

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, January 9, 2015
City of Flagstaff Council Chambers
211 W. Aspen Avenue
Flagstaff, Arizona 86001

Pledge

The Pledge of Allegiance was led by Chairman Steve Christy.

Roll call by Board Secretary Mary Beckley

In attendance: Steve Christy, Kelly Anderson, Joe La Rue, Deanna Beaver, William Cuthbertson and Jack Sellers.

Absent: None

ITEM 1. Transportation Board Organization – Floyd Roehrich, Jr.

Designation of Board Chairperson and Vice Chairperson in accordance with A.R.S. §28-303(B).

A motion to designate Joe La Rue as the 2015 State Transportation Board Vice Chairman was made by Deanna Beaver and seconded by Kelly Anderson. In a voice vote, the motion carries.

A motion to designate Kelly Anderson as the 2015 State Transportation Board Chairman was made by Deanna Beaver and seconded by Jack Sellers. In a voice vote, the motion carries.

The gavel was passed to new Chairman, Kelly Anderson.

Opening Remarks by New Chairman

Chairman Anderson mentioned the Rural Transportation Summit and the theme was that although there is no funding for transportation, let's cooperate together and move projects forward and there is a sense of urgency. It was discovered that truckers do not like roundabouts. Ms. Beaver thanked the City of Flagstaff for their hospitality with the Summit.

Call to the Audience

The following member of the public addressed the Board:

1. Jerry Nabours, Flagstaff Mayor, re: welcome Board and importance of working with ADOT on roads as economy dependent on transportation; successful Rural Transportation Summit; tourism has increased with visitors from Mexico; congratulated John Halikowski as Director and appreciates open communication with Flagstaff.
2. Christian Price, Maricopa Mayor, re: update on 347 overpass and thank you to ADOT staff and FHWA for public hearings on draft EA on the past December and process is moving forward.
3. Anthony Smith, Pinal County Supervisor, re: congratulations to new Chair, Vice Chair and Director Halikowski; requests involvement with scoping and consultant selection for I-11 Tier I EIS.
4. Mandy Metzger, Coconino County Board of Supervisors, re: thank you for continued collaboration with ADOT leadership to get through difficult financial times; sustainable transportation funding beneficial to its constituents; appreciates timely response for road projects throughout county, esp SR89; school turnouts along Hwy 160; Bellemont interchange; repair of 89A from Navajo Bridge to House Rock Valley in the Marble Canyon area.

5. Chris Kuknyo, Prescott Councilman and CYMPO Board, re: update on SR 89 project from Chino Valley to SR89A in Prescott-N section done in summer; Willow Creek Road realignment project and bypass for the completion of S section of 89 to 89A; key commerce corridors access from SR89.
6. Terry Nolan, CYMPO, re: congratulations to new chairmen and director; cooperation with City of Prescott, ADOT, Yavapai County, Chino Valley and Prescott Valley and Dewey Humboldt to work together.
7. Marci Fowler, Tonalea Chapter Land Use Planning (TCLUP) President, re: concerns of bus pullouts, turnabout at intersection of Hwy 160 and N21, requests DPS/sheriff patrol for children's safety.
8. John Liosatos, PAG Planning Director, re: thank you to Board for approving I-11 Tier I Study last month; thanked ADOT staff for including PAG on process of development of scope of work/consultant.

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1 (Beginning of excerpt.)

2 CHAIRMAN ANDERSON: Next up, the district
3 engineer's report. We have with us this morning Audra Merrick,
4 Flagstaff DE. She's probably one of the busiest DEs this time
5 of year.

6 Welcome, Ms. Merrick.

7 MS. MERRICK: (Inaudible). Good morning,
8 Chairman Anderson, members of the board, Director Halikowski,
9 staff, members of the public. It's great to see everyone here
10 today. Welcome to Flagstaff and happy new year.

11 CHAIRMAN ANDERSON: Thank you.

12 MS. MERRICK: I presented to you back in May of
13 last year our construction projects here in Flagstaff. I gave
14 you an update to the US-89 landslide in August up in Page. So
15 out of the interest of your time today, and I will try to keep
16 this presentation relatively short, just selecting a few
17 projects.

18 We currently have 12 projects under construction
19 in the bid amount of \$118.7 million. In addition, we have
20 (inaudible) projects pending estimated at 37 million. Those are
21 going to be awarded or go to bid here in the next few months.

22 I'm going to talk to you about three projects of
23 interest of those 12 construction projects under construction.
24 These are the three projects I'm going to talk to you about
25 today. I'll present them in this order. The I-15 Bridge Number

1 6, US-89 landslide and the US-89 Cameron Bridge.

2 This is the I-15 Bridge 6, the CMAR project we
3 have. It's a superstructure replacement with a substructure
4 retrofit. For those of you who aren't familiar with bridge
5 terminology, the superstructure is essentially the steel girders
6 and the features above it. The substructure is everything below
7 it. The award date of the contract was January of '14. It's a
8 \$27 million contract. It's about halfway complete. It's a
9 joint venture with (inaudible).

10 This picture I have here on the screen, I showed
11 you back in May, it's the existing Bridge Number 6. Take note
12 of the pier, how it looks in the existing structure. You have
13 two concrete columns and a pier cap, and keep your eyes to the
14 right of the screen. I'm going to flip the slide.

15 And that is what the retrofitted piers look like
16 today. We have replaced two exterior concrete columns and
17 extended those pier caps across. There's three piers on the
18 bridge. They're all complete. We've also completed some
19 additional foundation work. We placed a few 15-by-15 foot
20 footings. We've had some shafts installed as well.

