

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, February 17, 2017
City of Benson
Council Chambers
120 W.6th Street
Benson, AZ 85602

Pledge

The Pledge of Allegiance was led by Vice Chair William Cuthbertson.

Roll call by Board Secretary Linda Hogan

In attendance: Deanna Beaver, William Cuthbertson, Jack Sellers, Michael Hammond, Steve Stratton and Jesse Thompson.

Absent: Joe La Rue.

There were approximately 50 people in the audience.

Opening Remarks

Chairwoman Beaver thanked the City of Benson for the wonderful dinner on Thursday evening. She then proceeded to explain that she wanted to include a history note and then read an article from *The Arizona Republic*, December 30, 1945 about road safety.

Title VI of the Civil Rights Act

Floyd Roehrich reminded all attendees to sign in and fill out a survey card to assist our Civil Rights Department.

Call to the Audience:

The following members of the public addressed the Board:

1. Shane Dille, City of Flagstaff, Deputy City Manager, re: looking forward to having the Board join them in a couple of months in their area and proceeded to request that the replacement of the four street bridges over I-40 be placed in the 5-year plan. He expanded on his request with various points as to why it should be addressed. They were offering money on the table as well.
2. Ann English, Cochise County Board member, re: thanked the Board for coming to Benson (the gateway to Cochise County) and added that they are grateful for the work being done in Cochise County and proceeded to outline some of what's being done. She added that since they were appointees of the Governor, they use their influence to get them the HURF swap funds back, especially as rural counties.
3. Peggy Judd, Cochise County Supervisor, re: she really just wanted to thank the Board and welcomed them to the county. She added that she appreciates the beautification and not just the functionality of the projects that ADOT builds in the State.
4. Carmen Miller, resident of St. David, re: large truck traffic coming through their area on Highway 80 is one of their major concerns. They are coming together as a community group to look at this and others hoping to be able to offer the Board solutions with their vision(s) for their communities.

5. Scott Sinclair, resident of St. David, re: he proceeded to address his concern involving Post Ranch Road. He mentioned that he had passed out a packet and wanted to address some of the maps in it and proceeded to do so and continued to express his idea of the State taking control of Post Ranch Road.
6. Cyndi Sinclair, resident of St. David, re: wanted the Board to know why they should care about 3.5 miles of dirt road (Post Ranch Road) and added all of the groups that they have come before to address the concerns her husband had previously spoken to.
7. Kee A. Begay, Navajo Nation Council, re: has been advocating for the state right of way in the northeastern part of the state, particularly State Highway 191 – big traffic that gets congested especially during the summer with visitors passing through. He was asking for their continued support to allocate some funds, direction/support for what he is working on. He wasn't just asking for help but wanting to know how they could come together to help each other. He thanked them again for their service.

1 (Beginning of excerpt.)

2 CHAIRWOMAN BEAVER: That is all of the call to
3 the public that I have, unless there's some, so I guess we'll
4 move on now to the district engineer's report.

5 Mr. Lane.

6 MR. LANE: Good morning, Madam Chair, members of
7 the Board. Welcome to the South Central District. I would like
8 to thank the City of Benson for the lovely dinner last night.
9 The facilities were nice. It had a very nice view of the golf
10 course. I really enjoyed that, so thank you very much.

11 Let's see if I can get this to work.

12 So I'll start off by, you know, showing a slide
13 and letting everybody know about the -- kind of the limits of
14 the South Central District. The area that we're in here is a --
15 the new portion of the South Central District that came in a
16 couple of years ago when we kind of reshifted the district. So
17 the City of Benson, Sierra Vista and Tombstone. This is all a
18 new operating area within the South Central District. It was
19 formerly under the management of the Safford District, and with
20 Bill Harmon. So hopefully we've been carrying that same
21 relationship forward as we migrate through this.

22 Lots of big things happening in the Tucson
23 District -- or excuse me -- the South Central District these
24 days. The first big thing is the Ina Road traffic change in the
25 city of Tucson. Last Wednesday, we closed that interchange,

1 closed all the exit ramps on all four quadrants of that
2 interchange, and we also closed the crossing of Ina Road,
3 underneath Ina and also across -- or underneath I-10 and also
4 across the railroad tracks. You can see up on the top up there,
5 that's that -- kind of the finished product of it.

6 So the contract is \$124 million in construction
7 dollars. The contractor is a joint venture between Sundt and
8 Kiewit. So as you can see, we're going to take Ina Road and go
9 over I-10 and also over the railroad tracks. So these are the
10 ramps coming up each side.

11 In addition to that, Ina Road will also be
12 widened at the Santa Cruz River. So that's the existing bridge
13 that will be replaced. I didn't have a rendering of this one,
14 so we kind of made this one up here. And that's the other side
15 of the new bridge. There will be two bridges going over Ina
16 Road, over the Santa Cruz River.

17 So it's about a 25-month project. It just
18 started. The motto is: Keep your eyes on the prize. There's
19 going to be a lot of challenges as we move forward with this.
20 We're navigating through them. Traffic had some challenges the
21 first day, and each day gets a little bit better, and as we go
22 through this, people will find their way, and we're hoping that
23 it works very well. It's going to be quite an improvement to
24 the community when it's all done, so we're really looking
25 forward to this one as we progress.

1 Oh, we wanted to talk more about some of the
2 closure as well. So we closed all the ramps. One of the things
3 that happened that we had an opportunity on this was the County
4 completed the bridge early. So they were putting a new bridge
5 at the Sunset -- Sunset Road, which is the next traffic
6 interchange south of Orange Grove. And they completed that
7 bridge one month early, which is going to be quite -- take quite
8 a bit of traffic load off of the Ina and the Cortaro issue. So
9 we -- with that in mind, we ended up having to -- we ended up
10 closing the Orange Grove ramp to move people down to the Sunset
11 to allow us more storage capacity to take up that extra volume
12 and get them off of the freeway. So that's one of the reasons
13 why we've got Orange Grove closed, the Orange Grove ramp closed.
14 Orange Grove is still open. It's just the ramp is now --
15 instead of being a quarter mile, it's now a mile long. So we
16 have a lot more storage capacity for the vehicles. That's the
17 thing I wanted to point out to you guys.

18 And the next large project we have going on in
19 the South Central District is the Ajo/I-19 traffic interchange.
20 This is phase one. The contractor is Ames Construction. It's a
21 \$40 million contract, and we're constructing a single point
22 urban interchange, a SPUI. So this contract is split into two
23 phases. I'm going to see if I can go up here and kind of give
24 you the first -- the first phase is going to be the construction
25 of the actual single point interchange, all the ramps going on

1 and off and such, and then next -- yeah.

2 Next year we're going to go into phase two of the
3 project. So it's a completely different project that we'll
4 advertise this summer, and at that point we're going to be
5 putting over on the west over here new bridges over the Santa
6 Cruz River. There's a new ramp that's going to be coming all
7 the way -- starting just underneath the traffic interchange and
8 going all the way down to Irvington, which is down here, and
9 that's called a braided ramp, and the ramp for the I-10 -- for
10 the on ramp for I-10 actually goes over that braided ramp. And
11 then phase two is also going to consist of widening I-19. So
12 that project is moving along quite well. We've got Ames
13 Construction on that one, and we'll see how we move into phase
14 two.

15 Another large project we have going on in the
16 South Central District is our SR-86 Valencia to Kinney project
17 being done by Ashton Construction. It's a \$41 million project.
18 It's a seven-mile construction of a main arterial west of town.
19 So it starts at Valencia -- or excuse me -- at Kinney Road and
20 heads west all the way out to the airport, and that's moving
21 along nicely as well. You can see a lot of drainage work on
22 that. It's a very interesting area. It drains very flat in
23 that area.

24 So this one doesn't have a higher -- high dollar
25 value, but it's a very unique project to the area. And this is

1 as I-10 over goes -- goes over Craycroft, and you've probably
 2 drove -- some of you might have driven past this on the way
 3 over, and that's being done by Granite Construction. It's a
 4 \$3.5 million contract, and the unique thing we're doing with
 5 this is we're using temporary bridge structure for the phasing
 6 in this. So as far as I know, this is the first time we've used
 7 a temporary bridge structure.

8 So the plan that we're going to do, and you can
 9 kind of it see it on the bottom, that's a view of the foundation
 10 that we're building for the temporary structure. So there's the
 11 westbound -- excuse me -- the eastbound side and there's the
 12 westbound side, and we're going to put a temporary bridge in --
 13 right in the middle of it. I tried to get a view of the same
 14 thing.

15 This is a model that was done, a rendering that
 16 is done, and you can see how the traffic up on this side's going
 17 to swap -- we can swap both directions. So, for example, in
 18 this one, we've got this direction coming this way, and this is
 19 where the old bridge was.

20 So we can take out that entire bridge and replace
 21 it while this one is still in operation. We still keep the
 22 capacity out there. The struggle we have is that there's really
 23 no way to reduce capacity during construction. If we had phased
 24 it that way, it would have been a tremendous cost increase. We
 25 found this to be a pretty effective and efficient way to

1 maintain capacity while we increased the structural capacity of
 2 the bridges.

3 So I want to talk to you about some of the
 4 current construction we have going on besides those. Let's see
 5 if I can (inaudible).

6 We have quite a few smaller jobs going on. Let's
 7 see. We've talked about the Ashton project. We've got the
 8 Craycroft bridges. We've got a project going up on SR-270 being
 9 done by NGU, a pavement preservation project. Another project
 10 being done down on SR-82 in the Sonoita area, which is being
 11 done by Southern Arizona Asphalt, and that one is moving along
 12 quite nicely. Kinney Road TI project down there is also being
 13 done by Granite, and that's a deck resurfacing project for the
 14 facility going over I-10, scour/retrofit project going on. And
 15 then, of course, we've got a tree trimming project going on on
 16 I-19 all the way from Nogales all the way up to the San Javier
 17 Mission on I-10 -- or I-19.

18 Now, I wanted to talk about some of the current
 19 things that are in the current program in this area to give some
 20 of the people an opportunity to see what things are coming up.

21 CHAIRWOMAN BEAVER: Mr. Lane, excuse me. Board
 22 Member --

23 MR. HAMMOND: Hammond.

24 CHAIRWOMAN BEAVER: -- Hammond. Excuse me. Drew
 25 a blank. Mr. Hammond would like to ask you a question.

1 MR. LANE: Sure.

2 MR. HAMMOND: Yeah. Of the three big projects in
3 the Tucson area, they roughly add up to a couple hundred million
4 dollars.

5 MR. LANE: Uh-huh.

6 MR. HAMMOND: How much of that is paid for by the
7 half cent tax on residents and State money? What's kind of the
8 rough percentage of that?

9 MR. LANE: So I guess the question is you're
10 talking about what money is PAG and what money is -- what
11 money is PAG and what money is federal funding. I don't have
12 that information on top of me -- or with me right now. I can
13 get that for you. PAG typically participates quite a bit in
14 it. Mainly because of the cross street function and such in
15 the facilities. So again, I just don't have that with you --

16 MR. HAMMOND: Would it be safe to say more than
17 half?

18 MR. LANE: It depends on the project. For Ina
19 Road, no.

20 MR. HAMMOND: Okay.

21 MR. LANE: No. Ina Road would probably be --
22 and Ina Road is a unique one, because Ina Road has not only tag
23 funding in it. It also has the Town of Marana. Has a portion
24 of their own separate from PAG funding, and then there's also
25 the federal funding in there.

1 MR. HALIKOWSKI: Madam Chair, Mr. Hammond, I see
2 Mike Kies (inaudible) looking at his spreadsheets, so
3 (inaudible) numbers ready for you.

4 MR. LANE: So I can tell you that the Marana
5 portion is about \$23 million on that one. I think that the
6 portions that ADOT is managing, which would include the PAG
7 portion as well, is about 101 million, 102 million, which comes
8 up to about the 124 that we showed on there. That split, off
9 the top of my head, I'm going to guess probably 20 or 30
10 percent.

11 MR. HALIKOWSKI: We'll get some numbers for
12 you.

13 MR. LANE: We'll get some numbers for you.
14 Does that answer your question?

15 MR. HAMMOND: Yeah. I guess my overall point is
16 (inaudible).

17 MR. LANE: Yes.

18 MR. HAMMOND: I see these folks sitting out
19 here needing resources, and a lot of what's going on in the
20 Tucson area right now is the half cent sales tax that we saw
21 being posed, so that was kind of my point.

22 MR. LANE: Uh-huh. And I think the additional
23 point is that that money -- a lot of the money out there is
24 dedicated to the PAG region. So there's a certain value that is
25 both contributed by the RTA in the PAG region, and also a

1 portion of that value has to be spent in that region.

2 Okay. So -- okay. So we'll talk about some of
3 the projects that we have in the current five-year program that
4 are kind of in this area. In Cochise County, we've got a couple
5 of intersection improvements coming up. One in fiscal year '17,
6 which is SR-90 at the Buffalo Soldier Trail. One of them in
7 fiscal year '18, which is SR-92 with the Foothills Trail. And
8 then we've got a pavement preservation job on SR-92, from SR-90
9 to Kachina, and then a scour/retrofit of a bridge structure on
10 SR-82 with the Rain Valley Wash.

11 And then in Santa Cruz County, we talked about
12 the SR-82 being under construction. You've got pavement -- a
13 good size pavement preservation project coming up on I-19 from
14 Tubac to Arivaca. On SR-82, we've got another scour/retrofit at
15 the Sonoita Creek and another one just down the road at the
16 Blanca Wash Bridge (phonetic). And then the big one coming up
17 in Santa Cruz to current plan, it's set for fiscal year '21 in
18 the tentative plan if it were to be approved in June. I believe
19 the plan is to move 189 up to the fiscal year '19.

20 So that kind of gives you an idea about what's
21 going on down here. I didn't want get into -- too much into the
22 other regions just to educate the -- educate everyone down here.
23 So you've heard a lot about Post Ranch Road. So I'm going to
24 talk a little bit about Post Ranch Road. I think that gentleman
25 that came up gave quite a more in-depth information than I did.

1 I'm going to take advantage of this map over here, because I
2 walked in and I saw it, and I thought, Boy, they can see that
3 really well." So let's just use that.

4 You can see Post Ranch Road goes -- here's SR --

5 MR. ROEHRICH: I don't know if the Board can see
6 that, though, Mr. Lane.

7 MR. LANE: Can you guys see that one? I thought
8 they might be able to see it certainly better than turning their
9 heads 180 degrees.

10 So SR-80 goes here. SR-90 is over here, and Post
11 Ranch kind of goes in between. You can see that this is the
12 town -- the city limits. This is the city limits, and this is
13 the State Trust land in the middle in there. So the challenge
14 with Post Ranch Road is that it's all private property, aside
15 from the State land portion. As far as we know, and I could be
16 wrong -- I've only been researching this for a few days now --
17 but there is public right-of-way in here.

18 So the State, in terms of my district, we have
19 not received any formal submissions for this large subdivision
20 and this large planned community down here on the west side to
21 say what they're going to do with Post Ranch Road. There are
22 two access points on it. One on SR-90 and one on SR-80 that are
23 both paved with full turnouts. The one on the east side is
24 narrower. The one on the west side seems to be a little bit
25 newer. And yes, they're gated off.

1 It's my understanding that access has been
2 provided to all the people that need it. They all have a key.
3 There's a lot of utility companies that go in there. I know
4 that the City of Benson has a wastewater facility down there
5 that they need access to and things like that. So access for
6 the property owners is provided. But there is no -- there is
7 no public road out there in terms of right-of-way that I can
8 -- that I've been able to determine.

9 So at this point, without any kind of formal plan
10 or any formal submission, there's really nothing for ADOT to
11 proceed with. So if someone were to come to us and ask us, "Can
12 you do this," we would steer them more towards the local
13 jurisdictions, because it's been kind of a local facility, and
14 as you heard before, the local communities have graded it in
15 the past and done work on it. It's on their local plans and
16 such. So hopefully that gives you kind of an ADOT viewpoint,
17 I think, of what we see as going on down there.

18 And that was the end of my presentation. Does
19 anybody have any questions?

20 CHAIRWOMAN BEAVER: Mr. Stratton.

21 MR. STRATTON: Mr. Lane, if you could go back
22 to the area (inaudible) district -- the first slide, I
23 believe. (Inaudible) quite large district.

24 MR. LANE: Yes.

25 MR. STRATTON: (Inaudible) Arizona. The only

1 projects I -- that you showed us was within Tucson, which
2 obviously is because PAG is helping a great deal. Do you have
3 any projects going on in Mr. Cuthbertson's district and my
4 district?

5 MR. LANE: Going on right now, we talked about --
6 let's see. We have that one on 287 in Pinal County that we
7 talked about with you that NGU was doing a pavement pres. up
8 there on the west side on Florence Boulevard. I believe that
9 one's up in Pinal County up in your area. I don't think we have
10 currently under construction, if that's what you're talking
11 about, in those areas.

12 What I didn't do today, and I can do for the next
13 month, because I'm coming in -- you'll be up in Tucson next
14 month -- is I can talk about that, what we've got in the current
15 five-year plan and go more into depth as to what that is. My
16 point of what I was trying to do today was to communicate
17 locally to give the local people a little bit more of an idea
18 about what they had. So yes, we have quite a few projects going
19 up in both areas, both in the long-term plan and I don't --
20 construction, I think we're pretty much where we are.

21 MR. STRATTON: I know there are some in the
22 tentative plan. I'm -- but I'm speaking about this fiscal year.
23 Do you have any projects going at all, any pavement pres.,
24 anything?

25 MR. LANE: I just don't have that --

1 MR. STRATTON: (Inaudible.)
2 MR. LANE: Yes, we do. I just don't have that --
3 I didn't prepare that information. I made it more of a local
4 presentation this time.
5 MR. STRATTON: Thank you.
6 MR. LANE: Thank you.
7 CHAIRWOMAN BEAVER: Thank you. We'll go on now
8 to the director's report. Mr. Halikowski.
9 MR. HALIKOWSKI: Thank you, Madam Chair. I
10 really don't have a formal report for you, but under last minute
11 items, I did want to touch on something that an audience member
12 brought up. Supervisor English mentioned bringing back HURF
13 swap, and as you know, we've been eager to do that for the past,
14 I would say, six years. During the economic downturn, we had to
15 suspend HURF swap because of State cash flow issues. I'm happy
16 to say that through the hard work of Kristine Ward and her
17 financial management team, we will be re-instituting the HURF
18 swap this year for all of our jurisdictions, and we're happy to
19 do that. It just has been a matter of getting our finances
20 stable enough that we're able to put that State money out in
21 exchange for the federal. So the good news is we'll be bringing
22 that back in the end of this calendar year.
23 CHAIRWOMAN BEAVER: Well, that's a nice little
24 present.
25 MR. HALIKOWSKI: Thank you.

1 CHAIRWOMAN BEAVER: Thank you. We'll move on
2 now --
3 MR. THOMPSON: Madam Chair.
4 CHAIRWOMAN BEAVER: Yes. Board Member Thompson.
5 MR. THOMPSON: I know there's a (inaudible) ask
6 about certain projects, and I believe that (inaudible).
7 (Inaudible) through the discussion that we can go tell them
8 that, you know, this is the status of those questions for
9 (inaudible)?
10 MR. HALIKOWSKI: It probably would be more
11 appropriate to discuss the five-year plan with Mr. Kies and
12 also with Mr. Hammond when they come up to do their
13 presentations.
14 MR. THOMPSON: Okay. Thank you very much.
15 MR. HALIKOWSKI: Thank you.
16 CHAIRWOMAN BEAVER: Okay. We'll move on now to
17 the consent agenda. Did we have a motion -- first, is -- does
18 anyone have anything that they want removed from the consent
19 agenda where there can be additional discussion? If not, is
20 there a motion to approve the consent agenda as presented?
21 MR. SELLERS: Move for approval.
22 MR. CUTHBERTSON: Second.
23 CHAIRWOMAN BEAVER: It's been motioned by Board
24 Member Sellers and seconded by Vice Chair Cuthbertson -- excuse
25 me. To approve the consent agenda as presented. All those in

1 favor?

2 BOARD MEMBERS: Aye.

3 CHAIRWOMAN BEAVER: All those opposed? Motion
4 carries.

5 We'll now move on to legislative report. I
6 think there was a straw draw and maybe Mr. Bruce Bartholomew
7 won.

8 UNIDENTIFIED SPEAKER: Actually, I won and then
9 Bruce asked to present, Madam Chair.

10 MR. BARTHOLOMEW: It is my honor.

11 Madam Chair, members of the Board, I'm Bruce
12 Bartholomew, the federal liaison for ADOT's government
13 relations. But I know you have the full legislative report
14 there. I just want to go through a couple of items that are
15 moving right now. Senate Bill 1025, it's the bill to establish
16 the objective standard of negligence, has passed the Senate
17 Judiciary Committee by a 5 and 2 vote. It's now waiting
18 placement on a calendar for a final vote.

19 Senate Bill 1211, the ADOT Omnibus, has passed
20 both the Senate, Transportation and Technology Committee and the
21 full Senate by a wide margin, and that now moves to the House.

22 On the federal side, the big news really is the
23 Secretary of Transportation, Elaine Chao, was confirmed by a
24 very wide margin, a lot of these confirmation votes being quite
25 heated. I think only six members voted against her, and those

1 were really on principle grounds, nothing against the secretary.
2 Her priorities are going to be, thankfully, infrastructure.
3 That meshes well with President Trump's view, meshes well with
4 the view of about all 50 transportation departments of the
5 State. So we're following that very closely.

6 The House has held an infrastructure hearing.
7 That really is the big legislative item that most
8 transportation departments are watching. They've held an
9 infrastructure hearing. They've talked a little bit, but
10 there's really no formal infrastructure bill there to look at.
11 The plan is for a trillion-dollar investment in infrastructure
12 over ten years. That's a very high number. Unless the
13 administration comes out with details, we're likely to have to
14 wait another month or so. The House is not going to move on
15 infrastructure until they get the FY '17 budget out of the way
16 and the repeal of the Affordable Care Act, the increase in
17 military spending and tax reform, and then we expect the
18 infrastructure package, more details to come out.

19 So that is what I have. If there's any
20 questions, I'd be happy to answer them.

21 CHAIRWOMAN BEAVER: Yes. Board Member Sellers.

22 MR. SELLERS: You know, I feel like I follow the
23 -- what's going on in the legislature pretty closely, but I'm
24 not familiar with House Bill 2461.

25 MR. HALIKOWSKI: (Inaudible) offer a little bit

1 of comment on that. (Inaudible) already prohibits us from
 2 tolling existing an infrastructure unless there's some kind of
 3 expansion that we're doing to it. So I have to tell you, Madam
 4 Chair and Board Member Sellers, I'm a little confused as to the
 5 intent of this bill. But apparently it's part of a larger
 6 effort by some groups to ensure that ADOT has to go back to the
 7 legislature for permission if we want to enter into a P3, and
 8 these groups obviously oppose any sort of toll roads in the
 9 State. So I don't know all the other small particulars of the
 10 bill, but you know, in essence, it's going to make it more
 11 difficult and -- for the department to enter into P3 agreements.

12 MR. SELLERS: Well, hopefully the fact that I've
 13 not wrote that much about it means it's not getting much
 14 traction.

15 MR. HALIKOWSKI: So I always hate to comment on
 16 pending legislation, because as you know, anything can happen
 17 before the end of a session, but my intel is that this
 18 particular measure probably doesn't have a lot of wheels to it,
 19 shall we say.

20 MR. SELLERS: Thank you.

21 MR. HALIKOWSKI: Madam Chair.

22 CHAIRWOMAN BEAVER: Yes. Director Halikowski.

23 MR. HALIKOWSKI: I did want to comment on two
 24 other pieces moving through the state legislature. Bruce
 25 mentioned the Omnibus Bill, and the reason that one is very

1 important to ADOT has to do with the NEPA process. As you know,
 2 we go through extensive environmental reviews and have to submit
 3 those to the Federal Highway Administration and US DOT for
 4 ultimate approval. Some states are allowed to stand in the
 5 place of the federal government and conduct their review
 6 (inaudible) states, such as Texas and California are able to do
 7 this now. They have saved as much as up to 64 percent of the
 8 time to complete the environmental review by entering into this
 9 agreement and standing in place of the federal government.

10 If this bill gets approved, we will be able to
 11 move through our NEPA processes much faster since we would do
 12 what Texas and California does. So this is a very important
 13 piece for us, and Mr. Hammond can talk a little bit more about
 14 it if you have further questions when he comes up. So I just
 15 wanted to mention that from a NEPA process standpoint, we really
 16 want to see that bill go through.

17 The other one is Senate Bill 1205. And as you
 18 know, we've been subject to many lawsuits and our risk
 19 management premiums are going up, even as we build everything
 20 according to the specification, and (inaudible) provide some
 21 protection for the Department of Transportation if everything is
 22 built according to spec, then we wouldn't be in the negligence
 23 position that we find ourselves in currently. (Inaudible.)

24 CHAIRWOMAN BEAVER: Director Halikowski, thank
 25 you. If there's no additional questions, thank you --

1 MR. BARTHOLOMEW: Thank you.

2 CHAIRWOMAN BEAVER: -- Mr. Bartholomew.

3 Okay. Now we will move on to the financial
4 report by Kristine Ward, the Chief Financial Officer.

5 (Inaudible.)

6 MS. WARD: Good morning. Let's see here. So I
7 am happy to report that -- start out with reviewing the Highway
8 User Revenue Fund revenues. They are right on target with about
9 807 million collected year to date. We are also enjoying VLT
10 renewal growth at the highest levels we've had in ten years. So
11 we are finally starting to see slight normalization there.

12 To add on to what the director was saying and
13 with regards to the questions on HURF swap, I am very happy to
14 report that that project is right on schedule. We'll be having
15 a meeting in early March -- I believe it's, like, March 3rd --
16 with our COGs and NPOs and planning -- the planners so we can
17 start rolling that program out to them so they can then in turn
18 start building projects into their tips with HURF swap being
19 considered. So we are -- we're right on schedule, and we're
20 very happy about it, and the communications plan is now rolling.

21 CHAIRWOMAN BEAVER: Ms. Ward, with regard to --
22 because I know this is important (inaudible) even when it gets
23 into the -- kind of the rural communities and the -- you know,
24 that might not might not be as closely involved with the COGs or
25 those other organizations. Is there a way that we can be in

1 contact, maybe, with the Arizona league of cities and towns
2 where they can kind of disburse or -- you know, the information
3 out to kind of all communities that this is back and...

4 MS. WARD: Madam Chair, there -- I believe we
5 have already had some very informal contact with League of
6 Cities and Towns. We haven't done a formal presentation or
7 anything to them so they could then disburse it to their
8 members, but it is -- the COG and NPO planners are a -- are
9 typical groups that we communicate with on these matters, about
10 these matters. So if you would like, I'll check on and report
11 back to you the status of any communications with League and --
12 Leagues of Cities and Towns.

13 CHAIRWOMAN BEAVER: Well, the question comes up
14 is because in August is usually when they have their annual
15 Arizona League of Cities and Towns conference.

16 MS. WARD: Uh-huh.

17 CHAIRWOMAN BEAVER: Where the majority of the
18 communities are there. So I don't know if that's an
19 opportunity, maybe --

20 MR. HALIKOWSKI: We'll work with them, madame
21 chairman. We've been actually watching this very closely on
22 behalf of their members. We'll also work with Kevin Adams from
23 Bureau of Transportation Advisory Committee is another
24 (inaudible). So we'll ensure there's plenty of communication.

25 MS. WARD: Madam Chair, Director Halikowski, if

1 it would please -- I can bring back -- we have got a
2 communications plan associated with this. I spoke with Kevin
3 Adams last week on this matter, and I believe we are on schedule
4 also for roads and streets, which is in April to present it
5 there as well. But to wrap it up in a bow, I can give you --
6 get you the individual presentations that are on schedule.

7 MR. HALIKOWSKI: If you'd like, Madam Chair, we
8 can just email you the communication plan and then the Board can
9 review it (inaudible).

10 CHAIRWOMAN BEAVER: Okay. Board Member Stratton.
11 Did you want to? No. Okay.

12 MS. WARD: Thank you.

13 Moving on to the Regional Area Road Fund. Again,
14 we are within forecast target range. We're running -- actuals
15 are running a little ahead of forecast, which is always nice
16 with about \$200 million collected year to date.

17 With regard to the federal aid program, I have no
18 updates there, nor on the debt management or cash management,
19 but I would like to give you a brief update on the Aviation
20 Fund. We are still having significant cash constraints in that
21 fund. We continue to process the deferred payments, but we did
22 -- we had believed that we would have all the deferrals paid off
23 by the end of March, and that will not be the case. We've seen
24 an acceleration in reimbursement requests. So we are looking at
25 those. We're going to speak with the airports to really try and

1 firm up our numbers so we can get -- so I can come back to you
2 with a solid plan of when we believe we can have this situation
3 resolved.

4 With that, it concludes my presentation. I'd
5 be happy to answer any questions.

6 CHAIRWOMAN BEAVER: Does anyone have any
7 questions they want to ask to Ms. Ward? Mr. Stratton.

8 MR. STRATTON: Kristine, on the Aviation Fund, I
9 believe a couple months ago when we were discussing that about
10 the 17, I think that we deferred out of the program.

11 MS. WARD: Uh-huh.

12 MR. STRATTON: Excuse me. I believe you guys
13 have been asking a discussion if those 17 projects would receive
14 any special place or when they -- when the money came back in
15 the applications, they would receive any preferential treatment
16 and application. Now, has that taken place?

17 MS. WARD: So Madam Chair, Mr. Stratton, I would
18 defer the -- that question to Mr. Kies in terms of the actual
19 projects. I actually focus on the money end of it. So the
20 prioritization of the projects, I will -- I'd defer to Mr. Kies
21 on that.

22 MR. STRATTON: Thank you.

23 CHAIRWOMAN BEAVER: Thank you.

24 MS. WARD: Thank you very much. Have a great
25 day.

1 CHAIRWOMAN BEAVER: We now move on to Item 6, the
2 2018-2022 Tentative Five-Year Transportation Facilities
3 Construction Program review approval for public comment.

4 Mr. Kies.

5 MR. KIES: Thank you, Madam Chair. Before we
6 move on to the five-year program, with -- is it okay if I cover
7 some of the recent action items I was given over the past couple
8 items?

9 CHAIRWOMAN BEAVER: Yes, please.

10 MR. KIES: Okay.

11 CHAIRWOMAN BEAVER: First of all (inaudible).

12 MR. ROEHRICH: First of all, if I could, Mike,
13 I think that would be better if you did that under Multimodal
14 Planning Division report.

15 MR. KIES: Okay.

16 MR. ROEHRICH: Talking about those items. Just
17 talk about the tentative under this item.

18 MR. KIES: Sounds great. I will. I will come
19 back with the numbers on the Ina and Ruthrauff and the Aviation
20 Fund on Item 7.

21 MR. HALIKOWSKI: We want to keep Ms. Kunzman
22 happy.

23 MR. KIES: Great. Thank you, Madam Chair. In
24 past years I have presented to you the overview of the tentative
25 five-year program that we're asking for you to approve today so

1 that we can take it forward to public hearings in March, April
2 and May. This year I'd like to pass the torch on to one of my
3 staff members, who's actually doing some of the work to give you
4 the details, and so I'd like to introduce Mr. Bret Anderson to
5 give you the overview.

6 MR. ANDERSON: Thank you, Mike. Thank you,
7 members of the committee, Madam Chair. Appreciate your time.

8 My name is Bret Anderson. I'll be taking the --
9 taking you through the tour or the journey, if you will, for the
10 2018 to 2022 draft tentative five-year program.

11 This program -- I'll give you an overview of what
12 the plan is and how we're going to get to a final program.
13 We'll go through some background here, give you some background
14 information. We'll cover our assets of our conditions of where
15 we're at, and I'll go over the five-year program. We'll talk
16 about the PAG, Pima Association of Governments tentative
17 program, MAG's, Maricopa Association of Governments, their
18 tentative program, as well as the airport program, and then
19 cover some next steps.

20 So again, the background on this, how this all
21 comes together is it's developed collaboratively with your board
22 and ADOT divisions with the internal groups. We meet on a
23 monthly basis in the whole month of November and December
24 getting ready our priorities and putting things together to
25 present a tentative program to you for -- to go out for public

1 comment. This program demonstrates how federal and State
2 dollars will be obligated over the next five years. It's
3 approved annually, and each fiscal year, July 1 is when we
4 approve that program or get that fiscal year started.

5 I'll go over some of our assets now that we have
6 -- as bridges and roads that we have. Our system is worth \$20.7
7 billion. That's a B, with a billion. That includes the
8 bridges, the guardrails, everything that goes along with this.
9 One thing I would point out, that that does not include the
10 maintenance that we have -- that we put into it on an annual
11 basis. If we were to replace this system, it would cost well
12 over \$200 billion to replace it. Keeping in mind that we need
13 to have a mind set towards our preservation program, keeping
14 things on track.

15 This next slide we have here is the condition of
16 our bridges. One thing I will note out that it says that 3
17 percent of our bridges statewide are in poor condition.
18 However, when we say "poor condition," these bridges are still
19 safe to travel on. They are safe bridges to be -- it's just
20 that they're failing below the levels that we feel comfortable
21 or that ADOT wants to maintain and make sure that we're keeping
22 on track.

23 I would also like to note here that the -- notice
24 the yellow and the green parts on this pie chart. The yellow
25 part has grown over the last year. Last year we had 51 percent

1 in 2015, and it has grown to 55 percent, and then the -- the
2 green part, last year it was at 45 percent. It is now at 42
3 percent. So we're losing a little bit of ground on our
4 preservation bridges. Doesn't mean that it's bad, but we just
5 want to make sure that we're spending enough money to take
6 care of our bridges. And again, just wanted to reiterate that
7 the 3 percent, poor, we do have -- they're safe to travel and
8 (inaudible) to go on.

9 MR. HALIKOWSKI: Madam Chair, I just want to
10 point out for the Board (inaudible), it's far less expensive to
11 take a bridge from fair condition back to good than it is to
12 take a bridge from poor condition back to good. So one of the
13 strategies that we're having a lot of discussion about is which
14 do you go after first? And how do you spend your money the most
15 wisely? Because over the years we've deferred some maintenance,
16 as you can see, the yellow growing in the bar chart up there.
17 So I just want to note that this is an item that we're
18 continuing to look very closely at as we're watching what's
19 happening with the yellow.

20 MR. ANDERSON: Thank you, Director Halikowski.
21 Appreciate that. Thank you.

22 CHAIRWOMAN BEAVER: Bret, or Mr. Anderson, I
23 would just like to comment on this, because in the news
24 recently, you know, with the national level where they're
25 talking about the infrastructure and bridges seems to come up in

1 the -- you know, where all the bridges are falling apart, and do
 2 you want to be on one of those bridges and so forth. You know
 3 you know, they're talking about this on a national level, and I
 4 think -- I feel comfortable in reassuring the state of Arizona,
 5 the residents and the people that travel through Arizona that we
 6 do have engineers and departments and individuals that are
 7 staying on this -- on top of this. So...

8 MR. HALIKOWSKI: The other thing I'd say, Madam
 9 Chair, is be careful of national numbers, because some of those
 10 states that they're included, Pennsylvania, for instance, they
 11 have very old bridge structures.

12 MR. ANDERSON: Yeah. True.

13 MR. HALIKOWSKI: And they take care of all of the
 14 bridges in the state, not just on the state highways. So some
 15 of those bridges probably date back to the 1800s, and so when
 16 you're looking at national numbers, Arizona's got a relatively
 17 young bridge system --

18 MR. ANDERSON: Correct.

19 MR. HALIKOWSKI: -- compared with many other
 20 states. So while we are in good shape, I just want to make sure
 21 we keep an eye on trends, and when we're deferring maintenance
 22 that we're making the right choices about what we do with our
 23 bridges.

24 CHAIRWOMAN BEAVER: Thank you.

25 MR. ANDERSON: Thank you. Well said. Thank you.

1 The next slide that we have here is the condition
 2 of our interstate. The top bar graph there identifies the IRI,
 3 or International Roughness Index, and you'll notice that the
 4 green bar is still on a downward trend. We would like to see
 5 our interstates in a little bit better condition. We're doing
 6 everything we can to -- with the funding that we have available
 7 to bring that up to our standard that we have. At ADOT we want
 8 to keep 80 percent of our interstates in a good or fair
 9 condition.

10 And the bottom graph is identified as the
 11 non-interstates, and you'll notice that the green bar is a
 12 little bit on a downward trend. And we still want to make sure
 13 that we're spending every -- saving as much as we can to
 14 preserving our system, because it does cost a lot of money to
 15 replace our system. So cheap -- preservation (inaudible) look
 16 at that is kind of taking care of your vehicles and doing the
 17 oil changes, and these are the things that we would need to do
 18 to keep our bridges, roads in a good or fair condition.

19 MR. HALIKOWSKI: Yeah. And just on that, Madam
 20 Chairman [sic], we do have some hot spots we're doing right now.
 21 I-40 and I-17, we've met some bad weather this year, and that
 22 combined with the amount of volume of truck traffic that we're
 23 seeing on that facility, we've got some hot spots there. We're
 24 doing quite a bit of patching, but we've got plans to as soon as
 25 the weather breaks do some reconstruction and repaving up there.

1 We'll take care of those issues.

2 So again, when I look at overall averages, you
3 know, they don't look bad, but then I don't want to also dismiss
4 the fact this we have certain areas that we critically need to
5 get on to.

6 MR. ANDERSON: Thank you, Director.

7 This next slide covers our -- this includes all
8 of the funding that we have for the MAG and the PAG regions, as
9 well as the Greater Arizona. If you'll notice, last year we
10 had -- about 41 percent of our program was at preservation, and
11 44 percent was expansion, and this year it's proposed that we
12 have 52 percent of our program in expansion, and 36 percent is
13 preservation.

14 The reason for most of the expansion that we see
15 there is that the Maricopa Association of Governments is going
16 through a repurposing, rebalancing of their funds, and so there
17 is a lot of -- this -- when you include the taxes that go to
18 Maricopa County and Pima County, this is the reason that you see
19 a large increase in the expansion area. And again, this does
20 include MAG and PAG, and we'll get to the Greater Arizona piece
21 in a couple slides.

22 MR. THOMPSON: Madam Chair.

23 CHAIRWOMAN BEAVER: Yes.

24 MR. THOMPSON: I think I know what "preservation"
25 means. We certainly do appreciate addressing the I-40 issue,

1 and then 17 as well, and I think I also understand expansion,
2 make two lanes four lanes. Can you tell me a little bit about,
3 being the newest member of the Board, the modernization?

4 MR. ANDERSON: Sure. Madam Chair and Board
5 Member Thompson, we can get to the modernization. I'll cover
6 that in about a few more slides.

7 MR. THOMPSON: Okay.

8 MR. ANDERSON: It goes exactly what we talked
9 about. I'll talk about the examples that go in there. A lot of
10 them are safety projects or intelligent transportation systems
11 and some other things there. I do have a couple slides that
12 cover that information.

13 MR. THOMPSON: Thank you, Madam Chair.

14 MR. HALIKOWSKI: Madam Chair, Board Member
15 Thompson, it's an excellent question. As we were discussing
16 these numbers last week, Dallas and I are trying to put together
17 easy-to-understand definitions. What do we mean by
18 "maintenance"? What do we mean by "preservation"? What do we
19 mean by "modernization"? Because maintenance and preservation
20 often get confused, and you'll see that in some of these
21 instances as we're discussing about, you know, maintenance might
22 be doing some kind of fog coat or a seal over some asphalt, but
23 when you're talking about preservation, you may be actually
24 going down into the subgrade where we've got deterioration and
25 rebuilding the road bed up. So good question. We need to

1 better define those terms, and we'll talk about those today.

2 MR. ANDERSON: Thank you.

3 The next slides we get into is the -- this is
4 Greater Arizona. You'll note that this -- this slide has the
5 majority of the preservation that we have that we're going to be
6 taking care of. Expansion has increased from 14 percent to 21
7 percent due to some FASTLANE acts and some dedicated -- some
8 FASTLANE Grant acts or grant funding and then some dedicated
9 funding for I-10 and also 189 from the legislature.

10 The preservation is holding steady. Last year we
11 were at 58 percent, so this year we're at 59 percent. So we
12 feel like we're doing really good. We still need to catch up on
13 some areas, but we're still like -- we feel like we're holding
14 steady and being able to take care of our system that we have.

15 This next slide, I like this next slide because I
16 have been doing this five-year program for the last four and a
17 half, five years now, and this is the actual first year that we
18 really get to our goal of \$260 million. You see that out in the
19 2020, 2021 and 2022. We get to our goal of having \$260 million
20 set towards preservation. So this is a real exciting time, at
21 least for me and watching the numbers go up and move through the
22 system here. And those -- we'll talk about a little bit some
23 more numbers, the total overall program. We'll get into -- the
24 next couple of slides will identify where the funding's coming
25 from and how we're breaking down each one of those blocks in

1 that -- in this graph.

2 In 2018, we're proposed to have \$35.5 million put
3 on US-93, and then -- the Carrow to Stephens section, and then
4 we also, through actions that you guys took back in September or
5 last year to be able to move the I-10 projects from outer years
6 from the fourth -- or the third and fourth years, move them up
7 into our first year of our program, which was the \$85 million
8 that we had for Picacho Peak, the \$40 million that we had for
9 the Early to I-8 section and then there were some 12 -- about
10 \$12 million set for some ITS and some dust detection that's gone
11 on there. So we were able to advance those from the third and
12 fourth years up into the first year, and that -- so that's what
13 we're reflecting in this five-year program.

14 In 2019, we're proposed to get some design
15 started on Carrow -- Cane Springs on 93. The I-40/US-93 West
16 Kingman TI, phase one, doing some design there. And then you'll
17 notice, too, that we're getting ready to design on the I-17
18 project. These projects will all have construction in later
19 years. One big construction project that we're looking at is
20 the 69 million for the SR-189, the design build. This is only
21 the phase one. So we wanted to point on that out to you at this
22 time.

23 Moving on into 2020, it is proposed that we have
24 \$41 million on 93 for construction, and then starting the design
25 for the Big Jim Wash. If you're not aware of where these are at

1 in the state, I do have a map that comes up after all of these
2 slides and we'll identify where these are. And then we're
3 starting the 260 design at Lion Springs for \$5 million, and then
4 you'll see \$10 million set aside for the right-of-way on the
5 U.S. 93/I-40 West Kingman TI.

6 And then in our fourth and fifth years for our
7 program, or 20 and -- excuse me, that's '21 and '22, we're
8 proposing that we put some money towards the I-17. The design
9 was scheduled back there in 2019. So we're getting ready to do
10 the construction for that. \$128 million, roughly, for I-17,
11 Anthem to Sunset Point. And then along with \$50 million coming
12 from Maricopa Association of Government. Once -- it's in their
13 proposed program, but it is a tentative program, and they are
14 again rebalancing that, so we may see some changes there, but we
15 wanted to make sure that it is all contingent upon their
16 approval. So I wanted to point out one thing on the I-17
17 projects, is that this funding that we have available here is
18 not enough to cover the entire proposed recommendations that we
19 have. It only covers just about -- a little under half of the
20 proposed recommendations here. So we're still a little bit
21 short. We don't know exactly the scope of the work that we're
22 going to do. We have an idea, but how we go about implementing
23 that is still a work in progress. So we do have some
24 shortcomings and we're working on those, and -- but this is the
25 recommendation that's we're having for the I-17 segment.

1 And as I proposed, as I said, here's the map that
2 we have, if you're not familiar where those projects are. Of
3 course, the 189 is down there by the Nogales -- the
4 Mexico/Arizona border. And then one thing that I'd want to
5 note, too, is a lot of these projects are following the proposed
6 I-10 corridor all the way up to Las Vegas or up to the Nevada --
7 Arizona/Nevada line. There's a couple projects that we're
8 working on with the 260 and I-17. But this really falls along
9 the I-11 corridor and taking care of our commerce and trying to
10 make Arizona a competitor in the market there.

11 My next slide we have is the six- to ten-year
12 program. You'll note that I had -- we have the design started
13 and we're having -- proposing the construction for a lot of the
14 projects that we have. In 2023, there's the construction for
15 the 260, the Lion Springs segment, and the \$35 million for Cane
16 Springs, and then the construction for the I-40 West Kingman TI,
17 and then some other projects that we're proposing out there.

