

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, July 12, 2013
Yavapai Board of Supervisors
County Administration Building
1015 Fair Street
Prescott, Arizona 86305

The Pledge of Allegiance was led by Chairman Flores.

Chairman Flores asked the audience to please stand to pay tribute with a moment of silence as we honor and continue to mourn the loss of the 19 firefighters in this area.

Roll call by Board Secretary Lila Trimmer

In attendance: William Cuthbertson, Steve Christy, Deanna Beaver, Victor Flores, and Kelly Anderson (telephone)

Absent: Hank Rogers, Joe La Rue

Opening Remarks

Chairman Flores thanked Chris Bridges and Central Yavapai Metropolitan Planning Organization (CYMPO) who hosted the Board dinner last evening. The Chairman stated it is very great to be here in Prescott. Thanks again to Chris for the great meal and working with the Board.

Call to the Audience

Citizens addressed various issues:

1. Chris Kuknyo, Vice Chair/CYMPO and Prescott Councilman, re: Welcome remarks
2. Charlie German, Mayor/Camp Verde, re: on behalf of Camp Verde and the City of Cottonwood/Mayor Diane Joens, they send their appreciation of the inclusion of Highway 260 and their safety issues in the 5-Year Transportation Plan
3. Christian Price, Mayor/Maricopa, re: Express appreciation for the Board's time and consideration of SR 347 in Maricopa
4. Tom Thurman, Supervisor/Yavapai County, re: express appreciation for the 89 project on Chino Valley to the airport; and with Highway 260

ITEM 1: District Engineer's Report— Alvin Stump, Prescott District Engineer

Alvin updated the Board on details of upcoming construction projects and activities in the Prescott District.

Upcoming Projects:

SR 89

White Spar center turn lane and enhancements, starts in the fall, - \$4.6 Million

Deep Well Ranch Rd – South Chino Limits, starts in the fall, - \$24 Million

Two bridge replacements: Del Rio Wash Bridge and Big Chino Wash Bridge, bridge widening and deck replacement, - \$4.1 Million total

SR 69

Big Bug #4 to Poland Junction, 5.4 miles of pavement preservation, - \$1.64 Million
Sunrise Blvd to Prescott Canyon, 2.7 miles of pavement preservation, - \$0.49 Million

SR 169

Old Cherry Rd to Cherry Creek Rd, 5 miles of pavement preservation (micro seal), - \$0.3 Million
Cherry Creek Rd to I-17, 6 miles of pavement preservation (double chip seal), - \$0.5 Million

Off System Project

Town of Prescott Valley, connect their existing multi-use path network from Lakeshore Drive up to 89A, - \$3.5 Million

CYMPO Sign Replacement

Recently advertised; construction will start in the fall to replace old signs on various roads in jurisdictions of the City of Prescott, Prescott Valley, Chino Valley, Dewey-Humboldt, and unincorporated Yavapai County, - \$1.2 Million

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

The Director gave a brief snapshot on matters ADOT has been working on and what is coming up in August.

- Studies are continuing on the South Mountain public hearing comment process; I-11 Study, which Scott Omer will give in detail; and the Rail Study between Phoenix and Tucson, which the Department is narrowing down the alternatives.
- Arizona-Mexico Commission meeting was held in Phoenix. The Director hosted a panel with the Phoenix Chamber of Commerce. Topics were Border, Port and Freight, and Trade issues. Governors Brewer and Guillermo Padrés were present. It was an excellent Commission meeting.
- Travel to Mexico City to meet with transportation officials there to discuss transportation issues between the states of Sonora and Arizona; how we can improve border crossing time and transportation freight flows.
- Travel to freight conference in Washington DC with other states and the Federal Highway Administration to discuss freight issues affecting the states and specifically what we can do here from Arizona's perspective.
- Travel to Utah to meet with the Heavy Vehicle Electronic License Plate program (HELP). HELP runs the Pre-Pass system for electronic method of going through the ports. We are exploring how to improve technology and improve truck safety; better quantity through the ports and better revenue collections. The Department is also looking into the possibility of implementing an electronic pass system with the trucks between Arizona and Mexico.
- Travel to San Francisco to moderate a rail panel for the Western Association of State Highway and Transportation Officials on rail issues in the Southwest.
- Met with Transportation Board Member Deanna Beaver and Supervisor Clapperton last month to look at a number of issues the Department will be working on in that area.
- Travel to Yuma to attend a ribbon-cutting of the completion Avenue 3E with Mayor Krieger and local officials.
- Thank you to the ADOT staff. We had a member of our Grand Canyon Airport firefighting crew and a number of other staff who helped out at the recent Prescott-area fires.

***ITEM 3: Consent Agenda**

A motion to approve and accept the Consent Agenda items as presented was made by Steve Christy and seconded by Deanna Beaver. In a voice vote, the motion carries.

ITEM 4: Legislative Report—Kevin Biesty, Assistant Director of Government Relations

Kevin Biesty gave a very short report to the Board on current Federal and State legislative activities. Government Relations and the divisions are looking at what possible legislative changes are needed next session and what type of issues to address. On the Federal side, there is a new US Department of Transportation Secretary, Anthony Foxx, who is the former Mayor of Charlotte, North Carolina. Kevin reported that today former Arizona Governor Janet Napolitano is resigning her post as the United States Secretary of Homeland Security. Napolitano was named to head the University of California system.

ITEM 5: Financial Report—Kristine Ward, Chief Financial Officer

Kristine stated the numbers are not in for June and the department is putting reports together before completing the fiscal year close. She stated HURF revenues came in just flat and will have a full report at the next Board meeting.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

Kristine gave a presentation on the TIFIA program. TIFIA was authorized by Congress in 1998. The purpose of the program was to assist state and local governments, as well as the private sector to some extent, on financing large-scale-complex projects by looking to pay for the financing of the projects with toll revenues or user-based revenues. The problems there with those projects and estimating those revenues were very difficult, particularly if they were brand new facilities. Estimating the traffic counts and the amount of revenues that they would receive from those tolls and the user-based revenues was very difficult. The problem that caused was the capital markets were reluctant come in and finance those projects. There was a concern the revenues might not manifest and, in some cases they did not, and there were defaults. The federal government came through and Congress provided more flexible financing mechanisms through TIFIA. TIFIA offers three different types of financing mechanisms: direct loan guarantees, loan guarantees, and a line of credit. Kristine emphasized these are all loans and they are not grants. Eligible projects that can utilize this financing mechanism are highway projects, transit projects, rail projects, basically all the types of projects that we can currently use on surface transportation funding from federal aid. Eligible recipients for these funds are not only the public, but the private sector, if they are working on eligible projects.

What MAP-21 did with TIFIA funding, is it increased it significantly. It gave budget authority in FY2013 of \$750 million and \$1 billion in FY 2014. Obligation authority is cash and it gave \$690 million in FY2013 and \$920 million available for TIFIA in FY2014. Those are the dollars available to loan. The lending capacity in FY2013 is \$6.9 billion and \$9.2 billion in FY2014, a ratio of ten to one. TIFIA's eligibility requirements and terms are the maximum term is 35 Years and repayment deferrals up to the maximum of 5 years and, again this is direct loans. For lines of credit, the maximum is 10 years. In terms of project total cost requirements, for large scale projects, the minimum project is \$50 million. For rural projects, the minimum project cost of \$25 million and for projects where the primary component is an intelligent transportation system, the minimum is lowered to \$15 million. In addition, TIFIA has a maximum participation in a project's total cost. For a direct loan, TIFIA participation will only loan up to 49% of the eligible project costs. In terms of a line of credit, TIFIA will only loan up to 33% of the eligible project costs. There is also a maximum federal involvement consideration with TIFIA loans. The federal involvement will only participate to a maximum amount of 80% on the total project. That maximum means that our federal aid, which the department is largely funded by, the predominant amount of our funding, comes from the feds. That aid combined with the TIFIA loan, can only be a maximum of 80% of the overall total project costs. Currently all TIFIA projects are direct loans. There are no lines of credit outstanding and no loan guarantees and no entities are using those facets of TIFIA. There are \$8.9 billion in approved direct loans and that represents projects totaling \$36.3 billion. The largest current project is in

a central Texas turnpike system. It is a \$3.3 billion project with a TIFIA loan associated of \$900 million. The smallest current project is in Colorado. It is a \$307 million project and the TIFIA loan amount of \$54 million. Kristine stated that the makeup of the projects is 73% are highway projects, 15% are transit, and 12% are intermodal. The feds will provide interest rates for TIFIA loans and as of July 10, 2013 are 3.65%.

The primary reason ADOT is not currently using TIFIA is the department does not have any projects that meet these criteria. Also, the department has maximized leveraging our present revenues and we do not have the money to pay loans back. Kristine stated that what has been built into the program, the department is currently going out and doing bonding for the present projects that are in the program. There is not a need to go through TIFIA because the department can secure comparable rates or below rates and are eligible through the financial markets. Kristine stated that the department is looking at every little financing mechanism at their disposal to finance more cheaply or more flexibly along the way. The department is constantly working at how it can to do things more cheaply financially.

ITEM 6: Multimodal Planning Division Report—Scott Omer, Assistant Director, Multimodal Planning Division

Scott gave a presentation of the Intermountain West Corridor, the I-11 project. The background of this project is Congress through the MAP-21; it designates the I-11 from US 93 in the vicinity of Phoenix to Las Vegas as the future I-11. Scott showed a map that the department put out; it is the actual designated portion of future I-11. The department has not issued any other maps that show any other alternatives or alignments. There are other maps out there; however, they are not ADOT's. Also displayed in the presentation slide was an inset of the Congressional High Priority Corridors, where the designation came out of, inside MAP-21. The department has been working for about one year and has completed the first two phases. The department is working on the preliminary business case and the justification on the project. The department is moving towards feasibility, which is where all the alternatives are developed. The department has finished the vision summary, the initial PEL document, and completed the draft public involvement plan, and the draft corridor justification report is out and available for public comment, and the preliminary business case foundation is in draft and the department is looking at it internally and it will be out for public review later on this summer. This is a multi-level corridor. The priority corridor segment is in the center from Las Vegas to the metro-Phoenix area and then goes into much more detail as to what it should look like as it moves forward. The future connectivity segments are corridors that are north of Vegas and south of the Phoenix area. The department did not feel it to be appropriate in Arizona to choose an alternative without looking at a full course of alternatives and Las Vegas felt the same thing in Nevada. The department evaluates and looks at alternatives and alignments of where the corridor should be. It is done internally within ADOT and NDOT's perspective as well as the outreach to the stakeholders, MPOs, and COGs, and the general public of where the alignment should be. Scott stated the department recently received a letter from the county and they had sent in an alignment. This is one of the many alternatives as the department moves forward with the development of the specific alignments. The department considers that with all the other alternatives and evaluates those alternatives to start narrowing down, and eliminating the ones that do not work. The process is a much more detailed and refined evaluation of the alignments and eventually, the department will have identified the specific alignment or a couple of alignments that it could take into the final Environmental Quality Regulations (ECR) or National Environmental Policy Act (NEPA) process. There are multiple stakeholders meetings that have been set up for the next year. The department meets with stakeholders individually and in large groups from Nevada and south to the Phoenix and Tucson regions. Public involvement is invited. The information is on the website, [I-11 Study](#). The schedule of the upcoming stakeholder partner meetings is below. The department has received a lot of publicity about the project. This week a group of economists met about the business case. Director Halikowski and Mike Kies were at the meeting. This is not just the

transportation department talking about the economic side of the house. These were a group of independent economists that were looking at what the project should be in the future.

July 16 – 22	Geographic Stakeholder Partner meetings	Purpose and Need elements, evaluation criteria
August 2013	Geographic Stakeholder Partner meetings	Consider all reasonable alternative corridor alignments
October 2013	Geographic Stakeholder Partner meetings	Initial alignment screening to narrow the field
December 2013	Geographic Stakeholder Partner meetings	Detailed alignment screening and recommendations
February 2014	Joint Stakeholder Partner meeting	Review recommendations for all segments
April 2014	Joint Stakeholder Partner meeting	Considerations for Implementation Plan
June 2014	2 Public Meetings	Draft Corridor Concept Report and Business Case Foundation

***ITEM 7: Priority Planning Advisory Committee (PPAC)—Scott Omer, Assistant Director, Multimodal Planning Division**

Airports – *Item 7a

A motion to accept and approve Airports Item 7a as presented was made by Steve Christy and seconded by Kelly Anderson. In a voice vote, the motion carries.

Project Modifications: *Items 7b, 7c, and 7d

A motion to accept and approve Project Modifications Items 7b, 7c, and 7d as presented was made by Steve Christy and seconded by Bill Cuthbertson. In a voice vote, the motion carries.

New Projects: *Item 7e

A motion to accept and approve New Projects Item 7e as presented was made by Steve Christy and seconded by Deanna Beaver. In a voice vote, the motion carries.

ITEM 8: State Engineer's Report— Rob Samour, Senior State Engineer Operations

Rob reported the Status of Projects under Construction Report for June 2013 shows 105 projects under construction valued at \$1.038 billion. 16 projects were finalized in June valued at \$135.8 million. Fiscal year to date we have closed 257 projects. Rob pointed out that this time last year, 130 projects were closed out for fiscal 2012. For fiscal 2013, the department made a concerted effort to catch up and get those projects closed. 257 projects is just 3 projects short of doubling the number for fiscal 2012. Jennifer reported to the Board in January, the half-way point, the great effort the staff took, i.e., office managers, engineers, and field reports. This was a real good accomplishment. The department hopes to continue that progress and make sure that our projects are being closed out in a timely manner.

Update on the US 89 and US 89T

Rob gave an update on US 89; the geotechnical report is in and does make recommendations on how to restore mobility in that area. A number of alternatives were looked at including, abandoning the alignment, a new alignment in the location that it is currently at, and a new alignment away from the Echo Cliffs. The geotechnical report recommends a gravity buttress at the base of the slope. The rock to build that buttress will come from the upslope region of the mountain. The road would be reconstructed approximately 60 feet further east to get out of the initial slip plane. The gravity buttress would help reduce the problem of any future movement because the slip plane appears to be fairly deep in the

location of the road, but it does daylight out about 800 feet west of the slope. By building a gravity buttress in that area, the probability of additional movement will be lessened. Since they started measuring, there has not been any additional movement. \$40 million is our current estimate for the US 89 repairs. There are right-of-way considerations because the buttress is approximately 100 feet off the center line of the road. So there will be an easement most likely negotiated with the Navajo Nation. There will be construction time on top of that. There are environmental challenges because we are proposing to acquire the fill material for the buttress from the rock slope above. The benefit of taking that rock from up above is that it will lessen the probability of future rockfall. This will be a safety improvement and a maintenance enhancement. There are cultural considerations when removing rock from that mountain, there could be biological, and other environmental considerations. The US 89 and the 89T project complement each other. One was done immediately and the other one will be the long-term solution. The US 89 slope failure location really serviced the communities of Bitter Springs and Marble Canyon. The alternate route that is being paved does restore mobility for that northern movement from Flagstaff up to Page. It is still somewhat of a burden to Bitter Springs and Marble Canyon.

The Navajo Route 20 (N20) project that was approved by the Board was to restore central traffic and mobility to the area. The ultimate project could take up to one and a half years or more. The US 89T that was approved by the Board is moving very quickly as of today, we are approaching 12 miles of the 27. By mid next week, we will be halfway done of the paved portion of that project. The project does consist of paving 27 miles of roadway, installing cattle guards, fencing, and signing and striping but the asphalt portion and the base of material is moving quite rapidly and the department hopes to have the pavement formed by mid-August. The cattle guards, fencing, and signing and striping will fall in behind. The team is doing a really good job of keeping on schedule.

ITEM 9: Construction Contracts—Rob Samour, Senior State Engineer Operations

*ITEM 9a:

BIDS OPENED: June 7, 2013
HIGHWAY: CITY OF PEORIA
SECTION: Various
COUNTY: Maricopa
ROUTE NO.: N/A
PROJECT: HSIP-PEO-0(213)T 0000 MA PEO SH50101C
FUNDING: 100% Federal
LOW BIDDER: TLL Electric, Inc.
LOW BID AMOUNT: \$ 65,165.05
STATE ESTIMATE: \$ 84,985.00
\$ UNDER ESTIMATE: \$ 19,819.95
% UNDER ESTIMATE: 23.3%
PROJECT DBE GOAL: 2.13%
BIDDER COMMITMENT: 2.76%
NO. BIDDERS: 5
RECOMMENDATION: AWARD

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The project is located in Maricopa County, City of Peoria at nine different locations. The work includes upgrading the vehicular and pedestrian signal heads, poles, and push-buttons.

A motion to accept and approve Staff's recommendation and award Item 9a contract to TLL Electric, LLC was made by Steve Christy and seconded by Kelly Anderson. In a voice vote, the motion carries.

***ITEM 9b:**

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BIDS OPENED: June 21, 2013
HIGHWAY: GLOBE - LORDSBURG HIGHWAY (SR 70)
SECTION: Haekel Road to US 191
COUNTY: Graham
ROUTE NO.: US 70
PROJECT: STP-070-B(202)T 070 GH 347 H853801C
FUNDING: 94% Federal 6% State
LOW BIDDER: Southwest Slurry Seal, Inc.
LOW BID AMOUNT: \$ 301,441.35
STATE ESTIMATE: \$ 259,136.10
\$ OVER ESTIMATE: \$ 42,305.25
% OVER ESTIMATE: 16.3%
PROJECT DBE GOAL: 2.49%
BIDDER COMMITMENT: 4.46%
NO. BIDDERS: 2
RECOMMENDATION: AWARD

The proposed work is located in Graham County on US 70, approximately 5 miles east of Safford. The project begins at milepost 347 and extends easterly to milepost 350. The work consists of applying microsurfacing on the existing roadway surface and replacing the pavement markings.

A motion to accept and approve Staff's recommendation and award Item 9b contract to Southwest Slurry Seal, LLC was made by Steve Christy and seconded by Bill Cuthbertson. In a voice vote, the motion carries.

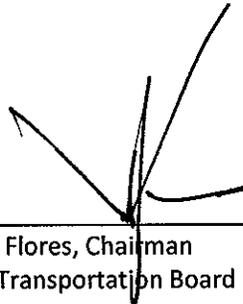
ITEM 10: Suggestions

None at this time.

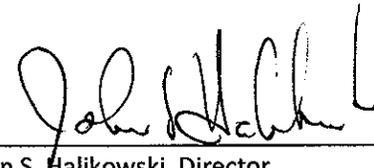
Adjournment

A motion to adjourn was made by Steve Christy and seconded by Deanna Beaver. In a voice vote, the motion carries.

Meeting adjourned 10:10 A.M. MST



Victor Flores, Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation