has a rubberized overlay. It has been a very good product and it definitely has some use down there. We are actually talking to our materials folks about whether it could be used up here, but they are concerned about the cold weather and that it might not adhere to concrete pavement as well as it does in Las Vegas.

After the Transportation Board approves our plan and it gets FHWA approval, a key point is that we have worked very closely with the cities and the counties that have federal aid projects in our plan, to make sure that those projects stay on schedule because we program that federal money. We do not want to be like those other states that have to give money back in the pot if the project slips. We always have eligible projects on backup to take their place if something is going to slip. However, throughout this process it is key to mention that we work closely with those member agencies and the RTCs to make sure we meet schedules and understand their local priorities, as well as them understanding the State's priorities.

I wanted to cover a few major projects. You may have heard about Project Neon in the news. The entire project is over a billion dollars, but phases 1 and 3 give us widening on I-15 from Sahara to the Spaghetti Bowl interchange, the reconstruction of the Charleston interchange, and it connects the I-15 express lanes, which are in the center of I-15, to the high-occupancy vehicle (HOV) (carpool lanes) on U.S. 95, also in the center of that highway. So there will be a new bridge connecting those lanes, which would get a lot more usage from the northwest where people live, to the resort corridor where they work. This

idea of a public-private partnership through what is called an availability payment, which is not tolls. You could think of it as a mortgage on your house for which you get a 30-year loan and you pay that off over time. This allows us to take out a loan from a private lender to finance the project and gives us a longer term. Typically when the state sells bonds it is with a 20-year term, but sometimes we have sold bonds for a 10-year term when interest rates were favorable. In this case we have looked at how much money goes to our core programs for maintenance and for infrastructure in the rural areas and the urban areas and how much goes to bond repayment from the previous bond repayments, as I showed you in the pie chart. We pay off some of those bonds periodically in the future years, and we looked at how much money is going to be left over and how much could be allocated toward this huge project that will have huge benefits in southern Nevada. That is how we assessed the feasibility of Project Neon. At this point we are going to hire a legal advisor and a financial advisor, and we have an engineering company onboard that will advise us, so we can package this and get Transportation Board approval for a public-private partnership to finance, design, and build this huge contract. With these benefits it will actually reduce a lot of the accidents that residents in southern Nevada see on that stretch, particularly at I-15 and Sahara.

Another major project is the Boulder City Bypass. The Nevada Department of Transportation has responsibility for phase 1, which is from the south part of Henderson to U.S. 95, which is the road to Searchlight. This is a realignment of the highway with the new interchange at that location. It will still provide access to the abutting properties through a frontage road system and through that new interchange. On phase 2 of the Boulder City Bypass, the RTC of Southern Nevada has responsibility for this, and that is the toll road concept they are studying currently. Both of these projects have to go hand in hand in order to get the benefit to the public. Our project is advancing, and we have already have a fencing project underway and we are salvaging plants that are in that corridor. We are requiring some right of way, but eminent domain issues are a significant issue for the State, and when we acquire private property, we can get into a lot of differences of opinion over the value of the land. We have a fair process, but sometimes we do have to go to court.

Assemblywoman Spiegel:

I had received an email from someone recently who had an alternative suggestion for the Boulder City Bypass. His suggestion was to build an overpass at Veterans Memorial Drive and highway 93 and another at Industrial Road and highway 93. He communicated that he had been in touch with you about this and that it would achieve significant cost savings. I was wondering if you could speak to that for a minute, about why you are pursuing one path

and not another and if at some point it might make sense to really explore this suggestion.

Rudy Malfabon:

We have received that comment from that individual and we have our engineers looking at it and forming a more technical response. In a nutshell, the difficulties are that we had the environmental impact statement (EIS) for the Boulder City Bypass. We start out by establishing what is the purpose and the need for this project, and if that alternative was not reviewed at that time, we get committed to certain opportunities for different project alternatives. Eventually we select one through that EIS process and public meetings. Then we do the design and advance the project. Unfortunately, I am not sure the idea at hand meets all the purpose and need requirements. What it does is put the traffic over on a side road in Boulder City, and he talked about raising the speed limit. One of the things that was a concern is we have looked at issues with building bridges in that part of the town. Boulder City wants to keep their community a certain way, and that is definitely a big factor in environmental impacts—social impacts. This is definitely an issue with environmental regulations, and it is usually what the community will accept and what the residents of Boulder City will accept. We have gone down this path through several years of looking at the bypass as an alternative project. We have already committed federal funds to the current bypass construction and the projects I mentioned are already started, so it is difficult to change things midstream. What we intend to do is to give that individual a more technical response on some of the challenges with changing things midstream on Boulder City.

Assemblywoman Spiegel:

What would happen if the toll roads are not approved and there was no funding for the project?

Rudy Malfabon:

One of the things that would happen is it would just take longer. We would definitely not have a road to nowhere. This corridor was designated, in that MAP-21 federal bill that I mentioned, as a future Interstate-11 between Phoenix and Las Vegas. An interstate system has to be controlled access, so it has to have interchanges and limited access to it through ramps. If the toll road does not go through—and what I hear through the RTC of Southern Nevada's study is the tolls only fund a portion of the project in phase 2, in any event—chances are they are going to look at another way of funding it, but probably just stretch construction out longer. The Nevada Department of Transportation obviously sees the benefit of having an interstate. Arizona DOT is investigating their side of the interstate. They have made a lot of improvements on the Arizona border

with four-laning their side of the road across the Nevada state line. It is a major project, and if funding does not come to pass, it just means that it takes longer to deliver.

I am going to move on to the Cactus interchange, which is a major interchange in the southwest portion of the Las Vegas Valley. Definitely a lot of growth has occurred there in Las Vegas and it will open up some areas and give the community more access across the interstate to the resort corridor and the south end of the Valley, which will be a future resort corridor.

The F Street Bridge on I-15 is a project that opens F Street back on to I-15. It was actually closed, and we are opening it back up in partnership with the City of Las Vegas.

On major projects of northern Nevada, I wanted to mention one that is underway and nearly complete because it has been in the newspaper a lot. On the Meadowood interchange we have received a claim from our contractor. They are saying that they are owed about 220 working days and about \$1.3 to \$1.4 million additional for their efforts there because of some issues they ran into with concrete construction on the bridges. Obviously we are looking at that claim and will try to settle it. If we cannot come to a settlement and we feel that we do not owe them any money, then we go to a claims review board. That is an administrative process through the Department of Transportation, where we have a three-member board that looks at that claim issue. The contractor does not have to abide by that claims review board's decision, they can actually go to court to settle this as well. We hope to have the freeway lanes back in their normal configuration by the end of March. There might be some minor amount of work that continues on in the early spring, but we want to have project completely open and get the speed back up to 65 miles per hour on I-580 in that stretch.

Assemblyman Bobzien:

I want to spend a little bit of time on this because before the start of session a number of members of the Legislative Committee's Budget Subcommittee asked the question, "what is going on?" And what we heard, mere days before the *Reno Gazette-Journal* article came out, was "we are almost complete, finishing touches, and everything is good," kind of a "nothing to see here" answer. Days later, we are reading in the *Reno Gazette-Journal* that there is quite a bit of controversy here. What changed in the intervening time? There is some very frank discussion from your communications people about the situation in this article. What changed that we could not be provided that information in the budget arena? And if there was some change, at the very least there should have been some subsequent update to that budget

subcommittee on this, so that we did not have to read something in the paper that was a complete one-eighty from what was presented by you days before.

Rudy Malfabon:

There really was not a change; everybody who had driven through that corridor knew that the contractor was late. We had received the claim in December, so my apologies, I could have reported that we received the claim. I had not read it until earlier this week and saw what the issue was, and it is primarily related to the type of concrete that was specified. He was saying that it was NDOT's responsibility because we specified it, and we are saying that it is their responsibility to construct it appropriately.

Assemblyman Bobzien:

So you are saying you did not read the claim until this week? This article I am looking at is dated February 6. I am not tracking.

Rudy Malfabon:

We received the claim in December. It was being dealt with at the district level, and we requested a copy in the director's office and I read it earlier this week.

Assemblyman Bobzien:

I think it bears some follow-up, not to this committee, but to both Senate Finance and Assembly Ways and Means. It would be good if you could provide an update to the previous presentation you made amending it with some update as to what is happening here. I know that a number of the members of those two committees are concerned about the apparent inconsistency in reporting about what is going on here.

Rudy Malfabon:

Moving on with the other major project up here, I mentioned the I-580 pavement rehabilitation, the concrete pavement that is kind of cracked up there between Moana and Glendale. We will definitely have to address that and we are looking at the best way to achieve that with our current funding. Carson City freeway is another priority of mine to complete that freeway project from Fairview to U.S. 50, the future interchange there. I have talked to our chief of engineering about trying to find a way to expedite that project completion, because it is really not the safest condition to dump all the truck traffic in all the traffic at Fairview, a local street in Carson City, so we are looking at how we can expedite that project. Perhaps we can get it to the intersection there, but not build the bridge over U.S. 395 on that section until a later phase, just try to get it done earlier than we had planned.

Assemblyman Sprinkle:

Just going back to the Moana Lane Project. Since its completion, have you done any kind of check with local businesses on what actually did occur in terms of economic impact? I know that was pretty hard on local businesses there. Is there anything out there that I or others might be able to see?