21 The slide to the right is a containment system
22 for the deck when the deck is removed. Right now we have one
23 line of traffic in each direction on this structure on the west
24 side. We just started removing the deck on the east side over
25 the holidays, and we removed the superstructure on the east

1 side. Then what you'll see us do is construct the new
2 superstructure on the east side of the bridge, only a portion of
3 it. And once that's complete, we'll shift traffic over to it,
4 and then we'll rip down or demo the existing structure, and
5 we'll continue that new section across.

6 The photo here on the right gives you an idea of
7 how long these columns are by the scale of the men below it.
8 The columns range anywhere from about 60 to 90 feet. They're
9 9-by-9 foot -- I'm sorry -- 8-by-8 foot square columns.

10 The photo on the lower left just shows you some
11 of the pier cap reinforcement and (inaudible) date for
12 completion in spring of 2016.

13 The second project I wanted to talk to you about
14 is the US-89 landslide repair project. This is the landslide
15 repair that's south of Page. We're constructing a buttress at
16 the toe of the base of the slope on the west side of the road.
17 It was awarded July '14. That's a \$22 million contract. When
18 you look at the total contract, we're 53 percent complete. The
19 contractor is F & F Construction.

20 The picture on the left here just gives you an
21 example, shows you some of the equipment we have out there
22 today. Some mining equipment, and some them are standard
23 earthwork equipment.

24 On the right is a picture of some of the blasting
25 taking place. There's about a million yards of material to be

1 moved. The -- what we're doing is on the east side of the
2 roadway, there's a tall cut, and we're sloping that cut down,
3 and when we slope it down, we're producing waste, like a million
4 yards of waste. That waste is going to the west side of the
5 road at the bottom, and that's how we're building the buttress.
6 On the slide I have approximately 700,000 out of a million yards
7 of material have been moved to date. I got a number from our
8 construction folks yesterday. They said that they're actually
9 at 736,000 yards moved to date.

10 Here's a little bit of a side-by-side, kind of a
11 before and after photo. The left -- excuse me. The left
12 picture is July of 2014. That's right before we started. The
13 right picture is November of '14.

14 The right photo, the red circle is the actual
15 buttress being built. It's a little hard to see, but if you
16 look down to the lower left-hand corner on that right picture
17 where that circle is, you can kind of see the slope of the
18 buttress going down and see kind of the toe of the buttress. If
19 you look at the slide on the left, you can see that feature
20 doesn't even exist.

21 In the left photo, if you look at the top right,
22 you can see a series of rock features up on that left photo, and
23 if you look at the right photo, they're really not there. And
24 that's that slope that's being pulled back.

25 And we're estimated to be open to traffic in

1 spring of 2015. We won't be construction complete, but we'll be
2 open to traffic in spring. The reason why we're not
3 construction complete is because we have to put -- we have to
4 place some friction course, which is that top half layer to an
5 inch of asphalt, and we have temperature restrictions on it. So
6 we can't place that in the spring. So what the contractor will
7 do is open it to traffic. He'll come back in June when
8 temperatures allow, and we'll do just like a standard lane
9 closure like we do anywhere else and place the friction course,
10 and then he'll put some temporary striping down, the rumble
11 strip, those types of items.

12 So the third project I'd like to talk to you
13 today about is the US-89 Cameron Bridge project, and it's
14 located in Cameron. It's a bridge replacement project. It was
15 awarded in October of '13. It's a \$37 million contract. We're
16 almost halfway there. The contractor is VASCO (phonetic).

17 The picture on the right is a picture I showed
18 you back in May. It's the existing Little Colorado Bridge, and
19 that bridge is being removed, and it's being replaced by two
20 structures, a northbound and a southbound structure.

21 On the right, behind the new bridge, you can see
22 the still existing bridge. It still exists today, and then that
23 bridge in front that's constructed is the new northbound bridge.
24 We recently poured that deck and hope to have traffic on it
25 early next spring as one of the next phrases.

1 The picture on the lower left, that's looking
2 northbound, and if you're looking up at the structures and
3 you're looking northbound, the left picture is the existing
4 structure. The right is the new northbound bridge. The
5 daylight in between the structures is about ten feet. So what
6 you'll see us do is right now we have the existing line of
7 traffic in each direction on the existing structure. You'll see
8 us take that traffic early next spring, put it on the new
9 northbound bridge, and then we'll demo the existing structure,
10 and we'll build the new southbound structure.

11 These are just a few more pictures I wanted to
12 put in so you can see what's happening on top in the progression
13 of the project overall, because there's -- it's more than just
14 the bridge project. We're actually making it a divided highway.
15 The top left is just some placement of the steel in the deck on
16 the new northbound bridge. Looks like they're probably
17 replacing the lower (inaudible).

18 The top right is an example of the pedestrian
19 crossings that we're installing. There's a total of four
20 crossings.

21 And the two lower pictures is just some of the
22 new features of 89 from the project. The right unfortunately
23 (inaudible) behind me is the -- is the US-89 (inaudible) go
24 roundabout. Yesterday the completion for this project is early
25 fall, late summer.

1 You can't come to Flagstaff without seeing the
2 animals. I showed you these pictures last year. I called in my
3 expert bridge construction inspectors, 2014. So for 2015, the
4 new award goes to the animals (inaudible), specifically the
5 little cow sitting in the (inaudible).

6 So with that, that's all I have for you today.
7 If you have any questions, I'll be more than happy to take them.

8 CHAIRMAN ANDERSON: The bridge project on 15, is
9 that the result of the TIGER Grant a few years ago?

10 MS. MERRICK: Yes, it is. Bridge 6 is TIGER
11 Grant money.

12 CHAIRMAN ANDERSON: Any questions from the board
13 members? Mr. --

14 MR. HALIKOWSKI: Just a follow-up to the
15 chairman's question. The TIGER Grant didn't cover the entire
16 cost, correct?

17 UNIDENTIFIED SPEAKER: That's correct.

18 MS. MERRICK: Correct.

19 MR. HALIKOWSKI: (Inaudible) put some money
20 (inaudible) over and above. But I do have one other question
21 about 15, and is -- will you need an oversized, overweight
22 permit to get the chairman's roll of Duct tape (inaudible)).

23 MS. MERRICK: I refrain from the Duct tape
24 comment. I thought about it, but...

25 CHAIRMAN ANDERSON: John, we're going to use a

1 plane.

2 MR. HALIKOWSKI: Ah, there you go.

3 MS. MERRICK: We need to put it in by
4 (inaudible).

5 Any questions?

6 CHAIRMAN ANDERSON: Ms. Merrick, thank you for
7 your work, and please convey to your crew our appreciation from
8 the board for their hard work in this district.

9 MS. MERRICK: Thank you. Appreciate it.

10 CHAIRMAN ANDERSON: Mr. Halikowski, director's
11 report.

12 MR. HALIKOWSKI: Mr. Chairman, I really don't
13 have things to report other than congratulations on your
14 appointment, but everything I was going to report on, we will
15 cover through staff reports and we'll discuss them further as
16 necessary.

17 CHAIRMAN ANDERSON: Thank you.

18 We'll move on to the consent agenda. If there is
19 an item any board member would like to pull from the consent
20 agenda, we'll do it now. If not, I'd like a motion to approve
21 the consent agenda as presented.

22 MR. LA RUE: I move to approve.

23 MR. CHRISTY: Second.

24 CHAIRMAN ANDERSON: Moved by Mr. La Rue and the
25 second by Mr. Christie to approve the consent agenda. All in

1 favor?

2 BOARD MEMBERS: Aye.

3 CHAIRMAN ANDERSON: Legislative report, is
4 Mr. Biesty here or who do we have for...

5 MR. ROEHRICH: Mr. Chair, I'd like to just
6 respond real quick to the legislative report. Mr. Biesty
7 (inaudible) and could not make it.

8 At this time, as we're getting prepared with the
9 new administration starting and with the new legislature kicking
10 off next week, we really haven't had a chance to work with the
11 new administration on the direction of what they're looking at.
12 We're anticipating that as (inaudible) state of the state, and
13 as the legislature starts kicking off, we'll have a lot more
14 activity coming forward.

15 So at this time, (inaudible) a couple of possible
16 bills and things that people have brought up, one of them is a
17 (inaudible) paid through the American Council of Engineering
18 Companies and a couple of other things. We're tracking those,
19 but we really don't have the full legislative strategy set yet,
20 and we'll be working on it with the new administration.

21 At the national level there continues to be quite
22 a bit of discussion about the reauthorization or extension of
23 the Map-21, with the funding that was set by Congress to expire
24 at the end of May, what is the either the near-term or long-term
25 approach to that. Again, Congress is continuing to weigh their

1 discussions and weigh their options. Haven't been any action at
2 this time. Quite a bit of talk about it. So we're continuing
3 to track those as well as that progresses.

4 So Mr. Biesty felt that by next month, there
5 would be quite a bit more to bring. We'll be into our
6 legislative session. Congress will be further into how they're
7 progressing, and we'll be able to give you more updates at that
8 time.

9 CHAIRMAN ANDERSON: Thank you, Mr. Roehrich.

10 Next up is Kristine Ward, financial report. And
11 Ms. Ward, before we start, please be nice to me.

12 I have one question. I've read in the paper the
13 last week that December was a record month for auto sales. Is
14 that reflective in the Arizona report you're about to give us,
15 or is it too early to get those figures in?

16 MS. WARD: It is, Mr. Chair.

17 First of all, good morning, everyone.

18 Mr. Chair, yes, it is too early. I have November
19 numbers. I do not yet have December numbers. And given the
20 November numbers, I will tell you I'm hoping that the December
21 numbers are very good, but I'll try to give you some good to
22 temper some of the less good.

23 So -- oh, by the way, congratulations.

24 CHAIRMAN ANDERSON: Thank you.

25 MS. WARD: (Inaudible). There we go.

1 Okay. So for HURF, one piece of good news that
2 did just come out this morning, I should let you know, is the
3 jobs report came out, and we added 252,000 jobs nationally as of
4 this morning, and they said that 2014 was the highest job
5 creation growth in a number of years, so that's a nice tone to
6 come in on.

7 With regards to HURF, we are right on target.
8 That's just (inaudible) only .4 percent off of your forecast.
9 So we're right within range, and year to date we've collected
10 about \$624 million.

11 VLT revenues are running a little behind
12 forecast, and that is associated with new car sales are behind
13 through the November numbers as well as new to Arizona. We're
14 not seeing the growth that we previously saw where people are
15 moving to the state and bringing in and registering their cars
16 here. We are actually 4.6 percent behind forecast -- or excuse
17 me -- yeah, behind last year at this point. But we're coming
18 off of years (inaudible) growth there. So so far we're doing
19 all right.

20 Moving on to RARF. (Inaudible), the Regional
21 Area Road Fund. Again, right on forecast. It's very
22 (inaudible) whenever the little blue bar stays within those red
23 ones, it's a really good thing. We are pretty much right on our
24 numbers. Retail sales is -- are running strong. Contracting,
25 we're still dealing with the fact that we have shed jobs there.

1 So that's concerning. We were experiencing some double-digit
2 growth at the beginning, in the early months of '14. That
3 growth now, we're about 4 percent year to date. Restaurant and
4 bar is very strong at 6.9 percent year to date.

5 So with regards to the federal aid program, I'd
6 like to skip that one for a second. We'll cover that in the
7 next slide.

8 In terms of -- we had a refunding last month.
9 You in -- on October 10th, 2014 provided us a resolution
10 authorizing us to go forward and do a RARF refunding, bond
11 refunding, and a HURF refunding. We completed the HURF
12 refunding in mid December, and it was quite successful. When I
13 originally presented this for you at the October 10th meeting,
14 we were estimating we were going to be refunded about \$277
15 million worth of HURF bonds. We actually -- I'm sorry -- about
16 250. We actually refunded about -- issued about \$377 million
17 worth of bonds. We've got, because the market moved in our
18 direction -- oh, savings are at 31.5 million for HURF, and we
19 ended up with total interest cost of about 3.12 (inaudible).

20 We did not change any of the terms or anything.
21 That's just, you know, like for like. We owe a significant
22 thank you for that \$31 million dollars for -- to our financial
23 advisor, RBC, Kurt (inaudible). We also had our senior manager
24 (inaudible) with Citigroup. I will tell you that they have --
25 when we went out into the market, we went with a very tight

1 (inaudible). You know, in other words, the prices were a little
2 higher than the market wanted to pay, and what that led to was
3 Citigroup underwriting approximately 100 to 120 million on those
4 bonds, which they turned around very quickly, which is a big --
5 is good for ADOT's credit. So (inaudible) to them for that.
6 Also want to thank the rest of the syndicates -- syndicate as
7 well as bond council, (inaudible).

8 Moving to the federal aid program, this is --
9 this one's, you know, not as cheery kind of going off of where
10 Floyd -- what Floyd was talking about. You've probably seen
11 this chart before. You might even think I'm showing you the
12 same chart again. I'm not. What this is is just our future,
13 doesn't look much different than it did when I showed you a
14 similar chart last year. As we were heading into last summer,
15 the chart looked very similar. The Highway Trust Fund last
16 summer was quickly heading into a negative balance, and FHWA was
17 getting ready to implement cash management measures in the form
18 of delayed reimbursements. If you will recall, I was reporting
19 to you last year on that.

20 Even though this slide looks almost exactly like
21 the ones I've shown you, we are unfortunately on the same track
22 for the same -- for that same situation to reoccur. It's almost
23 like that movie *Ground Hog Day*. It's just an absolute miracle
24 as to last year. If Congress does not act, FHWA, and this is --
25 these are their projections -- anticipates that the Highway

1 Trust Fund cash balance will dip below their critical threshold
2 of 4 billion, estimated to dip below that in the June time
3 frame -- that's where I got the debt service payment time -- and
4 dip below zero in August time frame. What we are doing to
5 prepare is the same thing we did last year that actually is the
6 same, is we are trying to ensure that we have adequate cash
7 balances that should they go into a delayed reimbursement
8 system, then we are prepared.

9 That concludes my financial report. If you have
10 any questions, I can (inaudible).

11 CHAIRMAN ANDERSON: Questions for Ms. Ward?
12 Mr. La Rue?

13 MR. LA RUE: You know, Kristine, I want to first
14 thank you for handling that, you know, complex process of
15 refunding. Those are very difficult processes, and for the
16 success you got, thank you for managing that for us.

17 MS. WARD: Thank you.

18 MR. LA RUE: And then the question I have is you
19 said there's about a 30 million -- \$31 million savings, and so
20 does that help in our next five-year plan, and if so, how does
21 it help? Kind of, you know, connect the dots there.

22 MS. WARD: Well, what it does is it lowers the
23 estimated debt service payments that -- so we previously had,
24 for lack of a better way to put it, we expected to pay a certain
25 amount of our mortgage payment every month, and now our mortgage

1 payment just came down. So those dollars then are able to roll
2 into the (inaudible) program and available (inaudible). Does
3 that answer your question, sir?

4 MR. LA RUE: Yes. Can you size what those
5 dollars might be or is that --

6 MS. WARD: Well, what will happen is it's \$31
7 million worth of savings, but it's \$31 million over the life of
8 it. So it's not like -- unfortunately, I cannot hand you \$31
9 million in a single year on your first day, but it's a portion
10 of that \$31 million over approximately 13 years. So it's --
11 those savings are spread over 13 years. So they won't fully be
12 realized within the five-year program, but they'll be realized
13 over, I believe, the life (inaudible), 13-year (inaudible).

14 MR. LA RUE: Thank you.

15 CHAIRMAN ANDERSON: Other questions for Ms. Ward?

16 MR. HALIKOWSKI: Thank you, Mr. Chairman.

17 Kristine, we have this discussion every time with
18 Federal Highway Trust Fund (inaudible) precipice. Clarify for
19 me again as we're approaching June this year, we have some
20 contingency or we have a plan that if they fall below 4
21 billion -- and I know we're talking multiple years of funding
22 and closeouts, but we'll be able to weather for a short time.
23 Is that going to happen?

24 MS. WARD: Mr. Chair, Mr. Director, what we --
25 what our plan is is very similar to what it was last year. We

1 will do a series of cash flow analyses to mimic what we believe
2 the feds will do in terms of cash management measures, in terms
3 of delayed reimbursement, and we will look at our cash position
4 compared to what we anticipate them to do and see how long we
5 can weather the storm.

6 So as last year, we found that we could float.
7 We had enough cash to absorb the delayed reimbursements and
8 maintain our -- the timing, our current timing with payments to
9 contractors through -- at that point it was September. We will
10 do those forecasts again to say, okay, how long do we think we
11 can hold out before it starts impacting reimbursements, delaying
12 reimbursements.

