

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, February 20, 2015
Morenci Club (in the Morenci Plaza)
314 Plaza Drive
Morenci, Arizona 85540

Pledge

The Pledge of Allegiance was led by Christian Price, City of Maricopa Mayor

Roll call by Board Secretary Mary Beckley

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

Absent: Joe La Rue

Opening Remarks

Chairman Anderson commented on the amazing Freeport McMoRan mine tour provided to the Board and staff, and noted the beautiful surroundings in the area. Mr. Cuthbertson thanked the Greenlee County and especially Kay Gale, Administrator, for assisting in the coordination of Board events. Mr. Cuthbertson also added his thanks to Chairman Anderson for choosing to come to his area for a Board meeting this year, as Board members and staff had the opportunity to see the issues, value and hospitality of the area.

Call to the Audience

The following member of the public addressed the Board:

1. Philip Ronnerud, Greenlee County Engineer, re: welcome to Board on behalf of the Board of Supervisors, who are travelling to Washington D.C. and unable to be present today; he thanked Bill Harmon and staff for great work on roads in area.
2. Priscilla Cornelio, Pima County Department of Transportation Director, re: compliment ADOT on SR 191, which is fabulous and great job on that roadway; looking forward to hosting Board for next month's meeting in Pima County.
3. Christian Price, City of Maricopa Mayor, re: importance of I-11 and City of Maricopa has created a Pinal County I-11 Board, the idea being to work with other agencies, MAG and Sun Corridor MPOs on the I-11 corridor; appreciates the 347 overpass being part of this year's plan; reassurance on commitment of Ak-Chin on the overpass project and investigating funding sources; Maricopa will be co-authors with Ak-Chin on Tiger Grant this year.
4. Randy Heiss, Exec Director, Southeastern Arizona Government Organization (SEAGO), re: welcome; economic development in Greenlee County; unfortunate incidents involving motorists and bicyclists, with one fatality and one serious injury; multi-modal transportation is as important in rural areas as in metro areas and with events like the Javelina Bicyclist Race coming up, requests 'share the road' or 'watch for bicyclists' or other signs to assist to remedy the motorist/bicyclist situation.
5. Denny O'Flattery – Javelina Bicyclist Club, re: safety of bicyclists; Javelina Chase event began last year and had 46 riders and this year set to triple that number so far; growing concern for safety; roadways should be user friendly for bicyclists; this ride promotes Arizona tourism.

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1 (Beginning of excerpt.)

2 CHAIRMAN ANDERSON: District Engineer's Report.
3 We have with us this morning Bill Harmon from the Safford
4 district.

5 MR. HARMON: Good morning, Chairman Anderson,
6 members of the State Transportation Board, Deputy Director
7 Roehrich, other distinguished visitors and staff. I appreciate
8 you being here.

9 That picture you see on the front there, that is
10 State Route 78. If anyone has ever heard of the needle's eye
11 that's what it looked like, and it's no longer there. So it is
12 a state highway. We can get two cars through there now.

13 Okay. Welcome to Greenlee County in the Safford
14 District. We have Clifton and Duncan and Morenci here that --
15 each community is unique in its own right, but I've always
16 enjoyed in hospitality and the pleasant surroundings here. I
17 would like to especially thank Freeport-McMoRan for their very
18 fascinating tour yesterday and Greenlee County for hosting the
19 social yesterday evening.

20 All right. I'd just like to focus on the
21 northern part of our district. The two-year outlook, the board
22 will be back in our district the end of September in Tombstone,
23 so we'll save that part for later. But just looking at it this
24 year and next year, most of our work is preservation, wrapping
25 up some enhancement projects, some spot safety projects, those

1 kind of agreements, but much needed, much appreciated.

2 All right. Projects still yet to go out. We
3 have a scour project for six bridges on State Route 75, as well
4 as a pathway project in the Town of Pima on US-70, and there is
5 a couple of HSIP, Highway Safety Improvement Projects, yet to go
6 out.

7 All right. Other activities going on. There's
8 several local public agency projects under development, scope
9 and design, that kind of thing, that are very appreciated by
10 counties, towns, cities. One of the --

11 CHAIRMAN ANDERSON: You were not off at three
12 minutes, by the way. You can go a little longer. We weren't
13 timing you, Bill. Sorry.

14 MR. HARMON: Well, what I do want to point out --
15 I'm going to call up my near miracle project, the Greenlee
16 County, Campbell Blue Bridge reconstruction. Very interesting
17 setting with several layers of jurisdiction, where a bridge was
18 washed out right on the border of Arizona and New Mexico, but
19 we've been able to package all system bridge funds, and we are
20 going to enlist the help of the federal central (inaudible)
21 group out of Denver to help administer the project because of
22 its unusual setting. It will work out best that way.

23 At-grade railroad crossings, we'll move through
24 those as we can, and I want to mention that the Morenci
25 (inaudible) alignment on U.S. 191, that's a minor rail

1 alignment. Again, Highway 191 in Morenci has to be realigned --
 2 I'm trying to time to facilitate and accommodate the mining
 3 operations.

4 All right. Projects to advertise this coming
 5 fiscal year. Again, pavement preservation, safety projects.
 6 The -- in terms of something interesting that -- the bottom one
 7 on the ADOT project, State Route 366 foot trail, very small one,
 8 but that is a scenic highway grant that we're working with the
 9 federal grant. That will help create an (inaudible) center up
 10 on top of Mount Graham, State Route 366 being the highest route
 11 in the state system. It's a very interesting setting.

12 And then the local publications, (inaudible)
 13 projects, we have at least one pathway project to (inaudible).

14 Okay. (Inaudible) studies, more at-grade
 15 railroad crossing upgrades and working with Freeport, the --
 16 drop down to the second one, the B hill mine crossing. This is
 17 going to start warming up here in the next year or so.
 18 Freeport's sponsoring the design. It is going to separate
 19 highway traffic from the mine traffic at that location.

20 The big one, the US-191 Morenci realignment is
 21 being discussed. It's still in its early stages of development,
 22 but an item that is becoming more apparent in its need and that
 23 we've enjoyed several discussions with Freeport, and I believe
 24 that one will move forward in the next few years and redevelop
 25 that concept. It's still premature to comment what it will

1 actually entail.

2 And with that, questions? We appreciate you
 3 being here.

4 CHAIRMAN ANDERSON: Questions for Mr. Harmon?

5 It seemed like during the tour yesterday that the
 6 mine itself would re-align that road depending on when they are
 7 blasting and moving and excavating. It was kind of a unique --

8 MR. HARMON: It is a very unique -- and that's
 9 correct, Mr. Chair, that when the roadway needs to be moved,
 10 Freeport will often do some preliminary work prior to the actual
 11 section of the alignment, and then they will hire a consultant
 12 to help design the actual roadway, and they will facilitate
 13 ADOT's review of the design and then construction oversight. It
 14 is a very -- it's a great partnership. It's worked for years.

15 CHAIRMAN ANDERSON: Well, Bill, on behalf of the
 16 board, please convey to your crew and staff we appreciate the
 17 hard work that you guys do in this side of the state and keeping
 18 up -- keep up the good work.

19 MR. HARMON: We are very grateful for all that
 20 you do for us. Thank you.

21 CHAIRMAN ANDERSON: Thank you.

22 Floyd, I guess you've got the director's
 23 report --

24 MR. ROEHRICH: Yes.

25 CHAIRMAN ANDERSON: -- this morning.

1 MR. ROEHRICH: Mr. Chair, members of the board,
2 the director does send his regrets. He does have a conflict
3 with another commitment that he had to attend, but I do have a
4 -- just a couple little things.

5 First, as he said in the past, if there are items
6 of specific interest or special interest that the board members
7 do want him to address, please let him know. When we set the
8 agenda, we always work with the board chair to decide if there's
9 anything specifically to address. Sometimes we've identified
10 things, sometimes we haven't. But if there are some things,
11 board members can e-mail me those and I can work to -- through
12 the board chair, through the director to get those added.

13 The second thing, in the past, a couple of the
14 board members have asked about making sure that they're getting
15 information or maybe relevant information regarding some of the
16 events and activities that are going on, not just within the
17 department, but within transportation itself. I think you're
18 going to start seeing that as we get press releases or we get
19 special notices from certain groups, ASTROS (phonetic) or FHWA's,
20 we've asked our communication folks to make us aware of those,
21 and then Mary will be forwarding it to you, to your e-mail
22 baskets. It will all be done electronically unless it's a
23 significant packet of information that we either want to hold,
24 bring here or we'll mail to you.

25 But we're going to look to try to keep more of

1 some of the current issues, keep the board updated on some of
2 the current issues. So we'll be working to try to submit more
3 information to you as we get that. If it starts to be
4 overwhelming and you want us to address something differently,
5 we can talk about doing that. But we want to make sure that
6 we're providing you as much as we can the current information
7 that we're seeing on a lot of transportation issues, and
8 obviously funding and reauthorization and activities are going
9 on within the State here as the legislature addresses their
10 issues and the impacts to us, and you can get a legislative
11 report here in a little bit. We'll try to continue to push that
12 information out so you all will get it as we get it so you're
13 current on those, those issues.

14 And then the last item I really quickly want to
15 talk about, I want to follow on what Mayor Price said earlier.
16 Yesterday I attended on behalf of the department the Inter
17 Tribal, ADOT, FHWA partnering session. It's a partnering -- a
18 group that we used to hold about annually, bring the tribal
19 communities together around the state with the ADOT folks, FHWA,
20 BIA folks, other stakeholders, to really talk about issues
21 related to transportation and the impact within the tribal
22 communities.

23 It hadn't met for a few years. You know, it was
24 just one of those things that people got consumed with time.
25 They wanted to kick it off again yesterday, and speaking at

1 that, I gave opening comments. Karla Petty, the division
2 administrator from the FHWA, was there for welcoming. But the
3 person who kicked it off was the chairman of the Ak-Chin
4 community, Chairman Manuel.

5 And, you know, he talked about a number of
6 issues, but one of the issues he really stressed the importance
7 to that the other tribal communities need to consider is similar
8 to what Mayor Price said, and that's this working together
9 communicatively and cooperatively with the local agencies to get
10 highway and major projects completed. You know, nobody can do
11 it alone anymore. The funding is just not there as nationally
12 and state and locally. We all struggle with that.

13 So he did point out the 347 project as a way
14 to -- the city to come together, the community to come together,
15 the state to come together, everybody contributes/works towards
16 the solution, and ultimately it's moving that project back into
17 the program, moving it forward. So he used that as an example
18 for all the other tribal members there as, again, here's the way
19 things will get done in the future. If you really want to move
20 things forward, we've got to work together.

21 So he was complimentary to ADOT, to the board
22 obviously, because they're -- that's (inaudible) prioritizing
23 that, the community and Maricopa -- the City of Maricopa in
24 working that together. So a great example. It was a really
25 good kickoff. Let's hope as they continue to build the

1 attendance within that and get the other communities together,
2 you'll see more opportunities of partnering on infrastructure
3 projects around the state as we look to take care of ourselves.

4 So just wanted to follow on that comment since
5 the mayor had made the comment. I thought that was a great
6 point from the chairman, had the opportunity to bring that up,
7 and stress that to the other community -- the Indian communities
8 there as far as here's how you're going to get things done if
9 you really want to see improvement.

10 So those are the items that -- last minute items,
11 Mr. Chair. And again, a reminder. If there's things that you
12 want the director to discuss specifically, please let me know
13 and we'll work with the chair to put them on the agenda.

14 CHAIRMAN ANDERSON: Great. Thank you, Floyd.

15 Moving on to the consent agenda, there is one
16 item, 3-0, that staff would like to pull, and Mr. Hammit, did
17 you want to address that item, please?

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

19 Item 3-0 is a signal project in the Town of
20 Florence. ADOT is working with the Town. They have a project
21 going on at the same time. Their project is seeing some delays,
22 and they're not ready to go at this time. If they get going in
23 the next month, if we can make our project work as well, but if
24 we get ahead of their project, there's -- it would create delays
25 and costs for our contractor. So we're recommending that this

1 project be postponed until the next board meeting and see if the
2 Town can get their project up and going.

3 CHAIRMAN ANDERSON: Great.

4 MS. BEAVER: I'd like to make a motion that we
5 postpone Item 3-0 as specified.

6 MR. SELLERS: Second.

7 CHAIRMAN ANDERSON: Moved by Ms. Beaver, second
8 by Mr. Sellers to remove Item 3-0 from the consent agenda and
9 postpone future board action. Any discussion?

10 All in favor?

11 BOARD MEMBERS: Aye.

12 CHAIRMAN ANDERSON: Any other items needed to be
13 pulled from the consent by the board? If not, I'll entertain a
14 motion to approve the consent agenda as presented.

15 MS. BEAVER: So moved.

16 MR. CUTHBERTSON: I'll second.

17 CHAIRMAN ANDERSON: Moved by Ms. Beaver, second
18 by Mr. Cuthbertson to approve the consent agenda. All in favor?

19 BOARD MEMBERS: Aye.

20 CHAIRMAN ANDERSON: Opposed?

21 With us this morning, we have with us Jonathon
22 Bates for the legislative report. Jonathon, good morning.

23 MR. BATES: Good morning, Mr. Chairman, members
24 of the board. For the record, Jonathon Bates, a government
25 relations specialist for the Arizona Department of

1 Transportation.

2 Before going into the state and federal update,
3 I'd like to introduce our newest member of the Government
4 Relations Office, Bill Fadhowar (phonetic). He has four years
5 of legislative experience, and he recently came over to the
6 department about three-and-a-half weeks ago, and he's been a
7 great asset. We definitely look forward to bringing him up-to-
8 date in all the different issues that impact the department.

9 At the state level, our ADOT omnibus bill, Senate
10 Bill 1274 passed out of committee and went through caucus with
11 very limited discussion. It hasn't been scheduled to be heard
12 on the floor yet, but when it does, we'll update the members
13 accordingly. That bill makes modifications of our (inaudible)
14 code, transitions management of (inaudible) back to Maricopa
15 Association of Governments, as well as brings into compliance
16 some of the state law with federal regulations.

17 At the federal level, the President introduced a
18 six-year, \$478 billion federal transportation bill to fund the
19 other revenue increases. It's about a 37 percent increase over
20 existing spending levels. He is proposing to use -- pose a 13
21 percent tax on overseas profits and to channel that money back
22 into the Transportation Trust Fund, which is renamed from the
23 Highway Trust Fund, and then he adds a few other accounts, which
24 Kristine will go into more detail.

25 And other than that, the Federal Aviation

1 Administration also released some rules for unmanned aerial
2 vehicles. The Federal Transit Administration released some
3 initial apportionments, and they also passed a passenger rail
4 bill out of the House and T & I Committee, but that was
5 relatively non-controversial.

6 Going forward, MAP-21 expires at the end of May,
7 and at that time finance and funding decisions will obviously
8 have to be decided for that to be reauthorized and continue
9 going forward.

10 And with that, Mr. Chairman and members, I'm open
11 for any questions.

12 CHAIRMAN ANDERSON: Questions for Mr. Bates?

13 MR. CHRISTY: Mr. Chairman.

14 CHAIRMAN ANDERSON: Mr. Christy.

15 MR. CHRISTY: I had a particular question in the
16 legislative agenda. I'm just curious of the status of
17 Mr. Biesty with the GAP department.

18 MR. ROEHRICH: Mr. Chair, Mr. Christy, Mr. Biesty
19 is still (inaudible) the manager of government relation issues,
20 but with the legislative session going on, he has activities
21 he's dealing with every day. So I do not speak to him
22 specifically, but I -- when I saw Jonathon's name on the agenda,
23 I just assumed that Kevin had conflicts with the legislative
24 activities.

25 CHAIRMAN ANDERSON: Thank you.

1 MR. BIESTY: Mr. Chairman and members, for the
2 record, Kevin Biesty is here right now. (Inaudible.)

3 MR. ROEHRICH: But Mr. Chair, for the record, he
4 keeps hiring quality people like Bill. Maybe he becomes less
5 relevant.

6 CHAIRMAN ANDERSON: Thank you, Mr. Bates.
7 Financial report, Kristine Ward.

8 Now, before you start, I told you yesterday there
9 was going to be a test. Can you name the three processes of
10 extracting copper?

11 MS. WARD: Oh, okay. Let's see. Well, I could
12 go over this. One was an SX something or other. One was a
13 combo, a C --

14 UNIDENTIFIED SPEAKER: SXCW.

15 MS. WARD: Yeah. Thank you.

16 One was the concentrator version, and one was the
17 CL, which was kind of a combo between the two.

18 UNIDENTIFIED SPEAKER: (Inaudible.)

19 MS. WARD: Well, I won't go over what was really
20 interesting like that (inaudible) per a ton of (inaudible) --
21 that was a great tour. Thank you so much.

22 MR. ROEHRICH: Yeah. (Inaudible) she start --
23 she's been running the math in her head. She's going, you've
24 got to move a lot of tons.

25 UNIDENTIFIED SPEAKER: Exactly.

1 CHAIRMAN ANDERSON: I'm impressed, Ms. Ward.

2 MS. WARD: It was a lot of fun. I appreciate it.

3 So let's see here. Okay. (Inaudible.) Okay.

4 Thank you, sir.

5 Okay. HURF, we're doing well. If you'll recall,
6 we forecasted about 2.4 percent growth for the year, and we're a
7 little above that at .7 percent above the forecast. In terms of
8 actual money, what .7 percent above forecast means is about \$5
9 million. So we're not talking tons of money in terms of that
10 being above forecast.

11 Gas and diesel are ahead of forecast. VLT,
12 vehicle license tax, is behind.

13 Mr. Chair, you asked last month, well, how did
14 December and -- how did December go in terms of new car sales
15 and the vehicle license tax. In both December -- and we got
16 January numbers because of the meeting having moved now -- we
17 experienced 13 percent growth in each month, a little over 13
18 percent growth each month in new car sales. Unfortunately,
19 overall in VLT, we are running behind, behind forecast, but our
20 gas prices have kicked in. Those low gas prices have helped
21 out. And so where VLT has gotten behind forecast, gas and
22 diesel revenues have gone above forecast.

23 Moving -- oh, thank you. (Inaudible.)

24 In terms of the Regional Area Road Fund, RARF, we
25 are on forecast. We're at about .6 percent above forecast.

1 Retail sales are 6 percent over last year, year to date, and I
2 thank you immensely for all of you going to restaurants and/or
3 bars, because we had 8 percent -- we're 8 percent above -- over
4 last year, year to date, about .8 percent above forecast. We
5 counted on you all attending the restaurants and bars.

6 In terms of the federal aid program, as Jonathon
7 was talking about, the President's proposal came out and
8 Jonathon mentioned how the President was proposing funding that.
9 Unfortunately, we have a little bit of concern, because the
10 funding for that initial year, it's a one-time funding solution,
11 but -- so there is still quite a hole to be dealt with in terms
12 of the Highway Trust Fund.

13 And the FHWA recently generated a new Highway
14 Trust Fund ticker, which tells us their projected cash flows,
15 and unfortunately we are facing, you know, as I've mentioned
16 insolvency this summer, a little earlier than forecasted before.
17 And that's why it is so essential is we -- from the cash
18 management perspective, we are on target to meet our operating
19 cash balances for the year, which we hope will help sustain us
20 should they start delaying reimbursements to the states as they
21 discussed last year. We don't know -- if they do that, we don't
22 know how long we can float, but we will see. We're preparing
23 for it.

24 In terms of the debt financing program, I've got
25 nothing to report. And we have a very sad yield of .75 percent

1 in earnings on our investments.

2 So that concludes my presentation, and I'd be
3 happy to answer any questions.

4 CHAIRMAN ANDERSON: Any questions of Ms. Ward?
5 If not, thank you very much.

6 MS. WARD: No -- nothing further on mining?

7 CHAIRMAN ANDERSON: I'll think of it later.

8 MR. ROEHRICH: How much is the trucks?

9 CHAIRMAN ANDERSON: Yeah. How much is the truck?

10 MR. ROEHRICH: (Inaudible.)

11 CHAIRMAN ANDERSON: 4.6?

12 MR. ROEHRICH: 4.6. Yes. She mentioned that.

13 CHAIRMAN ANDERSON: It's the bucket.

14 MR. ROEHRICH: We've got two or three
15 (inaudible).

16 CHAIRMAN ANDERSON: Okay. Item 6 is the 2016 to
17 2020 Tentative Five-Year Transportation Facility Construction
18 Program Review and Approval. What Scott's going to do is
19 overview the staff's recommendations, and then what we'll do
20 now -- and this will be for the public hearing for the next
21 three months and that process (inaudible).

22 Scott.

23 MR. OMER: Yes, sir. What we're going to do
24 today is go through the draft tentative program. At the end,
25 we'll ask you to adopt the draft tentative program. What that

1 does is it allows us to move forward with the public process
2 that occurs in March, April and May in Tucson, Phoenix, and
3 Chino Valley. (Inaudible.)

4 UNIDENTIFIED SPEAKER: (Inaudible.)

5 MR. OMER: I'll try.

6 UNIDENTIFIED SPEAKER: Okay.

7 MR. OMER: Okay.

8 UNIDENTIFIED SPEAKER: Let's see if it works
9 because I -- we maybe moved too far.

10 MR. OMER: Okay. We'll see how it goes.

11 So the -- every year, our five-year facilities
12 construction program, we bring in to the board for the approval.
13 We utilize our P to P process, planning to programming, as we
14 start a performance-based process to actual help prioritize the
15 projects that we bring in to (inaudible) the program. We'll
16 talk a little about that, the overview of our overall asset
17 condition, our five- and ten-year programs, the MAG and PAG,
18 individual tentative programs, the airport program, and lastly,
19 we'll talk about next steps.

20 (Inaudible.) So if I'm going on and on, it's
21 because Lynn's not pushing the button fast enough.

22 So every year we develop this collaborating with
23 the State Transportation Board, the ADOT staff and the
24 individual divisions, ITD, finance and MPD, and along with our
25 regional partners. We really talked about how we're going to be

1 programming out our federal and state dollars and obligating the
2 funds over the initial five years of the program and how we'll
3 plan them over the 10 years of the program itself.

4 We ask you to approve this annually. The board
5 approves it in June. The governor's office signs off in June.
6 Our fiscal year starts in July of each year. The minor
7 differences between the development program and the construction
8 program, the delivery program is the -- the five-year program
9 itself has to be physically constrained, and the development
10 program is financially constrained.

11 The -- next slide.

12 MAP-21 is our federal authorization language that
13 was enacted in 2012, and it does require us to have a
14 performance-based program and each one of the following goals of
15 safety, infrastructure, condition, congestion reduction, system
16 reliability, freight movement and economic vitality,
17 environmental sustainability are included in our MAP -- in our P
18 to P process, and we'd started this process before MAP-21 came
19 along, and so we're -- we feel we're in good shape as far as
20 meeting our federal requirements.

21 Next slide.

22 Again, P to P is our process.

23 Next slide.

24 We started the P to P process really with bqAZ,
25 which was the envisioning document that the State did that began

1 in 2007 or so, and it really looked at what's the vision of
2 transportation for the entire State of Arizona, not just the
3 State facility, but it included everything. After bqAZ, we went
4 into our long range plan, which was *What Moves You Arizona*, and
5 started a policy-based plan that will identify how we move
6 forward and implement our vision -- visionary document.

7 At that time, we identified four main categories
8 of funding criteria that we move forward with, and those are
9 modernization, expansion and preservation of the system, and
10 then the other non-highway modes. Subsequently, we rolled
11 non-highway modes into those other three categories. We
12 actually look at a universe of projects in the process. We
13 narrow it down through our performance base and prioritization
14 process to come out and deliver you actually the price for the
15 projects that we show you on an annual basis.

16 The P to P process, really the goal of the whole
17 thing was to have a transparent and -- next slide -- defensible
18 and logical and reproducible process that used a
19 performance-based system.

20 Next slide.

21 What this slide dictates is that system
22 performance is truly the foundation of what we do. We do --
23 developed an annual performance report. We have performance
24 measures, and we looked at the overall system analysis to
25 identify what -- how we're doing for the overall transportation

1 system. Every year we'll analyze that, run it back through our
2 process and look at the -- how we're going to make investments
3 in each one of the three categories of preservation,
4 modernization and expansion, and we develop our program from
5 there.

6 Next slide.

7 So last month we kind of -- I was asked the
8 question about how does this process really work? So we have a
9 whole manual that I -- we really took and narrowed down into a
10 couple of slides, and I think hopefully it answers the question.
11 If not, I'd encourage you to ask.

12 But really in the three categories of
13 preservation, modernization and expansion, we apply two
14 different levels of evaluation criteria. One, we ask the
15 technical groups, whether it's a pavement or bridge or safety,
16 to actually give us a strictly technical score. So what's the
17 condition of the pavement? What's the condition of the bridges?
18 You know, what's the safety rating? We take -- we ask those
19 questions. And it's strictly a technical base that we get from
20 the technical groups. It's a technical score, as I'd said.

21 We take that and we look at how that applies
22 along with our policy scores, how it creates -- you know,
23 whether it's economic development or safety or mobility of the
24 entire system. And we look at those combined together. We come
25 out with a tentative list of projects that we start going

1 through.

2 Next slide.

3 We combine those up. We come up with our list of
4 projects, and we combine total score, the policy score, come up
5 with a maximum score. But the last thing we do before we bring
6 that to the board for our project specifics is we apply a level
7 of risk. And I've mentioned it in the past.

8 What we will look for, is a project fundable?
9 You know, is it -- do we have a reasonable assuredness to be
10 able to fund a project? You know, you know, if we come up with
11 a project and it's a four or \$500 million project, it's probably
12 not reasonable that we can fund it in the program itself.

13 We look for other alternatives to make the lesser
14 project. We look is the project deliverable? So do we have any
15 areas of concern that we could actually deliver the project in
16 the time that its -- you know, that we're proposing.

17 And then lastly, we make sure that the -- it's
18 fundable, deliverable and/or any other issues that come to play
19 that wouldn't allow us to have the project ready to go. So
20 that's kind of our criteria in our process.

21 In the back of your packets, we included all the
22 projects' individual scoring and the process itself. I thought
23 it was too much to go through at this time, but we did provide
24 all that information that you've asked.

25 Next slide.

1 As I said, asset condition (inaudible), asset
 2 condition is really what drives, and system performance is what
 3 drives our -- a lot of our decision-making process, and we think
 4 it's very important to take into consideration, you know, the
 5 \$19-and-a-half billion in assets that we have in the ground
 6 today. Because we know if we don't take care of those, the
 7 existing system and the existing assets we have, it's going to
 8 cost us hundreds of billions of dollars to replace it in the
 9 future. You know, you can maintain and preserve a system for --
 10 in every -- for every dollar that you use in preservation of the
 11 system, it costs you 10 to \$14 to replace it. So again, we find
 12 it very important to make sure we're taking care of our system.

13 Next slide.

14 So again, pay now or you're going to pay much
 15 more later on. Public feedback also continuously indicates that
 16 making -- taking care of your system in a state of good repair
 17 is a very high priority. That came out of a research study
 18 that -- actually done by the Arizona research -- our own
 19 research center at ADOT in 2010. We're meeting our federal
 20 requirements for MAP-21 (inaudible) performance-based process
 21 (inaudible) system performance (inaudible) follow those.

22 Next slide.

23 So into some of the individual areas like bridge
 24 condition. So -- I wish Mr. La Rue was here so he would see
 25 that 95 percent of our bridges are in good -- or fair condition.

1 We made sure that we corrected it was good and fair condition,
 2 but we do have some that are in poor condition. But of the
 3 overall, but -- and you see on the map itself, these were all of
 4 our bridges in the system. Green is good. Of course, yellow is
 5 fair. Red is poor.

6 Next slide.

7 Some examples of what we've done with the overall
 8 bridge system. You can see here the Ideal Wash Bridge on SR-186
 9 near Willcox, this is what it looked like before and what it
 10 looked like afterwards. This bridge was also designed and
 11 developed in house.

12 Next slide.

13 The SR-77 Dripping Springs Wash Bridge, this is
 14 the before-and-after condition of what a bridge deck replacement
 15 project looked like or deck preservation project.

16 Next slide.

17 The SR-87 Limestone Wash Bridge, again, we took
 18 an old bridge and converted it into a newer bridge that's much
 19 more efficient today.

20 Next slide.

21 We also spend a lot of our time and energy
 22 looking at what the overall pavement conditions that we have
 23 across the state. As you can see in this slide, we really focus
 24 a lot of our efforts on the interstate pavement conditions to
 25 make sure that we're meeting our requirements. As you can see,

1 about 90 percent of all of our pavement conditions on the
 2 interstates are in good condition. A very small amount is in
 3 poor condition. And as you see as the transportation board, we
 4 do make a concentrated effort on keeping the interstates, which
 5 is the lifeblood of commerce in the State of Arizona, moving.
 6 That has come at a cost at times to our overall non-interstate
 7 pavement condition. And you see we have had -- that's been
 8 declining and it continues to decline, but we're investing as
 9 much as we physically can in the non-interstate condition as
 10 well.

11 Next slide.

12 This is an example of a non-interstate project in
 13 Ajo where, you know, as you can see on the left-hand side of the
 14 screen, the pavement was in serious distress and it did need
 15 some work. And this is what it looks like after you come back
 16 and take care of it or repair that.

17 And Ms. Beaver could -- probably has the picture
 18 in her mind of what I-40 looked like before we went and redid
 19 that project as well.

20 Next slide, Lynn.

21 So what we've made is a conscious effort to
 22 increase the amount of funding that we have available for
 23 preservation if our program, in both the capital program in the
 24 first five years and in the development program the second five
 25 years. And we feel that if we -- we need to be at a level

1 that's about \$260 million a year in preservation, and that
 2 includes pavements and bridges.

3 Next slide.

4 So moving on into the actual tentative program
 5 itself.

6 Next slide.

7 What we have done with our long range plan,
 8 developed directly investment choices of having -- of
 9 diversifying our portfolio and how we invest in the system
 10 between preservation, expansion and modernization of the system.
 11 As you can see on the right-hand side of the screen, in our
 12 2016-20, the five-year program itself, when you look at Greater
 13 Arizona, MAG and PAG altogether, we're investing about 59
 14 percent of the program in expansion, 12 percent in modernization
 15 and 29 percent in preservation.

16 If you go to the next slide, Lynn, you can see
 17 when we look at that in Greater Arizona, the 68 percent of all
 18 the money in Greater Arizona is invested in preservation, and 24
 19 percent in modernization, with a small amount in expansion.

20 Next slide.

21 The actual tentative program to highlight some of
 22 the major projects that are in the tentative program. As you
 23 can see in the first year, the program in 2016, the SR-260
 24 Thousand Trails Project is still in the program as it's been
 25 working its way forward.

1 The SR-347 railroad overpass project in Maricopa,
2 we have \$5-and-a-half million of right-of-way in the project.

3 And the SR-189 Nogales project is -- there's \$2
4 million set aside for preliminary engineering.

5 The SR-89 Deep Well Ranch Road Project in the
6 Prescott region is \$15 million in FY '17, along with another \$7
7 million for right-of-way on SR-347.

8 In FY '18, the US-60 Show Low to Little Mormon
9 Lake Project is at \$6 million.

10 FY '20, the US-93 Kane Springs Project is a
11 design project for \$5 million.

12 And in FY '20, we have \$36.2 million set aside
13 for the SR-347 construction, with \$8 million of that being a
14 local share. And as you can see, we're making a targeted
15 investment to increase the amount of funding we have available
16 for preservation in the system.

17 Next slide.

18 Some of the individual preservation programs are
19 shown here. Of course, this is not every program. The -- I
20 think you have copies of the 10-year program, and there are
21 multiple, multiple projects that are in there. As you can see,
22 just some examples of both pavement and bridge projects across
23 the state that are included in the program through FY '16,
24 through FY '20.

25 Next slide.

1 The modernization program, as you can --
2 remember, we -- we're investing 24, 25 percent in modernization,
3 and these are some of the examples of the projects. As we've
4 talked in the past, oftentimes modernization projects, they
5 go -- we have to question exactly what is it. As you can see
6 here, it seems like improving the existing transportation system
7 without necessarily just looking for, you know, a straightaway
8 expansion project, but it would include improving the safety and
9 productivity of the system with things like shoulder widening,
10 constructing safety improvements and roundabouts would be good
11 examples, and technology like installing the DMS signs are good
12 examples of what modernization types of projects would be.

13 Next slide.

14 The expansion program, and I talked just a
15 second, it was listed here in front of you, and it shows all the
16 projects in Greater Arizona are listed in the expansion program,
17 whether those are construction or -- I believe they're
18 right-of-way projects, and the design projects are in here as
19 well.

20 Next slide, Lynn.

21 So to summarize what we do on an annual basis is
22 go through and update every individual project cost and try to,
23 you know, make sure that the project that we advertise is -- or
24 that we program has the most recent available cost to the
25 department itself.

1 We've still have the SR-260 Thousand Trails
 2 Project in the first year of the program, and in the last year
 3 of the program -- I'm sorry, FY '19, you'll see that we have
 4 also have I-15 bridge improvement. Number one in the
 5 (inaudible) project at \$33 million, and that shows up in the
 6 modernization portion of the program. And the 347 project
 7 overpass is in the last year of the program.

8 Mr. Chairman, that's an update of the development
 9 program -- or I'm sorry -- of the construction program. And we
 10 can move on now to the development program if -- unless you
 11 would like to ask any specific questions.

12 CHAIRMAN ANDERSON: Any questions from
 13 Mr. Omer on the draft plan?

14 MR. OMER: I asked if there was any questions
 15 Because I'm going really quick and I need to (inaudible).

16 CHAIRMAN ANDERSON: Well, we've had the work
 17 session on this --

18 MR. OMER: Yes.

19 CHAIRMAN ANDERSON: -- so everyone's up to speed.

20 MR. OMER: Next slide, Lynn.

21 So, Mr. Chair, we move on to the development
 22 program. Continued on along the same line that we invested in
 23 this very previously in preservation of the entire system.

24 Next slide.

25 The major projects that we have that in

1 development program. So again, these projects feed into the
 2 construction program itself.

3 In FY '21, the first year of the development
 4 program, or your sixth year total, the SR-189 Mariposa Project
 5 here at \$64 million is a major project.

6 In FY '22, the I-10, SR-87 Picacho Peak Project
 7 at \$85 million is listed here in the program.

8 In FY '23, US-93 Carrow Stephens Projects, as we
 9 have listed in the development program, for a total of \$31
 10 million. And the I-10 (inaudible) to I-8 project at \$40 million
 11 dollars is listed here in the program.

12 In FY 24, the US-93 Kane Springs Project is at
 13 \$31 million in the last year of the development program. SR-260
 14 Lion Springs is \$45 million.

15 As you can see, we also have -- are showing
 16 preservation projects on I-15 at, you know, Bridge Number 7 and
 17 Bridge Number 2 in the first two years of the program, and then
 18 in the last year, there's a climbing lane, which is a
 19 modernization project in FY '25.

20 CHAIRMAN ANDERSON: Even though these are in the
 21 long range plan, there is some work being done, some engineering
 22 studies, I think, on the PPAC. There's some right of way on the
 23 Picacho interchange, maybe some work on the Carrow Stephens.
 24 Can you highlight some of that? I mean, they're far out. There
 25 is -- there is some work being done.

1 MR. OMER: Yes, sir, Mr. Chairman. Specifically
 2 the I-10, SR-87 project at Picacho, that project was in the
 3 program at one time, and the project had started the development
 4 of the project in the past. Because of that, we actually have
 5 an environmental document that's been completed. The design of
 6 the project is at 100 percent. We'd already starting purchasing
 7 right-of-way of that project in the past.

8 The PPAC item that's specifically there is to
 9 actually cover the additional cost of the right-of-way. So all
 10 of the right-of-way, and I believe that was the last
 11 right-of-way project for that project will be constructed.

12 So we have very few what we would call shelf
 13 projects. This is one of those that if we had additional
 14 revenue available, we could potentially move this project
 15 forward. But at this time, we have it there. So we do have
 16 work ongoing on this project.

17 The US-93 Carrow Stephens Project is another
 18 example of a project that at one time was in the program. The
 19 development of the project had already started in the past. I
 20 don't know the exact percentage of the design in the project
 21 that it's ongoing, but the environmental document and the
 22 development of that project has been in for quite awhile, and we
 23 would expect it to be ready to go at this time frame.

24 CHAIRMAN ANDERSON: Thank you.

25 MR. OMER: No other questions? I'll move on to

1 the MAG and PAG portions.

2 The PAG tentative program and the MAG tentative
 3 program, together we developed these projects in coordination
 4 with our regional partners in MAG and PAG.

5 Next slide, Lynn.

6 So what we have done here is we've taken into
 7 consideration the amount of funding that's available in both of
 8 these areas, and these are the specific projects that we've come
 9 up with for the PAG region.

10 If you go to the next slide, Lynn, I think it's a
 11 little clearer.

12 So you can see that this is -- these specific
 13 projects on I-10, Ina Road and Houghton Road and Ruthrauff and
 14 Country Club, and as you can see through here, what we do is we
 15 look at utilizing not only the state and federal funding for the
 16 project, but also the RTA funds or the local or regional funds
 17 are included in these projects as well.

18 For example, the first one, we're talking about
 19 the I-10 Ina Road project, it's about an \$85 million project
 20 total, with a large portion of that, you know, \$32 million being
 21 local funds. And so in MAG and PAG both, we utilize our federal
 22 share that we provide to the locals and their own local share in
 23 the regional funding to come up with the program. And we do
 24 that in collaboration with the locals. PAG regional council has
 25 approved this. So this is what we'd be proposing for the

1 tentative program for the PAG region.

2 Next slide, Lynn. Go on to the MAG and -- go on
3 to the next slide as well.

4 Same conversation here in the MAG region.

5 If you'd go to the next slide, Lynn.

6 But on both those, you know, as you can see that
7 the vast majority of the projects in both of those regions are
8 in expansion. They're still rapidly growing areas, and they
9 need to continue to expand their overall transportation system
10 to meet our customers' needs. And you can see -- we do the same
11 thing in the MAG region as we do in the PAG region. We utilize
12 the combination of both local, regional funding and federal aid
13 to deliver these projects. And you can see that a lot of the
14 funding that's set aside here is for not only the South Mountain
15 Project, but we have large amounts of funding set aside for the
16 I-10 in the region as well as the 303 still.

17 And the MAG regional council, I believe
18 (inaudible) is voting on this next week.

19 UNIDENTIFIED SPEAKER: Next Wednesday.

20 MR. OMER: Next Wednesday.

21 Next slide, Lynn.

22 The Arizona Revised Statutes as we're talking now
23 about the airport and aviation program are covered here. We are
24 specifically covered by statute on what the aviation funds can
25 be used for.

1 Next slide.

2 The revenue that comes into the aviation fund in
3 FY '14, we collected about \$24-and-a-half million in revenue,
4 with the vast majority of the funding coming from flight
5 property taxes and the aircraft registration fees.

6 Next slide.

7 The amount of funding that we expend every year
8 is about \$16 million in FY '14, and that covers the five main
9 programs that we use inside of the aviation fund, which are the
10 state and local program which pays, you know, the basically
11 non-federal share of a project if there's not federal
12 participation.

13 The APMS is the Pavement Management System for
14 airports. The air -- the GCN is the amount of funding supplied
15 for the Grand Canyon National Airport. The FAA state local fund
16 is how much we pay for local participation and state
17 participation in an FAA project or a federal project. And then
18 if we're only going to use state only for -- generally for
19 planning purposes would be the five individual programs that we
20 can use.

21 Next slide.

22 The amounts that we have programmed in the
23 five-year program starting in FY '16 are about \$3-and-a-half
24 million for federal, state, local programs, \$14-and-a-half
25 million for the state and local program, about \$5-and-a-half

1 million for the Pavement Management System. We will not be
 2 providing any airport development loans, and the state planning
 3 services is about \$3-and-a-half million.

4 The reason that these numbers that we're not
 5 providing development loans and the numbers are down a little
 6 bit from the previous year is we did include in the \$15 million
 7 in sweeps that's recommended in the governor's budget. If those
 8 don't go through, we'll go back and reprogram to utilize all the
 9 funds. But we'd rather add the funds than go back in and take
 10 them away from the airport later on.

11 Next slide.

12 So having said all that, what we'll ask you to do
 13 today is to adopt the 10-year program so we can move it forward
 14 to the public hearings in Tucson, Phoenix and Chino Valley in
 15 March, April and May. We'll have a study session in Phoenix at
 16 the end of May, which we'll really gather all the input that
 17 we've had from our three rounds of public hearings as well as
 18 the board's input, and it will drive and dictate what we present
 19 to you for the final program in June, which I think is in
 20 Pinetop. And from that point, we'll ask the board approve it
 21 and then take it to the governor's office for signature, and it
 22 takes effect July 1st.

23 Is that it, Lynn? There you go.

24 MR. CHRISTY: Mr. Chairman.

25 CHAIRMAN ANDERSON: Mr. Christy.

1 MR. CHRISTY: I would like to make the motion
 2 that the board approve the 2016-2020 Tentative Five-Year
 3 Transportation Facilities Construction Program review and
 4 approve it for public comment.

5 MR. CUTHBERTSON: I second the motion.

6 CHAIRMAN ANDERSON: Moved by Mr. Christy, second
 7 by Mr. Cuthbertson to authorize ADOT staff pursuant to ARS
 8 28-6952 to proceed with public hearings regarding the 2016-2020
 9 Tentative Five-Year Transportation Facilities Construction
 10 Program. Discussion?

11 MR. SELLERS: Mr. Chairman.

12 CHAIRMAN ANDERSON: Mr. Sellers.

13 MR. SELLERS: Yeah. I'd just like to comment
 14 that as I travel the state in my first year on the State
 15 Transportation Board, I'm very impressed with how efficiently
 16 ADOT uses what little money we get. But -- and so I approve of
 17 the five-year plan that's coming forward, but I think we all
 18 feel frustration that maybe we should be doing more and figuring
 19 out how we can do that. So thank you.

20 CHAIRMAN ANDERSON: Further discussion? Seeing
 21 none, all in favor?

22 BOARD MEMBERS: Aye.

23 CHAIRMAN ANDERSON: Opposed?

24 Scott, you'll take Number 7 and Number 8.

25 MR. OMER: Yes, sir. Item 7, the Multimodal

1 Planning Division report, I figure by now you really don't want
2 to hear more from me. So unless there's a specific question
3 about things that are ongoing in your division, I would pass --

4 CHAIRMAN ANDERSON: Okay.

5 MR. OMER: -- this month and ask that we go on to
6 the PPAC agenda.

7 Mr. Chair, Item 8, the PPAC agenda, as we've done
8 in the past, Items 8A, as in alpha, through 8M, as in Mary, are
9 project modifications. I would recommend we take these together
10 unless there's specific questions that you would like to ask on
11 any of these projects.

12 CHAIRMAN ANDERSON: Anyone on the board wanting
13 to remove or talk about one particular item?

14 MS. BEAVER: I move that we accept Items 8A
15 through 8M for approval.

16 CHAIRMAN ANDERSON: Moved by Ms. Beaver.
17 Seconded by?

18 MR. SELLERS: Second.

19 CHAIRMAN ANDERSON: Mr. Sellers to accept and
20 approve project modification 8 -- Item 8A through 8M as
21 presented. Discussion?

22 All in favor?

23 BOARD MEMBERS: Aye.

24 CHAIRMAN ANDERSON: Opposed?

25 New projects, Scott.

1 MR. OMER: Mr. Chairman, the new projects this
2 month are Items 8N, as in Nancy, through 8T, as in tango. I
3 would ask that the board approve all those projects, and if
4 there's any specific projects you would like to discuss. The
5 projects range in scope for actual scoping of projects to
6 pavement preservation projects in general.

7 CHAIRMAN ANDERSON: Questions of Mr. Omer on the
8 new projects? Looking for a motion to approve the new projects.

9 MR. CHRISTY: So moved.

10 MR. CUTHBERTSON: Second.

11 CHAIRMAN ANDERSON: Moved by Mr. Christy, second
12 by Mr. Cuthbertson to approve new projects 8N through 8T as
13 presented. Discussion?

14 All in favor.

15 BOARD MEMBERS: Aye.

16 CHAIRMAN ANDERSON: Opposed?

17 MR. OMER: Thank you.

18 CHAIRMAN ANDERSON: State Engineer's Report.
19 Mr. Hammit.

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

21 Currently ADOT has 127 projects under
22 construction for a total of \$913.2 million. In January, we
23 finalized five projects totaling 7.7 million, and year-to-date,
24 the fiscal year to date, we've finalized 65 projects.

25 Any questions for the state engineer?

1 CHAIRMAN ANDERSON: Questions of Mr. Hammit?
2 Seeing none, let's move on to construction projects.

3 MR. HAMMIT: And Mr. Chairman, members of the
4 board, thank you for approving the five projects on the consent
5 agenda, the six -- and the one we deferred. And that leaves us
6 six projects that we need some further justification.

7 And as we get going, I see -- and most of the
8 time I have a balance. You know, some are higher, some are
9 lower. This time they're all higher, but as you hear these,
10 think about where they're at. We have a project in San Simon.
11 We have a project in Ehrenberg. We have a project in
12 (inaudible). So we're hitting the hinterlands of the state
13 where materials and availability of workforce are quite a bit
14 different.

15 So the first project, Item 10A, this is a rest
16 area rehabilitation at the San Simon rest area. On this
17 project, the State's estimate was \$4,220,405. Our low bid was
18 \$3,157,040, with a difference of 736,634, or 30.4 percent.
19 Where we saw the differences -- I'm going to mention this on a
20 number of them -- but location is one big thing, having that
21 workforce. But where we saw was in the septic system and the
22 septic tanks, we saw higher-than-expected prices there, as well
23 as the building part of the rest area. We have reviewed that.
24 We do think they're reasonable and responsible bids and would
25 recommend approval to The Ashton Company.

1 CHAIRMAN ANDERSON: Before we move on, Kristine,
2 we're a little high on this one. Our discussion earlier this
3 morning about the contingency, can you -- just a little insight
4 into -- since these are way over, I mean, what does it do to
5 that fund, and how do we plan for the next plan?

6 MS. WARD: Okay, Mr. Chair, as we're discussing,
7 so what happens is when a project comes in over, dollars -- we
8 utilize dollars. If you would look into the tentative program
9 right now, you'd see it's a subprogram. It's got \$5 million in
10 contingency and 2-point-something worth of contingency for
11 design. So a contingency design subprogram and a contingency
12 construction subprogram.

13 So what happens is when a project comes in over
14 bid, we need to apply more money to that project. Those dollars
15 are utilized from the contingency subprogram. When a project
16 comes in under, as we've experienced, those dollars flow back
17 into the contingency subprogram. That's how these things are
18 dealt with. Does that --

19 CHAIRMAN ANDERSON: Well, are we ever in the
20 position where we don't have enough in contingency to take care
21 of a project?

22 MS. WARD: We monitor the contingency fund very
23 closely. Right now, we actually are in a negative position
24 because -- and the reason that is permitted, let's keep the
25 fiscal constraint in mind here, is that we reasonably expect

1 dollars to come in later this year associated, as we discussed,
2 with some emergency funds that we were getting reimbursed.

3 So we watch it very carefully. If we end up, as
4 we head into the latter half of the year, seeing that, you know,
5 we're maintaining that negative position, what we do is we start
6 holding back on those subprograms and expenditures there.
7 That's how we reconcile it all back, back to zero.

8 CHAIRMAN ANDERSON: Thank you.

9 MS. WARD: Thank you.

10 CHAIRMAN ANDERSON: 10A is before us. Staff's
11 asking for a motion to accept and approve.

12 MR. CHRISTY: So moved.

13 CHAIRMAN ANDERSON: Moved by Mr. Christy.

14 MR. SELLERS: Second.

15 UNIDENTIFIED SPEAKER: Second.

16 CHAIRMAN ANDERSON: Second by Mr. Sellers to
17 accept and approve staff's recommendation to award a contract
18 for Item 10A to The Ashton Company, Inc., Contractors &
19 Engineers. Discussion?

20 All in favor?

21 BOARD MEMBERS: Aye.

22 CHAIRMAN ANDERSON: Opposed?

23 10B now.

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

25 And one thing I want to add to Kristine's, in the

1 State Engineer's Report, one of the reasons that we are focusing
2 on closing out of projects, that does free up additional funds
3 to make up for some of these times when we go over. So if we
4 have lazy money, as Jennifer used to call it, on projects, as
5 soon as we close up that, that frees it back up and puts it back
6 into usable. So that's why we track that.

7 Item 10B, this is at the Ehrenberg Port of Entry
8 on Interstate 10. This is a rehabilitation of and some pavement
9 work at the existing port of entry. The State's estimate was
10 6,930,664. The low bid was \$9,207,204, a difference of
11 \$2,276,360, or 32.8 percent. As I looked at that, the biggest
12 areas where we saw differences was in the concrete pavement, and
13 on this project, being down in Ehrenberg, it wasn't big enough
14 to justify bringing in a concrete plant, but it was so big that
15 the local suppliers had a hard time delivering to get any good
16 production. So it was kind of in between.

17 So one of the areas we met -- missed in our
18 estimate was the duration. It's going to take longer, because
19 the concrete suppliers can't supply concrete as quick. And then
20 we also saw a difference in our building. I also looked at the
21 other bidders. The difference between number one and two was .4
22 percent. So we do believe we have a good bid, that it is a
23 responsible and reasonable bid and would recommend award to F &
24 F Construction.

25 MR. CHRISTY: Move to accept the recommendation

1 of staff.

2 MS. BEAVER: Second.

3 CHAIRMAN ANDERSON: Moved by Mr. Christy,
4 seconded by Ms. Beaver to approve the contract to 10B to F & F
5 Construction, Inc.. Discussion?

6 All in favor?

7 BOARD MEMBERS: Aye.

8 CHAIRMAN ANDERSON: Opposed?

9 MR. HAMMIT: Item 10C, this is a bridge rehab
10 project in downtown Phoenix, Central Avenue and Interstate 17.
11 The State's estimate of \$604,072. The low bid was 799,812, a
12 difference of 195,739, or 32.4 percent. As we reviewed this,
13 again, production, this is in a very heavily -- high volume
14 area, so their production wasn't as fast as we had estimated.
15 So we saw differences in the structural concrete, and we also
16 saw differences in the material cost for the steel (inaudible)
17 we would have to use on the project as well as we underestimated
18 what it would cost to remove the lead paint. We had six bidders
19 on the project. I do believe this is a reasonable and
20 responsible bid and would recommend approval to F & F
21 Construction.

22 MR. CHRISTY: Move to accept the recommendation
23 of staff.

24 MS. BEAVER: Second.

25 CHAIRMAN ANDERSON: Moved by Mr. Christy, second

1 by Ms. Beaver to accept staff's recommendation to award to F & F
2 Construction. Discussion?

3 All in favor?

4 BOARD MEMBERS: Aye.

5 CHAIRMAN ANDERSON: Opposed?

6 MR. HAMMIT: Item 10D, this is in Page, Arizona.

7 This is a roundabout, and if you know the area, right in front
8 of the Wal-Mart. The State's estimate of this project was
9 2,069,754. The low bid was 2,285,765, with a difference of
10 \$260,011, or 10.4 percent. We did see some differences in the
11 concrete prices for the truck apron, the curb and gutter,
12 asphalt pavement base. I also contend this is a location issue
13 where we underestimated. One of things I also point out, there
14 is -- \$1.1 million of this is funded by Wal-Mart. So this is a
15 joint project. So it's not all State funds. We do believe this
16 is a responsible and reasonable bid and would recommend approval
17 to F & F Construction.

18 MR. CHRISTY: I'm not (inaudible).

19 MR. CUTHBERTSON: I'll move to approve.

20 MR. CHRISTY: Second.

21 CHAIRMAN ANDERSON: Moved by Mr. Cuthbertson,
22 seconded by Mr. Christy to accept staff's recommendation to
23 award the contract for 10D to F & F Construction. Discussion?

24 All in favor?

25 BOARD MEMBERS: Aye.

1 CHAIRMAN ANDERSON: Opposed?

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

3 Item 10E, this is a local (inaudible) project in
4 the City of Glendale. This is a pathway project, and if you
5 remember, we did bring this before you last month and you
6 deferred it. The State's estimate was 330,141. The low bid was
7 498,257, with a difference of \$165,116, or 49 percent. The
8 biggest difference is there's decorative -- a wall and some
9 subgrade treatment. The reason we deferred the project, since
10 it is a local project, the City of Glendale makes up the
11 difference. They did review it and want the project, and
12 (inaudible) the difference. We do believe this is a responsible
13 and reasonable bid and recommend approval to Carson
14 Construction.

15 MR. SELLERS: Move for approval.

16 MS. BEAVER: Second.

17 CHAIRMAN ANDERSON: Moved by Mr. Sellers, second
18 by Ms. Beaver to approve the contract to Carson Construction for
19 10E. Discussion?

20 All in favor?

21 BOARD MEMBERS: Aye.

22 CHAIRMAN ANDERSON: Opposed?

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

24 Item 10F is another one you heard last month, and
25 actually, we had a tentative award of this project contingent

1 that the low bid, TK Construction, get their Arizona license,
2 which they did not in the time period. So this is a two-part
3 motion or request of a motion. The State's estimate of the
4 project, this was 302,518. TK's bid was \$349,334, or \$46,815
5 above the estimate. The number two bid, Fisher Sand & Gravel,
6 was \$420,000, a difference of 117,481, 38.8 percent. So the
7 request of the motion would be that -- reject the bid of TK
8 Construction since they do not have a license, and accept the
9 bid of Fisher Sand & Gravel. We did review that. The
10 difference we saw is in the rock scaling and the covered
11 material. We do believe it's a reasonable and responsible bid
12 and recommend approval to Fisher Sand & Gravel.

13 MS. BEAVER: Chairman --

14 CHAIRMAN ANDERSON: Ms. Beaver.

15 MS. BEAVER: -- Anderson, I move to -- start
16 over. The department recommends the board reject the bid of TKC
17 as non-responsive because TKC did not have an ROC license by the
18 required deadline, and recommends awarding to Fisher Sand &
19 Gravel as the lowest responsive bid on the project.

20 MR. CHRISTY: Second.

21 CHAIRMAN ANDERSON: Moved and seconded by Mr. --
22 Ms. Beaver and Mr. Christy to accept and approve staff's
23 recommendation to reject the bid of TK Construction, US, LLC,
24 and award the contract for Item 10F to Fisher Sand & Gravel,
25 d/b/a Southwest Asphalt Paving. Discussion?

1 All in favor.

2 BOARD MEMBERS: Aye.

3 CHAIRMAN ANDERSON: Opposed?

4 (Inaudible). The next item, Item 11 has to do
5 with a discussion on the proposed Sonoran corridor. I think --
6 we do have a speaker card, but I'm going to have Floyd kind of
7 lead off the discussion first to go over this item.

8 MR. ROEHRICH: Yes, sir. Thank you, Mr. Chair
9 and members of the board.

10 A few weeks ago, the department received a letter
11 from the executive director of the Pima Association of
12 Governments, Farhad Moghimi, and in that he had passed along a
13 resolution by their executive council whereby they're asking the
14 board to take in as a planning corridor a Sonoran corridor
15 that's being developed by the region. And normally when those
16 issues do come in, we do kind of staff review them and
17 coordinate those efforts, but ultimately, they do come to the
18 board for approval, because if you remember, the board's
19 authority -- we've discussed this in the past -- one of the --
20 and it's right at the very front any of the board information
21 that goes out from the study sessions, is that the board is
22 responsible for establishing the system of state routes. It
23 also recommends and adopts any alterations to the routes,
24 additions or deletions, if there's turn backs and others.

25 So normal process is we'll staff these, review

1 exactly what the conditions are, requirements, and then come
2 back with the recommendation for the board whether we'll take
3 this route or not or if there are other conditions that need to
4 be considered.

5 Since receiving this, we did have a chance to
6 talk with the PAG executive director, and he started to provide
7 us the information so we can do that analysis, because this came
8 to the director and two of the board members. The board chair
9 and the regional representative were CCed on this. We wanted to
10 get it in front of all the board members, because you have to
11 approve it as a board. So you can know that we're reviewing
12 this. We're analyzing it. Our expectation (inaudible), we'll
13 study this. This month we'll work with PAG and the region to
14 formalize any of the other concerns that might be out there.

15 And then in March, we're going to be in Tucson.
16 We'll agenda this back for board action. We'll actually either
17 adopt it or some other recommendation, and then from there the
18 board can debate it and decide what their issues are.

19 In talking with Board Member Christy, the other
20 thing that he had recommended that I thought was a great idea,
21 since we will be in the Tucson region at the Pima County
22 facilities in March, maybe have PAG give also a little, short --
23 a briefing at that time to the board to get more in depth, to be
24 able to answer any questions the board may have outside of what
25 we work through in our staff analysis. So this item was put on

1 for discussion now. Also to inform you that we're bringing this
2 forward, which is all part of what normally we would do, and
3 it's part of the board's authority to address the comprehensive
4 state routes within the area and to make you aware of this if
5 you've got any issues that you may have, we can discuss those,
6 but ultimately it would come to the March agenda, we anticipate
7 with any recommendation for action by the board.

8 MR. CHRISTY: Mr. Chairman.

9 MR. ROEHRICH: So you've got a copy of the
10 resolution, and again, any staff analysis or work that we do
11 between now and then, it will present, and then we'll present it
12 at the board meeting.

13 CHAIRMAN ANDERSON: Mr. Christy, any further
14 insight on your part?

15 MR. CHRISTY: I just want to say that this is a
16 exciting and new development of economic endeavors in southern
17 Arizona and Pima County. It foretells a lot of growth and
18 potential for that region, and consequently, I'd like to ask
19 board permission to proceed with the speaker call and allow
20 Dr. John Moffatt from Pima County to give just a very brief
21 synopsis of the project and what we're trying to obtain down
22 there.

23 CHAIRMAN ANDERSON: Yes. Mr. Moffatt.

24 MR. MOFFATT: Thank you, very much, Mr. Chairman
25 and board members.

1 We concur with Floyd. We understand the process.
2 I'm here mainly to answer questions if there are any today.

3 This is a project that has been -- it started
4 with some ideas, but we are starting to move a road a half mile
5 south. The County's invested almost 18 million to move a road
6 to give Raytheon room to expand, and then we're also starting to
7 develop a logistics center in the southern entrance into the
8 Tucson airport and a number of things.

9 But the thing that really drove this was for the
10 last 20 to 30 years, there's been an attempt to connect I-19 and
11 I-10 to keep the traffic from coming all the way up into the
12 Tucson area, in the urban area. We developed a route that has
13 accommodated both Sahuarita, which is just north of Sahuarita,
14 ties into the airport, ties into the tech park at Rita Road,
15 ties into the airport with our two main employment centers are.

16 Plus the JPAC study, the Joint Planning Advisory
17 Council study, identified this same area as the ideal import and
18 distribution area for the State of Arizona. So all of these are
19 coming together. We're working on this plan with PAG.

20 One of the things I would note, and Mr. Roehrich
21 mentioned working with the tribes. Part of this goes right
22 across the (inaudible) district. Due to logistics issues, we
23 can't put it right on Pima Line Road. They are very much
24 engaged. They have attended a number of the meetings. They're
25 actually starting to attend the PAG meetings in the past, and so

1 they're -- the coordination that Floyd mentioned is, I think,
2 beneficial in helping (inaudible).

3 Anyway, this is -- it's a project that we see it
4 (inaudible) we also have a bond project out to fund at least a
5 two-lane road between the airport and the airpark, which would
6 be the northern part, and that's on the -- being considered to
7 be put forward to the voters this year. So Pima County's
8 investing a lot of money. PAG has funded a number of the
9 improvements already that we're making the airspace corridor,
10 which is the (inaudible) access road would be finished this
11 year. So a lot moving and going on down there.

12 MR. CHRISTY: Mr. Chairman.

13 CHAIRMAN ANDERSON: Mr. Christy.

14 MR. CHRISTY: Am I allowed to ask a question?

15 Could you expand a little bit on maybe -- very
16 quickly on the larger sense, the I-11 issue that that might be
17 impacting as well?

18 MR. MOFFATT: Sure. One thing do want I to
19 clarify, and Mike -- I saw Mike Kies here. He and I really want
20 to make sure that we differentiate this project from I-11. The
21 folks in the Oro Valley have felt that this is an extension
22 actually of the I-11 loop around Tucson, and while that planning
23 will occur, we're fine with it and happy to see that planning
24 moving forward. It's really a part of the moving freight out of
25 Mexico. You know, we've got 1,300 trucks a day coming out of

1 Nogales with produce, and those 1,300 had to get there, so we've
2 really got about 2,600 trucks only for produce going up and down
3 I-19 at this point. About 40 percent of those trucks go to the
4 east. So some go over through Patagonia, but most of this comes
5 north. But it's really the beginning of putting together this
6 whole freight corridor and trade transportation area. The I-11
7 piece will go to the west from I-19 or go up I-19, depending
8 upon which route is chosen. And this would certainly tie into
9 that. That (inaudible).

10 MR. CHRISTY: Thank you.

11 CHAIRMAN ANDERSON: Great. Thank you.

12 MR. MOFFATT: We appreciate the opportunity, and
13 we look forward to seeing you in Tucson.

14 CHAIRMAN ANDERSON: So Floyd, you envision more
15 discussion, more --

16 MR. ROEHRICH: Absolutely. Mr Chair, what we
17 envision then is in March we come back with staff, additional
18 analysis, and if the board does -- does want a little overview
19 from PAG, which we would recommend it, by the way, but again,
20 it's up to you, (inaudible) discretion, but we think it's very
21 appropriate in this case, because there are a lot of issues that
22 do need to be discussed as you take on a new urban route such as
23 this within the system, because there are obviously those long
24 range (inaudible) stuff like associated with that as well as
25 funding and getting it constructed and the collaboration

1 required, because it does cover different jurisdictional areas.
 2 So we would analyze that, kind of have a better understanding, a
 3 better thought process on strategic post (inaudible) worked out
 4 with the region and then bring that back to the board. We feel
 5 that March is the time frame to do that.

6 CHAIRMAN ANDERSON: Further discussion?
 7 Questions?

8 Moving on to suggestions, I know Ms. Beaver, you
 9 had a comment or a --

10 MS. BEAVER: Yes. I had an opportunity to have a
 11 tour of the US-93, the Carrow Stephens area, and we have talked
 12 over the last couple of years quite a bit about the proposed
 13 southern section of I-11. But there has also been quite a bit
 14 done on the northern section, and the Kingman engineer, Mike
 15 Kondelis, has said that he could be available to provide a
 16 presentation at the next month's meeting. What I saw that he
 17 provided to me, I think it would be worthy of the entire board
 18 reviewing it just where you kind of know what's going on on that
 19 section. It's actually identified as the US-93 corridor, but it
 20 is, in fact, in that area which has already been federally
 21 recognized.

22 MR. ROEHRICH: Mr. Chairman, if you absolutely --
 23 but we have to make sure that there's a distinction here. It's
 24 recognized as a future Interstate 11. It's not interstate now.

25 MS. BEAVER: That's (inaudible).

1 MR. ROEHRICH: So the preservation and what
 2 Mr. Kondelis and the staff have been working on is upgrades to
 3 improve US-93 and that would --

4 MS. BEAVER: Yes.

5 MR. ROEHRICH: -- be where we're at today. We're
 6 not presenting a plan to make it an interstate yet. So we could
 7 ultimately make an interstate. That is still a future issue.
 8 But we do have plans around the improvements within US-93 that
 9 the -- Mr. Kondelis had presented. And very -- that could be
 10 presented to the board at a moment's notice.

11 CHAIRMAN ANDERSON: I think --

12 MR. ROEHRICH: That information.

13 CHAIRMAN ANDERSON: As we build the agenda for
 14 the March meeting, maybe we'll take a look at --

15 MR. ROEHRICH: Okay.

16 CHAIRMAN ANDERSON: -- what type of, how much we
 17 have on the agenda, if we're going to have a presentation on the
 18 Sonoran corridor, we may want to, you know, maybe move things
 19 around to maybe get in April or whatever, so...

20 Okay. Before I adjourn, the gal that sang *God*
 21 *Bless America* last night, Theresa Campbell, she was amazing.
 22 I've also found out that she is the reigning Gila Valley --
 23 what's it called -- oh, that show.

24 UNIDENTIFIED SPEAKER: Like American Idol.

25 CHAIRMAN ANDERSON: Yeah, American Idol. So I

1 thought she did an amazing job.

2 UNIDENTIFIED SPEAKER: (Inaudible.)

3 MR. SELLERS: Mr. Chairman, I do have --

4 CHAIRMAN ANDERSON: Mr. Sellers.

5 MR. SELLERS: -- a suggested agenda item. And I
6 talked to a couple of staff members after our study session a
7 couple of weeks ago, but I'd like to suggest that we plan a
8 board retreat after we finish our five-year plan update to give
9 us time for the board to learn more about what options we have
10 and do some planning and visioning for the next 10 to 20 years.

11 You know, possible topics would be things like
12 intelligent transportation, how can we best prepare for that and
13 capitalize on it, finding and using dollars from risk
14 assessment, funding sources and what we really need to be doing
15 to be competitive in the next 10 to 20 years in the State.

16 You know an example of that, one of my
17 frustrations is that in my travels, I keep hearing people say
18 that the no new tax thing applies to gasoline tax. Well
19 gasoline tax really isn't a tax. It's a user fee. And it's not
20 keeping up with -- because the improved efficiency in
21 automobiles and more hybrid vehicles and electric vehicles, it's
22 just really not keeping up even with our maintenance cost. Ten
23 cents a gallon provides \$350 million a year in additional
24 funding, and it costs the average motorist \$5 a month. We need
25 to be educated so we can get that word out to people better and

1 maybe do an even better job than what we're doing right now in
2 providing for our future transportation needs here.

3 So anyway, those are some of my thoughts, and I
4 -- like I say, I mentioned this to a couple people last -- a
5 couple weeks ago that I really think that it would be worthwhile
6 for us to share some of these ideas and get us in a better mode
7 for understanding the State's needs so that we can help sell it
8 for the State and doing some future planning and envisioning.
9 Thank you.

10 CHAIRMAN ANDERSON: Mr. Sellers, I will appoint
11 you as the chairman of the retreat committee.

12 MR. SELLERS: I accept. Oh, and I will mention
13 one other thing. I did talk with Dennis Smith at MAG about
14 this, and I think we would -- to do a proper retreat, we would
15 want to include key -- a key person at least from MAG, a key
16 person from PAG, and Dennis suggested that they could even
17 provide a facilitator, so...

18 CHAIRMAN ANDERSON: Excellent. Anyone else?
19 (End of excerpt.)

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Adjournment

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

Meeting adjourned at 10:35 a.m. MST.



Kelly Anderson, Chairman
State Transportation Board



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