Rudy Malfabon:

We have not assessed the impact from construction and the subsequent opening of the Moana interchange and the RTC's project on widening Moana. Obviously, businesses can be impacted whenever NDOT or another agency does a public works project right in front of their door. But we will check to see if there were any studies or any kind of information from the businesses. I doubt that NDOT collected any such information, but the RTC might have.

Assemblyman Sprinkle:

So it is not normal practice to do that after a major project like that?

Rudy Malfabon:

Typically we do not do a study of the financial impacts. We know it does affect them and we try to do things during construction to alleviate that. Sometimes we put up business access signs, or else, and I have seen this in Las Vegas, we put up the names of the businesses and let people know there is access available at an interchange or a cross street, so we put up construction signs. Typically we do not do a study of the impacts. One reason is that it is not compensable and we do not pay businesses for the business impacts when a project goes through their area.

Assemblyman Wheeler:

Mr. Malfabon, if you can imagine, I get a lot of questions on the Carson City freeway. You did not say what the timeline is right now and what the new timeline may be. I was wondering if you had that information.

Rudy Malfabon:

The timeline is that we have a current project out for constructing a bridge on Snyder Avenue and that will take a little over a year. There is a project planned in 2014, which would be in the next phase, and we are still on schedule with that. We just want to do more scope in that project than was originally intended, because we planned to do two more projects in 2014 and 2016 for the big interchange project. I had given direction to try and get the 2014 project to provide more pavement so the public can actually take this new route to the intersection with U.S. 50 and U.S. 395 on the south end of Carson City. The idea is to get more scope into the 2014 project so that it is usable and we

could defer the actual big bridge interchange project, if we advance some of that money toward the paving project.

Assemblyman Hogan:

My constituents have been very favorably impressed by the efforts that NDOT has made to ensure that we capture all the employment opportunities that are implicit in this work, and they feel the agency acted very energetically and was able to reach out and get a great deal of cooperation and understanding of these objectives in the contractor and subcontractor communities and within the building trades. It seemed to our folks that, overall, while it is not an easy job and it is something we started late and should have had better integrated earlier, the results were really quite good. The numbers were good, there were a lot more women and different minorities working.

My question is twofold. First, do you see that NDOT will have the resources, as the budget is prepared, to continue that effort and ensure that the projects that are being completed over the biennium and beyond would have a chance of being as well-integrated as they have been in the last couple of years? Second, there will be proposed legislation to spread that idea a little further so that other government contractors in other fields will also be asked to maintain records of the diversity in the workforce they have put together to meet their contract requirements. I am wondering, since NDOT seems to have had the most successful experience in this area, will you have enough resources to help some of the other agencies as they discover ways to achieve that under what we hope will be new legislation expanding this requirement? This will help our population have access to all these jobs in other industries as they do now in transportation.

Rudy Malfabon:

The Nevada Department of Transportation would be available to meet with any other agencies that were either required to or wanted to try this type of program. On major projects, for example the I-15 South Design-Build project in Las Vegas, what happened was our contractor committed to improving the numbers of minorities and women employed in certain construction trades. They would meet on a regular basis to look over those statistics of employment and identify in advance when there were opportunities for new hires. We worked with the unions, that was a union contractor. We worked with them on understanding their call-out issues from the union hall. Construction and employment is a huge issue, but there are also apprenticeship opportunities. That definitely was a good program, and I am sure that our prime contractor, Las Vegas Paving, would be willing to work hand-in-hand with us to educate other contractors and public agencies on how we accomplished that in partnership with the unions. And also, Assemblyman Hogan, on major projects

such as capacity projects, which are typically several tens of millions of dollars, we would look at having that specification in our contract so that the prime contractor knows there is additional effort required to have these additional meetings, do statistical evaluation of job opportunities, and look ahead for new employment opportunities in the construction trades.

Moving on to major projects in rural Nevada, these are primarily paving, but in some cases, for instance on the Carlin Tunnels project on I-80, there is also bridge and tunnel work and lighting work. One thing to note on Carlin Tunnels is it that it uses a construction manager at risk (CMAR) process. That is a process where the contractor, who understands construction a lot better than do the department engineers who design the project, gives us input on the design so that we can have a practical and efficient design that saves money and is buildable and constructible. We renegotiate a guaranteed maximum price with that contractor. We have an independent cost system that ensures us it is in the ballpark and that it is a good guaranteed maximum price. Then we can go to the Transportation Board to award it to that contractor, or if we do not like that guaranteed maximum price, we can put it out to competitive bids. So the CMAR process is going to be used on Carlin Tunnels, and it is a very good process for us.

The other projects are some major pavement rehabilitation projects on I-80 in Golconda, Emigrant, and Battle Mountain. There are also significant pavement rehabilitation projects on I-15 in the area around Logandale/Overton. Some of you who have driven to Mesquite know that there is a very rough patch of Interstate-15 in that area that will be fixed through this project.

