

**STATE TRANSPORTATION BOARD STUDY SESSION  
IMMEDIATELY FOLLOWING THE SPECIAL MEETING  
9:00 a.m., Tuesday, May 26, 2015  
Human Resource Development Center (HRDC)  
Grand Canyon Room  
1130 N. 22nd Ave.  
Phoenix, Arizona 85009**

**Pledge**

The Pledge of Allegiance was led by ADOT Director John Halikowski.

**Roll call by Board Secretary Mary Beckley**

**In attendance:** Kelly Anderson, Joe La Rue, Deanna Beaver, William Cuthbertson, Jack Sellers, Michael Hammond and Pliny Draper.

**Absent:** None

**Opening Remarks - None**

**Call to the Audience - None**

**STATE TRANSPORTATION BOARD STUDY SESSION – MAY 26, 2015**

**I N D E X**

**PAGE**

**ITEM 1: FINANCIAL UPDATE ON THE 2016-2020 TENTATIVE FIVE YEAR TRANSPORTATION PROGRAM (Kristine Ward).....3**

**ITEM 2: 2016-2020 TENTATIVE FIVE-YEAR TRANSPORTATION FACILITIES CONSTRUCTION PROGRAM REVIEW (Michael Kies) .....6**

**ITEM 3: KEY COMMERCE CORRIDOR VIDEO (Scott Omer) .....30**

1 (Beginning of excerpt.)

2

3 CHAIRMAN ANDERSON: Moving into the study  
4 session. (Inaudible). No call to the public. We're halfway  
5 there.

6 We'll start with you, Ms. Ward.

7 MS. WARD: Well, good morning.

8 BOARD MEMBERS: Good morning.

9 MS. WARD: (Inaudible.)

10 DIRECTOR HALIKOWSKI: You seem a little subdued,  
11 Kristine. Are you okay?

12 MS. WARD: You know, I did an extra little  
13 distance on my run this morning, and I had (inaudible).

14 Well, I have good news and not exciting news to  
15 report. This is the -- this is the funding that I provided to  
16 you back on January 27th I identified as available to fund the  
17 tentative program. A little over -- almost \$3 billion for the  
18 entirety of the program, and we have not had any significant  
19 changes in that, and that is good. It's not -- I can't add to  
20 it, but we are operating within the same amount of funding that  
21 we are -- we were operating when we presented back in January.

22 Unfortunately, we are still basing -- we got past  
23 the legislative session without too much -- too much pain, but  
24 we are still facing a lack -- a highway trust fund, the Federal  
25 Highway Trust Fund, it is still facing insolvency. Now, the

1 Senate passed a bill on Saturday. It's gone -- will now go off  
2 to the President for a two-month extension, but again, the  
3 Federal Highway Trust Fund is scheduled to go insolvent in the  
4 late summer.

5           Also, some additional risks to those forecasts  
6 that I provided are with regards to we are actually -- you're  
7 right. I always seem to have a little bad news mixed in here.  
8 We are in the middle of a -- the next time period in which -- or  
9 this program falls within the next time period that we could  
10 potentially be facing a recessionary cycle. If you'll recall,  
11 the last recession hit us between December of 2007 and June of  
12 2009. The next one is scheduled to hit, would naturally hit  
13 around this period. So I have to point that out as we head into  
14 and look at these forecasts.

15           Other than that, I don't have a whole lot else to  
16 report.

17           The tentative program that is being provided to  
18 you today is fiscally constrained and falls within what we  
19 believe the available revenues will be for this next five-year  
20 period.

21           With that, I'll take any questions.

22           MR. HAMMOND: Question, Mr. Chairman.

23           CHAIRMAN ANDERSON: Mr. Hammond.

24           MR. HAMMOND: Under economic conditions, you have  
25 South Mountain.

1 MS. WARD: I do, and I'm glad you pointed that  
2 out. We are heading into -- this five-year cycle, this  
3 five-year program, has got the largest project that the  
4 department has ever undertaken. The South Mountain project is  
5 -- the amount that is forecast to be expended in this five-year  
6 program is \$1.8 billion, and it's -- when you're going to spend  
7 upwards of \$30 million a month, it makes CFOs very alert on cash  
8 flow and cautious. So that's why it's identified up there as a  
9 risk.

10 We'll also identify that, you know, of course, we  
11 have not -- if you'll recall, Federal Reserve has been talking  
12 about taking the foot off -- restraining interest rates, and so  
13 we are also potentially facing some inflationary factors as the  
14 quantitative easing (inaudible).

15 DIRECTOR HALIKOWSKI: Kristine, on the South  
16 Mountain, most of that is RARF funded, correct, Regional Area  
17 Road Fund?

18 MS. WARD: A good portion of it, but also, sir,  
19 we are doing some HURF bonding on that, which is, of course,  
20 dependent upon State Highway Fund revenues is the pledge. In  
21 total, in this five-year program, we have about \$1.1 billion  
22 worth of bonding built into the program, largely associated with  
23 South Mountain. Only 300 million of that is associated with the  
24 statewide program.

25 DIRECTOR HALIKOWSKI: So you're alert, but the

1 revenues we believe there for South Mountain (inaudible)?

2 MS. WARD: Yes. Yes, sir. We would --  
3 Mr. Chair, Mr. Director, that is correct.

4 DIRECTOR HALIKOWSKI: Again, I don't want to  
5 cause (inaudible).

6 MS. WARD: Oh, no. No. That won't. Answer any  
7 questions?

8 CHAIRMAN ANDERSON: Further questions of  
9 Ms. Ward? (Inaudible.)

10 MS. WARD: Very good. Thank you very much.

11 CHAIRMAN ANDERSON: (Inaudible) a lot of yellow  
12 in it, and Mr. Kies is here to explain what this yellow means.  
13 Mike, you're up.

14 MR. KIES: Thank you, Mr. Chair.

15 Yeah, I would like to give you an overview of  
16 what we are calling the proposed five-year transportation  
17 program. Today is the end of the comment period for the  
18 tentative five-year program, and we've been keeping up with the  
19 changes on that program and now have a proposed program for you  
20 that you'll hopefully approve at the next board meeting in June.  
21 So with that...

22 As I've said, the public comments have -- are  
23 concluding today as part of this public outreach process. We've  
24 held three public hearings, as you recall. They were in  
25 coordination with the public -- with the board meetings in May

1 -- or in March, April and May. We had one meeting in Tucson, we  
2 had a meeting in Phoenix, and just a couple weeks ago, a meeting  
3 up in Chino valley.

4 As of May 22nd, which was last week, we have  
5 received a total of 46 comments on the tentative program, and  
6 you do have a packet that you were given today that highlights  
7 all of those comments. Some of them are comments that were  
8 received by e-mail. Others are resolutions that have come from  
9 major agencies, and others are letters that we've received on  
10 the tentative program.

11 So just a reminder of the structure of the  
12 program. The five-year program that we're providing you today  
13 is partitioned up as you see on the right here, where 29 percent  
14 of the total program -- this is for the entire state -- includes  
15 Greater Arizona, the MAG metro area -- the Phoenix metro area  
16 and the Tucson metro area. 29 percent of the entire program is  
17 dedicated to preservation, 12 percent to modernization, and 59  
18 percent to expansion. A lot of those expansion projects are  
19 located in the Phoenix metro area and the Tucson metro area. As  
20 Kristine mentioned, the South Mountain Freeway, the largest --  
21 one of the largest projects that the State is undertaking,  
22 nearly \$2 billion, is part of that expansion part of the  
23 program.

24 On the left here is what the long-range plane  
25 suggests that we be spending in these categories. 34 percent on

1 preservation, 27 percent expansion and 29 percent modernization.  
2 As we continue to present on the program, we always talk about  
3 how we're trying to increase the amount of funding that we put  
4 to preservation. This highlights that. The long-range plane  
5 shows that we should be spending a little bit more on  
6 preservation statewide.

7 With that, I'll just highlight the Greater  
8 Arizona program. Again, this is outside of the Phoenix metro  
9 area and the Tucson metro area. 68 percent dedicated to  
10 preservation, 24 percent modernization, which does not leave a  
11 lot for those expansion projects statewide, but we'll get into  
12 that for a minute.

13 So as Kristine said (inaudible) that the program  
14 is fiscally constrained. So the amount of funding that we have  
15 dedicated in each fiscal year in Greater Arizona is mapped out  
16 here, and you can see that it varies from 414 million in fiscal  
17 year '26 -- or '16, and then as low as 319 million in fiscal  
18 year 2020. This just highlights how much in this five-year  
19 program is dedicated to projects in each year and how much is  
20 dedicated to sub programs.

21 With that said, as Chairman Anderson mentioned,  
22 we've provided you all with an updated program booklet, and in  
23 the program booklet, it's similar to the tentative program that  
24 you were provided in February, but projects that are highlighted  
25 in yellow are actually projects that have changed in some way

1 since the tentative program. Either the funding has been  
2 changed, the fiscal year, the name of the project, and so on and  
3 so forth.

4           Along with this book, we provided you an 11-by-17  
5 handout. This 11-by-17 handout just highlights the projects  
6 that have been revised in the proposed program, and it goes with  
7 the proposed program booklet, and you can look at each project  
8 and see whether the project has been moved from one fiscal year  
9 to another, if the -- if there's been an increase in the project  
10 budget or a decrease, and so on and so forth.

11           This slide essentially summarizes everything that  
12 we've done to get from the tentative program to this proposed  
13 program that you have in front of you today. All the PPAC items  
14 that you've seen at the last board meeting and then the actions  
15 that you just approved this morning, a lot of those actions have  
16 provided us the opportunity to move some projects from this  
17 five-year program that you have in front of you to the current  
18 program in fiscal year '15.

19           A total of about \$50 million worth of advancement  
20 has -- over these PPAC actions has advanced projects to fiscal  
21 year '15. That's provided an opportunity for funding in this  
22 five-year program, '16 through '20. However, with some of those  
23 projects advancing to '15, some projects were deferred from '15  
24 because they weren't ready to be delivered and are now moving  
25 into this five-year program that you have in front of you; about

1 \$30 million. So there's a \$20 million net difference between  
2 projects that were advanced and projects that were deferred.

3 Also, one of the things that we continuously do  
4 as the department is we look at the cost of the projects that  
5 we're proposing, where they are in design, have they discovered  
6 new issues or needs from a scoping standpoint. Is there a cost  
7 savings? And so you see on your 11-by-17 handout at the end  
8 where we total everything that there were \$24 million worth of  
9 project reductions and \$100 million worth of project increases  
10 with the projects that are in the proposed plan. And that's a  
11 net of about \$75 million of additional costs that have come to  
12 this program.

13 With that said, then we make adjustments to the  
14 sub program, about \$55 million reduction in the sub program  
15 amounts, and that has brought the program back to fiscal  
16 constraint so there have been no impacting costs to the overall  
17 program.

18 And that pretty much summarizes every -- all the  
19 information that you have in the booklet and the 11-by-17.

20 With that said, I'll just remind everybody of the  
21 -- what's included in each of the fiscal years of this proposed  
22 program. I'll focus on the expansion program, which is that  
23 blue area of these graphs. The other parts are modernization,  
24 which is shown in red, and the preservation program, which is  
25 shown in green.

1           As far as the expansion program, it hasn't  
2 changed since the tentative program where we have the State  
3 Route 260/Thousand Trails project proposed this next fiscal  
4 year, fiscal year 2016. The amount of funding in this program  
5 has changed though. It used to be \$62 million. Now it's \$52  
6 million, and that's because we -- one of those projects that got  
7 advanced to fiscal year '15 was a right-of-way project for this  
8 project. So \$10 million is being spent in the current fiscal  
9 year that we're in right now.

10           We have State Route 89 from 89A to Deep Well  
11 Ranch Road in fiscal year '17, \$15 million project. U.S. 60  
12 Show Low to 40th Street, which is a name change. It used to be  
13 -- what was it called before? Show Low to?

14           UNIDENTIFIED SPEAKER: Mormon Lake, Little Mormon  
15 Lake.

16           MR. KIES: Mormon -- Little Mormon Lake, \$6  
17 million project in 2018. A design of U.S. 93 King Springs in  
18 2019.

19           And then throughout this five-year program, you  
20 see different phases of the State Route 347, Union Pacific  
21 overpass project in Maricopa, with design and right-of-way  
22 starting in fiscal year '16, more right-of-way plan in 2017, and  
23 then the final construction amount of -- it's actually \$44  
24 million, but we show it in this program as 36 million, because  
25 there's 8 million of local funding being provided to that

1 project.

2           The other part of the program for Greater Arizona  
3 is their development program. This is our six through ten-year  
4 program. Again, it hasn't changed from the tentative program,  
5 so we have -- still have the 189 project in fiscal year 2021.  
6 Two I-10 projects in the area that was discussed earlier,  
7 between Phoenix and Tucson, at Picacho in 2022, and the Earle to  
8 I-8 project in 2023, which is in the Casa Grande area, and then  
9 two projects along U.S. 93 in 2023 and 2024, and then the State  
10 Route 260/Lion Springs construction project in 2025.

11           That was the overview of the changes for the  
12 Greater Arizona part of the program. There really are no  
13 changes of note for the MAG area. There have been some  
14 differences in funding combinations, but all the projects  
15 remain, with the largest project being the South Mountain  
16 corridor that Kristine mentioned earlier.

17           Same with the Tucson metro area, the PAG program.  
18 There are no major changes of note. Most of the projects are  
19 expansion projects along Interstate 10 and Interstate 19.

20           With that, the last thing that I wanted to cover  
21 were some of the project updates. One of the things that we  
22 always want to demonstrate is when we put a project in the  
23 program, that we do have the ability to deliver that project,  
24 and some of these major projects we just wanted to give you an  
25 update really quick.

1 State Route 260/Thousand Trails to I-17, this is  
2 a project that's expected to advertise next fiscal year, in  
3 fiscal year 2016. We're currently going through the design  
4 process. The -- it's a CM at-risk delivery project, and so the  
5 contractor and the designer are on board as of a few weeks ago,  
6 and environmental clearance is anticipated this summer. And  
7 again, the current construction cost is \$62 million.

8 State Route 89 to Junction 89 -- from Junction  
9 89A to Deep Well Ranch Road, this project again, the design is  
10 underway, and it's being coordinated with a local city project,  
11 the Willow Creek bypass. So the Willow Creek bypass is  
12 anticipated to be constructed first, and that's anticipated to  
13 be completed in December of 2016, and then this project is  
14 anticipated to advertise immediately after that in the third  
15 quarter of fiscal year '17, and it still remains a \$15 million  
16 project.

17 The State Route 347 overpass, this is the project  
18 that is shown in fiscal year '20 for major construction. The  
19 environmental clearance was -- has been received this spring, in  
20 March, which is a major step in the development of this project,  
21 and now the next step is the design phase, which will start this  
22 summer. Again, the current construction cost is \$55 million.  
23 And as you notice in the five-year program, it's phased over  
24 several years of the five-year program.

25 The last project to talk about and update is

1 State Route 189. This is the section of road that connects the  
2 Mariposa port near Nogales to I-19. This project is not  
3 proposed in the five-year program that you have in front of you,  
4 but in the development program, the first year of the  
5 development program, fiscal year '20 -- I believe it's fiscal  
6 year '21. That's a typo there that says it's in fiscal year  
7 '22. But to give you an update on where this project is, we  
8 have -- we are on our way to getting environmental clearance,  
9 and that's anticipated to be next spring. So spring of 2016,  
10 and then the construction costs are still estimated at \$65  
11 million, with that being anticipated in the development program.

12 MR. HAMMOND: Mike (inaudible).

13 MR. KIES: Yes.

14 MR. HAMMOND: Before you leave that, first of  
15 all, appreciate your (inaudible). What's the -- you say the  
16 (inaudible) delivery risk. I heard that there was some  
17 disagreement locally on design or support. Are these going to  
18 be issues that need to be solved that they need to be paying  
19 attention to?

20 MR. KIES: Yes, Mr. Hammond. There is -- the  
21 actual proposal of what should be built on this project has not  
22 been resolved yet, but that is the process that's ongoing. The  
23 DCR and -- or the design concept report and the environmental  
24 assessment do resolve that, which is why we believe there really  
25 is no delivery risk, because the construction is out in fiscal

1 year '21. Still quite a ways out. So we have time to resolve  
2 the difference of opinion between the local community and  
3 stakeholders, document that in a DCR, get environmental  
4 clearance and then go into design, and then still we have six  
5 years to accomplish that.

6 MR. HAMMOND: So they got some work to do.

7 MR. KIES: They do have some work. We have work  
8 to do.

9 DIRECTOR HALIKOWSKI: To that point, Mike, is  
10 there a way for this project to be built sooner? I mean, what's  
11 the soonest date you could go to construction?

12 MR. KIES: Well, one of the approaches might be  
13 that once the environmental assessment is completed and  
14 environmental clearance is obtained, we expect that next spring,  
15 the spring of 2016 -- there have been projects that at that  
16 point have proposed to go in alternative delivery systems such  
17 as design build, which then could accelerate the design and the  
18 construction at the same time. And so I guess the earliest that  
19 it could get underway might be spring to summer of 2016 as a  
20 design build project, but we would want to wait until  
21 environmental clearance is completed.

22 MR. HAMMOND: So they would need to be  
23 (inaudible) on (inaudible) before then. And if they're not, I  
24 mean, you're going to wait until they're in agreement on the  
25 alignment before you do anything? Go ahead.

1                   DIRECTOR HALIKOWSKI: Well --

2                   MR. HAMMOND: Go ahead.

3                   DIRECTOR HALIKOWSKI: Well, you know,  
4 Mr. Chairman, Mr. Hammond, I -- the reason I asked the funding  
5 question is, you know, there's a lot of interest in having this  
6 project done immediately, and you know, I think that there have  
7 been improvements made in Nogales that we feel probably are able  
8 to handle the traffic flow. However, I was down there a few  
9 weeks ago talking with Fresh Produce Association, and you know,  
10 Ruby Road is one of their areas that they really want to get  
11 fixed. I had thought that there were four options and they had  
12 chosen Option D as the preferred design in the facility.

13                   MR. KIES: Yes, Mr. Chair, Director. The four  
14 options that you're referring to, there's two major components  
15 to this project. There's an interchange with Interstate 19 and  
16 189, and then there's the whole corridor that then goes about  
17 four miles from that interchange to the border.

18                   The four options that you're referring to are  
19 those options at the interchange. So there were different  
20 flyovers or ramp configurations, and Alternative D has been  
21 where everybody's come to consensus that -- but that doesn't  
22 clarify what is going to be done with the rest of the corridor.  
23 The rest of the corridor, the public and the stakeholders have  
24 -- want to do what is called "corridor management," meaning  
25 improving traffic operations by improving intersections, maybe

1 new traffic signals, removing driveways to consolidate access  
2 points, those type of things. That hasn't been resolved yet.  
3 And that really needs to be resolved before you finish the  
4 environmental (inaudible).

5           DIRECTOR HALIKOWSKI: So one of the things I told  
6 the Fresh Produce Association, Mr. Chairman and Board, and I'm  
7 not sure how the Board feels about this, but if you want to  
8 advance funding and perhaps build this project sooner, you have  
9 to expand your thinking into a P3 option. And I know that that  
10 may not be the most popular of options in Nogales, but you know,  
11 with the average ADT there, that may be a viable P3 if you were  
12 looking at a truck-only type toll and facility to separate that  
13 traffic that won't be stopping downtown so that you still keep  
14 your four-wheeler traffic going downtown for the economic  
15 purposes.

16           They didn't really respond to that except to say  
17 that, yes, it's something that we need to keep thinking about.  
18 So there is another funding option if we were to look at a P3 to  
19 do this.

20           The other thing is I got a letter from Mayor  
21 Rosthchild asking why we didn't ask for a TIGER grant in this  
22 round this year. Can you talk about that a little bit?

23           MR. KIES: Well, I guess I could -- yes, I can.  
24 It all is the same subject is the -- we, as the Department of  
25 Transportation, don't believe this project is ready to move

1 forward into final design and construction. We really -- as  
2 Mr. Hammond said, we really need to take the time to make sure  
3 that everybody is on board with what the proposed plan is, and  
4 the team wants to propose what the build alternative would be  
5 this June, next month, but then there needs to be consensus on  
6 that from the stakeholders and the public.

7           The issue with the TIGER grant is that there's  
8 very strict time constraints on a TIGER grant. If we were lucky  
9 to be awarded a TIGER grant on this project, there's a certain  
10 number of months that that project has to be ready for  
11 construction and underway, and without having environmental  
12 clearance in hand, without having a consensus from stakeholders  
13 on what we're actually going to build, we don't -- we didn't  
14 feel the project was ready enough to be under those constraints  
15 of the TIGER grant program. So the -- we thought that the best  
16 option was not to apply this year.

17           DIRECTOR HALIKOWSKI: Because there is a cost to  
18 applying for those.

19           MR. KIES: Yes. A TIGER grant application has a  
20 lot of work that needs to be done, cost-to-benefit ratios have  
21 to be calculated, and it costs the Department between 50,000 and  
22 \$100,000 to prepare a grant application for the TIGER grant.

23           DIRECTOR HALIKOWSKI: So we'll be responding to  
24 the mayor, Mr. Chairman, but I just wanted the Board to know in  
25 case it comes up in conversation.

1 MR. SELLERS: Mr. Chairman.

2 CHAIRMAN ANDERSON: Mr. Sellers.

3 MR. SELLERS: Yeah. Certainly we all get a lot  
4 of input about the importance of trying to accelerate this  
5 project, but to the director's point, I certainly think P3  
6 should be on the table as an item, because all those trucks have  
7 already been paying tolls on Mexican Highway 15 (inaudible).

8 DIRECTOR HALIKOWSKI: That is correct.

9 MR. OMER: Mike, real quick on the delivery risk.  
10 So we talked about there's no -- so tell me if I'm right or  
11 wrong. Just say I'm right.

12 (Speaking simultaneously.)

13 MR. KIES: The delivery risk today -- there is no  
14 delivery risk today, but as we move forward, it's completely  
15 depending on what the alternative selected is. There could be a  
16 risk at that time, whether it be a cost risk, because which  
17 select -- which alternative could significantly raise the total  
18 cost for the project, and also, you could get in a situation  
19 where the community just may not come to agreement with what  
20 we're recommending. So our risk in the future could be  
21 different than what it says today.

22 Scott, you are right.

23 MR. OMER: Thank you.

24 DIRECTOR HALIKOWSKI: One final point, too. You  
25 know, I was contacted by our former board member and chairman,

1 Bobby Lundstrom, about the difficulty of trucks making turns  
2 into the warehouses. It's not just 189. It really is the whole  
3 system in Nogales, because many of these bridges were sort of  
4 wild-catted, you know, during the '50s or whatever over areas  
5 that they needed to pass, and they were built fairly small, one  
6 lane, and what we're experiencing now is that we're having  
7 difficulty of trucks on local streets getting in and out of the  
8 warehouses. So the other thing is to look at 189 in conjunction  
9 with a comprehensive look at the infrastructure within the city,  
10 which is off our system. But it all has to work together in  
11 order for it to be maximally efficient, so...

12 MR. HAMMOND: And Nogales has -- Sonora has a  
13 little work to do on their side, too.

14 DIRECTOR HALIKOWSKI: They do. We have been in  
15 contact with the concessionaire over the past years, Capitan  
16 Abed, about fencing, security, pavement, a number of issues  
17 there.

18 MR. HAMMOND: I understand he's been more  
19 cooperative than he has been in the past. Is that true?

20 DIRECTOR HALIKOWSKI, Mr. Chairman, Mr. Hammond,  
21 that is correct. We had to pay a couple visits to him in Mexico  
22 City, and worked with him and with (inaudible).

23 MR. LA RUE: So Mr. Chair, Director Halikowski,  
24 following the (inaudible) point, Mr. Sellers' point then, how do  
25 we push P3? I know we throw it out a lot of times. I know a

1 lot of people say, well, okay, it's something to consider.

2 DIRECTOR HALIKOWSKI: Uh-huh.

3 MR. LA RUE: But how do we get traction? Because  
4 I look at this 65 million in fiscal year '21, and I think about  
5 this case we just --

6 DIRECTOR HALIKOWSKI: Uh-huh.

7 MR. LA RUE: -- had to us today, and I'm not  
8 certain what we're going to deliver into the future until this  
9 (inaudible).

10 DIRECTOR HALIKOWSKI: So as (inaudible) back on  
11 our P3 staff, let's say at I-15. Perhaps we needed to prepare  
12 the groundwork a little better before we went out after that  
13 particular P3. In this case, I think before you start getting  
14 interest from private entities, we have to have the  
15 environmental work in hand, because P3 companies are not going  
16 to come in and give you proposals unless they know the  
17 environmental approval is done and that it meets standards. So  
18 I think keeping it on the table right now is where we should be  
19 at, and discussing it with the community and other interested  
20 stakeholders as to whether or not that would be a viable project  
21 in their mind, also.

22 MR. LA RUE: Raise it once the environmental  
23 comes through?

24 DIRECTOR HALIKOWSKI: Right. This is why I asked  
25 about how soon some of that can be done, because depending on

1 whether you want to go P3 or not, maybe it's not in the  
2 five-year route following this, maybe it comes up sooner, but  
3 it's going to depend on how we procure the funding. Otherwise,  
4 we wait until the funding comes available.

5 MR. KIES: Mr. Chair, that's all I had about the  
6 overview of the proposed program. I'll be happy to answer any  
7 other questions.

8 MR. SELLERS: Mr. Chairman.

9 CHAIRMAN ANDERSON: Mr. Sellers.

10 MR. SELLERS: So the largest project that we have  
11 in the five-year plan, the South Mountain Freeway, is that  
12 proceeding on schedule as far as you can tell right now?

13 MR. KIES: As far as I know. Steve Boschen, is  
14 there anything you want -- thumbs up. So it's on schedule.

15 MR. BOSCHEN: It's on schedule in terms of, Mike,  
16 you know, we do have a lawsuit against us from the interested  
17 parties, and we are -- the courts have addressed that, so we're  
18 moving forward.

19 DIRECTOR HALIKOWSKI: Now, Mr. Chairman, not to  
20 say, because as I understand it, the Court turned the motion  
21 back that was filed by the park and the other entities because  
22 it was too large, but did give them another chance to file.

23 MR. BOSCHEN: They do have a second chance to  
24 file, but there was not an injunction for us to stop  
25 (inaudible).

1                   DIRECTOR HALIKOWSKI: So we'll -- absent any, you  
2 know, court issues, we'll keep moving this forward  
3 expeditiously, but you know, we feel that we're very strong on  
4 our process, and we have met all the requirements under federal  
5 law that we are supposed to meet, so...

6                   MR. SELLERS: Well, it's only been out there for  
7 30 years.

8                   DIRECTOR HALIKOWSKI: Well, I, you know, hate to  
9 remind (inaudible). So anyway, we feel very strongly that  
10 working in conjunction with FHWA and our partners at MAG and the  
11 City of Phoenix, and we have a good process that should  
12 withstand challenge.

13                  MS. BEAVER: Chairman, that was going to be my  
14 next comment. How many years has this been working its way  
15 through the process, you know, so...

16                  DIRECTOR HALIKOWSKI: We are preparing to land a  
17 white whale.

18                  CHAIRMAN ANDERSON: Mike, going back to the six  
19 to ten-year time frame, in the changes to the new plan, there's  
20 a lot of yellow lines, a lot of things moving in. Specifically  
21 on Lion Springs, there's nothing there to turn to design. Is  
22 that just because it's a little too far out in terms of the  
23 project being delivered? You don't want to start anything now,  
24 becomes obsolete, or waiting until it becomes a little closer  
25 just to make it cleaner?

1           MR. KIES: That's a good point, Mr. Chair. Yes,  
2 the 260/Lion Springs project is -- we have it in the development  
3 program in the last year or the tenth year of our program, 2025,  
4 for construction. So the thought would be that it would be most  
5 convenient to start a design project maybe a few years ahead of  
6 that, maybe 2022 as a good example. So that isn't in the  
7 current five-year program. It would be in a future five-year  
8 program.

9           So we did not make the choice to put any design  
10 activities in the five-year program. There's nothing stopping  
11 us from starting design early. It's just that -- I mean, it  
12 could be considered a double-edged sword, is if you start the  
13 project 10 years ahead of when you intend to build it, the good  
14 thing would be it's on the shelf, and then if funding comes  
15 available and we can accelerate it, it's ready to go, but that  
16 could be so far in advance that things could have changed over  
17 those years, and we may wind up doing the design early and then  
18 having to update the design later, and it could be a more costly  
19 process that way.

20           CHAIRMAN ANDERSON: So do you need records that  
21 design like it in 2022 on the six to ten, or is it just  
22 something that's...

23           MR. KIES: Well, what we have here is if you see  
24 this purple line across there, \$30 million a year, we estimate  
25 that that's project development costs. So we estimate that

1 that's how much we spend each year to develop the programs that  
2 we intend to -- so it would be a part of that. The intention  
3 would be it would be a part of that type of process.

4 MS. BEAVER: Chairman Anderson, in follow-up, on  
5 that SR-260/Lion Springs, would there be a way of advancing it  
6 if some of -- something that's in the pipeline right now came in  
7 under the amount that we had identified as what the project  
8 would be and maybe advance it that way? I know when we talked  
9 about finances, if that kind of money, if something comes in  
10 low, it goes into this pot of money and, you know, you adjust it  
11 that way, but could we identify that that one maybe could be  
12 advanced if there was a situation where we had additional money  
13 that came?

14 MR. KIES: Well, that, I think, is what the  
15 chairman might have been alluding to, is if we start design  
16 early, in the next couple years, then it would be on the shelf,  
17 and it would be available to advance if the contingency fund has  
18 enough. But if we don't do the design and we let the design  
19 wait until 2022, then there isn't much opportunity to advance  
20 that, because we'd still have to do the design phase and get  
21 ready for the project.

22 MR. OMER: (Inaudible) Mr. Chair. Sorry. This  
23 is where, you know, you know, the former deputy director John  
24 McGee often would interject and say that the Board has many  
25 priorities and many, many things that they can do with the

1 funding that's available. And you have to make a choice as a  
2 board on -- you look at just the development program and you --  
3 we had a long conversation today with our attorney about I-10,  
4 and there's \$128 million in front of us there for projects on  
5 I-10 that are fully designed and ready to go. They're just  
6 needing the funding.

7           So in the future, the -- a future board would  
8 have to make a decision to invest in a SR-260 project for  
9 whatever the cost is and for (inaudible) or you invest in  
10 Interstate 10, which has been the priority for the Board for  
11 years, and we've been looking for availability to actually fund  
12 it, and the impact of the I-10 projects versus the impact of  
13 what 260 could do. So it's all -- Ms. Beaver, it's all about a  
14 choice that a -- this board or a future board would have to make  
15 on where you make that investment.

16           DIRECTOR HALIKOWSKI: Just got a letter from the  
17 state legislature, Mr. Chairman, and wonders why we're not  
18 widening out 85 between Gila Bend and Buckeye. (Inaudible.)

19           CHAIRMAN ANDERSON: We're in Payson in July,  
20 correct?

21           UNIDENTIFIED SPEAKER: (Inaudible.)

22           CHAIRMAN ANDERSON: Is there a way to get  
23 (inaudible) kind of -- I'm kind of foggy where that Lion Springs  
24 area is, where it starts and stops.

25           UNIDENTIFIED SPEAKER: (Inaudible.)

1 CHAIRMAN ANDERSON: For future meetings.

2 MR. KIES: Looks like Mary's taking some notes.  
3 She might organize that in July.

4 CHAIRMAN ANDERSON: Mr. La Rue.

5 MR. LA RUE: You know, I -- I'm sure it's pretty  
6 early because the case law just came down, but I'm still trying  
7 to wrap my head around what we heard this morning, and so I  
8 thought -- I'm trying to think about that. Is there something  
9 we should be doing differently than we've been doing? Thinking  
10 about it differently? Scoring projects differently? And I hate  
11 to say it, but I just think that the way they might, my view,  
12 have lowered the bar to keep cases in the courts, I just think  
13 there's going to be a lot more activity for our litigation side  
14 coming. So (inaudible) we need to do business differently. And  
15 I appreciate all the economic discussion on, you know,  
16 accelerating some of these, but I'm also, you know, a little  
17 nervous and cautious about is there something we should be doing  
18 differently because of this case.

19 MR. OMER: So Mr. Chair -- sorry, Mike. I would  
20 ask Mike maybe at this point to talk a little bit about the P to  
21 P process and the rankings that we present to the Board are  
22 based on, you know, multiple different criteria.

23 Mike, do you know off the top of your head a  
24 couple of the highest-rated projects that we had out there were  
25 what?

1 MR. KIES: The couple of the highest-rated  
2 projects were on Interstate 10 between Phoenix and Tucson. And  
3 we base that on some of the criteria that Scott's referring to  
4 is traffic volumes, the number of accidents that have -- are in  
5 our crash records, the costs, those sorts of things are all part  
6 of that. The scoring for what we call the expansion program.

7 MR. LA RUE: The concern or the challenge I see  
8 there is these projects on I-10 are just huge, and when you look  
9 at, you know, the greater (inaudible), there's nothing there for  
10 expansion. So can you break those projects down since they're  
11 looking at 85 million or they're broken down? I mean, is there  
12 a different way to tackle that stuff?

13 DIRECTOR HALIKOWSKI: So --

14 MR. LA RUE: Because I'm assuming if we don't  
15 preserve a roadway and there's a tragic accident, we're going to  
16 have the same result, the same litigation will happen. So you  
17 can't really pull it from one spot to the other, I don't think.

18 DIRECTOR HALIKOWSKI: But Mr. Chairman, Mike, we  
19 have put quite a bit of money into I-10, correct? We have two  
20 sections now we're basically focused on, this curve around  
21 Picacho, and then, of course, the section through the  
22 (inaudible) community where we also have a narrowing down to two  
23 lanes in each direction. So I think we have put quite a bit of  
24 funding into 10 over the years.

25 The question becomes, you know, again, based on

1 whatever recommendations come out of the P to P process, where  
2 the Board wants to put the money. As you heard Mr. Zeder say,  
3 these represent less than 1 percent of the fatalities that we  
4 experience in Arizona. So while my heart goes out to the  
5 families for these tragic accidents, also the Board has a  
6 decision to make if these represent less than 1 percent. Are  
7 they the most important safety considerations that we need to  
8 address? So as Mr. Zeder also said, we're wrestling with some  
9 ways that we can try and work this. So it is a little early  
10 given the recent decision as to what direction we may recommend  
11 to the board.

12 MR. LA RUE: And I don't want to focus on I-10.  
13 I'm more focused on are there other safety concerns around the  
14 state, but now that this, you know, kind of spotlight is shined  
15 on how you can -- a plaintiff can bring a case (inaudible), you  
16 know, are we going to get notices on other highways in the  
17 state?

18 DIRECTOR HALIKOWSKI: We may. And, I mean, guard  
19 rail end treatments are another case that's been bouncing around  
20 the country, as you know.

21 MR. SELLERS: But it would seem to me that the  
22 evaluation process that you're going through should help us in  
23 litigation.

24 DIRECTOR HALIKOWSKI: It should. The other thing  
25 that should help us also target these safety issues is that our

1 crash reporting system in the past was not electronic. They  
2 were essentially handwritten forms in most cases, and there  
3 really weren't boxes to check for crossovers or other types.  
4 We, over the past three years at ADOT, have been working on a  
5 different crash reporting system utilizing a system called  
6 Tracks (phonetic) that is largely available to the officers  
7 electronically to file these. They go right into our system,  
8 and they have a way to mark what kind of an accident, if it was  
9 a crossover or some other factor that contributed to the  
10 accident. So that will also help us identify some of the safety  
11 issues.

12 CHAIRMAN ANDERSON: Further comments, questions  
13 for Mike?

14 Thank you, Mike.

15 MR. KIES: Thank you.

16 CHAIRMAN ANDERSON: See you in a month.

17 MR. KIES: Right.

18 CHAIRMAN ANDERSON: Next up is the Key Commerce  
19 Corridor video. Scott.

20 MR. OMER: Thank you, Mr. Chair, for letting me  
21 be here today. So the director and I are going to tag team a  
22 little bit. We're going to talk about (inaudible).

23 All right. So I'm going to talk about Key  
24 Commerce Corridors real quick. And many of you have heard this.

25 That's okay, Lynn. I can talk a lot.

1                   So many of you have heard this presentation quite  
2 a few times now, but we would -- we'll gladly make some time to  
3 spend with Mr. Hammond and Mr. Draper, the new members who  
4 haven't really heard us talk very much about Key Commerce  
5 Corridors. In the future we'll talk to them.

6                   But Key Commerce Corridors, we started this  
7 initiative years ago. And about three years ago we started  
8 looking at the project itself and developing a study called Key  
9 Commerce Corridors. Prior to that, we had been out meeting with  
10 the business community in Arizona, and it's an extension of all  
11 the work we do on talking about economic development potential  
12 and linking transportation and the economy is where this came  
13 from.

14                   I mentioned Mr. McGee earlier. He -- it was his  
15 idea, this concept, that kind of spurred the thought for this,  
16 and we took it off from that point, and we started looking at  
17 the process of if we had additional revenue available, and  
18 that's the (inaudible) we had additional revenue available,  
19 where should we be investing? And we wanted to identify  
20 specifically, you know, what types of corridors and what types  
21 of investments we should be making into the future.

22                   This falls in direct line with Governor Ducey's  
23 initiative about thinking big and really linking how business  
24 growth -- growth in the State's economy and the business growth  
25 is specifically linked to transportation and how transportation

1 supports business growth. And we all need to start thinking big  
2 and not just thinking about our own business line, which is  
3 transportation, but how transportation can be of benefit to  
4 other parts of the department, other parts of the state.

5 Key Commerce Corridors is really an integral part  
6 of the State's transportation system in Arizona's continued  
7 economic growth and development. I have often said, you know,  
8 we have a slide that talks about how economic growth is really  
9 dependent, and it's part of an overall scheme of things, and  
10 it's cyclic, and to me, transportation infrastructure is the  
11 foundation to a strong economy for this state.

12 Yes, we have to have job growth, and we have to  
13 have job growth in the right markets. We have to have good,  
14 sound manufacturing jobs in our base -- in our base markets is  
15 really what drives the economy. And once you have that economic  
16 growth, it will tie that in with the transportation system that  
17 supports it, and we start exporting goods in Arizona, stuff that  
18 we make here and sell elsewhere along our infrastructure. It  
19 really creates more jobs.

20 So those are things that we've been talking about  
21 now for quite awhile, and it's important to highlight that this,  
22 you know, is something that, again, gets the support of the  
23 governor's initiative as well as what we've been working on, and  
24 to have that sound transportation infrastructure to support the  
25 economy.

1                   DIRECTOR HALIKOWSKI: So let me tag you right  
2 there and interject a little bit. Scott's right. We had a  
3 proposition, as you recall, that gave nine-tenths of a cent to  
4 education and a tenth of a cent, PROP 204, to transportation.  
5 That would have generated about \$100 million a year, and John  
6 McGee and I were talking about it and said, if we get an extra  
7 100 million a year, how will we prioritize it? And then we  
8 said, really, 100 million a year is nothing to sneeze at, but if  
9 you looked at the interstate system, really like a river system,  
10 those are the rivers that our trade and commerce flow over.

11                   And we started looking at this from an  
12 economist's point of view. Mexico's our number one trading  
13 partner. Canada's number two, but more importantly, China's  
14 number three. And we started looking to the interstate system  
15 and state highway system specifically as the foundational  
16 element, as Scott talked about. If we put the right  
17 transportation system in and we can lure CEOs and senior  
18 management to relocate to Arizona because of good quality of  
19 life and transportation system, that's a foundational element  
20 that we have to have.

21                   And the rest of it, transit, education system,  
22 starts to flow from the wealth we believe Arizona can produce by  
23 making it here and selling it there. So we've talked to over  
24 700 businesses over the past three years, four years. I've been  
25 in front of GPEC. I've been in front of the Phoenix Chamber.

1 I'm going to go talk to the Phoenix Chamber of Economic  
2 Development Committee today. (Inaudible) and her team  
3 (inaudible) have been all over this state talking to business  
4 leaders. Essentially, at this point we have the Arizona Chamber  
5 of Commerce.

6 What's their initiative called, Scott?

7 MR. OMER: Accelerate Arizona. Sorry.

8 DIRECTOR HALIKOWSKI: Accelerate Arizona, and  
9 that's an outgrowth of transportation business partners which  
10 includes, you know, a number of people interested in a statewide  
11 system. And you only have to look over to California with 16  
12 million consumers and a trillion dollar GDP to the west of us.  
13 And then, of course, you have Dallas, Fort Worth to the east,  
14 roughly the same GDP and consumer market, and then you have  
15 Mexico to the south with a growing middle class. So for us, it  
16 makes sense and it's time to fund an investment in these Key  
17 Commerce Corridors.

18 The hurdles we've faced is that when we talk to  
19 the business community, they get it. They understand that this  
20 is a good thing to do, but there are so many other fiscal hills  
21 that the State is trying to climb over right now that the  
22 business community seems more focused on education at this  
23 point. But we have to keep talking about this, because we don't  
24 believe Arizona can be globally competitive with a 1970s  
25 interstate system linking us to Mexico and to L.A. and Long

1 Beach. We need to improve the systems.

2 MR. SELLERS: And to that point, I think it's  
3 interesting and encouraging that Maricopa Association of  
4 Governments now has an Economic Development Committee. It's  
5 probably more active than the Transportation Policy Committee,  
6 and that committee recognizes that for that region to be  
7 successful, it has to be a statewide system (inaudible) support.  
8 And, in fact, that committee is making a trip to Hermosillo and  
9 Guaymas, the port of Guaymas, the first week in June. So a lot  
10 of recognition on what the director's talking about. But we've  
11 got a long ways to go to get it funded (inaudible).

12 MR. OMER: Completely agree, Mr. Sellers, and  
13 (inaudible) the director is talking about is -- for us it's  
14 really about connectivity and global competitiveness. You know,  
15 that connection to Los Angeles and Houston and Dallas. If you  
16 look at just L.A., Phoenix, Houston and Dallas, you combine  
17 their overall GDPs together, it would be the tenth largest  
18 economy in the world.

19 The only other large economies like that, in the  
20 United States at least and not in the world, if you look at New  
21 York and Chicago, you know, they're really the other four of the  
22 six largest cities in the country, but you look at L.A. and  
23 Phoenix and Dallas and Houston, you know, just the connectivity  
24 between theirs is really where we can generate a huge impact on  
25 their overall economy. And while, you know, the emerging

1 markets in Mexico are something that are vitally important to  
2 us, we have trading partners in just southern California and  
3 Texas that we really should be tapping into, looking how to  
4 develop those, as well as our other large trading partner in  
5 Canada.

6                   So we can't just think about, you know,  
7 connecting to far east Asia anymore. That's not the right  
8 thing. We have to find those economies that we can connect into  
9 and do it as reasonable as possible.

10                   DIRECTOR HALIKOWSKI: So we believe that if  
11 California has environmental regulations tight enough to a point  
12 where it becomes non-profitable to do business there anymore,  
13 that as equipment wears out and is no longer grandfathered,  
14 Arizona is a very attractive place to come and do business. The  
15 other thing is, obviously, there's a water issue, and we've been  
16 much more parsimonious about how we handle our water for the  
17 future here in Arizona. So we feel we can begin to absorb that.

18                   Then the final point I'll make on this issue is  
19 that the Canadians are now our largest foreign direct investors  
20 here in Arizona. They're moving businesses here. They're  
21 buying second houses here. So we need to keep that connection  
22 moving forward, also.

23                   MR. OMER: And lastly, that connection to  
24 California, Texas, that's important. It also ties in directly  
25 to the trucking industry. You know, the trucking regulations,

1 basically in a truck day you can go from the port of L.A. and  
2 Long Beach, you include all your loading and unloading times and  
3 idle times and traffic times, you can get to central Arizona in  
4 a day, and that's important. We take advantage of that type of  
5 connection. And then when you look at going on to Texas, it's a  
6 couple-day trip to Texas from there as well. So the new federal  
7 trucking regulations started in 2014, I believe, is when -- you  
8 know, it really is something that had been advantageous to us.  
9 It's about how you get your product to market as quickly as  
10 possible.

11 DIRECTOR HALIKOWSKI: So right now we're working  
12 on an agreement with Texas, New Mexico, Arizona and California.  
13 The four DOD -- four DOT directors have been meeting. Much like  
14 the I-95 corridor in the east, it runs from Florida all along  
15 the coast, we want to turn I-10 into a fully modern,  
16 technologically-capable corridor that runs from Dallas, Fort  
17 Worth, all the way to Long Beach and L.A. And so the four  
18 directors are working on that, because we found if we want to  
19 streamline federal regulations, it's much easier to do it as a  
20 corridor than it is one state at a time trying to go before it.  
21 So we're in a draft agreement phase right now, and I'll be  
22 seeing some of those folks next week at the Intelligent  
23 Transportation Society Conference (inaudible). So we're trying  
24 to move forward with the corridor.

25 MS. BEAVER: When you're speaking -- excuse me,

1 Chairman. When you're speaking of the I-10 corridor, are you  
2 talking about east to west?

3 DIRECTOR HALIKOWSKI: Yes.

4 MS. BEAVER: In its entirety, not where it would  
5 come up and link in to the proposed I-11?

6 DIRECTOR HALIKOWSKI: I-11 theoretically would be  
7 a link to that 10 at some point, but yes, we're mainly talking  
8 about traffic between Dallas, Houston area all the way to the  
9 coast. Other states have now come forward like Florida and  
10 said, we'd like to be a part of that. But the bulk of our  
11 commerce runs between Dallas, Houston and to the coast. Not  
12 that we won't let other states in, but that's our focus is those  
13 four states.

14 MR. OMER: So we did come up with an actual  
15 20-year plan for investing in transportation and specifically  
16 where we should be making those investments, not just on --  
17 looking at a map and say it should be this, but we used things  
18 like job creation, economic competitiveness and connections to  
19 regional and international national markets is how we looked at  
20 where we should be making these investments. And specifically,  
21 we looked at some what we call key commerce corridors; those  
22 facilities that really do the lion's share of moving freight and  
23 commerce across the state of Arizona and connecting to those  
24 markets that we were talking about earlier. The Interstate 10  
25 corridor from the California border to the border with New

1 Mexico in the state of Arizona are huge investments that we feel  
2 are vitally important to us.

3           It's not just about the safety improvements that  
4 our attorney's office talked about earlier today. It's about  
5 connecting, you know, Arizona with international and huge  
6 marketplaces. It's about the amount of freight that currently  
7 travels on interstate. I mean, there's parts of Interstate 10  
8 today that have exceeding of 40 percent trucks on the -- on that  
9 facility itself. And we've all driven between Phoenix and  
10 Tucson and experienced that uncomfortableness, you could say, as  
11 we're driving through there, and that's a big end part of it, is  
12 the amount of traffic and the specific number of freight on  
13 Interstate 10. And connecting, you know, like I said, Los  
14 Angeles and Phoenix to Tucson and on to Texas is vitally  
15 important to our economy.

16           Along with I-10, the Interstate 19 corridor was  
17 on here as well, and it's about connecting our economy in  
18 Arizona with the economy, as Mr. Sellers said, with Mexico. And  
19 Interstate 19 with the new port in Mariposa is one of those  
20 facilities we think are vitally important to connect to our  
21 economy.

22           DIRECTOR HALIKOWSKI: And then, you know, the  
23 idea that I-19 connected to 10, and then Interstate 11, all the  
24 way up to I-40 gives trucks another north/south route. So I  
25 didn't want to overlook that as we were talking about the

1 east/west corridor. The north/south route is important  
2 (inaudible).

3 MS. BEAVER: Thank you for bringing that point  
4 up. I was just...

5 DIRECTOR HALIKOWSKI: Sorry about that.

6 CHAIRMAN ANDERSON: Mr. Hammond?

7 MR. HAMMOND: For those of you who don't know, my  
8 background is in industrial real estate. So about 8,000  
9 thoughts go through my head in this discussion (inaudible), and  
10 there's no question the infrastructure north, south, east and  
11 west is critical, and that's why we're all here. I've been  
12 waiting for this, you know, this influx of California companies  
13 for 40 years and it hasn't happened. The truth is a lot of  
14 companies have to be there. I've heard complaints time and time  
15 again when I'm over there, and I say, well, why are you here?  
16 Well, we have to be here because the talent's here. You know,  
17 and if we're going to get them to stop in Arizona as they drive  
18 through, that's where the business community's so concerned  
19 about education. We've got to have the work.

20 UNIDENTIFIED SPEAKER: Right.

21 MR. HAMMOND: But having said that, our main  
22 strength right at this moment is the intersection between Texas,  
23 California, Mexico and points north. And the quicker we can do  
24 that, the quicker, you know, we do get that infrastructure  
25 connectivity, which is a key commerce corridor. But if we're

1 going to raise the (inaudible) in Arizona and make those trucks  
2 -- or those cars driving back and forth stop, you know, then  
3 it's all about education. So both are very important. And I  
4 think the business community understands the importance of  
5 infrastructure. It's just that they feel right now that  
6 education is what's really holding this state back. Probably  
7 marginal, emphasis on marginally more than infrastructure  
8 (inaudible). I could go on and on.

9           You know, I used to say 20 years ago that  
10 transportation infrastructure was number one, and people would  
11 ask me (inaudible). I'd say University of Arizona is one, two  
12 and three right now, and maybe K through 12 was four, five and  
13 six or (inaudible) as the case may be. So we've moved on.  
14 We've had a lot of issues, but stepping back and identifying key  
15 commerce corridors, you know, the Red Rock facility, to your  
16 point, you know, if we can help the Union Pacific stop those  
17 trains going through here and do something, you know, they were  
18 planning a 300-and-some-odd acre park around there where they  
19 would offer rail-served line -- sites to customers. Do you know  
20 how hard it is to find rail-served property of any quality?  
21 They were going to do that, you know.

22           And by the way, the (inaudible) facility was  
23 planned at the same time as the Red Rock facility, and they're  
24 done. It's just west of El Paso, with a \$400 million investment  
25 that we could have had here in this state for lack of consensus,

1 I guess, is the right word. (Inaudible.) I'm not criticizing  
2 the public sector here on that rail yard, but helping the rails  
3 move through this state and to help them stop when need be,  
4 that's the big problem in Nogales. Trucking is the future  
5 because there is no serious effort to (inaudible) coming through  
6 Nogales to the main line. So, I mean, there's so many issues,  
7 but this is a big step. I could not be more for it.

8 DIRECTOR HALIKOWSKI: I'm sorry.

9 MR. SELLERS: And to your point, I agree that  
10 education is a key priority, and even to the point of having  
11 craft skill training, (inaudible) priority, but the issue we  
12 have with infrastructure is the number of years it takes to plan  
13 and make it happen.

14 UNIDENTIFIED SPEAKER: That's our job. We're not  
15 here to argue, argue education. (Inaudible.)

16 CHAIRMAN ANDERSON: Mr. Draper.

17 (From 10:49 a.m. to 11:05 a.m., Mr. Draper spoke  
18 to the Board and was inaudible for transcription.)

19 CHAIRMAN ANDERSON: Thank you.

20 MR. OMER: Thank you, Mr. Draper.

21 So in addition to the other routes, I'd be remiss  
22 if I didn't mention I-17. (Inaudible) Chris back there. He was  
23 going to yell if I didn't. I-17 is really the lifeblood  
24 connecting northern Arizona and to the markets in Phoenix and  
25 Tucson. So that was one of the other corridors we talked about.

1 All of these together though really brings us to  
2 the conversation we need to have that statewide, as Mr. Sellers  
3 said, a statewide conversation about linking Arizona's economy,  
4 and you really do that by finding a revenue stream and being  
5 able to fund those types of specific infrastructure projects  
6 that can move us forward into the future.

7 You know, the director has said for quite a few  
8 years (inaudible) we were in Dallas together, in Texas, talked  
9 about an alignment from, you know, their local municipalities  
10 and their mayors to their state legislature and their, you know,  
11 national delegates. They're all in alignment about what was the  
12 right transportation investments for the State of Texas. That  
13 is not what we have here, and that's specifically what we need  
14 to have here is that alignment about it's not about, you know, a  
15 local issue, it's not about a regional issue.

16 This is about what's best for the State of  
17 Arizona. It takes all of us being on the same page, and  
18 therefore, we need transportation leadership to step forward and  
19 say, this is the types of investments we need to be making.  
20 They've done the same thing in California. There's a reason why  
21 you have many businesses leaving the state of California. It's  
22 because of, you know, those environmental regulations. And as  
23 Mr. Hammond said, when we're ready for them, this is a prime  
24 place for them to come. There's a reason why oftentimes they  
25 leap over Arizona and they go to Austin or they go for North

1 Carolina, because they have that alignment and they're ready for  
2 us. We need to take those steps in Arizona to do the same thing  
3 so we can take advantage of our geographic connections between  
4 those states and the international markets. And you're right,  
5 Director, we are doing those things. We just want everyone else  
6 to notice it as well.

7           So what I would like to introduce now is a video  
8 that I actually showed this at Roads and Streets. The director  
9 talked about Roads and Streets, but many of you have not seen it  
10 before. You've heard us talking about the importance of  
11 transportation to the economy for years. And listening to a  
12 bunch of bureaucrats talk about what's good for us is fine.  
13 This is actually our customers talking about how transportation  
14 impacts their specific businesses, and I think when you hear  
15 this and you hear them talking about it, I think we're on the  
16 right page.

17           So Lynn (inaudible) run the video.

18           (Arizona Key Commerce Corridors video played.)

19           DIRECTOR HALIKOWSKI: Mr. Chairman, this was made  
20 by Kevin's group, and no ADOT employees were hurt during the  
21 filming.

22           MR. OMER: So Mr. Chair, what I would say though  
23 is in the last four years as a department and specifically  
24 Kevin's group (inaudible), people have met with well over 500  
25 businesses in the state of Arizona, and our business community

1 has all been on the same voice, that we have to have adequate  
2 transportation infrastructure in place to really help their  
3 businesses out. Whether it's Raytheon, which is a multi-billion  
4 dollar company that, you know, really is in all parts of the  
5 globe, or little apple -- little Annie's Apples in Willcox, they  
6 all need access to infrastructure. And I listen to what our  
7 customers say. To me, it's a call to action about as  
8 transportation professionals and as the -- in the State of  
9 Arizona, we need to be able to provide that infrastructure in  
10 place for our economy to grow.

11                   You know, I've said many times how I'm a  
12 transportation guy. I think about numbers and where we should  
13 be doing roads, but I think we need to be listening to our  
14 customers, and they're telling us, you know, these are the  
15 specific corridors they need. It's our Key Commerce Corridors.  
16 So we wanted to take the opportunity to show you guys a video  
17 today, as well as have this little bit of a conversation. We  
18 appreciate your patience. I apologize for the individual -- the  
19 presentation not being up, but at least it was a good dialogue  
20 and you got to see and hear what our customers said. So thank  
21 you. If you have any other questions, we'd like to address  
22 those.

23                   MS. BEAVER: Chair.

24                   CHAIRMAN ANDERSON: Ms. Beaver.

25                   MS. BEAVER: I would like to ask you what can the

1 board do to help work towards this goal?

2 MR. OMER: Well, Ms. Beaver, I appreciate that.  
3 Mr. Chairman, Ms. Beaver, we were dying for someone to ask what  
4 you can do. So we actually have a -- we have some handouts and  
5 some fliers, and you can start passing -- no, I'm just kidding.  
6 It's really about being the voice for transportation, and you  
7 all as board members signed -- you're advocates for  
8 transportation, and it's about having the conversation every  
9 time you get about investing in transportation is the right  
10 thing to do.

11 The amount of transportation revenue that we have  
12 in the State of Arizona is nowhere close to being what we need.  
13 You set our transportation policy as far as at least -- not  
14 policy, but our program every year, and you see, you have no  
15 choices. You have zero choices about what you can do with  
16 transportation because of our limited amount of revenue. I  
17 think all of our jobs are going out there and talking about if  
18 we have revenue, we can actually make a difference. And I think  
19 that's where you come in play, having that conversation.

20 MR. BIESTY: Mr. Chair. Ms. Beaver, one of the  
21 things, especially out in Greater Arizona, when we first started  
22 rolling this out, people immediately looked at the map and went,  
23 well, where's -- where's -- how come my highway's not in there?  
24 How come there's not enough here but more here?

25 And the message has been kind of similar to

1 earlier programs that at first were not real well-liked when  
2 they first rolled out, but they -- like, the Stand program. It  
3 allowed money to come into the system, which freed up capacity  
4 for other projects to move up. So if you could help get the  
5 message out to your communities that, don't focus in so much on  
6 the map of what Key Commerce Corridors is showing, because  
7 again, if we get additional revenue in, that will build  
8 capacity. We'll still have additional revenue coming in on our  
9 existing program, and we can focus that as well on those  
10 projects. So that would be helpful.

11           DIRECTOR HALIKOWSKI: I'll put a finer point on  
12 it. You probably all know mayors, county supervisors, state  
13 legislators. Eventually, the legislature has to decide either  
14 to take action on its own or to refer something to the voters if  
15 we're going to do some investment in transportation. The maps  
16 we've shown you, the arrow maps are a \$20 billion program over  
17 20 years. Essentially, a billion dollars a year over and above  
18 what we're currently collecting. That's a heavy lift. It  
19 represents either a doubling of the 18-cent-a-gallon gas tax or,  
20 say, roughly a penny on the sales tax.

21           Those aren't the only two ways to fund it.  
22 Obviously there are other ways, including some private  
23 investment or other ways of generating revenue, but whether it's  
24 tolls or whether we call it an investment, there are just people  
25 that believe that they will not vote for a tax increase.

1 However (inaudible) we need help in convincing folks that this  
2 is a good investment for Arizona's future, and that's where you  
3 come in, because you're -- you are policymakers and influencers  
4 and can talk to people.

5 But some of the other things we're going to face  
6 is that if we go back in history, as was mentioned earlier, we  
7 will focus either on local issues, and Phoenix is proposing a  
8 \$30 billion transit program over 30 years. That's going to dry  
9 up the well, potentially, for voters who say, well, we solved  
10 the transportation problem here, or devolve into regional areas  
11 where we got ours in this area, but that doesn't help us with  
12 connectivity to major markets then. So there's a balance that  
13 we have to also strike of how are we going to move  
14 transportation forward together as a state versus folks who  
15 absolutely don't want to have any investment in it versus folks  
16 who say let me just take care of my area and we'll not worry  
17 about connectivity. That will handle itself some other way.

18 So we have to, as Scott said when he started  
19 this, think big. Arizona needs to connect to a world market.

20 MR. BIESTY: And Scott touched on it earlier,  
21 like the mentality in Texas I've heard many times. Everything  
22 from -- it's from, like, the local school board all the way on  
23 up to the governor. They're all aligned in a mission. The more  
24 people understand that (inaudible) statewide system that  
25 connects local regions and cities, you know, we all have to --

1 we all have to (inaudible) --

2 DIRECTOR HALIKOWSKI: Nearly every Texan I talk  
3 to, when they die, they want to go to Austin. (Inaudible.) I  
4 don't know why it's not Phoenix or Tucson or Flag or somewhere,  
5 but all the Texans want to go to Austin.

6 CHAIRMAN ANDERSON: Mr. Sellers.

7 MR. SELLERS: Yeah. For my (inaudible), you  
8 know, I talk to state representatives, I talk to our Congress  
9 people, and the issue we're trying to pass here is this pledge  
10 that people take about no new taxes, and I keep arguing even  
11 though I think fuel tax is a short-term solution, it  
12 nevertheless is a solution for the time being, and it's not  
13 really taxes. It's a user fee that isn't keeping up even with  
14 the cost of maintaining our system, and the price of fuel varies  
15 10 cents a gallon every week.

16 UNIDENTIFIED SPEAKER: Every minute.

17 UNIDENTIFIED SPEAKER: Every hour.

18 MR. SELLERS: And ten cents a gallon costs us \$5  
19 a month for each driver. You know, if we can't convince people  
20 that our infrastructure's worth that, then we -- I don't know.

21 MR. OMER: Mr. Sellers, that's a great point, and  
22 what we've been doing now for the last couple of years and we'll  
23 continue doing is educating. And as board members, that's what  
24 you can do as well. We can provide you with information and  
25 with some talking points so you can help spread the word.

1           Mr. Sellers is right, the average Arizonan spends  
2 \$9 a month when it comes to fuel tax. Regardless, if you're --  
3 you know, you're paying a dollar a gallon of gas or \$5 a gallon  
4 of gas, you're spending about \$9 a month towards our  
5 infrastructure. That's nothing. You know, we spend \$200 a  
6 month on a cable bill many times. You know, I have a wife and  
7 three (Speaking simultaneously.)

8           MR. OMER: (Inaudible). I have a wife and three  
9 daughters, and so many people can relate. I spend over \$300 a  
10 month, I think, in cell phones. Right? \$9 a month in fuel  
11 bought per car. So, I mean, we have to make that point that  
12 people can realize this is an investment that we have to make in  
13 our infrastructure, and it's nothing compared to some of our  
14 other investments.

15           MR. LA RUE: You know, Mr. Chair, thank you.  
16 Scott, you know, thank you for that video, because it's, you  
17 know -- I like the way we like you said, it's folks, you know,  
18 are users who use the system, and those are companies that you  
19 clearly want to keep Arizona growing. And as I listened to  
20 Mr. Sellers about this no new tax pledge, it almost seems like  
21 we need to create our own pledge. You know, I pledge about,  
22 (inaudible) the Arizona I want, and let's get, you know, local  
23 businesses to sign it and developers and then next election  
24 cycle we'll get legislators, you know, candidates to sign it.

25           Because, you know, over the weekend I was looking

1 at something in one of the papers, and it was showing how in the  
2 '60s and '70s, our educational level in the state was greater  
3 than national average. You know, and you think back, there's a  
4 lot of manufacturing, industry. Our wages as compared to the  
5 nation was above the national average. Now you fast forward  
6 three decades later, and we're way behind the national average  
7 in wages, way behind -- I mean, if we continue to allow folks to  
8 have this pledge (inaudible), we know where the trend is going  
9 to go, and it's almost like we need to start -- and maybe it's  
10 Accelerate Arizona or Arizona change where somebody needs to  
11 start our own infrastructure pledge. You know, we pledge to  
12 support infrastructure for the Arizona we want. Put it out.

13 MR. OMER: So Mr. La Rue will have that  
14 conversation with our business partners and Accelerate Arizona  
15 specifically about maybe there's a way to do that, but this is  
16 a -- you know, something we're very passionate about, as well as  
17 you guys are. I'm glad you liked the video.

18 While, you know, I've been leading this for  
19 awhile, it was really (inaudible) and our staff that put the  
20 video together. They did a lot of work, going out and meeting  
21 -- I didn't meet with one of the businesses. They met with all  
22 of them, along with our consultant team. So they really did the  
23 work, and we appreciate the upper -- you know, I look at a four  
24 minute video, and there had to be some work there. They  
25 invested, you know, hundreds and hundreds of hours to get it to

1 this point, so we do appreciate the work they do.

2 MS. BEAVER: Mr. Chairman, this type of a video,  
3 have we taken it to -- I realize we've got U of A, ASU  
4 (inaudible) here, but like the PBS channel or our local news  
5 morning shows on Sunday morning where they do these type of  
6 things? Are we reaching out that way, or is that something that  
7 we might reconsider?

8 CHAIRMAN ANDERSON: I just want to jump in.  
9 About six months ago, a year ago, Mike Kies was on Horizon. He  
10 did a fabulous job talking about I-11 and the whole network  
11 (inaudible) Arizona, and not everybody like me watches, you  
12 know, Horizon on a (inaudible).

13 UNIDENTIFIED SPEAKER: He listens to NPR, too.

14 MR. BIESTY: Mr. Chairman, if I might, that is  
15 all part of the communication plan. And again, the delicate  
16 balance is we're a state agency. Right? So we have to partner  
17 very closely with our partners in the private sector to get this  
18 message out. We're providing a lot of critical information to  
19 them that they can then feed to the community.

20 I would like to just briefly touch on Mr. La  
21 Rue's point. You know, I often talk with folks down at the  
22 Capitol, and I make the comparison, Mr. Hammond brought up  
23 education before. When there's a whiff of a cut or something to  
24 impact education, what happens? People flock to the Capitol.  
25 They're e-mailing their legislature. Okay? I mean, it's -- the

1 armies are set loose. When that happens in transportation,  
2 there's nobody. There's nobody. And again, that's -- you know,  
3 as a state agency, we can only do so much, but I think this has  
4 been -- you know, the efforts, the department and its partners  
5 have done over the last few years, I think there's a momentum.  
6 I think when you look at what the change you're getting involved  
7 in, and we just have to keep that up, because --

8 CHAIRMAN ANDERSON: At least in Maricopa  
9 (inaudible) are moving there from Chicago and New York and L.A.  
10 To them a 45-minute drive is a piece of cake. They're used to  
11 three hours one way. So it's kind of that baseline where we  
12 start, and dinner at our house kind of gets a little lively at  
13 times. My wife is president of the school board. She doesn't  
14 like educational cuts, and I'm trying to build roads. So it  
15 becomes an impasse. I'm not going to vote for hers, and she's  
16 not going to vote for mine.

17 UNIDENTIFIED SPEAKER: Who wins that one?

18 MR. SELLERS: Those of us involved at the  
19 municipal level (inaudible), one of the things that you talked  
20 about earlier is a point we need to be able to drive home, and  
21 that is the thing I hear all the time is, is this going to take  
22 away from our local funding? And obviously the answer to that  
23 is no, not if it's done right, it won't, but I think that's a  
24 major concern among municipalities right now.

25 MR. OMER: I think it's a good point,

1 Mr. Sellers, and when Kevin mentioned, you know, not -- people  
2 speaking out about transportation, I guess the people who would  
3 say speak up is RTAC and (inaudible) have talked a lot about  
4 losing funding and transportation in the past, and I think they  
5 would -- and RTAC with Kevin's here. I mean, they're partners  
6 of ours as well, and they would say we shouldn't be worried  
7 about just stopping, you know, the reductions in the HURF. We  
8 should be looking at increasing, and really, Key Commerce  
9 Corridors is that way to do that.

10 For every dollar invested in Key Commerce  
11 Corridors, it's a dollar that we don't have to invest out of the  
12 -- our existing formula amounts. You know, if you rebuild a  
13 portion of I-10 to bring it up to new standards that we can use  
14 to attract and boost our economy, that's a dollar in  
15 preservation on the existing pavement and bridge systems that we  
16 have today. So for the dollar invested there, you can move it  
17 somewhere else, and I think that's part of the message points  
18 that we really need to hone in on. We're still at the high  
19 level today, but we will get to that point where it's finite,  
20 and we'll be able to define what our return on those investments  
21 are.

22 DIRECTOR HALIKOWSKI: But also, the KCC, the  
23 ports of entry are included in there for improvements, correct?

24 MR. OMER: Yes sir. I'm sorry about that. All  
25 of our ports of entry are included. Both the international

1 national and the state ports of entry have funding included, as  
2 well as our bridges. And we do have -- you know, we're blessed  
3 in Arizona. We have a really good bridge system, but we do have  
4 some that are critical in need for repair. So we had some  
5 funding set aside for that as well.

6 MR. HAMMOND: Yeah. Very, very interesting  
7 conversation. I liked your comment on universities getting  
8 funding and (inaudible) to the fact the more articulate than the  
9 average person and better at selling some of their funding needs  
10 over the years and maybe that -- maybe some of those cuts could  
11 be justified just from that perspective. The K through 12  
12 system is really where a lot of the issues are.

13 I think we've got pretty good when it comes to  
14 infrastructure, at least in southern Arizona. I think there's  
15 great awareness of the need to invest in infrastructure down  
16 there. Where everybody seems to bail is on the funding  
17 mechanism for it. And it seems so obvious, a nickel on the gas  
18 tax, but then the regressive argument comes out. You know, then  
19 you get all of this -- and by the way, it's the most (inaudible)  
20 the worst I think of any tax, I think because everybody sees  
21 (inaudible). So they're going to come out against it. But it's  
22 those funding mechanisms that somehow we have to build consensus  
23 around. I don't know how to do it. It seems like everybody I  
24 talk to, you know, is for these kind of funding vehicles. So  
25 maybe -- you know, maybe we're all preaching to each other and

1 not to the right constituency, which is the voter, or maybe the  
2 voter is choosing a higher priority than infrastructure and  
3 funding infrastructure when they vote for some of the  
4 (inaudible) folks in our legislature on how we address some of  
5 these problems.

6 (Inaudible) sometimes get pretty down when I look  
7 at the funding needs versus the funding sources of any kind of  
8 consensus around (inaudible). And so your point, Jack, there is  
9 a sense that if you vote for something statewide, even though --  
10 it does take out of the pocket of the local municipality on what  
11 they can do locally, and after awhile you just batten the  
12 hatches maybe and, you know, kind of (inaudible). So I don't  
13 know. I mean, I'm all across the board here, but it's the  
14 funding source is where people bail, and I don't know how we get  
15 influence on some funding sources for infrastructure. That's  
16 really the question.

17 DIRECTOR HALIKOWSKI: So, Mr. Chairman, and I  
18 appreciate the comments. Over 25 states in the last couple of  
19 three years have somehow found that formula to increase  
20 revenues, because they realize the federal's government's not  
21 riding over the hill to our rescue. Congress reminds me of the  
22 Taylor Swift song of, you know, when it comes to transportation,  
23 *We Are Never, Ever, Ever Getting Back Together*. And --

24 (Speaking simultaneously.)

25 UNIDENTIFIED SPEAKER: Show them the tattoo.

1 MS. BEAVER: It's all the riding in the car he  
2 does, you know, listening to the radio.

3 DIRECTOR HALIKOWSKI: So, you know, I don't know,  
4 they kick the can down the road, and my impression is come July  
5 31st, we'll get another continuing resolution. I don't foresee  
6 any magic formula coming out of Congress either, and they know  
7 that when it comes to voters, this really doesn't help them at  
8 all necessarily to go out and raise gas tax. So the states have  
9 really taken this on themselves, and we've been watching very  
10 closely as to how they're doing it. But again, it takes  
11 leadership and alignment in the states where we've seen it  
12 successful, that whatever funding mechanism you're going to use,  
13 and we've looked at all 50 states, you have to have some voter  
14 education out there and agreement that this is a good thing to  
15 do. And so we're just getting started really in that arena,  
16 even though we've been at this for some years, in convincing  
17 business community folks they need to really do more to give  
18 cover to the idea of investment.

19 And we go to the media, and quite frankly, unless  
20 something's crashed or fallen down, it's not really a story.  
21 I'll remind you of the time we went and sat with the *Arizona*  
22 *Republic* on the future I-11 a couple of years ago, and they  
23 said, are you building anything yet? We said no. They said,  
24 come back to us when you break ground. (Inaudible) story.

25 MR. BIESTY: The *Republic* doesn't even really

1 have anybody covering transportation anymore.

2                   DIRECTOR HALIKOWSKI: Right. So the media is  
3 very difficult to break into with this sort of thing, because  
4 they look at it like, is anybody bleeding? No? Well we've got  
5 to move on to the next crisis.

6                   MR. OMER: And as far as our responsibility, it's  
7 about not getting to the point where we're bleeding, because in  
8 those 25 states that have done stuff on a national level,  
9 they've taken the initiative to pass some sort of revenue  
10 initiative. There's quite a few of those that are in peril.  
11 Their infrastructure is physically falling apart. We don't want  
12 to be to that point. We don't want to be Michigan that, you  
13 know, asks for billions of dollars for pavement and bridge  
14 preservation. That's what they're (inaudible). State of  
15 Pennsylvania just did a P3 for 538 bridges. We don't want to be  
16 in that point.

17                   We want to be ahead of the curve, and as a new  
18 state, you know, we're not as critical on preservation for our  
19 system as many others are, but if we don't start looking about  
20 what the future of Arizona's transportation system should be and  
21 how we make those investments, we'll be in the same boat that  
22 they are. The next board 20 years from now will be looking back  
23 and saying, well, how are we going to spend our limited revenue  
24 on preserving our infrastructure that's falling to pieces. We  
25 don't want to put them in that situation. We should be making

1 those steps today about increasing the revenue, provide them  
2 with something we can actually do something with.

3 MS. BEAVER: Chairman Anderson, I would just like  
4 to make a comment. With regard to the educational aspect,  
5 someone who's served 22 years on a governing board, and my  
6 husband's in municipal government and the transportation. What  
7 I would see is all the common thing that can really get the  
8 public riled up about is these sweeps. We all have to be  
9 physically, each one, independently physically responsible, yet  
10 it seems like when we have that extra money because, we have  
11 been fiscally responsible, then the state comes in and sweeps  
12 it. So it's like we can't ever depend on something, and to me,  
13 it's like how -- if we don't get that under control where those  
14 sweeps aren't happening annually --

15 DIRECTOR HALIKOWSKI: So that reminds me often of  
16 a bucket we're pouring into, and then there's a hole in the  
17 bottom going out for other purposes. And my thought is that if  
18 you're going to take something out to the legislature on new  
19 funding source to the voters, you have to Constitutionally put  
20 it in a lock box. Your gasoline taxes right now can only be  
21 used for transportation or public safety. But when it comes to  
22 the vehicle license tax, which we all love to pay once a year  
23 when we register our cars, that is not Constitutionally  
24 protected for transportation. And what the legislature has done  
25 when they're fixing the budget every year is they will pull that

1 off the top before it's deposited into the Highway User Revenue  
2 Fund, and they'll take that VLT, because it's not protected, and  
3 shift it over to a general fund purpose.

4 And when I was on the legislative side of the  
5 aisle and he came over in 2006 and said we're going to shift  
6 \$118 million of VLT, I said, how are you guys going to pay for  
7 that. And he said, don't worry. We're going to bond for it,  
8 and we're going to reduce department expenses and we'll recover  
9 \$25 million a year until it's paid back. That never happened.

10 And to believe that somehow when we are bonded  
11 out to the maximum that we can recover through bonding and have  
12 gone now from a department of 4,700 people to slightly around  
13 4,000, that we can save it in operational expenses, we're not  
14 going to be able to do that. So any future funding source, you  
15 have to by voter approval or by the legislature doing the  
16 (inaudible) put it in a Constitutional lock box, because right  
17 now they just not withstand the law every year and sweep money  
18 out of the VLT. It can be done, but it has to be (inaudible).

19 MR. HAMMOND: And there's a budget shortfall next  
20 year.

21 DIRECTOR HALIKOWSKI: Yes, but obviously I would  
22 just like to protect transportation funds (inaudible). I'm just  
23 selfish that way.

24 MS. BEAVER: But that's the common denominator  
25 with education. Municipalities (inaudible) transportation is

1 these sweeps. When you -- when you, for your individual,  
2 whatever your, you know, program is organization is, when you're  
3 doing things in a physical, responsible way and then somebody  
4 comes in takes it away from you, it's like, why did we do that?  
5 Why do we try so hard, you know?

6 DIRECTOR HALIKOWSKI: See, the public believes  
7 that --

8 UNIDENTIFIED SPEAKER: Chairman.

9 DIRECTOR HALIKOWSKI: I'm sorry.

10 UNIDENTIFIED SPEAKER: I was just going to say  
11 we're getting a little bit far afield of the topic.

12 MR. OMER: So, Mr. Chair, what I would offer is  
13 that if we'd gladly come out and meet with the individual board  
14 members and have a -- you know, in-depth conversations with Key  
15 Commerce Corridors, get your ideas, we can move this stuff  
16 forward. I do appreciate the opportunity, the chance to have a  
17 conversation today.

18 I think informing you and educating the board as  
19 well about being advocates and the talking points and really  
20 talking about our message as a state (inaudible) vitally  
21 important. So any time you want to have a conversation, please  
22 let Mary know, and we'll get someone out there to sit down with  
23 you, either at a board meeting or we'll come visit you yourself.  
24 So thank you very much.

25 CHAIRMAN ANDERSON: Scott.

1 MR. LA RUE: You know, Mr. Chair, I think what I  
2 would volunteer (inaudible) with you guys it's probably  
3 (inaudible) there's a few folks in the west valley that are  
4 elected leadership and transportation. I'd be happy to visit  
5 with them, you know, with some of this information and just  
6 probe them again like we've done in the past, just say  
7 (inaudible.)

8 MR. BIESTY: (Inaudible.)

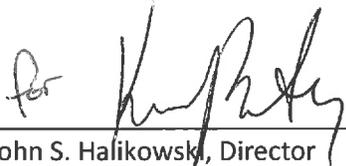
9 MR. LA RUE: (Inaudible.)

10 DIRECTOR HALIKOWSKI: But realize on KCC2, we  
11 look at funding the north/south, the billion dollars on 10, 17  
12 for the spine. SR-30 is another possibility as a billion dollar  
13 project. So there are a number of things that we'd love to  
14 talk, you know, I-11 west -- to the west valley (inaudible).

15 (End of excerpt.)  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

***A motion to adjourn was made by Jack Sellers and seconded by Deanna Beaver. In a voice vote, the motion carries.***

**Meeting adjourned at 11:10 a.m. MST**



---

John S. Halikowski, Director  
Arizona Department of Transportation



---

Kelly Anderson, Chairman  
State Transportation Board