

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*)

January 9, 1998

Reno, Nevada

The second meeting of the Legislative Commission's Committee to Study the Construction and Maintenance of Highways and Roads for the 1997-1998 interim was held on Friday, January 9, 1998, at 10 a.m., at the Washoe County Regional Transportation Commission, Board Room, 2050 Villanova Drive, Reno, Nevada. Pages 2 and 3 contain the "Meeting Notice and Agenda."

COMMITTEE MEMBERS PRESENT:

Assemblyman P.M. Roy Neighbors, Chairman

Senator Dean A. Rhoads

Assemblyman Mark E. Amodei

Assemblyman David R. Parks

Assemblyman Bob Price

COMMITTEE MEMBERS ABSENT:

Senator Ernest E. Adler

Senator Lawrence E. Jacobsen

Senator Bill R. O'Donnell

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

Kevin Welsh, Deputy Fiscal 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, January 9, 1998

10 a.m.

Place of Meeting: Washoe County Regional Transportation Commission

Board Room

2050 Villanova Drive

Reno, Nevada

AGENDA

I. Opening Remarks and Introductions

Assemblyman P.M. Roy Neighbors

*II. Approval of the minutes for the committee's meeting in Las Vegas on November 10, 1997

- III. Staff report regarding possible sources of additional revenue for the construction and maintenance of highways and roads in Nevada
- IV. 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
- V. Presentation by the Washoe County Regional Transportation Commission regarding needs for highway and road construction and maintenance in Washoe County
- VI. Presentation by Jeff Codega, Chairman of the Washoe County Regional Transportation Commission's Blue Ribbon Committee on Street and Highway Funding
- VII. Presentation by James H. Roberts, General Manager of Granite Construction Company for Arizona, Nevada, and Utah, regarding public/private partnerships for highway and road projects
- VIII. Presentation by Tom Stephens, Director of Nevada's Department of Transportation, regarding the process for: (1) planning, (2) financing, and (3) executing projects for the construction and maintenance of highways and roads in Nevada
- IX. Public Testimony
- X. Tour of the highway and road projects in Washoe County

This tour will be conducted by the Washoe County Regional Transportation Commission and Nevada's Department of Transportation.

The tour will take about 3 hours. Members of the public may accompany the committee, but must provide their own transportation.

*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; Grant Sawyer State Office Building, 555 East Washington Avenue.

OPENING REMARKS AND INTRODUCTIONS

Chairman Neighbors called the meeting to order at 10 a.m. and roll was called. At the request of the Chairman, each of the committee members and the Legislative Counsel Bureau (LCB) staff introduced themselves.

APPROVAL OF THE MINUTES FOR THE COMMITTEE'S MEETING IN LAS VEGAS ON NOVEMBER 10, 1997

SENATOR RHOADS MOVED TO APPROVE THE MINUTES OF THE COMMITTEE'S FIRST MEETING, WHICH WAS HELD ON NOVEMBER 10, 1997, IN LAS VEGAS, NEVADA. THE MOTION WAS SECONDED BY ASSEMBLYMAN AMODEI AND PASSED UNANIMOUSLY.

STAFF REPORT REGARDING POSSIBLE SOURCES OF ADDITIONAL REVENUE FOR THE CONSTRUCTION AND MAINTENANCE OF HIGHWAYS AND ROADS IN NEVADA

Paul Mouritsen

Mr. Mouritsen, Principal Research Analyst, Research Division, LCB, advised the persons in the audience to indicate on the sign-in sheet if they wanted to accompany the committee on the tour following this meeting.

Referring to Exhibit A, "Revenue Options," Mr. Mouritsen outlined some of the possible sources of revenue for the committee to evaluate. These options include:

- Recommending that the Legislature increase the state gasoline tax.
 1. The rate for the gasoline tax in Nevada is 52.11 cents. Compared to other states, it is relatively high, being the fifth highest in the nation. Total tax rates range from 26.3 cents in Alaska to 56.07 cents in Illinois.
 2. Each 1 cent increase would raise about \$9 million per year.
 3. The federal excise tax on gasoline, along with several other taxes such as the special fuel tax, heavy vehicles use taxes, and the tire tax will expire on October 1, 1999. *Nevada Revised Statutes* (NRS) 365.185 "Additional excise tax levied on gasoline if federal tax reduced or discontinued," provides that if these taxes expire, the state will automatically raise its tax by an equal amount.
- Addressing a letter to Nevada's Congressional Delegation urging it to allow the federal excise taxes to expire. Since Nevada is a net contributor to the Federal Highway Fund, it would benefit financially from the expiration of these taxes. It also would have greater flexibility in spending those revenues.
- Urging Nevada's Congressional Delegation to support legislation to allow the federal excise taxes to continue. The expiration of these taxes would reduce the

ability of the Federal Government to supervise national transportation policies and ensure a uniform national highway network.

- Recommending that the Legislature move the point of collection for the gasoline tax to the terminal rack level and propose that all counties are required to impose the tax at a uniform rate.
- Requesting that Nevada's Department of Taxation make a presentation to the committee regarding possible methods for reducing gasoline tax evasion and discuss whether or not field audits would increase collections.
- Recommending that the Legislature increase the tax on diesel fuel by 6 cents per gallon, adjusting the rate to be equal to the combined state and local tax on gasoline. Nevada's special fuel tax (mainly diesel fuel) is 51.05 cents per gallon, rating seventh highest in the nation. Off-road uses of diesel fuel (i.e., construction, farming, home heating, and mining) are not subject to the diesel fuel tax since they do not cause any highway wear.
- Recommending that the Legislature eliminate the conversion formula for compressed natural gas (CNG) and set the rate of the tax at 6.7 cents per gallon. The State Highway Fund loses about \$400,000 per year as a result of its low tax rate.

During the 1994-1995 interim period, the Legislative Committee to Study the Financing, Construction and Maintenance of Highways and Roads in Nevada (Assembly Bill 378, Chapter 586, *Statutes of Nevada 1993*) proposed that the tax rate for CNG be set at 6.7 cents per gallon, but no action was taken on this recommendation by the 1995 Legislature.

- Recommending that the Legislature remove the 22 percent cap on administrative costs found in NRS 408.235, "State highway fund: Creation; sources; uses; payment of bills."
- Requesting that representatives of local governments and the Nevada Highway Patrol Division (NHP), Department of Motor Vehicles and Public Safety (DMV&PS) report on the enforcement of registration laws and the extent to which these laws are evaded. Also, recommending amendments that would make the laws more easily implemented.
- Requesting that the committee's staff work with Nevada's Department of Transportation (NDOT) and the DMV&PS to evaluate each fee collected by those agencies to determine:

1. If the fee is adequate to meet the full cost of administering it and other associated costs;

2. How Nevada's fees compare to similar fees in other states; and

3. The amount of revenue that would be gained or lost by adjusting these fees.

- Equalizing the treatment of different types of vehicles in Nevada by recommending that the Legislature impose an increase in the Weight Distance Tax.
- Recommending that the Legislature enact a law providing that proceeds from the tax on rental cars be deposited into the State Highway Fund rather than the State General Fund. Nevada imposes a 6 percent fee (in addition to the sales tax) on short-term rentals of passenger cars. Approximately one-third of the tax is deposited directly in the State General Fund and two-thirds is kept by the rental companies to cover the cost of registering its vehicles.
- Recommending that the Legislature impose a statewide vehicle privilege tax of 1 percent with the proceeds deposited in the State Highway Fund; or recommending that the Legislature require that local governments that have not imposed a 1 percent special privilege tax for roads do so.
- Addressing a letter from the committee to members of Nevada's Congressional Delegation urging them to support funding for the Hoover Dam Bypass and for roads that will be used for the transportation of high-level nuclear waste.

Mr. Mouritsen also mentioned that the committee could consider increasing the property tax, gross gaming revenues, and depositing a percentage of the settlement received from Nevada's cigarette lawsuit directly into the State Highway Fund.

According to Chairman Neighbors, the United States Congress has allocated \$600 million to Nevada as the settlement from the cigarette lawsuit, which will be apportioned over a 25-year period.

In closing, Mr. Mouritsen suggested that the committee request NDOT to provide a schedule of state and local transportation needs, resources, and shortfalls, including information on how additional revenue would be used if it became available.

Responding to Senator Rhoads, Mr. Mouritsen said that Nevada has not made provisions to assume the various federal excise taxes (i.e., special fuel tax, excise tax on heavy vehicles, use tax on trucks and trailers, and the tire tax), which will expire on October 1, 1999.

Assemblyman Price commented that Nevada has been referred to as a "bridge state" because of its high gasoline prices. Motorists prefer to drive through Nevada and purchase gasoline in another state where the cost is less.

Tom Stephens

Mr. Stephens, Director, NDOT, said that it is not in Nevada's favor to allow the federal excise tax to lapse. He explained that Nevada depends heavily on the road construction in its bordering states. Unlike Nevada, many of the surrounding states do not have provisions to assume the federal excise tax if it lapses. Therefore, the roads in those surrounding states would deteriorate, which could be harmful to Nevada's tourism industry.

Continuing, he said that 86 percent of the Federal Highway Trust Fund is derived from the diesel and gasoline tax.

In Mr. Stephens' opinion, the first issues that should be addressed and evaluated are the: (1) enforcement of vehicle registration laws, and (2) fees collected by the DMV&PS and NDOT. Mr. Stephens provided the committee with a list titled "Anti-Tax Evasion Tactics Reviewed" (see Exhibit B), which was part of the Council of State Governments' report on evasion.

Mr. Stephens suggested that the committee consider increasing the: (1) driver's license fee, and (2) new vehicle sales tax. He explained that a 1 percent increase in the new vehicle sales tax would raise \$37 million per year in revenues to the state.

In closing, Mr. Stephens informed the committee that several charts were distributed by NDOT (see Exhibit C) describing: (1) the State Highway Fund's revenue sources, expenditures, and disbursements; (2) ten-year revenues and expenditures; and (3) Nevada's population growth since 1970.

The Chairman advised that one of the goals of this committee is to conduct a review of federal, state, and local revenues to identify possible new funding sources to address shortfalls. He also requested that Mr. Stephens prepare a list of NDOT's future funding deficits for discussion at a future meeting of this committee.

Responding to Senator Rhoads, Mr. Stephens explained that "huge" delays are occurring on Interstate 15 between California and southern Nevada on weekends. He noted that the same problem has arisen on Interstate 80 between California and northern Nevada. Mr. Stephens said he would gather information regarding airplane traffic into Nevada during the last 20 to 30 years and report his findings to the committee.

**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

Using an overhead slide projector, Mr. Price, Division Administrator, Nevada's Division of the Federal Highway Administration (FHA), United States Department of Transportation, presented the committee with an overview of legislation pending in the U.S. Congress to reauthorize federal highway programs. He said that the:

- Federal Aid Highway Program, which began in 1916, is one of the oldest programs available today. In 1916, a partnership was set up with each state's department of transportation. The program is a federally-assisted state system. The state determines the projects that will be federally-funded. Also, local agencies can participate in the program through the state. Each state conducts its own planning, design, and construction, and the FHA reviews and approves the projects.
- Multi-year highway reauthorization legislation which provided funds to the states has expired. The Intermodal Transportation Efficiency Act of 1991 (ISTEA) expired on September 30, 1997.

Mr. Price explained that the Federal Government apportions a certain amount of funds to each state. Congress annually sets an obligation limitation allowing the states to spend only a percentage of the funds allocated to them. As a result, the states are accruing unobligated balances.

According to Mr. Price, the FHA is funded through the Federal Highway Trust Fund (HTF). As of October 1, 1997, 4.3 cents of the federal gasoline tax is deposited into the HTF. He explained that the FHA consists of three business units across the country which are the:

- Federal Aid Highway Program that works with NDOT and local agencies.
- Public Lands Program, which handles the construction of roadways on public lands.
- Motor Carriers Program, which is involved with the enforcement of truck safety, size, and weight.

Continuing, Mr. Price said that in addition to the gasoline tax, which is 18.4 percent, federal taxes also exist on:

- Diesel fuel (24.3 percent).
- Tires on heavy vehicles (the tax amount depends on the weight of the tires).
- Trucks and trailers (12 percent of the retail price).
- Heavy vehicle use (the tax amount depends on the weight of the truck). The minimum gross vehicle weight is 55,000 pounds and the maximum gross vehicle weight is 75,000 pounds. The maximum fee that can be charged is \$550.

Regarding legislation in Congress, Mr. Price said that in November 1997, the Surface Transportation Act of 1997 was passed. It is basically a six- to eight-month extension of the highway program under the ISTEA rules. A total of \$5.5 billion has been apportioned to the states. Nevada's share was \$32.6 million.

Mr. Price said that Congress adjourned without passing any multi year legislation for highway funding. When Congress convenes at the end of January 1998, the issue of the multi year highway authorization legislation may be placed on its agenda for consideration.

**PRESENTATION BY THE WASHOE COUNTY REGIONAL TRANSPORTATION COMMISSION REGARDING NEEDS FOR HIGHWAY AND ROAD
CONSTRUCTION AND MAINTENANCE IN WASHOE COUNTY**

Celia Kupersmith

Ms. Kupersmith, Executive Director of the Washoe County Regional Transportation Commission (RTC), provided the committee with information on the functions of the RTC using an overhead slide projector (see Exhibit D). She commented that the primary function of the RTC is the construction and maintenance of highways and roads in Washoe County. She explained that the RTC is:

- Made up of local government agencies (i.e., Washoe County Commission Reno City Council, and Sparks City Council). These agencies are responsible for three major program activities, including the: (1) Street and Highway Program, (2) Public Transportation Program, and (3) Transportation Planning Program. According to Ms. Kupersmith, local governments submit requests to the RTC for roads in need of repair. The RTC works with the local governments to decide which requests will be approved.
- A small organization consisting of approximately 61 employees. Most of its operations are contracted to private contractors.
- Funded through a regional road impact fee, fuel and sales taxes, and reserve and federal funds. It receives approximately \$72.4 million annually in total revenues.

According to Ms. Kupersmith, a Blue Ribbon Committee (BRC) was created by the RTC in the fall of 1993. This committee, consisting of 30 members, was charged with identifying solutions to road funding shortfalls in Washoe County. Included in the BRC's comprehensive funding package was a proposal to:

- Increase the gasoline tax by 5 cents.
- Pursue a 1/4 cent sales tax increase for roads.
- Establish a regional road impact fee.
- Develop efficiency improvements to maximize utilization of the funds available.

According to Ms. Kupersmith, the 1/4 cent sales tax was the only recommendation not implemented.

Continuing, Ms. Kupersmith noted that the RTC had an 8 to 9 percent increase in productivity during the first year the BRC's program was implemented and it has been estimated that over a 20-year period, increased efficiency in road work efforts will result in a savings of \$39 million. She explained that 95 cents of every dollar collected by the RTC is applied directly into road projects and the 5 percent balance is retained by the agency for administrative expenses.

Outlining the process of the road impact fee and how it is utilized, Ms. Kupersmith said:

- It is a tool for collecting the cost of building the addition roads needed due to new development.
- Improvements must be on the regional system and the capital improvement project list to be considered for construction.
- A total of \$26 million was collected from the road impact fee during 1996 and 1997. Of the \$26 million, \$19 million was spent for design, construction, and right-of-way improvements.

Ms. Kupersmith explained that of the total shortfall for road construction of \$660 million, a balance of \$222 million remains. Speaking for both the local agencies and the RTC, Ms. Kupersmith said it is important to "keep up" with the cost growth. Inflation has increased the cost of road improvements, therefore, funding also must be maximized. A key component to accomplishing an increase in funds is to continue cooperation between the local governments and the RTC, and also to promote partnerships between government and the private sector.

PRESENTATION BY JEFF CODEGA, CHAIRMAN OF THE WASHOE COUNTY REGIONAL TRANSPORTATION COMMISSION'S BLUE RIBBON COMMITTEE

ON STREET AND HIGHWAY FUNDING

Jeff Codega

Mr. Codega, Chairman of the Washoe County Regional Transportation Commission's Blue Ribbon Committee on Street and Highway Funding, informed the committee that the BRC consists of engineering and design experts, environmental groups, government officials, and taxpayer groups.

According to Mr. Codega, to solve the problem of road funding shortfalls, four components were devised to raise money for Washoe County. Because the 1/4 cent sales tax failed, funding is a major concern.

In closing, Mr. Codega said that he agreed with many of the issues considered during this meeting. He specifically expressed support for: (1) designating that additional fees be placed directly into the State Highway Fund; and (2) indexing the fuel tax.

PRESENTATION BY JAMES H. ROBERTS, GENERAL MANAGER OF GRANITE CONSTRUCTION COMPANY FOR ARIZONA, NEVADA, AND UTAH, REGARDING PUBLIC/PRIVATE PARTNERSHIPS FOR HIGHWAY AND ROAD PROJECTS

James H. Roberts

Mr. Roberts, Regional Manager, Nevada/Utah Operations of Granite Construction Company (GCC), explained that throughout the United States, many of the large highway and road projects that do not have current funding available are utilizing the private/public partnership method to fund certain operations.

Kent Marshall

Mr. Marshall, Public/Private Partnerships Manager, Heavy Construction Division, GCC, presented the committee with information regarding public/private partnerships, design/build methods, and the finance techniques associated with some of the projects that GCC has constructed (see Exhibit E):

- Financing for highway projects can be categorized as either traditional or innovative:
 1. Traditional funding involves the design/build method of project delivery.
 2. The time line for highway projects can depend on the availability of federal funds.

In Mr. Marshall's opinion, federal funding is becoming more difficult to obtain, and as Nevada's funding needs increase, it would benefit the state to consider some of the innovative finance techniques that many other states are employing.

According to Mr. Marshall, the design/build phase is the first step involved in any type of creative finance package and can be defined as a system of contracting under which one entity performs both architecture, engineering, and construction under a single contract. This process works well for large projects that are subjugated to cost and time restraints, and some of its advantages include:

- Single point responsibility.
- Concurrent versus sequential activity.
- Continuous design and construction evaluation.
- Value engineering and constructability review.
- Initiation of projects with approximately 10 to 30 percent of the design completed. Fixed price contracts can be utilized to access public and private sector

bonds.

Explaining the magnitude of the San Joaquin Hills toll road in California as the largest design/build highway project in the United States, Mr. Marshall said:

- The construction contract was awarded to GCC and Kiewit Pacific Company (KPC) in September 1991 for \$778 million.
- The project involved designing and constructing a six-lane toll road, 14.5 miles in length, through Orange County, California. It included 11 interchanges, 76 bridges, 80 retaining walls, 26 sound walls, 26 million cubic yards of excavation and grading, 275,000 cubic yards of concrete, and 37 million pounds of reinforcing steel.
- The project was completed in November 1996, ahead of schedule and below budget.

Another project worked on by GCC and KPC was State Route 91 in California. Mr. Marshall said that this project included public/private partnering and:

- Was the first privately-financed toll road to be completed in the United States.
- Cost \$57 million to construct. The facility opened for business under budget and ahead of schedule in December 1995.
- Involved a design/build operation consisting of a ten-mile section of road with two express lanes in each direction, widening of bridges, and also building a temporary bridge to accelerate construction time.
- Was structured so that the team negotiated a franchise agreement with the California Transportation Department (CALTRANS), whereby the team received operating rights on the project for 35 years. At the close of that period, when the debt associated with the project has been paid, the facility will be returned to CALTRANS. The project included approximately: (1) \$19 million in equity, (2) \$65 million in senior debt, (3) \$35 million in institutional debt, and (4) \$7 million in subordinated debt which Orange County contributed to the project.
- Consists of a road that can only be accessed with a transponder. High occupancy vehicles carrying three or more passengers have the ability to ride free (these vehicles comprise of 25 to 30 percent of the volume).

Mr. Marshall presented the committee with a brief slide presentation of the project during and after completion. He noted that most of the projects he mentioned are based in California. This is because California has engaged the concept of innovative financing and is willing to place tolls on its facilities.

Continuing, he mentioned the I-15 project, another successful design/build activity that GCC is currently constructing. The project will cost approximately \$1.3 billion and will take about 48 months to complete. It involves widening the freeway into five lanes in each direction, redesigning and rebuilding two major interchanges, and reconstructing bridges and ramps.

According to Mr. Marshall, strong supporters, such as California, should be pursued for public/private partnerships. On the other hand, projects to avoid are in those states that:

- Have enabling legislation containing flaws.
- Are not fully supported politically or by the state's department of transportation.
- Do not have a strong revenue base.
- Are considering public development projects that are based upon future development to generate the cash flow for the facility.

Mr. Marshall provided the committee with a brief overhead slide presentation of the Las Vegas monorail project. It was noted that the first one-mile segment of this project is complete, and when extended, it has the capability of becoming a state of the art transit system. A monorail project of this capacity will:

- Eliminate traffic congestion and gridlock.
- Improve air quality.
- Connect the Las Vegas Strip to the Convention Center, downtown Las Vegas, and McCarran International Airport.
- Create less on-site disruption and can be constructed in less time than any other comparable technology.
- Provide one of the safest transit systems in the world and can be routed through a resort hotel without causing the slightest disruption.

At a speed of 50 miles per hour, the monorail will travel from McCarran International Airport to downtown Las Vegas in about five minutes.

In closing, Mr. Roberts mentioned several of Nevada's large highway and road projects that could benefit from the public/private partnership and design/build finance concept offered by GCC. These projects include the:

- West Lake Project along U.S. 95 in Las Vegas.
- Freeway extension from Reno to Carson City.
- Widening of I-15 from the California state line to Las Vegas.
- Boulder City, Carson City, and Hoover Dam bypasses.

Responding to Assemblyman Price, Mr. Marshall explained that no-fee toll roads are set up with automatic traffic control systems. Transponders are purchased in advance for use by vehicles that travel on the road. As a vehicle passes through the system, the toll is automatically deducted from the transponder cost.

Continuing, Mr. Marshall explained that in the more populated areas, toll facilities are using an "easy pass" mechanism, which allows vehicles registered with the system to automatically pass through an electronic checkpoint. A traditional toll booth is also used for out-of-state vehicles, or for those persons who did not purchase an "easy pass."

Mr. Marshall said he would provide Assemblyman Price with a listing of the projects mentioned during the meeting.

In response to Assemblyman Amodei, Mr. Roberts said that if Nevada were to decide to use the public/private partnership, design/build method to construct its major highway projects, NDOT would own the facility and set the criteria as to how the structure should be built. This method would be used to expedite the construction and financing process.

According to Mr. Marshall, the basis of design/build projects is critical and through the bonded guaranteed maximum price, financing can be generated. He also noted that Nevada law inhibits the design/build process for the construction of highways. This measure would have to be nullified before the design/build method to construct highways could be used in Nevada.

At Mr. Neighbors' request, Mr. Roberts said that he would supply a copy of the videotape on the Las Vegas monorail to the committee.

**PRESENTATION BY TOM STEPHENS, DIRECTOR OF NEVADA'S DEPARTMENT
OF TRANSPORTATION, REGARDING THE PROCESS FOR: (1) PLANNING,
(2) FINANCING, AND (3) EXECUTING PROJECTS FOR THE
CONSTRUCTION AND MAINTENANCE OF HIGHWAYS AND ROADS IN NEVADA**

Tom Stephens

According to Mr. Stephens, Director, NDOT, design/build or innovative finance becomes effective on a project after: (1) completion of the environmental and public approval process; (2) the right-of-way is acquired; and (3) some of the preliminary design work has been accomplished.

Regarding the status of some of the projects that are to be constructed, Mr. Stephens said that NDOT:

- Has entered into a cooperative agreement with the Federal Highway Administration (FHWA) to finish the draft environmental impact statement (EIS) on the Hoover Dam project. In Mr. Stephens' opinion, a toll on that highway could be considered.
- Is in the process of obtaining a consultant to perform an EIS on the Boulder City bypass.
- Is planning to begin construction of the first seven miles of the I-15 widening project sometime during 1998. The consultant has started the EIS for this plan.
- Is in the process of performing an EIS on the U.S. 95 project in southern Nevada. This is a complex venture and the department has conducted many public hearings to discuss the issue. The estimated cost is \$427 million.

Responding to Chairman Neighbors, Mr. Stephens said that construction of the Carson Bypass has been delayed due to an environmental complication. The habitat for the Carson Wandering Skipper Butterfly, a rare species which can only be seen in the spring is located in the construction area of this project.

Kent Cooper

Kent Cooper, Program Development Manager, NDOT, testified next. Outlining the statewide transportation improvement program, annual work program, and short- and long-range plan, Mr. Cooper said that:

- This information is contained in a single document for use by the public.
- Nevada's Department of Transportation developed the document with the help of both Clark and Washoe Counties (because of the size of these counties they also develop their own plans). Washoe County has developed its own transportation improvement program based on a five-year period; and Clark County created both a three-year plan and a regional transportation plan which includes 20-year projections.
- All plans must have identified funding sources even if a project is planned for ten years into the future.

Mr. Cooper noted that NDOT deals directly with the state's 15 rural counties and communicates with them on a weekly basis.

In conclusion, Mr. Cooper said that certain funding sources have limitations on the type of activities for which they can be used. For example, according to state law, the motor fuel tax must be spent on roadways. Also, certain federal funding sources place time limits on the expenditure of money. These types of situations can affect NDOT's funding agenda, especially when environmental issues can delay large and costly projects for a long period of time.

Mr. Stephens added that because of the growth in Nevada, the planning responsibilities for Clark and Washoe Counties lie with the Regional Transportation Commission in each county.

Susan Martinovich

Ms. Martinovich, Assistant Director, Engineering, NDOT, provided the committee with information concerning three projects (see Exhibits G, H, and I) that are in various phases of development in northern Nevada. These projects include: (1) the I-80/Pyramid Interchange — currently under construction, (2) the Carson Bypass — in the final design stage, and (3) the I-580 Freeway extension — under preliminary design.

Referring to Exhibits G, H, and I, Ms. Martinovich noted that most of the projects were being considered as early as 1983 and are only being constructed now. She explained that there is a large time gap in between deciding to do a project and beginning construction. Following is an outline of the three major projects in northern Nevada:

- I-80/Pyramid Interchange — This project will cost a total of \$27.8 million. The work will consist of total reconstruction of the existing structure which carries I-80 over Pyramid Way. The urban interchange will require realignment of I-80 approximately 120 feet to the south from its present intersection with Pyramid Way, in order to incorporate new easterly ramps and provide optimum spacing between Nugget and Victorian Avenues. This project also will incorporate the first triple off ramp in Nevada.

Environmental hearings began in September of 1989. Final design began in January 1995 when funding became available. The construction project was awarded to GCC on April 28, 1997, and currently, 25 percent of the project is complete. The scheduled completion date is September 30, 1999.

Responding to the Chairman, Ms. Martinovich said that the contaminated material that had to be removed from the location included asbestos, hydrocarbons, and oil.

Mr. Stephens added that the major railroad yards for the Transcontinental Railroad through Nevada used to be located in the City of Sparks. Therefore, over the years, a great deal of contamination has developed in that area.

- Carson Bypass — In November 1995, after numerous hearings, the Carson City Board of Supervisors agreed to pursue the construction of the bypass and to contribute proceeds from the optional gasoline tax. On April 1, 1997, the 5 cent gasoline tax went into effect. The bypass will be located on the east side of Carson City, from Lakeview Hill to U.S. Highway 50 at the Spooner Junction. The roadway surface will be paved with asphalt and will include four travel lanes. There will be interchanges at Lakeview Hill, College Parkway, U.S. Highway 50, Fairview Drive, and Spooner Junction. Nevada's Department of Transportation is proceeding with the design of phase I of the project, and is in the process of acquiring right-of-ways for the land needed. Phase I of the project has been calculated to cost approximately \$84.2 million and is estimated to begin in the spring of 1999, although delays could occur as a result of environmental mitigation requirements. Subsequent phases will cost about \$140 million.

The location for construction was chosen because the area has been designated as a flood plain and is not a desirable area for residential building. Final design configurations will be dependant on the mitigation measures necessary to accommodate the Carson Wandering Skipper Butterfly and hydraulic features, which are issues presently under consideration by both NDOT and Carson City.

- I-580 Freeway Extension — Nevada's Department of Transportation has concentrated on placing the final freeway segment near Winters Ranch (Washoe Valley) to South Virginia Street just north of Meadowood Drive in Reno. The cost is estimated to be approximately \$190 million. The high cost for this section is due to many factors including: (1) aesthetics, (2) drainage and bridge structures, (3) geothermal issues, (4) length, and (5) terrain. The structure over Galena Creek will be the longest span in the State of Nevada at nearly 2,000 feet in length, and is estimated to cost in excess of \$20 million. In an effort to meet the year 2003 completion date, NDOT is presently seeking proposals from engineering consultants to perform the preliminary engineering necessary to determine the final right-of-way requirements.

Responding to Assemblyman Amodei, Ms. Martinovich said that an additional 60-acre capacity of this project is subject to wetland mitigation credits. She also explained that NDOT has applied for the "404" permit. However, the "404B1" permit, regarding the wetland hydraulics and the Carson Wandering Skipper Butterfly issues has to be satisfied first. Nevada's Department of Transportation is meeting on a monthly basis with the appropriate regulatory agencies, so that any problems can be handled forthwith.

In closing, Mr. Stephens added that Nevada law does not allow the state to use the design/build method of construction, and suggested that the law be changed to include this tool. He also said that aesthetics will be a sensitive issue during the design phase of this project.

PUBLIC TESTIMONY

Daryl E. Capurro

Daryl E. Capurro, representing the Nevada Motor Transport Association, concurred that additional revenues are needed by Nevada to construct and maintain highways and roads. Mr. Capurro's recommendations included:

- Increasing field audit efforts.
- Establishing an effective dyed fuel enforcement program.
- Distributing a percentage of the gaming tax to the State Highway Fund.

He informed the committee that the conversion formula (from cubic feet to gallons) contained in Nevada law is not appropriate for Liquefied Petroleum Gas (LPG). Attempts to rectify that problem during the 1995 and 1997 Sessions were not successful.

In Mr. Capurro's opinion, the trucking industry is paying its "fair share" in taxes. He noted his opposition to weight distance taxes. He explained that the weight distance tax is expensive to administer (administrative costs to other states are 25 percent or higher, compared to other taxes which cost about 5 percent to administer).

The Chairman requested that Mr. Capurro submit to LCB staff, any information relating to the taxes that are paid by heavy vehicles.

Responding, Mr. Capurro said that he would submit a copy of the federal final report when it becomes available.

Chairman Neighbors informed the committee and audience that the next meeting of the S.C.R. 53 Committee is scheduled for Friday, February 13, 1998, in Pahrump, Nevada; and its fifth meeting is scheduled for March 20, 1998, in Elko, Nevada. He also noted that if the committee's budget is adequate, a sixth meeting may be scheduled in Las Vegas or Laughlin, Nevada. The committee's final meeting and work session will be held in Carson City.

Exhibit J is the "Attendance Record" for this meeting.

There being no further business before the committee, Chairman Neighbors adjourned the meeting.

-

TOUR OF THE HIGHWAY AND ROAD PROJECTS IN WASHOE COUNTY

At 3 p.m. the committee members, LCB staff, and other interested parties boarded a bus for a tour of the highway and road projects in Washoe County. The tour was conducted by the Washoe County Regional Transportation Commission and Nevada's Department of Transportation (see Exhibit F — "SCR 53 Bus Tour" schedule). The following projects were visited and briefly discussed:

- The Plumb Lane and South Virginia Street widening in Reno. Two lanes were added at a cost of \$6.5 million.
- Construction on the Center Street Bridge in Reno was started approximately one and one-half years ago. Presently, due to the flood of 1997, the project is nine months behind schedule. The cost will total about \$4 million.
- The Interstate 80/Pyramid Way Interchange (discussed in detail during the meeting).

- The Interstate 580 Freeway Extension (discussed in detail during the meeting).

The tour ended and the group was returned to the Washoe County Regional Transportation at 4:30 p.m.

Respectfully submitted,

Jeanne Peyton

Senior Research Secretary

Approved By:

Assemblyman P.M. Roy Neighbors, Chairman

Date

LIST OF EXHIBITS

Exhibit A,
submitted by Paul
Mouritsen,
Principal
Research Analyst,
Research
Division,
Legislative Counsel
Bureau, is an
outline titled
"Revenue
Options."

Exhibit B, an outline submitted by Nevada's Department of Transportation (NDOT), titled "Anti-Tax Evasion Tactics Reviewed."

Exhibit C submitted by NDOT, consists of a chart which compares the population growth in Nevada, the miles traveled on state roads, the Las Vegas population, and the United States population from 1970 to 2000. This exhibit also includes the following documents titled:

1. "State Highway Fund Revenue Sources";
2. Titled "Highway Fund Expenditures and Disbursements"; and
3. Titled "10 - Year Revenue & Expenditures, Fiscal Years 1998-2007."

Exhibit D is a presentation submitted by the Washoe County Regional Transportation Commission, titled "Briefing for S.C.R. 53 Legislative Committee Studying Construction and Maintenance of Highways."

Exhibit E is a booklet submitted by James H. Roberts, Regional Manager, Nevada/Utah Operations, Granite Construction Company, titled "Public/Private Partnerships for Highway and Road Projects."

Exhibit F is the "SCR 53 Bus Tour" schedule, submitted by the Washoe County Regional Transportation Commission.

Exhibit G is a description of the "I-80/Pyramid Interchange," submitted by NDOT.

Exhibit H is a description of the "Carson Bypass," submitted by NDOT.

Exhibit I is a description of the "I-580 Freeway Extension," submitted by NDOT.

Exhibit J 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.