

**STATE TRANSPORTATION BOARD MEETING MINUTES**  
**9:00 a.m., Friday, March 18, 2011**  
**Town of Sahuarita Council Chambers**  
**375 West Sahuarita Center Way**  
**Sahuarita, Arizona 85629**

**Pledge**

The Pledge of Allegiance led by Chairman Feldmeier.

**Roll Call**

Roll call by Board Secretary, Mary Currie.

In attendance: Bill Feldmeier, Felipe Zubia, Bob Montoya (absent), Bobbie Lundstrom, Victor Flores, Steve Christy, and Kelly Anderson.

**Call to the Audience**

Mayor Anthony Smith, Town of Maricopa: Spoke in support of I-11, environmental impact statement. He realizes the city of Maricopa is not in a target area for the proposed EIS, however, he strongly supports this effort. Pinal County, Casa Grande and the city of Maricopa are paying for a DCR for an East – West corridor study along the path of the future I-11 project. As mayor and a citizen of this great state, he encourages the Boards support of this vitally needed project.

John Liosatos, Planning Director from PAG: They appreciate the work that Todd Emery and his staff did on getting the Twin Peaks TI completed. They appreciate that the SR 86 projects got back into the program.

Meg Radigan, Health Educator: She is here with Maricopa County Public Health Department to support the state rail plan for injury prevention and health overall.

Annie McGreevy: She thanks the Board for changing the Adopt-A-Highway policy with no cost to ADOT. If each district Adopt-A-Highway staff could contact the groups that gave up their permits in the past, they would now be glad to sign up again to help ADOT keep Arizona's shoulders clean and beautiful. She thanks the Board for responding to her plea in December in Nogales.

Jordan Feld, Arizona Airports Association: On behalf of the Tucson Airport Authority, he thanks Ms. Toth for working with the Arizona Airports Association in developing an airport development program.

Barbara Warren: She addressed the benefits to human health of developing the rail system to accommodate a much more effective interstate transportation of people. She urges the Board to approve the state rail plan today and to take steps toward better protecting the state's public health and be sure to include the health impact assessments with the positive changes that can be made.

Serena Unrein, PIRG Education Fund: She is here to support the state rail plan. The state rail plan is a visionary document that will help to bring better transportation options to Arizona and the Arizona PIRG Education fund supports this plan in efforts to expand passenger rail in the state. More than 1,000 Arizonan's signed the petition supporting the state rail plan and a number of organizations across the state also wanted to note their support and more than 70 businesses endorsed passenger rail between Phoenix and Tucson.

### **ITEM 1: District Engineer's Report – Todd Emery, Tucson District Engineer**

Currently there are 14 projects in the Tucson district as a whole for around \$102M right now that are being worked.

- SR 86, milepost 141 - reservation boundary is being widened..
- Lukeville Port of Entry - adding two booths and two lanes to help facilitate traffic in and out of the port. They estimate it to be complete in August 2011.
- Widening I-10 to four lanes in each direction and also the full reconstruction of the Prince Road railroad track interchange. It is currently estimated that this will be \$126M. They are hopeful that it will advertise in April at this time.
- Another upcoming project is phase 3 of Marsh Station. That project is scheduled right now to advertise August of this year. This is currently estimated at \$20M.
- SR 86 - several projects, phase 5, phase 6, and phase 7 are all scheduled to go to construction before the end of FY2012 just before the end of June 30<sup>th</sup> of next year
- SR 77 from Tangerine to the Pinal County line will be expanded from a 4 lane facility to a 6 lane facility divided. Currently this is at \$32M. Hopefully it will go to construction in FY2013.

### **ITEM 2: Director's Report – John Halikowski, Director**

The Director's Report Item A,1 has been amended to agenda \*Item 14.

### **ITEM 3: Consent Agenda**

There is an addition to the Consent Agenda under Construction Contracts; Item 3n contracts.

John McGee: Mentioned a noteworthy Right of Way resolution within the Consent Agenda (p. 57) for the Prescott – Flagstaff; Rimrock – Sedona SR 89A / SR 179. This is a resolution for the turnback of the transfer segment under the transfer agreement that was recently completed with the city of Sedona which is contingent upon certain items to be discussed under Agenda Item 9.

*Motion to approve Consent Agenda made by Kelly Anderson and a second by Bobbie Lundstrom, in a voice vote, motion carries.*

### **ITEM 4: Legislative Report – Eileen Colleran**

#### **FEDERAL**

**FY 2011 Appropriation** – A short term Continuing Resolution (CR) was passed through March 18 and a second CR will be passed through April 8 while the House and Senate work out their differences on the House introduced bill HR 1 which would provide funding through the rest of the federal fiscal year (September 30, 2011). HR 1 was defeated in the Senate which was unhappy with the proposed cuts in the bill.

**FY 2012 Appropriation** – The House and Senate have held hearing on the President's 2012 budget recommendations. For transportation, both houses have had questions regarding where the funding would come from. The Administration has not offered any ideas or information on how funding would be found.

**SAFETEA-LU Reauthorization** -- President introduces a 6 year reauthorization proposal which includes \$556 billion with \$50 billion "Up-Front" economic boost that would foster job creation and a \$5 billion Infrastructure Bank. There have been no recommendations on how to pay for the bill. The Administration will be coming out with further details on their reauthorization proposal sometime next week.

Congressman Mica completed field hearings and also asked a small number of DOT directors to meet with him and provide input on the next authorization bill. He is targeting having a bill to the floor by August.

Senator Boxer, Chair of the Senate Environment and Public Works Committee continues work on her piece of the reauthorization bill. She is targeting have the bill heard in committee before Memorial Day.

**FAA Reauthorization** - The Senate continues hearing S 223 on the floor. The House Transportation and Infrastructure Committee introduced HR 658 last week. The House has targeted the end of the month to hear the bill on the floor.

## STATE

The Senate passed their budget late Wednesday. The House has been meeting in small groups, sub-appropriation committees. They are still watching a couple of bills related to political signs being placed in the right way except for on controlled access highways, as well as, House bill 2577 on legislative appropriations of federal moneys, Senate bill 1215, public meetings call to the public which made a small change from "may" to "shall" for all public bodies to actually have a call to the public. Finally, Senate bill 1270 passed the House Transportation Committee.

### ITEM 5: Financial Report – John Fink

Highway User Revenue Funds revenues are up. With gas tax, they are still not seeing any signs with the effect of rising fuel prices. Regional Area Road Funds: There is no RARF report. Aviation fund revenues are up. Investment earnings: Money continues to be invested and no money being earned on it. The HELP fund has \$70.4M in the bank.

### ITEM 6: Financing Program – John Fink

The Securities Exchange Commission is proposing a rule that would require the Board members to register as municipal advisors. As was mentioned at the last meeting, they are going to be sending a letter to be signed by both Director Halikowski and the Chairman. The SEC received a large number

of comment letters relative to the proposed rule, which are posted on the website. He will keep the Board updated as more is learned.

**ITEM 7: Multimodal Planning Division Report – Jennifer Toth** (No report given)

**ITEM 8: Priority Planning Advisory Committee (PPAC) – Jennifer Toth**

Item 8a – 8b are adjusting the program to pull out utilities from the construction line item. They are starting to program out phases within a particular project per the federal regulations. There are also 5 pavement preservation projects throughout the state and one drainage project on US 160 at the junction of 89. At this time the staff recommends approval of Items 8a – 8h.

*Motion to approve Items 8a – 8h made by Felipe Zubia and a second by Kelly Anderson, in a voice vote, motion carries.*

**ITEM 9: Sedona Route Transfer Update – John McGee**

The Board is aware that on February 22<sup>nd</sup>, the city of Sedona City Council did vote 4 / 3 to accept the transfer agreement and the route transfer. As required in that agreement, ADOT has given the city a 30 day notice that they will be transferring the funding that was agreed to under that agreement to the city on April 11<sup>th</sup>.

Agenda Item 9a is a recommendation that the Board increase the funding for the Andante project from \$400,000 to \$900,000 so that they can move forward with the advertisement on that project just as soon as possible.

*Motion to approve Item 9a made by Steve Christy and a second by Bobbie Lundstrom, in a voice vote, motion carries.*

**ITEM 10: State Engineer's Report – Floyd Roehrich**

There are 118 projects spread throughout the state. Out of the \$1.2B under contract, there is approx. \$400M left to perform. There was a major incident on I-10 this week in the eastern Arizona that caused a fire underneath the overpass crossover at I-10. They are in the process of finalizing the assessment, determining the damage to the crossroad. As of this time, the crossroad is still closed and did receive some pretty significant damage. They feel they can make some emergency repairs to keep the bridge intact as they look for a longer term fix.

**ITEM 11: Construction Contracts – Floyd Roehrich**

There are 13 contracts to award today, 6 were awarded on the Consent Agenda including the one emergency project on US 89 that the federal government has authorized. Contract items 11a – 11g require separate Board action. Items are Item 11d and Item 11f are being protested.

*Motion to approve Items 11a, 11b, 11c, 11e, and 11g made by Victor Flores and a second by Bobbie Lundstrom, in a voice vote, motion carries.*

***Motion to approve Items 11f made by Steve Christy and a second by Bobbie Lundstrom, in a voice vote, motion carries.***

**ITEM 12: Acceptance of State Rail Plan – Jennifer Toth**

ADOT staff presented the draft state rail plan to the Board at the Study Session in January. At that time, she discussed three specific areas, the passenger rail service, network requirements including freight, and then safety and congestion mitigation. They also covered short-term, intermediate, and long-term implementation strategies including funding options.

Staff recommends acceptance of the state rail plan in order to submit to the Federal Railroad Administration.

***Motion to approve Item 12 made by Bobbie Lundstrom and a second by Steve Christy, in a voice vote, motion carries.***

**ITEM 14: “Interstate 11” Update, Discussion and Possible Action – John Halikowski**

*During the February Board Meeting, Board member Flores asked for more information on I-11. Part of the question was to give the Board opportunity to ask questions as it is discussed in a comprehensive manner. Mr. McGee is here for questions on the financing of these issues.*

*As the Governor and others have stated numerous times, I-11 is important to the future of the state. The administration has given this concept high priority and as Director of ADOT, his recommendation was going to be that they continue with this study. He believes the timing is right for this study and is good for the economic future of the state. It is important to recognize that I-11 is going to be a long-term concept, perhaps 30-years or more before completion. It is also important to recognize funding does not currently exist for the billions of dollars that this project will cost. However, that does not mean that this project should not be started at this point with the study. The circumstances are fortuitous and can be leveraged as a small amount of money into what will become a very important project for the state.*

*Wilbur Smith first proposed the Maricopa County Regional Freeway in 1960. There were a lot of detractors and it was not known where the money was going to come from. More recently in 1997, there was discussion about the Hoover Dam and whether Arizona should commit \$50M in GANS money to complete that bypass. Once again, the vision is there, and that project is complete. A little background about the money; the \$2M came from the 2008 August redistribution. They have heard from various sources that this \$2M was committed to this study. This was committed by his predecessor, however, he and Mr. McGee have researched and it is not listed in the 5 year plan where this \$2M currently exists in the program specifically for this study. Now, the \$2M is not enough to complete the first leg of the study; an additional \$1.5M is needed. The Governor and the administration realized the entire state faces significant short term funding challenges; however, she also believes that these challenges are going to work themselves out over time. In the meantime, as was discussed before, they have to take care of what is in front of them today but also keep an eye on the future. He believes that this \$3.5M investment is a very small step that will have a significant long term impact. It is important to keep the momentum of this project moving while the State economy continues to heal. I-11 someday could be a reliever for I-5. Bob Hazlett gave a presentation on I-11 to the Board during a September 2010 Study Session. It is his understanding that they were going to*

*do some more work on that during a March Study Session, which was canceled due to the fact that he was out of town.*

*ADOT estimates that the cost for phase 1 which is I-10 to US 93 is going to be \$3.5M. As has been discussed, the \$2M is committed and there is \$1.5M additional that is needed for that first leg. In her letter, the Governor asked them to find funds that they are not programmed for any other purpose. These funds that have been identified are not currently programmed for any other purpose. The \$3.25M is part of a \$40M SAFTEA-LU earmark that was given to ADOT to help fund its highest priority projects. Most of this money has gone to help fund I-10, which has been the Department's highest priority. However in looking at the letters that have been received, this project obviously is very high priority to the administration and there is a small amount of money that becomes a high priority for the Department and for the state's future.*

*In his March 4 letter to the Executive Director of MAG, they asked MAG to consider the programming of the funds when they update their TIP in April. If MAG approves of programming of the funds, ADOT would recommend that the Board also program the funds. The hope is that this would take place at the May Board Meeting. He has asked the staff to put together a roadmap of some of the major steps in the initial development of I-11 and more specifically, the development of the Hassayampa Freeway from I-10 to near Casa Grande to US 93 north of Wickenburg. Phase I would be that I-10 west Phoenix to US 93. They believe that one alternative in the early development of the Hassayampa is a public / private partnership. However, without the completion of the alignment and the environmental work, it is very difficult to know whether this approach might work. Most firms, we have found, are resistant to commit private capital until the alignment and environmental work is complete. By moving forward with the study now, they will be in a position within 3 – 4 years to know whether or not private capital would be willing to fund all or part of this project. This is a good use, we believe, of existing funds at the current time to leverage the future.*

*If the study is moved forward now, they believe they could possibly complete some of the work on the Right of Way donation by November of 2014. There has been lots of discussion of the Right of Way donation. There has been quite a bit of newspaper coverage. ADOT has really put a moratorium on these discussions at this point because they believe they have to complete the study and look at all the alternatives. There is no guarantee that the alternative that is ultimately selected would line up in any way with the proposed donation.*

*Once the Right of Way donation is complete, they would be in a position to go out for the P3 solicitation in early 2015 to see if this project could be built with private capital. If it cannot, they believe it will probably about by 2030 before the region will have sufficient funding to build it. As was mentioned before, they are not going to know if this is a viable P3 project until they complete the study.*

*There really has not ever been a single large transportation project proposed in the history of this country that did not face opposition in one way or another. Whether it is Eerie Canal or Transcontinental Railroad or Carl Hayden proposing the cap system, there have always been a lot of people that say that they cannot afford that now. These and a lot of other projects have succeeded because of the vision of people to continue to move forward with these. What they are asking of MAG and the Board ultimately to do is to spend a few well-placed dollars to keep that vision alive. During his time at the legislature, there were lots of people who brought in bills for them to look at about the make up of the State Transportation Board and changes to it. What he learned at that time and*

*continued to experience in the last two years is that this board has always been able to exhibit balanced commitment to what is good for the state. A couple of Board Members have said to him that perhaps he short circuited this process by writing a letter to MAG and going to them first. If he did, he apologized; that was not his intention. He was only looking at sequencing this process appropriately and if it was not approved by the Regional Council, it would have been a moot question for this Board in any case.*

*Victor Flores: He thanks John for the presentation; he does take exception to a number of things that are noted. He does say that he is not a detractor, he does not oppose the I-11 concept, but he is concerned about the Board committing funds at a time where they need moneys for other projects and as has been discussed and is presented in the Director's slides, there is a question of whether or not these are moneys that are programmable. His position is that the \$3.25M that was noted in the letter to MAG is in fact money that is not money that could be used for anything other than what would normally be programmed in the 5 year plan. He would like to begin with the letter from the Governor that was discussed in Parker. He did have the opportunity to discuss the \$2M with the Federal Highway Administration this week. He was on the Board in 2008 when the \$2M did appear. This was money that was reallocated because some other state could not use it and perhaps Mr. McGee could address that. His understanding was the agreement at that particular time was that the state would set aside the \$2M. The estimate for the EIS at that particular time was \$7M, so the coalition (CAN DO) would go out and try to raise the \$5M. He is not suggesting that it would be private money. They would go out and try to find \$5M from federal monies. They did in fact hire a lobbyist; the result was \$250,000 from Congressman Franks. The \$2M whether it was used or not did actually exist as a set aside for this particular project, the balance of it does not. Whether it is the difference between the \$2M, \$250,000, and the needed \$3.5M, the balance of it should be the Board's responsibility to program. It should exist somewhere in that 5 year plan and consequently in extracting it, there are projects that are no longer going to be funded. He asked, in Parker, if the Department would identify those projects that will no longer going to be funded because this money is being redirected. He is still waiting for that information.*

*John Halikowski: The money has not been assigned to any project so what may or may not be funded would obviously have to go through the PPAC if there were projects identified for this money. The money that he is talking about was \$40M that they have received from SAFTEA-LU in that process for the highest priority projects, PL109-59, Sec.1702. It was in the Arizona Department of Transportation for highest priority projects. It was \$41,335,000. In essence, that is what that money is there for. It was put onto I-10 as one of the Department's highest priority projects. When he came on board he was told the \$2M had been committed by his predecessor. He does not find that anywhere in the 5 year program, that \$2M. Mr. McGee can answer this better, perhaps it is part of the August redistribution. Every year the federal government looks around and says what has not been used and sweeps up money and redistributes it. That money has to be spent within a certain time frame. The \$2M is not sitting in a bank account any where, it has been spent.*

*Victor Flores: He understands that there is no \$2M that was set aside in 2008. He does concede that in the spirit of having \$2M at one time, there could be \$2M there now. He says John referenced the letter on SAFTEA-LU the \$41M. All of that is money that is programmable. All federal money has to be programmed in the 5 year plan, so to suggest that a portion of it could be used at their discretion is not possible.*

John Halikowski: He is not suggesting that, he is saying is that money has been identified for high priority projects. It cannot be used at his discretion that is why it has to go through MAG and this Board for inclusion in their TIP and in our program.

Victor Flores: The research that he did with regard to the letter was on a web page and there are specific projects that it talks about 5,000 projects. His understanding is that the \$2M was set aside and labeled research or something other than I-11. But, it was there and again, Mr. McGee was there during that process. He will concede that there is \$2M available towards this because this was a commitment that was made by ADOT and the State. He will concede that given that there is an understanding that all federal money has to go through the 5 year plan. It has to be programmed and has to begin with the Board which is not what occurred in this letter to MAG. That is a different issue. If I have a misunderstanding about the fact that money from the feds needs to be programmed, then someone needs to tell him that he is wrong. If he is not mistaken with regard to that detail, then the letter that was sent to MAG basically suggesting that they have found discretionary money that they are needed to go through their process that will in turn come back to the Board does not make any sense to him. It should be programmed and they should be aware of where this is being programmed before it goes any further. He did mention that he was taken aback with this letter because he had asked for some more information and this letter or this topic, the suggestion that the money was found based on all of these details would have been a perfect forum to discuss it rather than what is being done at this particular point. He believes that this is their responsibility to decide where the money is going to be programmed not the Director, not the Governor's office, not a coalition.

John Halikowski: If he gave Mr. Flores the impression that he is trying to program that money without going through the process he apologizes. That is why that letter is being sent to MAG. The Governor asked him to identify funding that would not take away from any projects that are currently in the 5 year program or in MAG'S TIP. In working with Mr. McGee, they were able to identify some money in the funds that were left over from that first earmark, the \$41M and some contingency moneys that have not been programmed in. He does not disagree with him that the Board could program those moneys in another way if they so chose. He was following the instructions to identify money and then put it through the appropriate process for the policy making bodies, which is the Board and the Regional Council, to discuss and make that determination. He never intended that he had unilateral decision making power to program that money. He does not and he is aware of that.

Victor Flores: He believes John, but believes John is mistaken in the fact that John thinks that there are moneys aside from what is in the 5 year plan. Everything is programmed. He is not sure where it is aside from the \$2M where they could come up with a balance.

John McGee: The \$41M earmark that the state received was SAFTEA-LU, was earmarked to the state ostensibly to repay Hoover Dam GANS and interest, but for various reasons it was not called out for that specific purpose. Instead, because there was a lot of controversy going on over earmarks and the federal government, when the congressional delegation received this money into SAFTEA-LU, they said that this will be for your highest priority project. The highest priority project at the time was the repaying of Hoover Dam and ostensibly, that is what that money was going to be used for. The way that the earmark process worked under SAFTEA-LU, those moneys essentially came out of moneys that they otherwise would have received anyway. While this was not the intent when they entered into agreement with FHWA to issue the GANS to accelerate Hoover Dam, the intent was that they would get above the line additional incremental money. Not money that they were going to get anyway, specifically designated it to make those payments. As they talked to the congressional delegation they

*understood that and so what has happened is since that period of time, they have been getting incremental appropriations year by year to pay down the Hoover Dam debt service. They did not know whether or not they were ultimately going to get all that money and so the \$41M was never programmed up front because they did not know if they would get any additional supplemental appropriations. They might have to use that money for debt service payment. What has happened over time is that they were successful in convincing the congressional delegation that now these were below the line moneys. They needed additional above the line moneys and those moneys have been coming to the point that they are down now to where they think the federal government owes them about \$5M. What they were doing was holding this \$41M in abeyance because they did have discretion over it unlike most every other earmark that came out of Washington under SAFTEA-LU. All the earmark said was the state will use this for their highest priority project. At the time, that was Hoover Dam. As they received money to pay off Hoover Dam, those moneys were freed up. Instead of letting those moneys sit around such that they might have some kind of a sweep, as they had additional projects coming in and they were coming to the Board to do additional work on I-10, they had told the Board and everyone else that I-10 was then the next most important highest priority project. They started applying those moneys to I-10 so that they would not get swept. What they are left with now is a small amount of money. They only have about \$5M left to finish paying off Hoover Dam. They have a small amount of money \$4M - \$6M left of these funds that still can be used for the highest priority purpose. They have not been programmed anyplace else. They still did not know whether or not they may have to use them on Hoover Dam. He believes at this point, congress has shown its intention that it is going to repay all those moneys. They have this small amount of incremental money that is left that has not been programmed anyplace else. Part of the Governor's specific instructions to the Department was to find moneys that have not been programmed in any other region because she did not want to have a project deferred in order to fund this project. This Board knows that they put everything into the pot when they determined how much money is available for programming except for earmark funds because they go for specific purposes. These earmark funds were never programmed and have not been programmed. That is why they are available and have not been programmed for anything else. That is why they felt that they were a legitimate and probably about the only source of funds that the department could make available that met the criteria that the Governor established in her letter, such that we would not have to come to the Board and say, we need x amount of money, so we need this or that project taken out of the program.*

*Back to the \$2M, he was not directly involved in that but based upon the indirect involvement he had; this is what happened as he understands it up to a certain point.*

*This coalition had been meeting with their former director and others working on coming up with some money to do this study. There was a commitment made by the former director in 2008 that the Department would take out of the August redistribution \$2M and the August redistribution is essentially federal funds that they received at the end of the year that sometimes come from other states that do not use it, although it really comes from federal allocated programs where states have not applied for all the money under some of those allocation programs. That money goes into a big pot and everyone applies for it and then it gets distributed to all the states. The key to that money though is that when they received the money in August, they have to commit that they are going to spend that money by the end of September. If they cannot show and if they do not spend that money by the end of September, they lose it. There was a commitment made because the prior director understood that they have this new incremental money coming in that again had not been programmed for anything. There was a commitment made on his part to carve out \$2M of that to be utilized for this study. That is where the original \$2M came from. Whether or not he understood that the money had to be spent by the end of September, he does not know, but the fact is it did. That money did get programmed and did get spent otherwise they would have lost it. \$2M was never set aside. From his perspective, the*

commitment was to come to this Board and recommend to the Board, from some funding source in the future, \$2M for this project. It was never set up in the program, the Board never took action on it because those funds were spent within a month of when they received them. Anything that goes into the program has to be approved by the Board and by MAG. This is a project that will go into the TIP. He, the Director, and Jennifer all understand that they do not program funds. This Board programs funds. Their commitment was to bring to this Board that recommendation at the appropriate time. They made it very clear to the coalition that any commitment that they may have received from the Director, was only a commitment to go to this Board and ask that at some future point in time that this Board program those funds. They thought that they were going to need about \$7M to do all of the Hassayampa, from I-10 all the way up to US 93. They thought that it was going to cost about \$7M to do that full study. The commitment that was made that they would recommend to the Board that they program \$2M and the coalition would fund the other \$5M. The coalition worked hard and spent a lot of money to try and come up with that additional money but because of the tightness of the federal budget and the fact that they still do not have an authorization bill and the real opportunity to get this kind of money is through the reauthorization bill, they were unable to do that. They were able to come up with a \$250,000 specific earmark, which the Director showed you. This is where things stood until the Governor decided that this needs to move forward and sent a letter and said that they committed \$2M but this thing needs to move forward. The coalition has found \$0.25M and she wants them to find the difference. Then this needs to be coordinated with MAG to get it into their plan and coordinate with the Board and recommend to the Board that they put it in their plan. If those two things happen, then the money is available and could be spent. If those two things do not happen, the money is not available; the money is not going to get spent. That is all that was going on here. The Governor specifically in her letter, which you received, specifically asked the Director to coordinate with MAG, the letter that went to the Executive Director of MAG was in compliance with that request from the Governor. She also requested that moneys not come out of any other moneys that had already been programmed. They feel that they have met that request. Why are they recommending this? Times are tough, there is not a lot of money out there and they have struggled with this. He was very skeptical about whether or not this should be done 6 – 8 months ago. The more that he has gotten involved in it and the more that he worked with the coalition and with the Governor's office and others, he believes that it is the right thing to do because this is a relatively small investment that is the first step that has to be taken. Of course, it may ultimately end up in a very significant amount of additional funding coming into the state for transportation. Here is the way that process works. The odds are that the only way that this project is going to get built in the next 30 years is if it is done as a public / private partnership. Every dollar in the MAG region, and this project is in the MAG region, that they anticipate coming in the next 20 – 25 years has been programmed. It will be a long time before there will be any new incremental money to do anything other than what was in the original program. Public / private money is reticent to be invested in projects where the alternative alignment study and where the environmental work has not yet been completed. The opportunity that is here is that the coalition that they have been working with has made a commitment to work with them on possible donation of a significant amount of Right of Way, if the alignment study ultimately shows that this road should go through their property. If it does not, all bets are off. If it ultimately does show that, they have committed to sit down and work with them on developing some sort of a donation agreement. If they have received that money, one of the costliest pieces of a major rebuild project is Right of Way. If they can get that Right of Way for little to nothing based upon this study, then when they go out with a solicitation and potentially do this road as a public / private partnership as a toll road, that is a cost that they do not have to incur. That means that the amount of traffic that is needed to support that toll road goes down and makes it more affordable. This is the first small step that is needed to set that alignment and see if it going to go through that property and if it is then they work with trying to get

*that property for as little and possibly nothing as they can. Once that is done, and then they can go to a private market and say that they have an alignment and Right of Way. What they need is private capital to build the facility and then do this as a public / private partnership. That is the plan.*

*Victor Flores: He does believe that there are way too many questions with regard to the money, whether or not it is transferable even from that. The simplistic person that he is, he goes to the frequently asked questions and then it specifically talks about if the money can be used for different projects and funds can only be used for specific project for which congress appropriated the funds. They did in fact appropriate the funds for repayment and cannot be used for anything else. There are contradictory statements between what he reads here and what John is saying. There are a lot of questions with regard of whether or not money in fact can be used. There still is a question on money that comes out of that pocket that it does land in a programmable stage for this Board and consequently, there are other projects that are much more important and this time, they had a gloomy presentation of what is going on with the 5 year plan. To spend \$3.5M on a project that is decades away, billions of dollars and no money has been identified, the money could perhaps be used to create a strategic team that would include the state to go out and try to identify where to get the funds but to use it on a partial EIS, he thinks, is the wrong thing to do at this point in time. The state that they are at right now, he believes that ADOT has jumped the gun by asking MAG to proceed with a stage that he as a Board member is not comfortable with. Whether or not it is their responsibility or not has not been defined in this particular discussion. He would ask if the Director would at least accept the notion of informally asking MAG to halt the process of accepting that. The next subcommittee meeting is next Wednesday. It is obviously on the April meeting to adopt and can hold off until they have a thorough discussion on this whether it is in a Study Session and then proceed. He will not oppose anything other than he wants to feel comfortable that the money has been identified and that it is properly being spent, and that it is not being used in lieu of other projects that are necessary. That is all he is asking*

*Felipe Zubia: He would like to interject some reason here as a different perspective. He fully supports Board Member Flores, he thinks Victor has done a tremendous job bringing this to all the Board's attention. Unfortunately he was unable to be at the Parker meeting. He does support the concept of I-11. He does believe that they are at a critical juncture to go forward and do something. However, again Board member Flores has raised some key issues that the Board needs to consider. If it is taken into consideration, they are talking about a new Interstate that requires congressional action, which has not happened in 15 – 20 years. That is a major issue that is up to the Board as to whether or not that is the appropriate direction to go. With that being said, there is a lot of merit to doing that but needs a more full transparent discussion by the Board. There are also some other issues that need to be addressed and not just the environmental. In particular, given the fact that they just made a recommendation to accept the state rail plan, there needs to be some recognition of that within any study of whether or not the Right of Way would accommodate multimodal opportunities. In addition, they need to look at if they are designating a new Right of Way, what does that do to the rest of the state system. Are there certain sections that are not constructed within the MAG Freeway system that are no longer needed? What happens to the capacity once they are diverting traffic away from the Maricopa region and going a different way? Does that mean there is a cost savings on other routes that do not need to be built? What happens when they are spending time on the I-11, does that detract from the North-South Freeway issue as far as coming up with moneys and staff time that needs to be committed to getting that done. That one is much further along than the I-11. Again even though he supports it, he does think that given their position here, that Board member Flores has raised some*

issues that they should probably discuss. At some point, once they have that full discussion, he is prepared to move forward provided that there is some clarity in that respect.

John Halikowski: They are not talking about an interstate plan at this point; they are talking about a study. Many of the questions that Board member Zubia raised would be considered as part of all those discussions as the study moves forward, especially the multimodal one as to whether or not other pieces or portions of other modes would be put into that. It is not a partial EIS in this sense. They are looking at it with logical termini, I-10, and 293 in Wickenburg that is the first leg of this. There are also legs that would swing around Casa Grande and connect east I-10 to westbound I-10. He believes that the dollars are there and they can use them. They certainly can have more discussion about this and talk about how that would work. It is like the same questions he gets about why is he conducting this study on a rail line between here and Tucson because there are people that think that he should do something else with that money and the problem is, all of these projects do not just spring into being overnight. They take a lot of years to bring them to fruition. If they do not start utilizing and leveraging the money that they have now whether it is for property or to someday look at another mode of transportation, they are going to be behind that curve. He is prepared to have those discussions over the next few weeks or months as to how this money works and could be spent. He does not want to ask MAG to slow this process down. His best advice is that they can utilize the money for this. If it turns out for some reason they cannot, nothing prevents them in the future from this Board saying that they are not going to approve it if the money cannot be used for that.

Chairman Feldmeier: He is concerned about the long-term impact on how a designation of I-11 would impact upon rural dollars at it relates to the upgrade of 93 into interstate status. He has no objections as to making it an interstate, he thinks it is a perfect alignment, but rural moneys have always been tight. They are in worse shape now unless there is a fresh fusion of new dollars towards that long term effort, and then he is concerned about embarking upon a path that some future Board will find themselves in a very awkward position. They are at a point now where about all they are going to do in the next several years beyond 2015 – 2016 is maintenance, unless they get this money through federal allocation for that designation he does not see it working. He is not opposed to the concept, but talking about the dollars. He thinks that at some point and that message needs to be made clear. Rural Arizona's designations cannot afford another interstate the way they are now. They cannot maintain I-40 and cannot maintain I-17, I-10, or I-19. How do they deal with that down the line so that they know if they do take that step forward that they are not obligating themselves to something that they will not have the funding for?

John Halikowski: His guidance is for this Board to continue to consider this issue and not take any action on it today. As Mr. Flores points out, there are many questions that need to be answered. It is their job to provide those answers. They do not know the answers to the questions unless they are studied. Until they do the study, they do not have a chance to even consider the dire consequences. He is only asking for the Board's indulgence to let this process continue to move forward until this issue does come back up to the Board, if it comes back up. He does not know what the MAG regional council is going to do. We have two Board Members that sit on that Regional Council that he is sure will be asking questions during that meeting. He asks is that they continue to move forward and let the Department work with the Board and the stakeholders to answer those questions, and then when it comes back to the Board, if it does, to vote their conscience at that time.

Victor Flores: He does not think that it is an unreasonable request to ask that he would drop that request that was sent. Apparently he is willing to put this money at risk if it does in fact come back to

*the Board. He did not say that those moneys could be used on the I-10 to 60 north south corridor. There are other places that this money could be used within the district that he represents and perhaps if it does go through MAG and it changes direction. It is a very remote possibility when a subcommittee was created by the former Chairman that is focused on the I-11, it is not likely to be directed any where other than the Item which is fine. He is disappointed that the Director is not considering asking the MAG Director to hold back. The only reason he does not ask for a directive to mandate that the Director send a letter on behalf of the Board is because he has respect for the Director and he is very disappointed in the action the Director took by sending the letter without vetting it through the Board. He will not move forward, he will be vigilant about when they meet again, and will ask the same questions and expect more answers than what he received today.*

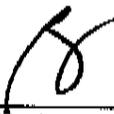
*Chairman Feldmeier: This item does not require any action other than moving forward. They will let it move forward and expect to have further conversation regarding this.*

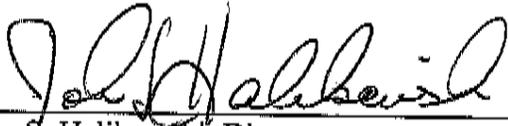
**ITEM 15: Routing of Traffic from Boulder City, Nevada to Bullhead City, Arizona – Bill Feldmeier**

After hearing concerns of Mayor Jack Hakim of Bullhead City about increased truck traffic through Bullhead City and safety concerns of the citizens, Chairman Feldmeier proposed a resolution of support for Bullhead City in finding a long-term resolution.

*Motion to approve Item 15 made by Steve Christy and a second by Felipe Zubia, in a voice vote, motion carries.*

*Motion to adjourn the meeting, in a voice vote, motion carries.*

  
\_\_\_\_\_  
Bill Feldmeier, Chairman  
State Transportation Board

  
\_\_\_\_\_  
John S. Halikowski, Director  
Arizona Department of Transportation