

**MINUTES**  
**STATE TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, August 17, 2012**  
**Camp Verde Unified School District Multi-Use Center**  
**280 Camp Lincoln Road**  
**Camp Verde, Arizona 86322**

**Pledge**

The Pledge of Allegiance was led by Chairwoman Bobbie Lundstrom

**Roll Call**

Roll call by Board Secretary Lila Trimmer

In attendance: Joe La Rue, Hank Rogers, Bobbie Lundstrom, Victor Flores, Kelly Anderson, Bill Feldmeier, and Steve Christy (via telephone)

**Opening Remarks**

Chairwoman Bobbie Lundstrom thanked Bill Feldmeier for taking her on a trail hike in this beautiful area and for Shari hosting a nice afternoon at their home. To Mel Preston, the mayor and councilmembers, thank you for putting on the board meeting and for last night's meet and greet at the saloon. Everything was wonderful.

**Call to the Audience**

1. Casey Rooney, Economic Development Director, City of Cottonwood
2. Diane Joens, Mayor of Cottonwood
3. Andy Groseta, property business owner
4. John McReynolds, candidate, Board of Supervisors, District 2
5. Josh Wright, Town Manager, Wickenburg
6. Bill Jump, Principal, Out of Africa Wildlife Park

**ITEM 1: District Engineer's Report — Robert LaJeunesse, Acting Prescott District Engineer**

Robert LaJeunesse reported that the Prescott District is currently without a district engineer and he agreed to fill in on an interim basis not realizing that the next two Transportation Board meetings are in the Prescott District and he was responsible for the presentations, but he said it is actually an honor to be here to share what they are doing here in the Prescott District. The Prescott District covers parts of four Transportation Board Districts, 1, 6, 5, and 4. He gave a presentation showing the current major construction projects: SR-89A Spur Fain Road, divided highway, \$16.2 Million; SR-89 White Spar Road, widening/sidewalks, \$4.6 Million; SR-260 Doubtful Canyon, divided highway, \$29.3 Million; I-17 Copper Canyon, climbing lane, \$15.5 Million; I-17 Cordes Junction TI, new interchange, \$50.9 Million; and SR-74 Jct US-60 Picacho Wash, preservation project, \$9 Million. He displayed a graph showing the PEP scores (Partnering Evaluation Program) on the Cordes Junction Project that continually exceeded most of our projects. Each stakeholder continually rates this project very high in partnering and evaluating. We attribute that to the fact that this is a *see more* project. We have had the contractor on board throughout the project starting with design. We have not had a lot of problematic issues. In the future the *see more* projects are really successful. This is the second one in the Prescott District. He gave highlights of the development projects. SR-89 Deep Well Ranch Rd to Road 4 South, \$15 Million, FY13; US-93 HSIP SR 71 – SR 89, \$18 Million, FY15; SR-69 Tribal Connector (Permit); SR-260 Signal Relocation, \$1 Million, FY14; I-17 Black Canyon Hill (NB), \$5 Million, FY13; SR -260 Lion Springs, \$40 Million, FY16; and SR-260 Thousand Trails to I-17, \$6 Million, FY16. There are 11 existing and 5 more planned

roundabouts in the Prescott District. He reported that there is 70% reduction in injury accidents due to the roundabouts. The roundabouts are working really well for us.

## **ITEM 2: Director's Report —John S. Halikowski**

### **A) Transportation and Trade Corridor Alliance and Arizona International Development Authority**

Director Halikowski updated the Board that the Transportation Trade Corridor Alliance (Alliance or TTCA) is essentially an organization that is working to identify on how best to take advantage of our current resources and guide future investment in a strategic way to increase the capacity of our corridors. Among the key issues that the Alliance plans to address are strategic ways to approach a project-funding and finance, communication and support, prioritization, research, and analysis, transit trade and transportation, and identify and address external factors. It is a large mission that this Alliance is trying to accomplish.

The Arizona Department of Transportation (ADOT) is collaborating with the Arizona-Mexico Commission (AMC) and the Arizona Commerce Authority (ACA). This past May they held the kick-off meeting for the Alliance with the purpose of bringing together the appropriate public and private sector entities to address the viabilities of these opportunities for Arizona. The Alliance is comprised of a 25-member Steering Committee. It has representatives from shipping, trucking, logistics, and other trade-related businesses, as well as, key public agencies. In addition to the Steering Committee, there are over 50 members we have identified as key stakeholders that are keeping up on the Alliance's activities. He said that originally he was designated the Chair of the Alliance, but recently Governor Brewer announced that former Congressman Jim Kolbe will be joining him as co-chair. Former Congress Kolbe has continued to focus on issues including international trade since leaving office, including work as a consultant in the private sector, and as an adjunct professor at the University of Arizona. He was chair of the Governor's CANAMEX Task Force and has extensive experience in trade calls. We have agreed that the Alliance must focus on trade and commerce and economic development with transportation infrastructure as a means to that end.

Director Halikowski updated the Board on the recently formed Arizona International Development Authority (AIDA). They kicked-off their first meeting this past June and will hold another one later this month. AIDA was established by the Legislature back in the mid-90s, it never really formed until their first meeting in June of this year. AIDA is made up of a seven-member Board of Directors appointed by the Governor to serve a term of five years. In addition to the Board of Directors, there are five advisory, non-voting members comprised of the Speaker of the House, President of the Senate, Director of ADOT, Director of the Arizona Commerce Authority, and a representative of the Intertribal Council of Arizona. ADOT provides general administrative support, but is not allowed to spend any state funds on AIDA activities. AIDA is authorized to facilitate the development of trade and commerce between Arizona and other countries. Specifically, they will advise and consult with the Legislature, and key state and federal agencies regarding methods, proposals, programs, infrastructure, and initiatives related to international trade and commerce. The difference between AIDA and TTCA is AIDA will include the development, financing and or operation of infrastructure projects located within 62 miles north or six miles south of the Arizona-Mexico border. AIDA is empowered to enter into contracts and agreements, including partnerships and joint ventures with US and Mexican public and private entities. They can also acquire, operate, sell, lease or otherwise dispose of projects and can issue revenue bonds in order to finance its operations. The financing for AIDA will come from the International Development Authority Fund, which consists of monies from multiple sources including tolls, fees, rents, revenues, interest, gifts, grants, donations, and appropriations from the State and Federal Government. The bad news at this time is there are no funds appropriated to AIDA. So far the Board has been focusing their efforts on getting organized,

electing officers. Chairman Gary Magrino from Yuma is drafting their operating guidelines and discussing the funding options.

**B) Moving Ahead for Progress in the 21st Century (MAP-21) legislation**

Director Halikowski updated the Board that this legislation was recently approved by Congress and along with the Federal Highway Administration; ADOT has formed a joint MAP-21 Implementation team to review the provisions of the legislation including the detailed evaluation of implementation and the issues related to interpretations and challenges that we are going to face. The bill reflects policy and program reforms that provide greater discretion on where the States spend their federal-aid funding. One of the reforms includes consolidation and reduction in the number of program categories; environmental streamlining; performance and accountability; and expanded opportunities for leveraging existing dollars. Where this will affect the Board is that MAP-21 eliminated or consolidated 60 existing program categories into six core programs. With the consolidation many of these existing categories have mandated funding, such as Transportation Enhancement, Safe Routes to School, Recreational Trails, etc., are now consolidated within a new category called Transportation Alternatives and are no longer mandated but they are allowable programs. There are still some mandates on how funding is allocated within these six programs, but this Board will have greater discretion in determining the prioritization of projects within the core programs. The joint ADOT - FHWA Team will analyze the legislation and identify those areas that require updating in both ADOT and Board policy. The Team is scheduled to complete their work by the first of October. ADOT will start the implementation actions immediately. We plan with your permission to schedule a Board Study Session later this year to address the policy implications prior to developing the new tentative 5-Year Program.

Director Halikowski mentioned that just came back from Irving, Texas. He was invited to speak about what Arizona is doing in being more flexible in this new economy that we are in. He said that one of the things he was impressed about in Irving was all levels of government, whether local, county or state both appointed and elected officials are committed to invest in transportation for the economic development and improvement of that entire state. It was refreshing to see that and a lesson learned as he brought that home is that we have to do the same thing here in Arizona. We need to begin to work with our partners in Sonora to increase both our trade and commerce between Arizona and Mexico. He said that he will be traveling to Hermosillo August 30th and 31st to meet with Secretary Palafox and other counterparts because we want to increase the communication. We need to continue to develop the Arizona side of our ports and infrastructure and system. We want to work with them to look for opportunities to develop that infrastructure on the Mexican side.

Board Member Steve Christy: Does the Director foresee any problems of redundancy between the Transportation and Trade Corridor Alliance and the Arizona International Development Authority.

Director Halikowski: No, the missions are different. TTCA really is more of a body that is going to be looking at what various economic development organizations are doing around Arizona. In working with those organizations to consolidate to we best use transportation to increase our commerce and economic development. These are more recommendations that TTCA will be making to government bodies such as this board and others. The Arizona International Development Authority really is more of a focus group that can buy, sell, lease, and enter into the project development agreements along the border both in the US and in Mexico. Although the paths will cross on discussion of policy issues and planning and forward thinking, the TTCA has no authority to actually enter into, own and operate, or finance projects.

Board Member Steve Christy: Do you see any problem of stepping on each other's feet or anything like that.

Director Halikowski: No since ADOT is heavily involved in both of those boards. They can be careful not to cross the streams.

**\*ITEM 3: Consent Agenda**

***Motion to approve the Consent Agenda was made by Kelly Anderson and seconded by Bill Feldmeier, in a voice vote, the motion carries.***

**ITEMS 4: Financial Report — Kristine Ward**

Kristine provided a presentation of the HURF statement with the first month's data in and it is behind forecast. July's revenue was \$97.5 Billion, which is 3.4% behind 2011 and 3.2% behind the forecast. There were a few reasons they are behind forecast, business days and lags in deposits that accounted for this year's change from last year. She presented a comparison chart, in reviewing FY2012's revenue level for the individual sources that flow into HURF. Revenue levels are equating with 2003 levels. Historically gas, fuel, and VLT are the largest sources flowing into HURF. Kristine reported that the RARF revenue, they have the first month of figures in and we have \$28.7 Million in revenues for July an increase of 7.0% over last year. We are 1.1% ahead of forecast. Kristine reported that the Cash Management Investment Program has earned \$890 Million for the month with a yield of .88%.

**ITEM 5: Financing Program — Kristine Ward**

Nothing to report at this time.

**ITEM 6: Multimodal Planning Division Report — Scott Omer**

Scott reported that he will have a more detailed presentation at the October Board meeting on the I-11 Corridor Study. He intends to have the consultant and the consultant team at the meeting present the information of the study. We do have the consultants on board. They received notice to proceed in July from the Nevada Department of Transportation. We have had four different meetings with ROTC, Nevada and MAG as well as other meetings to talk about the communication plan. Besides the planning for I-11, they recently kicked off the long range transportation plan project with the capital program. Building a Quality Arizona (BQAZ) and the Long Range Plan will define how we bring in projects into our program in the future and methodically bring them to the Transportation Board.

Board Member Bill Feldmeier: If we eventually get the I-11 project designated as a future interstate, what is the difference between the Federal and State funding levels.

Scott Omer: If Mr. Feldmeier is asking about the match, then it is the same we use on our existing projects to-date. On federal-aid funded projects there is a State fund match of 5.7% of the total cost of the project with Federal funds picking up the other 94.3%. The interesting thing is that just because it has been designated does not necessarily mean that we are receiving any additional funding for the project. This designation does not allow us to anything more than we do today in the existing corridor. The only part that has been designated is the US93 from north of Wickenburg to Las Vegas.

Board Member Bill Feldmeier: Since this route was designated as an interstate in the future, more demands and additional costs on how we have to invest in it will be taken from the thirteen other counties.

Scott Omer: The way they look at the facility today is that it is not an interstate, even though it was designated as a future interstate corridor. It is still the existing state route that it is and the funds that we spend on it, in the future, will remain that way. Again just because it was designated does

not mean it is going to be the interstate. When the study comes out it may come out it is not feasible in the future. We will not know that until the study is completed.

Director Halikowski: Until the designation happens we have no way of telling what if any future authorizations will be met. MAP-21 only goes out to the next 27 months. We really do not know what is going to happen after that. We need to finish the study that we are working on today and what the authorizations will be in the future and really see what is going to happen then.

**\*ITEM 7: Priority Planning Advisory Committee (PPAC) — Scott Omer  
Project Modifications**

\*ITEM 7a: COUNTY: Statewide Page 62  
DISTRICT: Statewide  
SCHEDULE: FY 2013  
SECTION: Burnt Well, Sentinel and Ehrenburg Rest Areas  
TYPE OF WORK: Design  
PROGRAM AMOUNT: \$ 340,000  
PROJECT MANAGER: Giovanni Nabavi / Marwan Aouad  
PROJECT: H821701D, Item # 21613  
REQUESTED ACTION: Request to change name of the project to Burnt Well and Ehrenburg Rest Areas. Sentinel Rest Area will not be rehabilitated.  
NEW PROGRAM AMOUNT: \$ 340,000

\*ITEM 7b: COUNTY: Statewide Page 64  
DISTRICT: Statewide  
SCHEDULE: FY 2014  
SECTION: Burnt Well, Sentinel, and Ehrenburg Rest Areas  
TYPE OF WORK: Rest Area Rehabilitation  
PROGRAM AMOUNT: \$ 1,400,000  
PROJECT MANAGER: Giovanni Nabavi / Marwan Aouad  
PROJECT: H821701C, Item # 18814  
REQUESTED ACTION: Request to change name of the project to Burnt Well and Ehrenburg Rest Area. Sentinel Rest Area will not be rehabilitated.  
NEW PROGRAM AMOUNT: \$ 1,400,000

\*ITEM 7c: ROUTE NO: SR 264 @ MP 374.2 Page 66  
COUNTY: Navajo  
DISTRICT: Holbrook  
SCHEDULE: FY 2012  
SECTION: Kykotsmovi – Oraibi Wash Tributary  
TYPE OF WORK: Drainage Improvement  
ADVERTISEMENT DATE: Advertised  
PROGRAM AMOUNT: \$ 2,096,000  
PROJECT MANAGER: Bret Anderson  
PROJECT: H770401C, Item # 22412  
REQUESTED ACTION: Project was advertised and inadvertently added to the Construction Program. Request to delete the duplicated amount of \$2,096,000 from the FY 2013 Highway Construction Program. Return funds to the FY 2013 District Minor Fund #73313.  
NEW PROGRAM AMOUNT: \$ 2,096,000



SECTION: Historic Route 66 in Arizona  
 TYPE OF WORK: Create Marketing Framework  
 PROGRAM AMOUNT: New Project  
 PROJECT MANAGER: Phil Jeselnik  
 PROJECT: M502001X  
 JPA: 10-164 I with the Historic Route 66 Association of Arizona  
 REQUESTED ACTION: Establish a new project for \$95,000 in the Highway Construction Program. Funding sources are listed below.  
 FY 2012 National Scenic Byways Discretionary Grant \$ 76,000  
 JPA 10-164 I with the Historic Route 66 Association of Arizona \$ 19,000  
 NEW PROGRAM AMOUNT: \$ 95,000

\*ITEM 7h: ROUTE NO: SR 347 @ MP 172.0  
 COUNTY: Pinal  
 DISTRICT: Tucson  
 SCHEDULE: New Project  
 SECTION: Alterra to Casa Blanca Road, City of Maricopa  
 TYPE OF WORK: Design  
 PROGRAM AMOUNT: New Project  
 PROJECT MANAGER: Karim Rashid  
 PROJECT: HX246  
 REQUESTED ACTION: Establish a new design project for \$100,000 in the Highway Construction Program. Funds are available from the FY 2013 Traffic Engineering, Traffic Signals Fund #71213.  
 NEW PROGRAM AMOUNT: \$ 100,000

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\*ITEM 7i: COUNTY: Statewide  
 SCHEDULE: New Project Request  
 SECTION: Training - IHSDM (Interactive Highway Safety Design Model)  
 TYPE OF WORK: Training provided by the ASAP (Accelerated Safety Activities Program) Award Grant  
 PROGRAM AMOUNT: New Project  
 PROJECT MANAGER: Rebecca Mayher  
 PROJECT: M509801X  
 REQUESTED ACTION: Establish a new training project in FY 2013 for \$10,000 in the Highway Construction Program. Funding sources are listed below:  
 FY 2012 ASAP Award Grant \$ 8,000  
 FY 2013 Highway Safety Improvement Program #72813 \$ 2,000  
 NEW PROGRAM AMOUNT: \$ 10,000

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\*ITEM 7j: COUNTY: Statewide  
 SCHEDULE: New Project Request  
 SECTION: Training – Tribal Safety Workshop  
 TYPE OF WORK: Training provided by the ASAP (Accelerated Safety Activities Program) Award Grant  
 PROGRAM AMOUNT: New Project  
 PROJECT MANAGER: Rebecca Mayher  
 PROJECT: M509901X  
 REQUESTED ACTION: Establish a new training project in FY 2013 for \$10,000 in the Highway Construction Program. Funding sources are listed below:  
 FY 2012 ASAP Award Grant \$ 8,000  
 FY 2013 Highway Safety Improvement Program #72813 \$ 2,000  
 NEW PROGRAM AMOUNT: \$ 10,000

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**A motion to approve ITEMS 7f through 7j was made by Joe La Rue and seconded by Bill Feldmeier, in a voice vote, the motion carries.**





**ITEM 8: State Engineer's Report—Jennifer Toth**

Jennifer reported on the status of projects under construction. There are 105 projects under construction valued at about \$982.6 million. During July, the Department finalized 16 projects valued at \$103.8 million and 16 projects have been finalized year-to-date.

**\*ITEM 9: Construction Contracts—Jennifer Toth**

\*ITEM 9a: BIDS OPENED: July 27, 2012 Page 124  
HIGHWAY: SASABE – ROBLES RANCH HIGHWAY (SR 286)  
SECTION: SR 286, Milepost 12.6  
COUNTY: Pima  
ROUTE NO.: SR 286  
PROJECT: STP-286-A(200)T 286 PM 012 H845001C  
FUNDING: 94% Federal 6% State  
LOW BIDDER: FNF Construction, Inc.  
LOW BID AMOUNT: \$ 382,617.84  
STATE ESTIMATE: \$ 300,894.34  
\$ OVER ESTIMATE: \$ 81,723.50  
% OVER ESTIMATE: 27.2%  
PROJECT DBE GOAL: 2.74%  
BIDDER COMMITMENT: 3.19%  
NO. BIDDERS: 7  
RECOMMENDATION: AWARD

***Motion to approve ITEM 9a was made by Kelly Anderson and seconded by Victor Flores, in a voice vote, the motion carries.***

\*ITEM 9b: BIDS OPENED: July 12, 2012 Page 128  
HIGHWAY: RED MOUNTAIN – SANTAN FREEWAY (SR 202L)  
SECTION: SR 202L, Gilbert Road (Milepost 16.6) to Lindsay Road (Milepost 43.5)  
COUNTY: Statewide  
ROUTE NO.: SR 202L  
PROJECT: NH-999-A(363)A 999 SW 000 HX23301C  
FUNDING: 94% Federal 6% State  
LOW BIDDER: C S Construction, Inc.  
LOW BID AMOUNT: \$ 129,997.00  
STATE ESTIMATE: \$ 160,077.60  
\$ UNDER ESTIMATE: \$ 30,080.60  
% UNDER ESTIMATE: 18.8%  
PROJECT DBE GOAL: NONE  
BIDDER COMMITMENT: N/A  
NO. BIDDERS: 4  
RECOMMENDATION: AWARD

***Motion to approve ITEM 9b was made by Kelly Anderson and seconded by Hank Rogers, in a voice vote, the motion carries.***

**ITEM 10: Local Preference Considerations as part of ADOT's Contract Selection Process**  
**—Floyd Roehrich, Jr., PE**

Floyd Roehrich reported that at last month's Board meeting, Mr. Christy asked how ADOT addresses local preference considerations when selecting firms for ADOT contracts. There are two statutes that ADOT follows when procuring or bidding for construction contracts and professional service/consultant contracts. Title 41 covers ADOT's procurement process for goods and services, to include some maintenance activities, and within that statute there is no authority giving ADOT the ability to use local preference as a selection criterion. The selection of companies is made based upon either a price proposal or a qualifications-based selection process, but local preference is not allowed. Title 28 covers how ADOT bids for construction contracts and professional service/consultant contracts and there is no authority in that statute to use local preference as selection criteria. For construction contracts, ADOT selects the company that is the lowest responsible bidder, which is based upon lowest price. For consultant contracts, ADOT uses qualification-based selection criteria, and again there is no authority in Title 28 to use local preference as selection criteria. The short answer to Mr. Christy's question is that ADOT does not have the legal authority to use local preference when selecting firms to fill our contracts.

In regards to the federal-aid funded contracts, the procurement of construction and professional service/consultant contracts is covered under federal law which is known as the "Brooks Act." The Brooks Act does not allow local preference as the selection criteria for federal-aid contracts. Construction contracts are determined through a low bid process, although for some alternative delivery project, such as design-build, a selection can be made based upon price and qualifications, which is referred to as best value selection. For professional service/consultant contracts, the selection is made based upon a qualification based criteria and local preference is not allowed. The federal law does not allow a state to add criteria that limits competition, such as local preference. There is a specific project exception that can be requested if the State can justify a quantifiable reason why a local office presence as nominal evaluation criteria would benefit in selecting a consultant. This nominal non-qualification factor cannot exceed 10% of the total evaluation criteria and must include any other non-qualification factor as well, such as Disadvantaged Business Enterprise (DBE) requirement. What this means is, as an example if on a contract the DBE requirement is 6% then the local preference factor cannot exceed 4% of the total evaluation criteria. But this exception must be approved by the FHWA prior to advertising any contract that would use a local preference.

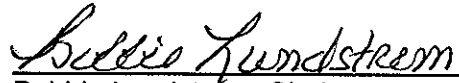
Board Member Steve Christy: Let's say there is a situation where ADOT is advertising a consultant contract in Pima County and two firms were tied as the best qualified firms. One was from Maricopa County and one was from Pima County, in that case could the department use a local preference to break the tie and give the contract to the Pima County firm.

Floyd Roehrich: No, ADOT would not have the authority to break the tie using local preference, because we did not request an exception before the project was advertised to use a local preference selection criteria. ADOT would use its current process to make the selection of the winning firm based upon the qualification based selection criteria that is established before the project is advertised. This way all firms who respond understand what criteria ADOT will use to select the winning firm and the process is fair and transparent to everyone.


**ITEM 11: Comments and Suggestions**  
No comments or suggestions.

**Motion to adjourn was made by Victor Flores and seconded by Hank Rogers, in a voice vote, the motion carries.**

Meeting adjourned at 10:20 A.M.



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Bobbie Lundström, Chairwoman  
State Transportation Board



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John S. Halikowski, Director  
Arizona Department of Transportation