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3 MR. SCHENENDORF: Next we'll have Susan  
4 Martinovich and Victor Mendez.

5 (Ms. Martinovich and Mr. Mendez coming  
6 to front table.)

7 MR. SCHENENDORF: Thank you. I appreciate  
8 your coming up today.

9 And we'll start with Ms. Martinovich. Is  
10 that the way you pronounce it?

11 MS. MARTINOVICH: Yes. Thank you. Thank  
12 you.

13 Well, good morning Mr. Vice Chairman and  
14 commissioner --

15 MR. SCHENENDORF: Can you wait one sec? I  
16 think your microphone is -- okay. Try again.

17 MS. MARTINOVICH: Good morning. Good  
18 morning. We have an exhibit just for you to look at.  
19 We've brought an exhibit that shows a little bit  
20 about what we're talking about.

21 My name is Susan Martinovich and I am the  
22 Director of the Nevada Department of Transportation.  
23 Welcome to the great state of Nevada. And until just  
24 recently, we have been the fastest growing state in  
25 the nation. But we were just recently bypassed by

1 Arizona. So thank you very much, Mr. Mendez, for  
2 taking that on.

3 I am also here on behalf of Governor Jim  
4 Gibbons who sends his regards and respects to the  
5 commission.

6 Mr. Vice Chairman, when you first opened,  
7 you said that we had the five minutes. Well, because  
8 Nevada doesn't always follow the rules, and  
9 especially Las Vegas, we may go over that just a  
10 little bit if we could request your indulgence in  
11 that.

12 MR. SCHENENDORF: Okay. You'll hear a  
13 little -- (tapping his pen on the table.)

14 MS. MARTINOVICH: I know. I know. Okay.

15 Now, I know that this commission has heard  
16 testimony from across the country regarding various  
17 forms of financing, and Nevada agrees and supports  
18 with all of the testimony today. We are also looking  
19 at public partnerships, tolling, HOV lanes and  
20 looking at mechanisms for integrated project  
21 delivery. But what our challenge is and what our  
22 testimony is focusing on today is project delivery  
23 before construction.

24 We think that a lot of time, a lot of money,  
25 a lot of issues happen before even one shovel of dirt

1 is turned to get to construction. And so I would  
2 like to just provide some specific examples that  
3 we've experienced in Nevada and some suggestions for  
4 that.

5           You know, across the country we've talked  
6 about best practices to model improvements, but what  
7 we want to show today, unfortunately, is some of the  
8 worst practices that have been going on.

9           To follow with Mr. Ralenkotter and the mayor  
10 that -- and putting in perspective what we're  
11 experiencing, over 6,000 people are moving into  
12 Las Vegas per month. And what this means, and to put  
13 it in real terms, is that this means a hundred cars a  
14 day are on our streets and highways. And think about  
15 how big that is.

16           Along with the people moving in, we've got  
17 43 million visitors per year visiting Las Vegas. And  
18 eleven million of those are along that I-15 corridor.  
19 We're adding additional capacity. We try to keep up  
20 with it, but we aren't keeping up with it. I-15 is  
21 our economic lifeline that serves other western  
22 states. You know, from California you've come up and  
23 then crosses over the western states to the east.  
24 And we -- so we have the tourists, we have the  
25 commuter traffic.

1           We're also unique in that because of our  
2 tourist traffic -- a little jeopardy fact for you is  
3 that of the 15 largest hotels in the nation, 13 of  
4 them are in Las Vegas and in the corridor that was  
5 referred to from the -- the -- Mr. Ralenkotter.

6           The businesses and developments along the  
7 corridor take advantage of the growth that we're  
8 seeing and the economic developments, economic  
9 opportunities associated with that growth. The  
10 challenge is that these developments can be planned,  
11 zoned, designed and constructioned [sic] --  
12 constructed in the same time that it takes for NDOT  
13 to go through the NEPA process.

14           And so when the gaming companies can build  
15 3,000-room hotels from start to finish in about 18  
16 months to two years, when we start out with the  
17 preliminary design as a preferred alternative, and  
18 with the growth with those hotels happening during  
19 that preliminary design, there's a lot of changes  
20 that have to occur from when we start a project.  
21 Then a hotel goes up and we have to change our  
22 design, and it just compounds the time.

23           The changing conditions, you know, they  
24 include zoning changes. When we start a project, an  
25 area will be zoned one way. And then when we're

1 finishing and starting the construction, it will be  
2 zoned another way.

3 Utility modification. Adjacent property  
4 values. Just to give you a recent example, out -- we  
5 have a highway, Blue Diamond highway, and it's south  
6 of the I-15 and you may have gone through the  
7 construction on your way up. This is the only route  
8 from Las Vegas to Pahrump. And Pahrump is a rapidly  
9 growing city.

10 The highway is a two-lane undivided roadway  
11 and you've got commuters and you have developments  
12 along the corridor. And what has also happened is  
13 that there's a large increase of fatalities through  
14 there because of the growth and the two-lane roadway.  
15 People want to pass.

16 During the time that NDOT has gone through  
17 the NEPA process, we've experienced an inflation,  
18 varying costs of materials, over 40 percent. The  
19 right-of-way costs have increased over 80 percent.  
20 And primarily, that's because it went from vacant  
21 property to industrial property with buildings on it.  
22 And so add that growth compounding with the  
23 fatalities and we have some -- we have some  
24 challenges. And that's not just that road. That's  
25 similar across the Las Vegas Valley.

1           So the consequences of our rapid growth that  
2 we're seeing is that we've got limited existing  
3 right-of-way for expansion because our corridors are  
4 set. Then the growth comes up very close to it. So  
5 we've got limited right-of-way there, and the costs  
6 of right-of-way and inflationary costs that we've  
7 seen, as well as other states across the nation.

8           Our typical preconstruction costs -- that's  
9 a map of what this is. And I don't expect you to  
10 read the small print, but you can see the colors and  
11 you can see a lot of lines under those colors -- is  
12 there is a lot of activities that have to go on  
13 between the initial design, preliminary design, the  
14 NEPA process, the right-of-way acquisition, all  
15 following -- all following the process.

16           But what it means is it takes millions of  
17 dollars. And so much time is being spent, again,  
18 before we're even putting something specific on the  
19 ground to get the benefits that we're trying to  
20 achieve. And our customers don't understand this.  
21 They don't see it. They want something visible to  
22 see on the ground.

23           We are all on the same page for the federal  
24 highways. We consider them partners. We want the  
25 same results and have the same goal: To deliver

1 expeditiously quality projects, to balance the  
2 community, balance the environment, and meet the  
3 economic needs.

4           So I would like to just give you a couple  
5 more specific examples of some of the challenges that  
6 we have so you can see where we're coming from. Our  
7 US-95 west lane project. That's the priority project  
8 for the department, from our spaghetti bowl off of  
9 north I-15 up to the northwest corridor. When we  
10 began that project, the northwest region of Las Vegas  
11 valley was the most rapidly growing area in that  
12 region.

13           And several years later, there had been --  
14 there have been at-grade interchanges, so  
15 interchanges were built among that corridor. But  
16 we -- because of the growth, the volumes that we had  
17 projected to be reached in 20 years, we were seeing  
18 those being reached in five to seven years. Just the  
19 growth has been tremendous. And even when we try to  
20 realize that and still plan in the future, it seems  
21 to be staying ahead of us. So our 20-year designs  
22 are not meeting that -- those designs, let alone the  
23 50-year designs that the mayor had talked about.

24           We started our initial studies in 1996. The  
25 MIS was completed in 1998. The NEPA kickoff was then

1 held in 1999. A recorded decision in about 2002.

2 And then we advertised for construction in 2005.

3 That's ten years from the original process  
4 of when we felt that we needed to get a project, to  
5 actually putting a project on the ground. And then  
6 we're meeting the -- during the design time, we've  
7 already surpassed the volumes that we're planning  
8 for. So we just have some big challenges.

9 The delays, there was also issues with a  
10 lawsuit filed against that project. And so the  
11 delays in the project increased the overall cost of  
12 that project by over 40 percent. So those are actual  
13 real construction costs that were experienced, in  
14 addition to the time, the money and the costs spent  
15 to get it to preparation for the construction.

16 I mentioned the Blue Diamond highway. One  
17 of the other challenges that we had in that -- and  
18 this one took over eight years to go from initial  
19 studies to the phase of construction -- is that we  
20 had issues with the BLM that required a separate NEPA  
21 document. So we've got two federal agencies that  
22 NDOT is trying to coordinate and be the facilitator  
23 between that. So there is some challenge there.

24 Our I-15 south corridor, the corridor that  
25 you drove up on to come north, we recently widened --

1 are in the process of widening -- are in the process  
2 of that. That corridor was a two-lane interstate  
3 that had large volumes of traffic. NDOT worked very  
4 closely with Caltrans on that project to identify  
5 projects.

6 NDOT moved forward to widen the corridor  
7 from Las Vegas to Stateline; however, the federal  
8 funds weren't used in that. We didn't use any  
9 federal funds in that project. And the reason was  
10 because the NEPA documents that -- in our NEPA  
11 document, FHWA would not allow the point of logical  
12 terminus to be the state line. We had to have the  
13 point of logical terminus to be into California. And  
14 so that's -- we've got two state agencies and we have  
15 no control over the process of another state.

16 And so what we did was that we ended up  
17 going forward with design and construction of the  
18 project. There was no NEPA, no right-of-way. We had  
19 to get with all state funds, and then we widened  
20 that. We also widened two miles into on the  
21 northbound. And then what that then did is allowed  
22 us to use federal funds because it was considered  
23 a -- a filling a gap. So we figured out a way to --  
24 I don't want to say get around it, but it was very  
25 challenging to try to -- to try to move forward in

1 that.

2           The other challenges that we have is the  
3 growth. And our coordinating has been making huge  
4 efforts in coordinating with the local MPO's. And  
5 another example is the tropical grade separation over  
6 the west lane 95, up in that northwest valley.

7           This was a project that was intended to  
8 build a grade separation to replace an at-grade  
9 intersection, safety issues, congestion issues. The  
10 street would then connect into a crossing side  
11 street. The project was on the City of Las Vegas  
12 master plan depicting the project location. The NEPA  
13 process started. Everything was going forward.

14           And then several months later, the property  
15 owner wanted to develop his land. We knew a road had  
16 to go from the interchange across this person's land  
17 and connect up with another road. The property owner  
18 wanted to go ahead and develop it. The City of  
19 Las Vegas required the owner to set aside the  
20 corridor for a new road, as shown in the master plan.  
21 The property owner had no issue with that. He  
22 understood what was going on. But what happened is  
23 it caused FHWA to pull federal funds from the project  
24 because they had indicated that the NEPA process had  
25 been violated because there was a preferred

1 alternative already selected by the fact that we set  
2 aside the property.

3           Some of the option was that we could tell  
4 the property owner, Don't build on your property.  
5 Well, that's his property. Then we're facing the  
6 possibility of having to acquire it all or possibly  
7 inverse condemnations because we couldn't acquire it  
8 yet because we hadn't finished the NEPA process.

9           So we had a lot of meetings, worked with the  
10 city, worked with the property owner, worked with  
11 FHWA. We ended up moving forward, but what it did is  
12 it cost an additional year of time and an additional  
13 20 percent increase in the cost of the original  
14 contract.

15           Just what we want to emphasize is that time  
16 is money. Time is money, and our customers deserve  
17 the courtesy of us moving forward and making  
18 decisions.

19           We think that -- we consider federal  
20 agencies to be our partners. We want them to be in  
21 the roles of interpreting regulations to help us meet  
22 our goals with project delivery. But we also want  
23 them to interpret the laws to facilitate, to help us  
24 and not to hinder. Because in my experience, there's  
25 always two sides to every -- to every lawsuit. And

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17 both can be argued with passion and with accuracy.

18 So we think that we have the best and the brightest

19 in the transportation industry. We want to develop

20 an efficient system of delivering projects, and we

21 think that our customers deserve that.

22 So thank you very much.

23 MR. SCHENENDORF: Thank you.

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