18 And then you'll -- one thing I would like to note
19 -- notice, too, is we're currently completing our long-range
20 plan. It is recommending that our preservation go to 320
21 million. So at this point, we were able to gradually move that
22 up from 260 up to \$320 million in order to maintain our system
23 at the level that it is today.

24 So that's our six- to ten-year, Chair.

25 CHAIRWOMAN BEAVER: Member Hammond.

1 MR. HAMMOND: I noticed in the five-year that
 2 we've got half what we're going to need for I-17 (inaudible) all
 3 the board members (inaudible) very important corridor. If that
 4 doesn't come up or -- it appears because the six- to ten-year
 5 program doesn't have really any money in it for that, that you
 6 anticipate some other revenue sources making up that other \$200
 7 million, or if not, you'll do something for what's budgeted, and
 8 then it will appear in the 15- to 20-year plan on (inaudible)?
 9 Is that kind of what I'm seeing here?

10 MR. ANDERSON: Member Beaver, Member Hammond, so
 11 yes. The idea is to get a final result, get a final -- get --
 12 the goal is to expand I-17, add one lane in each direction,
 13 north and southbound, and then if we have to reduce the scope or
 14 try to get something or find some other funding, we'll be able
 15 to look at those options and be able to come with that -- I'll
 16 defer to Dallas when he comes up to talk about (inaudible) that
 17 as well, too.

18 CHAIRWOMAN BEAVER: (Inaudible.)

19 MR. ANDERSON: Okay. Great. Thank you. Great
 20 discussion.

21 So the next slide here, we're getting into Board
 22 Member Thompson's discussion about preservation. So this is
 23 just a sample. This is not all the preservation list. I
 24 believe you were emailed the tentative program and that would
 25 list everything out, and I will -- as I prepare the next five-

1 year program, we've done in the past -- given you by district.
 2 I'll get with my staff back at the office, and we'll put
 3 something together for each one of you to have a listing of all
 4 the projects in your district for the next five-year plan so you
 5 can have that --

6 MR. ROEHRICH: Madam Chair, if I could. At this
 7 time, Bret, maybe you or Dallas, if you're available, could you
 8 talk about what some of those different type of projects mean?
 9 When it says preservation. Again, so we can help differentiate
 10 preservation from either maintenance. It's listed there as type
 11 of work, but I want to make sure Mr. Thompson or any others
 12 realize what that means, those type of works that we have under
 13 preservation. And then maybe we'll touch on modernization when
 14 you hit that so we have specific examples of --

15 UNIDENTIFIED SPEAKER: (Inaudible.)

16 (Unintelligible conversation.)

17 MR. ANDERSON: So here's -- I've been -- we've
 18 been dealing with our planning to programming process over the
 19 last two years, and preservation is simply taking care of the
 20 top part of the asphalt or the concrete that's there. So we
 21 take and rotomill and replace, just -- typically just the top
 22 part of the pavement.

23 If you get into a reconstruction, that's a little
 24 bit deeper. You get into 6 to 8 inches, and that's a little bit
 25 heavier, costs a little bit more, and so those things take a

1 little bit longer.

2 As Floyd was talking about, some of the
3 maintenance stuff that you may see is maybe a chip seal or
4 those are minor pavement preservation projects that you will
5 come across, but a fog coat, something smaller, something just
6 at the very surface level that we're trying to take care of
7 that, it's -- I will look at it as -- maybe you could look at it
8 as a Band-Aid for the system that will maybe last for maybe two
9 to five years until we can get some -- get in there and do
10 something more permanent to take care of that. So that's where
11 you would see some of the difference between preservation,
12 modern -- preservation and rehab and reconstruction.

13 Was I close?

14 MR. HAMMIT: You're close. Let me add a couple
15 of...

16 Madam Chair, members of the Board, in our 260
17 that we've tried to get to, about 40 million of that is for
18 bridge preservation. And that could be a bridge replacement.
19 It could be a deck rehab or it could be joint repairs, as some
20 of the items coming to the Board as a construction project today
21 are those.

22 On our pavement side, as Bret was saying, there's
23 a couple categories. Out of the -- what's left after the 260,
24 take out 40 million. There's about 220 million for bridges. We
25 keep about 17 million, between 15 and 17 for a surface

1 treatment, strictly a preservation. That could be as the
2 director talked about earlier, a flesh coat. It keeps the
3 existing pavement -- now Mr. Sellers has me nervous. He's
4 taking my picture. But --

5 MR. HALIKOWSKI: He's actually preserving you.

6 MR. HAMMIT: Preserving me. There we go.

7 As we preserve that pavement, revitalize the life
8 of that asphalt, and a way of explaining it to my wife, it's
9 like when you dust and polish your wood, if you don't pull oil
10 on it, it's going to dry out. We can get a lot more life if we
11 put oil on our pavements. It will revitalize that asphalt and
12 give it more life. It won't crack up near as bad.

13 Then we get into the more destructive testing --
14 or projects where we mill it up and replace it, and we're going
15 to see, as I-40's showing us, we're going to do more
16 reconstruction, and we have not been doing that in the past.
17 Our system's newer, but we've hit that point, we can preserve
18 our car for a long time, but someday you have to get a new car.
19 We've done the maintenance very well, but there's parts of our
20 system where we're going to have to go and rebuild them.

21 If there's any more questions on preservation or
22 maintenance, I'd be happy to cover that.

23 MR. HALIKOWSKI: Dallas, modernization.

24 MR. HAMMIT: We can have that, but right -- it's
25 coming up next. I'll let Bret cover it, and if we need to get

1 more into it, I'll step in.

2 UNIDENTIFIED SPEAKER: (Inaudible.)

3 MR. ANDERSON: Madam Chair. Dallas, thank you.

4 So modernization projects are going to be about
5 \$40 million of that red bar that you had on the bar graph is
6 dedicated to -- is to -- I've got my mind on -- is dedicated to
7 safety. So safety leads many, many kinds of components. We put
8 safety to all of our projects. We always take safety very
9 high -- and we're serious about it. So we always try to put a
10 very -- a high element of safety into all of our projects that
11 we do, whether you're putting on, you know, some type of surface
12 treatment on the asphalt or guardrails up or signage and putting
13 all that together. In this next five-year program, we're making
14 -- we're maintaining, we're putting together all of the funding
15 that we have available in the safety area. We're -- we try to
16 spend every dollar on that every year.

17 A couple other specific projects that we're
18 touting as modernization is the Deck Park Tunnel lighting and
19 our port of entry truck screening. That's going to be across
20 the statewide. Also some other modernization projects are
21 passing and climbing lanes. A lot of those are going to be --
22 you can see on 93 we're adding passing lanes and climbing lanes
23 on those as well.

24 Some other modernization projects are traffic
25 signals, roundabouts, any kind of shoulder widening and then

1 some intelligent transportation things. We are still expanding
2 this area. These -- we realize there are some things that some
3 rest areas fall into this category. Taking care of those things
4 as well and modernizing those. ITS signs are -- overhead
5 variable message signs. Any kind of technology that's out there
6 would fall into a modernization type of category. Any time
7 you're trying to do anything besides widen or expanding, that
8 would probably fall into the modernization category.

9 CHAIRWOMAN BEAVER: Since you've brought up the
10 topic of roundabouts, and we had a gentleman earlier speak to
11 roundabouts, I kind of have my understanding of why we're
12 looking to that versus, you know, streetlights and things like
13 that, but I didn't know if you could maybe explain that for the
14 benefit of our minutes where the public --

15 MR. ANDERSON: Yeah. Sure.

16 CHAIRWOMAN BEAVER: -- understands why we're even
17 looking that direction.

18 MR. ANDERSON: I feel Dallas standing behind me.

19 CHAIRWOMAN BEAVER: Thank you.

20 MR. HAMMIT: Madam Chair, roundabouts are an
21 option. It's a tool in our toolbox when we have an intersection
22 on improvement. One of the things that we've found, that
23 roundabouts prevent fatal crashes compared to a signal by 95
24 percent. It's a huge benefit. We also find that they move more
25 traffic than a signal in many cases. The question comes up, do

1 we have roundabouts on state routes, and the answer is
 2 definitely yes. On 179, there's 11 of them. On State Route 89,
 3 between Prescott and Chino Valley, there's four roundabouts. On
 4 89A in the Clarkdale, Cottonwood area, there's five roundabouts.
 5 So we do use them. They're not the silver bullet. Sometimes
 6 the best solution is a traffic signal, but we look at the
 7 volumes and which way we can make the roadway safer.

8 A project's coming up in Yuma near the Araby
 9 interchange, and that's where all the packing sheds are, and
 10 we've had a lot of trouble with trucks making turns and
 11 movements in that area. The community came together, and we
 12 showed that roundabouts are the best solution in that area, and
 13 they got a lot of support. So they do take getting used to, but
 14 once communities get used to it, they're proposing them
 15 regularly for the right time. It is not the right solution for
 16 every situation. They do work in many areas.

17 MR. HALIKOWSKI: Madam Chair, Dallas failed to
 18 mention a couple of my favorite roundabouts on highway 87 in
 19 Payson, and prior to those roundabouts, I'd drive through there
 20 a lot. With stoplights, traffic on the weekend would just back
 21 up and freeze. Now it's not moving as maybe quickly in some
 22 cases, but it is moving at a steady pace. The other thing with
 23 roundabouts is that crashes tend to be a lot lower in severity,
 24 because the speed is lower than it might be in an intersection
 25 when somebody's going through on a green light, and they tend to

1 be more of a glancing instead of a head-on or T-bone-type of
 2 crash. So the fatalities are reduced, but also the crash
 3 severity is reduced a great deal, too. And as I get older and
 4 my bones get more brittle, that can be a factor in the severity
 5 issue.

6 MR. HAMMIT: And Madam Chair, and as the director
 7 said, he's right. You have those angle crashes.

8 MR. HALIKOWSKI: (Inaudible.)

9 MR. HAMMIT: Yes. Can we get that in the record,
 10 Linda?

11 The other thing, and I was the district engineer
 12 that pushed them to a council that had a lot of concerns in
 13 Chino Valley. Can trucks get through roundabouts? Well, when
 14 the mayor owns a trucking company, I had my work cut out for me
 15 to convince him, and we did. And when I could show him that
 16 that truck most of the time will not have to stop, it can yield,
 17 look to see if oncoming traffic, and now he can save money on
 18 fuel because he's not stopping and going again, and multiple
 19 times, we got a lot of support. We're designing our roundabouts
 20 better every time, and trucks are getting through side by side
 21 in dual roundabouts. So it is a tool. Like I said, it's not
 22 going to be the solution every time, but it is a tool we can
 23 use.

24 CHAIRWOMAN BEAVER: Mr. Thompson.

25 MR. THOMPSON: Madam Chair, I do have (inaudible)

1 Navajo reservation (inaudible) the state highway. There's quite
2 a number of accidents happen in that location. So (inaudible)
3 you know, how do I get to introduce that, or how does the public
4 introduce that to this board for consideration?

5 MR. HAMMIT: Madam Chair, Mr. -- or Board Member
6 Thompson, the first thing I would do, and I'll take it to the
7 district engineer, but if you -- if the community takes it to
8 their district engineer, they will review it, and they -- as
9 Bret said, we meet as staff to make recommendations. All our
10 recommendations, a lot of it come from our district engineers.
11 So as -- in your area, Lynn Johnson, if someone reaches out to
12 him, point that out, we can do a safety study and see what
13 intersection improvement's the best for that area.

14 MR. THOMPSON: Thank you, Madam Chair.

15 CHAIRWOMAN BEAVER: Well, I didn't want to
16 necessarily belabor this, but I just think sometimes the public
17 really, you know, the very initial thing is, oh, we don't want
18 those. But I also think also from a monetary standpoint, and
19 with having less funds to work with, don't they tend to not be
20 as expensive for maintenance as actually having lights at an
21 intersection?

22 MR. HAMMIT: Madam Chair, generally long term we
23 would get to that. Sometimes the initial costs, your right-of-
24 way, depending on what was there earlier, you have a little
25 bigger fingerprint, but definitely your long-term maintenance

1 and the reliability of the system. If the signal goes out, you
2 know, people don't know what to do. The state law says it's a
3 four-way stop, but we have problems. With a roundabout, nothing
4 changes. They can go through that. So yes, you see a long-term
5 benefit. Short term, it's very close.

6 CHAIRWOMAN BEAVER: Thank you for just addressing
7 that topic.

8 MR. HAMMIT: You bet.

9 MR. ANDERSON: Thank you, Madam Chair, Dallas.

10 So in summary of this -- the Greater Arizona
11 piece, we were able to keep all the expansion projects that were
12 in the current five-year program, we've kept them in there,
13 moved them up where needed and added some I-17 projects, added
14 some design, get things ready to go for the next five-year
15 program, and the funding was able to -- we believe able to
16 increase the funding for the FASTLANE through some legislative
17 funding for moving I-10 and the 189 project up.

18 So we'll get into the Pima Association of
19 Governments. Here's the -- their proposed tentative program.
20 They have several projects in there. You'll notice that the
21 majority of their projects are expansion projects. They do have
22 a dedicated tax fund that goes right to their projects, and they
23 have to go to these -- to very specific projects. You'll notice
24 that -- I won't go through every one of these, but there's a lot
25 of the Ina Roads, the Houghten Roads. There's a lot of I-10

1 work being done, and SR-77, 86, and then there's some proposed
2 right-of-way in 2022 for I-10 and the SR-210 TI.

3 With that being said, I'll turn to MAG and cover
4 their area. So here's the proposed -- again, I wanted to make
5 sure that I'm very clear with this. As we've met with MAG and
6 working very closely with the Maricopa Association of
7 Government, their -- this is a proposed program. They are
8 redoing their cash flow and working on their projects, and we
9 want to make sure that we're cognizant of their changing
10 program. This is the proposed plan at this time. They're
11 looking for regional counsel here at the end of March, and
12 here's some of -- this highlights some of the projects that they
13 have. There again, notice that 90 percent -- over 90 percent of
14 their program is listed as expansion. That is, again, dedicated
15 to -- they have a dedicated tax fund to go right to expansion
16 projects. I won't go through all of these projects here, but
17 this is the proposed list for the '18 to 2022 plan.

18 Okay. So then moving on next into the airport
19 program, the airport program is -- by state statute is to be
20 part of the five-year program that is approved by the
21 Transportation Board every year on an annual basis. We work
22 very closely with our airport program as they are involved --
23 they are housed with the Multimodal Planning Division. This is
24 the statute that kind of governs that directive.

25 You'll see here that we have proposed -- this is

1 only for fiscal year '18, proposed \$8 million to go to the
2 airport program. Yes, this is down over the last few years.
3 We're in a -- I guess I want to use the term rebuilding mode.
4 They need to rebuild, balance -- build the balance up of the
5 Aviation Fund so we can be able to get our airport -- get things
6 back in -- back on track from the fall 2015 sweep of their fund.
7 So this is the proposed plan for 2018.

8 And then we can adjust throughout the year.
9 Again, plans -- these are plans. Plans are meant to change. We
10 have the mechanisms on a monthly basis and an annual basis -- or
11 a monthly basis to come to the Transportation Board and make
12 those changes if needed.

13 MR. ROEHRICH: Madam Chair, if I could, I think I
14 would kind of characterize the four as our focus on the aviation
15 program is going to be on having the money available that we can
16 use to draw down the federal grants. That's why you're going to
17 see the federal, state and local grant funds there. But as far
18 as -- because of the health of the fund, as far as funding just
19 State-funded grants, you can those are zeroed out.

20 As one -- as Kristine said, we will look at
21 paying all the deferred payments and look at building up a cash
22 reserve so we can start again addressing those grants that have
23 been given to us before that were state funded and other ones
24 coming forward. One of things we need to do is develop as well
25 a communication plan that we can take out to the airports and

1 the airport managers around the state so they can understand the
2 health of the fund and the steps that we need to take to ensure
3 that it's fiscally viable moving forward.

4 So that's kind of the basis of where the fund is
5 at now. That's why you're going to see the limited amounts that
6 are there, as well as those zeroed out amounts. Those would be
7 state funds that at this point we're going to have to hold off
8 on those as the program gets re-established as Bret (inaudible).

9 MR. ANDERSON: Thank you, Madam Chair, Floyd.

10 All right. So --

11 CHAIRWOMAN BEAVER: Board Member Stratton.

12 MR. STRATTON: This would be more to Floyd or to
13 John. I know I have personally talked to many of the
14 legislative people who want to know what devastation they caused
15 to our airport fund by sweeping it last year, the 15 million.
16 Are we doing anything formally as ADOT working with them,
17 letting them understand that? We're trying to look at
18 legislation to prevent that again in the future?

19 MR. HALIKOWSKI: Madam Chair, Board Member,
20 ADOT's not looking at any legislation to present -- prevent that
21 in the future simply because it's a budget policy issue. It
22 wouldn't be right and our place to go and try to lobby on behalf
23 of that particular thing. However, we do provide information to
24 the legislature and effects of their actions.

25 As far as the -- whether that's going to happen

1 this year, Kristine, I'd have to ask you about the governor's
2 budget. (Inaudible.) It's being held harmless.

3 MS. WARD: Correct.

4 MR. HALIKOWSKI: So there are no moneys coming
5 out of the Aviation Fund in the governor's proposed budget.
6 We'll keep tracking the budget activities of the legislature and
7 the executive as they move through, but we presented our budget,
8 I believe, two weeks ago. I present to the House subcommittee,
9 and there was no comment or intent that I could tell on the part
10 of the members to move anything from the Aviation Fund.

11 The actual discussion seems to be more going in
12 the other way of how do we take care of the highway patrol
13 without removing HURF funds to fund the PS. I think the
14 Aviation Fund should probably get a lot more discussion than it
15 does at the legislature simply because I think they don't quite
16 understand when they do the sweeps exactly, as you said, Board
17 Member, what those long-term effects are.

18 From our perspective, though, I would say that
19 ADOT needs to do a better job with the cash management, and
20 that's why Kristine has now got her group in charge of the cash
21 flow and watching the money and what's coming in, what's going
22 out, looking at the trends while we've got the planning side
23 still in Multimodal Planning Division.

24 So I can't blame the legislature entirely. I
25 think we can do a much better job at ADOT with the cash flow

1 management.

2 MR. STRATTON: Thank you.

3 MR. ANDERSON: Thank you.

4 CHAIRWOMAN BEAVER: Thank you.

5 MR. ANDERSON: Okay. So thank you, Madam Chair.
6 So the last slide that we have is just the rounding out the next
7 steps. So we are getting ready to do our public comment times.
8 They'll be part of the board hearings. They'll be part of the
9 -- as we go to March, April and May, we'll have them a little
10 bit a part of your -- just before your formal board meetings.
11 So we'll have those in March, April and May in Tucson, Flagstaff
12 and Phoenix. We'll reconvene again with a study session in May
13 to talk about everything that we heard, and if there's any
14 changes, then we'll present the final plan to you in June of
15 2016, and then we will deliver the formal approval with a letter
16 from Chairman Beaver and to the governor's office, and then we
17 will start fiscal year '18 on July 1 of 2017, and then I will
18 start my work again for the '19 to '23 program shortly after
19 that.

20 With that, I will -- I guess we're just looking
21 for a motion to go to public comment to -- if you agree with
22 these changes then we would -- or these recommendations. Then
23 we will go to public comment in March, April and May, and with
24 that, I'll turn it back over to Mike. Thank you for your time.

25 MR. KIES: Thanks Bret. Madam Chair, yes, as

1 Bret said, if there are no further questions or comments on the
2 tentative program as presented, we would ask that the Board
3 approve the tentative program, and then we -- that would allow
4 us to take what you saw and what you've been provided as the
5 list of projects to the public for the public hearings in March,
6 April and May.

7 CHAIRWOMAN BEAVER: Do we have a motion to
8 authorize ADOT staff pursuant to A.R.S. 28-6952 to proceed with
9 public hearings regarding the 2018-2022 Tentative Five-Year
10 Transportation Facilities Construction Program?

11 MR. STRATTON: So moved.

12 CHAIRWOMAN BEAVER: Motion by Board Member
13 Stratton.

14 MR. SELLERS: Second.

15 CHAIRWOMAN BEAVER: Seconded by Board Member
16 Sellers.

17 Without repeating what I just said, all those in
18 favor?

19 BOARD MEMBERS: Aye.

20 CHAIRWOMAN BEAVER: All those opposed? The
21 motion carries.

22 We will now move on to Item 7, which is the
23 Multimodal Planning Division report. Mr. Kies.

24 MR. KIES: Thank you, Madam Chair.

25 I don't have any specific items, but I do want to

1 cover some of the items that had been brought up earlier in the
 2 meeting. To Board Member Hammond's question about how much
 3 private -- or regional funding has been included in a couple of
 4 the projects in the Tucson area, the Ina Road project, which is
 5 -- is ongoing and money is already being spent on that. The
 6 calculations appear to be that \$36 million of that project are
 7 coming from RTA funds, which is the local tax in the Tucson
 8 area, out of a project that rod had indicated is a total of 124
 9 million. So that's about 30 percent of that project is being
 10 funded by the locals.

11 The Ruthrauff project interchange there with I-10
 12 is another project where the locals are contributing a lot of
 13 funds. \$50 million of RTA funds is being dedicated to the
 14 Ruthrauff TI out of a total cost of \$110 million. So that's
 15 approaching half, about 45 percent of that project. So just
 16 those two projects, local funds are contributing \$86 million.

17 With that said, the other comment that was made
 18 earlier was about the aviation program and whether the projects
 19 that had been removed from the program by the Board would come
 20 in as a higher priority when they pass. The plan that we
 21 presented a month or two ago was that we intend to have a
 22 workshop with all the aviation sponsors and get ideas from our
 23 actual customers, the airports themselves about what we should
 24 be doing better to award and prioritize the grants and ask those
 25 questions if they believe it should be appropriate to give

1 prioritization to previous grants that were not approved. That
 2 is being scheduled for later in the spring. There's an Arizona
 3 airport conference that happens, I believe it's late April or
 4 early May each year, and the thought was since all the sponsors
 5 come to that conference that it would be a great time to have
 6 that workshop. So no, those discussions haven't happened
 7 (inaudible).

8 CHAIRWOMAN BEAVER: Board Member Stratton.

9 MR. STRATTON: I appreciate that, Mike, and to
 10 have the opportunity to participate and at least voice their
 11 concerns and come up with something between them that's fair.

12 MR. KIES: Great. Thank you.

13 CHAIRWOMAN BEAVER: (Inaudible.)

14 MR. KIES: With that, Madam Chair --

15 MR. HALIKOWSKI: I just -- I do have a question.
 16 We were approached by (inaudible) Rod Lane and I before the
 17 meeting. Anything in the plans about widening the highway
 18 through there? Because this apparently was linked to some
 19 issues with the port at Douglas that we're going to be widening
 20 for more truck traffic through the community. I have not heard
 21 anything.

22 MR. KIES: No. We have no plans about widening
 23 at all.

24 MR. HALIKOWSKI: Okay. All right.

25 MR. KIES: I believe the comment was that they

1 are -- they're starting to get concerned about the number of
2 vehicles going through their community and trucks and that they
3 may be coming to us with some exclusions that could be
4 (inaudible).

5 MR. HALIKOWSKI: (Inaudible) any widening in the
6 community. We'll -- we will meet with folks from Saint David,
7 Madam Chair, and further flesh this out, but I wanted to get it
8 into the record that we don't have any widening plans at this
9 point. So I provided my business card, and we will meet with
10 the residents and go through their concerns and answer things
11 that we (inaudible).

12 CHAIRWOMAN BEAVER: Thank you.

13 MR. KIES: Thank you, Madam Chair. I have no
14 other items for Item 7. If we want to move on to Item 8.

15 CHAIRWOMAN BEAVER: Let's move on to Item 8.

16 MR. KIES: Great. Thank you, Madam Chair.

17 Item 8 is the PPAC items that are being proposed,
18 and we have seven project modifications this month, which is
19 Items 8A through 8G, and unless there are any questions or
20 comments from the Board, I would ask the Board to approve Items
21 8A through 8G.

22 CHAIRWOMAN BEAVER: Do we have a motion?

23 MR. HAMMOND: So moved.

24 CHAIRWOMAN BEAVER: Moved by Board Member
25 Hammond. A second?

1 MR. CUTHBERTSON: Second?

2 CHAIRWOMAN BEAVER: Seconded by Vice Chair
3 Cuthbertson to accept and approve the project modifications for
4 Items 8A through 8G as presented. All those in favor?

5 BOARD MEMBERS: Aye.

6 CHAIRWOMAN BEAVER: All those opposed? Motion
7 carries.

8 We'll move on to new projects.

9 MR. KIES: Thank you, Madam Chair. There are
10 four new projects this month that were approved by the PPAC
11 committee. They're Items 8H through 8K, and unless there are
12 any questions or comments, I'd ask the Board to approve Items 8H
13 through 8K.

14 CHAIRWOMAN BEAVER: Do we have a motion to
15 approve?

16 MR. SELLERS: Move for approval.

17 CHAIRWOMAN BEAVER: Board Member Sellers made the
18 motion. Do we have a second?

19 MR. STRATTON: Second.

20 CHAIRWOMAN BEAVER: Seconded by Board Member
21 Stratton to accept and approve the new projects, Item 8H through
22 8K as presented. All those in favor?

23 BOARD MEMBERS: Aye.

24 CHAIRWOMAN BEAVER: All those opposed? The
25 motion carries.

1 MR. KIES: Thank you, Madam Chair.

2 CHAIRWOMAN BEAVER: We'll move on now to Item 9,
3 the state engineer's report.

4 MR. HAMMIT: Good morning again. On the state
5 engineer's report, currently we have 105 projects under
6 construction totaling about \$1.468 billion. We did finalize
7 nine projects in January totaling 6 -- or 8 -- 6.8 million, and
8 year to date, we've finalized 66 projects.

9 The director did mention NEPA assignment, and
10 what NEPA assignment is, right now when we go through -- and
11 NEPA is Environmental Protection -- what's the A?

12 MR. ROEHRICH: National Environmental Protection
13 Act.

14 MR. HAMMIT: Act.

15 We -- the Federal Highway Administration has to
16 sign those documents. They are the designated agency. Here in
17 Map 21, the bill before this, gave states the opportunity to be
18 a pilot. And California was the only state that stepped up to
19 do that, and they took over NEPA assignment and have been very
20 successful. In the FAST Act, they opened it up, they took away
21 the pilot. Any state can do that. So since then, Texas went
22 forward, Ohio, Florida. Those are all bigger states. Well,
23 we're seeing Utah just got their NEPA assignment and Alaska. So
24 we've seen that it can work for big states and smaller states.
25 We feel we can decrease the time that we get our environmental

1 clearances and do it ourselves. We're doing the -- most of the
2 work ourselves anyway. The Federal Highway Administration
3 reviews our documents and signs them, but our staff, through our
4 consultants, prepares the documents and moves forward.

5 The legislation the director talked about is a
6 state will have to waive a -- have a limited waiver of sovereign
7 immunity. In other words, if someone wants to sue, like on
8 South Mountain, the State of Arizona -- because now we've signed
9 it instead of the Federal Highway Administration, they can sue
10 us in federal court. That's what that limited waiver of
11 sovereign immunity gives is an individual or group who wants to
12 sue on a decision, they can do it in federal court versus state
13 court. We have to have that. That's a requirement for us to
14 take over that NEPA assumption. It doesn't mean they can expand
15 that to other areas. The state still has their sovereign
16 immunity. This is only a limited waiver.

17 We would move forward with taking the smaller
18 jobs, what we call the categorical exclusions, which is 90
19 percent of our work. We would move forward on that, and then
20 through about a year, year and a half process, we would have
21 full NEPA assumption to do any project that we have. The
22 director would be the ultimate signature versus the Arizona
23 division director for Federal Highways.

24 Any questions on that? And as we get further
25 into it, we can very much get a more in-depth information.

1 CHAIRWOMAN BEAVER: Board Member Thompson?

2 MR. THOMPSON: Thank you for that information. I
3 would assume that having the stamp of the engineer on the NEPA
4 paperwork, that should accelerate matters when (inaudible) goes
5 up to the federal government to process that through as quickly
6 as possible. I mean, that's my thinking. (Inaudible.) Is
7 there -- there must be some delay between the report leaving the
8 state of Arizona and then (inaudible).

9 MR. HAMMIT: Madam Chair, Member Thompson, one of
10 the things that ADOT's done is every state agency is we're going
11 through a lien process, and one of the big wastes that we see
12 are multiple reviews. So everything that we've reviewed as
13 staff and move forward, Federal Highways has to review. So it's
14 a second review, and that takes time, because a number of these
15 documents are very detailed. South Mountain were short, very
16 thick. And then if it takes legal review, now you send it to
17 another attorney. When we prepared it, we had our attorneys
18 already review it. So there's multiple reviews. That's where
19 we're going to see most of our savings in time. It isn't taking
20 shortcuts. It isn't doing the wrong thing. It is reducing the
21 reviews. There will be times that there's a decision that needs
22 to be made that's a risk, and now the State of Arizona could
23 assume that risk instead of the Federal Highway Administration.
24 They're much more conservative -- not much more. They're
25 somewhat more conservative in some cases than we are.

