

**MINUTES OF THE MEETING**  
**OF THE**  
**LEGISLATIVE COMMISSION'S COMMITTEE TO STUDY THE**  
**CONSTRUCTION AND MAINTENANCE OF HIGHWAYS AND ROADS**  
**(Senate Concurrent Resolution No. 53, File No. 143, *Statutes of Nevada 1997*)**

**March 20, 1998**

**Elko, Nevada**

The fourth meeting of the Legislative Commission's Committee to Study the Construction and Maintenance of Highways and Roads (S.C.R. 53) for the 1997-1998 interim was held on Friday, March 20, 1998, at 9 a.m., at the Elko County Library, 720 Court Street, Elko, Nevada. Pages 2 and 3 contain the "Meeting Notice and Agenda."

**COMMITTEE MEMBERS PRESENT:**

Assemblyman P. M. Roy Neighbors, Chairman

Senator Ernest E. Adler

Senator Lawrence E. Jacobsen

Senator Bill R. O'Donnell

Senator Dean A. Rhoads

Assemblyman Mark E. Amodei

Assemblyman David R. Parks

Assemblyman Bob Price

**OTHER LEGISLATORS PRESENT:**

Assemblyman John C. Carpenter

**LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

Paul Mouritsen, Principal Research Analyst

Kim M. Guinasso, Principal Deputy Legislative Counsel

Leslie Hamner, Deputy Legislative Counsel

Debbra J. King, Program Analyst

Jeanne Peyton, Senior Research Secretary

### **MEETING NOTICE AND AGENDA**

Name of Organization: Legislative Commission's Committee to Study the Construction and Maintenance of Highways and Roads (S.C.R. 53)

Date and Time of Meeting: Friday, March 20, 1998

9 a.m.

Place of Meeting: Elko County Library

720 Court Street

Elko, Nevada

### **AGENDA**

I. Opening Remarks and Introductions — Assemblyman P. M. Roy Neighbors

\*II. Approval of Minutes for the Committee's Meeting in Reno, Nevada, on January 9, 1998

III. Staff Report on Previous Activities of the Committee

IV. Presentations by Representatives of Elko County, and the Cities in Elko County Regarding Transportation Issues in Northeastern Nevada

V. Presentations by Representatives of the Mining Industry Regarding Transportation and Mining in Nevada

VI. Presentation by John Price, Administrator, Nevada Division of the Federal Highway Administration — Legislation Pending in Congress to Reauthorize the Federal Highway Programs and the Effect of Such Legislation on Nevada

VII. Presentation by Tom Stephens, Director of Nevada's Department of Transportation, Regarding: (A) Transportation in the I-80 Corridor and Northeastern Nevada; and (B) Consequences of Shortfall in Revenues for the Construction and Maintenance of Nevada's State Highway System

VIII. Public Testimony

IX. **Mine Tour** sponsored by Newmont Gold Company. The tour will leave the Elko County Library, 720 Court Street, Elko, Nevada, at approximately **12 noon**. Lunch will be provided. Participants should wear hiking boots and casual, warm attire.

*The public is cordially invited to participate in this tour. To ensure adequate transportation and lunch accommodations, interested persons must make reservations in advance. Please call Paul Mouritsen or Jeanne Peyton at the Legislative Counsel Bureau before 5 p.m. on Wednesday, March 18, 1998, to reserve space. The telephone numbers are:*

*From Carson City/Reno: 702/684-6825*

*From Las Vegas: 702/486-2626,*

*\*Denotes item on which the committee may take action*

*Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Research Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, Capitol Complex, Carson City, Nevada 89701-4747, or call Jeanne Peyton, at 684-6825, as soon as possible.*

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; Carson City Courthouse, 198 North Carson Street; Legislative Building, Room 1214, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Clark County Office, 500 South Grand Central Parkway; and Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was posted in the following Elko, Nevada, location: Elko County Library, 720 Court Street.

### **OPENING REMARKS AND INTRODUCTIONS**

*Chairman Neighbors called the meeting to order. At the request of the Chairman, each of the committee members and the Legislative Counsel Bureau (LCB) staff introduced themselves. The Chairman noted that Assemblyman John C. Carpenter, Elko County, and Mike Franzonia, Mayor of the City of Elko, were also in attendance.*

*The Chairman advised the audience that a mine tour sponsored by Newmont Gold Mining would follow the meeting.*

### **APPROVAL OF MINUTES FOR THE COMMITTEE'S MEETING IN**

#### **RENO, NEVADA, ON JANUARY 9, 1998**

*ASSEMBLYMAN BOB PRICE MOVED TO APPROVE THE MINUTES OF THE COMMITTEE'S SECOND MEETING, WHICH WAS HELD ON JANUARY 9, 1998, IN RENO, NEVADA. THE MOTION WAS SECONDED BY SENATOR LAWRENCE E. JACOBSON AND PASSED UNANIMOUSLY.*

### **PRESENTATIONS BY REPRESENTATIVES OF ELKO COUNTY**

#### **AND THE CITIES IN ELKO COUNTY REGARDING TRANSPORTATION**

#### **ISSUES IN NORTHEASTERN NEVADA**

#### ***William H. (Bill) Deist***

*Mr. Bill Deist, City Manager of Carlin, Nevada, provided the committee with the following information (see Exhibit A):*

- The present street budget is \$417,626, or approximately 25 percent of the city's general fund which is utilized for normal maintenance as well as road improvements and enhancements.*
- The purchase of 400 acres north of Interstate 80 will provide for the expansion of State Route 766 from two lanes to five lanes. Elko County and the City of Carlin have committed over \$300,000 for this project.*

*Discussion ensued regarding the central interchange, State Route 278 (the Eureka Highway), which is bordered by chemical plants that provide materials to the local mines. The materials are transported through residential neighborhoods and pose safety concerns. As a result of these concerns, the East Chestnut Cooperative was formed (representatives from state and local governments, as well as the private sector). The proposed project would route vehicles from the East Carlin interchange onto State Route 766. Approximately \$80,000 has been targeted for this project with additional funds requested from the State of Nevada.*

*Responding to Senator Rhoads, Mr. Dietz stated that the tax rate in Elko County is \$3.71.*

#### ***Charles R. Williams***

*Mr. Charles R. Williams, Assistant City Manager of Operations, Elko, discussed the following transportation goals and objectives of his agency*

(see Exhibits B and C):

- Develop a strategy to be "pothole free" in 2003;
- Improve street maintenance, which was rated poorly in a recent public survey;
- The Board of Supervisors has committed \$550,000 for a pulverization project;
- A majority of funding has been allocated to road expansion within the city and connecting roads to the Spring Creek and Lamoille areas due to increased population; and
- Traffic signalization, right-of-way restrictions, and the value of parking spaces are being addressed.

#### **STAFF REPORT ON PREVIOUS ACTIVITIES OF THE COMMITTEE**

##### **Paul Mouritsen**

Mr. Paul Mouritsen, Principal Research Analyst, Research Division, LCB, explained that the committee was established by Senate Concurrent Resolution No. 53 of the 1997 Legislative Session. According to S.C.R. 53, the committee shall consist of four members of the Senate (two members from the Senate Committee on Transportation and two members from the Senate Committee on Taxation), and four members from the Assembly (two members from the Assembly Committee on Transportation and two members from the Assembly Committee on Taxation). The committee is charged with the following responsibilities:

- Conduct a review of the findings and recommendations from the Legislative Commission's Committee to study the Financing of the Construction, Maintenance and Repair of Highways and Roads (Assembly Bill 378, Chapter 586, Statutes of Nevada 1993);
- Review federal, state, and local revenue to identify new funding sources;
- Consider the effect on Nevada of proposals for highway reauthorization currently being considered by the United States Congress;
- Examine the policies that could be amended to enable more efficient use of current revenue sources; and
- Analyze the innovative funding opportunities that are used in other states.

In closing, Mr. Mouritsen explained that the recommendations brought forward at this meeting will be placed on the agenda for the work session scheduled for May 15, 1998.

#### **PRESENTATIONS BY REPRESENTATIVES OF THE MINING INDUSTRY REGARDING TRANSPORTATION AND MINING IN NEVADA**

##### **George Byers**

Mr. George Byers, Newmont Gold Company, referenced an article in "The Team Report" newsletter (Exhibit D) which explained the 1997 Newmont Gold Company and Santa Fe Pacific Gold Company merger. That acquisition gave Northern Nevada a total of 21 gold mines. Due to the merger, the best processing facilities are not always located at the mines where particular ores are being produced. Newmont Gold Company, has engaged Trans Systems, Inc., with a fleet of 40 trucks operating on a 24-hour a day schedule to meet processing demands. Newmont is presently working in conjunction with Nevada's Department of Transportation (NDOT) on improvements to State Route 789 in Humboldt County, Nevada, and State Route 766 in Carlin, Nevada. Continuing, Mr. Byers explained the transportation movement of ore for 1998 (see Exhibit E).

#### **PRESENTATION BY JOHN PRICE, ADMINISTRATOR, NEVADA DIVISION OF THE FEDERAL HIGHWAY ADMINISTRATION — LEGISLATION PENDING IN CONGRESS TO REAUTHORIZE THE FEDERAL HIGHWAY PROGRAMS AND THE EFFECT OF SUCH LEGISLATION ON NEVADA**

##### **John Price**

Mr. John Price, Administrator, Nevada Division of the Federal Highway Administration (FHA), summarized pending legislation in Congress (see Exhibit F):

- The Intermodal Surface Transportation Efficiency Act II (ISTEA II) passed the Senate on March 12, 1998, and the Building Efficient Surface Transportation and Equity Act of 1998 (BESTEA) will be reviewed in the House of Representatives. A \$50 billion increase for highway

*funding could be realized.*

- *Nevada's apportionment under ISTEA II could be \$184 million; under BESTEA \$139 million.*
- *The Senate will determine the funding levels, appropriation of money, and the technical provisions for administering the programs.*

*Discussion continued regarding obligation limitation, which determines what a state can actually spend in a given year. Congress annually sets the obligation limit which competes with other federal domestic programs and allocates funds for the highway programs. The apportionments are allocated to the states based on formulas. Even though funds are identified and apportioned to the states, the money cannot be allocated until Congress makes the obligation limitation equal to the apportionment. In Fiscal Year (FY) 1997, Nevada's National Highway Program was \$18.7 billion; the obligation limit was \$104 million. For FY 1998, as part of the Appropriations bill, the United States Department of Transportation (USDOT) was allocated \$21.5 billion; Nevada's apportionment is approximately \$118 million. In 1999, the obligation limit will increase \$7 billion, and in 2003, the final year of the bill, it will increase \$30 billion for highways.*

*In response to Senator Jacobsen's question, Mr. Price explained that Nevada is presently operating under an interim bill which expires May 1, 1998, and no funding will be approved after that date. Operating funds are available from the FHA until July 1, 1998, and it is anticipated the reauthorization bill will be enacted before May 1, 1998.*

*Senator Jacobsen asked Mr. Price if Nevada will be given priority due to its growth factor.*

*In response to Senator Jacobsen's question, Mr. Price explained that the Senate amended some of the formulas by which funds are apportioned in various categories. Under these formulas, certain states are guaranteed a percentage of money. Nevada's appropriation of \$184 million reflects that percentage.*

*Chairman Neighbors inquired about the funding status of the Boulder Dam bypass.*

*Mr. Price explained that the FHA and Nevada and Arizona are allocating funds and are currently preparing an environmental impact statement.*

*Responding to the Chairman, Mr. Price explained that there are three alternative locations being considered downstream of Boulder Dam. The environmental impacts of these alternatives are now being addressed. Completion date of the environmental study is scheduled for April 1999. A funding source has not been identified, however, there is a provision in the Senate bill that provides public lands funds, but not enough for the \$184 million project. There are provisions in the Senate bill regarding state infrastructure loans for high cost projects that are of national significance.*

*Chairman Neighbors suggested that Mr. Price brief the committee regarding Nevada as an exporter of federal funds.*

*Mr. Price explained that since the inception of the Highway Trust Fund (HTF) in 1956, Nevada has been a donee and received \$1.56 for every dollar that goes to the HTF. Current information shows Nevada is receiving 98 cents for every dollar that is paid in taxes to the HTF.*

*Chairman Neighbors requested that a representative from the U. S. Department of Transportation attend the April 13, 1998 meeting in Las Vegas to answer questions pertinent to transporting nuclear waste into Nevada.*

### **PRESENTATION BY TOM STEPHENS, DIRECTOR OF**

### **NEVADA'S DEPARTMENT OF TRANSPORTATION, REGARDING:**

### **(1) TRANSPORTATION IN THE I-80 CORRIDOR AND NORTHEASTERN NEVADA; AND (2) CONSEQUENCES OF SHORTFALL IN REVENUES FOR THE CONSTRUCTION AND MAINTENANCE OF NEVADA'S STATE HIGHWAY SYSTEM**

*Tom Stephens*

*Mr. Tom Stephens, Director of Nevada's Department of Transportation, referenced ISTEA's reauthorization, stating that the Senate formula does not adjust for Nevada's growth. Mr. Stephens also recommended that:*

- *The diesel tax collection process be improved to ensure that truck mileage is reported in Nevada, thereby eliminating the ability to report diesel tax elsewhere; and*
- *A dye fuels collection program be implemented.*

*Continuing, Mr. Stephens reiterated that the Senate formulas do not give Nevada credit for money donated to the federal highway fund. In order to reconcile this shortfall, it was pointed out that:*

- *U. S. Senator Harry Reid included a factor of .73 in S.R. 1173 for Nevada's total allocated dollars, totaling \$184 million;*

- Language reflecting Nevada's growth rate will be drafted for inclusion in H.R. 2400;
- Wording has been submitted for S.R. 1173 pertinent to the public lands program. With 87 percent of the state consisting of public lands, an appropriation of public lands funds is anticipated; and
- Language had been added to S.R. 1173 designating Hoover Dam eligible for public lands money.

Discussion continued relative to authorizations and obligations. Mr. Stephens explained that the Senate and House bills authorize revenue for specific programs, but do not provide the funding. Money is appropriated through another committee. Over the past six years, during the course of ISTE, money was authorized to spend, but not allocated. The revenue allocated for past ISTE items created outstanding balances that will be considered obligation money received from the new ISTE.

Mr. Stephens commented that during the course of ISTE, Elko County's population has grown from 36,000 to 48,000, an increase of one-third. Statewide ISTE money allocated was \$1.377 billion, and in Elko County \$156 million, about 11 percent disbursed in Elko County. The majority of these funds were used for the maintenance of the existing highway system. Programmed for this year is \$42 million, which includes some large interstate projects. Referring to a map of Elko County (see Exhibit G), Mr. Stephens noted the following transportation issues:

- State Route 766, the Carlin interchange, needs reconstruction and upgrading due to mining traffic; and
- The City of Carlin has proposed development of an industrial park and is seeking financial assistance from NDOT for a 1.75-mile road expansion of State Route 766.

Senator Rhoads asked if the \$5.6 million designated for State Route 766 reconstruction is available, or will it come from new ISTE funds.

Mr. Stephens replied that NDOT funding is used for road maintenance and is accessible.

Referencing the Elko County map, Mr. Stephens discussed signalization problems and the demand for left turn lanes at the intersections at Third, Fourth, and Fifth Streets. The NDOT has allocated \$10,000 for these improvements.

In conclusion, Mr. Stephens made the following recommendations to the committee:

- Pursue collecting available taxes by implementing an enforcement program for licensing, diesel fuel and gas taxes, and dye fuels tax.
- Set an appropriate fee to cover Nevada's Department of Motor Vehicles and Public Safety's (DMV&PS) administrative costs to alleviate using highway funds to support licensing and registration programs. It is suggested DMV&PS perform a study regarding the costs incurred in administering these two programs.

Mr. Stephens also suggested that an interim study, relative to a tax increase, be conducted between the next two legislative sessions concluding by the year 2000 when the major debts are incurred.

#### *Russell Law*

In response to Senator Rhoads' question, Mr. Russell Law, Operational Analysis Engineer, NDOT, explained that the Legislative Committee to study the Distribution Among Local Governments of Revenue from State and Local Taxes (Senate Bill 253, Chapter 661, Statutes of Nevada 1997) will address the gasoline tax. He stated that the S.B. 253 Committee is concentrating on local taxation issues and the consolidation of local tax rates. Mr. Law further noted that the Committee to Study the Feasibility of Consolidating the Collection of State Taxes and Fees within the Department of Taxation and the Department of Motor Vehicles and Public Safety (established by Assembly Bill 204, Chapter 492, Statutes of Nevada 1997), is comparing who the wholesalers in the special fuel and motor fuel areas are and whether consolidation is beneficial.

Mr. Stephens suggested the committee may want to consider recommending assessing a 1 percent sales tax on new automobiles in addition to the 7 percent tax currently imposed. The 1 percent tax increase could generate \$30 million per year.

Senator O'Donnell asked Mr. Stephens if Elko County has exercised its quarter-cent sales tax.

In response to Senator O'Donnell's questions, Mr. Franzoia, Mayor of the City of Elko, replied that Elko County has not exercised the sales tax option nor the additional 4-cent gasoline tax option.

*Carole A. Vilaro*

Ms. Vilardo, Executive Director, Nevada Taxpayers Association, explained that there are only two counties which have enacted the quarter of a percent tax per voter approval, Clark County and Washoe County. In 1981, Washoe County was the first county to enact this tax, and the money was used strictly for mass transit. In 1983, the provisions for the sales tax were expanded to include road construction. As part of Question 10 on the 1990 General Election Ballot in Clark County, these revenues were allowed to be used for both purposes; it was specifically put on the ballot as a mass transit revenue source, but was used to offset mass transit in Clark County.

Chairman Neighbors asked Mr. Stephens if federal funds are available for major projects, or if it is a "pay as you go" policy.

Mr. Stephens explained that money is allocated directly to the general budget. When work commences on individual projects, the funds are separated by federal and state revenues. Seventy-five percent of transportation projects are eligible for federal money, and only one-third are actually funded with available federal funds.

Senator Jacobsen asked Mr. Stephens how the committee can support NDOT in Washington D.C.

Mr. Stephens explained that the appropriation for the Nevada Office for the Washington consultants does support NDOT. The concern seems to be that the Senators and Representatives should be aware of transportation issues, however, they do not have expertise in this area. The Washington consultants provide Nevada's Congressional Delegation with the expertise needed related to transportation issues. Two individuals have been in Washington for approximately ten years and deal specifically with transportation-related items. As far as the committee's support, NDOT would appreciate the Legislature's assistance in maintaining Nevada's consultants in Washington D.C.

Pertaining to transportation issues in the rural areas, Senator O'Donnell suggested that a "map room" be designated in the Legislative Building displaying a map of Nevada that would specify each city in Nevada. Given a large part of the discretionary items related to highways and transportation, it would be helpful to know where the cities are located, he said.

Sohila Bemanian

Ms. Sohila Bemanian, Principal Materials Engineer, NDOT, presented an overview of the pavement conditions of Elko and Eureka Counties (see Exhibit H). Some of the items covered include:

- NDOT maintains 5,500 centerline miles of highway. Thirty-eight percent of the state-maintained system is located in District III. Of that percentage, 50 percent of the entire interstate system is situated within the district, and 25 percent of the interstate system is in Elko County;

- Proposed projects include:

1. Rebuilding of the National Highway System in 1998-1999;
2. Five construction projects on Interstate 80 between Elko and Eureka Counties; and
3. State Route 766, the Carlin Interchange, and State Route 221, west of Carlin.

- NDOT is taking a proactive approach toward road maintenance. Thirty-five percent of the annual budget was spent maintaining the interstate system. By bringing the interstate system to a higher level of serviceability, this expenditure can be reduced by 25 percent.

In conclusion, Ms. Bemanian pointed out that:

- The roads in Elko County and District III, in general, are in better condition than the rest of Nevada;
- Although a small percentage of the state's population lives in District III, NDOT spends a significant amount of funds in that area;
- The ultimate goal is to maintain the entire system at a higher level of serviceability at the lowest possible cost; and
- NDOT is allocating \$65 million during FY 1998-1999 in Elko and Eureka Counties.

Senator Rhoads asked Mr. Stephens about the 1998 Proposed Transit Projects relating to the purchase of a small bus in the amount of \$22,900 and if NDOT funds this purchase.

Mr. Stephens replied that there is a provision in Chapter 408, "Highways and Roads," of Nevada Revised Statutes, which provides a funding match for bus purchases in rural areas.

### **PUBLIC TESTIMONY**

Assemblyman John C. Carpenter

*Assemblyman John C. Carpenter, thanked the committee and NDOT for visiting rural Nevada and explained that the rural areas have different transportation problems than those incurred in Las Vegas or Reno. It was noted that the weather is more severe and it is difficult to maintain the roads for any length of time. Elko County does get a great deal of funding, but has a larger portion of roadways within Interstate 80 than any other county in the state. Because of Elko County's rural status, the county and cities work cooperatively to fund special projects.*

*Mark Owens*

*Mr. Mark Owens, City Engineer, City of Wells, Nevada, commented that Wells has a population of approximately 1,500. Mr. Owens informed the committee that J. R. Simplot will construct a \$500 million facility eight miles west of Wells which will directly impact interstate transportation. It was also noted that the City of Wells received funding through an economic development grant to develop a 160-acre industrial park that will have direct access onto U.S. 95. J. R. Simplot is proposing a 500-person man camp within the city limits that will be directly accessed from one of the Interstate 80 interchanges. In preparation for the new facility, The City of Wells has applied for a Community Development Block Grant (CDBG).*

*There being no further business before the committee, Chairman Neighbors adjourned the meeting and informed the members that the tour of the mining facility would begin at 12 noon.*

*Respectfully submitted,*

*Roxanne Duer*

*Senior Research Secretary*

*Approved by:*

---

*Assemblyman P. M. Roy Neighbors, Chairman*

*Date: \_\_\_\_\_*

### **LIST OF EXHIBITS**

*Exhibit A is a presentation submitted by Bill Deist, City Manager of Carlin, Nevada.*

*Exhibit B is a fact sheet submitted by Charles Williams, Assistant City Manager, Elko, Nevada, titled "Budget Ballot Results."*

*Exhibit C is a chart submitted by Charles Williams, Assistant City Manager, Elko, Nevada, titled "Street Services."*

*Exhibit D is a newsletter submitted by George Byers, Newmont Gold Company, titled "The Team Report."*

*Exhibit E is a chart submitted by George Byers, Newmont Gold Company, titled "Newmont Gold Company Nevada Ore Movement."*

*Exhibit F is a fact sheet submitted by John Price, Administrator, Nevada Division of the Federal Highway Administration, titled "Senate Concurrent Resolution 53, Legislative Commission's Committee Elko — March 20, 1998."*

*Exhibit G is an outline of proposed Nevada Department of Transportation projects for Fiscal Years 1998 through 2007, submitted by Tom Stephens, Director of Nevada's Department of Transportation, titled "Elko County."*

*Exhibit H, submitted by Sohlia Bemanian, Principal Materials Engineer, Nevada's Department of Transportation, is a document titled "Past, Present, and Future Plans for Pavements in District III and Elko and Eureka Counties."*

*Exhibit I is the Attendance Record for this meeting.*

*Copies of the materials distributed in the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the library at (702) 684-6827.*