There are several bill draft requests (BDRs) that NDOT has submitted. We are working with the Nevada Association of Counties on road relinquishments. Currently *Nevada Revised Statutes* (NRS) says that a county can have a resolution of support for relinquishing a road or taking a road from the state. We feel it should be two-way, with the Transportation Board's direction, as well as legislative direction, to relinquish some of the local roads that are state highways to the locals, but not be unilateral and just dump roads on them. We know they are having difficulties funding their maintenance program on their county and city roads, but it brings more equity to NRS in terms of road relinquishments and it brings about the ability to negotiate these types of relinquishments, or road transfers.

Public-private partnerships, or P3s, is another BDR that addresses the ability to have tolls. It authorizes the state to have tolls on highways or bridges, because currently we do not have that authority. We feel that it could be a funding mechanism for some major projects where tolls could offset some of the

construction costs or provide additional revenue in the future to be spent in that community to improve the highway system. We are looking at toll lanes as well as the example of the RTC projects on the Boulder City Bypass, a toll road. Most of the time we are looking at toll lanes so the HOV lanes, carpool lanes, in Las Vegas do not have a lot of ridership right now because it is a relatively short stretch of HOV lanes. If we have that connection through Project Neon to I-15 and have the ability to go all the way from the northwest to the airport or to the resort corridor where people work, they might be willing to pay an additional toll or user fee to use that. They have a choice to use free lanes that are adjacent to these proposed toll lanes, or managed lanes, or they could pay that additional expense, but it is up to them to make that choice.

I mentioned the CMAR process. The Legislature gave us a two-year window to try it out. The Moana Lane project in Reno, the interchange project that Assemblyman Sprinkle was referring to, used the CMAR process and the Carlin Tunnels is another that uses the CMAR process. We would like to request that the Legislature, through this BDR, remove that sunset clause to give us the same ability to use another delivery method that is available to the counties, cities, and RTCs in the state.

Another BDR is more of a housekeeping bill. One element concerns electronic data collection for crashes, which is used by the Nevada Highway Patrol, the Las Vegas Metropolitan Police Department and a lot of the law enforcement agencies. Another element is a slight amendment to the open container law due to the National Highway Traffic Safety Administration review of Nevada safety laws. They saw that there was a bit of a change needed to the statute that addresses open containers that has some exemptions in it for vehicles that are hired for transportation purposes—cabs and limos. It was not meant to allow the driver of those vehicles to have an open container, just the passengers, but it needed to be tweaked a little to make it clear that drivers are not allowed to have an open container. That is also included in that housekeeping bill.

Rest stop commercialization is another BDR. The idea there is to offset some of the state's costs for maintenance of those, also there might be some landscape and aesthetics opportunities for a company. It is similar to a current program called Sponsor-a-Highway where a company pays another company to pick up litter and debris along the shoulder of the road. They get a sign out there, similar to the Adopt-A-Highway signs that a family or a business can get if it goes out periodically and cleans up the highway roadside (shoulders). So it is a sponsorship opportunity, but currently is not allowed by NRS.

Another one that I failed to mention on this list has to do with bridge weight limits, and it is also a housekeeping bill. Currently, NRS says that the

Transportation Board has to approve those types of bridge weight limits. If we load test a bridge and see that it has to be reduced, we would rather go out there and sign it immediately than wait on Transportation Board approval, so that is a minor change.

That concludes my formal presentation. I am willing to answer any questions. I want to provide our contact information. Sean, our communications director, is here on a day-to-day basis during the legislative session for a lot of the hearings for the Transportation Committee and other committees that are hearing transportation-related bills. On the budget side, Scott Sisco, Assistant Director of Administration, has that responsibility. Their contact information appears on page 31 ([Exhibit C](#)).

Chairman Carrillo:

Do any of the committee members have any questions? Seeing none, I want to thank you for coming today and providing an informative presentation.

Now I would like to welcome Mr. Carl Hasty, District Manager of the Tahoe Transportation District.

Carl Hasty, District Manager, Tahoe Transportation District:

With me today is Mr. Buzz Harris, who has been working with me on the Nevada side in developing many of the relationships we need in the state. Our tendency at Tahoe is to stay at Tahoe, which really does not work to our benefit, so we have been making a concerted effort to get off the hill, since we have to deal with both states. If you have not been to Tahoe, since I cannot change your setting for you, I have managed to put a few photos in here to help bring Tahoe to you. With that I will get going on our presentation ([Exhibit D](#)).

Even if you have not been there, you probably know it is very attractive to folks who want to come up and enjoy Tahoe. I do not know if you are aware, though, that the majority of it is publicly owned. As much as 75 percent or more by the U.S. Forest Service and then the balance by the two states. So our development up there is in a very small area. However, Tahoe is very important to the economy, not only for the state but certainly for the northern end of Nevada and California. That is part of what we have in common, besides our transportation system, this visitor economy that is so important for us. At Lake Tahoe we have at least three million visitors a year, and if you include the permanent population of Truckee and Lake Tahoe you are looking at 70,000 residents. We are essentially an urban corridor; we have this need for urban infrastructure and services even though most of the time we are considered rural. That is one of Tahoe's challenges when it comes to financing and making improvements.

An important element at Lake Tahoe is water clarity, and this pie chart (page 3, [Exhibit D](#)) illustrates where most of the pollution comes from that affects lake clarity and water quality at the Lake. The majority of it is considered urban development, and the majority of that is the transportation system, when you take into consideration roads, parking lots, garages, and the vehicles themselves and all the maintenance that goes with them. So the transportation system and dealing with the transportation system is a very important part of addressing the long-term clarity of Lake Tahoe.

At the district we work really to try to help the region, both for residents and visitors to enjoy the area, while minimizing the impact of that use on air and water. We take a collaborative approach and that is the thing we have learned at Tahoe. We have to work in partnership and collaboration to get things done, and the district takes a leadership role in addressing, along with the Tahoe Regional Planning Agency (TRPA), the planning of and raising revenues for implementing our regional transportation plan.

So who is the district? The district is a Bi-State Compact agency. The same piece of legislation [Tahoe Regional Planning Compact (PL 96-551)] that created the Regional Planning Agency in 1980 also created the Tahoe Transportation District (TTD). Our roles are different though. What we share is protecting the Lake and trying to achieve those goals, but our role is to focus on implementation of transportation and those services. We can own and operate where TRPA cannot. The Tahoe Regional Planning Agency is the land-use planning and environmental-protection agency for the Lake. We are not that; we are here to get regional transportation improvements on the ground and to work with those who also have the same outcome in mind. Therefore we are looking at all components of the system: roadway, transit services, and bicycle and pedestrian facilities and amenities. We are not very walkable and we are not very bikeable, and we are trying to be more so, and the compact gives us the direction to do that by providing alternatives to the automobile. So, unlike what most of you are probably dealing with in your communities, especially with growth, our growth is constrained in terms of the land areas. Our transportation system is really not looking to expand lane miles, we are looking to provide choices. And that means making Tahoe more transit friendly, walkable, bikeable, in addition to providing for the automobile.

Our agency is small; we are only about nine people. Our budget is only about \$10 million, and none of it comes from Nevada. We are not part of your budget process, nor are we part of California's budget process. The majority of our funds for projects are federal. Our transit system funding is split between private contributions, federal dollars, some money from Nevada, and some money from California. We have eleven members on our board of directors: the

six local governments; the two departments of transportation, as you can see they are ex officio; and then we have three members who basically represent the private sector, two from the non-profit transportation management associations and one at large ([Exhibit D](#), page 6).

This map (page 7, [Exhibit D](#)) depicts our current set of projects and services. We will go through these in detail, but I want to note that in the upper left-hand corner you can see that right now we are engaged in going outside the basin with a transit service. That is the resort area up between Truckee, Squaw, and North Lake Tahoe. We are very much interested in coming together to provide a single free shuttle service for the ski season. We are doing that under our umbrellas, we and a number of others. South Shore we will talk about a little more, but we operate the transit system at South Shore and we connect Minden-Gardnerville and Carson City with the south part of Lake Tahoe.

We will go through this list then with a few more photos and a few more highlights. I have noted, and you will see this with every one of our projects, a list of project participants. Tahoe is a complicated place. Politically it is complicated. The number of organizations and interest groups makes it complicated. So this is where we have learned how to take a collaborative and partnership approach to getting things accomplished. This illustrates some of the participants with which we engaged while working, really with NDOT, on this project up at Incline Village. This was a major change in the first roundabout in the Lake Tahoe Basin, at the intersection of State Route 28 (SR 28) and the Mount Rose Highway (SR 431). It was a very successful project, and there were definitely those in the community who wanted to see something like this. Our role was working with NDOT in helping to interact with the community and helping a little bit with some dollars for the design. The Department of Transportation really moved forward on this and Q&D Construction did the construction. It was wrapped up this summer with a very successful unveiling, if you will, for a roundabout. The community there was extremely interested in this in the end. They did a lot of fundraising for the sculptural elements that are now in the center of it, and they look at this as a gateway to their community.

To continue, on the east shore we are addressing some of the very dangerous seasonal parking that happens there on the highway. I will have an illustration of that if you have not been up there and had that pleasure in the summertime. Again, there were a lot of participants in that project, from the major landowners and NDOT to others who have an interest in the problem. It illustrates the workings and what it requires to achieve results at the Lake. One of these was a pilot program for us: East Shore Express which we ran this summer. It was received very well and was successful. A big problem for state

parks, especially at Sand Harbor, was the roadside parking that oftentimes crossed the fog line. It was a big problem for the Nevada Highway Patrol as well. It created a very dangerous situation, and it definitely impeded the flow of traffic. One of our solutions here was looking at actually providing an alternative to that: alternative parking, an alternative way of getting to Sand Harbor. We had over 12,000 riders in this last summer. We have enough funds to be doing that again this summer. And it has actually generated a lot of interest with the Washoe RTC, since the majority of those users are coming from Reno. There is some dialogue going on right now about actually getting a bus and RTC coming up over the Mount Rose Highway this summer on the weekends. So, those are the types of solutions that will help alleviate traffic and make a better experience at Lake Tahoe as well.

This is an uncluttered day on SR 28 ([Exhibit D](#), page 12). Sticking with the rest of SR 28 on down to Highway 50, we are also engaged in looking at the long-term solution for this corridor. There is a lot of uncontrolled access—the term used by state parks, state lands, or forest service people. Everyone wants to have a good experience when they go there, including the motorists who are going through, or the motor carrier who is trying to provide goods and services while getting through this corridor. We are trying to address this over the long-term and see what our options are. That is an effort we have been engaged in for the last year, and we are getting ready to come out with our draft proposal on what to do. The reason we are looking at this is evident in the inset (page 15, [Exhibit D](#)) where people are using the highway as a sidewalk in the summertime. We are looking to facilitate solutions and try to leverage each other's resources to arrive at solutions that create the kind of experience that is important for the public and the kind of management that is important for the care of the resource there.

We are also anticipating another one of our projects, which is going to be a bike trail. We do not want to exacerbate the problem that exists because we think the bike trail is also part of the solution. We are calling it "America's Most Beautiful Bikeway," and that is for the entire Lake Tahoe area. These are extremely popular and very heavily used when they exist. All these kinds of improvements, including bike trails, really are economic development for Tahoe, and transportation infrastructure is support for economic development and for quality of life for the community, those who visit and those who live there. Again we show our list of participants (page 15, [Exhibit D](#)). Most of the bike trail that has been constructed in the basin is on the California side. Not much of it has been built on the Nevada side, so part of our response is looking at how we get this network completed. This is a joint undertaking with many folks. This picture in the inset with the bridge (page 16, [Exhibit D](#)) is the new one, the first mile we built down here near the south shore by Nevada Beach.

The second mile of that project is actually the third NDOT CMAR project. It is one of their enhancement projects and they wanted to try the CMAR process for that. We were very interested in that because we think that process also has great value to us for some of the other projects that will be difficult to construct in the basin. So far that has proven up. The experience we have had with the CMAR process for the next mile we will be building has been very helpful to us in having that construction expertise engage with our design engineer. The district is definitely looking forward to using this process and incorporating it into our own procedures.

One of our big projects—the biggest one—is at South Shore. It is what we are calling the U.S. 50/ South Shore Community Revitalization Project. This deals with the major state line area, so this project actually deals with both states, and it is talking about realigning 1.1 miles. That is one of the alternatives and has always been the vision. The idea is to finish with more of a "complete street" setting. If you are not familiar with that term, it means making it more walkable and bikeable. We have the Heavenly Village, which was a redevelopment project, that is 20 years old now. That has not been extended as originally envisioned throughout that corridor, yet for a resort community that is really the type of thing that the visitor wants and needs. So how do we expand those sidewalks when we have five lanes of traffic going through there? For Tahoe, a highway is the main street, and every community at Tahoe is on the highway. That is the challenge, and this project is looking at alternatives for how we might be able to realign or move that flow of traffic in order to create a setting that is more of a destination resort, because this is also Tahoe's biggest bed-base area, considering the California and Nevada sides.

Many partners, big change, and it is not without its controversy, but we are working through that right now. The Bi-State Compact actually asked that we seriously take a look at this. This would help with traffic congestion. We know, for example, that two-thirds of the traffic is just passing through. They are not getting captured anywhere in that area. So, again, the goods and services aspect is an important element to address as well.

This (page 20, [Exhibit D](#)) is an illustration of the kind of "complete street concept" that could be utilized and is what many are interested in seeing, improving the safety aspect and improving the choices for folks. Actually, this would make Tahoe one of the most accessible places for those who are challenged in getting around and that is a big deal. This is what needs to be happening more around Tahoe. Kings Beach is looking to do the same thing and Placer County is as well. Reducing emissions and improving economic development could also result from this project. These kind of public

investments often bring with them that affiliated private sector investment to the adjacent properties.

Now I will look at transit and what is going on (pages 21-23, [Exhibit D](#)). We took over the transit system at South Shore about 2½ years ago. We have stabilized that system, which was created out of multiple systems because of the TRPA policy requiring mitigation for redevelopment. We now serve the Minden-Gardnerville area, as well as link that up with Carson City where we work with Jump Around Carson. We have the opportunity to start to provide these linkages between here, and even Reno.

Our South Shore service is seven days a week, and we provide both fixed-route service and on-call service. Our on-call service, or paratransit service, which you have also heard about from Clark and Washoe RTCs, costs about \$26 per trip, or about the national average. The District is looking to create a regional transit system for Lake Tahoe because one does not exist, only components at the south shore and north shore. Our ridership is about three-quarters of a million annually, with about 20,000 paratransit riders, and our service miles are close to one million. One thing we have been able to do here on the California side, where we are not in an ozone attainment area, is get Congestion Mitigation and Air Quality Improvement funds, some of the funds that Mr. Malfabon referred to earlier.

We have been able to do some free-ride days, which is a goal for resort communities—ultimately being able to have free transit. And this is the kind of increases that we were able to see when we had those free ridership days: anywhere from 60 to 70 to almost 80 percent increase in the number of people getting onto transit. We are also hearing a lot more demand from our visitors for the ability not only to be able to get around Tahoe without a car, since so many of them come from major urban areas with extensive transit systems, but be able to get here without a car.

As I noted earlier, up at North Shore, we are into the pilot program offering free coordinated shuttle service up at what we call the resort triangle area. And also, transit centers are part of what has been developed over there between Placer County and the City of South Lake Tahoe with some of the infrastructure that is necessary.

That brings us to the final big project we are looking at and that is how do we connect North Shore to South Shore. Since we are not in the business of expanding highways, which really would be extremely expensive at the Lake, as well as damaging, we are left with the water as a primary way of doing that. This harkens us back to Tahoe's original transit system, which was passenger

ferry service. That is one of the things that we are involved with right now with the Federal Transit Administration. This includes doing an alternatives analysis. High-speed, low-wake vessels do exist. I had the opportunity to go up to Seattle and watch some in action. We are talking about 120-passenger vessels that could go anywhere from 30 to 50 miles an hour, year around. This appears to us to be the most feasible way of going, and it also offers a unique way for visitors to get on the lake who would otherwise not be able to. I know with my office at South Shore, when I have business up at the North Shore, I would love nothing more than to be able to jump on that thing rather than drive all the way around. If we have a good winter, you cannot drive around the west shore because Emerald Bay will be closed, so that creates some real challenges even from a safety perspective. If you think about Eldorado County on the California side, which is split by Emerald Bay, they have to work things out with Placer County in order to provide emergency services when Emerald Bay is closed and things like that.

So that brings us to Tahoe City, our other major choke point. That is SR 28 and Highway 89 ([Exhibit D](#), pages 27-28), Fanny Bridge as we refer to it. It is great to look at the fish gathered below the outlet of the dam. Hence the name, when the motorists are driving by they see the back of the visitors who are enjoying the fish below in the water. But it is a two-lane, structurally-deficient bridge that is about 85 years old and in great need of being rehabilitated at a minimum. That still does not fix the giant queue that tends to happen both in the winter and the summer. One of the projects we are looking at there is realigning a short section of SR 89 and rehabilitating Fanny Bridge. It is different in scale but very similar to what we were talking about with U.S. 50. We are going through an evaluation process right now with the public on a number of alternatives for the environmental document on the project.

I would like to touch momentarily on environmental documents. The NDOT presentation referred to NEPA at Tahoe. To add to the complication, when we are dealing with federal money, not only do we have NEPA but we also have TRPA's regulations and requirements, and if we are in California we will also have the California Environmental Quality Act. So it is not uncommon for us, if we have a project on the California side, to be doing a three-tiered document. We have learned how to do that very well, just as we have learned how to do these partnerships very well, and we know what needs to be accomplished at the Lake.

I noted the ski shuttle effort and I have been very happy to see this. We have a lot of cooperation and collaboration up at North Shore; those resorts work very closely with Caltrans (California Department of Transportation) up there and with us on transportation. We have a number of contract services and this

is the latest to address our ski areas. The others are working with the Truckee/North Tahoe Transportation Management Association up at North Shore, which is an excellent partner for us. We have several other contracts there. We operate, under contract, the North Lake Tahoe Express, which connects the Reno-Tahoe International Airport to the north part of Lake Tahoe, because that service does not exist otherwise. We also, in summertime, have a night rider service because Placer County does not run their service that late. Most recently in anticipation of the Aquabus, or passenger ferry, North Shore was very interested in starting a water taxi shuttle service, and so that got underway this summer as well. It will be happening for a few more summers.