1 MR. ROEHRICH: Madam Chair, if I could.

2 CHAIRWOMAN BEAVER: Yes.

3 MR. ROEHRICH: But to -- Mr. Thompson, specifics,
4 this is not an engineering document, so it isn't actually sealed
5 by an engineer. It's an administrative and legal document that
6 has to be signed off at the highest levels of administration
7 right now in the state, which means that the division
8 administrator signs off on it, and either the state engineer or
9 the director signs off on it usually for ADOT. The goal is that
10 we can eliminate the steps for the administrator for the FHWA to
11 sign off on it, and we have that in our hands, but then as
12 Dallas said, the risk is that we are fully responsible for
13 defending it. But it's not like a sealed document like an
14 engineering document. So it's got a different level of review
15 and approval necessary to finalize that NEPA document or the
16 environmental document.

17 MR. THOMPSON: (Inaudible.)

18 CHAIRWOMAN BEAVER: Board Member Sellers.

19 MR. SELLERS: And I'm assuming that getting this
20 authority would be a significant advantage for us on projects
21 like State Route 30 advancing.

22 MR. HAMMIT: Madam Chair, Board Member Sellers, I
23 believe so. I think we can decrease the time that we spend on
24 an environmental clearance dramatically. What I heard, Texas
25 and Ohio presented at the latest -- the Transportation Research

1 Board this past January, both are saying they're seeing at least
2 50 percent, and as the director said, sometimes 65 percent
3 reduction in time. Ohio went a step further and put a dollar to
4 time value, and their program's about twice as big as ours, but
5 they're seeing \$10 to 15 million in savings because of that time
6 saved. So if we're half as much, we can see 7 and a half to \$10
7 million in savings, that's a good thing.

8 The next thing, and it was in the agenda that we
9 wanted to talk about was our DBE -- changes in our DBE
10 specifications.

11 CHAIRWOMAN BEAVER: Could you just for the record
12 (inaudible) acronym?

13 MR. HAMMIT: What is a DBE? Yes. That was
14 coming in there. A DBE program is the Disadvantaged Business
15 Enterprise Program. So in this program, we set a goal. So as
16 the department has an overall goal, and then each project we set
17 a goal we would like to see these Disadvantaged Business
18 Organizations Enterprises participate in our projects.

19 And you're going to see a lot of discussion later
20 on on one of the projects that there was a question on that.
21 But we set a goal. Once the project opened, the old way we were
22 doing it was the apparent low bidder, they had five days from
23 the day of opening to submit their DBEs with an affidavit from
24 the DBE saying, yes, I have -- going to do this work at this
25 dollar amount. We review it. If it looks right, we move

1 forward. If for whatever reason we had to go to the second
2 bidder, we gave them another five days, you know, now you're up,
3 you need to submit your paperwork.

4 Changes in federal regulations, they wanted to
5 tighten that. They changed the rules and what the request was
6 from Federal Highways, we would like at time of bid all bidders
7 -- or within that first five days to submit their DBE
8 affidavits. So even though you were second, third, fourth,
9 fifth, you did not get the job, you would have to submit those
10 DBE affidavits. We met with our contractors through the
11 association of general contractors, AGC, and they said, "This
12 does not bring a lot of value." Now, I'm a prime that didn't
13 get the job, and I'm a DBE potentially who didn't get the job,
14 and I have to go through the step to sign these affidavits for
15 projects we didn't get.

16 So we went back and met with our federal partners
17 and said, "Is there a compromise that we can come to?" And what
18 they said, "The five days is rigid. But if you and your
19 contractors come to the point where -- to be a responsive
20 bidder," and that means I responded to everything in the bid
21 documentation, "you have five days from the time of opening to
22 submit my paperwork." So what -- what does that mean in real
23 language? If I'm number one, I have to submit my paperwork in
24 those five days, and I go forward. If I get thrown out and I'm
25 number two, I make a business decision. Do I think there's a

1 problem with the number one bid? I'm going to turn in my
 2 paperwork in case they get thrown out or they withdraw, and now
 3 I'm eligible. If I do not do that within the five days, I will
 4 be a non-responsive bidder. So if it comes to me then, I don't
 5 get another five days. I have a non-responsive and we go to the
 6 next responsive bidder.

7 This does put some risk on the department. The
 8 risk is we would have to -- if everyone -- no one else turned
 9 theirs in, we'd have no more responsive bidders and we'd have to
 10 rebid the projects. So as we look through there, last year we
 11 had to remove the low bidder four times. That's it. Out of 150
 12 projects, we removed the low bidder four times. But the low
 13 bidder many times, as in this case you'll see today, when the
 14 low bidder did not reach their DBE goal, immediately the next
 15 one turned in their paperwork, because they -- they're watching
 16 why they didn't get the job, if they're going to protest,
 17 they're going to turn in their paperwork. So we don't think
 18 that risk is very high that we're going to have to reject all
 19 bids, but it is a risk, and it may happen somewhere along the
 20 way.

21 Any questions? I can get you the full spec, but
 22 basically the only changes, before, if you were number two and
 23 we went to you, you got another five days. Now you have to turn
 24 in all your paperwork five days after bid. That applies to
 25 every bidder.

1 CHAIRWOMAN BEAVER: I do have a question to ask.
 2 I was provided with this statement to read on behalf of
 3 Truesdell Corporation. Is that something -- is this --

4 MR. ROEHRICH: Madam Chair, we'll address that
 5 under Item 10E.

6 CHAIRWOMAN BEAVER: Okay.

7 MR. ROEHRICH: That specific Item 10E when Dallas
 8 gets to that.

9 CHAIRWOMAN BEAVER: Okay.

10 MR. HAMMIT: Summary of our projects. Thank you
 11 for -- well, that's all I have with the state engineer's report.

12 MR. ROEHRICH: I was going to say, you're moving
 13 on to Item 10, right?

14 MR. HAMMIT: Yes. I was going to -- I
 15 (inaudible).

16 MR. ROEHRICH: (Inaudible) sure Madam Chair
 17 agrees with that. The state engineer's moving on to Item 10.

18 CHAIRWOMAN BEAVER: Unless someone has additional
 19 question (inaudible). Okay. Proceed.

20 MR. HAMMIT: Thank you. Thank you, also, for
 21 approving the 11 projects under the consent agenda.

22 We do have eight projects that we need to discuss
 23 a little more. As you see this month, we did a little over \$36
 24 and a half million worth of projects, and if you look at the
 25 accumulation, we were within 6/10s of a percent of the estimate.

1 Year to date, we're around \$320.6 million worth of work, and
 2 we've come in .2 percent of -- between the engineer's estimate
 3 and the low bid. So we're doing pretty good in our estimating
 4 so far.

5 Our first project, if it pleases the Board to go
 6 to our first project.

7 CHAIRWOMAN BEAVER: Please.

8 MR. HAMMIT: Just for --

9 MR. ROEHRICH: Madam Chair, the Board -- this was
 10 also part of the (inaudible). I want to make sure that you saw
 11 that this was a part of the addendum.

12 MR. HAMMIT: Thank you, Floyd.

13 This was an ITS project in the City of Glendale.
 14 The low bid was \$634,450. The State's estimate was \$504,735.
 15 The bid was over the estimate \$129,715, or 25.7 percent. In
 16 talking to the City of Glendale, this is a local project. They
 17 would have to make up the difference. They have requested that
 18 the department rebid -- or work with them to rebid the project
 19 that will reduce the scope and get it within the -- their
 20 budget. So after reviewing the bids and working with the City
 21 of Glendale, we requested -- who requested the rescope -- the
 22 current project to budget, the department recommends to reject
 23 all bids.

24 CHAIRWOMAN BEAVER: Do we have a motion to accept
 25 the recommendation of staff to reject all bids --

1 MR. SELLERS: So moved.

2 MR. HAMMOND: Second.

3 CHAIRWOMAN BEAVER: -- for the amended Item 10A.

4 Motion was made by Board Member Sellers. Seconded by Board
 5 Member Hammond to accept and approve staff's recommendation to
 6 reject all bids for amended Item 10A.

7 All those in favor?

8 BOARD MEMBERS: Aye.

9 CHAIRWOMAN BEAVER: All those opposed? The
 10 motion carries.

11 Item 10B.

12 MR. HAMMIT: Thank you, Madam Chair. Item 10B,
 13 this is a project in the Town of Superior. It's basically a
 14 sign replacement project. The low bid was \$125,361.50. The
 15 State's estimate was \$167,100. It was under the State's
 16 estimate by \$41,738.50, or 25 percent. Where we saw the
 17 changes, we got better-than-expected pricing for the sign panel
 18 and hardware. We have reviewed the bids and believe it is a
 19 responsible and responsive bid and would recommend award to AJP
 20 Electric, Inc.

21 CHAIRWOMAN BEAVER: Do we have a motion to accept
 22 and approve the staff's recommendations to award the contract
 23 for Item 10B to AJP Electric, Inc.?

24 MR. STRATTON: So moved.

25 CHAIRWOMAN BEAVER: Motion by Board Member

1 Stratton.

2 MR. CUTHBERTSON: Second.

3 CHAIRWOMAN BEAVER: Seconded by Board Member --
4 or Vice Chair Cuthbertson, of the statement I just read.

5 All those in favor?

6 BOARD MEMBERS: Aye.

7 CHAIRWOMAN BEAVER: All those opposed? The
8 motion carries.

9 Item 10C.

10 MR. HAMMIT: Thank you, Madam Chair. Item 10C is
11 a sidewalk and lighting project in the Town of Camp Verde. The
12 low bid \$788,968.75. The State's estimate was \$706,984. The
13 bid came in over the estimate \$81,984.75, or 11.6 percent.

14 Before I get into the complete justification, the
15 apparent bidder on this project was a non-responsive bidder. It
16 had nothing to do with DBEs. They did not respond to the
17 advertisement. They took the bid, changed some of the bid items
18 and did not bid on other items. They -- which in our view makes
19 them non-responsive. So we would go to the next low bidder.

20 When we reviewed their bids, as you see there,
21 the differences that we saw on this project, we underestimated
22 the decorative light poles. They're not our standard, and they
23 met with the town and the electrical conduit [sic]. After
24 reviewing those, the department recommendation is to reject the
25 bid of resource -- of Earth Resource, Incorporated, due to it

1 being non-responsive. The department believes that the second
2 low bid is responsive and responsible and would recommend award
3 to Intermountain West Civil Construction, Inc.

4 CHAIRWOMAN BEAVER: Do we have a motion to accept
5 and approve the staff's recommendation to reject the low bid --
6 the name of that?

7 MR. HAMMIT: Earth Resources, Incorporated. Or
8 Corporation. Excuse me.

9 CHAIRWOMAN BEAVER: -- Earth Resources
10 Corporation as non-responsive and award the contract for amended
11 Item 10C to the second low bidder, Intermountain West Civil
12 Construction, Inc.?

13 MR. STRATTON: So moved.

14 MR. HAMMOND: Second.

15 CHAIRWOMAN BEAVER: It's been -- the motion was
16 made by Board Member Stratton and seconded by Board Member
17 Hammond to approve the motion as stated.

18 All those in favor?

19 BOARD MEMBERS: Aye.

20 CHAIRWOMAN BEAVER: All those opposed? The
21 motion carries.

22 Item 10D. I would just like to have some
23 clarification. I did not know that we had a board district
24 number 31.

25 MR. HAMMIT: Where are we seeing -- maybe they --

1 CHAIRWOMAN BEAVER: It's incidental, I'm sure,
2 but...

3 MR. HAMMIT: Must have been three.

4 MR. HALIKOWSKI: It's that new stealth district
5 we have. I think we have a type of...

6 MR. HAMMIT: I was looking for all the districts
7 in between 8 and 31.

8 MR. HALIKOWSKI: Typical engineering.

9 MR. HAMMIT: Yeah.

10 This project is a bridge repair project in the
11 Phoenix area near the Loop 101 and I-10. The low bid on this
12 project was \$241,552.09. The State's estimate was \$210,394.24.
13 It came over the estimate by \$31,157.85, or 14.8 percent. As we
14 reviewed the bids, we underestimated the labor involved, both
15 for the removal and the friction course, but we have reviewed
16 the bids, and the department believes the bid is responsive and
17 -- is responsive and reasonable, and recommends award to FNF
18 Construction, Inc.

19 CHAIRWOMAN BEAVER: We have -- do we have a
20 motion to accept and approve staff's recommendation to award the
21 contract for Item 10D to FNF Construction, Inc.?

22 MR. SELLERS: Move for approval.

23 CHAIRWOMAN BEAVER: Motion by Board Member
24 Sellers.

25 MR. THOMPSON: Second.

1 CHAIRWOMAN BEAVER: Seconded by Board Member
2 Thompson to approve the motion as stated.

3 All those in favor?

4 BOARD MEMBERS: Aye.

5 CHAIRWOMAN BEAVER: All those opposed? The
6 motion carries.

7 Item 10E.

8 MR. HAMMIT: Thank you, Madam Chair. And this is
9 the project that you did receive the letter. If it pleases the
10 Board, I'll walk you through the processes that we've taken, and
11 then once we get to the point where the contract was submitted,
12 the letter, Floyd's agreed to read their response into the
13 record.

14 This, as I said, is a deck repair project on
15 Interstate 17 in Phoenix. The low bid was \$455,455 even. The
16 State's estimate 458,498.92; \$3,034.92 under the State's
17 estimate, or .7 percent. When the contractor, Truesdell,
18 Incorporated, submitted this bid, it did not meet the DBE goal.
19 As a contractor who does not meet the goal -- and I want to
20 clarify. This has nothing to do with our changes. This is the
21 goal that they were to meet. Had nothing to do with when they
22 submitted the five days. That's just the new requirement. When
23 a contractor does not meet the goal, they have the opportunity
24 to submit a good faith effort explaining why they could not meet
25 the goal and what efforts they took to reach it.

1 In this case, Truesdell did submit a good faith
2 effort. It was reviewed by our Business Engagement Compliance
3 Office, we call them BECO, for compliance. They did review the
4 contractor's bid and found that the -- using the requirements in
5 the specification that the good faith effort submitted by
6 Truesdell did not meet our requirements.

7 Truesdell then asked for a hearing, and as per
8 the specification, that hearing is conducted by me as the State
9 engineer with the contractor, our BECO group, our Business
10 Engagement and Compliance group. We also invited the second low
11 bidder, since they are an interested party, and had members from
12 the Attorney General's office there both to counsel us, and they
13 did ask a question.

14 We held that meeting on Monday, February 13th,
15 and Truesdell had the opportunity to present their case again.
16 They went through the items that they worked to get a DBE on
17 participation. This project is a fairly small project, and one
18 other thing unique with this project, there's a lot of unknowns.
19 So about half the work is force account work. So we budget so
20 much money, but we're going to pay time and material to do that
21 work. You cannot use any of that work to have DBEs working --
22 you know, to use that as a part of your goal.

23 And I also want to mention there were three
24 bidders. Two of the three, second and third, did reach their
25 goal or greatly exceeded their goal. So there was opportunity

1 to meet that.

2 Where the Truesdell, Incorporated, where they saw
3 their opportunity was in traffic control. Bird netting.
4 Because the time of the year. Painting, and then DPS officers.
5 We hire a vendor to bring in DPS officers. So the officers
6 aren't a DBE, but the contractor that organizes it for us, that
7 could be a DBE officer.

8 As they went through, their traffic control
9 subcontractor submitted a bid, and they noticed in this meeting,
10 they said two hours before bid time, they got that and noticed
11 that the traffic control contractor had not submitted permanent
12 signs. So they were anticipating this contractor to do both
13 temporary traffic control and permanent signs. There's three
14 permanent signs on the project. So they did contact him, say
15 can you do the permanent signs. They said that is not our book
16 of business. So they went with a non-DBE traffic control
17 contractor, which put them below the goal.

18 As we talked through there, we asked, "Well, did
19 you talk to other groups to do the signing? Did you separate
20 it?" They said they could not get anyone to bid the sign work.
21 As we heard from the second low bidder, it was pointed out that
22 there was another DBE traffic control group within the Phoenix
23 area that can do both temporary traffic control and permanent
24 signs, and Truesdell had not contacted this group. They also
25 pointed out that the traffic control and permanent signs are

1 very seldom brought in together. Usually you have a traffic
2 control group and a signing group, and they're not generally the
3 same -- the same sub.

4 Those were the biggest thing. If they would have
5 used a traffic control sub, they would have met the DBE goal.
6 We finished the hearing. A decision was reached that they did
7 not meet the requirements of our specifications. I sent a
8 letter out the following day on February 14th to Truesdell and
9 copied everyone there saying that the requirements were not met.
10 I received an email the next day requesting that they could send
11 a one-page document to be read at the Board, but they could not
12 make the meeting today. And so with that, if Floyd could read
13 that email -- or letter.

14 MR. ROEHRICH: Yes. "To the State Transportation
15 Board." I know it's one page. It's really tiny print, so
16 it's -- it may take me awhile. Although Michelle, can I do
17 this: "To the State Transportation Board: Yadda, yadda, yadda,
18 thank you." No? That doesn't work?

19 MS. KUNZMAN: Sure. Go for it.

20 MR. ROEHRICH: Okay. "Thank you for allowing
21 this letter to be read at your meeting. Circumstances prevent
22 me from appearing in person. An acknowledgement in this regard
23 is appreciated. The Truesdell Corporation has enjoyed working
24 with ADOT and other Arizona-based municipalities for over 40
25 years, and we look forward to continuing to do so. The decision

1 at hand to award to Truesdell, the apparent low bidder, or to
2 reject Truesdell's bid, will be presented to you as a matter of
3 specification with reference made to the E price (phonetic)
4 specification, and more specifically, Subsection 15.01.
5 Truesdell agrees that this specification provides guidance in
6 making this decision, but we also believe that the" guidances
7 provided -- excuse me -- "that the guidance it provides is
8 subject to human interpretation and predicated on the opinion of
9 a very few individuals. The Board is charged with deciding if
10 the opinion presented is truly in the best interest of the
11 State. I promise to keep this letter to a single page, and in
12 doing so, many of the details related to this matter must be
13 highly summarized or omitted."

14 "Truesdell is a responsible bidder, and its bid
15 was submitted timely and is responsive in every way, with only
16 its effort toward obtaining the DBE goal in question. Truesdell
17 contends that, in fact, our effort was indeed a good faith
18 effort and quite substantial. The DBE goal was set by the
19 department at 3.98 percent. Truesdell achieved 2.56 percent DBE
20 participation. The difference between 3.98 percent and 2.56
21 percent is 1.42 percent, with a low bid of \$455,455 submitted by
22 Truesdell, the monetary difference of DBE participation is
23 \$6,465. Both of these numbers are immaterial towards achieving
24 the overall DBE goal for the State on an annual basis. In
25 contrast, however, the next low bidder was 130 percent of

1 Truesdell bid, with FNF at \$593,866, which equates to \$138,411
2 of the taxpayer and the department's money. Both of those
3 numbers are, in fact, material. The numbers alone surely would
4 not justify the lack of a good faith effort, but the numbers do,
5 in fact, provide a context for the Board to consider in deciding
6 how many subjective -- how much subjectivity should be allowed
7 to be incorporated in an opinion as to the adequacy of the
8 effort made by Truesdell to achieve the DBE goal."

9 In the past letter -- excuse me -- "in the latest
10 letter from the department, Mr. Hammit stated five points used
11 to make his determination. All five of his points begin with
12 the concurrence that, in fact, Truesdell extended effort. His
13 opinion, however, was that the effort was insufficient. This is
14 subjective. Many of the arguments lack reasonableness. The
15 first argument is that, yes, Truesdell contacted BECO early on.
16 However, the follow-up contact, once the firm had difficulty
17 meeting the DBE goal, occurred on the morning of the bid
18 opening. We contend that this is, in fact, normal. Until the
19 morning of the bid, we were working hard to achieve adequate
20 participation and only later in the process, the morning of the
21 bid, did we conclude that we may have difficulty in achieving
22 the goal. So we called BECO again to see if they could help."

23 "Effort. The second point in the letter refers
24 that when Truesdell determined that DBE intended to bid, we were
25 not certain enough in our own mind. This is subjective."

1 "The third point refers to giving more of the
2 work to DBEs. This project is very unique in that over half the
3 project was determined by the State to be force account. 233.5K
4 over 455K." While Truesdell will likely achieve the goal --
5 "while Truesdell would likely achieve the goal and look into
6 doing so, if the force account work was allowed to be included
7 in the total, the State arbitrarily remove -- arbitrary removal
8 of all force account work from the opportunity and form the
9 evaluation. The department limited the scope, not Truesdell.
10 Truesdell sought DBEs for every scope remaining."

11 "The fourth point is erroneous and remains an
12 incorrect interpretation of the facts. Truesdell did not insist
13 that any DBE perform anything that they didn't want to.
14 Truesdell only received one quote for certain other items from a
15 non-DBE sub who refused separate the work. We extended extra
16 effort to allow the DBE to provide a competitive quote, but he
17 would not bid the same two items."

18 "More effort. In his fifth point, Mr. Hammit
19 admits Truesdell did convince me that I contacted organizations
20 in an effort to find DBEs and that its request for quotes offer
21 assistance in interpreting plans and specifications. But he
22 opines that the effort was not sufficient. This determination
23 is, at worst, erroneous, and at best subjective."

24 "Mr. Hammit has the right to his opinion and we
25 may not change that, but the Board has a responsibility to the

1 residents of the state of Arizona and to make a decision that is
 2 in the best effort of the department. The effort extended by
 3 Truesdell on this project is, in fact, compliant with the good
 4 faith effort requirements guidance as provided for in the
 5 (inaudible) specifications. The Transportation Board has the
 6 undisputed authority to determine for yourself if the good faith
 7 effort was sufficient. While not the basis for our argument, it
 8 just doesn't make sense to incur an additional \$138,000 in
 9 project costs because someone's subjective opinion is that our
 10 effort to find one more DBE and give them \$6,500 was not
 11 sufficient."

12 "I appreciate your sincere and genuine
 13 consideration of these matters. Thank you. Curt Clink,
 14 President and CEO of Truesdell Corporation."

15 MR. HAMMIT: I would ask if the Board had any
 16 questions that I could clarify.

17 MR. ROEHRICH: Madam Chair, I think the point
 18 being that you're clarifying that the subject as you presented
 19 -- I don't think we can clarify his letter since he's not here.
 20 You have the date. It's stated the way it is and that's his
 21 argument to the point.

22 MR. HAMMIT: Right. Or if you would like me to
 23 respond, if you wanted any response.

24 CHAIRWOMAN BEAVER: Yes. Board Member Stratton.

25 MR. STRATTON: Dallas, the reason for removing

1 the force account work, I would assume, is because you can't
 2 quantify it exactly; therefore, you can't associate a certain
 3 DBE amount with it?

4 MR. HAMMIT: Chairman, Board Member Stratton,
 5 that is correct, and that was clarified in the bid documents.
 6 It wasn't after the fact. It was clarified in the bid
 7 documents.

8 MR. STRATTON: Thank you.

9 CHAIRWOMAN BEAVER: Yes. Board Member Hammond.

10 MR. HAMMOND: Are you recommending postpone
 11 (inaudible), and if so, for what reason? To continue this
 12 discussion or?

13 MR. HAMMIT: If it --

14 MR. ROEHRICH: Madam Chair, this was part of the
 15 addendum. Mr. Hammond, if you look at the addendum, it changed
 16 the recommendation --

17 MR. HAMMOND: Oh, okay.

18 MR. ROEHRICH: -- from postpone to reject low
 19 bid, award to second low bidder.

20 MR. HAMMOND: Okay. Sorry. I missed it.

21 MR. SELLERS: Madam Chair.

22 CHAIRWOMAN BEAVER: Yes. Board Member Sellers.

23 MR. SELLERS: How do we determine the DBE goal?

24 MR. HAMMIT: So the DBE goal, our BECO office,
 25 our Business Engagement and Compliance group, looks at the

1 availability of disadvantaged businesses to do the work. So
2 they break down the project. We have an opportunity with this
3 contractor -- they can do this much. And they go through --
4 that's why it's different on every project, because there's
5 different opportunities. So it's not just a set, it's going to
6 be this number. We go through and review and look how much of
7 the DBE community has the opportunity and the skill set to bid
8 on that project. So that's how it's determined.

9 MR. HALIKOWSKI: Madam Chair, Dallas, I would say
10 that several years ago we were under requirement, Title 6 in the
11 federal government to establish the program and the initial
12 percentages, the goals were established through a long study and
13 negotiation with Federal Highway Administration.

14 MR. HAMMIT: And Madam Chair, if I can add, we
15 regularly recheck those. So there's going to be a study
16 starting here on the next couple months to see are there more
17 agencies or contractors, consultants, available to do this type
18 of work as a DBE, both on the engineering side and the
19 construction side. We regularly keep our list updated.

20 CHAIRWOMAN BEAVER: Board Member Stratton.

21 MR. STRATTON: While each job is different on the
22 DBE goal, understanding that, we do -- as ADOT, though, we have
23 a goal for the year with the federal -- FHWA; is that correct.

24 MR. HAMMIT: Madam Chair, Member Stratton, that
25 is correct. I believe it's 7.98 as our annual goal.

1 MR. STRATTON: Thank you.

2 MR. HAMMIT: I have a recommendation if you want
3 me to go there, but I can answer questions, too.

4 CHAIRWOMAN BEAVER: Okay. I just was curious.
5 So with the -- maybe it's because I have the information in
6 front of me. But the 29.5 percent overestimate, what -- that
7 the -- if we were to reject the low bid and go with the second
8 low bidder, what makes up that (inaudible)?

9 MR. HAMMIT: Madam Chair, that additional funds,
10 like any other project that comes over, we take from our
11 contingency. So the dollars that are under program go into a
12 contingency, and the dollars that are under, we pull it from
13 there. So it's kind of our checking account. Kristine holds it
14 very tight, but sometimes she lets me peak under the envelope to
15 see if there's any money in there.

16 CHAIRWOMAN BEAVER: Well, I guess my question
17 more than the -- than that is the fact that it's almost 30
18 percent higher than the State's estimate, and the low bidder --
19 I guess it was based on the comment in the statement that
20 Mr. Roehrich read that -- that's like 138,000 additional.

21 MR. HAMMIT: Madam Chair, that is correct. If we
22 go to the next low bidder, it will be \$130,000 more than the
23 apparent low bidder. That is correct.

24 CHAIRWOMAN BEAVER: Board Member Hammond.

25 MR. HAMMOND: You know, the real issue here is

1 the integrity of the bid process. So without proper structural
2 reason to go to this -- to approve this bid -- excuse me --
3 approve Truesdell, to approve to the first bidder, the -- what
4 I'm saying is that we can't, I think, as a board --

5 UNIDENTIFIED SPEAKER: (Inaudible.)

6 MR. HAMMOND: -- go with the integrity of the bid
7 process and the review process. So, I mean, I would like to at
8 least float a motion that we accept staff's recommendation. If
9 it doesn't fly and we want to do something outside of -- outside
10 of what might be policy and procedure, I guess we (inaudible) up
11 here. I'd like to make a motion we approve, and we approve with
12 staff's recommendation to go with the --

13 CHAIRWOMAN BEAVER: Second?

14 MR. HAMMOND: -- second bidder, and we can
15 discuss it if somebody wants to second it and maybe vote on it,
16 and reject it if it's the Board's pleasure to do something
17 different.

18 CHAIRWOMAN BEAVER: Okay. Do I understand the
19 motion is to accept and approve staff's recommendation to reject
20 low bid, which is the Truesdell Corporation, that did not meet
21 the DBE goal and award the contract for amended Item 10E to the
22 second low bidder, FNF Construction, Inc.? Is that what I
23 understand your motion was?

24 MR. HAMMOND: Yes.

25 MR. CUTHBERTSON: And I'll second that.

1 CHAIRWOMAN BEAVER: And there's a second on it.
2 I would just like the additional discussion for
3 myself to understand what made this second one higher? Where in
4 the bid did that additional 29 percent -- where is it at in the
5 bid?

6 MR. HAMMIT: Madam Chair, as we've reviewed that,
7 they had -- with the DBE on traffic control, that did increase
8 the cost some, and then they also had higher pricing in the
9 carbon fiber bridge repair elements than Truesdell. So it was
10 in those two items of work where FNF was higher. And Truesdell
11 is a great contractor. They're a specialty contractor, and we
12 like working with them, but as Board Member Hammond said, it is
13 the integrity of our program.

14 I'd like to mention two things. One, our DBE
15 program is approved by FHWA. So we have agreed that we will
16 follow these steps. The other thing is the other bidders, if
17 they didn't meet the goal, their bids could have been different.
18 You know, so if they followed a -- the rule and met the goal --
19 if they wouldn't have, their bids -- they would have been
20 bidding a different project, because the rules would have been
21 different. So I think there's two issues with that. They would
22 --

23 MR. ROEHRICH: And Madam, Madam Chair, I'd like
24 to make one comment as well. I know Mr. Hammond, you've
25 commented about whether -- and I agree this is a matter of the

1 integrity of our bidding process. You've commented about
 2 whether it's like agency policy. It's important to know that
 3 FHWA approved this program, but it's a matter of law that we
 4 have a program to use federal aid dollars. So that's also why
 5 it's important to consider this and debate it for the integrity
 6 of the program, because it's not a policy issue. This is a
 7 matter of law based upon the agreed program that we have with
 8 the Federal Highway Administration.

9 MR. SELLERS: Madam Chair.

10 CHAIRWOMAN BEAVER: Yes, Board Member Sellers.

11 MR. SELLERS: Yeah. And I guess maybe where some
 12 of the questioning is going is whether or not -- if this had
 13 been a low bid and 30 percent over the State's estimate, would
 14 we have still felt that it was a reasonable bid or would we be
 15 looking to reject all bids and rebid the project.

16 MR. HAMMIT: Madam Chair, Member Sellers, we have
 17 reviewed it. We see where we underestimated both the traffic
 18 control and the carbon fiber work, and do believe it is a
 19 responsive and responsible bid.

