

**REGIONAL TRANSPORTATION COMMISSION  
WASHOE COUNTY, NEVADA**

**FRIDAY**

**9:20 A.M.**

**December 17, 2010**

**PRESENT:**

**David Aiazzi, Reno City Councilman, Chair  
Ron Smith, Sparks City Councilman, Vice Chair  
Dan Gustin, Reno City Councilman  
Bob Larkin, Washoe County Commissioner (arrived 9:25)  
David Humke, Washoe County Commissioner (arrived 9:33)**

**Lee G. Gibson, Executive Director  
Dora Lane, Legal Counsel  
Susan Martinovich, Director of NDOT**

The regular monthly meeting, held in the Board Room of the Jerry L. Hall Regional Transportation Center, 2050 Villanova Drive, Reno, Nevada, was called to order by Chairman Aiazzi. Following the Pledge of Allegiance to the Flag of our country, the Board conducted the following business:

**Item 1        APPROVAL OF AGENDA**

Item 3(a) was pulled from the agenda Executive Director Gibson requested to move Item 6(c) up on the agenda.

On motion of Vice Chair Smith, seconded by Commissioner Gustin, which motion unanimously carried, Chairman Aiazzi ordered that the agenda for this meeting be approved with the aforementioned changes.

**DIRECTOR'S REPORT**

Informational item only - no discussion took place pertaining to this report.

**Item 2(a)     PUBLIC INPUT**

Chairman Aiazzi opened the meeting to public input and called on anyone wishing to speak on topics relevant to the Regional Transportation Commission (RTC) that are not included in the current agenda.

There being no one wishing to speak, the Chairman closed public input.

**Item 2(b)     ADVISORY COMMITTEES SUMMARY REPORT**

On motion of Vice Chair Smith, seconded by Commissioner Gustin, which motion unanimously carried, Chairman Aiazzi ordered that receipt of the monthly Advisory Committees Summary Report be acknowledged.

**Item 6(c) WESTERN HIGH SPEED RAIL ALLIANCE (WHSRA) UPDATE**  
*(taken out of order)*

RTC Executive Director (E.D.) Lee Gibson introduced Tom Skancke, Executive Director of the WHSRA, who gave a presentation update.

Mr. Skancke named the members of the WHSRA and explained the reason for forming alliance is because the Intermountain West was completely left off of the National High Speed Rail system map. There are additional western states showing an interest in this alliance as well.

Mr. Skancke then provided information on the need for high speed rail in the Intermountain West region, especially between cities that are 500 miles or less apart where it tends to be the most successful. Implementing high speed rail in the region is a 20-30 year plan, so it is only in the beginning stages.

Vice Chair Smith asked if this would be for passengers only, or does it include freight.

Mr. Skancke said that the freight industry is actually considering a high speed rail system of their own. However, it cannot be installed on the same path as the passenger rail.

There was no action taken on this item.

**Item 3 CONSENT ITEMS**

Chairman Aiazzi requested that items 3(g – i) be held for discussion.

- (a) Approve the minutes of the November 19, 2010 meeting (*pulled from the agenda*)
- (b) Acknowledge receipt of the monthly Engineering Report for the month of December 2010
- (c) Acknowledge receipt of the monthly Operations Report for the month of December 2010
- (d) Approve the deletion of Section 4 of the Personnel Rules regarding examinations, as it is obsolete
- (e) Acknowledge receipt of the RTC RAPID Year 2 Stations Project Update
- (f) Acknowledge receipt of the action taken by the 4<sup>th</sup> Street Station Board Subcommittee on December 2, 2010
- (g) Approve and authorize the Executive Director to execute the Professional Service Agreement (PSA) with Nichols Consulting Engineers in an amount not to exceed \$150,248.00 for design and engineering during construction services for the Peckham Lane project
- (h) Approve and authorize the Executive Director to execute the Professional Service Agreement (PSA) with HDR Inc. in an amount not to exceed \$447,121.23 for design and engineering during construction services for the Socrates Drive project
- (i) Approve and authorize the Executive Director to execute the Professional Service Agreement (PSA) with CH2M Hill in an amount not to exceed \$365,226.35 for design and engineering during construction services for the Sparks Consolidated 11-01 project
- (j) Receive update on the proposed Vista Boulevard Sound Barrier Construction Project

- (k) Approve and authorize the Executive Director to execute the Professional Service Agreement (PSA) with Orth-Rodgers and Associates, Inc. in the amount of \$424,995.47 for design services for the Traffic Signal Timing 3 project
- (l) Approve Amendment #1 to the FY 2011 Unified Planning Work Program (UPWP)
- (m) Acknowledge receipt of the FY 2011 financial update

On motion of Chairman Aiazzi, seconded by Commissioner Larkin, which motion carried unanimously, Chairman Aiazzi ordered that Consent Items 3(b) through 3(e) and 3(j) through 3(m) be approved.

On discussion, Chairman Aiazzi asked what the original budgets were for each of the PSAs shown under consent items 3(g, h and i).

Jeff Hale, RTC Engineering Director, approached the Board and explained that the construction budget on each of the projects is approximately 18-20% of the total project costs shown on the approved Program of Projects (POP) from September 2010.

Chairman Aiazzi then questioned there is a variety of hourly rates shown on the different contracts. Extensive conversation followed regarding negotiations, contractor rates, budgets, profits, etc.

Commissioner Gustin asked if post analysis is ever done to make sure that estimated dollars and percentages are holding up.

Mr. Hale said that historically, projects have come in very close to their projected budgets.

Chairman Aiazzi made comments that are not intelligible on the recording.

Susan Martinovich, Director of NDOT, explained that their process is very similar to the RTC in that their negotiations include a time estimate for each project. However, once the contract is in place, the hourly rates remain the same but material costs may go up or down which is beneficial to the design costs. Experience is key when negotiating the agreements.

Vice Chair Smith asked if the contractor is making \$200/hr, why they aren't taking a reduction in their hourly rates the same way other entities have.

Ms. Martinovich replied that hourly rates are negotiable but cannot change once the agreement has been signed.

Vice Chair Smith asked if the RTC has approached these particular contractors to negotiate salaries.

Mr. Hale said that the rate of \$200/hr is a loaded rate. That means the actual hourly rate could be as low as \$50/hr but when overhead, direct expenses and profit are added the hourly rate goes up.

Vice Chair Smith said that their profit levels have not come down.

Mr. Hale replied that there is a range of 7 – 12% of profit for engineering.

Commissioner Larkin asked why the RTC is building their profit into our costs when it is a private enterprise.

Mr. Hale replied that it is built in to the overhead rate that is applied to the hourly rate.

Commissioner Larkin said that he does not know of any other operation that builds their profit into their overhead.

Mr. Hale clarified that the profit is not included in the overhead rate but is included in the hourly rate.

Commissioner Larkin added that it is not the RTC's responsibility for the contractor to make a profit. The RTC's challenge is to get the most cost effective and lowest price to get the job done.

Vice Chair Smith asked if there should be a policy to make the process more competitive.

Ms. Martinovich stated that making a profit is standard practice as that is how companies stay in business.

Commissioner Larkin responded that it is not government's responsibility to build in profit; it is the company's responsibility to be profitable.

Chairman Aiazzi clarified his original concern that the hourly rate varies by contractor and if the RTC uses the contractors that are on a pre-approved list of candidates then the contractor at the top of the list can insert any hourly wage they want.

Mr. Hale responded that the RTC would not do business with a contractor that does that.

Again, Chairman Aiazzi stated that the hourly rates on the three agreements in question are all different and why wouldn't they be the same.

Mr. Hale said that negotiating professional services is different than using a low bid or using federal labor rates.

Commissioner Larkin said that is correct and it should require a higher standard which the Board is not seeing.

Chairman Aiazzi asked if negotiations are for the number of hours the project will take rather than the actual wage rates. Mr. Hale confirmed that is the process with rare exception.

Commissioner Larkin suggested that a policy be created which says a certain number of bids will be acquired for each project.

Chairman Aiazzi does not believe that can be legally done and Commissioner Larkin disagreed.

Mr. Hale suggested that a legal opinion should be obtained regarding professional services agreements and low bidding. He believes there are regulations which would not allow a bid situation.

Commissioner Larkin agreed to obtaining a legal opinion.

Chairman Aiazzi questioned the way the pre-approved list of consultants are granted jobs.

Mr. Hale explained that every two years there is a solicitation for proposals and a list of qualified consultants is chosen from those proposals. The work is spread amongst those consultants as fairly as possible and no one is left off the list. If a consultant has extraordinarily high rates they would most likely not make the list at all.

E.D. Gibson then suggested that Tom Taelour, RTC CFO, and some of his staff could look at previous professional service agreements to get more information. E.D. Gibson added that from personal experience he knows that wage rates and overhead rates in the consultant industry have been holding the line and profit margins have been squeezed. When a negotiation is done you begin with discussing hours and labor wage rates, but the overhead rate is set by the federal acquisition regulation and the profit margin is negotiated based on the complexity of the project. However, the consultant is at risk once they agree to the number of hours and distribution of work amongst their staff. In many cases the consultant does not make any money on a project once they go over the agreed upon hours.

Mr. Hale added that many times a consultant will complete work without an amendment once the budget has been completed.

Vice Chair Smith asked for direction on the policy for these agreements in the future.

E.D. Gibson said that an item will be brought back to the Board in January.

On motion of Chairman Aiazzi, seconded by Vice Chair Smith, which motion carried 4-1 with Commissioner Larkin opposed, Chairman Aiazzi ordered that Consent Items 3(g) through 3(i) be approved.

On discussion of Consent Item 3(f), Mr. Hale explained that the 4<sup>th</sup> Street Station Subcommittee met to review some of the change orders that were approved above the 10% change order authority assigned by the Board. A change order for \$491,000 was granted for work performed by West Coast Contractors and an extension was approved for the RTC's construction manager (HDR) for the amount of \$67,000. Another meeting was planned for further discussion of additional changes that the RTC is responsible for, but that meeting was cancelled due to the lack of a quorum.

Because of the Subcommittee meeting cancellation, Mr. Hale brought forward to the full RTC Board the items that were to be discussed.

There is approximately \$450,000 that staff has agreed the RTC is responsible for. There is another \$300,000 in change orders that the RTC has disputed and does not feel responsible for.

The change order for approximately \$450,000 will be brought before the Board in January 2011.

Chairman Aiazzi asked if the RTC should wait until the other \$300,000 in disputed change orders are worked through.

Mr. Hale replied that the additional \$300,000 in changes that were completed once the contract was done were not requested or approved by the RTC.

Chairman Aiazzi said that he wants the Board to be aware that staff went far above their 10% change order authority.

Mr. Hale stated that staff was focused on getting the project done and that 15% was budgeted so they met that 15% and then exceeded it by another 2 – 3 %.

Chairman Aiazzi stated that the Subcommittee was never called for a meeting to approve any of these change orders.

Commissioner Larkin asked E.D. Gibson why this happened. E.D. Gibson deferred to legal counsel.

Ms. Dora Lane, RTC Legal Counsel, said that investigation is under way at this time and more information will be brought at a future date.

Commissioner Larkin asked what Ms. Lane's advice was for this item.

Ms. Lane recommended that the item be deferred to the next meeting so there is more information available.

Chairman Aiazzi said that the contractor was given the approval to do this work so it is not their fault. Instead, it is the RTC's internal process that is at fault. The \$450,000 is not being approved at this time, only acknowledgement of the report is being requested.

Commissioner Larkin is not sure that the work was authorized and he does not believe that one month will be enough time to bring additional information.

Chairman Aiazzi clarified that the amount of \$450,000 has already been approved by the Subcommittee and the consultant has been paid.

On motion of Chairman Aiazzi, seconded by Vice Chair Smith, which motion carried unanimously, Chairman Aiazzi ordered that Consent Items 3(f) be approved and receipt of the report be acknowledged.

Commissioner Larkin asked to have all of the information requested be brought to the next meeting of the Board.

Chairman Aiazzi added that the disbanding of this Subcommittee should also be agendaized.

E.D. Gibson said that staff would also like to have another Subcommittee created for the RAPID Stations project.

#### **Item 4(a) REGIONAL ROAD IMPACT FEE (RRIF) SYSTEM REVIEW**

Chris Louis, RTC Sr. Traffic Engineer, approached the Board and provided background information and an update on the RRIF system.

Mr. Louis stated that impact fee funds are also used for partnership projects with NDOT. Examples would be the Clearacre project and the Neil/Kietzke roundabout.

Mr. Louis then explained how the credit program works and said that there is currently an estimate of approximately \$880,000 in VMT credits outstanding. Today's value is approximately \$200 million and is held by 200 credit holders in the area. Those credits expire in 20 years.

Commissioner Larkin asked if staff knows who those credit holders are. Mr. Louis replied that staff does know who they are.

Commissioner Larkin asked if the names of the credit holders are public information. Mr. Louis said that question is currently under legal evaluation.

Mr. Louis then named some of the past and present RTC projects that have been leveraged by RRIF funds, as well as some of the "credit" projects.

Commissioner Larkin stated that he thought RTC-5 monies were used to fund the Vista Blvd. widening project, which was one of those named by Mr. Louis.

Mr. Louis replied that the project was accelerated by using RTC-5 funds but will eventually be reimbursed by RRIF funds.

In June of 2011, there are plans to reconvene the RRIF Technical Advisory Committee (RRIFTAC) to begin discussion about the next RRIF update which will include revised population employment assumptions, a new traffic model, and new construction projects.

There is also a plan to hire a consultant to do a comprehensive review of the entire program as that has not been done since the inception of the RRIF program approximately 15 years ago. The consultant will look at the NRS, the ICAs and ordinances, and the documents used. There will also be a financial analysis of the system.

Commissioner Humke asked if the final work product from this comprehensive review will be a public document. Mr. Louis confirmed that it will be.

Commissioner Humke asked what the timeframe will be for the review. Mr. Louis said that staff is currently working on a scope of services and will bring a schedule and professional services agreement before the Board for review once completed.

Vice Chair Smith asked for clarification that if a credit is earned, 100% of that credit can be used for construction if it is used in the same area that the credit was earned. If it is outside of that area, the credit is worth 50% of its original value. Mr. Louis confirmed.

Vice Chair Smith asked how the price of a credit goes up or goes down. Mr. Louis said that each time a review is completed the rate is calculated by the current value of the VMT.

Commissioner Larkin asked if this program is included in the CAFR and Mr. Taelour said that it is included in the calculation of RTC monies but is not a part of the audit of the entire program.

Commissioner Larkin expressed his discontent about the lack of full review for the calculation adjustment in September 2010. Instead the item was in consent.

Commissioner Larkin then stated that before this item is brought back, he would like an outside audit of the fees and an accounting of where all of the funds are and who holds them. He would like this review to be completed by an outside independent accounting firm.

E.D. Gibson stated that staff will comply with these requests.

Commissioner Humke asked if the NRS permits secondary trading of these credits. Mr. Louis replied that it is not specifically addressed in the NRS but was developed as a part of the program. However, the RTC is not involved in this private trading process at all. Commissioner Humke then expressed concerns about this process.

E.D. Gibson recapped that two scopes of work will be brought before the Board. One to deal with the accounting issue and the other to address the legal issues.

On motion of Vice Chair Smith, seconded by Commissioner Gustin, which motion carried unanimously, Chairman Aiazzi ordered that receipt of the report be acknowledged.

#### **Item 4(b) COLLABORATIVE TRAFFIC AND EMERGENCY MANAGEMENT**

Jeff Hale introduced Jim Poston, RTC Engineer, and Scott Rawlins, Deputy Director of NDOT, who gave a presentation update on this project.

Mr. Poston explained that the goal of the project is to enhance collaboration between all of the different first responders in the area rather than to have them each on their separate systems. This way all agencies will have a big picture view of what's going on in the area.

Mr. Poston recommended expanding the region's existing dispatch center to include those who are not currently participating.

Chairman Aiazzi asked who from those dispatcher centers specifically requested this and no name was readily available.

Chairman Aiazzi expressed his discontent that the information previously requested on this project has not been brought forth. The Board already understands the purpose and need for this project but they do not know what exactly is needed, such as square footage, number of offices and personnel, etc.



Vice Chair Smith asked who is going to pay for the equipment which would allow separate agencies to see each other's data. Mr. Poston replied that it is coming out of Congestion Management Air Quality (CMAQ) federal funds.

Mr. Poston continued with his PowerPoint presentation and then introduced Mr. Rawlins.

Mr. Rawlins explained that the purpose of this project would be to have all dispatchers in one room seeing every pertinent aspect of what is going on in the area, including traffic congestion.

Analysis was done by asking the various agencies what their needs would be for a new facility and/or the expansion of an existing facility. A site selection study is being done at this time. The multiple empty buildings in the area are being included in the study as well as the region's existing Emergency Management Center on Parr Blvd.

Vice Chair Smith said he thought the direction from the previous Board meeting was to bring back a matrix which includes costs for using an existing building vs. building a new facility.

Mr. Rawlins said that is being created with this study.

Vice Chair Smith asked if there is a business plan available and if not, he would like to see one.

Mr. Rawlins continued, saying the next steps are to look at the information technology requirements and bring that information forward along with the site study results and a matrix.

Chairman Aiazzi asked how big the site is in the Las Vegas area and approximately how much it cost to build. Mr. Rawlins did not have square footage but estimated that there are fewer than 50 employees in the building and the entire project cost approximately \$15 million.

Chairman Aiazzi then asked if our region would only require half as many employees or less because of our smaller size. Mr. Rawlins agreed with that assessment from a freeway perspective.

Chairman Aiazzi stated that he sits on many of the boards in the region and this project has not been brought before any of them other than the RTC. He also said that if this is to be an emergency dispatch center then all of the required analysis has been completed for the existing facility on Parr Blvd. Therefore, additional money should not be spent to complete another study for basically the same facility.

Mr. Rawlins said that he will bring back the information on exactly what size of building is needed for the NDOT/NHP portion of the program.

Commissioner Humke does not believe that REMSA would be very willing to participate in this project due to the medical assistance dispatching that they specialize in.

Mr. Rawlins explained that their purpose would be to provide REMSA with the best possible route to get to a scene and not to provide any medical assistance.

On motion of Commissioner Humke, seconded by Commissioner Larkin, which motion carried unanimously, Chairman Aiazzi ordered that receipt of the report be acknowledged.

#### **Item 4(c) SOUTHEAST CONNECTOR UPDATE**

Garth Oksol, RTC Engineer and Project Manager, gave an oral presentation detailing the progress on the project as follow:

- The CRAVE (Cost, Risk, Assessment, Value, Engineering) has been brought in-house and the draft is currently being reviewed. Some risks have already diminished and the full report will be brought to the January 2011 meeting of the Board.
- The experts on stream restoration from Stantec Consulting did a site visit.
- Meetings with the Truckee Meadows Flood Project have been restarted to make sure that all parties are aware of each other and are working together.
- Many of the preliminary title reports have been pulled in order to prepare for the acquisition efforts at a later date.
- Mapping is complete and right-of-entry is pending from the City of Reno on the north side of the Truckee River.
- The Stakeholders' meetings will be starting in January 2011.
- The project is on currently schedule to have an Army Corp of Engineers permit submitted in May 2011.

Chairman Aiazzi asked if the alignment can move at all and Mr. Oksol responded that the alignment could shift but only by about 50 feet or so. No significant shifts are anticipated.

Chairman Aiazzi then asked if the bridge portion will be build in a design/build manner.

Mr. Oksol said it will most likely be built in a design/bid/build manner.

Chairman Aiazzi suggested that if there is any delay in continuing the project once the bridge portion is completed, a connector of some sort should be built to reach the south end of the bridge.

Commissioner Humke asked if any problems are anticipated by the homeowners or their associations.

Mr. Oksol said he has been soliciting information on any concerns so that they can be immediately addressed.

On motion of Commissioner Larkin, seconded by Commissioner Gustin, which motion carried unanimously, Chairman Aiazzi ordered that receipt of the report be acknowledged.

**\*\*Chairman Aiazzi stepped out of the meeting at 11:00 a.m. and returned at 11:04 a.m.\*\***

## **Item 5(a) FY 2012 COORDINATED HUMAN SERVICES PUBLIC TRANSIT PLAN**

Lea Rogers, RTC Paratransit Administrator, explained that an RFP was issued with Board approval in September 2010 with projects due to the RTC in October 2010. Only two projects were received, one for the entire amount of New Freedom Grant funds from CitiCare and one from the Ridge House which will use JARC funds. The full funding of both projects was approved by multiple committees.

Ms. Rogers went on to explain detail on both projects, adding that the CitiCare project is a 50/50 project with the grant providing 50% of the donations and CitiCare matching the grant with other grants and private donations they've received.

The Ridge House project is a one year operating grant project to operate three minivans which transport ex-felons on job searches, job training, etc. This has been a very successful project.

This project will use \$63,748 which leaves available funds under the JARC program so staff is going out on another RFP for additional projects to utilize those funds.

On motion of Commissioner Humke, seconded by Commissioner Gustin, which motion carried unanimously, Vice Chair Smith ordered that the two fiscal year 2012 Coordinated Human Services Public Transit Plan (CTP) projects (CitiCare and Ridge House) be approved.

## **Item 5(b) FY 2010 TRIP REDUCTION PROGRAM REPORT**

Carol Perry, RTC Trip Reduction Specialist, addressed the Board and gave a presentation highlighting the benefits of the program and the manner in which it aids both the users of the program and the employers that partner in the program. The program also improves air quality in our region and reduces our carbon footprint, therefore, is funded by Congestion Mitigation Air Quality (CMAQ) and STP Local funds under an agreement with the State of Nevada.

Ms. Perry went on to explain the many benefits of the program to both employees and employers using it. The number of partners in the project stayed static from the previous year but the number of passes sold through the program decreased almost 6%. Five of the RTC's partners have achieved a transit mode split of 6% which was the goal. The remaining two partners are approaching 6% and the high is Circus Circus with an 8.4% mode split on the 31 day passes.

Ms. Perry added that a vanpool program was added in 2005 for areas which do not have transit. This service is paid for by the users and 40% subsidized by the RTC. This has been a very successful program and there are now 18 vans in the program. Program information can be located on the RTC website.

Ms. Perry is also involved in the bike to work program, safe walking trails, and other trip reduction programs which promote weight loss and better overall health.

Chairman Aiazzi asked where the vanpools are coming from and Ms. Perry stated that they all begin in the Truckee Meadows area and go to Hurlong, CA to the federal prison or to the Sierra Army Depot Base. There is an effort to encourage the program in the local area.

Chairman Aiazzi then asked if the RTC funds the Bike-to-Work program at all.

Ms. Perry said that other than staff time and support, there is free advertising space on ten buses and space on The Road Ahead. Ms. Perry is currently trying to find ways to increase the cash contributions for this program.

Chairman Aiazzi asked to have funding for the Bike-to-Work program added to the January 2011 Board agenda for a funding discussion.

RTC CFO Tom Taelour stated that each RTC Commissioner has \$10,000 in the current budget that can be allocated according to the Commissioner's wishes.

On motion of Commissioner Larkin, seconded by Commissioner Gustin and Vice Chair Smith, which motion carried unanimously, Chairman Aiazzi ordered that receipt of the report be acknowledged.

**Item 5(c) 4<sup>TH</sup> STREET STATION AND CENTENNIAL PLAZA FLAG POLES**

David Jickling, RTC Director of Public Transportation and Operations, approached the Board and discussed their previous request to look into the pricing for new flag poles to be installed at the two bus transfer stations.

There was a range of costs that were dependent on what choices are made. The average was between \$35,000 and \$55,000 to install three flag poles at each of the stations, one for the U.S. flag, one for the Nevada state flag, and one for an RTC flag. There is also trenching and lighting involved in the cost. If flags are hung internally the cost would be greatly reduced to approximately \$1,000 or less per facility.

Mr. Jickling then read from Title 4 of the United States Code (the Flag Code) which requires that flags be hung at the administration buildings only. He then asked for direction on how to proceed.

Chairman Aiazzi called Mr. Roger Vogel up for public comment.

Mr. Vogel approached the Board and provided his input and suggestions for where flags should and should not be hung in both of the RTC facilities.

There being no one else wishing to speak, the Chairman closed public comment.

Chairman Aiazzi asked to have information brought back to the January meeting which states the needs for installing flag poles on the roof of 4<sup>th</sup> St. Station and suggested that only two flag poles are needed rather than three. Additionally, the Chairman asked for information on taking out two light poles and adding a bigger base for the flag poles which would have lights attached to them. In the meantime, the Chairman said that flags should be hung on the insides of the buildings until more information is received and a final decision is made.

There was brief discussion on the difference between a flag display and the hanging of flags.

On motion of Vice Chair Smith, seconded by Commissioner Larkin, which motion carried unanimously, Chairman Aiazzi ordered that receipt of the update be acknowledged and flags are to be hung inside of 4<sup>th</sup> St. Station and Centennial Plaza with additional options to be brought to a future meeting.

**Item 6(a) FY 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

Tom Taelour, RTC Director of Finance, introduced Ms. Felicia O'Carroll, Partner with Kafoury, Armstrong & Co. in charge of the RTC Audit, presented their unqualified opinion which is the highest level of assurance that the accounting profession offers and sets forth the responsibilities of the RTC and the auditors. There were three administrative findings which have all been remedied. Ms. O'Carroll then introduced Ms. Sherry Russell of Kafoury, Armstrong & Co.

Ms. Russell provided additional financial detail, explaining an accumulation of "major and non-major" funds. The "major" funds for the RTC are the General Fund, the RRIF Fund, the Paratransit Services Fund, the Debt Service Fund, and Public Transit Fund. Each major fund is audited separately and a separate opinion is presented on each of them.

Ms. Russell then discussed the Net Asset Report for the RTC as shown on June 30, 2010. The Net Asset total for the RTC on that date was \$263 million, made up of total assets of \$61 million and liabilities of \$202 million.

The total assets are broken into three categories: Invested in Capital Assets, Net of Debt - \$74 million; Restricted (mainly road capacity improvement) - \$6 million and \$101 thousand for grants and studies; Debt Service - \$21 million. The unrestricted net assets are negative \$40 million. This is because the roads that are serviced are not owned by the RTC.

The statement of activities explains shows how the RTC resulted in this year's ending balance as compared to last year's ending balance. It displays how many of our functions are self supporting and the RTC has none. This makes sense because the RTC's primary revenue sources are from motor vehicle fuel tax and public transportation (sales) tax which make up 53% of the revenue. Governmental fund net assets decreased by \$42 million but business activities net assets increased by \$10 million, which constitutes a total decrease of \$32 million decrease in net assets.

For full disclosure, the notes to the financial statements include detailed information regarding cash, capital assets, retirement plans, and debt. The most important note states that Kafoury, Armstrong & Co. did not find any potential violations of statute or Nevada administrative code while conducting the audit.

Ms. O'Carroll returned to the podium and stated that the RTC had received and spent \$23 million in federal awards for this year. There was one finding related to the federal money which was a technical issue as to whether or not the RTC's contractors adhere to the Davis-Bacon provisions. That is a requirement for the contractors to provide certified payrolls every week showing that they have paid prevailing wage. This finding has been remedied.

There were also two financial statement findings this year, both of them very technical nature. One was related to some prior year adjustments to some water rights purchased and one relating to an invoice in the paratransit fund which is deemed a major fund. These findings have been remedied.

The CAFR was ready and waiting for audit on the day the auditors arrived which Ms. O'Carroll stated, "only happens on a very rare occasion." Additionally, the RTC received the Certificate of Achievement for Excellence in Financial Recording from the Government Finance Officers Association for the 23<sup>rd</sup> consecutive year.

On motion of Commissioner Larkin, seconded by Vice Chair Smith, which motion carried unanimously, Chairman Aiazzi ordered that the CAFR be accepted.

**Item 6(b) LEGAL ISSUES**

There were no legal matters.

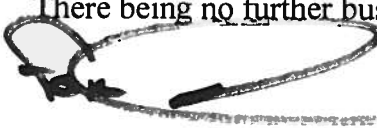
**Item 7 MEMBER ITEMS**

Commissioner Larkin requested a complete inventory of legal opinions provided to the RTC and the status of those opinions. Chairman Aiazzi stated that a recommendation to award pertaining to the contract for RTC legal counsel is planned for the January 2011 meeting.

**Item 8 ADJOURNMENT**

On motion of Vice Chair Smith, seconded by Commissioner Larkin, Chairman Aiazzi ordered that the meeting be adjourned.

There being no further business to come before the Board, the meeting adjourned at 11:37 a.m.



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DAVID AIAZZI, Chair  
Regional Transportation Commission