

ARIZONA STATE TRANSPORTATION BOARD  
STATE TRANSPORTATION BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

TELEPHONIC BOARD MEETING

March 20, 2020  
9:00 a.m.

REPORTED BY:

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PREPARED FOR:  
ADOT - STATE TRANSPORTATION BOARD

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REPORTER'S TRANSCRIPT OF EXCERPT OF ELECTRONIC  
PROCEEDINGS, ADOT - STATE TRANSPORTATION BOARD, was reported  
from electronic media by TERESA A. WATSON, Registered Merit  
Reporter and a Certified Reporter in and for the State of  
Arizona.

PARTICIPANTS:

Board Members:

- Michael S. Hammond, Chairman
- Steven E. Stratton, Vice Chairman
- Jesse Thompson, Board Member
- Sam Elters, Board Member
- Gary Knight, Board Member
- Richard Searle, Board Member
- Jenn Daniels, Board Member

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1 (Beginning of excerpt.)

2 CHAIRMAN HAMMOND: We'll now move on to Item 1.  
3 Is there a director's report for information and discussion  
4 only?

5 MR. ROEHRICH: Mr. Chair, I don't know if John  
6 was able to call in because of the activities, but we are going  
7 to dispense with the Director's report.

8 CHAIRMAN HAMMOND: Okay.

9 DIRECTOR HALIKOWSKI: Mr. Chair. Floyd.

10 MR. ROEHRICH: Yes. I'm sorry. The Director is  
11 on. Yes, sir.

12 DIRECTOR HALIKOWSKI: Mr. Chairman, thank you.

13 I -- just last minute update on the agency's  
14 operations, and Dallas will fill you in more, I believe. But  
15 right now, I just got off our daily internal call with COVID-19,  
16 and we are also having a daily call with the Governor's staff  
17 and the cabinet.

18 At this point, I think as Dallas will tell you,  
19 from the highways operation side, things are moving along.  
20 We've got a few absenteeisms, but I feel confident we're going  
21 to be able to continue to deliver services.

22 On the Motor Vehicle Division side, we are moving  
23 to more of an electronic service provision, because we have had  
24 a significant number of offices at or below 30 percent to 50  
25 percent staffing. So we will be doing some steps there that you

1 will hear more about next week. The Governor has extended the  
2 driver's license expiration deadlines, which will take some heat  
3 away from our offices, but other than that, we're fully staffed  
4 on the highway operations side, minus a few absentees, and ready  
5 to continue operations.

6 That concludes my report.

7 CHAIRMAN HAMMOND: Thank you, Director.

8 Any board member or anybody have any questions  
9 they'd like to direct to the Director?

10 Okay. Hearing none, we will now move on to the  
11 consent agenda. Does any member have an item they want removed  
12 from the consent agenda?

13 Do I have a motion to approve the consent agenda?

14 MR. STRATTON: This is Steve Stratton. Move to  
15 approve.

16 MR. THOMPSON: Jesse Thompson, (inaudible)  
17 supervisor. Second the motion.

18 CHAIRMAN HAMMOND: Okay. So Director Stratton  
19 and Director Thompson first and seconded the motion. Is there  
20 any discussion?

21 All in favor?

22 BOARD MEMBERS: Aye.

23 CHAIRMAN HAMMOND: Is there any opposed? Okay.  
24 We have approved the consent agenda.

25 We will now move on to the financial report. I

1 -- is Kristine there or are you going to get that Floyd? As I  
2 recall, I think you are.

3 MR. ROEHRICH: Yeah. Mr. Chair, with the events  
4 that are going on right now, Kristine could not be here. There  
5 is no financial report. The only issue I will say is revenues  
6 have been in our forecast up to this month, but obviously moving  
7 forward, there will be a concern what economic impact may have  
8 with all of the actions that are being taken with the COVID-19  
9 quarantines and issues. She and her team will be monitoring  
10 that closely, and she will have an update for all -- obviously  
11 the Director and Board next month. That's all I had for a  
12 financial report.

13 CHAIRMAN HAMMOND: I would suspect revenues, gas  
14 tax revenues would fall. That would be consistent. But any --  
15 any questions of Floyd from the Board?

16 DIRECTOR HALIKOWSKI: Mr. Chairman, this is the  
17 Director again. I just really want the Board to understand  
18 that, you know, continuing our revenue is critical to  
19 maintaining and operating the system, not to mention our  
20 discussions with associated general contractors. Right now  
21 we're trying to keep everybody working that is currently working  
22 on projects, and also projects we have in the pipeline. So  
23 we're working closely with ATC.

24 If you hear talk of suspended vehicle license tax  
25 or gas taxes during this crisis, that would not be a good idea,

1 because we are keeping people at work and keeping the system  
2 open through those revenues, not just at the state level, but  
3 also at all of our local levels, too. So that concludes my  
4 statement.

5 CHAIRMAN HAMMOND: Director, is it your  
6 recommendation we hoard gas?

7 DIRECTOR HALIKOWSKI: My recommendation is not to  
8 hoard gas, but you know, along with that, obviously travel is  
9 being limited, but we want to make sure that our deliveries and  
10 our critical commercial items and health emergency items are  
11 getting through the ports of entry and to their locations.

12 On another note, ADOT has topped off of its  
13 fueling stations around the state. In the event that emergency  
14 and first responders needed fuel, they will have card access to  
15 all of our fueling sites and able to top off their tanks as  
16 needed. So right now, from our perspective, ADOT has a complete  
17 complement of fuel ready to go, not only for our to purposes,  
18 but for emergency responders.

19 CHAIRMAN HAMMOND: Good information. Thank you.  
20 Thank you.

21 MR. ELTERS: Mr. Chairman.

22 CHAIRMAN HAMMOND: Yes. Identify yourself.

23 MR. ELTERS: Sam Elters.

24 CHAIRMAN HAMMOND: Okay.

25 MR. ELTERS: This is Sam Elters.

1                   A question to the team and the Director. Given  
2 what we've just heard from the Director and understanding that  
3 federal funding is a significant amount of -- a source that  
4 funds our projects, has the Director or the department received  
5 any feedback or any input or direction from the Federal Highway  
6 Administration related to this subject of revenue?

7                   MR. ROEHRICH: So Mr. Chair.

8                   DIRECTOR HALIKOWSKI: Go ahead, Floyd.

9                   MR. ROEHRICH: Okay. Mr. Chair, Mr. Elters, at  
10 this point it is continuing on as business as usual. Obviously  
11 the Congressional level, they're still dealing with the highway  
12 bill that would have expired. There's talk, will there be  
13 continuing resolution. That still is being debated at the  
14 federal level, and I don't know that we can give any more  
15 further update than that at this point. And again, without  
16 checking with Kristine, I could see if she has something she can  
17 put together and send out to board members. But there is the  
18 concern that the highway bill ends this year, I believe, and  
19 there is a concern what that would mean moving forward.

20                   DIRECTOR HALIKOWSKI: So at that point, to that  
21 point, Mr. Chairman and Mr. Elters, I just had a phone  
22 conversation with Karla Petty this week. There's no indication  
23 that federal funds coming to the states at this time are in  
24 jeopardy. We'll stay updated on that.

25                   The other advice we got from USDOT is obviously



1 relaxing of the hours of service requirements for truck drivers  
2 that are delivering emergency supplies to the state. So we're  
3 complying with that. Our rest areas are full right now. My  
4 reports indicate trucks that are on their way back and forth  
5 delivering supplies that need to stop and rest. We'll be also  
6 working with our community partners to see if additional parking  
7 is needed in urban areas for these drivers and see if we can  
8 accommodate that. So from a system perspective right now,  
9 everything looks pretty green as far as it continuing to move as  
10 it should be.

11 MR. ELTERS: Thank you, Mr. Chairman, and thank  
12 you, John and Floyd.

13 CHAIRMAN HAMMOND: Any other questions from the  
14 Board? Okay. Thank you.

15 Let's move on to Agenda Item 5 with Greg Byres,  
16 for information and discussion only, the Multi Planning Division  
17 report -- Multimodal Planning Division report.

18 MR. BYRES: Thank you, Mr. Chairman, board  
19 members. Good morning.

20 I only have a couple of items today. One is  
21 obviously we're not having our public hearing on the tentative  
22 five-year program. I do want to let you know that by statute,  
23 it's -- there's only one public hearing that's required prior to  
24 the Board approving. So we have some time to be able to do  
25 that, and hopefully our future scheduled public hearings will go

1 off as planned. Other than that, I don't have a whole lot.

2 The tentative program is currently available to  
3 you and the public. It is on the MPD website. There's a tab  
4 for the tentative program. It's fairly easy to pull down and  
5 take a look at. Other than that, that completes my report.

6 CHAIRMAN HAMMOND: Does any board member have a  
7 question of Mr. Byres?

8 Okay. Not hearing none, we will now move on to  
9 Item 6, the Priority Planning Advisory Committee PPAC items, for  
10 possible -- for discussion and possible action.

11 MR. ROEHRICH: So Mr. Chair, Greg, can I make one  
12 comment before we start?

13 CHAIRMAN HAMMOND: Sure.

14 MR. ROEHRICH: So Mr. Chair and board members,  
15 since we don't -- we normally project these where the Board can  
16 see it, and we don't have that capability set up. If the Board  
17 wants to follow along on the items, you can start following the  
18 PPAC items on page 214 of the Board packet that was sent out,  
19 and Greg will reference that as he's moving through the items.  
20 So if you have comments on those items, following in the Board  
21 packet, you can see that item. Thank you.

22 MR. BYRES: Thank you, Mr. Chairman.

23 MR. KNIGHT: Mr. Chair, this is Board Member  
24 Knight.

25 CHAIRMAN HAMMOND: Go ahead.

1 MR. KNIGHT: Items 6A and 6B are being deleted or  
2 we're asking -- or asking for deletion. Will that money -- that  
3 money will be put into the contingency fund; is that correct?

4 MR. BYRES: Yeah, that stays -- that -- I'm  
5 trying to look, Mr. Knight, Chairman. For 6A, that item is a  
6 modernization project. So that money would -- I'm trying to  
7 think if that stays in our subprogram.

8 UNIDENTIFIED SPEAKER: It will be.

9 MR. BYRES: Yeah. It stays in our subprogram for  
10 modernization. For 6B, that project, yes, that would go into  
11 contingency.

12 MR. KNIGHT: Okay. Thank you. And that was 6B,  
13 six bravo, correct?

14 MR. BYRES: That is correct.

15 MR. KNIGHT: Okay. Thank you. Thank you,  
16 Mr. Chair.

17 MR. BYRES: Mr. Chairman, board members, we'll go  
18 through. We have Items 6A through 6E, which are project  
19 modifications. These can be found in pages 214 through pages  
20 223. We present these -- or the Priority Planning Advisory  
21 Committee presents these with a recommendation for approval.

22 MR. THOMPSON: Chairman.

23 CHAIRMAN HAMMOND: Yes. You've got to introduce  
24 yourself.

25 MR. THOMPSON: This is Jesse Thompson, Board

1 Member. On 6D, can you give me a little bit of background as to  
2 why is that -- that project is being deleted?

3 MR. BYRES: Board Member Thompson, Mr. Chairman,  
4 this is an HSIP project, and we're actually going to be bundling  
5 that up with the rest of the projects so that we have four  
6 contiguous projects going all at once, rather than having one  
7 and then coming in later with the other projects. So we're  
8 actually putting them all together so that we can get a scale of  
9 economy for the entire project.

10 MR. THOMPSON: Okay. Thank you very much.

11 MR. KNIGHT: Mr. Chair, this is Board Member  
12 Knight. I move to approve.

13 CHAIRMAN HAMMOND: Do I have a second?

14 MR. ELTERS: Mr. Chairman, this is Board Member  
15 Elters. Second.

16 CHAIRMAN HAMMOND: Okay. We have a motion from  
17 Board Member Knight and a second from Board Member Elters to  
18 approve the PPAC items. Is there any more discussion?

19 All in favor?

20 BOARD MEMBERS: Aye.

21 CHAIRMAN HAMMOND: Are there any nays?

22 Okay. Hearing none, we have approval of Item 6,  
23 PPAC items.

24 Let's see. Where are we here now? We are now --

25 MR. BYRES: Mr. Chairman.

1                   CHAIRMAN HAMMOND: PPAC new projects, Items 6F  
2 through 6H.

3                   MR. BYRES: Thank you.

4                   You can follow through with these. This is on  
5 pages 224 through 229. These are new projects that are being  
6 brought in front of the Board. Again, the planning -- the  
7 Priority Planning Advisory Committee brings these forward with a  
8 recommendation for approval.

9                   MR. KNIGHT: Mr. Chair, this is Board Member  
10 Knight.

11                  CHAIRMAN HAMMOND: Yes.

12                  MR. KNIGHT: Item 6H, that's being brought  
13 forward two years. So what projects are going to be deleted --  
14 delayed if that one's brought forward two years?

15                  MR. BYRES: Board Member Knight, Mr. Chairman,  
16 for this, actually, several of the projects that are in those  
17 modifications that we had prior, as well as some prior  
18 modifications that we have brought to the Board before, have  
19 made room in the program for us to bring this forward. In other  
20 words, it's actually left a hole that we're filling with this  
21 project.

22                  MR. KNIGHT: Thank you.

23                  CHAIRMAN HAMMOND: Any other questions?

24                  MR. KNIGHT: That being said, Mr. Chair, I would  
25 move to approve.

1 CHAIRMAN HAMMOND: And who are you?

2 MR. KNIGHT: Yeah. This is Board Member Knight.

3 Sorry.

4 CHAIRMAN HAMMOND: Do I have a second?

5 MR. STRATTON: Second. This is Steve.

6 CHAIRMAN HAMMOND: Okay. We have a motion to

7 approve from Board Member Knight, a second from Board Member

8 Stratton. Is there more discussion?

9 All in favor of PPAC Items 6F through 6H?

10 BOARD MEMBERS: Aye.

11 CHAIRMAN HAMMOND: Are there any nays? Okay.

12 Hearing none, we have approval.

13 Okay. PPAC airport project, Item 6I project.

14 Item 6I.

15 MR. BYRES: Mr. Chairman, board members, this

16 Item 6I can be followed through on pages 630 through 631. This

17 is a project for the Grand Canyon Airport, and the planning --

18 or the Priority Planning Advisory Committee brings this forward

19 with a recommendation for approval.

20 CHAIRMAN HAMMOND: Okay. Either questions or a

21 motion is in order.

22 MR. ELTERS: This is Sam moving to approve the

23 projects.

24 CHAIRMAN HAMMOND: Okay. Do we have a second?

25 MR. KNIGHT: Second. This is Board Member

1 Knight.

2 CHAIRMAN HAMMOND: Okay. We have a motion to  
3 approve from Board Member Elters and a second from Board Member  
4 Knight. More discussion?

5 All in favor?

6 BOARD MEMBERS: Aye.

7 CHAIRMAN HAMMOND: Any nays?

8 Okay. Hearing none, we'll now move on to the  
9 Agenda Item 7, state engineer's report for information and  
10 discussion only.

11 MR. HAMMIT: Good morning, Mr. Chair. This is  
12 Dallas Hammit, State Engineer. Currently in the -- we have 81  
13 projects under construction totaling \$886 million. We finalized  
14 11 projects in February totaling \$35.7 million, and year to date  
15 we have finalized 75 projects.

16 A couple updates. The first one is on State  
17 Route 260, the Lion Springs segment. We have issued a limited  
18 notice to proceed, and work has begun, specifically survey work.  
19 We are working to get negotiations completed on the full notice  
20 to proceed, and if things go as scheduled, we look to have a  
21 kickoff meeting in early May.

22 As the Director mentioned, our construction  
23 projects are moving forward. I'm almost in daily correspondence  
24 with the AGC. We're working together. Their contractors are  
25 working. Our people are out there, and we're moving forward.

1                   We're also working closely with our ADOT  
2 designers and consultant designers to get the projects designed  
3 and developed to deliver the 2020 program. Our people are  
4 working both remotely and here in the ADOT facilities to deliver  
5 that. We are practicing, you know, appropriate protocols, keep  
6 our folks safe, but there are a number of people at the ADOT  
7 facilities working.

8                   And in their operations areas, our crews continue  
9 to support daily operations. And as you are aware, we had a  
10 pretty good snow event. That was one of my highlights of the  
11 week as I listened to that call. Our folks were coming to work  
12 ready to go, ready to serve. And I don't know if all of you  
13 know that in the northern areas, we have more snow plows than we  
14 have enough people to operate those on big events. So we  
15 bring -- we call it a loner program. We bring certified drivers  
16 from southern districts to go up north. Again, we had plenty of  
17 people volunteering to go from the southern districts to support  
18 the northern districts, and that event went fairly well.

19                   With that, that's the end of the state engineer's  
20 report. Any questions?

21                   CHAIRMAN HAMMOND: All right. Are there any  
22 questions of the state engineer?

23                   Thank you, Dallas.

24                   Moving on to Agenda Item 8, construction  
25 contracts for discussion and possible action.



1 MR. HAMMIT: Thank you, Mr. Chair, and thank you,  
2 Board, for approving the five projects in the consent agenda.

3 And we do have seven projects that need additional information.

4 Item 8A, and this is on page 240 of 282 on your  
5 agenda. This is a bridge deck replacement project on Interstate  
6 40. On that project, the low bid was \$3,881,894. The State's  
7 estimate was \$3,226,506. That's a difference of \$655,388, or  
8 20.3 percent.