20 CHAIRWOMAN BEAVER: Is there any additional
 21 questions or (inaudible)?

22 All those in favor of the motion?

23 BOARD MEMBERS: Aye.

24 CHAIRWOMAN BEAVER: All those opposed? The
 25 motion carries.

1 We'll move on to Item 10F.

2 MR. HAMMIT: Madam Chair, this is a project on
 3 Interstate 40. It's a rock fall project. The low bid was
 4 \$2,628,331.80. The State's estimate was \$3,483,764.10. The bid
 5 was under the State's estimate by \$855,432.30, or 24.6 percent.
 6 As we looked through the contractor's bid, they -- saw their
 7 duration of the rock scaling, and this is a labor job. So most
 8 of it's in labor. They saw that they could do it in a shorter
 9 amount of time. They also -- when you did it in a shorter
 10 amount of time, that decreased the traffic control. So after
 11 we've reviewed their bid, we do believe that the bid is
 12 reasonable and responsive and would recommend award to Fann
 13 Contracting, Inc.

14 CHAIRWOMAN BEAVER: Do we have a motion to accept
 15 and approve staff's recommendation to award the contract for
 16 Item 10F to Fann Contracting, Inc.?

17 MR. STRATTON: So moved.

18 CHAIRWOMAN BEAVER: Motion by Board Member
 19 Stratton. Do we have a second?

20 MR. CUTHBERTSON: Second.

21 CHAIRWOMAN BEAVER: It's been seconded by Vice
 22 Chair Cuthbertson, the motion as stated.

23 All those in favor?

24 BOARD MEMBERS: Aye.

25 CHAIRWOMAN BEAVER: All opposed? Motion carries.

1 MR. HAMMIT: Thank you, Madam Chair.

2 Item 10G is a project on State Route 87. The low
3 bid was \$1,024,900. The State's estimate was \$752,093. It was
4 over the State's estimate by \$272,807, or 36.3 percent. As we
5 reviewed the bid and we reviewed our documents, we found that we
6 had an error in our documents. There's some environmental
7 mitigations that we left out, and with that, after that review
8 and the discovery of those errors, the department recommends to
9 reject all bids. We will repackage the project documentation
10 and rebid it with the proper paperwork. So the recommendation
11 is to reject all bids.

12 CHAIRWOMAN BEAVER: Do we have a motion to accept
13 and approve staff's recommendation to reject all bids for Item
14 10G?

15 MR. THOMPSON: Madam Chair, at what point will
16 this come back to the Board?

17 MR. HAMMIT: Madam Chair, Member Thompson, we
18 will -- it will come back when -- we will repackage it,
19 advertise it, and before award, it will come back to the Board.

20 MR. THOMPSON: Time zone maybe?

21 MR. HAMMIT: Probably two months. Two to three
22 months.

23 MR. STRATTON: Madam Chair.

24 CHAIRWOMAN BEAVER: Board Member Stratton.

25 MR. STRATTON: By adding these mitigation

1 measures, will this increase the State's estimate?

2 MR. HAMMIT: Madam Chair, Member Stratton, we
3 will look at that. I think most of them are time lines when the
4 contractor can and can't work. I don't know -- I think as we
5 saw, some of them recognized it. So we may should look at our
6 bid and adjust that. If we do make that adjustment, we would
7 come back to the Board earlier, because we would have to come
8 back to the Board to add money to the project. So we will look
9 at that and see if that's something that we should be doing.
10 Does that make sense? Has a PPAC agenda item --

11 MR. STRATTON: Just (inaudible) is some of the
12 contractors recognize there may be delays, and so it wasn't a
13 true apples and apples bid then. It was the apples and oranges
14 possibly.

15 MR. HAMMIT: Madam Chair, Member Stratton, that
16 is correct.

17 MR. STRATTON: I make a motion to reject all
18 bids.

19 CHAIRWOMAN BEAVER: Okay. Motion by Board Member
20 Stratton to reject all bids for Item 10G. Is there a second?

21 MR. SELLERS: Second.

22 CHAIRWOMAN BEAVER: Seconded by Board Member
23 Sellers. All those in favor?

24 BOARD MEMBERS: Aye.

25 CHAIRWOMAN BEAVER: All those opposed? The

1 motion carries. And that motion was to reject all bids.

2 MR. HAMMIT: The next item, 10H, and as Member
3 Stratton pointed out, in your board packet, the map carried over
4 from the previous item, on the screen and on -- is the correct
5 map of the area. So I want to point that out. This is a bridge
6 scour project on State Route 87. The low bid was \$401,525.50.

7 The State's estimate was \$570,637.10. The low bid was under the
8 State's estimate by \$169,111.60, or 29.6 percent. Where we saw
9 the differences, they got better-than-expected pricing in the
10 riprap, the structural concrete and the shotcrete. We have
11 reviewed the bid, and the department believes it is a reasonable
12 and responsive bid and recommends award to NGU Contracting, Inc.

13 CHAIRWOMAN BEAVER: Do we have a motion to accept
14 and approve the staff's recommendation to award the contract for
15 Item 10H to NGU Contracting, Inc.?

16 MR. STRATTON: So moved.

17 CHAIRWOMAN BEAVER: Okay. A motion by Board
18 Member Stratton. Second?

19 MR. HAMMOND: Second.

20 CHAIRWOMAN BEAVER: Seconded by Board Member
21 Hammond to approve the motion as stated. All those in favor?

22 BOARD MEMBERS: Aye.

23 CHAIRWOMAN BEAVER: All those opposed? The
24 motion carries.

25 MR. HAMMIT: Thank you, Madam Chair.

1 CHAIRWOMAN BEAVER: Thank you.

2 Do we have any suggestions from Board members for
3 future board meeting agendas, items?

4 I do have a question that I want to ask, and I
5 probably should have brought it up earlier. We received
6 correspondence from Many Farms chapter. It was a resolution.
7 Is that going in the five-year?

8 MR. ROEHRICH: Madam Chair, we are taking that as
9 part of the documentation that will come in as part of the
10 public hearings for the five-year program as a response from the
11 locals. In addition, I forward that on to the district
12 engineer, so he is made aware of it so he can start looking at
13 it while in the planning process.

14 CHAIRWOMAN BEAVER: Okay. Thank you. This
15 meeting --

16 MR. THOMPSON: Madam, there was a request made by
17 board supervisor to support your concern about the HURF shift.

18 UNIDENTIFIED SPEAKER: The HURF swap.

19 MR. THOMPSON: I mean, (inaudible) all appointed
20 by the governor?

21 CHAIRWOMAN BEAVER: Yes. As I understand it, it
22 is going to be implemented, and we're actually going to get a
23 time line of how they're going to make a presentation to all of
24 the local agencies across the state; am I correct?

25 MR. HALIKOWSKI: Madam Chair, there's two HURF

1 issues. One is the HURF swap where we swap federal money for
 2 State money to the -- allow locals to not have to be under all
 3 the federal regulations using State money when they're
 4 constructing a project.

5 The issue that Board Member Thompson is
 6 referencing is the HURF shift. And there are many local
 7 governments and also the Association of General Contractors
 8 who've been working with the legislature to stop shifting over
 9 HURF and Highway Fund money to the Highway Patrol budget.
 10 Shifts have arranged anywhere from 80 million to 120 million per
 11 year to fund the Department of Public Safety Highway Patrol, and
 12 there are advocates out there who say that they want that money
 13 restored back into the Highway Fund. Unfortunately, enforcement
 14 is a critical piece of running a transportation system, so if
 15 you're not funding the Department of Public Safety out of HURF
 16 dollars, which is Constitutionally allowable, you have to find
 17 another source of money to pay for Highway Patrol. And there
 18 have been suggestions to pay them out of the General Fund, but
 19 that's puts them in competition, obviously, with education,
 20 kids' care and other types of issues.

21 There's also been suggestions that perhaps the
 22 vehicle registration be raised. There was a bill in the
 23 legislature this session, which I don't think is going to be
 24 moving, but it would assess all Arizonans a fee on their car
 25 insurance policy to pay for Highway Patrol. So there is a lot

1 of discussion going on. The governor's budget this year
 2 proposes moving somewhere in the neighborhood of \$80 million out
 3 of the HURF fund over to the Highway Patrol. Whether or not
 4 that amount will be ultimately what's agreed upon in the final
 5 budget, I don't know. But it's safe to say that there are lots
 6 of people talking to the legislature about this issue, and it's
 7 getting a lot of attention.

8 CHAIRWOMAN BEAVER: I'm happy to -- because this
 9 was something I think that came up, also, at the Rural
 10 Transportation Summit.

11 MR. HALIKOWSKI: I'm sure it did.

12 CHAIRWOMAN BEAVER: There was some discussion,
 13 and it's the -- to better understand, I realize that the
 14 department of -- you know, DPS is very important to us in the
 15 state. They're always the first line, you know, when there's
 16 problems you go to. But I also, with regard to when -- these
 17 HURF funds, because that's affecting local communities, and they
 18 also have access to those federal dollars -- or not federal
 19 dollars, excuse me, federal legislation that allowed for when
 20 they have had a bust or something, they get the confiscated
 21 funds, and I don't know if that's through the AG's office, but I
 22 was wondering if that could be explained maybe a little more or
 23 -- about those funds that they have. Where do those funds go
 24 to? I know they go to local --

25 MR. HALIKOWSKI: What you're referring to --

1 MR. ROEHRICH: Well, Madam Chair, if I could,
2 we're starting to get into deliberation on a topic --

3 CHAIRWOMAN BEAVER: Okay.

4 MR. ROEHRICH: -- that was not agendaed, and if
5 there is a further discussion on this, I think we need to look
6 at addressing it through agendaing it as an item that we could
7 leave -- go ahead.

8 MR. HALIKOWSKI: I'd like to say to your
9 attorney, I'm very comfortable discussing these issues.

10 CHAIRWOMAN BEAVER: Well, possibly if the AG's
11 office could provide us future information about those funds
12 and --

13 MR. HALIKOWSKI: Actually, Madam Chair, I'll have
14 staff work up a paper. You're talking about RICO funds.

15 CHAIRWOMAN BEAVER: Yes.

16 MR. HALIKOWSKI: And these Racketeering
17 Investigation Enforcement funds actually go back to the law
18 enforcement agency that confiscates the money or property in
19 pursuit of those felonies. We'll work up a paper for you to
20 explain how those moneys go back to those particular agencies.

21 MR. STRATTON: Madam Chair, would it be
22 appropriate for the Board to consider at a future meeting a
23 resolution of the Board to the Senate and the House to consider
24 a non-shift of HURF funds to DPS and that they find -- or look
25 for other solutions rather than taking HURF dollars?

1 MR. HALIKOWSKI: Certainly the Board is more
2 than, you know, welcome to submit their resolution to that
3 effect.

4 MR. STRATTON: I would like to see it on the
5 agenda, at least for discussion at our next meeting.

6 MR. HALIKOWSKI: So what we can do, Madam
7 Chairman, Board Member Stratton, is we can give you an update of
8 the legislation. We can give you historical numbers on the
9 issue, because statutorily, it's actually, I believe, 12.5
10 million from HURF, 12.5 million from the State Highway Fund. So
11 it's a total of 25, but every budget area, what's happened is
12 the legislature has not withstood the statute. So not
13 withstanding the limitations in the budget, they would
14 appropriate more to DPS.

15 So there's, again, two items that you need to be
16 aware of. One is the switch to DPS of HURF funds, but the other
17 is the vehicle license tax shift for General Fund purposes, and
18 in some years, that's totaled \$118 million over and above the
19 DPS shift. So we can present you data on both of those over the
20 years, because vehicle license tax, unlike gas tax, can be used
21 for General Fund purposes.

22 MR. STRATTON: I would just like to have it on
23 the agenda so that the Board could discuss it with staff in a
24 legal (inaudible).

25 CHAIRWOMAN BEAVER: So you're requesting it on

1 our next month's agenda then?

2 MR. STRATTON: I think it would be timely to have
3 it next month since the legislature is in session.

4 UNIDENTIFIED SPEAKER: (Inaudible.)

5 CHAIRWOMAN BEAVER: Is there any additional
6 questions?

7 MR. ROEHRICH: Madam Chair, I've got a couple
8 points. Go ahead. I'm sorry.

9 MR. HALIKOWSKI: Go ahead. Go ahead.

10 MR. ROEHRICH: Just a couple of points. I want
11 to remind everybody that the next meeting is March 17th in
12 Tucson, and as you heard, we start the -- kind of the dual
13 meeting. We have the public hearing for the tentative program,
14 and we go on to regular Board topics.

15 I wanted to make everybody aware that we have
16 been contacted by the rural COGs about the Transportation Summit
17 in October. That location has changed, so we will bring an item
18 to the Board next month to modify the board location. That
19 period originally was Sierra Vista. It is now moving back to
20 Prescott. The Sierra Vista location fell through. So we'll
21 have to make an adjustment there.

22 And the third item I wanted to mention to the
23 Board is we will be sending you out an email next week about the
24 Roads and Streets Conference, which is April -- let me think
25 here -- 12th to the 14th, along with a website access where you

1 can get registered. If you remember, we asked the Board to
2 register. Paying your registration, you know, go get your
3 hotel, get all the receipts, bring them back, and then we'll
4 reimburse you for your attendance if you choose to attend the
5 Roads and Streets Conference.

6 And my fourth item is I want to congratulate
7 Michelle Kunzman on her engagement. Oh, did I step --

8 MR. HALIKOWSKI: You did because (inaudible).

9 MR. ROEHRICH: I had no other items.

10 MR. HALIKOWSKI: I'm not a geologist, Madam
11 Chairman.

12 MR. ROEHRICH: I have no other items.

13 MR. HALIKOWSKI: But I have noticed there's a two
14 carat diamond --

15 (Speaking simultaneously.)

16 MR. HALIKOWSKI: -- worn by an attorney who shall
17 remain nameless.

18 (Speaking simultaneously.)

19 MR. HALIKOWSKI: There are -- speaking on behalf
20 of all the men ADOT, broken hearts are (inaudible). This
21 happened on Valentine's Day, so it was very fitting.

22 MS. KUNZMAN: Thank you.

23 CHAIRWOMAN BEAVER: Congratulations.

24 MR. HALIKOWSKI: She is in the process with her
25 fiancée of blending their two families together.

1 MS. KUNZMAN: Yeah. He happens to be in the
2 room, so...

3 MR. HALIKOWSKI: Oh.

4 UNIDENTIFIED SPEAKER: Speaking on behalf of her
5 fiancée, I'm glad for those broken hearts.

6 MR. ROEHRICH: And by blending family, it's like
7 three or four dogs, right? That's what it is?

8 MS. KUNZMAN: Thank you.

9 (End of recording.)

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Adjournment

A motion to adjourn the February 17, 2017 Board meeting was made by Jesse Thompson and seconded by Michael Hammond. In a voice vote, the motion carries.

Meeting adjourned at 11:40 a.m. MST.



Deanna L. Beaver, Chairwoman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation