

**STATE TRANSPORTATION BOARD  
MEETING MINUTES  
9:00a.m., Friday, July 16, 2010  
Town of Chino Valley Council Chambers  
202 N. Hwy. 89  
Chino Valley, Arizona 86323**

**Pledge**

The Pledge of Allegiance led by Bill Feldmeier.

**Roll Call**

Roll call by Board Secretary, Mary Currie.

In attendance: Bob Montoya, Bill Feldmeier, Felipe Zubia, Bobbie Lundstrom, Victor Flores, Steve Christy (telephone), and Kelly Anderson.

**Opening Remarks – Bob Montoya, Chairman**

Good morning everybody it is a great day in Arizona. I want to thank CYMPO and Chino Valley for hosting our meeting. Thank you very much for the great evening last night. I think everybody enjoyed themselves and I had great conversations with a lot of people. Chino Valley is really growing. It is very nice to see that happening in this area. Again, thank you very much.

Ron Romley, Vice Mayor Chino Valley. Thank you Mr. Chairman, my name is Ron Romley; I am the Vice Mayor for the Town of Chino Valley and also the Chairman of the Board for CYMPO. I just wanted to thank all of you for coming. I appreciate the kind comments the gentleman made with regards to last night. I hope you like our new council chambers that we have only had three meetings in it. I want to thank you because it's because of the board coming up here on the 15<sup>th</sup> of July is the reason we got this thing done. I want to welcome you and have a safe journey back but thank you very much and I hope you have a different look at Chino Valley.

**Call to the Audience**

Ben Vardiman, Airport Manager, City of Prescott. Good morning Mr. Chairman and members of the Board. My name is Ben Vardiman and I am the airport manager for the city of Prescott. I am also a member of the Arizona Airport Association. I just want to take a few moments of your time this morning to thank you for your past, present, and continued support of the Arizona Airport system. We feel that the support that we get from the State Transportation Board and the projects that come our way play a significant roll in our ability to provide a safe and effective transportation system throughout the state. One example I can provide you here at Prescott was the recent relocation of our airport beacon. The airport beacon is a required FAA navigational aid for aircraft. Our beacon was approximately 55 years old and did not meet current safety standards or current design standards. We received a grant funded project through ADOT through the State Transportation Board to replace that system. We have a much more reliable system now, a system that enhances the safety for the users of the Prescott Municipal Airport as well as staff members who have to work and operate on that system. Additionally, that project also allowed us to install an emergency generator to power our runway lighting system in the event of power failure during monsoons, which happen fairly often. I just wanted to take a few moments to thank you for your continued support for the Aviation System and the Transportation system and the airports throughout the state of Arizona.

Norm Davis, Public Works Director, Town of Prescott Valley Mr. Chairman and members of the Transportation Board, my name is Norm Davis; I am the Public Works Director for the Town of Prescott Valley. I too want to thank the ADOT and the Transportation Board for the work and partnerships that we have nurtured over the last few years. More importantly some of the current projects that either currently you are going to award today or going out for bid in the next month. We are very proud of our project partnerships especially Dallas Hammit for working with us in the seamless transition to Greg Gentsch. We had some long-term transportation issues and we were able to see those to fruition. More importantly the viewpoint of traffic interchange is going out for bid and the Hwy. 69 median project. Both involve quite a bit of public involvement and they were very receptive to our local concerns and through several public processes were able to win over approval in the Town of Prescott Valley. So we wanted to thank you for our local partnership and I would leave several handouts. We would like you to see some of the projects we have and just some of the highlights. Other than that, I would like to bring up today that we have been working on locally, is some of the transportation Enhancement grant. We are very happy with the funding that we get through FHWA and ADOT for transportation enhancement. We have actually delivered a couple in Prescott Valley. Most recently, Bison Lane multi use path which linked three schools within Prescott Valley. We were able to take advantage of the Federal ARRA funding that became available. This is a project we have been working on for several years. It is about 1.5 miles of trails and we have a Trails master plan in our central core in Prescott Valley. They link three schools to our downtown area at the Library at our new library complex in our NAU Annex downtown. I have a real nice brochure that I would like to leave with you, if you would like to look through it. It was nice to work an ARRA funded project and put some people to work.

The other one is the Hwy 69 multi-use pathway. That is also a transportation Enhancement grant. That is ready to go out for bid and we just saw 95% of the plans. Hwy. 69 goes right to the heart of some of our core of the town and likewise we have created a brochure to show some of what we delivered. I am calling attention to these projects that were funded with grant money. Obviously without it, we would not be able to build this ultimate form of transportation.

It is nice when we can tell our public that there are other methods of multi-mobile transportation in the form of pathways. Very safe, 10 feet wide, ADA accessible, and it links the very important transportation centers of the traffic generators from our town Civic Center to the neighborhood. A very important \$2M has come into Prescott Valley and delivered these multi-use paths. We are very happy with the local Prescott District Engineer that has worked with us. We were able to comment about what we would like to see for aesthetic enhancements to View Point Ridge, which is going out for bid next month. We also have an architectural committee and they made comments. This is what we wanted and so the designs, some of the tree enhancements we were able to pick and were very well received by our local neighborhood. The Town of Prescott Valley was very happy with our ADOT project partnerships and want to thank you and the District Engineer for looking out for us and seeing that all the local concerns are addressed.

#### **ITEM 1: District Engineer's Report – Greg Gentsch, Prescott District Engineer**

Mr. Chairman and members of the Board and Mr. Halikowski, this is a short overview of the projects we have currently going on in the Prescott district and what we have planned for the next fiscal year. The Prescott district sits, that you are aware of, squarely in the center of Arizona.

We have almost \$110M worth of work, 16 different projects, with 11 different contractors, so we are doing a pretty good job at spreading the ARRA money around and keeping people working. There are four jobs up there that are highlighted red plus Bison at the bottom are all on your consent agenda today to be awarded so we can finish the fiscal year. These projects are managed by three separate construction organizations. Prescott Valley already has four projects there and they were at the top of the list mostly centered on Prescott and pavement preservation down towards Wilhoit.

Moving over to the east, there are five projects running and also the biggest project in the eastern side of the district, some new alignment divided highway. We had a few challenges with the start of the monsoon and some pretty rough terrain. That is one of the bigger challenges in this district is just being out of cuts and slopes to stabilize.

Cordes Junction is doing almost half of the 16 projects including the largest project overall in the district. It is an at risk project to replace the junction on SR69, I-17 traffic interchange. We expect that it will be somewhere around \$51M. For the next fiscal year, we have almost as many projects planned in the pipeline. Quite a few more pavement preservation projects in almost equal dollar amount that you can see here right at \$101M. Some of those are conservatively low especially the key multi-use paths.

Bill Feldmeier - Today, we have in front of us the safety project on SR69. I know we have had discussions in the past and when ADOT came up and had the meeting that the form was referring to, we talked to some of the constituency there about exposed aggregate on the cap of that median barrier. I just want to make sure that we are able to follow through on that the way we discussed with the constituency.

Greg Gentsch - Mr.Feldmeier that is our intent.

## **ITEM 2: Director's Report – John Halikowski**

Thank you Mr. Chairman, there is quite a bit going on as you know. I will start off with Highway Revenues and we will talk about those a little more but FY2010 Highway Revenues totaled less than \$1.2B which are down over 4% from FY2009 and down very significantly from FY2007, when we collected almost \$1.5B. a major issue continues to be the vehicle license, tags, and registration categories which reflect the continuing softness in new vehicle sales. As a result of the continued revenue declines, the department has continued its efforts to downsize and reorganize more effectively in operating the fiscal environment we are in. However, our employees, I will say, do seem to recognize the gravity of this situation and even given the difficult circumstances, morale seems to be relatively good. On the Building a Quality Arizona in long-range transportation plan front, earlier this year as you know, the department completed its most comprehensive long-term planning exercise in this state's history. BqAZ involved a coordinated planning effort with planners across the state and we will use this as our starting point for our long-range plan which we will be working on over the next year. In June, the State Transportation Board approved the new FY2010-2015 program and the highway portion of the program totaled about \$6.3B which is down slightly over previous years. On the ARRA front, the department will utilize all of the ARRA Transportation Funds administered by the department. It has been a challenging exercise, particularly the administration of the local projects funded by ARRA funds and in a good way this

has required an extensive amount of cooperation with all the COGs, and MPOs, and local governments across the state.

On I-11, the Department is continuing to work with a number of interested parties in the evaluation of the proposed I-11 project. As you know, at the recent meeting of the Joint Planning Advisory Committee, the Governor has certainly signaled her great interest that we continue to work on this project and we are still scheduled to look at receiving a large amount of right away as a donation or at a significantly reduced cost with the investment of a relatively modest amount of money. At this point, ADOT is looking at kicking off a study on a portion of that corridor by putting in roughly \$2M to start the study.

On rest areas, the department is still on track to open five by the end of July. If the Board is interested, I can list those. We had a couple of rest areas that were recently vandalized. Copper is being stolen out of the electrical boxes but we do not think that is going to delay the plans seriously and we will have four rest areas that need more extensive renovations and they should open late September, early October. This will leave only four rest areas in the entire state closed and all four of those as you know from our study session requires an investment to bring them back online.

Hoover Dam Bypass Bridge is tentatively scheduled for opening October 14<sup>th</sup>. This is going to be a significant event and the opening will include not only the bridge opening but new approaches on both the Arizona and Nevada sides of the bridge. The opening the bridge should significantly reduced traffic that would be going over the Dam and aid in security of the Dam itself.

Arizona continues to work with Nevada and California on the nationwide rail plan. I spoke with Nevada DOT Director the other day, as far as Arizona does not want to be a blank on the map as the Federal Administration starts looking at its nationwide rail plans. We are looking at working with our partners in California to make sure that we are considered as part of that map. That concludes my report, Mr. Chairman.

### **ITEM 3: Consent Agenda**

Bill Feldmeier – Referencing the June 18 Board Meeting Minutes contained in the consent agenda, I see a good synopsis of the events that occurred at that last meeting but in particular, rather than a synopsis of what communications there were between the constituency from Sedona and their personal beliefs as they have conveyed them to the Board, I would prefer that if at all possible, to have that transcribed verbatim.

Mary Currie – I will look into that.

*Motion by Mr. Anderson, a second by Ms. Lundstrom. In a voice note, the motion carries.*

### **ITEM 4: Legislative Report – John McGee**

I just have two very quick items that I wanted to alert the Board to. The state legislature is not in session but Congress is. Within the last month, the Federal House Transportation Committee has begun work on Federal FY2011 funding for Highway and Transit Programs. The committee passed a bill that set highway spending at \$45.2B. That shows about a \$3.9B increase from the current

year and \$11.3B for transit which is up about \$600M. That is just in the first committee in the house and still has to go through the full house and then of course the senate so there is still a long way to go but at least something is going on there. We did find out recently that congress is looking at a potential \$2.2B rescission to take place probably at the end of the fiscal year. Mr. Fink will speak more about that during his comments.

Finally, I just wanted to let the Board know that the funding resolution, which the Board passed last month, was sent to all of our congressional delegation, the Governor, and state legislators.

Director Halikowski - Mr. Chairman to that point, I will say that your resolutions already produced at least one reaction. We have been asked why we do not move our P3 projects along more smartly instead of looking for more taxpayer money. We will work with the legislature on those issues to develop a better understanding. Senator Harper sent in the inquiry. We will work with him more closely. Essentially, we have to make folks understand where this program is and what is happening with our finances both on the State and Federal level.

#### **ITEM 5: Financial Report – John Fink**

Good morning Mr. Chairman and members of the Board, and Mr. Halikowski. We are going to start on HURF results. We finished the year at a little less than \$1.2B, actually \$1.194B. June was down 2.5% compared to last June and down 5.2% compared to our estimates. For the year, we were down 4.3% compared to last year and also 4.3% compared to the estimate which takes us back to FY2004 levels. FY2004, I believe was \$1.18B, so, we are essentially back 6 years. For the year, that leaves us about \$54M below last year and about \$53M below our estimate. We did sit down this past week and developed our forecast for FY2011. Our forecast for 2011 is only going to be slightly higher than FY2010. Our forecast is going to be \$1.205B, so that is about \$11M higher just a little less than 1% higher. One of the things I did in preparation for this meeting was went back and looked at some of our earlier official forecasts for FY2011 just to have a sort of a point of reference. We went back and looked at our official forecast going back to September 2005 and the high point in our forecast was over the September 2006 forecast. That total was \$1.687B. So our forecast for this year is \$480M less than the official forecast was just four years ago. That is how dramatically our revenues have declined.

HURF by category, gas tax revenue for the year was \$455.4M. That is down about 0.3% compared to last year and down about 0.3% compared to our estimate. For June, gas tax revenue was \$39.1M. That was down about 1.3% compared to last year but it was up 1.3% compared to our estimate. For the year, Use Fuel tax revenue was \$171.3M. That is down 1.5% compared to last year. In June, Use Fuel tax revenue was \$14.6M. That was up 0.4% when compared to last year and up 2.5% compared to our estimate.

Vehicle License Tax remains the category where we are seeing the most weakness. For the year, vehicle license tax was right about \$330M. That is down 7.7% compared to last year and down 10% compared to our estimate. I also went back and looked at the last couple of years to see how average VLT is comparing. In FY2010 the average VLT was \$130. In 2009, it was \$139. In 2008, it was \$150. So the average VLT has dropped \$20 per vehicle in just two years. That is primarily due to the fact that nobody is really buying cars and people moving to the state are not

bringing the volume of cars that we have seen in the past. New vehicle registrations and new to Arizona registrations for FY2010 were at before the recession.

I also this month included slides showing the rolling totals of gas tax for the last 12 months, again as we have seen for the last several months, that has stabilized but again vehicle license tax just is not stabilizing. The rate of decline may have slowed a little bit but it continues to decline and has dropped back now to June 2005 levels. We do not have June results yet so I am going to be covering May.

For May, RARF was \$24.7M. That was down about 0.3% compared to last year and down about 4.5% compared to our estimate. Through 11 months then, RARF was at \$273.4M. That is down 9.5% compared to last year and down 5.1% compared to our estimate. By category, retail sales through 11 months stand at \$130.7M. That is down 7.3% compared to last year and down 4.2% compared to our estimate. Then contracting revenue as we have discussed previously with the impact on the housing market and commercial construction in Maricopa County, actually throughout the country, we are seeing tremendous declines in contracting revenue. For the first 11 months, this was about \$26.7M. That is down 38.9% compared to last year and down 28.8% compared to our estimate.

#### Aviation Fund:

- June Revenue in the aviation fund was \$330,000. Down 88.8% compared to last year and down 92% compared to our estimate. However, the June 2009 Revenues included a \$1.5M transfer from the Equipment Services Fund and also the deposit of \$1.3M Federal grant, neither of which occurred in FY2010. For the year, total revenue was \$25.1M. That is down 4.9% compared to last year and down 3.3% compared to our estimate.
- By category, flight property tax was \$9.9M. That is down 19.3% compared to the last year and down 23% compared to our estimate.
- Aircraft Registration revenue was \$7.7M. That was actually up 9.4% compared to last year and up 9.5% compared to our estimate.

#### Investment Report:

- June average investment balance was \$1.107B. We have 99.82% of that invested. June interest receipt was \$934,000 for an annualized yield of just a little bit over 1%. Year to Date, interest received was \$15.2M, for an annualized yield of 1.23%.

#### HELP Report:

- Cash balance at the end of June was \$66.8M. We are now down to a total of four loans outstanding with a total principal outstanding of about \$8.8M.

#### State Highway Fund:

- Low cash balance, as we have discussed previously, reflects the discretionary balance of State Highway Funds. We did not reach the low point in June until June 30<sup>th</sup>, when the discretionary balance dropped to right about 0. Going back to February 2008 was the last time that we saw a month where we did not drop below 0.
- I have also included an estimate for July because I believe that we have already hit the low point for July so it is not really necessary any more unless something happens between now

and the end of the month. On about the second or third day of the month, we did drop down -\$7M when we had a payroll cycle run.

Mr. McGee had mentioned the rescission that is being discussed in Washington. What we are talking about is a rescission of un-obligated balances. A portion of this has passed House Appropriations Committee at a \$2.2B level. This would translate to roughly a \$44M impact in Arizona. This has been proposed as a proportional rescission. What that means is that we would be told which categories of Federal Funds we would be required to take rescissions from. We would be given minimums and maximums that could be taken from each of those categories and then we would have to make adjustments necessary to accommodate that. This is the same process that was used with the rescission that occurred in September 2009 that caused so much difficulty for Arizona and a number of other states. We are going to be monitoring this situation very closely. It could create some significant issues as we close out the federal fiscal year end as did the rescission last year. I will also note that ASSHTO has sent a letter to congress pointing out the problems that this causes for the State Departments of Transportations, MPOs and COGs. If anyone would like to see a copy of that letter I have it and will send it to you.

#### **ITEM 6: Financing Program – John Fink**

I have included a timetable for our upcoming Regional Area Road Fund Financing that has been updated slightly. We are currently planning to bring the authorizing resolution to the Board at the September 16<sup>th</sup> meeting and then we would plan on distributing the preliminary official statements probably very shortly after that. This schedule that you see today is accelerated slightly from the schedule that I provided you at the last meeting. It has been accelerated by just a couple of weeks mainly due to two reasons: First, cash flow purposes relative to the Regional Transportation Plan. I believe we are going to probably need the proceeds sooner than we have anticipated and secondly, this financing may include a component of Build America Bonds. Currently those are scheduled to sunset at the end of this calendar year and there is concern that during the last quarter of the year that the market is going to be flooded with these kinds of financing and that it would be more advantageous for us to be in the market sooner rather than later if we do include a component of Build America Bonds. The next significant milestone relative to this financing occurs today with the next item. I will ask you to appoint an underwriting syndicate for this financing.

#### **ITEM 7: Appointment of Underwriters, Transportation Excise Tax Revenue Bonds, 2010 Series – John Fink**

With this Item I will be presenting a recommendation regarding the members of the underwriting syndicate for this upcoming financing. This includes Senior Manager, Co-Managers, and the respective liabilities of each of the members. Before I present the resolution, I did want to give you background on what happened with the Board's underwriting pool within the last couple of months. The prior contract that we had for underwriting services expired on June 30<sup>th</sup>. This was a contract that was administered by ADOT but is a statewide contract that is available to all state agencies, essentially any public entity. In anticipation of that contract expiring, we issued an RFP in the spring. Notices were sent to firms that were already in the pool and to other firms that expressed interest in participating in the pool. Unfortunately, there was a problem with the notices distributed by the state procurement system and it resulted in the number of firms not receiving notices or receiving notices very late in the process. In the interest of fairness, we canceled that solicitation

and are planning to re-advertise later this calendar year. In the interim and to carry us through the next several months, we did a six month extension for the firms that were already in the pool. So the pool as it existed on June 30<sup>th</sup> was extended for six months. What that meant was that there are no new firms in the pool however, again we are anticipating over the next several months to be reissuing that RFP and with the re-issuance, I have specifically asked that I be provided in advance with a list of the firms that the notification was going to be mailed to so that we can prevent a problem such as this from happening again. In anticipation of selecting the pool for this financing, we sent letters to all the firms that were in the prior pool. That letter requested their responses to approximately 6-7 questions relative to the usual questions that we would ask an underwriter. I reviewed all of those proposals; Kurt Freund reviewed all of those proposals. Kurt and I met with our respective staffs. We reviewed those responses and discussed those extensively and from that have developed a recommendation. That recommendation is in your book under Item 7 and I also distributed it earlier this week by e-mail to you. This is a resolution of the Board appointing underwriters for the planned issue of its Transportation Excise Tax Revenue Bonds 2010 series. We are recommending as a senior manager with a financial liability of 40% J.P. Morgan and then the balance of the syndicate to be filled out with four firms at equal liabilities of 15% and those four firms would be CitiGroup, Goldman Sachs, Morgan Stanley, and Ramirez and Company. I would recommend your approval of this resolution.

***Motion by Mr. Zubia, a second by Anderson to approve Item 7.***

Victor Flores – Are these percentages are the same as they were, just extending for six months, is that what you are doing as well.

John Fink - Mr. Chairman and Mr. Flores, the pool comprises roughly 12 or 13 firms currently, as you know with each financing we select a subset of that pool to work as the syndicate on that particular deal. So, this is just a subset of the firms that are in the pool.

Victor Flores - My question is this team that is part of the resolution is not the same team that is extended the six months.

John Fink – No, all of the firms on this list were extended for six months as were another 7 or 8 firms. The 7 or 8 other firms that are not on this list, they were extended; they can be used by other agencies. We do have an upcoming GAN Financing probably later this calendar year and they could participate in that financing.

Victor Flores - Are these percentages exactly the same as they were prior?

John Fink - We assign percentages specific to each particular financing so the percentages change each time we present a resolution to you.

***In a voice note, the motion carries.***

**ITEM 8: Multimodal Planning Division Report – Jennifer Toth**

I want to give a quick update on activities within Multimodal Planning Division specifically to ensure airport grants and also on *What Moves You Arizona*. As the Board is very well aware, we have deferred grant payments to airport sponsors over the past few years due to aviation fund

transfers from the legislature. We are very proud to say that within this past few months we were able to pay off \$4.1M of those deferred grants. We are also anticipating paying off all of the deferred airport grants by the end of January of 2011. That is a tremendous accomplishment for the aviation staff to ensure that those funds are used and managed in a proper way.

On the *What Moves You Arizona* front, we have had two Technical Advisory Committee meetings. We have held one Steering Team meeting and we have another next week. In addition, we have two major outreach efforts being accomplished next week. We are holding workshops with some special interest groups such as freight users, tribal economic development communities with sustainable planning, resource agencies as well as a development community. Those are workshops that we are holding in relation to the goals and objectives associated with *What Moves You Arizona* building off of the bqAZ Program. In addition, the first Policy Committee meeting will be held the first week of August. We are really looking forward to that discussion. That concludes my report at this time.

#### **ITEM 9: Priority Planning Advisory Committee (PPAC) – Jennifer Toth**

Items 9a through 9d are various changes to the FY2011 – 2015 program and I would recommend Board approval of items 9a – 9d. [PPAC Items were inadvertently printed as 8a-8d].

***Motion by Mr. Zubia and second by Mr. Feldmeier. In a voice vote motion passed to approve Items 9a – 9d.***

Amended Item 9e [Amended Item 9e was inadvertently printed as 8e] is a list of 34 projects to be deferred from FY2010 to FY2011. Twenty-five of these projects will meet the Federal FY2010 deadline of September 30<sup>th</sup>, 2010. Three of the projects will not advertise by September 30<sup>th</sup> but they were not identified as a Federal FY2010 closeout project on the list that was presented to the Board in February 2010. The other 6 projects are from subprograms where projects are created during the year to use this funding. We believe that we have captured all of the deferrals by working with the finance group as well the State Engineer's office and this list is comprehensive in nature for the deferral projects. We recommend approving Item 9e which is a list of deferred projects from FY2010 to FY2011.

***Motion by Mr. Flores and second by Mr. Feldmeier. In a voice vote the motion carries.***

Items 9f – 9n [Amended Items 9f – 9n was inadvertently printed as 8f – 8n] is a list of nine projects to be established in FY2011. All nine projects are for Pavement Preservation and were listed in the ARRA II list that was presented to the Board in February 2010. The staff's recommendation is to approve these projects to be advertised in Federal FY2010. Item 9f is contingent on approval by MAG on July 28<sup>th</sup>.

***Motion by Mr. Feldmeier and second by Mr. Anderson. In a voice vote the motion carries.***

#### **ITEM 10: State Engineer's Report – Floyd Roehrich**

I would like to give a quick update on the State Engineer's Report. Even with the revenues down, we are still seeing a robust construction program with the revenues that we have and as we continue

to move forward now with the majority of the ARRA projects underway and a few more from the local side yet to be awarded moving forward. We still have a \$1B program with over 120 projects. Every one of our districts is very busy right now and they are getting busier. Last month you had awarded nearly \$60M worth of projects with 19 projects this month. We are asking you to award another 16 projects. So we are continuing to see an increase of regular funds as well as the ARRA funds being invested into our infrastructure. We are also making a very big effort to close out projects to release funds that can go back into the program. We have closed out 119 to date but we are going to continue to make that a priority as we move forward with delivery of the program but closing out a lot of these administrative functions so we can move the issues forward.

Felipe Zubia - This information here is just information for myself and the rest of the Board members. To get a sense of how we are still really turning out a lot of projects, could you put together for our next meeting, either on a slide or handout really what this has been for the past 12 months, the number of projects for each month that we have met along with the amount and the finalized projects for that month; just a summary for 12 months. That will kind of help us keep track of it. Then also not that I am assuming that we have less to deal with these projects, I think that would be good PR if we ever get hit with the issue of not delivering projects or not delivering the amount of projects, at least we have that handy. We need to keep the level of service up with lesser amount of employees.

Floyd Roehrich - Absolutely, we will pull that together. I think it really shows that with the hiring freeze, as our staff as shrunk, we have continued to deliver basically a \$1B a year program. We will pull that information together and present it at the next meeting.

#### **ITEM 11: American Recovery and Reinvestment Act (ARRA) 2009 Update – Floyd Roehrich**

We are continuing to focus on the last few remaining basically local government projects. We are still working with financial services to recap any additional funds, discretionary funds that might be available to use. We are to do a reconciliation and a report on that at the next Board Meeting as well to be sure that we can capture what has been done and where all those funds and projects have gone. On the original ARRA we are about at the point now where we are getting the last few out. A number of those will be awarded today and a few more in the next month or so. I will pull a reconciliation on that at a future Board Meeting.

#### **ITEM 12: Construction Contracts – Floyd Roehrich**

There are 16 contracts to be awarded. 9 were awarded on the Consent Agenda and I thank you for that Mr. Chairman and members of the Board. There are 7 individual projects that require separate Board Action because they are outside of the 10% to 15% rule. We also have a numbering issue. Item 11 should be Item 12 on the Agenda. A review of all 7 projects that require separate Board Action, on that, the discrepancy in the bid amounts whether they are a + or -, the department's estimate, everyone of those projects now lies in the bids in reviewing those. We do feel we have mitigating reasons as to why they are outside the department's estimate and the bid amount and in all cases we feel we have competent bills to award all 7 projects. For the interest of time unless there are specific questions, I would ask that the Board award Items 12a – 12g.

***Motion by Mr. Zubia and second by Mr. Feldmeier to approve Items 12a – 12g***

Mr. Flores - One question on 12g, the 50% over.

Floyd Roehrich - That is a BCT replacement which is an end treatment on guardrail systems. Through the course of technology advancements, we have a newer guardrail end treatment system that as the process of retrofitting comes available and as we find the need. This is throughout Maricopa County on these multiple routes. There are 111 guardrail locations that will have the end treatments replaced. One of the issues that I think we missed here when we were putting together the estimate, why this one is 50% over, we really missed the inefficiencies of the contractor having to take his crews all over the valley and what it was going to take to set up traffic control and the duration of time that he was going to be there. The majority of the costs really have to deal with the inefficiencies of traffic control as labor and equipment and giving the materials to these sites. I think when we were looking at this, we kind of felt like on a normal project where it is contained and has work crews doing all the work. We basically did the count for having to go valley wide to support this and the fact that he is not going to have 50 crews out there working, he will have a few crews and they will have to go all over. We just underestimated the inefficiencies built into that amount.

Looking at the bids I received, they are all very close to each other and this was not in our mind, there was a bit of irregularity, it was just the inefficiencies and the mistake on our part. It is still a competent bid as it is appropriate for the amount of work.

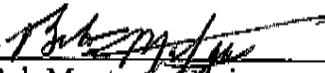
***In a voice vote the motion carries.***

Bobbie Lundstrom - I just had a question for Jennifer, I just wanted to know what the impact of deferring the port improvements to the Mariposa Port, that it is going to have the reconfiguration that we are working on right now.

Jennifer Toth - We are looking at that as leftover money from the Mariposa Port of Entry and we need to reprogram that into other projects, so it has no direct effect to the Mariposa Port, it is already fully funded.

**ITEM 13: Comments and suggestions [None]**

***Motion made by Mr. Anderson and Seconded by Mr. Flores to adjourn the meeting. In a voice vote the motion passed.***

  
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Bob Montoya, Chairman  
State Transportation Board

  
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John S. Halikowski, Director  
Arizona Department of Transportation