One of the things I would like to leave you with is our coalition efforts for addressing Lake Tahoe for now and in the future, knowing the pollution, visitor demand, and economic development opportunity. One of those efforts is looking beyond our own borders. This last slide (page 35, [Exhibit D](#)) is relevant to a planning concept that is important for the Committee and the State of Nevada to be aware of. This "megapolitan area" idea is describing this locale as one of ten in the country that have great population growth occurring. This is the drive-up market for our area and there are about 12.4 million people in this area, and it is slated to grow to about 16.3 million by 2040.

That means we need to be planning for the future, not only because the Lake Tahoe area certainly is a playground for many of these people, but also because of our economic ties around the area. But, from an infrastructure perspective, what do we plan for? If California is looking at high speed rail with the trunk line coming over to Sacramento, a lot of those folks want to be coming up this way. This is where working with NDOT and looking at the whole I-80 corridor from the Bay Area to Wyoming is important. It is no different for us than for the state when it comes to infrastructure and what we are dealing with, how we finance our infrastructure, and where we are going. Just within our short time with the slate of projects I am talking to you about today, our need is looking to be about \$215 million. Our regional transportation plan for Lake Tahoe over the next 22 years is a \$1.6 billion program.

A lot of what NDOT is dealing with is water quality, but it is also transit services and things like that. These investments are the types of things that we are going to be wrestling with, with you all and a number of others, for some time because it is very important. The payoffs and the benefits are extremely important. What I would like to leave you with, besides the contact information, is our target and what we will be on working with Mr. Malfabon and others in Nevada, in California, and at the federal level. Within that \$215 million dollars our target is about \$145 million in federal money, about \$39 million from Nevada, \$25 million from California, and \$6.5 million from the local

and private side. That is how we are programming it out, in terms of what we are targeting and how we want to make this happen. It is not unlike every other organization that you are going to be hearing from around the state, or around the country for that matter. If we are going to make these improvements in the kinds of things that the public is looking for and what benefit they can be to the economy, these are the types of issues that the district is ready to work on with everyone. This has been our success in the past. When we work together and we leverage that, we end up finding the most optimum way of getting it done. With that, I would be happy to answer any questions.

Chairman Carrillo:

Are there any committee members who have any questions?

Assemblyman Paul Anderson:

Just in reference to the bike paths, in the picture you showed there were pavers. Is that what we are encompassing around that section or is it actual paths on the road?

Carl Hasty:

In some areas that is happening. That particular picture is on the California side up in Tahoe City. The trail that we just did by Nevada Beach is paved, with the exception of the sidewalk and the bridge itself. Sometimes it is the right solution, and other times, pavement does the job.

Assemblyman Paul Anderson:

Just as a suggestion, as a cyclist, pavers are terrible, because you cannot go very fast, and that may not be the design for that walk path.

Carl Hasty:

Duly noted.

Chairman Carrillo:

Do any other members have questions?

Assemblyman Hogan

I just wanted to observe the challenge of your agency compared to the one faced by NDOT in the south will be very different, from the point of view of where you and the contractors and the building trades participants will be able to reach out and find women and minorities. That will be a big challenge. The key was that they were very effective in working through their contractors and through their labor supply, finding allies who also wanted to diversify the work force and move us into the current century. I think it can be done; it will have

very different challenges. I hope a couple of things will happen. One is what NDOT was able to do in the south, which has become a model of accomplishment, in a very difficult area that we had not been attending to very well. Your efforts will maybe provide a lesson in how it can be done successfully in a lower population area, in a lower minority presence area, and probably with a lower tradition of females doing work of that nature. But most importantly, if these expectations are expanded to all government contracting in Nevada so that we get that diversity, there will be a lot of smaller-scale efforts being made, so that you all may get a chance to be the big brother who advises other agencies. For instance, yes, it is tough, but here is how we did it and people are pretty happy with us. So I think the Nevada public and especially people who care a lot about diversity in the workforce will be cheering for you, for your success at setting examples and for even being willing to give advice during the course of all this. I am excited to be watching from a distance, cheering hopefully.

Chairman Carrillo:

Any other questions? [There were none.] Thank you very much, Mr. Hasty, for your presentation, which was very informative. Now we will move on to public comment from Carson City or Las Vegas. [There was none.]

Meeting adjourned [at 5:06 p.m.].

RESPECTFULLY SUBMITTED:

James Fonda
Committee Secretary

APPROVED BY:

Assemblyman Richard Carrillo, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Transportation

Date: February 12, 2013

Time of Meeting: 3:20 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Rudy Malfabon, P.E, Director, Department of Transportation	NDOT Department Overview
	D	Carl Hasty, District Manager, Tahoe Transportation District	Tahoe Transportation District