

**MEETING MINUTES
STATE TRANSPORTATION BOARD
9:00 a.m., Friday, January 15, 2010
City of Casa Grande Council Chambers
510 E. Florence Blvd.
Casa Grande, Arizona 85222**

Pledge

[The Pledge of Allegiance is recited.]

Roll Call

In attendance: Delbert Householder, Bob Montoya, Bill Feldmeier, Felipe Zubia, Victor Flores, and Steven Christy. Absent: Bobbie Lundstrom

Opening Remarks

Chair Householder welcomed everyone and thanked Casa Grande for letting the Board meet in their historical building adding that they all enjoyed dinner the previous evening.

Mayor Jackson welcomed the Board. He added they have always enjoyed a great working relationship with ADOT staff and hope to continue the good work we do together.

Call to the Audience

Mr. John Salem, Mayor, City of Kingman and representing also the Tri-City Council for the Cities of Mohave, Kingman, and Lake Havasu, reported on their meeting of the Council. Mr. Kondelis, Kingman District Engineer, provided a synopsis of current projects in Mojave County, and an update on the Hoover Dam bypass. All projects seem to be running smoothly, even with a lack of funding. In the Kingman area, there has been a new pavement preservation project completed on a 12-mile stretch of I-40. He was grateful to the Board for approving that project. Kingman still has infrastructure needs and it is hoped the Board will keep Kingman in mind when new Stimulus Funds become available, especially with regard to two TI's running through Kingman on I-40; Rattlesnake Wash and the Kingman Crossing TI.

Ms. Magill Weber, Nature Conservancy of Arizona, commented with regard to agenda Item #8. She encouraged acceptance of the Transportation Framework Study. Map redrafting has been done bringing together a wide diversity of interests, including MPOs, the Arizona Game & Fish Department, and Public Works, with many issues having been worked out.

Mr. Mike Ward, Sedona resident, Coconino County, addressed Item 7(A) and expressed concerns regarding installation of street lights along a two mile stretch of SR-89A in West Sedona. Many organizations are concerned about safety and preserving the small town character of the community. "Keep Sedona Beautiful" is a 600-member community organization which has been actively advocating preservation of the beauty which is the "economic engine" of Sedona's tourist business.

Ms. Barbara Litrell, Sedona resident, addressed the question of whether or not there is a nighttime safety problem on Highway 89-A, stating there is a problem, but not due to a lack of continuous roadway light; it is due to lack of a safe crossing at the Andante 89-A intersection, which has resulted in the death of three persons between September 2000 - January 2006. She suggested that stepped-up enforcement of jaywalking laws and a speed limit reduction to 35 have reduced injury accidents 40%, with no pedestrian deaths reported since April 2006. Ms. Litrell proposed that ADOT conduct a more current 3-year study for the years 2007 - 2009, which would show no statistical evidence justifying installation of highway lighting. She alleged that the May 2006 report upon which ADOT based their lighting recommendation "never pursued the obvious question of why the Andante intersection is so dangerous." A new study of Andante has been completed and a lighted intersection has been planned. She indicated the problem is twofold: it is midpoint in a mile of roadway without a safe crossing, and the topography is such that the road rises coming from Rodeo Drive reducing a driver's view due to headlight glare. The answer is a signalized intersection with intersection lighting and one or two roadway lights preceding the intersection, not 76 roadway lights along the entire two-mile stretch along 89-A. The cost would be less and the monies could be used to complete Hwy 260 from Cottonwood to Camp Verde, currently under construction. "This would save large amounts of money, energy, and avoid light pollution and light trespass into the adjoining neighborhoods of Sedona."

Mr. Doug Blackwell, Sedona resident and former member of 89-A Safety Panel. He stated three significant errors had been made by ADOT in their use of the 2003 report on continuous lights: 1) ADOT told Sedona's City Council they should receive a 40% safety improvement from continuous lights. ADOT failed to note the 40% had been corrected later on in the report to 18%. 2) ADOT failed to apply the 40% to Sedona data for the Council. If they had, they would have suggested 1.2 fewer injuries in 2009 and 0.8 in 2008. Sedona's typical rate has been 2 - 3 injuries at night for the entire year. 3) A summary from the report was not read to the City Council: "While it is seldom possible to warrant continuous rural highway lighting on a benefit cost basis, a moderate expenditure for intersection lighting may be warranted based on these savings." Mr. Blackwell stated that with a City such as Sedona having few nighttime accidents and injuries continuous lights are not the answer. One traffic light at the intersection of Andante Drive would be the solution. Mr. Blackwell quoted an ADOT Engineer from the first 89-A Safety meeting: "We will have a data driven solution." An integral part of the final report of the Panel was national data discussed for three months by the Panel which resulted in a dozen recommendations by the Panel ranging from the best solution for Sedona of the three sensor-activated crosswalks or medians with a 40-90% improvement in safety to the least significant improvement of continuous rural highway lighting with a 2.7% to 5.6% improvement in safety, per Sedona data. The panel was made up of 6 ADOT Engineers, 6 Sedona Engineers and staff, 3 community members, and 4 technical advisors. Mr. Blackwell presented the 89-A Safety Panel Final Report and selected pages from the Paul Box Report including a web link to the entire report to the board secretary.

Ms. Marlene Rayner, Sedona resident, made three points. 1) At the 10/28 City Council meeting, 4 of the 6 Council Members spoke against continuous lighting; 2) two of the 4 Council Members who originally voted for the lighting have resigned as a result of public pressure regarding that decision; and 3) two other Council Members seem to have an ulterior motive for voting for the street lights which were not concerned for safety.

Mr. Stephen DeVol, President, Keep Sedona Beautiful, discussed lack of public support for the continuous roadway lighting and the amount of controversy with the project and ADOT's

Engineer's insistence on installation of the lights, "regardless of the wishes of the community. . . even if the Council voted against the lights." He asked that the Board withhold their approval of the funding request. He emphasized that per an online poll taken in August 2008, 734 respondents were against the continuous roadway lights, 98% of Keep Sedona Beautiful's 600 members were opposed, petitions were signed by 780 people requesting a right to vote on the lights, in August 2008 Sedona citizens marched in protest at the State Capitol and at Sedona City Hall, and in 2009 a public protest took place on SR89-A. He asked that this item be pulled from the agenda and that they do not move forward on funding of the project.

Ms. Juliette Colangelo, Sedona resident, asked if ADOT staff follows agency policy and goals with regard to working with local governments and citizens as outlined on their website. She stated in Sedona's experience, the answer is no. She quoted from the Sedona City Council meeting showing opposition to the installation of continuous lighting as it leaves safety issues unaddressed. She added that at the Sedona Council meeting on 8/13/08, Mr. John Harper of ADOT had refused to engage the Council in dialogue about safety recommendations, stating "We are here to support the recommendations of the safety committee." Ms. Colangelo noted Mr. Harper then refused to "do just that." She felt the goals of ADOT in terms of safety and community involvement are not being met in Sedona. She requested Item 7(A) be pulled from the agenda.

Mr. Clifford Ochser, Sedona resident and former member of 89-A Safety Panel, stated the safety issues could be addressed with a signalized intersection at Andante. He indicated the Sedona Council and the community are opposed to continuous lighting and, if the project is approved, ADOT will "reject the overwhelming majority of Sedona taxpayers who do not want continuous roadway lighting on 89-A . . . ignoring the fact that the majority of the City Council has stated they don't want it." Mr. Ochser added that if they continue with the project, they are "abdicated" their responsibility to work with communities as per ADOT Mission Statement and Goals, and would be wasting taxpayer money on a proposed solution "that does not statistically improve safety." He stated they would be destroying Sedona's economy at a time they can least afford it and would be pushing "businesses over the edge financially" by obstructing driveways and causing congestion. He agreed with utilizing the funding to complete the Hwy 260 project between Cottonwood and Camp Verde or in Tucson where they are asking for lighting. He asked for denial of approval of the project or alternatively move it from the agenda to conduct further due diligence.

District Engineer's Report - Todd Emery

Mr. Emery provided an update on the I-10 corridor in the Tucson District. He provided a handout to the Board outlining the project. Highlights included:

- I-10 east of Tucson - Milepost 290 is going well with the exception of a "few minor issues."
- Pavement preservation from Rita to Houghton has finished and will be moving forward with pavement preservation from Kino to Valencia and from Houghton to SR83.
- A feasibility study is getting ready to start from I-19 to Empirita Road in February 2010; it has a 6-month duration and will evaluate the I-10 corridor in that area.
- A feasibility study to evaluate SR210 and its proposed connection to I-10 east of Tucson will also be starting soon.
- Once the feasibility study ends, the Design Concept Report and Environmental Study will proceed with an 18-month duration.

- 1-10, 29th Street to Prince Road - reconstruction has been completed.
- The next segment of Prince to Ruthrauff - advertise date has been moved back to an August/September timeframe; work needs to be done on finalizing design of the project.
- Ina Road to Ruthrauff - currently in design concept and environmental phases which are 15% complete. The plan is to move I-10 under, move the crossroad over, and do a grade-separated railroad crossing. Separate projects may be necessary due to cost and possible closure of crossroads to facilitate construction. The DCR should be complete in May 2011. The Regional Transportation Authority has planned to use finding for Ina Road TI, Sunset Road, and Ruthrauff. The Ina Road TI will be funded first in their 2nd phase 2012-2016.
- Ina Road to Tangerine - RFPs are pending for design concept and environmental assessment.
- With regard to the Tangerine TI, 6 months ago ADOT agreed to advertise, award, and administer the project without providing monies; to date, all documents and change of access have been approved, updating will need to be done of categorical exclusion and design changes; plans will be 100% complete by 2/15/10; special provisions have not gone to contract and specifications section yet, it will take 3 months; there has been no utility or right-of-way clearances. As of 6 months ago, ADOT has not committed monies to the project. The project manager is Steve Wilson. Possible future ARRA funds will be discussed for this project. It is hoped the project can be advertised in June.
- I-10 and Twin Peaks TI is moving forward.
- Several interim widening projects have been completed. These are I-10 Tangerine to Pinal Air Park and Pinal Air Park to Picacho Peak.
- For this year - I-8 to SR87 interim widening and Val Vista to Early sections of I-10 will go out to construction. Two small sections have right-of-way work. Pending realignment of curves is also planned.

Mr. Christy stated he has heard comments about the roadway from Phoenix to Tucson being some of the ugliest stretch of highway as far as aesthetic qualities. He asked if there would be any enhancements to the median or shoulder areas during construction. Mr. Emery said the main goal at this time is to widen the roadway. With the current financial situation, attempts are being made to landscape within the natural pallet of the surrounding desert area. Bill Feldmeier requested an update on The Port of Entry at Lukeville project. Todd Emery stated is ready to go, but waiting for federal sign-off. He will research further and report back to Bill.

ITEM 1: Director's Report - John Halikowski

Mr. Halikowski thanked the Board for their help and support and is looking forward to working together in 2010. He also explained that Ms. Toth would not be present at the meeting due to a death in her family. The State Legislature has met in 5th special session on the budget. The Governor will be releasing her budget today and there will be more detail on the affect it will have on the Department and the State Highway Funds. During this special session, \$2.2M in funds were taken from the Aviation Fund, another \$2M from the Equipment Fund, and \$1M from the *Arizona Highway Magazine* fund. Since the Equipment and magazine Funds are at zero balances, they will have to be backfilled with Highway Funds. The Department is in the position of providing that backfill whenever there are fund transfers and reductions.

The Governor's office indicates even with the previously cuts, the FY2010-2011 budget is facing cuts of another \$1.2B in FY2010 and \$3.2B in FY2011. There will be drastic cuts taking place even if revenues increase.

With regard to the Tangerine TI, ARRA-2 is being looked at. The House of Representatives is working on a bill which is being used as a template to plan for ARRA-2. It is anticipated the State will receive about the same amount, \$520M, as received under ARRA-1. The differences they're facing are, in addition to the conditions imposed under ARRA-1, they will want 50% of the money in ARRA-2 under contract within 90 days. This will present a challenge for ADOT and the Board as they will need to move quickly, putting a strain on the staff in grappling with local governments. Regardless of the size of the projects, they are still under the guidelines of the federal requirements. ADOT is meeting weekly with the FHWA and all COG and MPO Directors to ensure when the bill moves through Congress they are ready to begin planning the projects.

Since the last meeting, Justice Department clearance has been received on MVD office closures. Given the budget situation, 12 offices were slated for closure. Requests have been received from some of the smaller communities to keep those offices open. Mr. Halikowski will be meeting with staff to determine if there is a way, in lieu of completely closing some of those smaller community offices, to continue operations one or two days a week. As the MVD is a complete State Highway Fund driven organization, outside of a few federal grants those monies come directly out of the Highway Fund.

As to snow plowing, the Department has faced its second major snowstorm this year. The plows were out and the roads kept open, although on Christmas Day there were 3 interstates closed due to snow and dust storms, and a jumper in the Yuma area. State Highway Funds are needed to keep the staff out there with the proper equipment to handle emergencies.

Mr. Halikowski thanked Chair Householder for his efforts in the past year in working closely with staff, and for making him feel welcome as the "new kid on the block." Recognition was given to Chair Householder for his service with the presentation of a decree of appreciation and plaque. Chair Householder gave a short speech thanking everyone.

Mr. Christy asked if there was anything the Board could do help mitigate damage and injury due to sandstorms on I-10. Mr. Halikowski responded they have been dealing with this problem since the 1960's with major storms occurring from time to time. The last effort made was to put lit message boards along I-10 to warn of impending storms, which were difficult to see in the storms and did not seem to reduce fatalities. The best course is to continue to educate people regarding what to do in a dust storm. There is a section in the State's driver license manual regarding dust storms. He has also spoken to staff about including questions on the driver's license test further warning drivers of the storms. As far as infrastructure and based upon his research, there were really no recommendations from the Board that would help.

With regard to ARRA-2, Mr. Christy asked if it was "a done deal." Mr. Halikowski said it would be hard to predict what Congress or the Legislature will do. ADOT is going off the premise, however, based on best information, that ARRA-2 will move forward. There are possibilities that some of the time lines and restrictions could change in the Senate, but given conversations with FHWA and representatives in D.C., they believe there will be little change in the bill. There are plans in place to be ready for the "most restrictive conditions." ARRA-2 funds of \$35M are to be

programmed for the Tangerine project, although nothing is definitive. The Tangerine project had started out as a development funded TI with the PAG region looking at it as a project with regional significance within their program. Development and project staff are meeting with PAG, the developers, and the town of Marana to determine if the project will stay in the PAG program. He acknowledged that before ADOT looks to fund or help contribute to the project, they would need to become part of the program with PAG ensuring that regionally there would be the funding for it available. This could be a project they may choose to fund with their ARRA monies. As the MPO, they oversee the plan and within that region would have to decide if that's the direction they want to go.

ITEM 2: Consent Agenda

Motion made by Bill Feldmeier, seconded by Victor Flores, to approve Item 2, Consent Agenda. In a voice vote, the motion passed unanimously (with Bobbie Lundstrom absent).

ITEM 3: Legislative Report - Eileen Colleran

Ms. Colleran provided more detail on the ARRA-2 proposal. The House passed bill HR-2847 on December 16. The Senate is expected to take up the bill after healthcare, although there has been discussion whether it will pass or not. The reason there is a push for this particular bill has to do with the upcoming elections and a concern the Majority has that they may lose their majority vote, looking for something "to hang their hat on" for the next election. Ms. Colleran stated that due to the employment rate and need for jobs, this bill is "what the Majority and Administration have been looking at as a keystone for the upcoming election," leading many to believe the bill will pass fairly quickly. One of the timelines being heard about is the same one as for the last ARRA bill, which is mid-February.

The House bill looks similar to the first ARRA bill. A comparison of the dollar amounts was given to the Board for review, and differences between the two bills outlined - the main difference being the quicker time frame. ADOT has been working with its partners and working through issues in order to position the State to be able to use the funds for projects, including lists of potential projects in the STIP or TIP, which are 100% designed, 100% environmental. Rights-of-way have been purchased, utilities and/or railroads are cleared, and do not impact the Transportation Conformity Plan. There are a many projects, but the State needs to make sure expectations are managed as to what can actually be accomplished.

Other federal issues of interest:

- Transportation appropriations for 2010 passed in December; the highway amount was slightly higher than 2009 with increased spending for transit, rail, and aeronautics.
- 2011 appropriations are being worked on.
- Surface Transportation Authorization Bill - Congress included another extension to SAFETEA-LU to 2/28 in the defense appropriation. Congressman Oberstar has agreed to an extension keeping SAFETEA-LU in place through 9/30/10 by voting yes on the "Jobs for Mainstreet" bill, ARRA-2, showing he is willing to let that go longer, as long as there's another transportation bill up front. There is still an issue on how to get the funding needed for a new bill.

- FAA reauthorization - Extended again through March 31; the House and Senate Committee passed their bills, but it has not gotten to the floor of the Senate. It is unlikely there will be floor time for the FAA authorization.
- State Legislature convened the previous Monday - billings are coming in; analysis is looking for potential impact; weekly reports will be sent to the Board on bills of interest.

ITEM 4: Financial Report – John Fink

Mr. Fink reports as follows:

- HURF in December was \$94.7M, down 2.5% compared to last year of \$97M and down 9.2% compared to the estimate.
- For the first 6 months of the year, HURF stands at \$579.2M, down 7.4% compared to last year and down 4.8% compared to the estimate.
- On a dollar basis, total revenue for the year is down \$29M from forecast and down \$46M compared to last year.
- Gas tax revenue was \$222.9M, down less than 1% compared to last year and down 1.3% compared to estimate. Use Fuel Tax revenue for the first 6 months was \$81.2M, down 11.1% compared to last year and down 8.9% compared to estimate. In December, both categories were up over last year.
- VLT for the first 6 months was \$167.6M, down 9.6% compared to last year and down 9.9% compared to estimate. In December, new car registrations were down 34% compared to last December, and YTD down 25%. New to Arizona registrations are down 22% for the year; average VLT is down over 7% for the year.
- RARF collections in November were \$24.2M, down 9.6% compared to last year and down 4.9% compared to estimate. The first 5 months were \$123.2M, down 13.6% compared to last year and down 4.3% compared to estimate.
- For the first 5 months, retail sales were \$57M, down 11.6% compared to last year and down 3.8% compared to estimate.
- Contracting for first 5 months totaled \$13.5M, down almost 42% compared to last year and down 23% compared to estimate.
- Preliminary RARF results for December were \$24.4M, down 8.4% compared to last year and down 3.4% compared to estimate. Details will be provided at next month's meeting.
- Aviation Fund - revenues for first 6 months were \$6.5M, down 26.7% compared to last year and down 52.1% compared to estimate. These results are primarily due to the booking of flight property taxes; an error in that it was not reported until January; January results have an adjustment of \$4.8M.

There is no investment report available this month; the numbers have not yet been received from the Treasurer's office; two months' results will be included with the next report. The cash balance of the HELP fund at the end of December was \$51.2M. There are currently 7 loans outstanding totaling \$23.7M.

The State Highway Fund low cash balance, updated through December, was negative \$48M. This may be the low point seen during the year. Within the next two months, EPS and VLT transfers and sweeps will end, absent further action by the Legislature, and should stabilize at this level and improve moving closer to the end of this fiscal year. At the Study Session, a chart had been shown indicating the projection of the deficit in the State budget, which does increase through 2014

absent further action. It is anticipated there will be continued pressure on the Legislature to sweep additional funds from the VLT.

Mr. Zubia asked, with regard to next year's TIP and estimates being done, to the extent those estimates have been looked at, whether that would be the same on a monthly basis or adjusted downward. He stated the numbers have been fairly accurate as far as actual to estimate (around 1-5% reduced from the estimate) but asked if the figures could be closer to a wash so the numbers wouldn't have to be adjusted later on in the year.

Mr. Fink responded that he is using a lower planning forecast than the official one. The planning forecast has been lowered in FY2010 by about \$25M and in total over the program period about \$180M. He pointed out one thing to note about FY2010 is when the forecast is developed it is assumed when getting into the second half economic conditions would be improving somewhat and as a result revenues would potentially increase. Six months into the year, ADOT is \$29M under forecasts; the planning forecast being used assumes for the entire year it will be about \$25M. The forecast will have to be met for the remainder of the year in order for the planning forecast to be accurate.

Mr. Zubia asked, regarding the official forecast versus planning forecast, the basis for the official version of the forecast. Mr. Fink stated there is a robust planning process involving assembling a panel of economists and others with expertise in this area to provide economic input which goes into a model developed by a consultant who then assists with the forecasting. Based on the outputs from the model, professional judgments are applied, and then ultimately an official forecast is adopted.

ITEM 5: Financing Program - John Fink

No further information was provided other than a chart provided to the Board showing bond yields for the past several years, including the full year from 2009. Mr. Fink noted that when calendar year 2009 started the bond index was at a yield of 5.9% and by the end of the year had dropped to 4.95%, a 12% decline during one year.

ITEM 6: Multimodal Planning and Division Report- John McGee

Mr. McGee reported that the most immediate focus is on development in FY2011-2015. This effort got underway in earnest the previous Friday at the Study Session which had focused on looking into the funding "crystal ball" and policy discussions on specific 5-year Program elements. The Board will be briefed on ADOT's preliminary recommendations for the tentative program during their meeting the week of 1/25; on 2/3 another Study Session is scheduled to present final recommendations; and then, they will ask the Board to approval a final tentative recommendation to go out for public comment at the 2/19 Regular meeting of the Board. Three public meetings have been scheduled to coincide with the Board's Regular monthly meetings in March, April, and May for public comment. Recommendations will then be revised based upon input from those meetings with staff providing their final recommendation in June for the FY-2011-2015 program.

Another major item of focus is the ARRA-2. It will require a great deal of flexibility and speed to meet those time lines. Staff will be working closely with the Board to make that happen. Mr. McGee stressed two matters the individual Board members should be thinking about and focusing

on with respect to a potential ARRA-2: 1) developing a prioritized list of projects - which is expected to be completed the following week and included in briefings at the 1/25 meeting; and 2) how to allocate the State portion of ARRA-2 funds.

ITEM 7: Priority Planning Advisory Committee (PPAC) - Don Mauller

Mr. Mauller presented items 7(a) through 7(i), all of which projects have been to the Project Review Board and approved by the Property Planning Advisory Council. He recommended approval of Items 7(a) through 7(i).

Mr. Flores requested additional discussion on item 7(a).

Motion made by Victor Flores, seconded by Bob Montoya to approve Items 7(b) through 7(i). In a voice vote, the motion passed unanimously.

Discussion - Item 7(a):

Mr. Flores stated he understood that this item has been an ongoing discussion and those persons who spoke today; the opposition, it was a collaboration and well presented. He was concerned that he had no more information than what was presented in the documentation recently received proposing adoption of this Item and apologized that he had not attended the prior meetings and had no information other than that presented. Mr. Flores asked that Chairman Householder address some of the issues brought up, asking why this Item could not be delayed for at least a month.

Mr. Roehrich agreed that this issue along with attempts to find consensus and build support for the outcome have gone on for quite a while. There have been public meetings, and meetings with the Sedona City Council and City staff numerous times. This issue has been identified since 2006 when the City Council asked ADOT to look at safety improvements along the subject corridor. As the City of Sedona has grown it has run into complications concerning growth and impact to the community. When the process was started in 2006, the City Council on 3 separate occasions passed resolutions to move forward with the proposed lighting. Mr. Roehrich acknowledged there are other mitigating measures being taken such as the intersection signal, enforcement, and lowering of the speed limit, but as a State agency with liability and responsibility for the State Route, they need to continue to mitigate and provide measures they feel are necessary for the route to safely operate, protecting all citizens using the facility, as well as being respectful of the nearby community and its wishes. He did add, however, that there have been citizens who have shown support for the lighting.

Due diligence is continuing as the issue moves forward to complete the improvements. As they continue working with the City and its citizens, options have been presented, and it is expected all issues will be mitigated. The other element being discussed is possible city control of the roadway and what they may choose to do on their own. Although it has been discussed, the City has not given the ADOT any indication that they intend to take control over the roadway and solving of the problem. Mr. Roehrich asked the Board to approve the project allowing them to continue finalizing the design and requirements to move the project into construction. With regard to a 30 day delay, Mr. Roehrich agreed that could be done at the Board's discretion. The Board had been given a chronological summary of events as well as the Sedona City Council meeting minutes and a copy of the citizens' committee summary report regarding light options.

Director Halikowski explained that information was requested by the board and provided to the board on January 12. Mr. Flores commented he did receive the information a few days prior and had not realized the immensity of the opposition to the project, asking for time to digest the information provided.

Mr. Roehrich asked for an understanding, if the matter was deferred one month, what staff would need to accomplish during that time period to bring forward enough information to the Board to readdress the issue. Mr. Flores asked that the Board hear from Mr. Harper allowing him an opportunity to defend himself. Mr. Roehrich confirmed that Mr. Harper had stated they would be moving forward with the project as the Sedona City Council had given their approval on numerous occasions. He also stated he had spoken with Mr. Harper, and believed the comments had been taken out of context in the sense that Mr. Harper's intent by those comments was "Even if the City was not going to pay, we have a liability issue here; we have to move forward with a solution."

Director Halikowski spoke with Mr. Harper after the characterization of his comments. He believed they were taken out of context in the sense that what Mr. Harper said was that even if the city is not going to pay we have a liability issue and have to move forward with a solution.

Chair Householder asked for a motion on Item 7(a).

Mr. Feldmeier pointed out that he has followed this issue for several years and has at times been at odds with the amount of time staff spends on a particular issue trying to resolve controversies and problems. He felt in many cases, they have "gone overboard" on the length of time it takes to work with a community. In this case, he commented that "Staff has done a remarkable job being as patient as they have over a significant period of time" to work through this issue. In the end, this roadway is a state highway and the state's responsibility, with Mr. Feldmeier adding he was concerned about waiting any longer. He did not think there would be a point where they could obtain 100% consensus on any issue in front of the Board. He asserted that any delay is a negative impact on the improvements that need to be made.

Mr. Feldmeier asked if the Board would still have the ability to "pull back" on this project in the future. Mr. Roehrich stated that since it is an FY2011 project, it will not happen until later in the fall or early spring of next year before moving forward. Approving it today will get it in the program, capture the funds, and set it aside. Designs are not complete; environmental and other clearances have not been finalized. It will be months before the project is advertised and it can come back to the Board prior to that time for further discussion.

Mr. Feldmeier believed they should move forward, as this stretch of road in West Sedona is an urban route being financed by ADOT, but he believed also "it is a local road which the community should own."

Motion made by Bill Feldmeier, seconded by Bob Montoya, to approve Item 7(a). In a voice vote, the motion failed 2-3, with Felipe Zubia, Victor Flores, and Steve Christy dissenting, and Chair Householder abstaining.

Mr. Zubia explained his vote that he supported a minor delay for the board members to receive more information at the February 3rd Study Session, beyond the memos they received to make sure it's the right decision. He also agreed, if the roadway is better as a turn-back, "so be it. And if in

the future the lighting is put up and the city takes over the roadway, the lighting can then be removed. Mr. Christy agreed.

Felipe requested that Item 7(a) be presented at the next Study Session meeting including information on alternatives to the continuous lighting such as pavement flashers. It was confirmed that the project team will make a presentation to the Board at that time as to all steps taken, issues looked at, and mitigation measures considered. Mr. Roehrich agreed that information would be presented during the upcoming Study Session.

ITEM 8: Acceptance of bqAZ Study Recommendation - John McGee

Mr. McGee stated that at the Board's direction the ADOT has completed the Statewide Transportation Planning Framework program setting their vision through 2050. Important relationships have been built through an "unprecedented public involvement and outreach effort" including coordination with numerous State agencies, COGs, MPOs, bordering states, non-governmental organizations, community organizations, and citizens Statewide.

In the 50-year time frame between 1960 and 2010, the population has grown 5 times, while vehicle miles traveled have increased 7 times. Half of the transportation systems needed in the state by 2050 have yet to be built. The 2050 Transportation Vision for Arizona includes roadway, transit, and rail components. Key features include:

- Maintenance of the current system
- Enhancement of safety
- New alternate routes serving key high capacity corridors
- New and enhanced transit serving high population and employment centers serving local and regional needs
- Intercity passenger rail between Tucson and Phoenix with longer range extensions within the Sun Corridor
- Community rail service in Phoenix and Tucson metropolitan areas
- Potential high speed rail to neighboring states

The Framework Study also provides a foundation for future planning by establishing a platform for the long range transportation plan, creating lasting relationships with public and private partners, exploring State transportation finance options, and establishing a process for transportation decision-making using a context-sensitive approach.

Also present were James Zumpf, MPD Project Manager, and John McNamara from the Project Team available to answer questions from the Board. Each Board Member was provided a copy of the State Transportation Board Resolution accepting the 2009 Statewide Transportation Framework Study and 2009 Statewide Rail Primary Study, which Mr. McGee then read into the record. He noted that Mr. Zubia in particular had spent an extensive amount of time on the project, and thanked him for his participation, as well as the other Board Members. A recommendation was then made by Mr. McGee to adopt the Resolution as presented. Mr. Zubia thanked Mr. McNamara and his group; Jennifer, James and their group; as well as Mr. McGee for setting the groundwork for the upcoming 20-year plan.

Motion made by Felipe Zubia, seconded by Bob Montoya to accept the Resolution. In a voice vote, with Bill Feldmeier abstaining, the motion passed unanimously.

ITEM 9: State Engineer's Report - Floyd Roehrich

Mr. Roehrich gave an update on the construction program. There are more than \$1.4B under contract, of which \$400+M have yet to be completed. More projects are moving forward with the recovery projects underway. The local program is starting to see advances, as well as the FY2010 program. There are still more than \$800-900M to get out through the rest of the year. If an ARRA-2 does come in with additional funding, it will increase that number significantly. To date, 54 projects have been closed off, and in January there is an emphasis on closing off projects on the books as much as possible. If there are additional funds in those projects, they will be released back into either programming or, if state allocated, to help with cash flow management.

[A 10-minute break was taken.]

ITEM 10: American Recovery and Reinvestment Act (ARRA) 2009 Update - Floyd Roehrich

Mr. Roehrich provided a report on status of Recovery Funds to date. Delivery of enhancement is well along as well as the state program. The local program had been behind; however, it is now over 50% obligated. There are still constraints of having the funds obligated by 3/2/10. It is expected that goal will be achieved and there will be no loss of Recovery Funds. ADOT projects are 75% obligated. The Governor has finally signed the certification letter allowing ADOT to move forward. The letter was received until after the holidays, efforts have just begun to get the funds obligated. There is currently more than \$20M submitted to the FHWA and it is expected the obligations will start coming in. If they obligate the funds requested, it will push ADOT to 70% total.

Mr. Roehrich provided updates on ARRA prioritized projects with design issues:

- US-95 project on Holiday Harbor (roadway and drainage improvement in the vicinity of Parker) the city is doing sewer work within the limits of the project; designs will be allowed to be completed and sewer work will commence concurrently with the roadway work; advertisement of the project is anticipated in the spring; the goal is to use FY2010 federal aid.
- I-40 Coconino Forest boundary to Buffalo Range (pavement preservation) - this project has moved forward; it had an environmental clearance issue being worked on with the Forest Service. Due to the location work would not commence until next winter.
- SR79 south of Lawrence (box culvert extension) - this area has environmental, cultural, and biological concerns; efforts are being made to mitigate these issues.

Mr. Roehrich expected that issues with two of the projects should resolve themselves this year; the other will require ongoing work to move forward. Mr. Feldmeier asked Mr. Roehrich if he knew how other states were doing with their ARRA funds. Statistics were unknown, however, Mr. Roehrich stated in recent discussions with counterparts at the 2009 AASHTO Conference and with the FHWA, general consensus is "don't expect there's going to be funds given back." Most states have demonstrated the necessary steps in place to obligate their funds.

ITEM 11: Construction Contracts - Floyd Roehrich

Mr. Roehrich reported that three projects have been awarded; this month four projects have been opened with awards requested totaling more than \$6M of work. One project needing Board action is Pima County on I-10, second phase of a throughway management system, to coincide with widening improvements in Tucson. The original estimate was \$6.1M; the low bid was just over \$3M, 49% below the Department's estimate. Mr. Roehrich had concerns about awarding the project until he had a chance to review the packet with the Contracts and Specs Manager; however, in looking closely, a number of contributing factors had been found. The estimate had been high given the fact that the level of work taking place and the prices being received may not have account for those factors in the original estimate. The low bid, Contractors West, is the contractor doing phase 1. Contractors West had been specifically able to look at a number of savings measures that could be passed on to the Department such as already having crews on-site able to roll from phase 1 right into phase 2, as well as having all contracts set with suppliers and subs to continue the work, enabling the company to pass on those savings. And because they were able to show that they could quickly start purchasing supplies and extend the current contract Contractors West has with the materials suppliers from phase 1 to phase 2, they are able to garnish significant savings - all of which factored into the project. Mr. Roehrich felt this was a competent bid from a contractor experienced in doing the work and recommended that the Board approve this item for award of the construction contract to Contractors West.

Motion made by Steve Christy, seconded by Bill Feldmeler, to award the contract to Contractors West. In a voice vote, the motion passed unanimously.

ITEM 12: Public Private Partnership (P3) and Rest Area Update - Gail Lewis

Ms. Lewis provided an update on the P3 program. The planning phase is coming to an end and nearing the end of the planning contract with Wilbur Smith and the preliminary work for getting actual implementation and preparation of the projects. In the last 5 months, the following have been accomplished:

- Development of departmental principles for running the P3 program
- Completion of preliminary guidelines for moving forward
- A survey of best practices in other states to learn from what has worked or not worked elsewhere
- A list of primary criteria has been prepared for P3 project candidates
- A process for solicited and unsolicited proposals
- An internal ADOT structure to help support the program
- Development of RFPs for a long-term consulting team consisting of program manager, financial advisor, legal advisor, and technical and communications advisors.

An office of P3 Initiative will be set up, residing within the Director's office. Mr. McGeo is the Executive Director of Planning and Policy; Ms. Lewis will be the office Director, and Deb Sydenham has been brought in to help run the program. For the foreseeable future and with the help of administrative support, this will be the team moving forward and working with the consulting advisory team. There are no plans to add staff in the near term. The website is up and running and contains almost all information provided by the consultants including guidelines and

best practices. Website sign-up is available for receipt of program notices and by the first of next week, blast email capacity will be ready allowing for regular updates.

RFPs for the Program Manager who will be the "core backup" of the program have been received. Twelve responses are in; the initial evaluation meeting on those responses will be next week. The next RFP will be for the Financial Advisor. Ten responses came in this week. It is expected the initial evaluation team will meet in two weeks to go through those responses. The Legal Advisor RFP is still out and due back in, in about two weeks. The AG's office will assist in going through those responses. A few weeks subsequent to that time, the Technical Advisor and Communications Advisor RFPs will go out. It is expected the whole team will be in place by March.

The process of public meetings with stakeholders has begun, with the Transportation Advisory Committee, MAG, and Policy Advisor, Page Gonzalez from the Governor's office. The rest of the Governor's staff will be briefed in the next week, and then thereafter meetings will be held with the Legislators. A series of public meetings will begin, mostly with other COGs and MPOs who will be involved in the implementation of the process.

With regard to rest areas, they have been "casting a wide net" trying to find solutions on how to deal with rest area closures. There has been tremendous feedback from the public. A conference call was held with the State of Georgia and six other states which are in "particularly dire straits," as well as with AASHTO, to discuss this matter. No one has come up with a solution to the problem yet. There has been talk, however, of an AASHTO task force on this issue, to be the national voice working with Congress to get the restrictions lifted. An announcement on that task force is expected within the next month or so. ADOT has been asked, and plans to be an integral part of that effort.

John McGee and Lonnie Hendricks, Deputy State Engineer of Maintenance, made a trip into Northern Arizona to see if they could identify existing commercial facilities that can be used as pilot partners for the oasis idea. There were "shockingly" few, especially on I-17 between Phoenix and Flagstaff, which would meet the requirements in terms of adequacy of restroom facilities, cleanliness, parking spaces, and variety of food options. A couple of possibilities have been identified along I-40. Formal inquiry has been made through the Director's office to corporate heads of the facilities found to see if they would have an interest in partnering. Although they have not yet responded, it is hoped they will respond, so dialogue can begin. Last Legislative session, a law was passed allowing for an "Adopt a Rest Area" program. So far, in spite of several outreach efforts, there have been no takers.

Many of the rest areas need capital improvements such as upgrading of sewer and water systems and general rebuilding, and there may be an opportunity through the capital budget to take on some of the long term repairs, reducing the maintenance budget enough to find a way to reopen a few of the rest areas that can be upgraded. This is another option being looked into, especially with the possibility of more ARRA funds coming in. The long term answer may be a mix of commercialized traditional rest areas, if federal law can be changed, and oasis partnerships with the private sector. Ms. Lewis stated it will take a "whole program" to address this problem. In the meantime, concerns continue regarding the lack of rest areas due to safety issues. With the current inability to commercialize within the right-of-way, options are limited, unless private commercial enterprises can be created to come up with alternatives.

Mr. Christy asked Ms. Lewis if she had ever had the opportunity to inspect rest areas on the Ohio Turnpike. She responded that there is a grandfather clause in federal law allowing turnpikes and interstates already commercialized in the 1950s to continue private commercial enterprises. Arizona's highways were built after that time and fall under federal laws restricting commercial development. Efforts have been ongoing through communications with the federal delegation asking for flexibility. So far, the response has been a "polite 'keep trying'." The Chair of House of Representatives, Congressman Oberstar, does not favor privatization of rest areas. There is a draft of an authorization bill which may be the basis for his "vision of what authorization should be" but a ban on privatization remains in that draft. Building private rest areas off the right-of-way was discussed; however, direct access will not be permitted. Federal monies are being considered to build or rehabilitate the rest areas, paying for operations through contractual obligation of the contractor to maintain the facility for a period of time. In looking at existing truck facilities as possible partners, almost uniformly they lack outdoor eating or pet areas.

ITEM 13: Rail and Transit Update (Amended for deletion from Agenda)

ITEM 14: Organization

Felipe Zubia nominated Bill Feldmeier for Vice Chair, seconded by Steve Christy.
Felipe Zubia nominated Bob Montoya as Chair, seconded by Bill Feldmeier.

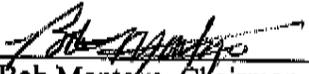
In a voice vote, the nominations were moved forward unanimously with Bill Feldmeier elected Vice Chair and Bob Montoya elected Chair of the State Transportation Board for 2010.

The gavel was then passed, with Bob Montoya expressing his thanks to Chair Householder.

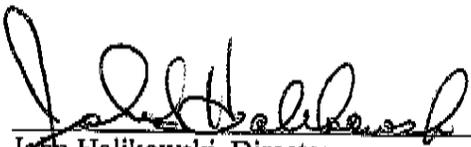
ITEM 15: Comments and Suggestions [None presented]

ITEM 16: Adjournment

Motion made by Felipe Zubia, seconded by, Steven Christy, to adjourn the meeting. In a voice vote, the motion was unanimously approved at 11:40 a.m.



Bob Montoya, Chairman
State Transportation Board



John Halikowski, Director
Arizona Department of Transportation