

**MINUTES**  
**STATE TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, April 11, 2014**  
**Town of Marana Council Chambers**  
**11555 W. Civic Center Dr.**  
**Marana, AZ 85653**

**Roll call by Board Secretary Mary Beckley**

**In attendance:** Steve Christy, Kelly Anderson, Hank Rogers, Deanna Beaver, William Cuthbertson and Jack Sellers.

**Absent:** Joe La Rue

**Opening Remarks**

Chairman Christy stated that after adjourning the public hearing, the Board will continue with the regular portion of the Board meeting.

**Call to the Audience**

There were no requests to speak.

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PROCEEDINGS

(Excerpted proceedings: Agenda Items 1 through 10)

MR. CHRISTY: And I'd like to call to order the regular board meeting, and we'll begin the regular board meeting today with another call to audience. Is there anyone who has not had the opportunity to address the board and wishes to do so now at this time?

Yeah, I didn't say at the beginning how much we do appreciate the fact that those who have made comments take the time to come down here and address the board. It means a lot to all of us, and we appreciate it very much.

Seeing that there's no one more for the call to audience, we'll proceed with the Agenda Item 1, the District Engineer's report from the Tucson District Engineer, Mr. Rod Lane.

MR. LANE: Mr. Chair, Members of the Board, welcome to the Tucson District. Appreciate the opportunity to present to you today. My name is Rod Lane. I'm the Tucson District Engineer.

I'll start off by giving you kind of a brief view on exactly where the Tucson District is and what we

1 entail. We have three interstates. We have -- there we  
2 go. Sorry about that.

3 We have three interstates. We have I-10,  
4 I-8 and I-19. I-10 enters the Tucson District at Milepost  
5 175.81, right about the --

6 MR. CHRISTY: Can you speak a little bit  
7 more (indiscernible).

8 MR. LANE: Sure. How's that?

9 Right about at the Casa Blanca Road  
10 overpass, and then it goes all the way down to the Cochise  
11 County line.

12 We also have I-8 from Pinal County line all  
13 the way to the intersection of I-10.

14 And then of course, we have I-19, the entire  
15 portion of I-19.

16 We also have a significant rural component  
17 in this district. We are part of the urban group within  
18 the management structure of ADOT, but there is a  
19 significant component on the west side of Pinal -- excuse  
20 me, Pima County and up in the (indiscernible) region in  
21 Pinal County.

22 We also have four international border  
23 crossings, (indiscernible) and of course there's two in  
24 the Nogales area, both at (indiscernible) and the Mariposa  
25 Port of Entry.

1 It consists of five council of governments.  
2 Of course, there is the PAG, portions of SEAGO, now in  
3 Santa Cruz County, portions of (indiscernible), a little  
4 bit in the Maricopa, and then of course our newest one,  
5 which is the Sun Corridor MPO.

6 And we've also got portions of five tribal  
7 nations within this district. The Tohono O'odham. We  
8 have also the San Xavier District is part of that. And  
9 the Pascua Yaqui tribe, the Ak-Chin, Gila River Indian  
10 Community, and the southern tip of the San Carlos Apaches  
11 is also part of our system with SR-77.

12 I'll talk a little bit about some of the  
13 current projects we have going on right now. They're kind  
14 of broken up into ones in the PAG region and then ones  
15 outside the PAG region.

16 We'll start off talking about the I-19  
17 Valencia offramp, we've got an apparent low bidder on  
18 that, so we'll be (indiscernible) the bidding process, and  
19 hopefully that'll go.

20 The I-10 Prince project, hopefully you've  
21 seen that that's opened up, and we're pleased to have got  
22 that done. We'll finish up the landscaping and the  
23 lighting on that. And we expect to have that one done in  
24 a month or so.

25 We're in the same kind of condition on the

1 I-10 Marsh Station project. We're kind of wrapping that  
2 one up. Right now we're finishing that one. That was  
3 another big job.

4 We've got a project on SR-86 way out on the  
5 Tohono O'odham Nation. It's a widening project. It is a  
6 modernization project, which means, we're just kind of  
7 adding shoulders to it and upgrading it. We've got  
8 another roadway (indiscernible) up front, which is  
9 (indiscernible), which is an expansion project, because  
10 we're adding capacity to that one. So that's kind of a  
11 good example of the difference between the widening  
12 (indiscernible).

13 We've got some more work on the City of  
14 Tucson, Pima County pedestrian work out there.

15 And then we have got another one, it's  
16 currently navigating through the bidding process right now  
17 on SR-77. So we hope to have that one resolved pretty  
18 soon and get that one kicked off.

19 Some projects that we also have in other  
20 areas of the district that are going on now, they're  
21 outside of the PAG region. We've got another project on  
22 SR-77, a bridge project, a bridge replacement project up  
23 there; SR-79, Coronado Wash bridge, another bridge  
24 replacement project being done by Ames. The top one, we  
25 expect to have that one done in March 2015, and then the

1 Ames project, we expect to have that one done in this  
2 fall.

3 Some local government projects in Coolidge,  
4 that'll be done, again, this fall.

5 I-8 San River -- or, excuse me, Santa Rosa  
6 Wash bridge, a scour retrofit project. We expect to have  
7 this one done this fall as well.

8 SR-347, some sidewalks improvements. That  
9 one's also currently navigating through our -- through the  
10 (indiscernible) process or the bidding process.

11 And then I-10 project, we've got bid opening  
12 on that one today (indiscernible).

13 Current projects that are ~~we~~ we expect to be  
14 advertised by June this year, and those are within the --  
15 within the Tucson District -- or, excuse me, within the  
16 PAG region, San Xavier pedestrian (indiscernible), we  
17 expect to have that one going -- or, excuse me, that is  
18 the bridge over the Santa Cruz River (indiscernible). And  
19 then I-10 a sign rehab project going on on I-10.

20 This is actually -- this slide is actually  
21 labeled wrong, I apologize. This is also projects to be  
22 advertised this fiscal year that are not within the PAG  
23 region. So we've -- we've got three of them. SR-79  
24 traffic signal in the diversion dam road. And then we've  
25 got another one, pave project along SR-83 there

1 (indiscernible), and another mill and pave project on the  
 2 I-19.

3 Now, moving to the long-range studies, we've  
 4 just completed the long-range study on I-10 from Tangerine  
 5 Road -- actually, you'll be seeing some products coming  
 6 out of that, I guess is the best way to say it,  
 7 (indiscernible) coming months and results of that study.

8 We have another long-range study  
 9 (indiscernible) going on. There's one down in the  
 10 southern part -- the southern portion of the district, on  
 11 the eastern side of I-10 from I-19 all the way out to  
 12 beyond the county line. And actually those are to another  
 13 district. It's kind broken up into two studies, one more  
 14 urban and one more of a rural study. So we're navigating  
 15 through that. And we expect to have that one completed by  
 16 Fiscal Year 13 -- or excuse me, '16, (indiscernible) with  
 17 other agencies on that coming up with some pretty  
 18 interesting -- interesting things. So it'll help you guys  
 19 (indiscernible) as well.

20 Got another study we're working for Marana.  
 21 We expect to have a draft report out this spring on that  
 22 one for the Marana Road traffic interchange, so it's one  
 23 that we drove through. So we'll get some results from  
 24 that one pretty soon. We're working with the town of  
 25 Marana on that one.

1 And another one down kind of in the southern  
 2 part of the district, Rio Rico to Ruby Road  
 3 (indiscernible) site. We've done some public meetings on  
 4 that. We're working through it -- through that one, and  
 5 we expect to have that one completed this -- this summer.

6 Another study we've got just kicking off, we  
 7 haven't finalized the proposal process yet -- the  
 8 proposals are under review is the entire corridor study of  
 9 I-19 from I-10 down to the border. So we're just kind of  
 10 kicking that off. So we'll see what the results are of  
 11 that one.

12 And finally, another big one that we've got  
 13 down in the very southern part of the district, and that's  
 14 the study for 189 from the international border to I-19.  
 15 So we expect to see preferred alternatives in about a  
 16 month or so. We're going through the matrix right now and  
 17 analyze those and come up with one. And we'll be heading  
 18 towards the public at the end of the year on that one for  
 19 getting public input, and we expect to have this -- this  
 20 DCR study completed within the beginning part of next  
 21 year.

22 So does anybody have any questions that I  
 23 might be able to answer?

24 MR. ANDERSON: Mr. Chair?  
 25 MR. CHRISTY: Mr. Anderson.

1 MR. ANDERSON: Mr. Lane, on your first  
2 slide, if you can go back to that one, it -- it showed all  
3 the interstates, all the roads and I believe that are  
4 milemarkers?

5 MR. LANE: Yes.

6 MR. ANDERSON: Is there -- do we have that  
7 on the inter- -- on the website? It's really nice. It is  
8 where these milemarkers are, because when you dial 511, I  
9 don't know where Milemarker 35 is in comparison to maybe  
10 (indiscernible). So is that on the website board or?

11 MR. LANE: Well, Mr. Chair, Members of the  
12 Board and Mr. Anderson, I -- we actually have it on a  
13 pamphlet sitting outside in the front. It's accessible.  
14 But (indiscernible) do it (indiscernible) that I know of.

15 MR. ROEHRICH: Mr. Chair, Mr. Anderson, that  
16 is correct. If you do go to ADOT's website under the  
17 planning -- planning section, there is a -- a map  
18 (indiscernible), but you're going to have to go three or  
19 four or five levels into it. It gives you a map. Once  
20 you get to the map section, then you've got all the  
21 different maps ADOT has available. There's a milemarker  
22 map there. There is a district map there. There's a  
23 board district map there. There's a number of those maps.

24 But they are online.

25 MR. CHRISTY: Mr. -- I'm sorry, go ahead.

1 Go ahead.

2 MR. ANDERSON: Mr. Lane, one thing that  
3 Mayor Price mentioned on the option (indiscernible) 347  
4 overpass was the work with the community. And I want to  
5 thank you with working with Mayor Price on specific  
6 wording for that IGA, which is important to the project.  
7 So I'm sure if there's any other tweaking that they may  
8 be -- they can refer back to you that -- to get that  
9 online before they (indiscernible).

10 MR. LANE: Mr. Chair and Mr. Anderson, thank  
11 you very much. I'd be more than happy to work with Mayor  
12 Price and (indiscernible). Thank you.

13 MR. CHRISTY: Mr. Lane, maybe I can direct  
14 this to you as well as maybe to Mr. Omer regarding the  
15 studies of -- from SR-8 -- 189 to the international border  
16 as well as the I-19 study that you referred to in your  
17 presentation. What is the collaboration with those  
18 studies and with what Mr. Omer and other ADOT staffers are  
19 doing regarding the I-11 corridor project? How does that  
20 work?

21 MR. LANE: I think --

22 MR. CHRISTY: Or does it work?

23 MR. OMER: Mr. Chair, I will answer that.  
24 The -- specifically the I-19 corridor profile study is --  
25 we have advertised this year. We will take into

1 consideration, when we look at the I-19 corridor, any  
 2 future improvements that would be involved in the I-11  
 3 study, so let's really look at the long-range improvements  
 4 and what the long-range corridor should look like on I-19  
 5 itself. We're doing three of them across the state. It  
 6 so happens the one we chose was I-19. It'll look at  
 7 the -- not only the -- the existing I-19 and what it  
 8 should look like in the future, when you start looking at  
 9 the -- the system performance and all the infrastructure,  
 10 not only the pavement and bridge conditions, but the way  
 11 that the system operates and performs, the system  
 12 performance component as well as this coming out as  
 13 (indiscernible) studies, and a new type of study that we  
 14 haven't done in the past, as well. We've done some things  
 15 similar to this. This is a different spin on it. And it  
 16 will really help inform our long-range planning process  
 17 for individual major corridors such as I-19. And we'll  
 18 take that into consideration as we're developing the --  
 19 continue (indiscernible) study, and then they work in  
 20 conjunction (indiscernible) each other.

21 Same thing with the U.S. 189 work that's  
 22 being done, we'll take that into consideration.

23 But each of those individual projects that  
 24 are lot more refined, and remember the I-11 study's a much  
 25 higher-level study. The corridors are (indiscernible), so

1 it may not get into the individual treatments or  
 2 recommendations (indiscernible) take that into  
 3 consideration.

4 MR. CHRISTY: It just -- my point being, it  
 5 just seems to me if we're doing all these studies at two  
 6 or three different levels within the department, maybe it  
 7 would be more expeditious if everybody was working  
 8 together on these studies or at least communicating with  
 9 each other about what they're finding, given the  
 10 opportunity for a border-to-border statewide I-11  
 11 interconnectivity project.

12 MR. OMER: So the -- I guess the answer to  
 13 that, Mr. Chair, is the studies are being (indiscernible)  
 14 in the planning division, all three of the studies you  
 15 mentioned, so they all come under my purview. But we  
 16 don't do that in a vacuum. We work with the -- each  
 17 district engineer and each region, whether it's the PAG  
 18 region or a SEAGO region. We work with each one of those  
 19 and keep them in (indiscernible) in contact. And when the  
 20 planning division does something, it always entails  
 21 keeping, you know, the Director's office as well as the  
 22 State Engineer's office involved and working  
 23 collaboratively with the local agencies also. So it is  
 24 one group that's handling all three of these.

25 MR. CHRISTY: We've got all these studies

1 going. We might as well use them to our benefit for the  
2 whole -- whole overall project.

3 MR. OMER: Yes, I agree.

4 MR. CHRISTY: Any further questions of  
5 District Engineer Lane?

6 Thank you.

7 MS. BEAVER: I --

8 MR. CHRISTY: Excuse me. Ms. Beaver?

9 MS. BEAVER: If we could just have a copy of  
10 his presentation. Email is fine.

11 MR. CHRISTY: Thank you, District Engineer  
12 Rod Lane.

13 Our next agenda item is the Director's  
14 report, which will be given by the Deputy Director For  
15 Policy, Mr. Floyd Roehrich.

16 Mr. Roehrich?

17 MR. ROEHRICH: Mr. Chair, Members of the  
18 Board, the Director does send his regrets that he had a  
19 conflict.

20 At this time, we really have nothing to  
21 report. There were no requests from the -- from the  
22 board. There was no (indiscernible) report this month.  
23 But we'll look forward to an (indiscernible)  
24 communication, coordination for the future months.

25 MR. CHRISTY: Very good. Any questions of

1 the deputy director -- well, there can be no questions to  
2 the deputy director at this point.

3 We'll move on to Item 3, the consent agenda.  
4 Are there any items on the consent agenda that a board  
5 member or members would like to bring out or take out for  
6 consideration before overall approval?

7 MS. BEAVER: I would just like to comment,  
8 there was phonetic spelling of Mr. Feldmeier? I don't  
9 know if that could just be corrected where it spells his  
10 name correctly.

11 MR. CHRISTY: In the minutes?

12 MS. BEAVER: Yeah.

13 MR. CHRISTY: Do you know exactly which --

14 MS. BEAVER: I can go back --

15 MR. CHRISTY: Well, I'm sure staff could  
16 find that out and if we don't tell Mr. Feldmeier that  
17 they're even in it, I don't think he'll even care.

18 MS. BEAVER: I think it said Feldspar or  
19 something like that.

20 MR. CHRISTY: Sounds better.

21 Seeing that there are no requests to pull  
22 consent agenda items, the Chair will entertain a motion to  
23 approve the consent agenda as presented.

24 MR. ROGERS: So moved.

25 MR. ANDERSON: Second.

1 MR. CHRISTY: We have a motion by Mr. Rogers  
2 and a second by Mr. Anderson to approve the consent agenda  
3 as presented.

4 All those in favor say aye. Opposed?

5 Hearing none, the consent agenda is  
6 approved.

7 We'll move on to Item 4, the legislative  
8 report, which will be given this morning by our government  
9 relations and policy development representative, Megan  
10 Kintner.

11 Ms. Kintner?

12 Make sure you speak into the --

13 MS. KINTNER: Yes, I want to make sure you  
14 all hear me this morning.

15 Okay. Is that good?

16 MR. CHRISTY: Perfect.

17 MS. KINTNER: Okay.

18 Well, good morning. I'm Megan Kintner, and  
19 I'm here on behalf of Kevin Biesty from the office of  
20 government relations and policy development.  
21 Kevin (indiscernible) be here this morning. I'm just  
22 going to start off really quickly, I've had the  
23 opportunity to (indiscernible) very briefly this morning,  
24 and he's actually in Washington, D.C. (indiscernible), and  
25 I'd be more than happy to draft a memo to the board later

1 on (indiscernible) talk to (indiscernible) a very  
2 successful series of meetings (indiscernible) discussion  
3 about finding some kind of temporary funding source in  
4 that (indiscernible). And he mentioned that we'll keep  
5 you apprised of any details as they emerge. So I'd be  
6 more than happy to put something together with some more  
7 details (indiscernible).

8 So, all right?

9 And (indiscernible) at the state level, the  
10 legislature \$9.2 billion budget for fiscal year 2015. And  
11 I do believe that Ms. Ward is here. I know she is going  
12 to give a very detailed financial report on that, so I  
13 will keep my remarks for (indiscernible) this budget that  
14 was recently passed (indiscernible) transfer to  
15 (indiscernible) by 30 million in Fiscal Year 15, Fiscal  
16 Year 16, and by 16 million Fiscal Year 17. They direct  
17 these funds to be distributed directly to counties,  
18 cities, and towns (indiscernible) these monies are to be  
19 used directly for the cost of construction, maintenance,  
20 repair, public highways, (indiscernible) bridges, as well  
21 as (indiscernible) direct cost of (indiscernible).  
22 Additionally (indiscernible) transferred money in excess  
23 of 60 million for (indiscernible) underground storage tank  
24 assurance (indiscernible) fund. So (indiscernible).

25 At the federal level, (indiscernible)

1 appears to (indiscernible) transit reauthorization bill  
 2 (indiscernible) for (indiscernible) by this summer to  
 3 avert (indiscernible). (Indiscernible) public works  
 4 committee (indiscernible) long-term reauthorization  
 5 (indiscernible) bill (indiscernible) FY2014  
 6 (indiscernible); maintain formulas of current programs,  
 7 they encourage rural access to the transportation system  
 8 and (indiscernible) possible.

9           And then on the House side, the  
 10 Transportation and Infrastructure Committee is preparing  
 11 its own version, which is expected to be introduced  
 12 sometime next month because they would like to be able to  
 13 (indiscernible) by this summer. However, neither --  
 14 neither side has officially introduced any  
 15 legislation (indiscernible) or expect to detail how they  
 16 intend to (indiscernible) any necessary -- the necessary  
 17 60 million dollars towards the Highway Trust Fund  
 18 shortfalls.

19           So once legislation is formally entered  
 20 (indiscernible) keep you updated on that.

21           So that's sort of the budget  
 22 (indiscernible).

23           Mr. Chairman, do you have a question?

24           MR. CHRISTY: I do. If you're ready for  
 25 questions.

1           MS. KINTNER: Well, I just have a quick  
 2 update on our (indiscernible).

3           MR. CHRISTY: Go ahead, and finish your  
 4 report.

5           MS. KINTNER: Thank you.  
 6 Thank you, Mr. Chairman.

7           ADOT (indiscernible) session, 2114, they  
 8 basically (indiscernible) is in compliance with federal  
 9 standards. 2114 -- (indiscernible) funding. 2114 is  
 10 actually a (indiscernible) so we're waiting for that.

11           2111, which deals with commercial driver's  
 12 licenses, that is moving through process. It was last  
 13 heard in Senate Rules. So we anticipate that  
 14 (indiscernible) issues (indiscernible) through the process  
 15 (indiscernible).

16           So (indiscernible). Yes. I'll --

17           MR. CHRISTY: Appreciate you filling in for  
 18 Mr. Biesty, and I don't want to put you on the spot if  
 19 you're not up to speed or totally familiar with it. But  
 20 this underground storage tank amount, this was first  
 21 discovered to be existing roughly, I don't know in the  
 22 last year or so, roughly 30 million dollars. And its  
 23 intention was that these underground storage tank issues  
 24 had pretty much gone away and been addressed, and yet the  
 25 revenue was still being collected -- I should say the tax

1 was still being collected for these underground storage  
2 tanks, and they sat there cumulating to the tune of around  
3 30 million dollars. And it was thought that that would be  
4 additional monies that would go into the general fund for  
5 the Department, ADOT.

6 That was swept away by the Legislature. Is  
7 that correct?

8 MS. KINTNER: If I'm understanding the  
9 question, yes. It's my understanding that as technology  
10 improves, the need for that fund is diminished  
11 (indiscernible) underground storage tanks improve. It's  
12 my understanding that this will impact -- and, Kristine,  
13 feel free to jump -- feel free to jump in. It's my  
14 understanding that that -- that it'll be transferred to  
15 the state highway fund was established in the last  
16 legislative session by SB 1080, which was sponsored by  
17 Senator Shooter, and I believe that that provided us about  
18 30 million dollars a year. It's my understanding in this  
19 particular budget, the actual effective date for the halt  
20 of that transfer is January, so that would (indiscernible)  
21 this fiscal year to 15 million dollars, again, for  
22 (indiscernible) 30 million dollars.

23 So is that a (indiscernible)? All right.  
24 Thank you.

25 MR. CHRISTY: My point being is that's 30

1 million dollars that the Department does not have to use.

2 MS. KINTNER: Yes.

3 MR. CHRISTY: That it was initially  
4 identified as a potential source of income to be used.

5 MS. KINTNER: Yes.

6 MR. CHRISTY: And the Legislature has swept  
7 it away in addition to how much more?

8 MS. KINTNER: 30 -- or how much many? --  
9 oh, yes, well, the -- (indiscernible) the amount. I am  
10 not quite sure if I --

11 MR. CHRISTY: The total HURF sweeps.

12 MS. WARD: 30 million -- the 30 million and  
13 next year 30 million, the following year, and then 60  
14 million in the subsequent year that will be distributed.  
15 But then the balance -- you still have the full 120  
16 essentially that is now comprised of (indiscernible) going  
17 to the cities, counties and towns, and (indiscernible)  
18 going to the -- the (indiscernible) transfer that  
19 (indiscernible), so I think it's about 80 (indiscernible).

20 MR. CHRISTY: So a net of about 80.

21 I think it's important that we note that.

22 Any other questions for Ms. Kintner?

23 You did a great job filling in. Thank you.

24 Appreciate your presentation.

25 And with that, we will -- unless there are

1 questions? Hearing none, we will now move on to our  
2 financial report, which will be presented by our Chief  
3 Financial Officer, Kristine Ward.

4 Ms. Ward?

5 MS. WARD: Good morning. Hi. I'm  
6 (indiscernible) to be back. I was sure you missed your  
7 financial report last month because I was gone. Much to  
8 Scott Omer's chagrin, he told me it was the best financial  
9 report he had ever heard.

10 All right. I'm going to go over the  
11 standard report very briefly, and then I want to go  
12 (indiscernible) into the issues with the Federal Highway  
13 Trust Fund and budget.

14 Highway user revenue fund revenues are right  
15 on track. We're a little above forecast. And we're  
16 thankful for that. It's VLT again is the item that is  
17 sustaining us there with about 6.5 percent growth on the  
18 year, over last year.

19 With regards to the Regional Area Road Fund,  
20 and, again, we are right within target. We had forecast  
21 about 6 percent growth for the (indiscernible) fund, and  
22 we're actually experiencing at this point about 8 percent  
23 growth.

24 So I'm going to kind of skip over the  
25 Federal aid program, because I've got a couple of slides

1 (indiscernible) that.

2 In terms of debt financing, we've -- again,  
3 we've got our program (indiscernible). We've not got any  
4 immediate issues forecasted (indiscernible) issues. We  
5 have some coverage -- we do have some capacity in HURF.  
6 However, we'll be talking about cash. We do not have the  
7 cash if we were to issue the debt. We'd have to be able  
8 to pay the debt service.

9 RARF, likely -- likewise, it has capacity.  
10 But that's really being hung up until South Mountain goes,  
11 until the South Mountain project really kicks off  
12 (indiscernible).

13 Now, let's get into the meat of  
14 (indiscernible). When I presented the five-year program,  
15 finances associated with the five-year program to you a  
16 month or two ago, one of the risks I identified to our  
17 forecasts there are -- were associated with  
18 (indiscernible) on the Highway Trust Fund. And what you  
19 see here is the -- what they call the Highway Trust Fund  
20 ticker. And I'll have to say I'm very thankful to FHWA  
21 and their efforts to stay in communication with the State,  
22 particularly our partners at the division level, Carla and  
23 Randy (indiscernible) at providing us consistent  
24 information on the status here.

25 But the situation is this. As I had shown

1 you earlier, the fund is due to go below a  
 2 4-billion-dollar threshold come the July time -- in the  
 3 July time frame. Now, the importance of that  
 4 4-billion-dollar threshold is that is when -- when the  
 5 FHWA goes on alert and starts thinking about what types of  
 6 cash management techniques they are going to need to  
 7 implement to deal with this low number here, because,  
 8 understand, to maintain that threshold, just like we need  
 9 to do with the State, you maintain a certain threshold, a  
 10 certain balance in your funds from cash flow. Okay.

11 So what the (indiscernible) of chart shows  
 12 you is this is -- they have forecasted the revenues coming  
 13 into the fund and what they anticipate in terms of  
 14 expenditures out of the fund. Oh, and as you can see,  
 15 that is forecasted to dip below in the July time frame.

16 The way F -- what is on the FHWA website is  
 17 the way to address this issue is to move to adjusting the  
 18 timing of the reimbursements, in other words, delay the  
 19 reimbursements to the states, whether that be moving the  
 20 states from a daily to a weekly reimbursement or whether  
 21 that means aligning the reimbursements to the states -- to  
 22 the states when the revenues are actually coming into the  
 23 Federal Highway Trust Fund or just making proportional  
 24 payments to states.

25 Now, the last two are the ones that are

1 relevant to Arizona. We receive our federal  
 2 reimbursements on a weekly basis, not a daily. So that's  
 3 not -- not a concern to us.

4 You will be seeing this topic covered quite  
 5 a bit if you follow any of the transportation news. And  
 6 what I have found in this is that there is mixing of  
 7 topics that is important to distinguish. One is a cash  
 8 flow topic, in which you are talking about the timing and  
 9 the delay in reimbursements. So we're still going to get  
 10 the money, but we're just going to get the money a little  
 11 later.

12 Another issue is the -- is the MAP-21  
 13 reauthorization where people are actually concerned  
 14 about -- I'm sure you've heard the cliff (indiscernible)  
 15 or the fiscal cliff associated (indiscernible) has put  
 16 out. And that is dealing with actual potential cuts to  
 17 programs to deal with the Highway Trust Fund just not  
 18 bringing in as much revenue as current expenditure levels  
 19 would -- would put out in future at current levels.

20 What we are doing at ADOT to -- to prepare  
 21 for this situation, should it occur, is we're doing up  
 22 a -- (indiscernible) is doing a number of scenarios to  
 23 look at if indeed we have delays -- not talking cuts right  
 24 now -- we have delays in reimbursements, what would that  
 25 do in terms of our cash flow. Would we have adequate cash

1 float in order to sustain the delayed reimbursements? If  
2 somebody slows down your paycheck, can you hold out?

3           So scenarios are what we are in the midst of  
4 drafting right now.

5           Now, you came -- you brought up a topic with  
6 regards to the UST fund. The Department, there were a  
7 couple of items in the budget last year. One was a  
8 potential reinvigoration of the HURF swap. That HURF swap  
9 counted when we did the planning for the reimplementation  
10 of the HURF swap act. That HURF swap (indiscernible) a  
11 couple of items. First, it counted on a -- an  
12 appropriation from the (indiscernible) fund into the state  
13 highway fund in order to facility the first few years of  
14 the swap.

15           At that point in time, we had planned to  
16 build an adequate enough cash balance, partially dependent  
17 on the underground storage tank funds to come into the  
18 state highway fund and then be able to sustain that HURF  
19 swap thereafter. Does make sense or (indiscernible)?  
20 Okay. Stop me if this is not clear. It's kind of, you  
21 know, difficult.

22           Given that the UST funds have been stopped  
23 at a given point and (indiscernible) they are not  
24 incorporated -- you know, we do not get (indiscernible)  
25 30-million-dollar hit, combined with the fact that we are

1 not getting the (indiscernible) fund appropriation, the  
2 HURF swap is not an option, unfortunately.

3           You then add on the additional layer of the  
4 fact that the Highway Trust Fund, we are potentially  
5 facing delayed reimbursements, and what you end up with is  
6 a lovely little trifecta that is putting us in -- that has  
7 got us in a very difficult cash position. That is one of  
8 the reasons we are really focusing on these scenarios as  
9 we draft them up.

10           Anyone have any questions on that? I think  
11 that about covers it.

12           MR. CHRISTY: This covers your presentation?

13           MS. WARD: That covers my presentation.

14           MR. CHRISTY: I'd just like to point out --  
15 as the general public, including yours truly, lay people  
16 of the state, I don't think we understand the details of  
17 things like swaps and sweeps and swamps and swoops and all  
18 of that. And I think that leads to a real troubling issue  
19 with our legislature, because they're able to do these  
20 sweeps and swaps without really going into great detail  
21 about what they impact and what they entail. And I  
22 would -- I would just urge our board members in their  
23 communications with the legislature that -- that I think  
24 if this was detailed to the general public about what is  
25 being kept from our transportation system and network in

1 the state by these swaps and by these sweeps and what is  
 2 not going into the ADOT general fund that was intended to  
 3 go into the general fund, I think there would be a rather  
 4 strong outcry from the public that these swaps need to be  
 5 identified, their impact of them needs to be detailed and  
 6 what is all involved in this needs to be explained.

7           And there is not a level of explanation or  
 8 understanding by the legislature to the public. And this  
 9 has to be, I think, a rallying cry for our state populace  
 10 that if we want to have economic development and a worthy  
 11 network of transportation highways and a system that can  
 12 increase capacity as well as the economy of our state,  
 13 we're going to need to have some more definitive answers  
 14 from the legislature as to what they are doing with monies  
 15 that are intended for our infrastructure.

16           Is there any other items on the swaps or  
 17 anything you could bring to fruition on this or sweeps?

18           MS. WARD: Mr. Chair (indiscernible).

19           MR. CHRISTY: Any questions from the board?

20           MR. ROGERS: Kristine, clarification for me,  
 21 so in other words, to keep above the threshold you're  
 22 talking about, you're talking about delay in payment to  
 23 the contractors that we deal with (indiscernible) we get  
 24 it on a weekly basis from the feds, is that what you're  
 25 saying? And when you're talking about delaying

1 (indiscernible) to help us keep above that threshold.

2           MS. WARD: Mr. Chair, Mr. Rogers, I go back  
 3 to different (indiscernible), I might not have articulated  
 4 this well enough. What we are examining right now is if  
 5 the federal government delays their reimbursements to the  
 6 State, does the State have adequate cash flows in order to  
 7 maintain timely reimbursements, timely payments to our  
 8 contractors and so forth.

9           MR. ROGERS: All right. I see what you're  
 10 saying. So you're --

11           MS. WARD: Sorry --

12           MR. ROGERS: -- concerned about the federal  
 13 government delaying your payments, then where you pass it  
 14 down.

15           MS. WARD: Mr. Chair, Mr. Rogers, correct.

16           MR. ROGERS: Okay. All right.

17           MR. CHRISTY: And you are working on  
 18 scenarios, Ms. Ward, to address the -- that potential  
 19 problem.

20           MS. WARD: Mr. Chair, that is correct.

21           MR. CHRISTY: And if -- when do you think  
 22 the scenarios will be completed?

23           MS. WARD: Probably another two weeks.

24           MR. CHRISTY: So we should maybe hear  
 25 something at the May board meeting?

1 MS. WARD: Mr. Chair, yes, that's correct.

2 MR. CHRISTY: Any other questions of

3 Ms. Ward?

4 Thank you very much for your presentation,

5 Ms. Ward.

6 We'll move on to our Item 6, which is the  
7 Multimodal Planning Division report, again, from our  
8 division director -- assistant director, Mr. Scott Omer,

9 MR. OMER: Thank you, Mr. Chair and Members  
10 of the Board.

11 So the first item I'd like to address is the  
12 standing I-11 corridor update. I would like to report  
13 that since our last meeting, we continued our  
14 conversations with all the stakeholders, as well as the  
15 PAG region and (indiscernible) the board chair. And I  
16 think we might have -- at least my opinion is we're all on  
17 the same page. We understand the process. We understand  
18 where the Department's heading. And I think that everyone  
19 is in consensus with the process that we're currently  
20 taking -- undertaking with the study and what we're going  
21 to do in the future. So at least that was my outtake of  
22 our meeting, so pretty comfortable.

23 I'll make the I-11 report fairly quick  
24 today. Schedulewise, we're still on schedule to complete  
25 the study in this summer, in July. In -- as we complete

1 the study in the summer, we'll have the implementation  
2 program, the final business case. The alternatives are  
3 (indiscernible) the last month that the recommendations  
4 will be that the southern Arizona Alternative C, which  
5 goes through the Tucson region down to Nogales is the  
6 section that we recommended. The Phoenix area has a  
7 couple of different alternatives south of Casa Grande and  
8 one North of I-10 to Wickenburg. And the northern Arizona  
9 section would be the -- along the US-93 corridor, which  
10 the Congressional designation actually called out.

11 We also look at this being a multi-use  
12 evaluation of not only looking at the highways that would  
13 be -- that could potentially be included in the corridor,  
14 we're looking at route considerations as well as  
15 alternative energy and those types of things as being  
16 (indiscernible) of the corridor also.

17 We did have a sign unveiling in the corridor  
18 on March 21st. The sign unveiling was attended by the  
19 governors of Nevada and Arizona as well as our own  
20 director, Director Halikowski, was the MC, as the director  
21 for the Nevada DOT was in attendance. We installed four  
22 future I-11 signs, as you can see here. There were two  
23 northbound and two southbound. The northbound signs,  
24 there's one just outside of Wickenburg and the other just  
25 North Kingman and the southbound signs was near the Hoover

1 Dam and south of Kingman on the US-93 corridor. So that  
2 is where the signs were installed at.

3 We also had a Congressional delegation  
4 update on March 28th. In attendance were Congressmans  
5 Gosar, Kirkpatrick, Congressman Franks and Congressman  
6 Salmon, as well as Governor Brewer did show up for a short  
7 time that -- for the update as well. We thought it went  
8 extremely well. Not only did ADOT and we update on the  
9 study with NDOT, the Commerce Authority, also data on some  
10 economic impacts in evaluation of the corridor. And in  
11 the I-11 Coalition, they have an update on some of their  
12 current activities also.

13 And so we're still looking at wrapping the  
14 study up in July. We still don't have funding available  
15 for any follow-on studies, but that is something that  
16 we're taking (indiscernible) soon.

17 With that, Mr. Chair, I would answer any  
18 questions on that (indiscernible).

19 MR. CHRISTY: Mr. Omer, you mentioned the  
20 meetings that we've had down here. And it's been said at  
21 the last meeting and by speakers today how much we  
22 appreciate the Department's genuine efforts to come and  
23 collaborate with the PAG region to address the joint  
24 issues and the collaboration of the southern connectivity.  
25 It is greatly appreciated and I think very positive in its

1 results, especially from this point forward. A lot of  
2 misconceptions and lack of clarity in certain areas was  
3 certainly rectified in that meeting, and other meetings  
4 helped to do that.

5 Just to report to the board and to the staff  
6 as a general information item, a couple of weeks ago, I  
7 had the opportunity to meet with the CEO of the I-11  
8 Coalition, Mr. Higginson. He came down to Tucson to speak  
9 with me and to the county administrator for Pima County,  
10 Mr. Huckleberry, and to express the Coalition's desire to  
11 work with the PAG region and stakeholders in the southern  
12 connectivity area to ensure that all of our efforts are  
13 united in a border-to-border project. And the I-11  
14 Coalition recognizes that the success of this project  
15 really hinges on the success of the southern Arizona  
16 connectivity and that he -- and the Coalition have  
17 expressed the desire to work with the entire state to make  
18 this project come to fruition.

19 The second issue -- not an issue, but just a  
20 clarification or at least a report, at one point the  
21 Director offered the PAG region a Level 2 study in the  
22 southern Arizona connectivity; in other words, to put it  
23 at the same level of studies that were done up in Maricopa  
24 County. And after the meetings that we had with ADOT  
25 staff and deliberation with our PAG partners, it was

1 determined that really that that wasn't what was needed at  
 2 this time and that even though the offer was made, we  
 3 respectfully felt that we should maybe move away from that  
 4 and into other areas.

5           At one point, I just wanted to make sure  
 6 with the ADOT staff during the discussion of that Level 2  
 7 study, that ADOT staff agreed with the determination by  
 8 the -- our PAG executive director that in staff's  
 9 estimates of need, that it concurred with the findings of  
 10 our PAG director that that study really wasn't all that  
 11 necessary at this particular time.

12           MR. OMER: Mr. Chair, I -- in our meetings  
 13 that we've had before, I made the recommendation myself  
 14 that I didn't really know what we (indiscernible) anything  
 15 of value that would be carried forward that would really  
 16 be that substantive. And that was the Department's  
 17 recommendation. We did make the offer to complete the  
 18 Level 2 analysis if the region desired it, so when the  
 19 region came back and said that they were okay with not  
 20 moving forward with it, we completely support that. We  
 21 feel that the existing segment we're doing and for all of  
 22 the corridor and not just southern Arizona, but  
 23 specifically, since we're talking about the southern  
 24 Arizona connectivity section, we believe the outputs of  
 25 the study we'll deliver this summer are sufficient enough

1 to move this forward into any further studies that we  
 2 need. I don't feel personally that the Level 2 analysis  
 3 (indiscernible) would offer anything. It's not going to  
 4 get us a line on the map that you can then say this is  
 5 exactly where the corridor's going to be. So I don't feel  
 6 we'd get anything that would move us that far along. And  
 7 I am very comfortable with the outcome that came from not  
 8 only our recommendation, but the PAG region's, you know,  
 9 letter back and said they're okay with (indiscernible).

10           MR. CHRISTY: Very good.

11           Just to end the subject here, what is your  
 12 feeling of the term "high priority"?

13           MR. OMER: Mr. Chair, I don't like that  
 14 (indiscernible). As you know, I wasn't crazy about it. I  
 15 wrote the scope, so I'll take full credit for  
 16 (indiscernible) using the term "high priority," so ...

17           MR. CHRISTY: Well, thank you for your  
 18 presentation on Item 6.

19           We'll move on to Item 7, the Priority  
 20 Planning Advisory Committee. Mr. Omer?

21           MR. OMER: I was hoping (indiscernible)  
 22 notice that I wrote that and (indiscernible).

23           So, Mr. Chair, we've also been asked to do  
 24 an update on the SR-347 Union Pacific railroad overpass in  
 25 Maricopa. So I'll do a brief update here.

1 The study area, as you can see, covers a  
2 quite -- actually quite a broad area inside of the City of  
3 Maricopa itself, not only at the intersection of SR-347  
4 and where the Union Pacific railroad tracks are today, but  
5 it also covers the high school and some of the other  
6 areas, including -- it's about a mile south of where the  
7 Ak-Chin --

8 FLOYD ROEHRICH, JR.: Mr. Chair, Mr. Omer, I  
9 think we need to -- to see what the (indiscernible) have  
10 to say.

11 LISA MAYE-MULLINS: Is that on the agenda for  
12 today?

13 MR. CHRISTY: You know, I don't see it on  
14 there. It's not on the agenda.

15 If it's not on the agenda, I'm sorry, we  
16 can't hear that presentation. I don't know how that --

17 MR. ROEHRICH: Mr. Chair, all I can do  
18 is apologize, you know, we had the agenda-setting meeting  
19 to put together the agenda, but we failed to include that  
20 in the -- the agenda. That was my mistake, and I --

21 MR. CHRISTY: Clearly this is the fault of  
22 staff.

23 MR. ROEHRICH: It's the fault of  
24 myself, yes, sir, absolutely.

25 MR. CHRISTY: Yours in particular.

1 MR. ROEHRICH: I am a hundred percent  
2 in the (indiscernible) of that.

3 MR. CHRISTY: That's too bad, because I'd  
4 like to hear it, but we can add it for next --

5 MR. ROEHRICH: : Folks, we will have it  
6 for next time. We will make sure to include it so we will  
7 be able to have an in-depth review and discussion on that.

8 MR. CHRISTY: Thank you, counselor, and I'm  
9 sorry. Mr. Omer.

10 MR. OMER: My apologies, and I was not at  
11 the that agenda-setting meeting, so I'll share that --

12 MR. CHRISTY: So it's your fault.

13 MR. OMER: I'll share the blame. Usually  
14 you can figure if something's wrong, I'll take the blame  
15 for it, so ...

16 MR. ROEHRICH: : No, no, anybody needs to  
17 be fired, it's me.

18 (Laughter)

19 MR. CHRISTY: If you'd like to put that and  
20 forward a motion, I'm sure you'll find a second.

21 (Laughter)

22 MR. OMER: : I have the microphone.  
23 Lou is writing to the --

24 MR. CHRISTY: It's not on the agenda.

25 (Laughter)

1 MR. OMER: Mr. -- Mr. Chair, the -- as far  
2 as the PPAC ), first thank you for approving the  
3 Items 3q, r, and s under the consent agenda. The project  
4 modifications, Item 7a s in apple, through 7t as in tango.  
5 If we would like to take those items in total, or if you  
6 would like to look at those individually, it's the  
7 board's --

8 MR. CHRISTY: Does anyone on the board  
9 object to taking projects 7 alpha through 7 tango as one  
10 modification?

11 MR. ANDERSON: Mr. Chairman, I'd like to  
12 address 7b and 7m.

13 MR. CHRISTY: Mr. Omer, could we address  
14 those individually, then?

15 MR. OMER: Yes, sir.

16 So we want to do the other ones first or --

17 MR. CHRISTY: Sure. Any -- any objections  
18 to doing the other ones first and then specifying on the  
19 ones that Mr. Anderson has requested?

20 We'll do that.

21 MR. OMER: If somebody could ask for a  
22 motion approve Items 7 alpha through tango with the  
23 exceptions of Items 7g and 7m (indiscernible).

24 MR. ROGERS: So moved.

25 MR. CUTHBERTSON: Second.

1 MR. CHRISTY: We have a motion by  
2 Mr. Rogers, a second by Mr. Cuthbertson, as stated. All  
3 those in favor say aye. Opposed?

4 Hearing none, motion carries.

5 Mr. Omer.

6 MR. OMER: Mr. Chair, Item 7g is on US-60.  
7 It's the -- along the Silver King section and Superior  
8 Streets project that we're currently and actively working  
9 on the project development process for this project that's  
10 in the current -- construction program. What this project  
11 does is increase the design project by 2 point --  
12 2,901,000 dollars in the Highway Construction Program.

13 The funds are available from the Statewide Contingency  
14 Fund. The increase in these funding is really needed to  
15 continue to do the work on the environmental data  
16 recovery, utility relocations and to finish the paper  
17 design, traffic, and plan reviews. The additional funding  
18 is also needed to construct the LOST Trail in the region  
19 of the (indiscernible) Superior, the Tonto National  
20 Forest. An additional environmental and data recovery was  
21 needed after the State Transportation Board approved the  
22 project in December.

23 So I think one of the -- you know, Vice  
24 Chairman Anderson's questions probably will come from, we  
25 told you at that time that we did not need any additional

1 funding for this project. After we had made that  
 2 statement, something did come out of the project  
 3 development that we needed to address being based on the  
 4 fact of the LOST Trail in the Town of Superior, in the  
 5 Tonto National Forest was uncovered, there was significant  
 6 data recovery that's needed because of that. And that's  
 7 where the additional funding is coming from.

8 MR. ANDERSON: Mr. Chair, I guess my next  
 9 question would be to delivery of the project, do we want  
 10 to slow it down or delay it or in terms of the replacement  
 11 (indiscernible)?

12 MR. OMER: Mr. Chair, Mr. Anderson, we're  
 13 still on schedule to complete the project (indiscernible).

14 MR. CHRISTY: Questions? Mr. Omer?

15 MR. OMER: So, Mr. Chair, if I might, I  
 16 would ask, then, for a motion for Item 7g (indiscernible).

17 MR. CHRISTY: Do we have a motion -- there's  
 18 a motion by Mr. Anderson to approve Item 7g. Is there a  
 19 second?

20 MS. BEAVER: Second.

21 MR. CHRISTY: Second by Ms. Beaver.

22 All those in favor of the motion, signify by  
 23 saying aye. Opposed?

24 Hearing none, the motion carries. Mr. Omer?

25 MR. OMER: Mr. Chairman, Item 7m is in Mary

1 is on SR-347 in the town of Maricopa. And it's the John  
 2 Wayne Parkway sidewalk enhancements, specifically the  
 3 Phase 2 project of that. There's apparently a program for  
 4 \$781,000. And this project, what we're asking is to defer  
 5 the project, a total project was \$781,000 for this fiscal  
 6 year FY14 to Fiscal Year 15, where we'd like to reprogram  
 7 it. This project was approved by the TERC in 2008 on  
 8 Round 16, so it's been around for quite a while. As we've  
 9 been continuing to develop the project, the -- what we  
 10 came across is we actually need more time to finish the  
 11 design of the -- to have it ready to go. It would not be  
 12 ready to go in FY14.

13 So we're asking to (indiscernible) the  
 14 project and defer it till a later year in the program.

15 MR. CHRISTY: Any questions regarding the  
 16 request. Mr. Anderson?

17 MR. ANDERSON: Mr. Chairman, this is a  
 18 considerable amount of money. We know that the City of  
 19 Maricopa and Mayor Price are looking stone -- no stone  
 20 unturned for funds.

21 So, Mr. Omer, this -- could this money be  
 22 redirected to the overpass project?

23 MR. OMER: Mr. Chairman, Mr. Anderson, it's  
 24 a great question. So the simple answer is, could that be  
 25 directed to (indiscernible)? No. And the expanded answer

1 is since the funding for this is transportation  
 2 enhancement fund, it has some specific requirements on how  
 3 and where the funding can produce -- types of funds can be  
 4 spent. At the time the transportation enhancement program  
 5 had a very specific criteria, and I remember like 8  
 6 different criteria, it could have been off from that,  
 7 where you could actually expand transportation enhancement  
 8 funds, which this is. In order to extend transportation  
 9 enhancement funds, it has to be through a competitive  
 10 process. Generally, it is not for infrastructure  
 11 construction, like the construction of bridge. It can be  
 12 used for things like enhancements to the aesthetics. It  
 13 can be used for landscaping. It can be used for, you  
 14 know, putting a painting on a bridge. It can be used for  
 15 safe routes to schools and those types of activities. But  
 16 it couldn't be used for the overpass construction itself.

17 And then the last issue that I would have is  
 18 with the passage of MAP-21, the transportation enhancement  
 19 program is now -- has been transferred to the  
 20 Transportation Alternatives Program. And the funding in  
 21 Transportation Alternatives given directly to the regions,  
 22 specifically, the MAG and PAG region. They do their own  
 23 call for projects, and they program the projects  
 24 themselves. I think if we sent this back out as a TA  
 25 project, we'd probably need to make sure we're

1 coordinating with them. So I don't feel comfortable just  
 2 taking it and trying to transfer the project.

3 The funding too, the overpass project, the  
 4 way it sets today, I think we'd run the risk of not being  
 5 available for reimbursement in the future.

6 MR. CHRISTY: So Mr. --

7 MR. ANDERSON: So it looks like our hands  
 8 tied in terms of this item in terms of the City  
 9 looking (indiscernible) to, like you said, this is a 2008  
 10 TERC project. I think I was just finishing up my term as  
 11 mayor then; I remember the need at that time. So it is  
 12 unfortunate that we can't -- you know, put it in a  
 13 different pocket, so to speak.

14 MR. OMER: Mr. Chair and Mr. --

15 Mr. Anderson, I wouldn't claim -- I wouldn't look at this  
 16 as the town is being greedy. I think the town is looking  
 17 at every opportunity it can to find the funding available  
 18 for the construction of the overpass project. So if I was  
 19 in the community, I would make -- I'd ask the same  
 20 questions myself. So I think it's a great question.  
 21 Unfortunately, it's an issue where I don't feel we have  
 22 the flexibility to do the funding for this, the  
 23 construction of the overpass.

24 MR. CHRISTY: Further questions for Mr. Omer  
 25 on this issue?

1 Mr. Omer, would you please restate --  
 2 restate the recommendation --

3 MR. OMER: Mr. Chair, what our  
 4 recommendation is to approve of Item -- Item 7m as in  
 5 Mary, which is deferring the construction of the John  
 6 Wayne Parkway Phase 2 project in the town of Maricopa for  
 7 a total of \$781,000 from FY14 to (indiscernible) the  
 8 program that it looks like in FY15, we'll bring it back to  
 9 you after the process.

10 MR. CHRISTY: The Chair would be willing  
 11 to -- entertain a motion associated by Mr. Omer?

12 MR. ANDERSON: So moved.

13 MR. CHRISTY: We have a motion by  
 14 Mr. Anderson and a second by Ms. Beaver to approve the  
 15 recommendation as stated by Mr. Omer.

16 All those in favor signify by saying aye.  
 17 Opposed?

18 Hearing none, the motion carries.  
 19 Mr. Omer?

20 MR. OMER: Mr. Chair, last thing, our new  
 21 projects are Items 7u as in uniform through 7ac as in  
 22 alpha Charlie. We can take those projects together, or if  
 23 you'd like, (indiscernible).

24 MR. CHRISTY: Is it the desire of the board  
 25 so --

1 MR. ANDERSON: Mr. Chairman?  
 2 MR. CHRISTY: Mr. Anderson.  
 3 MR. ANDERSON: I'd like to separate out 8a.  
 4 MR. CHRISTY: There's been a request to  
 5 separate out an 8a?  
 6 MR. ANDERSON: 8a.  
 7 MR. CHRISTY: 8a as in alpha. Is that  
 8 right?  
 9 MR. OMER: Mr. Chair and Mr. Anderson,  
 10 that's one of the construction contracts. So could ask  
 11 when Ms. Toth comes up.  
 12 MR. CHRISTY: Oh, that's in the next  
 13 section.  
 14 We'll --  
 15 MR. OMER: This is not specifically  
 16 Item 7 -- uniform or 7 alpha Charlie.  
 17 MR. CHRISTY: Any request to pull any of  
 18 those projects as stated?  
 19 No requests are heard.  
 20 Mr. Omer, your request again is to approve  
 21 it --  
 22 MR. OMER: -- 7 uniform through 7 alpha  
 23 Charlie.  
 24 MR. CHRISTY: The Chair would entertain a  
 25 motion so stated as Mr. Omer presented.

1 We have a motion by Mr. Sellers and a second  
2 by Mr. Anderson to approve the requests as stated by Omer.

3 All those in favor, say aye. Opposed?  
4 Hearing none, the motion carries.

5 MR. OMER: Thank you.

6 MR. CHRISTY: Thank you --

7 MR. OMER: No airport projects  
8 (indiscernible).

9 MR. CHRISTY: Thank you, Mr. Omer.

10 Our next item is the State Engineer's  
11 report. Reporting to the board will be the Deputy  
12 Director of Transportation and our State Engineer,  
13 Jennifer Toth.

14 Ms. Toth.

15 MS. TOTH: Good morning, for -- it is still  
16 morning. Okay.

17 In terms of the State Engineer's report, as  
18 you can see here, we have 101 projects that are currently  
19 under construction for about 681 million dollars.

20 We finalized six projects in the March time  
21 frame. And fiscal year to date we have finalized 118  
22 projects.

23 I'd take any question at this point in time  
24 on the State Engineer's report.

25 MR. CHRISTY: Any questions of the State

1 Engineer regarding the report?

2 No questions.

3 Ms. Toth.

4 MS. TOTH: (Indiscernible). I took over  
5 Scott's (indiscernible).

6 Okay. So first I want to say thank you for  
7 the number of consent agenda items that you passed in  
8 terms of the construction contracts.

9 And moving on to Item 9a, Item 9a is a  
10 sidewalk project on State Route 347 and State Route 238.  
11 And in analyzing the bids and discussion with Briston  
12 Construction, the Department estimate for con- -- for  
13 concrete sidewalks was actually a little higher.  
14 Briston's expertise is actually in concrete sidewalks, and  
15 thus, they were able to provide a better bid price to the  
16 Department. The Department does recommend award to  
17 Briston Construction.

18 MR. ANDERSON: Mr. Chair?

19 MR. CHRISTY: Mr. Anderson.

20 MR. ANDERSON: This is still part of the  
21 TERC award back in 2008. Correct?

22 MS. TOTH: Correct.

23 MR. ANDERSON: So it's in the same  
24 predicament as --

25 MS. TOTH: Yes, it's using enhancement money

1 competitive process and (indiscernible) in the Maricopa  
2 region.

3 MR. CHRISTY: Mr. Roehrich, as a question,  
4 this is an amended item. Does that require any action by  
5 the board?

6 MR. ROEHRICH: No, Mr. Chair, it does not.  
7 It was amended to change the number which was originally  
8 identified as 8a, but it is 9a.

9 MR. CHRISTY: Thank you.

10 And, Ms. Toth, your recommendation?

11 MS. TOTH: Our recommendation is award to  
12 Briston Construction.

13 MR. CHRISTY: Is there a motion from the  
14 board to accept the recommendation as presented?

15 MR. ROGERS: So moved.

16 MR. CHRISTY: There is a motion by  
17 Mr. Rogers.

18 Do we have a second?

19 MR. CUTHBERTSON: Second.

20 MR. CHRISTY: Second by Mr. Cuthbertson to  
21 accept the recommendation as presented.

22 All those in favor of the recommendation as  
23 presented, signify by saying aye. Opposed?

24 Hearing none, the recommendation passes.

25 MS. TOTH: Thank you. Moving on to Item 9b,

1 the Department received a letter from Intermountain West  
2 Civil Constructors asking to withdraw its bid due to a  
3 clerical error in its bid proposal. After analysis, the  
4 Department does agree that the bid submitted by  
5 Intermountain West did not represent its intent and was  
6 deemed a clerical error.

7 The Department did notify all of the  
8 remaining bidders on that project, making Standard  
9 Construction the new apparent low bidder. No comments or  
10 protests were received by the other bidders.

11 In addition, as you recall, the delay from  
12 last month was so that the costs could be requested from  
13 the City of Glendale, since they -- all of the bids  
14 exceeded the original costs. Since then, the City of  
15 Glendale has approved the additional funding for this  
16 project, and therefore, the Department does recommend  
17 award to Standard Construction.

18 MR. CHRISTY: Mr. Sellers, this is in your  
19 district. Do you any comment or questions?

20 Hearing none, is there a motion to accept  
21 the recommendation as presented to the board?

22 MR. ANDERSON: So moved.

23 MR. CHRISTY: We have a motion by  
24 Mr. Anderson.

25 MR. SELLERS: Second.

1 MR. CHRISTY: And a second by Mr. Sellers,  
2 to accept the recommendation as presented to the board.

3 All those in favor of the recommendation,  
4 signify by saying aye. Opposed?

5 Hearing none, Ms. Toth.

6 MS. TOTH: Thank you.

7 Moving on to Item 9c, 9c at bid opening  
8 Granite Construction Company was read as apparent low  
9 bidder and FNF Construction as the apparent second low  
10 bidder. The Department subsequently received a formal bid  
11 protest from FNF claiming that the bid price of borrow  
12 from Granite Construction is unreasonably low, making the  
13 bid mathematically unbalanced. FNF further claims the bid  
14 is material -- materially unbalanced as well.

15 Granite did respond showing how it  
16 determined its bid price for the borrow and claimed the  
17 quantity of borrow needed is correct or might actually be  
18 more than the bid schedule defined.

19 I want to cover the definition of a  
20 mathematically unbalanced bid. A mathematically  
21 unbalanced bid is a bid containing a lump sum or a unit  
22 price, but does not reflect reasonably anticipated actual  
23 costs. Plus a reasonable proportion that's share of the  
24 bidder's anticipated profits, overhead costs and other  
25 indirect costs.

1 Granite explained that it owns and operates  
2 the sand and gravel pit closest to the project, and that  
3 operations of that pit are actually confined in space with  
4 limited room to stockpile waste materials that result from  
5 the stripping overburden. Granite did explain that  
6 historically this waste material was exported to a nearby  
7 landfill and that landfill has recently been closed.  
8 Since Granite no longer has this option but also needs to  
9 dispose of this material, using it as borrow on the ADOT  
10 project allows Granite to reduce its overall disposal  
11 costs.

12 And I will note at this point in time, even  
13 though I say it's a waste material, it does meet the  
14 specifications in order to use it as borrow material on  
15 this project.

16 So Granite is passing on that cost savings  
17 to ADOT in the form of the borrowed credit.

18 So going back to the definition of the  
19 materially -- or a mathematically unbalanced bid, in our  
20 analysis, this is a -- what Granite proposed and laid out  
21 in terms of their explanation, it is a reasonably  
22 anticipated actual cost to that borrow material.

23 As such, because it's not mathematically  
24 unbalanced, it cannot also be materially unbalanced. So  
25 therefore, the Department does recommend to the board that

1 we reject the protest of FNF Construction and award to  
2 Granite Construction Company.

3 MR. CHRISTY: Any questions regarding this  
4 project?

5 The Chair would entertain a motion to accept  
6 the recommendation as presented to the board regarding  
7 this project.

8 MR. ROGERS: Move to approve.

9 MR. CHRISTY: We have a motion by  
10 Mr. Rogers.

11 Is there a second?

12 MS. BEAVER: Second.

13 MR. CHRISTY: Second by Ms. Beaver to accept  
14 the award -- accept the recommendation as presented.

15 All those in favor of the recommendation,  
16 signify by saying aye. Opposed?

17 The recommendation carries.

18 And --

19 MS. TOTH: Thank you.

20 MR. CHRISTY: -- thank you, Ms. Toth.

21 And we are now Item 9 -- whoops. Excuse me.  
22 We already finished that.

23 And we are on to Item 10, suggestions from  
24 the board members for future subjects of meetings.

25 Ms. Beaver.

1 MS. BEAVER: I just again wanted to -- it is  
2 not indicated on the agenda at this meeting, but Lake  
3 Havasu City requested the change of date because the  
4 Arizona League of Cities and Towns is scheduled at the  
5 same time as our meeting in Lake Havasu City, so ...

6 MR. CHRISTY: We examined their request and  
7 looked at the schedule and looked at the calendars and  
8 fortunately or unfortunately, but the process is what the  
9 process is. These meetings have been set and agenda-ized  
10 and posted to the public well in advance. And we're sorry  
11 that we can't accommodate all those factors. But we're  
12 going to proceed with the meeting locations as originally  
13 planned and agreed to. And we certainly hope the Lake  
14 Havasu folks can send someone. We would love them to come  
15 to the board meeting that month to discuss any items. And  
16 I'm sure ADOT -- ADOT staff would make themselves  
17 available prior or during that time period to make sure  
18 their issues are addressed or at least discussed.

19 Am I right, Mr. Roehrich, on that?

20 MR. ROEHRICH: Mr. Chair, that's correct.  
21 As you have talked about, we have not sent that response  
22 back to Lake Havasu City, but we will do that, as well  
23 with the offer that we are willing to -- to come out with  
24 the senior staff and talk to their transportation issues  
25 as well. We don't want to lose that opportunity.

1 MR. CHRISTY: Any other requests or  
2 suggestions?

3 Mr. Anderson,

4 MR. ANDERSON: Mr. Chairman, I would like to  
5 see a resolution in support of the Maricopa TIGER grant on  
6 the next agenda. I think we did that maybe three or four  
7 years ago on previous programs. So if we can get that on  
8 the agenda.

9 Also, I'd like to see Ms. Lewis come back  
10 again and talk about the South Mountain 202 and the P3  
11 progress. I think that was in January at the Prescott  
12 Valley meeting, so an update would be (indiscernible).

13 MR. CHRISTY: Those requests are so noted by  
14 staff and will be addressed on the agenda for the next  
15 meeting.

16 Mr. Sellers?

17 MR. SELLERS: Mr. Chairman, you know, we had  
18 a long discussion around how much savings there is in  
19 investing in our preservation programs, and, in fact, we  
20 keep diverting money away from new construction programs  
21 to enhance our preservation programs.

22 I guess I would just like to have -- and  
23 this is kind of in line with what the chairman talked  
24 about a little bit earlier, I would like to have a  
25 presentation for the board that would talk about what --

1 how we could enhance -- different methods that we could  
2 enhance funding for ADOT to take care of some of these  
3 issues, you know, whether it be -- and I realize that it  
4 would be a legislative process to change any funding  
5 mechanisms, but it would help us as board members to talk  
6 to our legislators if we have more information about the  
7 different amounts, what different amounts would do for our  
8 future (indiscernible) in the state. Certainly, delaying  
9 construction and improvements hurts us from an economic  
10 development standpoint and (indiscernible). So I'd like  
11 to see that as a future agenda item.

12 MR. CHRISTY: So noted.

13 Staff will articulate your request and it'll  
14 be brought up for the next agenda setting meeting prior to  
15 the May meeting.

16 Any other suggestions or -- Mr. Rogers?

17 MR. ROGERS: I'd just like staff to look  
18 into something for our area in Apache County. We -- it  
19 was just announced on the Kinder Morgan's website that  
20 they're going to be investing one billion dollars in  
21 Apache County in CO2 wells. They've been up there  
22 exploring for several years, and now they've decided to  
23 come in and spend another 700 million on wells and 300  
24 million on a pipeline. I just would like to make sure  
25 that our -- ADOT's working with them and making sure that

1 we take care of that, because it's going to -- they --  
 2 what I heard was 1200 subcontractors will be coming in  
 3 there. So that's going to be a huge impact on our area in  
 4 many ways. So I want make sure our transportation needs  
 5 are addressed there.

6 So, Floyd, if you could -- maybe -- contact  
 7 Kinder Morgan or just let us know what -- what ADOT's role  
 8 to play if this, in fact, does happen, and it does sound  
 9 like it will.

10 MR. ROEHRICH: (Indiscernible).

11 MR. CHRISTY: Ms. Beaver?

12 MS. BEAVER: Just one additional  
 13 (indiscernible), I believe it was Mr. Magini [phonetic]?

14 MR. CHRISTY: (Indiscernible).

15 MS. BEAVER: Okay. He wanted to know about  
 16 having the I-11 and just for simplicity, I'm using I-11  
 17 corridor study as a standing agenda item, which I concur  
 18 with. Are we already having that, though, under the  
 19 Multimodal Planning Division report?

20 MR. CHRISTY: That's correct. It is a  
 21 standing agenda item. And I think his comments were  
 22 directed on his being appreciative of the fact that it was  
 23 a standing item. And certainly I am too. And I know  
 24 Mr. Omer spends a lot of time on that issue, and he brings  
 25 it to the board monthly as stated on the agenda.

1 Thank you.

2 Any other comments?

3 The Chair will entertain a motion to  
 4 adjourn.

5 MR. ANDERSON: So moved.

6 MR. CHRISTY: We have a motion by

7 Mr. Anderson to adjourn.

8 MR. ROGERS: Second.

9 MR. CHRISTY: Second by Mr. Rogers.

10 All those in favor of adjourning, say aye.

11 Opposed?

12 Hearing none, we are adjourned.

13 (The excerpted proceedings concluded)

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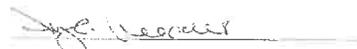
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I, AMY E. WEAVER, do hereby certify that the 58 pages contained herein constitute a full, accurate transcript, from electronic recording, of the proceedings had in the foregoing matter, all done to the best of my skill and ability.

SIGNED and dated this 30th day of April 2014.

  
Amy E. Weaver - Transcriber

**Adjournment**

***A motion to adjourn was made by Kelly Anderson and seconded by Hank Rogers. In a voice vote, the motion carries.***

**Meeting adjourned 11:05 a.m. MST**



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**Stephen W. Christy, Chairman  
State Transportation Board**



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**Floyd Roehrich, Jr., Deputy Director for Policy  
Arizona Department of Transportation**