13 MR. HALIKOWSKI: How much of that plan is
14 contingent upon the state budget moving forward status quo?

15 MS. WARD: A great deal. So if we deal -- if we
16 run into a situation where there are increased transfers or
17 (inaudible) that is a significant risk.

18 MR. HALIKOWSKI: Thank you.

19 MR. ROEHRICH: But Kristine, you're also impacted
20 by the revenue collections. If we continue to see they're
21 stagnant or declined, you're going to see those negative impacts
22 on your ability to manage this cash flow as well, right?

23 MS. WARD: If -- Mr. Chairman, Floyd, yes, if
24 revenue forecasts do not come in according -- accordingly, then
25 yes, that is also a risk.

1 MR. HALIKOWSKI: So this brings up, Mr. Chairman,
2 one other discussion we've been having, and I don't know if we
3 have enough data to track yet, but as the cost per gallon of
4 gasoline falls, are we seeing a rise in sales because we're
5 collecting 18 cents per gallon regardless of the price of
6 gasoline? So I don't know if we have any data yet to see if any
7 increases have occurred from that.

8 MS. WARD: Mr. Chair, Mr. Director, we are
9 looking to that. We haven't got that data just yet.

10 MR. HALIKOWSKI: Okay.

11 MS. WARD: But as soon as I have it, I will share
12 it, probably grinning from ear to ear.

13 CHAIRMAN ANDERSON: Others?

14 Thank you, Ms. Ward.

15 MS. WARD: You have a great day.

16 CHAIRMAN ANDERSON: Thank you.

17 At this time, I want to -- prerogative of the
18 Chair, I want to recognize a dear friend as well as a dear
19 friend of the board. Victor Flores is in the back there. He
20 drove up today just to be with us.

21 Victor, thank you and welcome back.

22 Scott, Mr. Omer, on the Multi-Planning Division
23 as well as the PPAC report.

24 MR. OMER: Thank you, Mr. Chair, board members.

25 I have a brief NPD update. Really what I wanted

1 to do for a second was kind of talk about some of the things
2 that we're going to have work -- will be working on this
3 upcoming year.

4 First, our state freight plan, which was a Map-21
5 not requirement, but a suggestion to Map-21 is in the final
6 stages of procurement. We will be awarding that project and
7 starting the state's first state freight plan.

8 This year we'll also be updating our long-range
9 transportation plan. I know Mr. Anderson and Mr. Christy were
10 here when we updated our last LRTP. I'm not sure if Ms. Beaver
11 was here yet. It was about the same time that she came on
12 board. So we'll be starting that process, and it will be an
13 update of our long-range plan. I've been pretty -- you know,
14 talking to Mr. Kies and my staff, but we have a good long-range
15 plan. I want to update it instead of go out and start a
16 brand-new one, but it's still quite a bit of work to do that.

17 We're also as the -- the director has really
18 asked us to do something completely new and innovative for us.
19 We'll be looking at a bi-national study. That's going to be
20 looking at freight and commodities loads from the Tucson area to
21 the State of Mexico, you know, where Mexico City is. Through
22 partnerships, we'll be looking at how we actually will do this,
23 and it will really be pinpointing, you know, how truly we can be
24 moving freight and commodities from the State of Mexico into the
25 Tucson region through Nogales. So that's something we're very

1 excited about, and we're actively looking at the scope of work
2 today, how we're going to come up with that.

3 As you've heard and as you approved last month,
4 we'll be looking at the I-11 tier one environmental document,
5 and we're actively working at developing that specific scope of
6 work. We will be managing that project in partnership with ITD.
7 It will be a joint-led study between the two divisions, NPD and
8 ITD, and we've been working with ITD in our own environmental
9 planning group now, really defining what the tier one document
10 will look like. Again, we've done those for the Phoenix and
11 Tucson passenger rail study, but that was an FRA study. This
12 will be managed by federal highways. So we'll have
13 conversations with our division office as well as internally
14 about what we are expecting to get out of this study. So very
15 excited about that.

16 We've also already started the process of working
17 with our communications team and developing what the public
18 information process will look like. Our goal is (inaudible).
19 We plan on advertising in the spring, and ideally, we'll be
20 awarding this project this fiscal year. I know it's a very
21 aggressive time frame, and every time I say it, I can feel
22 Mr. Kies cringing behind me, but that's the goal. That's what
23 we're going to do.

24 So that's the large items we'll be working on
25 this year, Mr. Chair.

1 MR. CHRISTY: Mr. Chair.

2 CHAIRMAN ANDERSON: Mr. Christy.

3 MR. CHRISTY: Mr. Omer, could you expand a little
4 bit of the discussion that's been raised regarding the
5 consulting selection and process of the EIS, particularly how it
6 impacts and the involvement potential of the southern counties
7 of Pima, Santa Cruz and Pinal, and how the department plans on
8 collaborating with those entities to go through this whole
9 collaboration of consulting and the EIS itself?

10 MR. OMER: Yes, sir. Mr. Chair and
11 Mr. Christy -- it seems odd to say Mr. Christy now and not
12 Chairman Christy -- but as you heard (inaudible), we've already
13 reached out to the PAG region, starting to have conversations
14 about involvement in the process. We'll do the same thing with
15 our other two counties that will be involved, Pinal and Maricopa
16 Counties.

17 Hopefully in the last two years, as we were
18 working on the tier -- on the environmental -- I'm sorry -- the
19 I-11 study with Arizona DOT and the Nevada DOT, I hope the board
20 and everyone saw -- has seen just how collaborative we've been
21 with not only southern Arizona, but everyone. We did not
22 develop that study in a vacuum. We had the regions as partners,
23 and they were sitting at the table with us every step throughout
24 the way, and we'll follow that same process. They will be
25 stakeholders. We'll talk to them about what their vision of the

1 scope of work is and the other things.

2 As far as selection, we haven't even had that
3 conversation yet about who will sit on the selection panel. I
4 don't think it's prudent to even really think about that yet,
5 but what I will say is we'll definitely be having conversations
6 and including them in the process, as well as our federal
7 partners, and I think that bond's important. We're not only
8 (inaudible) about the study as well, but we want their expertise
9 on where they see, and again, this is going to be happening in
10 their region. They should be involved in it. And that's our
11 commitment is working with them throughout the process.

12 I hope that answers your question, sir.

13 MR. CHRISTY: It does, and based on past
14 performance regarding those subjects that you just raised, I
15 have full faith and confidence that the same process that has
16 been so successful the last couple years in this type of
17 endeavor will continue on this issue of the EIS. And for that,
18 I thank you and Mr. Kies and other staff for that reaching out
19 to the PAG region and to the counties that are impacted, and I
20 know I can speak for them. They look forward very much to be
21 involved on a very informative and intimate level of that whole
22 process. Again, we thank you for that effort.

23 MR. OMER: Thank you.

24 Mr. Chair, that's all I have. Are there
25 questions?

1 CHAIRMAN ANDERSON: Questions?

2 PPAC.

3 MR. OMER: Mr. Chair, the PPAC items this month,
4 if -- I didn't ask you, but I'm going to assume you'd like to
5 proceed the way that we have in the past with project
6 modifications, new projects, then airport projects the way that
7 we have.

8 This month the project modifications are Items
9 8A, as in alpha, through 8F, as in foxtrot. We can talk about
10 those individually or if there's any ones that you have any
11 specific questions, and if not, staff would recommend that you
12 approve Items 8 alpha through 8 foxtrot.

13 CHAIRMAN ANDERSON: Any of those items a board
14 member would like to have additional information on? If not,
15 I'd like to have a motion to accept and approve project
16 modifications Items 8A through 8F as presented.

17 MR. SELLERS: So moved.

18 MR. LA RUE: Second.

19 CHAIRMAN ANDERSON: Moved by Mr. Sellers,
20 seconded by Mr. La Rue to approve the modifications.
21 Discussion?

22 All in favor?

23 BOARD MEMBERS: Aye.

24 MR. OMER: Mr. Chair, I will say that the first
25 one, 8A, will be contingent upon the MAG Regional Council

1 approval on January 28th. I should have said that before, but
2 we have never (inaudible) in the past so...

3 So the new projects are Items 8G, as in golf, and
4 8H, as in hotel. Again, if we -- if you want to talk about
5 those individually. If not, staff would recommend approval of
6 Items 8G and 8H.

7 CHAIRMAN ANDERSON: Is there a motion to accept
8 and approve new projects Items 8G and 8H as presented?

9 MR. LA RUE: So moved.

10 MR. CUTHBERTSON: Second.

11 CHAIRMAN ANDERSON: Moved by Mr. La Rue, second
12 by Mr. Cuthbertson to approve new projects. Discussion?

13 All in favor?

14 BOARD MEMBERS: Aye.

15 CHAIRMAN ANDERSON: Opposed?

16 MR. OMER: Lastly, Mr. Chair, the airport project
17 this month is Item 8I. Again, staff would recommend approval of
18 Item 8I.

19 CHAIRMAN ANDERSON: Any discussion on the
20 project? If not, motion to approve and accept airport project
21 8I as presented.

22 MR. SELLERS: Move for approval.

23 MR. LA RUE: Second.

24 CHAIRMAN ANDERSON: Moved by Mr. Sellers,
25 seconded by Mr. La Rue to approve.

1 All in favor?

2 BOARD MEMBERS: Aye.

3 MR. OMER: Thank you.

4 CHAIRMAN ANDERSON: State engineer's report,
5 Mr. Hammit, and then continue on to the construction projects.

6 MR. HAMMIT: Good morning, Mr. Chairman.

7 Mr. Chairman, currently we have (inaudible)
8 projects that are construction for a total of \$923.6 million.
9 In December we finalized 17 projects totaling \$38.4 million, and
10 year to date we've finalized 60 projects.

11 One of the things in the state engineer's report
12 I want to bring to the board, last month you met Mr. Steve
13 Boschen. He has been appointed as the senior deputy state
14 engineer and the director of the Intermodal Transportation
15 Division, my old position.

16 Moving forward to the construction contracts,
17 thank you for approving the three projects you did. In the
18 consent agenda, we have six projects that we'll have a little
19 conversation (inaudible).

20 The first project is on Interstate 17. This
21 project was -- the State's estimate was \$10,563,413.83. The low
22 bid was 8,650,000, a difference of 18.1 percent. Where we saw
23 the biggest difference is this project has a -- the pavement
24 marking has a ground-in groove so we can put some (inaudible)
25 down. That groove allows it to be recessed just enough so when

1 the snow plows come through, they don't tear up our new stripe.
2 We hadn't done this in the last five years. Our pricing was
3 very old. We got very good pricing, and pretty much the
4 complete difference was in that grinding. It's a very long
5 project, and it made a difference.

6 One other thing on this project, yesterday some
7 of you may have heard the innovation discussion. This project
8 will be -- we're going to have an innovation. We're going to
9 use intelligent compaction on this project, where basically the
10 gentleman on the roller or the lady on the roller will have a
11 computer screen, and it will track to make sure they have hit
12 every section of the new pavement and also give them a reading
13 how the compaction is going. It's the first time we've done
14 this on a full scale in Arizona. So we're excited about that.

15 We do believe this is a reasonable and
16 responsible bid. We would recommend approval for Fisher Sand &
17 Gravel.

18 MR. CHRISTY: Mr. Chairman, just a question of
19 clarification.

20 CHAIRMAN ANDERSON: Yes, sir.

21 MR. CHRISTY: I think -- did you say that this
22 was I-17?

23 CHAIRMAN ANDERSON: Yeah.

24 MR. HAMMIT: No, I did, but it is I-40.

25 CHAIRMAN ANDERSON: I-40.

1 MR. HAMMIT: Thank you.

2 MR. CHRISTY: Thank you.

3 Based on that, move to accept the staff's
4 recommendation to award the contract for Item 10A to Fisher Sand
5 & Gravel Company.

6 MS. BEAVER: Second.

7 CHAIRMAN ANDERSON: Moved by Mr. Christy,
8 seconded by Ms. Beaver. Any discussion?

9 All in favor?

10 BOARD MEMBERS: Aye.

11 CHAIRMAN ANDERSON: 10B.

12 MR. HAMMIT: Mr. Chairman, 10B is a project on
13 State Route 264, Keams Canyon. The state's estimate of this was
14 \$902,671. The low bid came in at \$1,035,027, a difference of
15 over our estimate of 14.7 percent. This is a widening project
16 with some -- quite a bit of pipe work. Where we saw our biggest
17 difference is we saw higher-than-expected pricing in our
18 excavation, in our aggregate base. Also, in some of this pipe
19 work, we saw higher prices. It's -- the pipe is 15 feet deep.
20 There's going to be a lot of shoring. So we did see higher than
21 expected, but after review, we do believe this is a reasonable
22 and responsible bid and would recommend approval to Show Low
23 Construction.

24 CHAIRMAN ANDERSON: Move -- is there a motion to
25 accept and approve staff's recommendation to award the contract

1 Item 10B to Show Low Construction?

2 MR. CUTHBERTSON: So moved.

3 MR. CHRISTY: Second.

4 CHAIRMAN ANDERSON: Moved by Mr. Cuthbertson,
5 second by Mr. Christy. Discussion?

6 All in favor?

7 BOARD MEMBERS: Aye.

8 MR. HAMMIT: Item 10C, this project is a local
9 government project in the City of Glendale. The State's
10 estimate was 333,141. The low bid came in at 498,257, basically
11 a difference of 29.6 percent. In talking to the City of
12 Glendale, they would be funding any difference. They do want to
13 move forward, but they need to get their funding in line. So we
14 are requesting that we postpone this, let the City work on their
15 funding, and we would bring this at the next board meeting.

16 MR. CHRISTY: Mr. Chairman, move to postpone this
17 particular project.

18 MR. LA RUE: Second.

19 CHAIRMAN ANDERSON: Moved by Mr. Christy, second
20 by Mr. La Rue to postpone Item 10C. Discussion?

21 All in favor?

22 BOARD MEMBERS: Aye.

23 MR. HAMMIT: Item 10D, this project you saw last
24 month, as it was postponed. We did receive a request from the
25 apparent low bidder, Jay Banicki, to withdraw their bid. We

1 have reviewed that both internally and with our legal
2 department, and we do feel that there was a mathematical error
3 and it is prudent that we support withdrawing that bid. With
4 that, we would recommend -- let me go through some of the
5 numbers.

6 The State's estimate on this project was
7 \$1,874,356. The apparent low bidder, Jay Banicki, was at
8 2,197,957, a difference of 17.3. They -- we are recommending
9 that we let them withdraw their bid.

10 That would move the low bidder to The Ashton
11 Company. Their bid was \$2,594,049.21, a difference of 38.4
12 percent. Where we saw our biggest differences was in the
13 structural concrete removal. They had higher-than-expected
14 prices in asphalt, and then the steel prices have gone up, and
15 we saw it there. So we do believe Ashton is a reasonable and
16 responsible bid and would recommend an approval to The Ashton
17 Company.

18 CHAIRMAN ANDERSON: Staff is asking for a motion
19 to recommend to allow Jay Banicki Construction to withdraw its
20 bid and award the contract for Item 10D to The Ashton Company,
21 Inc. contractors and engineers contingent upon Ashton meeting
22 the DBE requirement.

23 MS. BEAVER: So moved.

24 MR. CUTHBERTSON: Second.

25 CHAIRMAN ANDERSON: Moved by Ms. Beaver, second

1 by Mr. Cuthbertson. Discussion?

2 All in favor?

3 BOARD MEMBERS: Aye.

4 CHAIRMAN ANDERSON: Opposed?

5 MR. HAMMIT: Thank you, Mr. Chairman.

6 Item 10E, this job is on US-60 between Superior
7 and Miami. The apparent low bidder, Fann Construction, has
8 requested to withdraw their bid. We have not had the
9 opportunity fully to review where an error was done, just like
10 we did in the previous one with Banicki. We must determine that
11 there was a mathematical error, not just a estimating error
12 before we do that. So we would be recommending to postpone this
13 until a future meeting.

14 MR. CHRISTY: Mr. Chairman, move to postpone this
15 project to a future meeting.

16 MR. CUTHBERTSON: Second.

17 CHAIRMAN ANDERSON: Moved by Mr. Christy,
18 seconded by Mr. Cuthbertson to postpone this item to a future
19 agenda item.

20 All in favor?

21 BOARD MEMBERS: Aye.

22 MR. HAMMIT: And then F, this project is on
23 Interstate 40 in the Kingman district. The State's estimate was
24 \$302,518. The low bid was 349,334, a difference of 15.5
25 percent. The biggest differences we saw on the project was this

1 is specialty work. It's a rock scaling project. You have a
2 specialty contractor. We underestimated what it would take to
3 do that rock scaling.

4 There's another twist to this project that the
5 apparent low bidder was not licensed in the State of Arizona,
6 but our bid -- our rules do allow them to bid, and then they
7 must be licensed and get their -- be licensed to the Registrar
8 of Contractors within 60 days of the bid opening. That bid
9 opening was December 5th. That puts the 60 days at February
10 3rd. This is a specialty work, and we're happy to get a
11 contractor that comes in that does this type of work.

12 We would recommend approval contingent upon them
13 getting their license by February 3rd. If they miss that 60
14 days, we would have to reject their bid as nonresponsive, and we
15 would come back to the board at that time. So the
16 recommendation is a contingent award of this project.

17 CHAIRMAN ANDERSON: Staff is recommending to
18 award the contract for Item 10F to TC Construction US, LLC,
19 contingent upon TC Construction obtaining the appropriate ROC
20 license as required by the Arizona Registrar of Contractors by
21 the close of business on February 3rd, 2015.

22 MS. BEAVER: Mr. Chairman, could I just have
23 clarification? Is it TC or TK Construction?

24 CHAIRMAN ANDERSON: I have TC here.

25 MR. HAMMIT: (Inaudible) K. I will follow up on

1 that. TK Construction (inaudible).

2 CHAIRMAN ANDERSON: Okay. So we will change TC
3 to TK.

4 MR. HAMMIT: I'll confirm that and get back to
5 you, but that's -- all the information I have is TK
6 Construction.

7 CHAIRMAN ANDERSON: Is there a motion on the
8 floor?

9 MR. CHRISTY: So moved.

10 MR. CUTHBERTSON: Second.

11 CHAIRMAN ANDERSON: Moved by Mr. Christy,
12 seconded by Mr. Cuthbertson to approve the contract.
13 Discussion?

14 All in favor?

15 BOARD MEMBERS: Aye.

16 CHAIRMAN ANDERSON: Opposed?

17 Mr. Hammit.

18 MR. HAMMIT: Yes.

19 CHAIRMAN ANDERSON: We want to recognize your
20 promotion to state engineer.

21 MR. HAMMIT: Thank you, Mr. Chairman.

22 CHAIRMAN ANDERSON: And wish you well in your
23 endeavors. I'm looking forward to working with you through the
24 year.

25 MR. HAMMIT: Thank you.

1 CHAIRMAN ANDERSON: Thank you.

2 MR. HAMMIT: (Inaudible).

3 CHAIRMAN ANDERSON: Suggestions for future board
4 meetings, topics, items for discussion of interest? I'll go to
5 the order.

6 MR. ROEHRICH: Mr. Chair, if I could, I just want
7 to remind the board that starting next month, we're going to
8 move from the second Friday to the third Friday. So the next
9 board meeting is February -- Friday, February 20th, and then
10 from there through the rest of the year will be on the third
11 Friday of the month, with the exception of August, there will
12 not be a scheduled board meeting, but there will be a telephonic
13 for awards. We keep the project awards continuing on.

14 CHAIRMAN ANDERSON: Yes. The February board
15 meeting is in Clifton.

16 MR. ROEHRICH: The February board meeting is in
17 Clifton.

18 CHAIRMAN ANDERSON: So Mr. Cuthbertson, you can
19 sleep in and --

20 MR. CUTHBERTSON: Yeah. That will be a pleasure.

21 CHAIRMAN ANDERSON: As well as we have a work
22 session January 27th.

23 Floyd, would you go over the agenda item for
24 that?

25 MR. ROEHRICH: Absolutely. Yes, sir.

1 Right now, I'm rescheduling the board study
2 session on the 27th of January. It will be in Phoenix, and
3 right now we're studying two items or we're prepared for two
4 items for that. One of them is the incident management, the
5 process that DPS and ADOT follows, as requested by Ms. Beaver,
6 and how that process is working. So we're coordinating with DPS
7 to have them present along with some of our staff, our
8 operations staff to discuss that.

9 And then the second item will be basically the
10 review of the finances in the roll off of staff's recommendation
11 for the tentative program so we can start making final
12 adjustments based upon board input so we can start the public
13 hearing the following month. So those are what -- so we can
14 have the board act on it the following -- in February to start
15 the public hearing process.

16 So the study session is to review the tentative,
17 gather (inaudible) input so we can make final edits and then
18 bring it to the board in February for final approval of the
19 tentative program and start the study, the public hearing
20 process. So those two items are on the study session right now.

21 CHAIRMAN ANDERSON: Looking for a 9:00 a.m. start
22 time?

23 MR. ROEHRICH: It would start at 9:00 a.m., and
24 then we'll go ahead and get -- as always, Mary will make sure to
25 coordinate everything, get the agendas out and provide location

1 and (inaudible) human resources like we've done it before.
2 We'll start at 9:00, and we expect that we can be done before
3 noon.

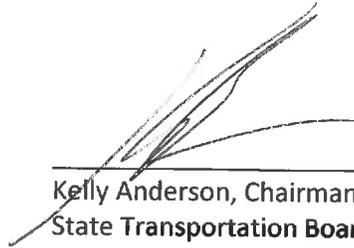
4 CHAIRMAN ANDERSON: Great. Thank you.

5 (End of excerpt.)
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Adjournment

A motion to adjourn the public hearing was made by Steve Christy and seconded by Bill Cuthbertson. In a voice vote, the motion carries.

Meeting adjourned at 10:15 a.m. MST.



Kelly Anderson, Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation