



# **Project NEON**

## **Interim Finance Committee**

**Rudy Malfabon**  
**Director**

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# Project Benefits

- Safety & Congestion – 1,000 crashes per year!
- Connectivity /Mobility for City Redevelopment Efforts
- Congestion: Improves Freight Mobility & Economy
- Creates 5,000 Jobs in Hard-hit Employment Sector
- Southern NV needs 21<sup>st</sup> century transportation system
- Benefit / Cost Ratio = 5.8 (exponential improvement!)



# Statewide Comparison

**Crash Rate Comparisons of Urban Freeways in Nevada**  
Total Crash Rates - June 2007 to July 2012

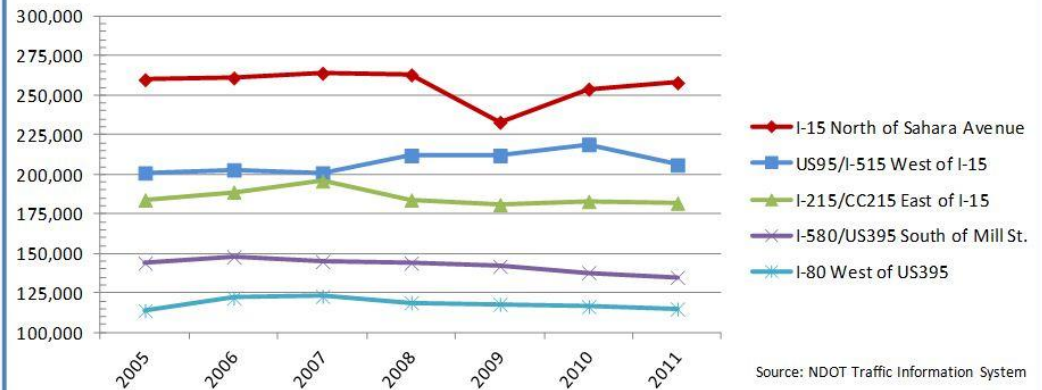


Note: Crash Rates in crashes per million miles

Sources: NDOT Safety Engineering and NDOT Traffic Information System

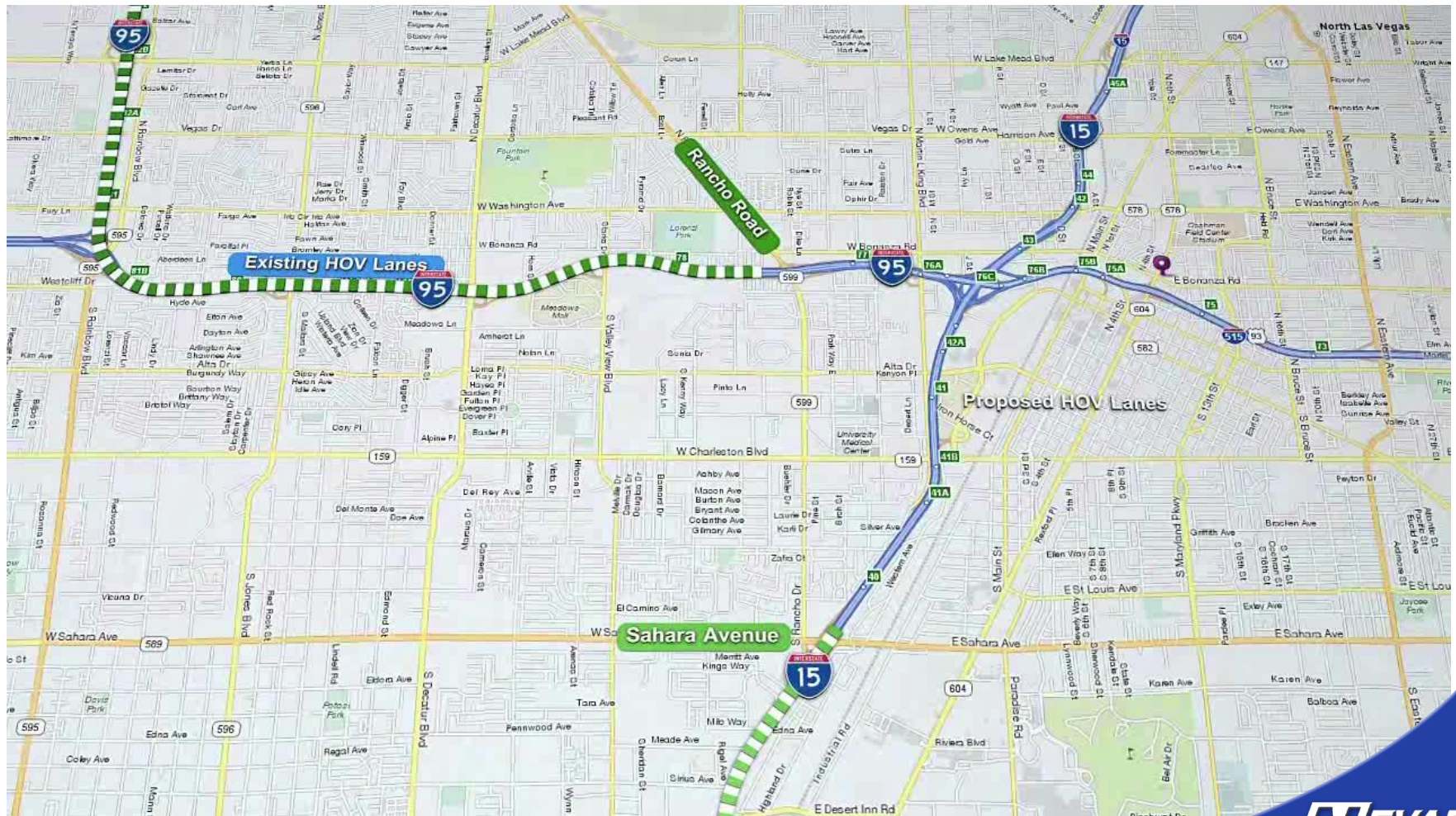


**Traffic Volume Comparisons of Urban Nevada Freeways**  
Highest Annual Average Daily Traffic (AADT) Volumes













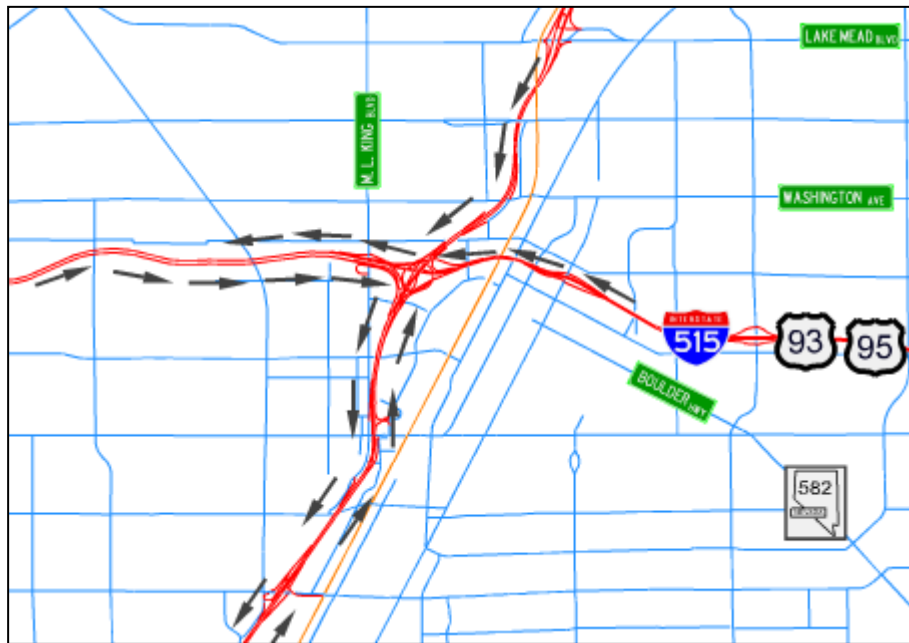
# Local Connectivity

## East/West Connections

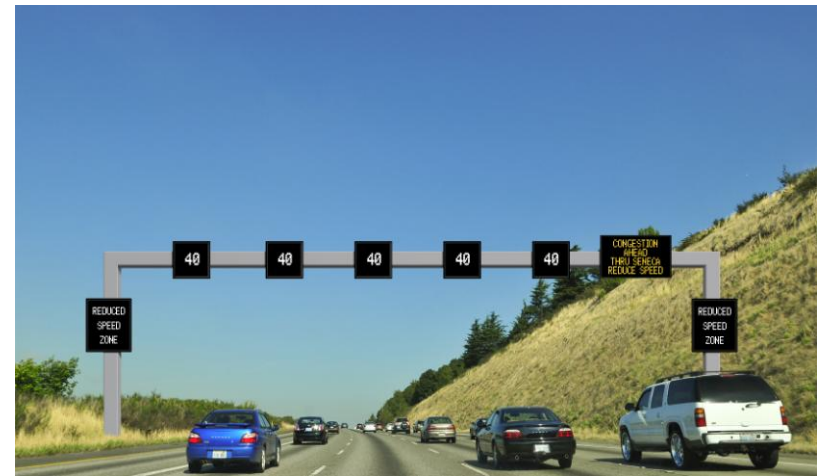




# New Scope Improvements

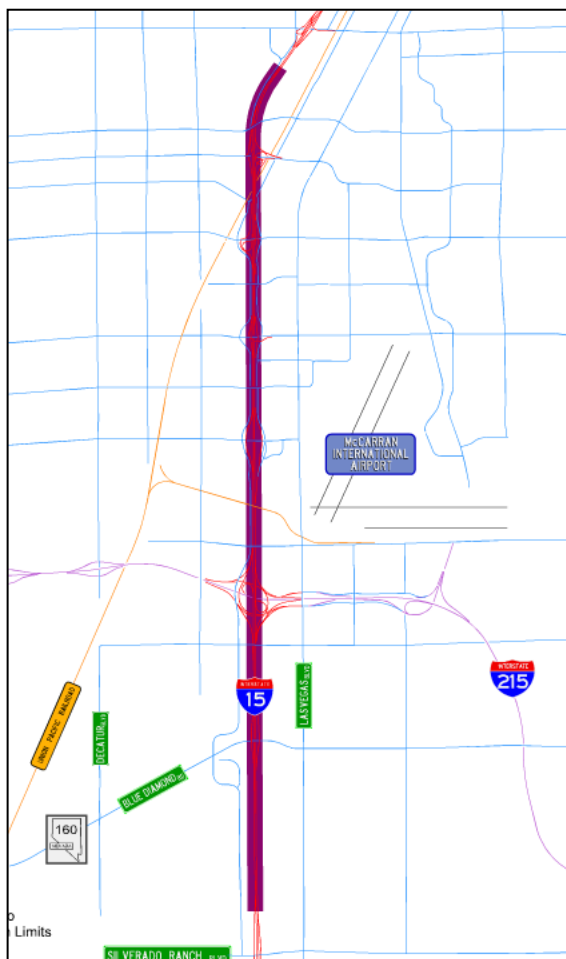


## Active Traffic Management

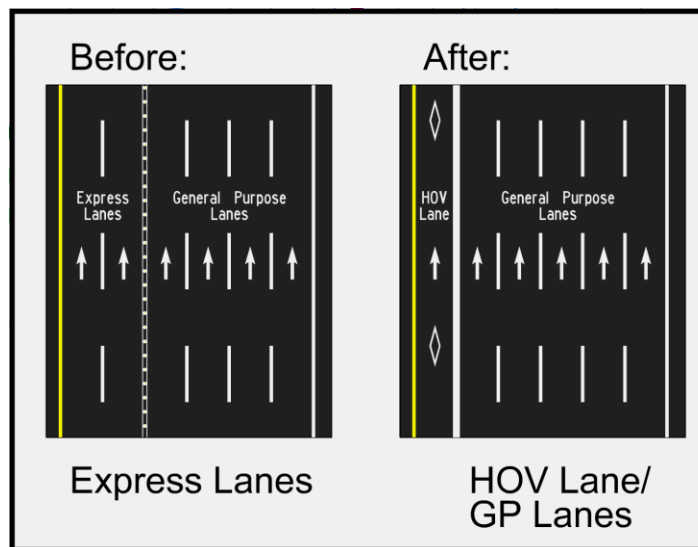




# New Scope Improvements



## Express Lane Conversion







# What's Changed?

1. 90% of the annual Availability Payment (AP) was to have a fixed escalation of 1.75% and the remaining 10% would escalate with the CPI. The P3 teams were requesting NDOT increase the amount of CPI risk to 20% of the annual AP
2. P3 teams concerned about the risk of future appropriations from the Legislature in order for NDOT to make its annual AP. They wanted NDOT to establish that the AP would have top priority in the capital improvement program
3. NDOT retains 100% of the risk for Right-of-Way (ROW) acquisition. In the event NDOT were unable to deliver the ROW according to the contracted schedule, the contractor would be entitled to delay claims



# What's Changed? - continued

4. NDOT included some work funded by the City of Las Vegas in the P3 scope of work. The P3 teams were concerned about third party (City of LV) involvement and timeliness of design reviews as well as additional requirements imposed by the City as part of the permitting process
5. The P3 teams were requesting NDOT make a \$100M progress payment during construction instead of a Final Acceptance Payment of \$200M upon project completion. This would effectively push the financial model closer toward a bonding project diminishing the affordability during construction
6. The P3 teams were concerned with the risk of projecting prevailing wage increases over a 35 year O&M period



# Why Bond instead of P3?

- Reanalyzed delivery method due to federal funding uncertainty caused by federal highway bill debate
- Market demand for bonds and competitive pricing makes bonding even more affordable than originally projected
- Right-of-way acquisitions may affect schedule
- Project can be completed within similar timeframe by bonding as with P3 resulting in no realized efficiency savings
- NDOT maintains control of future O&M program and funding
- Eligible for up to 95% federal reimbursement vs. 64.9% with P3 method. Approximate savings: \$69M Net Present Value



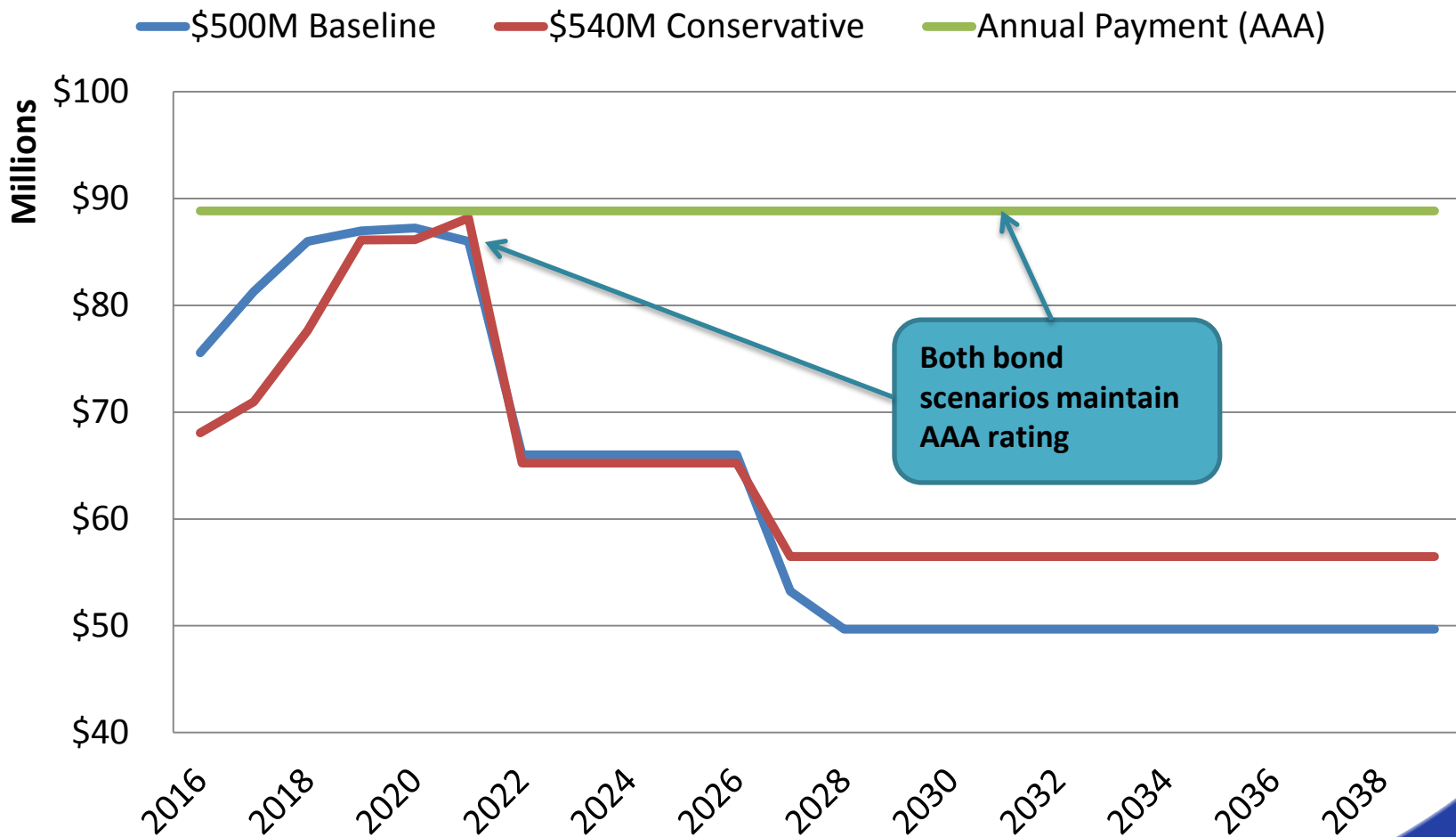


# 3 Affordability Goals

- Maintain a minimum of \$90M in Highway Fund
  - Helps to bridge potential gaps in federal funding
- Do not exceed Historical Annual Debt Service Payments
  - \$100 Million per year maximum
  - Under \$89 Million per year maintains AAA rating with S&P
- Maintain the same Statewide Capital Program
  - No decrease in funding for other statewide projects

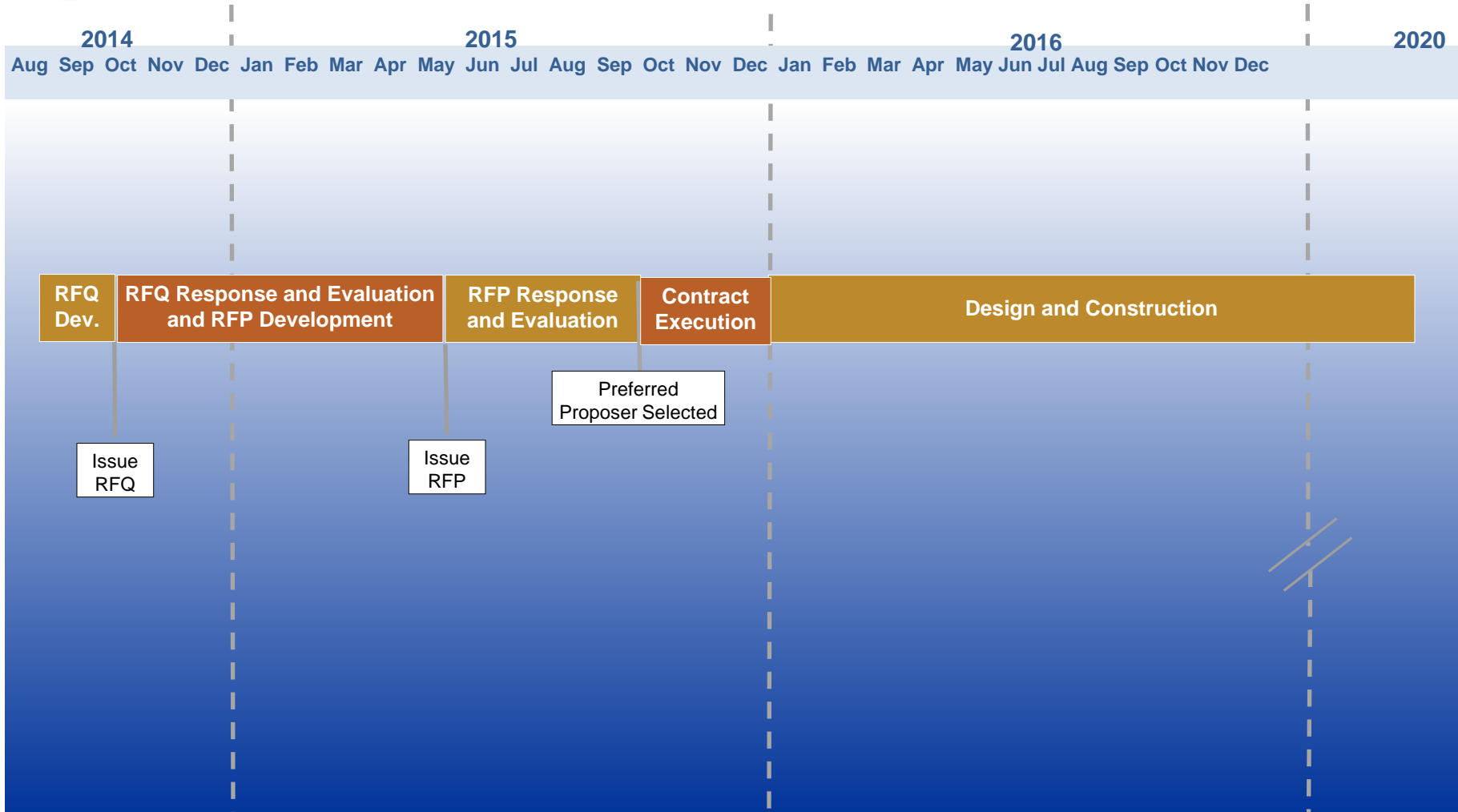


# Construction Bond Payments





# Design Build Delivery







**Rudy Malfabon**

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