

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-ninth Session
February 14, 2017**

The Senate Committee on Transportation was called to order by Chair Mark A. Manendo at 8:35 a.m. on Tuesday, February 14, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 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 Mark A. Manendo, Chair
Senator Kelvin Atkinson, Vice Chair
Senator Don Gustavson
Senator Scott Hammond
Senator Patricia Farley

STAFF MEMBERS PRESENT:

Michelle Van Geel, Policy Analyst
Darcy Johnson, Counsel
Tammy Lubich, Committee Secretary

OTHERS PRESENT:

Rudy Malfabon, P.E., Director, Department of Transportation
Sean Sever, Director of Communications, Department of Transportation
Ron Grogan, Administrator, Taxicab Authority, Department of Business and Industry
Stan Olsen, Chair, Taxicab Authority Board, Department of Business and Industry

CHAIR MANENDO:

We will begin this meeting with a presentation from the Nevada Department of Transportation (NDOT).

RUDY MALFABON, P.E. (Director, Department of Transportation):

The Nevada Department of Transportation has approximately 5,400 miles of highway and 1,163 bridges maintained as the State system. This carries over half of the vehicle miles traveled (VMT) in the State of Nevada. The Nevada Department of Transportation is also a multimodal agency coordinating pedestrian, rail, bike, air and bus travel.

Transit funds are directly received from the Federal Transit Administration (FTA). The FTA funds received by NDOT are used for rural transit in the State. The Nevada Department of Transportation works in partnership with the four Regional Transportation Commissions (RTC) in Nevada. The RTCs receive money directly and NDOT works with them collaboratively on multimodal projects.

The Nevada Department of Transportation is in the middle of updating its Mission, Vision and Goals statements shown on slide 4 ([Exhibit C](#)). Department goals are for: safety first, environmental stewardship, efficiently operating and maintaining the system in Nevada, better internal and external customer service, and organizational and workforce development.

Three agencies draw from the State Highway Fund, NDOT, the Department of Motor Vehicles (DMV) and the Department of Public Safety (DPS). To maintain a healthy balance in the Highway Fund, it is important that NDOT share in the responsibility. The projections for the Highway Fund revenue are received from DMV in consultation with DPS, Legislative Counsel Bureau (LCB) and the Governor's Finance Office. A minimum balance is kept in the Highway Fund in the event of an emergency. These events include road repair, weather-related events and the possibility of a federal shutdown. The Nevada Department of Transportation maintains 1.5 months of capital payments in order to pay our contractors and to do any shut down work necessary in an emergency. The Department also maintains one month of operating costs.

Projects are planned in advance and are overseen by the NDOT Board of Directors. The Statewide Transportation Improvement Program (STIP) has a four-year list of projects that are federally funded or regionally significant. The Board approves the larger projects in the STIP document.

The Highway Fund balances are high at this time. The Nevada Department of Transportation prepared a flat budget using the two-times rule, and some

revenues were not built into it, such as the Governmental Services Tax (GST). The Department anticipates the Clark County Fuel Revenue Indexing (FRI) receipts starting July 1, 2017.

Nevada is unique in that the Governor chairs the Transportation Board. In other states, there is a transportation board or commission and the governor is typically not on the boards. As the Director of the Nevada Department of Transportation, it is important I receive direction from the Governor and from the Board members, which include the State Controller, the Lieutenant Governor and the four at-large members representing the three districts.

CHAIR MANENDO:

Does our Treasurer or Controller have any transportation expertise background?

MR. Malfabon:

The Treasurer is not on the Board. The Controller is a civil engineer with an engineering background who works in the area of financial issues.

The Nevada Department of Transportation is spread throughout 51 locations in the State. The major areas are Elko, District 3; Reno, District 2; and Las Vegas, District 1. There are also major maintenance stations for District 3 in Winnemucca and Ely, and one in Tonopah for District 1. The maintenance stations are spread across the State for the winter and maintenance operations. In the winter, there are snow plowing, ice and flooding issues, and flooding and road repairs in the summer. There have been studies done as to whether NDOT could consolidate offices to save money. It is more about responsiveness, especially in the winter when plowing snow. Many of the locations are near the mountain passes to support the movement of vehicles, especially trucks and freight on our highway network.

Revenues on slide 8 of [Exhibit C](#) show a portion of what funds DMV uses to operate: the vehicle registration fees, drivers' license fees and motor carrier fees. Primarily, NDOT relies on the fuel tax. The special fuel tax includes diesel, propane and compressed natural gas. The special fuel taxes and the gasoline taxes are the bulk of taxes that are collected. There is also a substantial amount of federal aid. The bond proceeds are for projects such as Neon in southern Nevada. Project Neon is the reconstruction of Interstate 15 (I-15) and a portion of the Spaghetti Bowl that will connect the high-occupancy vehicle (HOV) lanes on U.S. Route 95 (US 95) to I-15.

On slide 8, [Exhibit C](#), Other Receipts shows the FRI monies must be spent in Clark County since it is the county of origin. There is also a passenger carrier tax. Five million dollars a biennium is received from the ride-sharing revenue from Uber and Lyft.

On slide 9 of [Exhibit C](#), you will see the outlook for our revenue. There are concerns about the fuel efficiency and a slight increase year-after-year in the fuel taxes. This is due to the improvement of the economy and the stability of fuel prices. The other revenue sources on slide 9, [Exhibit C](#), include the FRI and the GST.

The gasoline tax is from federal, State and local taxes. There is a mandatory portion and an optional portion, and only three counties, Esmeralda, Lincoln, and Storey do not use all of their optional fuel tax. The federal fuel tax (FFT) is the same as the State's, a little less than 18.5 cents per gallon and has not changed since the mid-1990s. Congress is hesitant to raise the FFT, but they are having discussions on how to fund transportation in many states. The FRI passed in Clark County provides a substantial amount of revenue, not only to NDOT for the State Highway Fund, but for entities in Clark County.

CHAIR MANENDO:

This is a major issue. The people believe that passing the FRI is going to fix all the problems, and it will not. The voters had the foresight to see how the FRI will help the future, but it is just a band-aid. You mentioned fuel efficiencies and I do not believe the federal Government is going to increase the federal gas tax (FGT). Is NDOT talking with other states to find out what they are doing for funding solutions?

MR. Malfabon:

The Nevada Department of Transportation is looking at Oregon, California, Hawaii, Colorado and Washington State who are considering a distance-based fee for more of a long-term solution. They are using pilot studies in those states to have drivers be assessed a certain amount per mile that they drive, and collecting that information from simple odometer readings. The driver can take a picture of the odometer and send it to the agency that is tracking how much drivers drive. Drivers can opt into these types of studies to qualify for the VMT fee. To address drivers' concerns, Oregon has developed different applications with different vendors and is the most advanced. Privacy is another concern of drivers who do not want the Government knowing where they are driving. The

Government only wants to know how many miles you have driven and not where you have driven. The Nevada Department of Transportation is following these states and their processes.

The Nevada Department of Transportation is also part of a western states coalition, made up of approximately 14 states west of the Mississippi. These states are joining on this issue. The FRI is not the fix for the long-term solution for funding.

CHAIR MANENDO:

Are any of the states doing a flat usage fee, instead of just the VMT?

MR. Malfabon:

Some states do have a flat fee for electric vehicles, but most of them are relying on a fuel tax per gallon. There will be more to come as these states complete the pilot initiative studies on a distance-based tax or fee. I understand that Oregon is going to put that in place where a driver can opt into that program. Eventually, drivers in Oregon will be able to choose which application and how to pay. There will be more as this develops, but most states are relying on the FGT.

Only 1 percent of vehicles registered in Nevada are electric. The significant concern is the fuel efficiency in the long term. The Government has established the Corporate Average Fuel Economy Standards for new cars put into production. By 2025, new cars will have to achieve approximately 54.5 mpg. The concern is in the erosion of collecting fuel taxes as cars become more efficient. The other point is a doubling in VMT during the post-recession period due to improved gas prices and efficiency issues in this near term.

The Federal-aid Highway Program collects 24.4 cents per gallon for diesel including revenue on tires, truck and trailer sales. The federal Highway Trust Fund is not collecting enough fuel tax revenue to redistribute back to the states. The Fixing America's Surface Transportation Act (FAST Act), which we are currently operating under, is being propped up by General Fund transfers. This is a concern to all states when Congress is reluctant to approve a gas tax increase at the federal level.

There is always talk about rescission, meaning the federal government will hold back some of the federal funding. Therefore, NDOT submitted a flat budget

even though the FAST Act includes a modest inflation increase of 2.2 percent per year.

The Nevada Department of Transportation has opportunities to obtain money left on the table towards the end of the Federal Fiscal Year (FFY). Last day funds have not been as available since states are learning how to spend all their federal funds. A redistribution of the FFY in August is done whenever money is left on the table. The FFY ends September 30 and NDOT received an additional \$20 million last year from the Federal Highway Administration (FHWA). Unfortunately, due to all the actions required to add projects, NDOT could not add a new project that late in the year. This money is being used to address some cost increases, change orders from a previous project or additional costs when bids are received. These are costs that NDOT has already incurred and been reimbursed.

CHAIR MANENDO:

You mentioned the Federal Highway-aid Program. Are you saying there is not enough money across America? What is Nevada's shortfall, \$4 billion, \$5 billion, \$6 billion?

MR. Malfabon:

There are a couple of ways to look at that. One is preservation needs. Preservation means taking care of your existing system, the bridges and the highways that have to be repaved. The Board received an update of our backlog preservation on February 20. A backlog of \$450 million in preservation needs was reported. To get everything up to a very good condition immediately is unachievable. The Nevada Department of Transportation is aware of the backlog. Most of the needs are in the low-volume roads in the rural areas and NDOT is trying to take care of the portions in the urban areas first.

CHAIR MANENDO:

Is the \$450 million Statewide?

MR. Malfabon:

Yes, that is correct. We reported that our backlog on all our bridges is \$133 million. Again, that is to bring them up to very good condition, and you are not going to have all your bridges in very good condition all at once. The other point is the needs in capacity for new interchanges, new lanes, and new roads such as Interstate 11 (I-11) or USA Parkway in the north. These needs

are significant to keep up with the current and anticipated growth, primarily in Clark County, but it includes some in Washoe County. There is always funding needed for safety projects such as signals and addressing needs of pedestrians and bicyclists.

CHAIR MANENDO:

You mentioned I-11 and other projects; how much is the need for funding these projects to keep up with growth?

MR. MALFABON:

If you were to look at all the needs and try to build in the near term, it would be in the billions of dollars.

CHAIR MANENDO:

I want to lay the groundwork for the listening public as to the needs Nevada has concerning transportation.

MR. MALFABON:

There are significant needs and NDOT does the best with the revenues received from State, federal and the local FRI. The amount of revenue received from the GST and the FRI will assist in delivering major projects.

SEAN SEVER (Director of Communications, Department of Transportation):

This is a nationwide issue. Nevada is in much better shape than other states across the Country. The bridges in Nevada are No. 1 in the nation.

MR. MALFABON:

Slide 16 of [Exhibit C](#) shows the Fiscal Year 2016 obligations NDOT has in the rural and urban areas of Nevada. The capacity projects are the new interchanges, new freeways and widening of lanes. The preservation projects are repaving, resurfacing and bridge maintenance. The other projects are the safety projects for pedestrians; the Americans with Disabilities Act (ADA) ramps on the sidewalks; intelligent transportation systems with cameras and ramp meters; the dynamic message signs over the freeways; and our landscape and aesthetic programs.

These charts show the spending in Clark County versus non-urban areas. Preservation is primarily in the non-urban areas. In the top tier, Interstates and U.S. Routes are taken care of first due to high traffic. State Routes and rural

roads that do not carry a lot of traffic are on the lower end for the project dollars.

SENATOR GUSTAVSON:

Would you please explain why it does not look like Washoe County is getting its share of funds?

MR. Malfabon:

The Fiscal Year (FY) is a snapshot, and a project in Washoe County may not be captured on these charts. Slide 18, [Exhibit C](#), provides a five-year projection and gives a better explanation. The obligations in Washoe County are still significant but are less so than in Clark County. The major projects in northern Nevada, such as USA Parkway at over \$70 million and the Carson Freeway, at over \$40 million, which are still in northern Nevada, but are in other counties.

Slide 18, [Exhibit C](#), shows the amounts of some of the major projects. The big project in southern Nevada is the I-15/U.S. 93 Garnet interchange, which is approximately a \$75 million design build project. Design build is where a contractor hires a design team, NDOT provides approximately 30 percent of the design, and the design team completes the design. This allows for innovation and since this is its business, the contractor can design it better than the NDOT.

The other types of design bid build are low bid projects that are being done with the City of Las Vegas—U.S. 95, Durango to Kyle Canyon, the widening of U.S. 95 and starting the first phase of the Kyle Canyon interchange near Mt. Charleston. The I-15/Starr Avenue interchange is being done with the City of Henderson. Many projects are done jointly so funding can be combined on the major capacity projects in southern Nevada. The Board was advised February 13 that NDOT recommended using funds from the FRI for the Centennial Bowl interchange at U.S. 95 Northwest Phase 3C with the Clark County Beltway. The next phase of this project will be in 2018.

The USA Parkway Environmental Impact Study (EIS) in northern Nevada is going forward. A major contract amendment was approved for this project February 13 and it will take approximately three and one-half years to complete. To put this project in perspective, the national average is approximately six years to complete. Big projects like Project Neon and the Boulder City Bypass/I-11 took about six to seven years to get the EISs approval. This is the highest level of approval an agency can get for a major project.

The widening of U.S. Highway 50 from Roy's Road to U.S. 95A is anticipated in the next couple of years. Part of this project will be relocating and installing fencing to improve safety due to issues of wild horses getting into the highway.

As shown on slide 19, [Exhibit C](#), NDOT is currently under a consent decree for our stormwater program. According to the U.S. Environmental Protection Agency (USEPA), NDOT is doing well and will be reviewed in the next couple of months.

The approval of the budget amendment last Session for the additional stormwater staff helped NDOT step up the program with more maintenance positions and equipment. Additional positions are filled by identifying vacancies and repurposing others.

The NDOT is watching a couple of bills at this time including Assembly Bill (A.B.) 17 to add NDOT's emergency vehicles and tow cars to the Move Over Law for the safety of employees and freeway service patrol contractors.

Assembly Bill 17: Revises provisions governing the duties of a driver when approaching certain authorized vehicles of the Department of Transportation. (BDR 43-140)

The Governor's Office of Science, Innovation and Technology (OSIT) is working with NDOT to request authority to include empty fiber conduit within Nevada's highway infrastructure for use by telecommunications companies in the future. This follows a federal policy called Dig Once and is modeled after practices in the state of Utah. When a fiber optic company wants to put fiber through, an agreement is made to have access to that fiber for our intelligent transportation system devices and for use by other State agencies for such uses as telemedicine and education for long distance learning.

Bill Draft Request (BDR) 28-667 is the other bill we are following. Assemblyman Skip Daly is looking at the Construction Manager at Risk (CMAR) process. This process is an alternative delivery method NDOT has used successfully.

Bill Draft Request 28-667: Revises provisions relating to public works. (Later introduced as Senate Bill 246)

The Nevada Department of Transportation will hire a contractor to work with its designers to produce a better design. The price is verified as the design evolves, and eventually the Board will make a decision to award to the project for the double-checked price, both with an engineer's estimate and a production-based estimate or is it put out to bid. Some CMAR projects, which included a bike path, fixing State Route 207 and for the Carlin Tunnels on Interstate 80 (I-80) have been successfully delivered using this method. The Nevada Department of Transportation would like to extend or remove the sunset provision to allow us to use this delivery method this year.

CHAIR MANENDO:

For clarification, BDR 28-667 is actually my BDR.

MR. MALFABON:

The following reports have been delivered to the Legislature. First is the summary of our annual work program, the data on page 17 of [Exhibit C](#) is specific, project by project in this report. Next is the performance management report, which tracks the performance measures with the trends reported to the Legislature for several years, giving information on revenue and spending. Last is the highway preservation report, which gives information on the bridges and pavement surfaces.

SENATOR ATKINSON:

Going back to the transportation network companies dollars for the Highway Fund. Am I correct that there was \$5 million in the bill?

MR. MALFABON:

Yes, that is correct.

SENATOR ATKINSON:

Did NDOT collect the full amount?

MR. MALFABON:

To my knowledge, we did collect that revenue.

SENATOR ATKINSON:

Can you tell me what was done with the \$5 million?

MR. MALFABON:

Initially that funding was used for highway traffic safety. The Nevada Department of Transportation has a program with the Office of Traffic Safety under the Department of Public Safety where the dollars are going to be used. Another area would be for the electric highway along U.S. 95.

SENATOR ATKINSON:

What do you mean by electric highway?

MR. MALFABON:

This would be a publicly funded charging station in Hawthorne. When the Governor's Office of Energy partnered with NV Energy, they offered business owners the opportunity to partner with NV Energy to provide electric vehicle charging stations.

Hawthorne was not meeting the schedule to get a sponsor to work with NV Energy. The Nevada Department of Transportation is looking at a contract to put a charging station in the park at the north end of Hawthorne and one in Tonopah with that revenue.

SENATOR ATKINSON:

Are we going to use part of the \$5 million in Hawthorne for a charging station?

MR. MALFABON:

Yes.

SENATOR ATKINSON:

When I think about the Highway Fund and where it would go, I thought it would go to road projects and not special projects. I believe the Highway Fund should be doing more and not just special projects.

SENATOR HAMMOND:

What was the thought process for putting charging stations in Hawthorne and Tonopah?

MR. MALFABON:

In developing the electric highway along U.S. 95, a 75-mile distance in spacing between charging stations was wanted. Tonopah and Hawthorne are sites that did not have any business owners locally to sponsor and work in partnership

with NV Energy and the Governor's Office of Energy. The Nevada Department of Transportation looked at developing those two gaps so there would be continuity from Las Vegas to Reno.

SENATOR HAMMOND:

Are there other charging stations being built where businesses are partnering with NV Energy, and are they being spread 75 miles apart?

MR. Malfabon:

Yes, there is one in Beatty, one in Fallon and one other site being looked at in between.

SENATOR MANENDO:

Would you please give an update on the road trading in Clark County?

MR. Malfabon:

The Nevada Department of Transportation has been in negotiations with Clark County Public Works to trade portions of the Clark County Beltway, which have been built up to freeway standards, for State routes that NDOT has in the urban areas. We are primarily looking at portions of Sahara Avenue, which is actually half City of Las Vegas and half County jurisdiction, but it is an NDOT State highway. We are also looking at Charleston Boulevard and Sunset and other roads.

SENATOR MANENDO:

Is Tropicana Avenue on the list?

MR. Malfabon:

Tropicana might not be on this initial list. The agreement is at I-15 to the Henderson Spaghetti Bowl first, and eventually the west side roads will be identified. The approach is to trade maintenance responsibility first. It takes a while to collect all the legal descriptions, do the appropriate transfers, and record the transfers. Therefore, we are looking at a two-step process: maintenance activities will be NDOT's responsibility, the other entities will take over maintenance of our State highways by agreement, and then the legal transfers when all the descriptions are completed will be the second step.

SENATOR MANENDO:

Do you have an idea of when this will be completed?

MR. MALFABON:

The southern portion of the Las Vegas Beltway should be transferred by agreement mid-year 2017, and NDOT will bring that agreement to the Board in a couple of months. The west side will transfer after the Beltway realignment near Lone Mountain is completed and when Clark County Public Works has completed the north side of the Beltway near north 5th Street. The Nevada Department of Transportation is waiting for the buildouts prior to transfer. Similarly, NDOT is also working with the City of Las Vegas on Summerlin Parkway for transfer of NDOT roads to the City of Las Vegas.

SENATOR HAMMOND:

Is the Lone Mountain project the one where the bridge is being built and the road goes underneath and up to the cement plant?

MR. MALFABON:

Yes, it realigns near the old gravel pit.

SENATOR ATKINSON:

Is there a way for NDOT to give us a breakdown of the Highway Fund; how much is collected by the TNCs in Clark County, and where it is spent?

MR. MALFABON:

I will get back to the Committee after checking with our financial staff.

SENATOR MANENDO:

There was an article concerning the upgrades near the Apex Industrial Park (Apex) even if the Faraday and Future facility does not happen. What are the priorities if a project does not go through?

MR. MALFABON:

Before Apex was announced, NDOT had identified that project as a need to expand capacity on U.S. 93 and had submitted an application to the U.S. Department of Transportation for a Transportation Investment Generation Economic Recovery (TIGER) Grant. The interchange at I-15 and U.S. 93 is an outdated interchange for trucks that use it, and NDOT identified this as a need even before Faraday announced moving into the industrial center.

SENATOR MANENDO:

What is the cost for the interchange?

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MR. Malfabon:

The interchange and the widening of U.S. 93 will be approximately \$75 million to \$80 million.

Senator Manendo:

Is the money you mentioned, after FRI legislation passed, going to stay in Clark County?

MR. Malfabon:

Yes, that is correct.

Senator Manendo:

I want to put on the record for NDOT to keep in mind that the growth in the northeast and southeast areas are phenomenal, and there is a need for additional projects

If something were to happen and the stadium is not built, what is the plan for the transportation needs?

MR. Malfabon:

The developer for the proposed stadium has identified two sites near Russell Road near I-15. As the stadium plans develop and financing comes together, NDOT will be watchful of the process. Initially NDOT starts its process with environmental approval, and since this is an interstate highway, it requires FHWA approval on any improvements. The environmental clearance would have to take place first, and NDOT is developing the scope of work for the project at the Tropicana interchange.

The Nevada Department of Transportation identified improvements before the stadium was announced. The improvements to the Tropicana interchange and the HOV or carpool system lanes on I-15 were anticipated by NDOT. It is a question of prioritization for the capital costs of these improvements and a lower risk to advance the National Environmental Policy Act (NEPA) clearance. This will commit NDOT to build these projects eventually, but it will be dependent on whether the stadium is sited at Russell Road. The document can always be used to build later rather than sooner.

Senator Gustavson:

Do you have a completion date for the USA Parkway?

MR. Malfabon:

The USA Parkway is to be completed by the end of 2017.

Senator Gustavson:

Does that include improving the interchange with Interstate 80 (I-80) with heavier traffic anticipated?

MR. Malfabon:

The improvements at the existing interchange of I-80 are anticipated in a separate contract to revise the striping, to use the entire pavement that is available and to get a better flow of traffic near the interchange. The ramp improvements will be done as a separate project. An improved design of the ramps is needed due to amount of truck traffic and heavy vehicles. An auxiliary lane from the interchange to the west is wanted for better flow of traffic.

Senator Gustavson:

Will this be done in the near future?

MR. Malfabon:

The striping improvements are going to be contracted this spring along with lighting improvements at the interchange. The environmental approval has to be obtained for the auxiliary lane, but that will be a year from now if NDOT gets the approvals and funding.

Senator Gustavson:

Are the charging stations you mentioned, being publicly funded for the construction and for the charging itself?

MR. Malfabon:

The two proposed charging stations in Hawthorne and Tonopah are NDOT-funded. The other charging stations along U.S. 95 were funded through NV Energy and a business partnership along with energy grants through the U.S. Department of Energy.

Senator Gustavson:

Is this for the construction and the charging itself? My constituents may complain that they are not getting their fuel paid for but the electric cars are.

MR. MALFABON:

This is a valid concern. These charging stations are not using all of the \$5 million, they cost \$150 to \$1,000 to construct. All that is being constructed is a device that drivers plug into and bringing the power to that device. The majority of the \$5 million is going to traffic safety. After committing funding to our Traffic Safety Fund, Congress changed the rules midstream. They stated NDOT cannot use the Federal Safety Funds for what is called behavioral programs. Therefore, NDOT's ad campaigns for highway safety and certain education programs are considered behavioral programs, which affect pedestrians' or drivers' behavior. These types of ad campaigns are not covered with the use of federal funds. Therefore, NDOT backfilled it with State funds, which we use from the ride share revenue of \$5 million.

SENATOR GUSTAVSON:

Again, are public funds being used to pay for the charging of the vehicles?

MR. MALFABON:

The funds are used to pay for the construction, and NDOT pays the power bill.

SENATOR GUSTAVSON:

During my drive this weekend through Battle Mountain and Winnemucca, I stopped at the rest areas to see progress on the maintenance of these stations. I noticed only two rest areas were open between Carson City and Battle Mountain. From Elko to Battle Mountain there were no rest areas open. There have been discussions before as to who will maintain these rest stations. Button Station outside of Fernley was one of the cleanest I have ever seen. Fernley was maintained, but it did require additional maintenance. The ones that were closed—I checked when I could get in—and when were they open, they were less than desirable. There have been complaints from out-of-state tourists coming through Nevada. I would like to see a better impression for the people coming through Nevada. When are we going to start taking care of our rest areas?

MR. MALFABON:

Typically, maintenance companies are hired to maintain the rest areas, and I will convey this message to the districts that have the maintenance responsibilities. Then, the Nevada Department of Transportation needs to support them by providing funds to pay for those services. It is important to NDOT to promote

tourism to people coming into Nevada and have these rest areas properly maintained.

Last Session, the enhancement request for the rest area rebuild program was not approved, but NDOT wants to have better maintenance of the rest areas.

SENATOR GUSTAVSON:

I brought this up because you did not mention rest areas in your presentation, and they are part of the highway system.

MR. MALFABON:

Last fall NDOT was directed to submit a flat budget; therefore, we did not have that enhancement in our budget request for this upcoming biennium.

SENATOR GUSTAVSON:

There have been many weather-related problems here in northern Nevada. Has the bridge been closed in Paradise in Elko County?

MR. MALFABON:

State Route 233 to Montello is still closed for repairs, but U.S. 93 reopened over the weekend.

SENATOR GUSTAVSON:

My other concern is Washoe Lake. Back in 1997, NDOT was going to put a berm along the highway. Do you have any plans other than just watching it?

MR. MALFABON:

The Nevada Department of Transportation does not have any plans at this time to build a berm along Washoe Lake. The pipes equalize the water and the ground is flat on the other side away from the lake. If needed, NDOT can develop a plan to use rails or a berm to keep the road open.

SENATOR GUSTAVSON:

Would NDOT need an Environmental Impact Study for that?

MR. MALFABON:

Typically, NDOT can get plans in place, but we do not anticipate that situation of water over the roadway, and typically, when it does happen, the water will recede eventually, and NDOT would not have to have something permanent.

SENATOR GUSTAVSON:

Last Session, S.B. No. 2 of the 78th Session was passed to allow NDOT to increase the speed limit to 80 miles per hour (mph) in certain areas of the interstate highways. It became effective October 1, 2015. Have all the studies been done that were required, and when and where will the 80 mph segments be put in place?

MR. Malfabon:

Last year NDOT collected the information required to change the speed limit on I-80 from Fernley to the eastern State line. The area was studied measuring the operating speed of the drivers and verifying what areas made sense as far as the nature of the road and the crash history. There were discussions with representatives from Utah, Idaho, and Wyoming about the 80 mph speed limit on the interstates. Discussions were conducted with the Nevada Highway Patrol troopers who actually drive these roads and enforce the traffic safety laws. Ultimately, NDOT had a discussion with the Department of Public Safety Director, Jim Wright. It is just a matter of weeks to finish the process, and this spring you will see the signs change to increase the speed in certain areas.

SENATOR GUSTAVSON:

Can you give me a specific answer?

MR. Malfabon:

Yes, NDOT is working on it and it will be done as soon as possible.

SENATOR MANENDO:

The next presentation is from the Taxicab Authority (TCA).

RON GROGAN (Administrator, Taxicab Authority, Department of Business and Industry):

The TCA has been in business for approximately 48 years. Our mission is to provide for the safety, comfort and convenience of the riding public. The riding public in 2016 represented approximately 23 million rides, as shown in our presentation ([Exhibit D](#)).

Staff in the Division of Internal Audits in the Governor's Office of Finance audited the Taxicab Authority in 2015, and a number of recommendations came from that audit.

First, the audit staff called out a poor working relationship between the Taxicab Authority Board and the administrative staff of the Authority. I am proud and happy to report the situation has been completely addressed. Indicative of the fact is that the Board chair is here and we now have an outstanding relationship, not only with the chair but also with the Board.

There are two items related to rates and fees in financial regulatory issues. The first item was the correct fee structure, where some monies were added to the metering in 2015, and the second one was to adjust the credit card fees.

STAN OLSEN (Chair, Taxicab Authority Board, Department of Business and Industry):

In regards to the fees and structures, this was a fuel surcharge, which was put in place prior to myself and prior to Mr. Grogan's presence on the Authority Board. Mr. Grogan removed a large percentage of this fee upon becoming administrator of the Taxicab Authority. The Board that was in place at that time had already converted the rest into a permanent part of the fee structure.

In regards to the credit card fee, the Board has decided not to take action for two reasons. First, the Board required the industry to come forward with exactly how that \$3 fee was spent. The Board looked at the audit report and by the report done by the expert we hired within the Taxicab Authority. This fee is not on the high-end of the credit card fees; it is closer to the middle. They did show the Board that the monies were spent in a proper way. A percentage of it goes for resources for the employees and for maintenance and upkeep of technology within the cabs. Our expert also recommended eliminating that fee and doing a 2 percent increase. If a 2 percent increase were put in place, it would raise the rates on everyone across the board. If the fee is left in place, then a person can either choose to use the credit card or not. The Board decided it could revisit it in the future.

MR. GROGAN:

Of the two remaining items, one was the way the compliance enforcement staff conducted their responsibilities. To be more specific, they were taking actions beyond their POST Certification category and operating outside of the Taxicab Authority jurisdiction. The recommendations were accepted and completed. The culture of the enforcement unit has been changed, and it is clear that the enforcement unit will operate within its lane. The Authority will no longer do out-of-jurisdiction stops and is no longer a Category 1 responder. In the past

15 months, there has been no internal affairs investigation or any out-of-jurisdiction issue reported.

The final item from the internal audit was the recommendation that the Taxicab Authority cease to exist as a separate entity. The decision rests with the Legislature in terms as to what should be done with the Authority.

With the advent of the technology companies coming on the scene, the industry in southern Nevada, the State and the Country have seen a change. Consistent with allowing Uber and Lyft to operate in southern Nevada in the fall of 2015, there were other actions taken. One of those was to eliminate all geographic and time restrictions. This created a shortage of service to the outlying areas. The taxicab companies that were restricted in the past to providing service only in the outlying areas now have moved to the Golden Triangle represented by the airport, the Las Vegas Strip, and the Convention Center. This resulted in increased congestion in those areas, and the companies reported increased difficulty getting cabs in those venues, which resulted in greater wait times for passengers.

In addition, there are between 40,000 and 50,000 TNC drivers operating in Clark County. This is clearly a huge number of additional drivers creating a supply-and-demand problem for the taxicab companies. The taxicab companies are having a difficult time attracting and retaining quality drivers.

Our taxicab drivers in southern Nevada come from all over the world and have English as a second language. When drivers are not proficient in English, getting them through the process of the paperwork and testing can be difficult. Lastly, with the number of additional drivers, there are additional cars on the street. Drivers in the industry are also realizing fewer earnings than two years ago, and the Authority has noticed an increase in long routing. Long routing is described as taking a longer route than necessary and is a way to drive up the fares. There has also been an increase in aggressive behavior by drivers. The aggressive behavior is exhibited toward passengers; drivers to drivers; taxi drivers toward TNC drivers; and aggression directed at our enforcement staff. The Authority has been working with the companies to check this behavior and is taking a zero tolerance position for any physical activity, including revoking permits for bad behavior.

The advent of the TNCs in southern Nevada has also created an increase in illegal ride activity. Through our sting operations, the Authority has taken down approximately a half dozen of these vehicles a month. The Authority is concerned because there are drivers who have no license, no insurance, and in one case, operating a stolen vehicle. There are criminal activities that the Authority has had to involve the Metropolitan Police Department due to outstanding warrants or evidence of a crime in the cab. The advent of TNCs is exacerbating the situation because of the additional drivers on the street. Often if TNCs cannot make money legally, they will do it illegally. About one in three of the illegal cab operations taken down have a TNC connection. This means the driver is either a current TNC or a former TNC driver.

Slide 4 of [Exhibit D](#) shows the impact that the TNCs have had on the cab industry in southern Nevada as it relates to revenue in trips. The 2015 revenue versus 2016 shows a decline of \$52 million or 13 percent. The number of trips fell by \$4.4 million or 16 percent. This is of vital importance to the Taxicab Authority because funding comes from trip revenues. The operational funding is 20 cents every time a meter is dropped. For every lost ride there is a loss of 20 cents. This resulted in approximately \$800,000 less revenue for calendar year 2016. The chart on slide 5 of [Exhibit D](#) shows our resources. The large gray box at the bottom shows that 70 percent of all our revenue comes from trip charges and the blue technology fee of 5 cents the Legislature approved in the last Session to upgrade the technology. This is funded by 5 cents per trip. Every time a ride is lost, it costs the Authority 25 cents. Slide 6, [Exhibit D](#), shows the revenue of \$5.4 million in 2014, and in 2015, it was \$5 million, showing the performance is dropping. The original projection for 2017 was \$5.7 million, but was adjusted to \$4.4 million and \$4.9 million.

With these changes and the new financial pressure, the Taxicab Authority is responding by eliminating seven positions to balance the budget. Five of the positions are compliance enforcement investigators, one is a compliance enforcement supervisor and one will be a vehicle inspector. The positions are either sitting vacant or are positions that are difficult to fill due to the intense competition for the skills required. This is not only in southern Nevada but also across the United States.

The Authority cannot save itself out of this revenue shortfall and is reviewing statutes to be sure the activities are aligned with what is required and not over executing. The Authority needs to work smarter and has identified that activities

exceed the statutory requirements. This is not that the work does not need to be done. For example, last month there were 567 accidents involving cabs in Clark County. The statute states that the Authority must physically inspect those vehicles every time there is an accident. The vehicle inspectors and enforcement officers describe an accident as any little bump. This is problematic due to our resource levels and workload. The Authority is working on a mobile digital application for use when there is a minor accident. The driver will fill out a report, take pictures and send the information to the Authority. The Authority will make a determination to release the cab back into service or send the vehicle to the yard. The cab will then be inspected within 48 hours.

The statute states the Authority is to approve the drivers training programs of the companies. At some point in the past, the agency brought in all the work and the Authority conducts the driver training three times a week. This would save the Authority time and allow it to dedicate those resources elsewhere and save the companies time in hiring drivers.

There are concerns with the elimination of the compliance enforcement piece with the illegal cab operations and long hauling. This will clearly reduce enforcement capability and increase our response time.

The best improvement to make is the technology fee. The Legislature did approve an office automation project for the Taxicab Authority. This is vital and will allow the Taxicab Authority to be efficient and less paper intensive. The Authority is very conscious of the changes being made. The goal is not to affect our mission to provide for the safety, comfort and convenience of the riding public.

SENATOR MANENDO:

How will eliminating seven positions affect your office and the general public?

MR. GROGAN:

Since the positions are vacant, there will not be a huge impact. When you reduce that many people, it places the question in people's minds as to what is our future.

SENATOR GUSTAVSON:

Why are we allowing the Taxicab Authority to hire drivers who do not speak the English language?

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MR. GROGAN:

The Taxicab Authority does not hire drivers who do not speak English proficiently. The TNC drivers are not regulated by the Taxicab Authority and are independent contractors.

SENATOR GUSTAVSON:

Is there something that can be done to make speaking English a requirement?

MR. GROGAN:

It is already a requirement in statute that the drivers be proficient in English.

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SENATOR MANENDO:

There being no public comment or further business, this meeting is adjourned at 10:19 a.m.

RESPECTFULLY SUBMITTED:

Tammy Lubich,
Committee Secretary

APPROVED BY:

Senator Mark A. Manendo, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	3		Attendance Roster
	C	22	Rudy Malfabon, P.E. Department of Transportation	Nevada Department of Transportation 2017 Presentation
	D	8	Ron Grogan, Taxicab Authority, Department of Business and Industry	Nevada Taxicab Authority 2017 Presentation