9 In reviewing the bids, we saw higher than  
10 expected pricing in the asphaltic concrete, mobilization,  
11 removal of the bridge structure, our concrete (inaudible). The  
12 Department has reviewed the bid and believes it is a responsive  
13 and responsible bid and recommends award to FNF Construction,  
14 Inc.

15 CHAIRMAN HAMMOND: Board discussion? Questions?  
16 Do I hear a motion somewhere?

17 MR. THOMPSON: Chairman, this is Board Member  
18 Thompson. I would move for approval.

19 MS. DANIELS: Jenn Daniels. Second.

20 UNIDENTIFIED SPEAKER: Second.

21 CHAIRMAN HAMMOND: Okay. We have a motion for  
22 approval from Board Member Thompson, a second from Board Member  
23 Daniels. Is there any more discussion?

24 All in favor?

25 BOARD MEMBERS: Aye.

1 CHAIRMAN HAMMOND: Are there any nays?

2 Okay. We have approval of Item 8A to FNF  
3 Construction.

4 Okay. Item 8B.

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

6 Item 8B, and this is found on page 241 of 282,  
7 another bridge rehabilitation on Interstate 40. On this project  
8 the low bid was \$3,472,182. The State's estimate was  
9 \$2,694,384. It was over the State's estimate by \$777,798, or  
10 28.9 percent.

11 We saw higher than expected pricing in the  
12 roadway excavation, the aggregate base. This has a polyester  
13 polymer concrete. And also, we saw higher than expected pricing  
14 in structural concrete. After review of the bids, the  
15 Department believes it is a responsive and responsible bid and  
16 recommends award to Vastco, Inc.

17 CHAIRMAN HAMMOND: Okay. Do we have some  
18 questions and discussion on Item 8B?

19 If not, do I hear a motion?

20 MR. THOMPSON: Chairman, I again would like to  
21 make a motion for approval.

22 CHAIRMAN HAMMOND: Okay. So we have a second?

23 MS. DANIELS: Second. Jenn Daniels.

24 CHAIRMAN HAMMOND: Okay. We have a motion to  
25 approve from Board Member Thompson, a second from Board Member

1 Daniels. Is there more discussion or questions?

2 All in favor of approving Item 8B to Vastco,  
3 Inc., say aye.

4 BOARD MEMBERS: Aye.

5 CHAIRMAN HAMMOND: Okay. That was about as roll  
6 call as we could get. Are there any nays out there?

7 Okay. Good. We have approval of Item 8B.

8 Okay. Item 8C, to Pulice Construction.

9 MR. HAMMIT: Yes. Mr. Chair, thank you.

10 Item 8C is found on page 242, and we're staying  
11 on I-40 doing some bridge rehabs. On this project, the low bid  
12 was \$4,272,377. The State's estimate was \$3,585,896. It was  
13 over the State's estimate by \$686,481, or 19.1 percent. We saw  
14 higher than expected pricing in our clearing, our roadway  
15 excavation, our aggregate base. We do have on this project as a  
16 safety -- a smart work zone. So at some point I would come to  
17 the Board and give you a briefing on what we're doing there. I  
18 think this is going to make the work zone safer for both our  
19 employees and the traveling public. The Department has reviewed  
20 the bid and believes it is a responsive and responsible bid and  
21 recommends award to Pulice Construction, Inc.

22 CHAIRMAN HAMMOND: Okay. Yeah. Just a general  
23 question, Dallas. I thought we were trying to -- we -- thought  
24 we had caught up on the increased costs that we've been seeing  
25 over the last couple of years. Is there anything unique here,

1 any comment you'd like to make overall on these overruns?

2 MR. HAMMIT: Mr. Chairman, members of the Board,  
3 will we continually see prices increasing? We are on a  
4 quarterly basis developing a cost index, and we're making those  
5 corrections. It's just those prices are moving up faster than  
6 we can make corrections.

7 MR. KNIGHT: Mr. Chair, this is Board Member  
8 Knight.

9 CHAIRMAN HAMMOND: Yes.

10 MR. KNIGHT: I would just like to say that on  
11 this one, I'm just happy to see that the funding is 99.34  
12 percent fed.

13 CHAIRMAN HAMMOND: (Inaudible) the printing  
14 press, right?

15 MR. HAMMIT: Mr. Chairman, Member Knight, one  
16 thing to note on that. We -- when we get that, we do not get  
17 any additional federal funds to do this. It does help us on our  
18 cash flow so we're not having to spend our money on match.

19 The reason we get that higher federal share is  
20 because of the innovations being used on the project, but I  
21 don't want there to be confusion that there is more federal  
22 dollars to the system. It's just the flexibility of what we're  
23 doing.

24 CHAIRMAN HAMMOND: Okay. Thank you for the  
25 clarification. Are there any more questions on Item 8C? If

1 not, I'll entertain a motion.

2 MR. THOMPSON: Chairman, again, I'd like to make  
3 a motion. This is Board Member Thompson.

4 MR. STRATTON: Board Member Stratton. Second.

5 MR. KNIGHT: Board Member Knight.

6 CHAIRMAN HAMMOND: Okay. We have a motion from  
7 Board Member Thompson, a second from Board Member Stratton. Any  
8 more comments and discussion?

9 All in favor?

10 BOARD MEMBERS: Aye.

11 CHAIRMAN HAMMOND: Are there any nays?

12 Okay. We approve Item 8C to Pulice Construction.

13 All right. Item 8D to Technology Construction,  
14 Inc.

15 MR. HAMMIT: Thank you, Mr. Chair.

16 Item 8D, and this is found on page 243 of 282.  
17 We're on US-60. This is a fence placement project. On this  
18 project the low bid was \$831,802. The State's estimate was  
19 \$580,755. It was \$251,047, or 43.2 percent. We saw higher than  
20 expected pricing. This has -- not just regular fence. It's a  
21 game fence. The construction survey and layout and  
22 mobilization. This is in a location that we saw higher than  
23 expected pricing in these areas for the labor. After review of  
24 the bids, the Department believes it is a responsive and  
25 responsible bid and recommends award to Technology Construction,

1 Inc.

2 MR. STRATTON: Mr. Chair, this is Board Member  
3 Stratton. I'm glad to see that we spend money in other  
4 districts, too, besides number five. I would move to approve.

5 CHAIRMAN HAMMOND: Okay. (Inaudible) motion to  
6 approve. A second?

7 MR. KNIGHT: Second by Board Member Knight.

8 CHAIRMAN HAMMOND: Board Member Knight. Okay.  
9 We have a motion from Board Member Stratton, and a second from  
10 Board Member Knight. Any more discussion?

11 All in favor signify by saying aye.

12 BOARD MEMBERS: Aye.

13 CHAIRMAN HAMMOND: Any -- anybody nay out there?  
14 Okay. We have approval of 8D, as in dog, to  
15 Technology Construction, Inc.

16 Item 8C -- how did we go from D to C? But anyway  
17 -- no. Item 8E. My glasses are -- Linda, you gave me six point  
18 type on that.

19 MR. HAMMIT: Thank you, Mr. --

20 CHAIRMAN HAMMOND: DBA Construction, Inc.

21 MR. HAMMIT: Yeah. Thank you, Mr. Chair.

22 Item 8E, found on page 244. On this project the  
23 low bid was -- and this is a multi-use path in the city of  
24 Avondale. A local project. The low bid on this project was  
25 \$1,311,177. The State's estimate was \$1,107,923. It was over

1 the State's estimate by \$203,254, or 18.3 percent.

2 Where we saw -- where we were lower than expected  
3 on our pricing was the soil cement bank that is required on the  
4 project to protect it from the riverbed. After reviewing the  
5 bid, the Department believes it is a responsive and responsible  
6 bid and recommends award to DBA Construction, Inc.

7 CHAIRMAN HAMMOND: Okay. Any questions on Item  
8 8E? If not, I'll entertain a motion.

9 MR. ELTERS: Mr. Chairman, this is Board Member  
10 Elters. Move to approve.

11 MR. STRATTON: Mr. Chairman, it's Board Member  
12 Stratton. I second.

13 CHAIRMAN HAMMOND: All right. We have a motion  
14 to approve from Board Member Elters, a second from Board Member  
15 Stratton for Item 8C, DBA Construction.

16 Signify by saying aye if you approve.

17 BOARD MEMBERS: Aye.

18 CHAIRMAN HAMMOND: Are there any nays?

19 Okay. We have approval of Item 8E.

20 Item 8F, KAZ Construction. KAZ Construction.

21 MR. HAMMIT: Yes, thank you, Mr. Chair.

22 This project is another multi-use path in a  
23 little bit south of Tucson. On this project, after opening the  
24 bids, the Department was notified by the Tohono O'odham Nation  
25 that the tribal boundaries along San Xavier Road were

1 incorrectly identified. As a result, additional right-of-way is  
2 needed and will not be available for more -- for six months or  
3 more. The San Xavier district and Tohono O'odham Nation,  
4 working with the Bureau of Indian Affairs, are working to obtain  
5 a right-of-way permit.

6 With that, the Department recommends -- is  
7 requesting the Board to reject all bids. Once the right-of-way  
8 is obtained, we will re-advertise the project.

9 CHAIRMAN HAMMOND: Okay. Any discussion? Motion  
10 -- somebody want to make a motion here?

11 MR. ELTERS: Mr. Chairman, Board Member Elters,  
12 move to approve.

13 MR. KNIGHT: Board Member Knight. Second.

14 CHAIRMAN HAMMOND: Okay. Board Member Elters for  
15 approval, Board Member Knight for a second to reject all bids.  
16 Any more discussion?

17 All in favor signify by saying aye.

18 BOARD MEMBERS: Aye.

19 CHAIRMAN HAMMOND: Are there any opposed?

20 Okay. Motion carries to reject all bids.

21 Okay. We now have an amendment. This was  
22 consent Item 3K, and it's now been moved to Item 8G. 8G. So  
23 this is -- we may have a little discussion here. So go ahead.  
24 Is that you, Dallas? You going to present this?

25 MR. HAMMIT: Yes, Mr. Chair.



1                   Item 8G, and this is down on page 2 of your  
2 addendum. This is a chip seal project just south of the  
3 Prescott area on State Route 89. On this project, the  
4 Department found some irregularities in some DBE certifications.  
5 We do have representatives from two of the bidders, Earth  
6 Resources and VSS that would like to address the Board. And  
7 Mr. Chair, I guess with your direction, would you like them to  
8 address the Board and then me continue, or how would you like to  
9 proceed?

10                   CHAIRMAN HAMMOND: They could certainly present.  
11 Do they have a time limit that they should be aware of?

12                   MR. ROEHRICH: Mr. Chair, this is Floyd. In this  
13 case, we've never really put a time limit on it, but we've asked  
14 people to keep their comments under five minutes, because  
15 they'll only get one chance to present their topic before Dallas  
16 is able to complete his statements.

17                   CHAIRMAN HAMMOND: Okay. Let's see if we can do  
18 that, hopefully under five for each.

19                   MR. HAMMIT: Okay. With your permission,  
20 Mr. Chair, from Earth Resources, Wyatt Orr. Are you on the  
21 phone, sir?

22                   MR. ORR: Yes, sir, I am.

23                   MR. ROEHRICH: Please go ahead, Mr. Orr.

24                   MR. ORR: Thank you.

25                   Good morning, ladies and gentlemen of the Board.

1 I sure appreciate your time this morning. I know we're all busy  
2 and trying to focus on keeping us this road going in the right  
3 direction. You guys are a team, and I appreciate your time.

4 I just want to apologize for the error we had in  
5 the bid documents there. Actually, sorry, the post-bid  
6 document.

7 Want to state that we did reach out prior to  
8 bidding this project to you guys and asked that the DBE goal  
9 would be required. Typically, on chip seals, we do not see a  
10 DBE goal placed on a chip seal project because of the cost of  
11 the product is so high, and the subs are so few, it becomes  
12 difficult for us to find DBE and make the requirements. We did  
13 reach out to you guys and asked to clarify that. It did come  
14 back that you guys wanted it, and it was kind of high, but we  
15 did find a way to meet it.

16 All of our forms we submitted with the bid did  
17 state we met it, and all the forms afterward signed by our  
18 company were certified that were accurate, and we met the goal.

19 Our subcontractor, one of our two subcontractors  
20 that we named and listed as a DBE, the trucking company had an  
21 error in their rounding, which caused a \$63 error, which put us  
22 out of compliance. On their form. That form was not signed by  
23 our company. It was signed by them only. We also submitted a  
24 letter from that local trucking company that stated that they  
25 made an error, and it was their fault, and would that be changed

1 to the correct amount. But our DBE goals were met with both of  
2 our subs.

3           You know, you guys had mentioned there was a  
4 reasonable basis (inaudible) to figure out the math came to that  
5 point. And as we took the total on our attachment, number  
6 one -- I believe you guys have those in your documents,  
7 documents, excuse me -- our DBE certification task number one,  
8 if you took that amount, the 50,283 in BLA Trucking,  
9 Incorporated and divided it by \$90 an hour, you would come up  
10 with the correct amount of trucking hours that should have been  
11 placed on their attachment number one from BLA Trucking, their  
12 certification that they made an error on. A .7 hours of  
13 trucking error, which caused a \$63 error, which put us out by  
14 .005 percent there.

15           So, you know, the error was made by a sub. We  
16 understand that. Understanding that on a job like this, we have  
17 to monitor the job on a daily basis to make sure we use enough  
18 of the BLA Trucking trucks to make sure we meet the goal daily.  
19 The project is a chip seal, so quantities can rapidly change and  
20 go up and down with the amount of oil required in the road to  
21 adhere the chip properly. So it is definitely a difficult job  
22 to maintain your DBE standards, but we've done one in the past,  
23 and it is doable, but the trucking number is not a subcontract  
24 number that is just period. It is a moving target that can go  
25 up and down with the project as it needs to as the project

1 changes. So it's something we have to monitor and watch every  
2 day that we have enough quantity of the BLA trucks on the job  
3 site to meet that goal, which we are prepared to do, and that's  
4 why we had stated as a lump sum, they put the hours in there and  
5 made that error. But we definitely would perceive that we can  
6 meet that goal as we go.

7           Finally, time to conclude. Yeah, we are an  
8 Arizona-based company. We are local. This project is in our  
9 county. All of the employees that work for my company and the  
10 companies -- employees who work for BLA Trucking, the  
11 subcontractor that were -- that had the error are all local.  
12 Therefore, there's no (inaudible). Mobilization's down. They  
13 would also go home every night to their houses. There would be  
14 no out-of-town hotels and food and issues like that.

15           The costs would also be increased to use the  
16 second bidder, second lowest bidder, would go up by \$39,668 to  
17 construct. And in my opinion, also place -- in the world we  
18 live in today, unfortunately, would place, you know, an undue  
19 risk to communities and to people to have people -- you know, to  
20 have to go out of town when it's not required and we're a local  
21 company.

22           So it may or may not do that. I understand it's  
23 all speculation at this point, but it's definitely a risk we  
24 don't have to take when you have a local contractor that is  
25 capable of doing a job, had a clerical error that is easily

1 seen, by a subcontractor, that would be repaired and can do this  
2 job, especially when it's a bid item that is not a lump sum bid  
3 item. It is a by the hour bid item for them to provide.

4 So we'd request ask you guys consider that for  
5 the safety of our community, the people that are working, the  
6 people that are coming up for their work and all of us. Thank  
7 you.

8 CHAIRMAN HAMMOND: Okay. Thank you very much,  
9 Mr. Orr. And another gentleman wishes to speak, correct?

10 MR. HAMMIT: Yes, Mr. Chair. From VSS  
11 International, Joanne Mclaughlin.

12 Joanne, are you on the phone?

13 MS. PRIANO: Tell her to hit star six.

14 MR. HAMMIT: Joanne, if you're on the phone and  
15 you may be muted, try star six.

16 MS. PRIANO: (Inaudible.)

17 MR. ROEHRICH: Is there anybody else from VSS  
18 International?

19 MR. HAMMIT: Mr. Chair, we are seeing if -- we  
20 had a phone number for them. We're seeing if we can find it on  
21 the one still --

22 MS. PRIANO: 704.

23 MR. HAMMIT: 04.

24 CHAIRMAN HAMMOND: Okay. Yeah. We can pause a  
25 moment here. Sure.

1 MS. PRIANO: I'm looking. I do not see her on  
2 here. The number they gave me ends in 04.

3 MR. HAMMIT: (Inaudible.)

4 MS. PRIANO: That's us. Yeah. That's us. And  
5 those aren't muted, so she could (inaudible).

6 MR. HAMMIT: So Mr. Chair, from what we see, it  
7 does not appear that VSS is on the phone at this time. With  
8 your permission, I would go through the Department's -- what we  
9 did in the review of the bid.

10 CHAIRMAN HAMMOND: Yeah. That would be fine, and  
11 if she's struggling to get online, and she'll get online maybe  
12 while you're making your comments. So go ahead.

13 MR. HAMMIT: Thank you, Mr. Chair.

14 And as was mentioned earlier, on this project,  
15 like most of our construction projects, we use federal funds on  
16 those. ADOT and FHWA, to administer those funds, we enter into  
17 a stewardship and oversight agreement that governs those federal  
18 funds. Once those agreements are in place, they tell ADOT how  
19 -- tell -- ADOT tells FHWA how we're going to administer all of  
20 our programs, one of which is the DBE or the Disadvantaged  
21 Business Enterprise Program. And our current program is in  
22 compliance with federal statutes. From those requirements, the  
23 DBE program determines DBE goals and specifications for bidding  
24 are developed.

25 To ensure a fair playing field, all contractors

1 bidding on the project use specified requirements, and they're  
2 outlined in contract documents. As the Department reviews the  
3 contractor-submitted documentation and errors are discovered,  
4 the Department looks to see if those errors can be corrected.  
5 The Department can only look at information submitted by the  
6 contractor to make those corrections. The Department cannot  
7 make assumptions for any corrections that is not supported by  
8 submitted contract documentation.

9           Specifically, on this project and this issue,  
10 there were errors in the DBE submittal, and as was mentioned,  
11 the DBE paperwork is submitted within five days of the bid. The  
12 DBE specifications require two documents to be submitted: An  
13 intended participation summary and an intended participation  
14 affidavit. That participation affidavit is signed by the DBE  
15 sub. That is them saying that they're going to do the work.  
16 The other document does not have a signature from the DBE sub.

17           Specifically, on this project, there were errors.  
18 The error in there were those two documents did not match. On  
19 item -- and you can see those when you look at it. On page --  
20 I'm pulling it up on my sheet, and it's at attachment number one  
21 and two on your addendum. On item -- this is our contract item.  
22 4040159, that cover material, that was listed on both projects.  
23 The problem is the totals did not match. There was, as  
24 mentioned before, a \$63 difference. Since the DBE signs the  
25 affidavit for that, that is the commitment, and that was a

1 commitment submitted by the prime, signed by the DBE to the  
2 Department. That one is what the Department uses to govern.

3 When the correction was made, the goal went --  
4 did not meet the 6.57, and it was 6.56. And I understand the  
5 concern, because it is extremely close, but they did not meet  
6 the goal.

7 There -- we looked at the contractor submittal  
8 about the rounding error. On the submitted documentation, there  
9 was nothing that talked about the 58.7 hours. We had a 58  
10 hours. Yes, we can do the math to get there, but we could also  
11 do math to adjust the unit price. So and the staff both at  
12 our -- our technical, our DBE staff and with legal guidance, we  
13 recommended that the bid was non-responsive.

14 MR. ROEHRICH: Elizabeth Mclaughlin is on the  
15 phone now.

16 MR. HAMMIT: And Mr. Chair, I was just notified  
17 that VSS is on the phone, but before we go to her, do you have  
18 any questions of me, or do you want to wait and let  
19 Ms. Mclaughlin address the Board?

20 CHAIRMAN HAMMOND: What's the Board's pleasure?  
21 Do you want to ask questions or do you want to wait until VSS  
22 speaks?

23 UNIDENTIFIED SPEAKER: I'd rather wait --

24 UNIDENTIFIED SPEAKER: Chairman --

25 CHAIRMAN HAMMOND: I heard wait.



1 UNIDENTIFIED SPEAKER: Yes.

2 CHAIRMAN HAMMOND: Okay. All right. Joanne  
3 Mclaughlin, are you on the phone?

4 UNIDENTIFIED SPEAKER: (Inaudible.)

5 MS. PRIANO: You can unmute your phone by hitting  
6 star six.

7 MS. MCLAUGHLIN: Hello. Can you hear me now?

8 MS. PRIANO: Yes.

9 CHAIRMAN HAMMOND: Yes, we can.

10 MS. MCLAUGHLIN: Thank you so much, sir, for  
11 having me, and I do apologize for my tardiness, but I very much  
12 appreciate the opportunity to be before you and answer any  
13 questions and provide any input that I can.

14 CHAIRMAN HAMMOND: Well, we've asked that you  
15 limit your comments to five minutes. Is that -- is that your --  
16 what you would like, just to answer questions?

17 MS. MCLAUGHLIN: I'm happy to answer questions,  
18 make any statements, any information that I can provide.

19 I am -- just to introduce myself, I'm the DBE  
20 compliance manager for VSS. My background is I was a DBE  
21 contract specialist for the City of Phoenix for many years. So  
22 I've sat on the side of the table that your contract specialist  
23 sits on.

24 I'm actually very familiar with this process,  
25 helped write the SBE and DBE policies for City of Phoenix, and I

1 am familiar with the Earth Resources and their subcontractor and  
2 the process. So I'm extremely concerned about where we're at  
3 now, and I have full faith that the process will provide what it  
4 needs to for an amicable solution for everyone. And I also look  
5 at it as a learning experience for all parties involved.

6 CHAIRMAN HAMMOND: Okay. I think you know what  
7 the argument is of the -- that it's a very small error, rounding  
8 error, and should be ignored. I'd just like your thoughts on  
9 what you would say to that.

10 MS. MCLAUGHLIN: Well, sir, when I would do  
11 prebid meetings for the City of Phoenix, I would specifically  
12 address rounding errors, and we were very emphatic to let our  
13 bidders know, our sub -- our SBES and DBES know, there is no  
14 rounding. It has to be exact. If you round up or down and  
15 change this, it is not exact. We are talking black and white.

16 I have thrown multiple bidders out for rounding  
17 and not being accurate. So I've had to do it on that end of it.  
18 I would always make a phone call to someone and say, even if  
19 they weren't the low bidder, you rounded. Don't do it now as  
20 number seven bidder, because when you do it as number one,  
21 you're going to get thrown out.

22 It is a material breach of the program and of the  
23 form. It is not personal against Earth Resources. I think  
24 every one of the bidders who submitted to you would do an  
25 excellent job for this contract. That is not the point. I'm

1 speaking to you as a compliance person. This was a material  
2 breach. There is a responsibility on the prime contractor  
3 bidder to ensure that all of their forms are accurate upon  
4 submittal. You cannot, after the submittal date, go back and  
5 redo your forms. They are what they are, and if they're not  
6 accurate, they are nonresponsive.

7 CHAIRMAN HAMMOND: Okay. Thank you,  
8 Ms. Mclaughlin. Thank you, Mr. Orr.

9 Dallas, do you want to make any final comments  
10 before we open it up to the Board?

11 MR. HAMMIT: Yes, Mr. Chair.

12 Also, there was errors on the VSS submittal, on  
13 the form, and you can see that on the addendum as well. I'm  
14 pulling that up. It is the one that is in green. If you have a  
15 color copy, it's attachment number three. It is our Bid  
16 Express. This is where the contractor does their electronic  
17 bidding.

18 On that DBE affidavit form, we asked for the item  
19 number. VSS put the line number, but the line number and the  
20 description, which is also required, matched on Item 1 and Item  
21 14. As the Department reviewed that, we felt that that was a  
22 non-material variance, because from the information submitted,  
23 it was very clear what items were being referenced in the  
24 documentation. We have made adjustments on non-material  
25 variances in the past, and we do consider this a responsive bid.

1                   Are you ready for a recommendation, or do you  
2 want to ask questions first?

3                   CHAIRMAN HAMMOND: Well, why don't you make your  
4 recommendation, and then we'll discuss it as a board. I think  
5 we should know what your recommendation is.

6                   MR. HAMMIT: Thank you, Mr. Chair.

7                   The Department, after reviewing the documents,  
8 believes that the low bidder failed to meet DBE requirements and  
9 requests the Board to reject that bid. After review of the  
10 second low bidder, we believe it is a responsive and responsible  
11 bid and recommends award to VSS International, Inc.

12                  CHAIRMAN HAMMOND: Okay. Board, what's your  
13 pleasure? Questions?

14                  MR. SEARLE: Chair, this is Richard Searle. I  
15 have a question for staff.

16                  CHAIRMAN HAMMOND: Go ahead, Richard.

17                  MR. SEARLE: I'm assuming that ADOT monitors and  
18 audits this project as it goes through the verified compliance  
19 of the DBE goals; is that correct?

20                  MR. HAMMIT: Mr. Chairman, Board Member, that is  
21 correct. We go through. The one thing that I would point out,  
22 at this time these are DBE commitments. We do go in and  
23 throughout the project do monitor it and check to see where  
24 we're at.

25                  MR. SEARLE: Okay. And what do you do in the

1 middle of a project if they do not meet or aren't meeting the  
2 DBE goal?

3 MR. HAMMIT: Mr. Chairman, Board Member, what we  
4 do, we work with the contractor. We do have penalties if they  
5 are not meeting their DBE goals. Sometimes if the quantities  
6 are adjusted, which we make the decision that we deleted some  
7 quantities that they were doing DBEs, we can give them relief if  
8 the prime contractor is not meeting the goal, because they're  
9 using other resources. They are penalties put in place.

10 MR. SEARLE: Okay. Thank you.

11 CHAIRMAN HAMMOND: Are there any other discussion  
12 from the Board? If not, I'll entertain a motion. If there is,  
13 please ask.

14 MR. KNIGHT: Mr. Chair, this is Board Member  
15 Knight. I have to assume that the legal department has an  
16 opinion on this, and that's what we're looking at; is that  
17 correct?

18 MR. HAMMIT: Mr. Chair, Member Knight, the ADOT's  
19 -- and I want to clarify. Mr. Acosta is here. He is  
20 representing -- his role in this is representing staff. He did  
21 advise us. He is here. He can answer questions. He is not  
22 your attorney. He's staff's attorney for that, but he did  
23 review the document and is in agreement or -- we can ask him,  
24 but he is in agreement with what we -- our recommendation.

25 MR. KNIGHT: Thank you.

1                   CHAIRMAN HAMMOND: Board Member Knight, if you  
2 want hear from the legal counsel, you can so direct. Otherwise,  
3 we can take Mr. Hammit's word for it. Your pleasure.

4                   MR. KNIGHT. No. I just wanted to make sure that  
5 legal had looked this over carefully and what we're looking at  
6 is what staff and legal feels is our best standing legally.

7                   CHAIRMAN HAMMOND: Are there other questions or  
8 is there a motion?

9                   MR. STRATTON: Mr. Chairman, this is Steve  
10 Stratton. In light of the answer Mr. Knight got to his  
11 question, I would move to approve Mr. Hammit's recommendation.

12                   CHAIRMAN HAMMOND: Okay. Do we have a second?

13                   MR. ELTERS: Mr. Chairman, Board Member Elters.  
14 I second.

15                   CHAIRMAN HAMMOND: Okay. We have a motion to  
16 approve from Board Member Stratton, a motion -- a second motion  
17 to Board Member Elters to approve Item 8G, awarding the contract  
18 to VSS International. Any more discussion?

19                   MR. ROEHRICH: Mr. Chairman, this is Floyd.  
20 Before you call, Mr. Chairman, it's not just to award it to VSS  
21 International, but it's to reject the bid of Earth Resources  
22 Corporation. Both of those are in the motion, correct?

23                   CHAIRMAN HAMMOND: Okay. To reject the bid of  
24 Earth Resources and accept the second with VSS; is that correct?

25                   MR. ROEHRICH: Yes, sir. That should be the

1 motion that the state engineer presented. I want to make sure  
2 the Board understands that we do both.

3 CHAIRMAN HAMMOND: Okay. Understood.  
4 Understood.

5 Okay. Any more discussions?

6 MR. ELTERS: Yes, Chairman. This is Board Member  
7 Elters. While I sympathize with Earth Resources Corporation and  
8 understand that we're all humans and errors can be made,  
9 especially a small error like this, and I also appreciate the  
10 fact that their bid is lower than VSS's (inaudible) which is  
11 being recommended. End of the day, we have a set of rules and  
12 guidelines to follow, and in making this recommendation and  
13 approving it, we would be following those guidelines and rules,  
14 and that's, I believe, is the best path for everyone involved.  
15 And so it's with those thoughts in mind that I seconded the  
16 motion and will be voting for it.

17 CHAIRMAN HAMMOND: Thank you, Board Member  
18 Elters.

19 Any other comments?

20 MR. KNIGHT: Mr. Chair, this is Board Member  
21 Knight. I have to agree with the -- with Sam, Board Member  
22 Elters. And by law, we can't really consider local preference.  
23 That's not -- that's against the law. So unfortunately, that's  
24 what it is, and it's unfortunate that \$63 and a clerical error  
25 is going to -- is going to cost Earth Resources the bid, but we

1 have to go along -- I agree with Board Member Elters. We have  
2 to go with the law. Thank you.

3 CHAIRMAN HAMMOND: Okay. Thank you, Board Member  
4 Knight.

5 So any more conversation?

6 MR. SEARLE: Chairman, Chairman Hammond. This  
7 is --

8 CHAIRMAN HAMMOND: Yes.

9 MR. SEARLE: -- Richard Searle. You know, being  
10 the new kid on the block, I'm hesitant to say much, but I think  
11 I disagree with you guys. I think they did submit a bid that  
12 was in their eyes compliant. The error was taken against them,  
13 not for them. It is a goal. It's a goal. It's something that  
14 can be achieved, and they are right there, and I think this is  
15 something that it's obvious that they can comply with in the  
16 project. We've been looking at bids all morning long that have  
17 been over estimate, and this one's under. I think common sense  
18 is we give Earth Resources a shot.

19 MR. ROEHRICH: (Inaudible.)

20 CHAIRMAN HAMMOND: Yeah. And I sympathize very  
21 much with the situation, but you know, when you draw lines and  
22 bureaucracies and manuals, and legal gets involved, sometimes  
23 you think you're doing the humane thing where you're opening up  
24 a can of worms. So I'm curious if there's any other board  
25 members, and then we'll call for a vote and see where we go with



1 it.

2 MR. THOMPSON: I -- Chairman, this is Board  
3 Member Thompson. I too feel some pain. However, there is a  
4 process that we have to follow, and I do agree with the  
5 motioning party and the second.

6 CHAIRMAN HAMMOND: Okay. Well, that was a third.  
7 We also have a second, so...

8 MR. STRATTON: Mr. Chair, this is --

9 CHAIRMAN HAMMOND: Anyone else want to comment?

10 MR. STRATTON: Board Member Stratton,  
11 Mr. Chairman. I agree with Board Member Elters, and I also  
12 understand what Board Member Searle is saying and can  
13 sympathize. However, we do have the guidelines to follow. And  
14 while it is such a small amount, it is still outside the  
15 boundary, and I believe we have to follow our guidelines, and  
16 that is why I made the motion.

17 CHAIRMAN HAMMOND: Okay. I'll tell you what.  
18 We'll do a roll call on this one, and we'll start with --  
19 where's my list of board members so I don't leave somebody out?  
20 Here we go.

21 Okay. Board Member Stratton.

22 MR. STRATTON: Aye.

23 CHAIRMAN HAMMOND: Board Member Thompson.

24 MR. THOMPSON: Aye.

25 CHAIRMAN HAMMOND: Board Member Elters.

1 MR. ELTERS: Aye.

2 CHAIRMAN HAMMOND: Board Member Knight.

3 MR. KNIGHT: Aye.

4 CHAIRMAN HAMMOND: Board Member Searle.

5 MR. SEARLE: Nay.

6 CHAIRMAN HAMMOND: Board Member Daniels.

7 MS. DANIELS: Aye.

8 CHAIRMAN HAMMOND: Okay. I don't have to break  
9 the tie. I always like that. Item 8G passes.

10 Did I say that right, Floyd, or do you need more  
11 detail?

12 MR. ROEHRICH: No, sir. That's exactly what we  
13 need to do. Thank you for doing the roll call. That was  
14 appropriate. Definitely wanted to get that correct.

15 So with that, that's the end --

16 CHAIRMAN HAMMOND: Okay.

17 MR. ROEHRICH: -- of Item 8. If you want to move  
18 on to Item 9.

19 CHAIRMAN HAMMOND: Yeah. Let's move on to Item  
20 9. In my quest to get the board member names on the front page,  
21 I lost my agenda. What is Item 9?

22 MR. ROEHRICH: Well, Item 9 and 10 were the two  
23 items that board members asked to be included in the agenda.

24 CHAIRMAN HAMMOND: Okay. I got it.

25 MR. ROEHRICH: So I would leave it up to you,

1 Mr. Chair, on how you want to conduct these. If you want to try  
2 to have the conversation now or even defer them, that's up to  
3 you. But Item 9 was letters of grant support. Board Member  
4 Elters asked us to bring this item forward and the Board to  
5 deliberate if there was some policy discussion or some  
6 guidelines that the Board wanted to establish when contacted to  
7 provide letters of support for the various grant programs, and  
8 those are the federal aid programs, whether it's the INFRA  
9 grant, BUILD grant, TIGER grant, the other grant programs that  
10 come up.

11 So with that, I would say this item's here for the  
12 Board to deliberate. Do you all want to come up with some  
13 policy or guidelines when requesting from local governments or  
14 third parties to provide a letter of support when they submit an  
15 application for a grant?

16 (Speaking simultaneously.)

17 CHAIRMAN HAMMOND: I'm sorry. Which board  
18 member? Board Member Knight? Okay. Go ahead, Gary.

19 MR. KNIGHT: My feeling on this one is as a  
20 board, we represent ADOT individually. We represent each of our  
21 districts. So I would think that if it's a project that is  
22 going out for bid by an individual county or municipality, that  
23 as an individual board member, we could lend our support, write  
24 a letter, whatever, but I think it would be inappropriate for  
25 the entire Board to take a stand for or against since most of

1 these are going to be competing with ADOT grants, which the  
2 entire Board is going to be behind. So that's my feeling on it,  
3 is to let the individual board members support those from their  
4 districts and -- and the entire Board support what ADOT say  
5 then. Thank you.

6 CHAIRMAN HAMMOND: Yeah. I'll make a comment,  
7 too. I think there may be a rare instance when the whole  
8 state's together on this, and we as a board get asked to step  
9 behind something. But in general, I would agree with your  
10 comments, Board Member Knight. But who else would like to weigh  
11 in here?

12 MR. ELTERS: Mr. Chairman, this is Board Member  
13 Elters. I brought it up reflecting on last year's request that  
14 came from one of our cities, and we as a board did actually  
15 support that one particular project.

16 These grants are becoming more and more  
17 competitive as the revenue stream for transportation projects is  
18 either reduced or declined against inflation and so on. So once  
19 that competitive process stems the need for the Board to take a  
20 position, we often -- we often look at these projects and our  
21 decisions is to support the Department. If the Department is  
22 going to be competing with other entities within the state, opt  
23 for these dollars and for these funds, I think it's -- we have  
24 an obligation to support the Department and stop short from  
25 supporting others, because we cannot support one community or

1 one city or one county and not support the others, and if we  
2 start to support all of them, then I think the Board directs --  
3 the Board support starts to lose its value and its  
4 meaningfulness.

5 So with that said, my recommendation based on  
6 these thoughts and even the fact that I asked for it to be on  
7 the agenda, to proceed forward with the transportation board  
8 supporting projects that are statewide, that are offered by the  
9 Arizona Department of Transportation, and not supporting any  
10 other projects that would -- that are brought by a city or a  
11 county or an entity within the state that may compete with that  
12 project. That would be my recommendation going forward.

13 (Speaking simultaneously.)

14 CHAIRMAN HAMMOND: Okay. Understand, by the way,  
15 this is for information and discussion only. So you sound as if  
16 you're kind of in agreement with Board Member Knight. Is there  
17 a -- maybe we can put it on -- if we want a more robust  
18 discussion on this, put it on the study session that comes up.  
19 There's really no compelling issue right now that we've got a  
20 front burner that I'm hearing about on this issue of support.  
21 Am I correct?

22 MR. ROEHRICH: So Mr. Chair, this is Floyd. Yes.  
23 The next round of grants that are due are in May, right?

24 UNIDENTIFIED SPEAKER: May 18th.

25 MR. ROEHRICH: In May. And you have the April

1 board, which is why as you -- I'm glad you pointed out, because  
2 I was going to make the comment. We didn't put -- agenda this  
3 for action, because we didn't know where -- the direction the  
4 Board was going to go. This month we just wanted you to  
5 deliberate and talk about it, start the thoughts on do you want  
6 to coalesce around some type of, again, like I said, policy or a  
7 practice, steps you want to take, and then we can formalize it,  
8 I felt, in April when we talk with you, Mr. Chair, and then  
9 address something to move forward. So at this point, again,  
10 let's have a very healthy discussion and thought on this so the  
11 Board can determine are there actions they do want to move  
12 forward with.

13 CHAIRMAN HAMMOND: Okay. Fair enough. Is that  
14 okay with the Board to put this on the study session?

15 UNIDENTIFIED SPEAKER: Yes.

16 CHAIRMAN HAMMOND: Okay. All right. Let's move  
17 on to Item 10. A letter of support for transportation revenue.  
18 All in favor?

19 MR. ROEHRICH: Well, hold on. Wow. You're on  
20 fire out there, Mr. Chair.

21 Again, so this is Floyd. I would like to start a  
22 little bit on -- to present this item. So if you remember, in  
23 2018, when we updated the long range plan, What Moves You  
24 Arizona, the Board members all signed a cover letter that --  
25 when we transmitted the updated long range plan to the Governor

1 and the Legislature, and you talked about the lack of revenues  
2 that were identified as a need in the long range plan.

3 So when Mr. Thompson had asked to put this on the  
4 Board, he referenced that letter and said it's been a couple of  
5 years. Does the Board want to do something again? So I asked  
6 Mr. Thompson if he wanted to further discuss that item and what  
7 he was proposing for the Board to deliberate on.

8 MR. THOMPSON: In short, I do agree that we need  
9 to move forward.

10 MR. KNIGHT: This is Board Member Knight. I  
11 agree we need to move forward. I think we need to support the  
12 gas tax increase that Representative Campbell has put forth and  
13 any other bills that have -- that are -- that are put forward  
14 (inaudible) that will increase the HURF revenues to ADOT.

15 CHAIRMAN HAMMOND: A couple comments --

16 UNIDENTIFIED SPEAKER: Mr. Chair --

17 CHAIRMAN HAMMOND: I'm going to make a couple of  
18 comments here. My understanding is that, you know, one of us  
19 would probably have to draft that letter. Staff would want to  
20 review it, of course, because I don't think staff wants it to  
21 come from them if it came from the Board, which is fine.

22 Second of all, we're probably not going to see  
23 any action. I can't imagine anything at the Senate -- or at the  
24 Legislature addressing this issue in the next couple of months.  
25 So we've probably got some time. But I would weigh in on a

1 letter of support for transportation revenues. The question is  
2 how is it generated and, you know, maybe we delegate it to  
3 somebody that wants to try to write it or -- unless I'm  
4 mistaken. I don't think staff wants to do the first draft. Am  
5 I incorrect there possibly?

6 DIRECTOR HALIKOWSKI: Mr. Chairman, this is the  
7 Director.

8 CHAIRMAN HAMMOND: Okay.

9 DIRECTOR HALIKOWSKI: So I heard earlier someone  
10 say that the Board represents ADOT, and in fact, the Board is an  
11 independent entity. The Department, we basically work for and  
12 answer to the Governor. So if the Board wants to take a  
13 position supporting the raising of gasoline or other revenues  
14 for transportation, that would be the Board's action  
15 independently.

16 The Governor's made it very clear in his State of  
17 State address that there will be no new taxes during his  
18 administration or even any ballot measure going forward for new  
19 taxes. So I just want to be clear that the Department's  
20 position is the same as the Governor's. We cannot support any  
21 new revenue, so taxes for transportation. So if the Board wants  
22 to do this, we can certainly look at the letter from a technical  
23 perspective, but from a policy perspective, that will be the  
24 Board's action. Thank you.

25 MR. ELTERS: Mr. Chairman.



1                   CHAIRMAN HAMMOND: Yes. Go ahead, Board Member  
2                   Elters.

3                   MR. ELTERS: Yes, sir. A Little over two years  
4 ago, we approved and sent over to the Governor the long range  
5 plan. At that time, we had a robust discussion related to  
6 system preservation, system modernization and system expansion,  
7 and it became clear to the Board and board members that there  
8 were going to be no expansion projects after 2024. And the long  
9 range vision ahead was that the funding would go to system  
10 preservation and system modernization.

11                   I think we all -- we all understood and agreed  
12 that we needed to preserve this valuable asset that we have. We  
13 were concerned with the fact that we were not funding projects  
14 that would expand the system. So we asked for and attached this  
15 letter that said we are concerned, and revenues for  
16 transportation, sustainable revenues need to be secured.

17                   So to that end, and one -- one more comment. We  
18 did say that this long range is not engrained in stone. The  
19 Board approved it, and the Board can come back and revisit it.  
20 So to that end, I would -- I would be supportive of revisiting  
21 it at this time and reaffirming our support not for any one  
22 particular source of revenue, not necessarily for taxes or for  
23 fees. It would be just to highlight the fact that we live with  
24 or we observe or we face what every board pretty much, is our  
25 revenues and our resources fall substantially short of our need.

1 And so to highlight that fact and to reaffirm the need for and  
2 the Board's support for a sustainable revenue stream to fund our  
3 transportation need.

4 CHAIRMAN HAMMOND: Other comments?

5 DIRECTOR HALIKOWSKI: Mr. Chair. Mr. Chairman,  
6 this is the Director again. To Mr. Elters' point, if you're  
7 thinking about drafting something, please realize that the  
8 Governor and the Legislature has given us 50 million for keeping  
9 good pavement in good condition. We call that our special line  
10 item for pavement preservation.

11 I'm not disagreeing with Mr. Elters that there's  
12 a systemic revenue problem looking out into the future, but you  
13 know, what we're seeing from the Legislature at this point is  
14 revenues that are coming in over and above estimates being  
15 diverted to transportation projects. There's a number of bills  
16 over there working that.

17 So I just want the Board to understand -- it's  
18 not that the Legislature and the Governor are not recognizing  
19 the problem. I think it's Mr. Elters is pointing out there's  
20 no, you know, unified agreement, and certainly from the  
21 Governor, not any support for new taxes or fees. So it is a  
22 revenue problem. It just becomes very difficult to get  
23 agreement on how to address it. Thank you.

24 CHAIRMAN HAMMOND: So I'm hearing --

25 UNIDENTIFIED SPEAKER: Chairman.

1                   CHAIRMAN HAMMOND: -- a recommendation. It  
2 probably might not be prudent to lead with our chin at this  
3 point, but that hasn't stopped our board before. So more  
4 comments?

5                   DIRECTOR HALIKOWSKI: Well, Mr. Chairman, please  
6 understand I'm not making a recommendation. The Board, you  
7 know, should do as the Board thinks appropriate. I just, again,  
8 though, want you as you're moving forward, if you do move  
9 forward with something, to recognize the efforts that have been  
10 taken and realize those are some of the discussions going on out  
11 there. But I'm not making a recommendation, sir.

12                  CHAIRMAN HAMMOND: Yeah. Well said. You know,  
13 and I've seen momentum over my five years build, and we -- in  
14 fact, we've got Republicans, Noel Campbell being the most  
15 prominent, that are trying to address this issue. And the -- I  
16 guess the fundamental question I would have as a board member is  
17 would a letter help that process? Hurt that process? Be  
18 neutral to it? And when should we do that? Could be another  
19 study item -- study session item, too, if we wanted to flesh  
20 this out more, but those are my thoughts at this point.

21                   Go ahead. Who's next? Mr. Hammond.

22                  MR. STRATTON: Mr. Chairman, that's --

23                  CHAIRMAN HAMMOND: Go ahead. Go ahead.

24                  MR. STRATTON: Mr. Chairman, this is Board Member  
25 Stratton. I'd like to echo Mr. Elters' comments, but I'd also

1 like to agree with the Director's comments. And I do believe we  
2 should write a letter, and I think we should comment on the  
3 project that the Legislature has moved forward and which is very  
4 much appreciated. However, those are one-time fundings, and  
5 it's not a long-term solution to our problem, which is a  
6 long-term problem. So I think we need to show our appreciation  
7 for these one-time fundings, but also support a revenue stream  
8 that would be long term. That would be my suggestion.

9 CHAIRMAN HAMMOND: So your suggestion would be to  
10 write some sort of letter at this time; is that correct, Board  
11 Member Stratton?

12 MR. STRATTON: Maybe not at this time. I  
13 wouldn't mind seeing this on the next agenda and discuss it  
14 further, but right now, that is my stance.

15 CHAIRMAN HAMMOND: Okay. I kind of -- I tend to  
16 agree with that, but why we don't -- why don't we put it on the  
17 study session. I mean, well, if you would like. If everybody  
18 sent me what they think should be in the letter, I'd try to  
19 draft something and just get it out there at this point in time  
20 or something that we could maybe put on the study session agenda  
21 and have a more, you know -- well, you know, time -- more --  
22 less time constrained discussion, not that we have constraints  
23 here, but we don't have the letter. We don't know what we want  
24 to put in it.

25 MR. ROEHRICH: So Mr. Chairman, this is Floyd. I

1 just want to remind everybody that the next study session the  
2 Board has scheduled is on June 2nd. So that's the time frame  
3 you'd be looking at if you say add it to the study session  
4 agenda, unless you would choose to move something forward or set  
5 a different date.

6 CHAIRMAN HAMMOND: Well, I could try to draft the  
7 letter between now and the next board meeting. I'd want it to  
8 be effective, and with this coronavirus stuff flying around,  
9 it's not even going to get read by, you know, half of anybody  
10 we'd like to have read it, but...

11 MR. THOMPSON: Chairman.

12 CHAIRMAN HAMMOND: Yes.

13 MR. THOMPSON: This is Board Member Thompson. I  
14 think maybe in general terms, we have to inform the Governor as  
15 to the many challenges that we are facing, because there is --  
16 each one of our districts is -- the citizens are coming to us  
17 about the conditions of many of the roads here. So I feel that  
18 it is -- however we're going to move forward with it, I think we  
19 need to let the Governor know that the many challenges that we  
20 are facing. That's my comment.

21 MR. KNIGHT: Mr. Chair this is Board Member  
22 Knight. I think that at this point in time, because of the  
23 (inaudible) we're seeing our big gain in revenue may quickly  
24 evaporate with this coronavirus epidemic, pandemonium --  
25 pandemic, whatever you want to call it. But we're seeing money

1 is going to have to be spent on this, and so I'm not sure we're  
2 going to have the funds available that -- for any of the bills  
3 that have been put forward. In fact, they're talking about just  
4 doing a bare bones budget, and that's what the Senate's already  
5 done. We're waiting for the House to approve something. But it  
6 looks like that money may not be there, unfortunately.

7           And so that being said, the Governor's -- of  
8 course, his main focus is getting through this coronavirus thing  
9 and coming out with hopefully some kind of a surplus that -- but  
10 I don't think it's going to be anywhere near what we thought it  
11 was going to be. So until we actually know what kind of shape  
12 we're in financially as a state, whether there's a big surplus,  
13 no surplus, whether we're -- whether it's gotten so bad that  
14 we're having to use rainy day fund money to get through this, a  
15 letter at this point, yeah, it would -- it would be a statement,  
16 and a statement -- but I don't think anybody's going to act on  
17 it until they know what kind of money is left in the budget to  
18 do anything.

19           CHAIRMAN HAMMOND: You know, Board Member Knight,  
20 it could also look insensitive from us at this point in time. I  
21 haven't thought about that until you made your comments. I  
22 think we should postpone that until we know more about what's  
23 going on.

24           MR. ELTERS: Mr. Chairman. Mr. Chairman, this is  
25 Board Member Elters. I agree in light of the coronavirus

1 (inaudible) that is taking place and consuming budgets and  
2 thoughts and resources, I withdraw my suggestion from earlier,  
3 and we will wait until the next study session or the one after  
4 that and discuss it again. Thank you.

5 CHAIRMAN HAMMOND: Thank you, Board Member  
6 Knight. Anybody disagree with that approach?

7 MR. STRATTON: No. I support that approach.

8 CHAIRMAN HAMMOND: Okay. No need for a motion or  
9 anything of that nature, the way I read this.

10 DIRECTOR HALIKOWSKI: Mr. Chair.

11 CHAIRMAN HAMMOND: Yes.

12 DIRECTOR HALIKOWSKI: Mr. Chairman, just -- this  
13 is the Director. If it gives the Board any comfort, realize  
14 that as we're meeting with the Governor's senior staff,  
15 everything that we're looking at is from a business enterprise  
16 perspective, and the Governor and his staff are (inaudible)  
17 transportation (inaudible) during the crisis is really a  
18 critical part of the enterprise in that we have to keep things  
19 moving, and we have to keep the road system capable of  
20 operating.

21 But there were some good comments made about the  
22 fact that we don't know what's going to happen with the budget  
23 surplus. The Legislature is already looking like they're going  
24 to adjourn next week with a chokehold skinny budget. So some of  
25 these bills may not get addressed, and there's a lot of talk

1 about what should happen with surplus (inaudible) as the economy  
2 will likely take a hit. We're already seeing quite a rise in  
3 unemployment applications.

4 So I think that is a wise move that's been  
5 suggested, but rest assured I'm keeping the needs of the system  
6 front and center of the Governor's senior staff, and the  
7 Governor as we meet with him, that -- and we are a critical part  
8 of maintaining the economy, safety and response to this crisis  
9 as we move forward. So thank you, Mr. Chairman.

10 CHAIRMAN HAMMOND: Thank you, Director.

11 Okay. Moving on to Item 11, any suggestions for  
12 future meetings?

13 MR. ROEHRICH: So, Mr. Chair, this is Floyd. I  
14 just want to make sure that I understand. The next meeting  
15 obviously is the 17th of April up in Flagstaff, and unless  
16 something changes, we are moving forward with planning that to  
17 be a meeting in Flagstaff. The Item 8 -- excuse me -- Item 9,  
18 the grant letter, we will hold that until the June study  
19 session, and for now, Item 10, it will just be an issue that  
20 we're deferring up until the Board wants to take that item up at  
21 some point in the future.

22 CHAIRMAN HAMMOND: Correct.

23 MR. ROEHRICH: Okay. Thank you, sir.

24 CHAIRMAN HAMMOND: So any suggestions for future  
25 meetings? Other than they be held in person?



1                   Okay. Do we need a motion for adjournment?

2                   MR. THOMPSON: So moved, Member Thompson.

3                   CHAIRMAN HAMMOND: Second. I'll second it.

4                   All in favor?

5                   BOARD MEMBERS: Aye.

6                   CHAIRMAN HAMMOND: Thank you all.

7                   (Meeting adjourned at 10:29 a.m.)

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1 STATE OF ARIZONA )  
 ) ss.  
2 COUNTY OF MARICOPA )  
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4 BE IT KNOWN that the foregoing proceedings were reported by  
5 me, TERESA A. WATSON, Registered Merit Reporter, Certified  
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10 the best of my skill and ability.

11 I FURTHER CERTIFY that I am in no way related to any of the  
12 parties hereto, nor am I in any way interested in the outcome  
13 hereof.

14 DATED at Phoenix, Arizona, this 9th day of April 2020.

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Teresa A. Watson  
TERESA A. WATSON, RMR  
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Certificate No. 50876