

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, June 17, 2016
City of Holbrook
City Council Chambers
465 1st Avenue
Holbrook, AZ 86025

Pledge

The Pledge of Allegiance was led by Board member Arlando Teller.

Roll call by Board Secretary Mary Beckley

In attendance: Joe La Rue, Deanna Beaver, William Cuthbertson, Jack Sellers, Michael Hammond, Steve Stratton and Arlando Teller.

Absent: None.

Opening Remarks

Chairman La Rue thanked City of Holbrook, Navajo County and NACOG for the great hospitality. The Navajo County Historical Courthouse and Museum was open and contains some very interesting history. Some board members took part in the Native American cultural dances, which was a nice event. It was good to meet and greet members of Navajo County and ADOT staff from area. Upon arriving in Holbrook, we stopped in at the paint shop, and were provided a tour and met some employees, which was greatly appreciated. Large tanks of paint for striping, 350 gallons of paint and they use 24 gallons per mile. Employees were engaged and passionate, so good to see, and all divisions, who are doing so much with less. Mr. Teller stated it was a wonderful evening prior to the Board meeting, and thank you for the hospitality. Mr. Teller noted his appreciation for Lynn Johnson and staff for all positive comments from citizens in area for ADOT's work. The community is seeing all of the positive work going on and it is appreciated. Mr. Sellers stated the Native American dances were a wonderful cultural experience and Mayor Price joined in the dancing.

Call to the Audience:

The following members of the public addressed the Board:

1. Christian Price, Maricopa Mayor, re: thank you for hard work and five year plan approval; 13 years ago Maricopa became a city and prioritized projects and train track cutting city in half of 50,000, big undertaking to get the SR 347 overpass as part of the plan; urge you to pass the five year plan; Maricopa will be passing its budget next week and will be forwarding the check to ADOT.
2. Michael Lomayaktoos, Transportation Director, Hopi Tribe, re: keep in mind we are newly established and we have pending projects that we would like to partner with the state; appreciation for completed projects and Lynn Johnson; airport also needs an improvement on at some point; thank you for consideration of Hopi tribe area.
3. Kee Allen Begay Jr., Navajo Nation Council, re: seeking support for state rights of way in the northeastern part of AZ, several roads that need attention; finalizing five year plan and would request Board's consideration to include roads recommended by NE district/Lynn Johnson; submitted letters of support from various entities and proposed legislation for rights of way; thank you for your support.
4. Chris Bridges, CYMPO Administrator, re: SR 69 – on June 7 city of Prescott approved \$150,000 contribution to final design; CYMPO Board also approved moving forward with swapping of funds with NACOG so NACOG doesn't lose funding of \$650,000 for final design ready to go to construction in FY 2019. Yavapai County also looking to contribute \$150,000; would like to see SR 69 added to the program and continue with our partnerships which are very important to CYMPO; requests I-17 be placed in years 6-10 plan; thank you.
5. Charlene Fitzgerald, YMPO, re: thank you for consideration of US 95 widening project if funding becomes available; she is leaving YMPO and moving to Phoenix, so I-17 and I-10 are also very important; thank you.

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1 (Beginning of excerpt.)

2 CHAIRMAN LA RUE: We will move on to Agenda Item
3 No. 1, which is the district engineer's report, and Lynn
4 Johnson.

5 MR. JOHNSON: Mr. Chairman, members of the Board,
6 Director Halikowski, we appreciate the fact that you've come to
7 Holbrook and to the Northeast District. I'm pleased with the
8 opportunity to give you an update on our projects we have going,
9 some of the future things we have in mind.

10 But first, before I do that...

11 First, before I do that, I'd like to provide a
12 shout-out and some recognition for my staff. I've got a really
13 great bunch of people here. Ed Wilson and Matt Moul are the
14 assistant district engineer -- district engineers for the
15 Northeast District. Ed takes care of the north half, and Matt
16 is in the south half. Our development engineer, Randy Routhier,
17 works on developing the projects and pushing them through to
18 construction. Carl Erickson -- Carl, you want to raise your
19 hand? He's my senior resident engineer who takes care of
20 construction in the Holbrook office. He's got an assistant,
21 Richard Young, in the -- also working with him. And then in the
22 south, in the Show Low office, for construction, we have our
23 senior resident engineer, Elaine Cooke. And they do a lot of
24 good work.

25 Before I get to the projects, I'd like to give

1 you a little update on the fire situation south of Show Low.
2 That fire is reported this morning as 8,000 acres, including the
3 burnout, but they feel very optimistic about the fire. There's
4 been a pre-evacuation notice for a couple days now. A lot of
5 our folks are -- have homes in harm's way, also, and -- but
6 there's been no evacuations. They're optimistic.

7 The type one incident management team took over
8 last night. They've got a lot of resources on the fire. US-60,
9 just south of Show Low, on Highway 73 is closed. It's been
10 closed since the fire, and that's where they're doing the back
11 burning is right adjacent to the Highway 60. Traffic is allowed
12 to come up 60 and take a detour through 73 in White River and on
13 up to the Show Low/Pinetop area, and southbound traffic is being
14 detoured on Highway 260 through Payson for southbound traffic.

15 We have units staged from Holbrook, St. Johns,
16 Springerville to help in case there is an evacuation for hard
17 closures on all the other routes into the Show Low area. Like I
18 say, we're hopeful that there won't be an evacuation, but in
19 case our own folks have to be evacuated, we've got people all
20 ready to jump in. And I've really been impressed with all the
21 response I've got from the neighboring districts, neighboring
22 units that have offered their support and help. They're ready
23 to jump in. That's indicative of the kind of people at ADOT.
24 They're always willing to jump in and support the effort. So we
25 wish them the best there.

1 The other thing I wanted to mention, there's been
2 a lot of concern from the Navajo tribe, Mr. Begay and others, as
3 well as myself, for the 191 between Chinle and Many Farms. And
4 we have actually, in coordination with our staff of safety folks
5 in Phoenix area, submitted for a highway safety improvement
6 project on that secondary roadway, and now just a matter of
7 allowing that application to go through, and hopefully -- we'll
8 keep our fingers crossed that we'll get some funding to make
9 some improvements up there. So we are working on that. We're
10 aware of it, and I fully support those improvements up there.

11 CHAIRMAN LA RUE: And Lynn, if I could interrupt,
12 so when we were up there -- and thank you again for the tour and
13 that -- there was some school crossing issues there. Is that
14 part of what you're working on?

15 MR. JOHNSON: Potentially. I'm not sure. We're
16 very preliminary at this point, but we have received permit
17 applications from the school for improvements there, and we're
18 currently reviewing those with the traffic engineer, and a
19 permit will be issued to install some of those improvements
20 (inaudible).

21 CHAIRMAN LA RUE: So work is happening.

22 MR. JOHNSON: Yeah.

23 CHAIRMAN LA RUE: Thank you.

24 MR. TELLER: Chair. Thank you, Mr. Thompson.
25 Thank you, Chair.

1 If there are any assistance you need regarding
2 permitting or any of the right-of-way issues that need to be
3 addressed, certainly we will work with Mr. Keyo (phonetic) and
4 Begay in processing some paperwork and all that jurisdictional
5 processing that needs to be done. I know Myra is really good at
6 working that, right-of-ways and so forth, but if there's any
7 assistance that we can give, Mr. Begay can assist in that, I'm
8 sure.

9 MR. JOHNSON: All right. Thank you very much.

10 Currently, we have a lot of work going on in the
11 Northeast District, and I'll run through those -- these areas --
12 these projects quickly.

13 We have two projects on Interstate 40, one just
14 to the east of town here that was recently -- the paving was
15 recently completed, matter of fact, last week by Fann
16 Construction. They were (inaudible) moving it over to the next
17 site near the -- on the project from Allentown to the New Mexico
18 state line. That particular project is going to be interesting,
19 because I've been around ADOT a long time, and we've never done
20 a 12-inch mill and fill project. We'll remove all the asphalt
21 down to the AB, aggregate base. And there was a lot of concern
22 with that, but I think we've got it covered. We'll be putting
23 up a temporary concrete barrier to protect the public and give
24 the contractor a chance to bring that asphalt up. So that will
25 be interesting. And they'll probably start that within the next

1 couple of weeks, and the goal is to get that project completed
2 by the end of the summer and finish before the weather
3 conditions won't allow any more work.

4 We have a project up on 264 that was mentioned by
5 Mr. Mike Lamockua (phonetic) through the Hopi reservation.
6 That's quite a large chipseal project. That will be done next
7 week, and we're happy about that. That was put off from last
8 year. We delayed the project because of weather considerations,
9 and we're doing it at the perfect time right now. We're -- we
10 like warm, dry weather, and that's nearly complete there. And
11 we appreciate the Hopi and Mike's patience with us on getting
12 that project completed.

13 Down in the Show Low area, on US-60, we've got a
14 pavement preservation project coming up soon, and also one on
15 180, rodeo grounds to Carrillo Crossing is a chipseal.

16 More projects on 61 east of the Concho area.
17 That project has not started yet either. It's pending award.
18 It's been advertised, but I don't believe it's on the agenda
19 today for award. It will be probably next time.

20 77, between Show Low and Taylor, a project was
21 started last fall, and the chipseal is in process, and it will
22 be finished probably next week.

23 I also want to mention -- that reminded me --
24 because of the fire issues, the potential for evacuation, we
25 shut down several contractors, got them off the road, and we

1 didn't want to have any delays or any impediments to traffic
2 getting out of town. So we've done that, and we've yet to give
3 them a start work order again, but we'll probably do that next,
4 I'm hopeful, depending on the fire situation.

5 The projects out on 180 and 191, up in the Chinle
6 area, a pavement project up there that we'll be working on
7 shortly, too. They have not started yet.

8 We've got a couple of widening projects. On 264
9 between Window Rock and Ganado, there's three phases. The first
10 phase was completed last year. The second phase is under
11 construction now. It's what we call the Fish Wash Project. It
12 was a safety -- the three phases were initiated through a safety
13 project with shoulder widening, and then we added pavement
14 preservation work because it needed (inaudible) one on the
15 bridges -- there were two bridges in this section, Fish Wash and
16 Burnside -- I should say Ganado Wash -- and those bridges were
17 replaced, also. The second phase is under construction. This
18 should be finished by the end of the year, and then the third
19 phase is pending award for your consideration today.

20 Another small widening project on 260, just on
21 the west side of Show Low, Meadow Valley is doing that widening
22 right now as we speak. Well, I should say (inaudible), but
23 they're under -- it's under construction right now.

24 We have been involved in a lot of local
25 government-type projects. I'll go through these quickly.

1 Either these projects have been just recently completed or
2 they're under construction right now, and at Show Low, Pinetop,
3 Lakeside, White Mountain, Apache, lots of projects. The Show
4 Low office has been very busy down there with all these
5 projects. Springerville, Eagar, we're doing several projects
6 for them. And then Snowflake, Taylor, Holbrook and St. Johns,
7 we've also got -- have projects going for those communities.

8 Future projects, 2016, we better hurry to get
9 those out before the end of the year. A rock fall mitigation
10 project on I-40 out here by the power plant, the -- near Joseph
11 City. We had rocks come down, land on the road, and that
12 project is supposed to be advertised soon.

13 Another pavement preservation project over on
14 US-60 near the generating station there, generating station in
15 Springerville, and another system enhancement for the locals in
16 Show Low, and then another pavement preservation project on 180.

17 Laguna Creek, up on the Navajo reservation on
18 160, just a scour project you should also be seeing soon.

19 Little Colorado River Bridge in Woodruff, it's a
20 local government project for the county. It will be expected to
21 be advertised soon, also.

22 And then 77, another pavement preservation
23 project between Holbrook and Snowflake.

24 Then a weigh-in-motion project that's going to
25 cover several routes, also.

1 Future, we have a lot of pavement preservation
2 and bridge replacements or bridge deck replacements. You can
3 see on I-40, 264, 191.

4 On 60, at Hagen Hill, we're continually having
5 rock fall problems down there. So we're going to be doing
6 another mitigation project over there in 2017.

7 Now, this State Route 73 project down on the --
8 in the White Mountain area, that is in White River. It's a
9 rather large pavement preservation project, and that will
10 include some pedestrian crossings that have been highly
11 political, and they've got a lot of issues down there and have
12 had several pedestrian fatalities. So we're working on the
13 design on that project as we speak, and that's -- like I say,
14 that's a large pavement preservation project, and it's much
15 needed.

16 2018, a project -- I wanted to highlight this one
17 somewhat. Up on 163, this is north of Kayenta, between Kayenta
18 and Monument Valley. It's a route that's a very highly traveled
19 tourist area, with tour buses and all the tourists going to
20 Monument Valley. We put this project in for a minor project
21 because the drainage -- this is indicative of a lot of issues we
22 have in the district with silting of our drainage channels and
23 drainage pipes. On the left, you can see the drainage channel
24 looking upstream, and on the right looking downstream, and then
25 the view from the roadway.

1 And the water was coming down that channel,
2 coming -- (inaudible) the drainage ditch and then crossing and
3 overtopping the road down (inaudible) at the low spot. We
4 didn't even realize there was pipes in this area until one of
5 the maintenance workers who'd worked here for about 20 years
6 said, "Oh, yeah. I remember cleaning those pipes out." We took
7 the backhoe -- took the backhoe, dug down, and actually, there
8 were (inaudible) pipes that were five foot below the existing
9 drainage channel, and that entire drainage system had silted in.
10 And I just highlight this because we have a lot of issues
11 similar to this in our area. We're working on it. It's almost
12 a never-ending task, but we're doing what we can. We have some
13 special funding through maintenance, through the legislature to
14 (inaudible) a lot of these drainage pipes, and we're going to be
15 doing that this coming year.

16 A couple other projects on -- in 2018. On 377,
17 for those of you who came up from Heber to Holbrook on 377, some
18 of those curves are substandard out there. That's a very
19 highly-used route going from Interstate 40 to get to the Phoenix
20 area. We're going to be reconstructing some of those curves and
21 doing some widening.

22 And then Flying V on 60, down south of Show Low,
23 another pavement preservation project.

24 More bridge rehabs on 180. More local -- or
25 actually, this project on 60 and Show Low, 40th Street, is one

1 -- it's the last major project that we had in the district
2 that's been pending for quite awhile, and it's funded for 2018
3 to do a widening right there on the east side of Show Low.

4 More pavement preservation on 60 and 61 and 180,
5 191. Traffic management project (inaudible) for the City of
6 Show Low. And then the Little Colorado Bridge replacement over
7 in the town -- or right adjacent to the town of Eagar. That's
8 also (inaudible), also.

9 We have a project, 160, Chinle Wash Bridge rehab
10 in '19. Laguna Wash Bridge replacement on 163 right in the
11 community of Kayenta also for 2019. That's quite a large
12 bridge, and we have some challenges that we're working out right
13 now for this project. And then the Painted Cliffs rest area and
14 Meteor Crater rest area rehabs.

15 And those are all the projects we have right now.
16 Do we have any questions?

17 CHAIRMAN LA RUE: Any questions of Board members?

18 MR. SELLERS: Mr. Chairman.

19 CHAIRMAN LA RUE: Mr. Sellers.

20 MR. SELLERS: Hopefully a quick question. When
21 you talk about doing a 12-inch mill, full-depth mill, is that
22 because you have full-depth cracking extensively along the
23 roadway?

24 MR. JOHNSON: There was a lot of testing and
25 evaluation done on the pavement. We had a lot of problems with

1 the pavement out there deteriorating, and we've done several
2 small projects to fix it, and it just -- it wasn't repairing it.
3 So our geotechnical folks and the pavement preservation folks
4 got in and did some testing, did some coring, and they
5 identified the problem of being very deep in the asphalt, and
6 that's why we had to go all the way down to take that lower
7 layer of asphalt out, start from (inaudible).

8 MR. SELLERS: Okay. Thank you.

9 CHAIRMAN LA RUE: Other Board member questions?

10 You know, Lynn, I've got a question. It might be
11 more for a finance team, but you mentioned around the Show Low
12 fire that you've pulled off contractors to, you know, make sure
13 the evacuation routes were wide open and not encumbered, which
14 is absolutely the right -- you know, the right decision to make.
15 But any time you stop a contractor and stop the mobilization or
16 the work, and then you have to remobilize, there's always a cost
17 there.

18 MR. JOHNSON: Yeah.

19 CHAIRMAN LA RUE: So how does that cost get
20 estimated? And I'm assuming it's -- hopefully it's built in the
21 contingencies but, you know, you don't generally know when fires
22 are going to happen. So if it exceeds contingencies, what
23 happens, I mean, with that expense?

24 MR. JOHNSON: Well, on every project, as you
25 know, we have a 5 percent contingency built in, and depending on

1 what the issues have been on a project, we may or may not use
2 that 5 percent contingency. We will always go -- work through
3 the state engineer's office, through Julie (inaudible) group to
4 talk about funding. We will get an estimate from the contractor
5 on his damage. We will evaluate that, do our own cost estimates
6 and analysis, and then negotiate with the contractor based on
7 what we see and work out a price and write a change order to pay
8 for that.

9 CHAIRMAN LA RUE: Given this fire, it looks like
10 it's -- they've got the first team on it. We probably are okay
11 in all of these contracts that we've stopped.

12 MR. JOHNSON: Yeah. I'm confident we'll be fine.
13 We'll be fine there. You know, occasionally we get something
14 that's totally out of whack or out of line, or we just
15 (inaudible) sit down around the table and start negotiating.

16 CHAIRMAN LA RUE: Well, I appreciate the deeper
17 dive into the fire, because that -- you know, that -- the issue
18 there you highlighted, I have never even thought about that in
19 the past, that when these things come up and we stop, there are
20 damages that were accruing, and then how do we take care of
21 those damages within the overall budget. So, you know, thank
22 you for that deeper dive, because that just helps highlight all
23 the issues that you guys are facing. I mean, you've got a very,
24 very busy district, a very spread out district. You're doing
25 great work. Every time I'm up here, there's tons of great

1 accolades to you and your team and everybody. So, you know,
2 pass that along, and keep up the great work for us.

3 MR. JOHNSON: Thank you. And we thank the Board
4 for your support (inaudible) with these projects.

5 CHAIRMAN LA RUE: Definitely.

6 All right. So Item No. 2, director's report.
7 Floyd, so you've got your delegate here to give your report? I
8 mean, what's -- this is -- this is different.

9 MR. HALIKOWSKI: I just go where he tells me,
10 Mr. Chairman. He wheels me out of the office when he needs me.

11 Well, thank you, Mr. Chairman and Board members,
12 and thank you, Mr. Teller. We're honored to be here in your
13 district, and the hospitality is wonderful. I appreciate your
14 offers of assistance, which really, I think, emphasizes the
15 partnership we have with the Navajo Nation and the Hopi.

16 The other thing I wanted to say is thank you,
17 Mr. Chairman, for recognizing our paint and sign folks. We
18 spent some hours yesterday with district employees up here,
19 because as you noted, our workforce is shrinking, but our
20 demands keep growing, and throughout the department, we are
21 instituting lean principles and training our people how to do
22 process improvement. The leadership team, my team, is the first
23 to go through this extensive training, and we're actually using
24 folks who are former Toyota executives and have a consulting
25 company called Honsha, and we are emulating what they're doing

1 for hospitals and other folks who are heavily process oriented
2 and finding out where we can save time by removing waste and
3 save money.

4 So we are working hard on that, and I appreciate
5 your acknowledgment of the employees. And I will say that
6 they're so excited about this. I know that Mary was visiting
7 with you yesterday. They painted a small Route 66 on her left
8 shoulder. (Inaudible.)

9 CHAIRMAN LA RUE: Do they have photos of that?
10 And they got the beads on there that reflect (inaudible).

11 MR. HALIKOWSKI: I think so. (Inaudible.)

12 CHAIRMAN LA RUE: Maybe it's the bling.

13 MR. HALIKOWSKI: I want to update you on just two
14 items, and one is one that I've talked about previously, and
15 that's the work we're doing with the federal department of
16 communications and transportation in Mexico, that I-15 corridor
17 study that we're jointly working with the Mexican federal
18 government.

19 As you know, we're looking at a feasibility study
20 on this corridor, because it crosses -- for -- it goes from
21 central Mexico into Nogales, and as you know, Nogales is our
22 major port for all the produce that comes to North America, and
23 we're looking at what economic developments we can do if we put
24 the infrastructure in on both sides of the border, because
25 obviously we want to be able to boost the economy, not only by

1 border crossings, but by sharing manufacturing and other forms
2 of industry at the border.

3 So right now where we're at with that particular
4 issue is that we're looking at the current conditions of the
5 corridor and current and future projects, and we'll identify
6 these areas of remaining need. And the study is going to be
7 also looking at the condition and usage of railroad in the
8 corridor. It will determine types and movement of freight
9 within the corridor and existing and potential economic
10 clusters. (Inaudible) looked at supply chain opportunities, and
11 we're using federal planning and research dollars to do that.
12 So not only has the Mexican federal communications and
13 transportation agency endorsed it. They have now put \$100,000
14 into these studies on the Mexican side.

15 Now, as you know, recently the state of Sonora
16 elected Governor Claudia Pavlovich, and she's our immediate
17 neighbor and has become a much more active partner from the
18 state of Sonora. And my counterpart in Sonora, the
19 transportation director, is taking strong interest in this
20 corridor study. And the State of Sonora, in addition to the
21 federal government, is also going to contribute another \$100,000
22 to the study.

23 In addition, the state of Sinaloa, which is just
24 south of the state of Sonora, has also expressed interest in
25 partnering of the study, including additional financial

1 contribution. So what we're seeing is the states in Mexico are
2 beginning to line up in studying this corridor, because as they
3 see what's happened with the Mazatlan/Durango Highway and other
4 highways that lead into Texas that have done such studies, when
5 you improve the infrastructure, that's when the industry begins
6 to cluster around that particular infrastructure for shipping
7 and logistics purposes.

8 So we're -- we just met with the state of Sonora.
9 My counterpart and also the governor -- Governor Pavlovich's
10 chief of staff, and we're finalizing our commitments on a broad
11 set of joint activities, and that is also making sure that as
12 we're doing improvements to the port on the U.S. side, there are
13 concomitant improvements on the Mexican side.

14 So we had an excellent day-long meeting with them
15 to share agendas, and we're going to be meeting with them again
16 on June 23rd during the Arizona-Mexico Commission on a shared
17 work plan. I can see our efforts with Mexico are really
18 starting to pay off with this unprecedented bilateral
19 coordination that we're enjoying with the state of Sonora, and
20 folks along the border and Mexico City are beginning to pay
21 attention. And the way the old saying goes, follow the money.
22 They're now putting money into the study and wanting to become
23 very active partners in it. So I'll keep you updated in the
24 future on our actions and the progress of the binational study.

25 CHAIRMAN LA RUE: (Inaudible.)

1 *Mr Hammond* : Mr. Chairman, John,
2 Mr. Halikowski, can you -- my sense is this is probably federal
3 issues and not something that this study is going to take into
4 consideration, but maybe I'm incorrect. You're certainly going
5 to be looking at the physical quarter coming up --

6 MR. HALIKOWSKI: Uh-huh.

7 *Mr. Hammond*: : -- and coming through
8 Mariposa for this corridor. Is there any part of this study
9 that includes a -- the SENTRI lane that needs to be put in there
10 that's more because of Mexico's inability to have the necessary
11 right-of-way to put that lane in?

12 And second of all, also on the railroad issues
13 coming through Nogales, I think much of the problem is on the
14 north side.

15 MR. HALIKOWSKI: Uh-huh. It is.

16 *Mr. Hammond* : And how is this study or
17 work that you're doing going to address these issues or not?

18 MR. HALIKOWSKI: So I think it's a little early
19 right now as we're developing the scope with our folks on the
20 Mexican side, but I would say that from our perspective is we're
21 looking at both the highway corridor and the rail corridor.
22 We're going to have to look at those issues so we can begin to
23 shape the scope of the study, and if that's something that the
24 Board is interested in, we can take that into consideration to
25 look at the rail issues on the north side of the border in

1 Nogales. As you know, our rail runs right through downtown, and
2 it would be expensive to move, but perhaps there are ways that
3 that can be accomplished. I just don't know yet until we bring
4 in some consultants to talk about this.

5 There are federal issues involved, which is why
6 we work closely with the Mexican federal government. We have
7 met with our own state department two months ago in Washington,
8 D.C., and our folks at the Mexican embassy. So we're trying to
9 work together with FHWA, Government Services Administration, who
10 also does the construction at the ports, Federal Motor Carrier
11 Administration. It will be a consolidation of working with
12 these partners to get those improvements done.

13 Mr. Hammond : Just one final comment.
14 The -- kind of like the I-11 corridor, this is really long-range
15 stuff, and my understanding is (inaudible) is really kind of
16 taken off the table on the north side any discussion of a new
17 route, railroad route through Nogales, and that needs to somehow
18 get put back on there and at least put in the planning if it's
19 possible.

20 MR. HALIKOWSKI: So I would just say,
21 Mr. Chairman, this one, compared to I-11, it's a bit different
22 in the sense that our Mexican partners are putting money into a
23 study, but the undersecretary for transportation at the federal
24 level, Undersecretary Cummings (phonetic), also has committed a
25 billion dollars U.S. to improvements of the corridor, and that

1 is in the Mexican president's budget. So we are seeing money
2 being put in on the Mexican side to make improvement. So
3 hopefully this isn't as long range as some of the phases of I-11
4 would be.

5 CHAIRMAN LA RUE: Thank you.

6 MR. HALIKOWSKI: The other item, if there's no
7 more questions, Mr. Chairman, I wanted to update you on is the
8 I-10 Corridor Coalition that we recently formed. We had a peer
9 exchange with our three sister states: Texas, New Mexico and
10 California.

11 A little bit of history on this is that, as you
12 know, for years we've been trying to figure out ways to
13 privatize our rest areas. And a few years ago, I was at an
14 event talking about why Arizona can't privatize its rest areas
15 due to the existing federal law, and it was suggested to me at
16 that time by someone from FHWA, we really should look at putting
17 together a corridor coalition. Back east they have the I-95
18 Corridor Coalition. As you know, I-95 runs along the east
19 coast, north to south. And the states have banded together to
20 foster partnerships on communications, permitting, all these
21 different things as you go through different states to try to
22 make travel as seamless as possible. That's exactly what we're
23 trying to do with the I-10 Corridor Coalition.

24 A few years ago we met with our fellow western
25 states, and we said if we were going to pick a corridor to start

1 a coalition on so that we have more influence, strength in
2 numbers, when it comes to funding and other issues, which four
3 states would we choose, and we chose the four states that --
4 Dallas to L.A. that I-10 runs through. And the ultimate goal of
5 my vision is that someday you'll be able to seamlessly drive a
6 fully-automated truck from Houston all the way to the ports at
7 L.A., but it's going to take a lot of coordination, as I said,
8 and communications and permitting. Weights have to be
9 standardized. Technology, electronics, all these things, the
10 states are going to come together and begin working on how we
11 work together as four states with our federal partners and with
12 each other. Louisiana, Mississippi, Alabama and Florida have
13 also expressed interest in joining the coalition in the future.

14 So we've just signed the agreement with the other
15 three states. We met here in Arizona. The FHWA, our
16 partners -- I want to say thank you to Karla -- put out the
17 funding so that we could do a peer review, and in essence, they
18 brought peers in from the I-95 Coalition and I believe the I-81
19 Corridor Coalition, and we spent a day talking about how do we
20 get started, and what are some of the lessons you've learned.

21 So right now what we're trying to do, basically,
22 is reduce friction for commercial vehicles traveling from one
23 state to another by doing as much standardization as we can
24 under the law, and some of the other low hanging fruit we'll
25 start with are motorist communications so that you can easily go

1 to a place and get communications on your route in all four
2 states. So we're in the beginning stages of that, but I have
3 high hopes that when our states come together as a block, as a
4 coalition, as we're seeing around the country, it's becoming
5 about mega regions coming together, not individual states, that
6 we'll be able to leverage that into benefits either in funding
7 or in reducing that friction for commercial and non-commercial
8 motorists. So shout-out to the FHWA for putting the peer review
9 together.

10 CHAIRMAN LA RUE: Excellent. Very good.

11 MR. HALIKOWSKI: That's all I have, Mr. Chairman,
12 unless there's any other questions.

13 CHAIRMAN LA RUE: Board Member Teller.

14 MR. TELLER: More of a comment, Mr. Halikowski.
15 I'd like to share my appreciation for our cooperative efforts.
16 A couple weeks ago when we had to transport an
17 overdimensional --

18 MR. HALIKOWSKI: Oh, yeah.

19 MR. TELLER: -- package from Yuma to the Four
20 Corners and our appreciation from the Navajo Nation for that,
21 because it was -- it did assist us in addressing a
22 infrastructure that needed to be repaired. Thank you very much.
23 Thank you, Dallas.

24 MR. HALIKOWSKI: Thank you.

25 MR. TELLER: And all your staff. Thank you for

1 that.

2 MR. HALIKOWSKI: I appreciate that, Mr. Teller,
3 but really, it was the team that pulled together and made that
4 happen. So the credit goes to them.

5 MR. TELLER: Thank you.

6 MR. HALIKOWSKI: Thank you, sir. Thank you,
7 Mr. Chairman.

8 CHAIRMAN LA RUE: Any other questions?

9 Thank you, John.

10 We'll move on to Agenda Item No. 3, which is the
11 consent agenda, which has been distributed in your packets.
12 Does any Board member wish to pull any item from the consent
13 agenda? Seeing none, the Chair would entertain a motion to
14 approve the consent agenda as presented.

15 MR. TELLER: Motion.

16 CHAIRMAN LA RUE: We have a motion by Board
17 Member Teller.

18 MR. CUTHBERTSON: Second.

19 CHAIRMAN LA RUE: A second by Board Member
20 Cuthbertson. Any further discussion?

21 Hearing none, all those in favor signify by
22 saying "aye."

23 BOARD MEMBERS: Aye.

24 CHAIRMAN LA RUE: Any opposed? The ayes have it.
25 Item No. 4, legislative report.

1 MR. ROEHRICH: Good morning, Mr. Chair, members
2 of the Board. Kevin Biesty could not be here, and he sends his
3 regrets. But I do have a couple things I did want to update the
4 Board.

5 First, locally, we're in that period now that
6 since the legislature completed their action and we're waiting
7 for (inaudible) taken place, but there was one item that had an
8 emergency clause that the department is anticipating is going to
9 start ramping up, and that's the development of a transportation
10 funding task force. It's a nine-member -- nine-person task
11 force with members nominated by the governor -- appointed by the
12 governor of the present -- president, the Senate and the Speaker
13 of the House, and within there, they're to address through
14 basically the rest of this year the transportation needs at the
15 state level, local level and regional level, as well as look at
16 funding options in order to address any shortfalls that are
17 identified in their analysis. Their report is due by the end of
18 the year. There are a number of state agencies that are
19 identified as supporting this effort, and ADOT as being one of
20 them.

21 We have heard that people are starting to get
22 nominated and put on this committee. They've not identified who
23 the committee chair is or the vice chair yet. The governor will
24 do that. And -- but once they get formed, they're going to
25 start kicking off their meetings, and we'll obviously get more

1 involved in that, and we'll have more information to present on
2 that as it moves forward. But we're very encouraged by this
3 task force, at least the efforts to continue the discussion of
4 the transportation needs and funding issues that we have around
5 the state. As we get more information, we'll obviously be
6 sharing that with the Board, meeting notices, things like that.
7 Any reports or information that comes out from this task force,
8 we'll continue to share that with members of the Board as well
9 as our senior staff as we see how it is moving forward. That's
10 what I have for the state level.

11 At the federal level, there's a few things. The
12 Federal Aviation Administration authorization. It's been four
13 months since they approved the bill reauthorizing the FH -- FAA.
14 Since that time, there's been no movement in the House to finish
15 the process or by Ways and Means to develop the tax portion of
16 the bill. So they had a temporary reauthorization, but we're
17 still waiting on the budget requirements so we know if it will
18 be able to continue to support the program. The five-year
19 program you have today does have the anticipated funding levels
20 in there that we have (inaudible) planning purposes. If
21 something would change within that moving forward, we'll
22 obviously have to bring that back to this board, but at this
23 time we anticipate no changes for that.

24 And basically, at this time those are our
25 updates. I'll try to address any questions.

1 CHAIRMAN LA RUE: Any questions? Board Member
2 Teller.

3 MR. TELLER: Thank you, Mr. Chairman.

4 Yesterday I received notice from several --
5 several people of the additional funding that was approved and,
6 I guess, appropriated by a Congresswoman Kirkpatrick on several
7 of the airports within the airport system of Arizona, Flagstaff,
8 Gila River, Window Rock. There's several more that I recall.
9 How are those -- how are those additional funding going to help
10 in the airport system plans for each of those individual
11 communities?

12 MR. ROEHRICH: Mr. Chair, Mr. Teller, I do not
13 specifically -- I didn't have any information regarding what has
14 happened, so I will need to go back and work with our aviation
15 group. I mean, I don't want to put Mike Kies on the spot,
16 unless, Mike, you know something specific.

17 UNIDENTIFIED SPEAKER: (Inaudible.)

18 MR. ROEHRICH: If there is some directed earmark
19 or some directed funding that will come through the department
20 and go directly to -- to a local airport, a local agency, we'll
21 obviously have to understand the language as far as how does it
22 -- is it just a passthrough, or is it something that comes
23 through as an additional increase to our aviation funds, which
24 means we'd have to ensure that we've got the match for that or
25 whatever. So we'll have to look at the specific language, and I

1 just don't have that ready. We'll follow up on that,
2 Mr. Teller. We'll get a quick summary together, and we'll send
3 it out to the Board members.

4 MR. TELLER: Thank you so much.

5 CHAIRMAN LA RUE: Any other Board member
6 questions? No.

7 Thank you, Floyd.

8 MR. ROEHRICH: Thank you.

9 CHAIRMAN LA RUE: Next agenda item is the
10 financial report with Kristine Ward. Ms. Ward.

11 MS. WARD: Good morning.

12 CHAIRMAN LA RUE: Good morning.

13 MS. WARD: Chairman La Rue, Board members, I've
14 got a very brief and pleasant report this morning.

15 We are on target with our HURF revenues. Gas is
16 still performing moderately strong. We did show a sharp decline
17 in our diesel revenues. We think that might be somewhat
18 associated with our ports, have got some declines there, because
19 this is the -- April is a lag month, typically, at our ports, as
20 we precede the summer months, and our imports increase as we get
21 into the later summer months, and as we face school season, and
22 the imports increase. So we think that might be influencing our
23 diesel, our diesel numbers.

24 Moving on, VLT is still performing very strongly,
25 and overall, we are within our targeted forecast. We're 2

1 percent, actually, over forecast.

2 Moving on to RARF, we're running a little behind
3 forecast, but we're still within our targeted zone. Retail
4 sales are still strong. A little bit below forecast, about 1.8
5 percent. Contracting is down, but that's expected. We're --
6 while we are 10.4 percent below year to date, we had forecasted
7 this because there was a legislative change in how the tax is
8 applied, and so we're only about 3.8 percent below forecast. So
9 we had accounted for this instance. It's not -- it's not of
10 concern.

11 With regards to further updates, I have nothing
12 further to report on the fed program or our debt financing
13 program.

14 Chairman La Rue, if it pleases the Board, I am
15 the first on the next agenda item. So unless there are any
16 questions on the financial report, I'll stay put for the next.

17 CHAIRMAN LA RUE: Are there any questions by
18 Board members on the financial report? Hearing none.

19 And then I'm assuming since the next agenda item,
20 we have Michael Kies, he's going to defer to you for the first
21 part of the agenda?

22 MS. WARD: Yeah. We kind of coordinated
23 beforehand.

24 CHAIRMAN LA RUE: So we'll move on to Agenda Item
25 No. 6, which is the fun one, the one we've been waiting for all

1 year. So, well, let's take it away, Kristine.

2 MS. WARD: All right. So on January 26th, I came
3 and presented to the Board the full financial outline for the
4 tentative program for '17 through '21. As I covered at that
5 time, the department can reasonably expect funding levels,
6 including bond proceeds, in incorporation with our bonding
7 program, to the tune of about \$3.4 billion. When you -- and
8 those are the dollars that run through our RAAC allocation, your
9 distribution, our allocation model. Excuse me. You combine
10 those with the regional funds and the bond proceeds, the
11 regional bond proceeds from RARF, and then got Pima County's RTA
12 moneys and other funds that are provided by the region, and the
13 highway program ends up being a little over \$4.4 billion.

14 We have reviewed the numbers that came out of the
15 study session and that are before you today, and those numbers
16 do match up and are fiscally constrained. So the program that
17 sits before you today is fiscally constrained. I can say that
18 quite happily. And once those numbers are finalized, once
19 you've approved those and they've gone and been signed off by
20 the governor, I'll provide you a full financial report and the
21 breakdown of the funds supporting the overall program, give you
22 more detail.

23 With that, if you have any questions, I'd be
24 happy to answer them.

25 CHAIRMAN LA RUE: Any questions by Board members?

1 Fiscal constraint.

2 Seeing none, I guess, thank you.

3 MS. WARD: Thank you very much.

4 CHAIRMAN LA RUE: Thanks for giving us that
5 confidence that -- of about what we're ready to do or something
6 like that.

7 MR. HALIKOWSKI: (Inaudible.)

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

9 Yes, we thought it would be important for you to
10 understand that you did have all the money that we -- that we
11 have to cover the five-year program first before we get into the
12 fun of the five-year program. And you'll be happy to know I
13 have a brief presentation today.

14 CHAIRMAN LA RUE: Okay.

15 MR. KIES: I'm sure it's -- I'm not sure if it's
16 that brief.

17 MR. HALIKOWSKI: We'll give you three turns.

18 MR. KIES: Anyway, so a lot of the information
19 about the final five-year program was provided to you at the
20 study session on May 31st. One of the things that we left
21 unresolved was what we call the development program, which is
22 where staff makes recommendations on projects beyond the five-
23 year program. This is not an annual official element of the
24 five-year program, but years six through ten, some of those
25 significant projects that we see coming up, because then they

1 affect the five-year program by putting implementation steps in
2 the five-year program. And that's pretty much what I wanted to
3 review today for the Board. Oops.

4 If you recall, we had done some analysis on all
5 of the projects that came out of the public hearing process over
6 the last several months, and -- and did some analysis on the
7 priority based on some criteria, ranked those in some -- a tier,
8 tier one projects, we felt were the highest priority for the
9 state. Tier two, less of a priority, and tier three. As Floyd
10 had mentioned in the study session, all of these projects are
11 good and important projects to the state, but at some point, we
12 have to do some prioritization based on criteria.

13 I'm sorry. I'm not doing this right. That's
14 okay.

15 UNIDENTIFIED SPEAKER: It's the left.

16 MR. KIES: It's the left one, not the right one.

17 UNIDENTIFIED SPEAKER: Sorry about that.

18 MR. KIES: Staff's recommendation is that the --
19 we -- in the six through ten program, we focus on those tier one
20 projects as best we can in the --

21 CHAIRMAN LA RUE: It's really testing your IT
22 skills this morning.

23 MR. KIES: Yeah, exactly.

24 MR. HALIKOWSKI: Or his left/right coordination.

25 CHAIRMAN LA RUE: Yeah. Left/right.

1 MR. KIES: I need a little L, L and R, Lynn.

2 So a recommendation is that we focus on the tier
3 one projects in the development program. However, we do have
4 some capacity for a couple of the tier two projects. The -- so
5 that focuses really on the US-93 corridor and the I-17 corridor,
6 and then a recommendation is along I-19, the Rio Rico and Ruby
7 Road TI improvements.

8 This board has heard a lot of information about
9 the 189 project and the connectivity from the border to I-19.
10 As -- as presented in the five-year program, the first phase of
11 189 is funded, recommended for funding. In the five-year
12 program, we believe that the next step on that system,
13 connectivity between the border and I-19 and then continuing the
14 freight movements into the rest of the state, is the area around
15 Rio Rico and Ruby Road where a lot of those trucks crossing the
16 border are destined to warehouses, and there's a lot of
17 congestion there. So that was where that recommendation came
18 from.

19 So with that said, I know this is hard to read on
20 this screen, but our recommendation for years six through ten is
21 that the first project to focus on is I-17 from Black Canyon to
22 Sunset Point. As you recall, in the study session, our initial
23 estimate for this project is \$125 million. We looked at the
24 cash -- or the revenue estimates, and believe that that's a
25 pretty high price to look at at this point. We're recommending

1 to fund that at \$75 million and start some NEPA analysis and 30
2 percent design to see if that cost estimate of 125 is realistic.

3 Also, there's some opportunities with that
4 project maybe to do public-private partnerships or design build
5 activity that could streamline the costs, and until some of
6 those things are known, we believe that the \$75 million is a
7 reasonable amount to either possibly fully fund it or a
8 significant phase of that project.

9 Then US-93 in Cane Springs, a \$35 million
10 construction project. The next project in 2024 is a State Route
11 260 at Lion Springs. We've refined the cost estimate for that
12 project to be 45 million. Then, as you saw on the tier one
13 list, US-93 corridor was -- was one of those corridors on the
14 tier one projects. We further reviewed the corridor, because we
15 aren't able to afford with the revenues expected all of the
16 project needs on US-93. We looked at the accident levels. We
17 looked at some of the traffic levels, and recommend that the
18 next section of US-93 that we focus on is called Big Jim Wash,
19 and that's at Milepost 161 to Milepost 166, which is between
20 Wickenburg and the Santa Maria River.

21 And then the last project on the -- in the
22 development program we recommend is the I-19 improvements at Rio
23 Rico and Ruby Road interchanges.

24 With that said, I'd ask if there are any
25 questions or comments on the recommendation for the development

1 program.

2 MR. SELLERS: Mr. Chairman.

3 Yeah. I guess just some kudos to ADOT. What you
4 talk about doing in the I-17 study, Mr. La Rue and I had a --
5 listened to an extensive discussion at MAG Transportation Policy
6 Committee this week about rebalancing, and we're looking at five
7 or \$600 dollars in the MAG region that really has been saved by
8 the kind of studies that you're talking about. Whether it be
9 design build, P3 partnerships, those kind of things. So a lot
10 of kudos to ADOT and the MAG staff for working together to come
11 up with this extra money, and I'm encouraged to hear that we're
12 looking at that on other projects statewide that perhaps can
13 yield the same kind of results. So thank you.

14 CHAIRMAN LA RUE: Board Member Hammond.

15 MR. HAMMOND: I have a question on the -- first
16 of all, I can't see the amount of funding that's put in for the
17 Ruby Road. What have you got on there?

18 MR. KIES: It's \$30 million.

19 MR. HAMMOND: And my next question is I'm sure
20 you've had a lot of conversation with the folks down there.
21 What -- how does this play into the fully-funded option for
22 SR-189 versus the 64 million, and is there any feeling there
23 that it would be better to take that money and do SR-189 versus
24 put it into Ruby Road, which is -- by the way, I'm just really
25 pleased to see that you're finding that project in this budget,

1 but how does that all play in with the broader scheme of fully
2 funding SR-189?

3 MR. KIES: Yeah. Board Member Hammond and
4 Mr. Chairman, so as part of the DCR, the design concept report
5 process for 189, we did do a traffic analysis on both the
6 ultimate improvements for the 189 corridor and the first phase
7 or the \$64 million project, and that analysis did come out that
8 the ultimate phase of 189, from a traffic perspective, is really
9 not needed until after the year 2040. When we look at the Ruby
10 Road and Rio Rico interchange and see congestion issues today,
11 we see that as a higher priority than that second phase.

12 Now, that may not be in alignment with some of
13 the perspective that the locals have, because they have been
14 repeatedly telling us that the 189 project needs to be the
15 ultimate project today, but our analysis -- and again, we need
16 to -- we need to do some prioritization with the limited funding
17 we have, but our analysis is to show this order, the 64 million,
18 Rio Rico and Ruby, and then later, the second phase of 189.

19 MR. ROEHRICH: Just one -- Mr. Chair,
20 Mr. Hammond, if I could, I have been meeting with some of the
21 locals down there, multiple meetings, and I know the director
22 has as well, and I do want to point to this. This is part of
23 the -- if you will, kind of the confusion that comes out of that
24 southern region in that people say, "Well, 189 you have to build
25 it as the full buildout is the most important." But as Mike

1 already said, technically, the most important is that northbound
2 direction, and these improvements, that has the biggest flow,
3 the biggest improvement of impact of flow of the -- for the
4 Fresh Produce Association, the people who are bringing their
5 products across the border.

6 So economically, it's the biggest flow, and
7 that's what the business leaders have wanted. They actually
8 feel that, yes, we ultimately need the full buildout of 189, but
9 they have been supporting the priority of getting the first
10 phase that we have in the program, and making these improvements
11 would be a better investment of the funding we have, and then
12 come back and build the full -- full buildout of 189 in the
13 future as funds come available.

14 Of course, I'll also say unless you can fund all
15 of those improvements, then do it all at once. But if you
16 can't, they're the priority. This is a business community, not
17 the city, because the City of Nogales, they really just want the
18 189.

19 So that's been a part of our coordination efforts
20 down there, meeting with the local elected leaders, as well as
21 the local business leaders and coming to a consensus on how to
22 phase this and move this forward. But the business community --
23 the approach that we're taking right now that Mike outlined,
24 that's their number one priority, because that gives them the
25 biggest benefit to help with the flow of commerce and to help

1 flow with the economic opportunities that are there.

2 MR. HAMMOND: You know, actually, I really
3 appreciate this conversation, because I happen to agree with
4 what's been presented, but I know that there's some controversy
5 in the area and wanted to kind of know how you were looking at
6 it and possibly resolve it.

7 MR. ROEHRICH: This is a sensitive item, so
8 (inaudible).

9 MR. HAMMOND: You're making a mountain out of a
10 molehill here.

11 MR. HALIKOWSKI: Well, the point is,
12 Mr. Chairman, is that we have heard so many times and this board
13 has heard, "Build 189." And I want to be careful when we throw
14 that term around what exactly we mean by "build 189." As
15 Floyd's outlined, there are different visions of what "build
16 189" means, and they're not all without merit, because when you
17 think about it, technically, yes, all you need is that
18 northbound lane, according to our experts, to handle the traffic
19 until 2040.

20 But there are other considerations that we want
21 to take into account. One is that if we go in and just do the
22 northbound lane and leave, when will we be back for the
23 southbound? And plus, there's an additional cost to coming
24 back, because dollars won't go as far with inflation in the
25 future, and you have to remobilize contractors to do the second

1 half and disrupt the trucking industry and the citizenry.

2 There's a safety issue at Frank Reed Road. And
3 the community really wants a flyover, because the high school
4 dumps out and mixes with the commercial traffic at that point.
5 So I just want to be careful that we're not saying that the
6 technical solution is the solution at this point. We still need
7 to continue to meet with probably at least three or four
8 different groups that have different visions of 189, and talk
9 about if you want to do the ultimate at this point and
10 accelerate it, get us in there, get us out and be done with
11 this. How are we going to cover the cost of all that? And as
12 you know, we've got a TIGER grant in. There's some legislation
13 that appropriated some money conditionally onto 189.

14 So the full buildout is a target that I believe
15 is achievable, and it may be more beneficial to do it all now
16 rather than to do it in pieces. But then you have to look at
17 the Ruby Road and the Rio Rico interchanges, because you also
18 have dangerous traffic movements on those outdated TI's where
19 they do need improvement.

20 But let's not forget even beyond that, locally,
21 you've got 1950s wildcat bridges that lead one lane into many of
22 those warehouses. And so even though we can fix these portions,
23 we're talking with the locals about how do you keep a funding
24 stream moving forward, because fixing just the gross anatomy, if
25 you will, doesn't fix the arterial systems you need within the

1 city to get your truck safely to those warehouses and turning
2 movement. So there's a lot of layers to this particular issue
3 to wade through, and I just want to be cognizant of the fact
4 that we haven't gotten to that decision yet, so...

5 MR. HAMMOND: Can I have the last word?

6 CHAIRMAN LA RUE: Well, let me think about that.
7 Go ahead.

8 MR. HAMMOND: I can tell you ADOT staff, from
9 John Halikowski, all the way through, has done an unbelievable
10 job in listening to multiple constituencies in trying to resolve
11 all of the issues down there, and I have not heard anything to
12 the contrary from southern Arizona that they really appreciate
13 it. They are fighting hard, and we all know that for the
14 ultimate solution. But there's limited dollars, and that's what
15 you have to deal with, and you guys do a tremendous job, and it
16 is appreciated all throughout.

17 MR. HALIKOWSKI: Thank you. Thank you,
18 Mr. Chair.

19 CHAIRMAN LA RUE: Thank you.

20 MR. HALIKOWSKI: I just wanted to not just give
21 you the technical piece.

22 CHAIRMAN LA RUE: Thank you.

23 So that was questions on our six through ten
24 program. Any other questions?

25 MS. BEAVER: Well, Chairman.

1 The beginning of the presentation for Item No. 6
2 was started by mentioning fiscally constrained program, and I do
3 appreciate that presentation, and I understand the fiscally
4 constrained concept, and I support the tier one, tier two, tier
5 three development program.

6 And in tier three, we do have the Twin Arrows TI
7 that was presented, actually, just last meeting, and I did share
8 that with the leadership, and they are more than willing to come
9 back and give ADOT and the Board members here and pro --
10 partners with Navajo Nation a more better view of what we are
11 trying to approach with that TI, and I -- as vice chair
12 mentioned, I saw it faded out. I'm not offended by it, but I
13 just want to make sure that it's still in the vision of ADOT in
14 the partnership manner that we tried to approach things, and
15 keep in mind it's fiscally constrained, and that's something
16 that I've been really focused on with some of the programs in
17 the district. Thank you.

18 CHAIRMAN LA RUE: Okay. Thank you.

19 And before you move on, I might just make a few
20 comments. I guess I, for one -- the few years I've been on this
21 board, I've been amazed at how the different stakeholder groups
22 around the state have really, you know, come together and
23 mobilized and worked with ADOT to come up with solutions and
24 things, and really, in particular -- well, you know, what Chris
25 Bridges is doing up there (inaudible), but that's been pretty

1 interesting. But the one that, really, in the last year is --
2 and I believe under leadership of Board Member Teller is really
3 the tribes, Navajo Nation and the Hopis, getting their act
4 together, really organizing themselves in a way to be able to go
5 after projects and present projects.

6 So I, too, am one hopeful that as those different
7 stakeholders around the state organize themselves, bring their
8 stakeholders, bring resources to match and join resources with
9 ADOT, some of these things in the six through ten -- most --
10 obviously it will change as that goes out into the future. So I
11 really appreciate seeing that happening around the state,
12 especially up here in the northern part where there are a lot of
13 -- a lot of things, and then I want to, you know, publicly here
14 thank Board Member Teller, for I know you're behind the scenes
15 on that a lot, organizing that and bringing that forward. So I
16 want to thank you for that, because I think that's going to pay
17 great dividends in the future for this part of Arizona.

18 CHAIRMAN LA RUE: Any other questions on the six
19 through ten?

20 So Michael, what else do you have for us?

21 MR. KIES: So the importance of this development
22 program is that it does have impacts to the five-year program,
23 and so the first three projects that are -- we recommended in
24 that five-year program, we believe that it's timely to get going
25 on the development of those projects. So from the study session

1 to now, there have been some additions to the five-year program.

2 I-17, that project that is in year six, we intend
3 to start the NEPA process and 30 percent design this next fiscal
4 year at \$3 million, and then go to final design in fiscal year
5 2019, with a \$5 million project.

6 And then the next two projects in that
7 development program start the final design in 2021, US-93 at
8 Cane Springs, and then SR-260 at Lion Springs. So that really
9 is the relevance of why we wanted to overview the development
10 program, because now you're seeing some of those elements in the
11 five-year program.

12 With that said, the five-year program, the --
13 what we refer to as the final five-year program was provided to
14 you earlier, before this meeting, in your favorite book,
15 Mr. Chair, but so we're not going to go over the details of it
16 today.

17 However, there was one addendum that was sent to
18 you earlier this week, and I did want to explain that. As was
19 talked about at the study session, one of the projects in the
20 five-year program, US-93, the gap near Wickenburg, has the
21 opportunity to leverage a private developer for some private
22 funding to help fund that.

23 As we discussed at the study session, we wanted
24 to be assured that that private funding has some guarantees,
25 some written documents and signatures that guarantee that that

1 developer -- we were hoping that we would have those documents
2 before the five-year program gets finalized, but that is -- that
3 didn't come to fruition. So this week we decided to change the
4 funding. So it's fully funded with funds that are available to
5 the program, and we're still working on that federal fund -- or
6 the federal -- the private funding part. However, as the
7 addendum showed, we then deducted some money from preservation
8 to fully fund the gap project until that private funding is
9 guaranteed. And I would ask the Board to remember that when
10 that money does come available, that it would be prudent to
11 return it to the preservation program, and that would be our
12 recommendation when we make changes.

13 So with that, the last part is just, you know,
14 where are we in the process? We had the study session in May in
15 Phoenix when we talked about those final changes to the program.
16 One last item was for us to add the design and development
17 phases for the six through ten program, which is what we just
18 discussed. So today is the -- present the final program for
19 your approval. So with that, I would ask -- if there aren't any
20 other questions, I would ask the Board to approve the final
21 five-year program as provided with one addendum that was
22 provided earlier in this week.

23 CHAIRMAN LA RUE: So let's first see if there's
24 any questions before we entertain a motion. Any questions by
25 Board members? Not seeing any.

1 I do have a question on the MAG program, and if
2 it's too detailed of a response, maybe we can take it offline,
3 but as Board Member Sellers was talking about at the TPC, they
4 were talking about this reallocation/rebalancing, one of the
5 projects in that rebalancing, and I think I saw something in
6 this booklet that's really, I think, near and dear, I believe,
7 to the entire state, but really the Maricopa County region is
8 that SR-30. And so we heard where they put some money in there
9 for right-of-way as well as some preliminary, but then there may
10 be an issue over can they really go after that much right-of-way
11 if they're not going to build that much of a roadway and, you
12 know, unfortunately they're going to need that much right-of-way
13 over time, but there's not enough funds to build that much of a
14 roadway. Where is that going to -- because that -- the MAG
15 region's going to make decisions pretty quickly this fall, and I
16 think that analysis is going to weigh pretty heavily.

17 MR. KIES: So, Mr. Chair, in the background,
18 there have been some meetings between FHWA, ADOT and MAG on just
19 those -- those items that you bring up of how does the NEPA
20 process work with the programming process, work with the
21 implementation of SR-30, and unless things have changed, and I
22 believe we -- as of last week, there was pretty clear a
23 direction of how that could be done, and we all believed that it
24 can be done. It just means that there needs to be some unique
25 analysis done in the NEPA process to clear the project, the

1 ultimate project, and then allow the right-of-way to be
2 established, but we believe there's a clear path for that.

3 CHAIRMAN LA RUE: And so it looks like the MAG
4 priority is establishing the full right-of-way, even though
5 they're building less. And you think there's a process to make
6 that happen?

7 MR. KIES: I'd look for a consensus.

8 MS. PETTY: We can discuss different options.

9 MR. HALIKOWSKI: Yeah. I --

10 CHAIRMAN LA RUE: So it's still in discussion.

11 MR. HALIKOWSKI: Yeah. Mike wasn't part of the
12 meeting where FHWA, ADOT and MAG senior staff met together.
13 There are some issues with the right-of-way, given the current
14 funding and its purchase as to whether or not it could be built
15 in the time frames we're talking about, and there are some
16 challenges, I will say, in the way that the law is constructed.

17 However, we were discussing a number of different
18 options to see if we could get us there. We're very early on in
19 those, and I'd like to continue those to see if we can find the
20 clear path that Mike's talking about. There's no guarantee, but
21 much like the attention we devote to other high priority
22 projects, senior staff is looking at how we can accomplish this.

23 CHAIRMAN LA RUE: Well, and I think -- so as MAG
24 gets to where they're making decisions re balance, we need to
25 make sure enough money goes into SR-30 that it accomplishes it.

1 MR. HALIKOWSKI: Right.

2 CHAIRMAN LA RUE: And not elevate a lot of other
3 less priority projects, because we're --

4 MR. HALIKOWSKI: Right.

5 CHAIRMAN LA RUE: -- trying to pack full of
6 projects.

7 MR. HALIKOWSKI: And then we understand,
8 Mr. Chairman, the exigency of the decision you've got to make.

9 CHAIRMAN LA RUE: Yeah.

10 MR. HALIKOWSKI: So we're trying to get this idea
11 fast tracked.

12 CHAIRMAN LA RUE: Okay.

13 MR. HALIKOWSKI: Or different ideas.

14 CHAIRMAN LA RUE: Great. Thank you.

15 Did you have any follow-up on that? I know you
16 were in that same meeting?

17 UNIDENTIFIED SPEAKER: No. I'm good.

18 CHAIRMAN LA RUE: All right. Thank you.

19 Well, so I think we're ready for a motion. And
20 let me -- oh, I'm sorry. Board Member Teller.

21 MR. TELLER: Thank you, Chairman La Rue.

22 I'm looking at the Transportation Facility
23 Construction Program map and the expansion, modernization and
24 preservation as mapped out on our great state of Arizona. In
25 the ADOT-sponsored -- was it interjurisdictional teamwork where

1 you -- where ADOT invites all the partners throughout the state
2 to talk about highway safety issues and, I guess, some
3 enforcement issues on truckers? A lot of the -- other than
4 Navajo and Hopi, I've heard from other tribes that the truckers
5 are driving through their nations, bypassing weigh stations.
6 Now, this, I guess, will go through modernization programs, and
7 also weight and measures issues. Have you -- has that concept
8 or even that thought gone into, you know, how to address some of
9 the modernization issues in those communities or adjacent
10 communities to those tribal nations throughout Arizona?

11 MR. HALIKOWSKI: (Inaudible.) My chance to
12 answer the modernization question. I'll (inaudible) issue.

13 MR. KIES: Yeah. So we do have a port of entry
14 subprogram that focuses really on that, and I know some progress
15 has been made, especially with the Colorado tribes over on the
16 Colorado River where we've opened the port of entry at Parker,
17 which is hopefully discouraging some of that rerouting. And
18 then, also, I know in this program we have a weigh-in-motion
19 project where we're going to be actually placing some sensors
20 out on different parts of our highway system and getting some
21 weights that remotely transmit to ADOT to track, you know,
22 overweight trucks, and they're taking different routes and maybe
23 create some mobile enforcement that goes out in different parts
24 of our system, not only at a port of entry. So those are a
25 couple activities that I know of in the modernization program

1 that I think are addressing your question, Mr. Teller.

2 MR. TELLER: Thank you.

3 MR. HALIKOWSKI: Yeah. I would just add,
4 Mr. Chairman, that the division, the Enforcement Compliance
5 Division reports directly to my office, and these -- these
6 issues have been long standing in the sense that we have fixed
7 ports of entry, but obviously there's more than one way into
8 Arizona.

9 MR. TELLER: Yeah.

10 MR. HALIKOWSKI: And if you're running illegally,
11 you will tend to try and either wait until the port closes if
12 we're not open 24/7, or use one of these other rigs to bypass
13 the port, drop your load and get back out. Over the years, we
14 have tried to use as much technology as we can. We are a
15 pre-pass state, which essentially means that certain trucks who
16 belong to an organization called HELP, Incorporated, are rated
17 for safety and compliance. They have a transponder in the
18 vehicle. If they are part of that group and their ratings are
19 current, we will bypass the ports. But the problem still
20 remains what you do about traffic who are ignoring the ports
21 coming in on other state routes.

22 And as Mike indicated, mobile scales, and we have
23 a mobile enforcement unit, and we will set up in different
24 locations where we have reported activity, and that's where we
25 need local assistance to tell us if that's happening, because we

1 will do those unannounced, and we will set those details out
2 there and move them around. In the future, as technology
3 continues to expand, we're using that at a pilot project down at
4 the Canoa Ranch Rest Area where we've set up cameras, and we
5 have scales in the rest area. We don't run it all the time, but
6 the trucks don't know when we do. And the cameras' license plate
7 readers will read the USDOT numbers, and we can tell which
8 trucks are in compliance and which are not with permitting and
9 pull them in. The weigh-in-motion scales will give us an
10 indication if the truck's overweight. Also signal it to pull in
11 for further inspection at the rest area.

12 The other thing I would just say that we're
13 examining very closely is our fixed ports in today's age of
14 technology's still the way to go. And they are expensive to
15 staff it 24/7 along the interstates. New parts cost about
16 \$25 million apiece. So they're expensive to build and maintain,
17 and other states don't necessarily have fixed ports of entry.
18 So it's one of the things we're looking at. Is this the future
19 for Arizona, or do we use technology and our human resources
20 differently in order to keep truck weights and permits safety
21 administered?

22 So it is -- it is an issue, Board Member Teller,
23 that we are certainly aware trucks tend to bypass the ports,
24 especially the ones running illegally. We'd like to work with
25 you, and I'll introduce you to Chief Lane, who's the head of our

1 Enforcement and Compliance Division -- just appointed yesterday.
2 So he's -- was the deputy of that group, and we'll look at
3 setting up some details with you in those areas.

4 MR. TELLER: Thank you.

5 MR. HALIKOWSKI: Thank you.

6 MR. TELLER: Thank you, Chair.

7 CHAIRMAN LA RUE: Thank you.

8 MS. BEAVER: Chairman La Rue.

9 CHAIRMAN LA RUE: Vice Chair.

10 MS. BEAVER: Mr. Teller and I -- I'm just
11 curious. With regard to up on the Navajo reservation, is that
12 port that's up there, is that considered a fixed port up on the
13 Navajo reservation? I know I travel by there, so I see that.
14 Or is that -- is it not manned up there right now?

15 MR. HALIKOWSKI: Talking about the Teec Nos Pos
16 Port?

17 MS. BEAVER: Yes. Yes.

18 MR. HALIKOWSKI: We send two people out of
19 Sanders to operate that port, but it's not a 24/7 port.

20 MS. BEAVER: Okay.

21 MR. HALIKOWSKI: And it's one of those that --
22 again, staffing at Sanders is not easy because of its
23 remoteness, and it's one of the more difficult ports to keep
24 fully staffed 24/7. And so we're looking at Teec to see if
25 there are other ways we can use technology and automation so

1 that I don't have to deplete the resources on I-40 to keep that
2 port open. But an added complication to that one is they issue
3 drivers licenses at that port. The port officers do.

4 And if I remove that function, then I have to be
5 able to provide that service within reasonable distance for
6 folks who would lose that. It's an issue we're facing right now
7 in Colorado City where our lease expired. We didn't know who we
8 were exactly working with as far as town management, and we
9 moved the Colorado City operation to Littlefield. There are
10 unhappy people about that, but we are only doing maybe 50
11 transactions a day, 25 of which could be handled over the
12 internet.

13 So as we look at these facilities, we've got to
14 make business decisions about can we continue to subsidize an
15 office that has a very low transaction volume, or can we offer
16 other methods, perhaps open up two days a week in those remoter
17 areas and service the public that way. The other option is to
18 contract with a third party and work out a contract so those
19 residents aren't paying an over and above convenience fee.
20 They're just paying the regular cost. So a number of things
21 going on with that, too.

22 MS. BEAVER: Well, I think my question had to do,
23 partly, too, with is there some kind of a number count up there
24 for the trucks that are maybe diverting through and coming
25 through that way as opposed to --

1 MR. HALIKOWSKI: So I can tell you how many are
2 going -- you know, what the average daily traffic is. We can
3 track that. But if we're not tracking that year, I can give you
4 a count of what's being gone through the port and what's weighed
5 and looked at for permits, but if they're bypassing, we can give
6 you estimates on what we think that might be, but I can't give
7 you solid numbers on that. But there is an estimate we can give
8 you of what we think the evasion number is. And it's not just
9 weights and permits. It's also fuel. A lot of these trucks are
10 running on non-tax fuel that we have to watch out for. They're
11 using dyed diesel.

12 MR. TELLER: Chairman La Rue.

13 MS. BEAVER: Thank you.

14 MR. TELLER: Thank you for that, and I am
15 interested in meeting with Chief Lane. And a lot of the
16 comments and concerns that are -- have been shared with me,
17 other than from Navajo, is the fact that these vehicles, these
18 large weight vehicles -- I was told that the truck vehicle
19 traffic --

20 MR. HALIKOWSKI: Right.

21 MR. TELLER: -- have been bypassing the port of
22 entries and any kind of, you know, reporting stations and going
23 on to, if you will, BIA routes, tribal routes, and those tribal
24 routes are not --

25 MR. HALIKOWSKI: Not designed.

1 MR. TELLER: -- they're not designed for heavy
2 weight. Therefore, there's large numbers of issues with the
3 pavement, with the heavy volume, and I'm getting reports from
4 community members throughout -- tribal communities throughout
5 Arizona, you know, what do we do about this?

6 MR. HALIKOWSKI: Okay.

7 MR. TELLER: Who do we talk to? And it's just
8 not Navajo.

9 MR. HALIKOWSKI: Right.

10 MR. TELLER: You know, and so that's one of my --
11 the questions that I was texted this morning, you know.

12 MR. HALIKOWSKI: Okay.

13 MR. TELLER: You know, help us with this
14 discussion.

15 MR. HALIKOWSKI: So what I would suggest, Board
16 Member Teller, a couple things. One, if the chairman agrees, I
17 can bring Chief Lane in to talk about truck operations and
18 enforcement to the whole Board and about what we can do. The
19 other thing I would suggest is if we could get together with a
20 meeting, perhaps we can partner with the law enforcement on the
21 Navajo Nation and see if we can set up joint details in areas to
22 do mobile enforcement.

23 MR. TELLER: Okay. Thank you. Thank you very
24 much.

25 MR. HALIKOWSKI: Thank you.

1 CHAIRMAN LA RUE: Thank you.

2 If there's no other questions, we can turn to the
3 motion. Let me suggest the motion that I think staff has
4 presented, and then we can ask for confirmation of the motion in
5 a second.

6 So the motion to accept the fiscal year 2017 to
7 2021 Five-Year Statewide Transportation Facilities Construction
8 Program, as presented, with the addendum that we reviewed today,
9 and I think I heard the condition that the money's advanced out
10 of preservation to the gap once the private developer comes and
11 it goes back to preservation. So I think that's the motion
12 before us.

13 MR. SELLERS: So moved.

14 MS. BEAVER: Second.

15 CHAIRMAN LA RUE: We have a motion by Board
16 Member Sellers, a second by the vice chair, Ms. Beaver. Any
17 further discussion?

18 MR. SELLERS: Mr. Chairman, I would just like to
19 say that I have followed the Board for many, many years, 10 or
20 12 years, as many of you know. This year, I can tell you, is
21 the most I have seen the staff listen and respond to the public
22 and Board and the needs and try and fulfill all of those needs.
23 So kudos to all of you. I know you worked hard to fulfill those
24 needs, and I think you've done an excellent job.

25 CHAIRMAN LA RUE: Well, of course, credit goes to

1 this board, right (inaudible)?

2 UNIDENTIFIED SPEAKER: Especially the chairman.

3 CHAIRMAN LA RUE: Oh, and the chairman.

4 MR. ROEHRICH: Only if you approve it.

5 CHAIRMAN LA RUE: Well, you know, we've been
6 sitting on this one now for about 20 minutes. (Inaudible.)

7 We have a motion and second. All those in favor
8 signify by saying "aye."

9 BOARD MEMBERS: Aye.

10 CHAIRMAN LA RUE: Any opposed? The ayes have it.
11 Thank you. Thank you staff.

12 I would agree, you know. I think this one
13 really, really got a lot of tweaks based on the comments we've
14 heard, the information we've heard. Thank you. And I'm ready
15 to, you know, have you guys roll up your sleeves, and let's get
16 it implemented and see where we go.

17 MR. KIES: All right. Thank you, Mr. Chair.

18 CHAIRMAN LA RUE: Thank you.

19 So you're up for Item No. 7.

20 MR. KIES: Correct.

21 CHAIRMAN LA RUE: Do you have anything?

22 MR. KIES: Yes. Just a quick --

23 CHAIRMAN LA RUE: (Inaudible.)

24 MR. KIES: Just a quick update on our I-11 tier
25 one EIS that's going on. As the Board recalls, you approved \$15

1 million for us to do a tier one EIS from Wickenburg to Nogales.
2 We are now in our first public outreach effort. We've had a
3 meeting in Casa Grande last week. We were in Buckeye this week.
4 We have had very a good turnout. You know, we filled the room
5 in both of those locations that we had. Next week, we are going
6 to have two meetings in the Tucson area, and a meeting in
7 Nogales, and then the week after we'll be in Wickenburg. So
8 just so you know that all that activity going on. That's all I
9 have.

10 CHAIRMAN LA RUE: Thank you. Thank you for
11 keeping it brief.

12 Item No. 8, the PPAC.

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

14 There -- the -- there are -- the PPAC Items 8A
15 through 8G are project modifications, and if the Board -- unless
16 the Board has any questions or comments on these projects, I
17 would ask the Board to approve Items 8A through 8G.

18 CHAIRMAN LA RUE: Do we have any Board member
19 wishing to move -- remove any of those items and/or ask a
20 question? None.

21 Do we have a motion to accept and approve project
22 modification Items 8A through 8G as presented?

23 MR. TELLER: Motion.

24 MR. SELLERS: Second.

25 CHAIRMAN LA RUE: Motion by Board Member Teller,

1 a second by Board Member Stratton. Any further discussion?

2 Hearing none, all those in favor signify by
3 saying "aye."

4 BOARD MEMBERS: Aye.

5 CHAIRMAN LA RUE: Any opposed? The ayes have it.

6 MR. KIES: Thank you, Mr. Chairman.

7 This month we have 11 new projects on the PPAC
8 agenda. They are Items 8H through 8R, and unless there are any
9 questions or comments, I'd ask the Board to approve the Items 8H
10 through 8R.

11 CHAIRMAN LA RUE: Any Board members wishing to
12 pull any particular item and/or have discussion on the
13 particular item?

14 Hearing none, do we have a motion to accept and
15 approve the new project Items 8H through 8R as presented?

16 MR. CUTHBERTSON: So moved.

17 MR. HAMMOND: Second.

18 CHAIRMAN LA RUE: We have a motion by Board
19 Member Cuthbertson and a second by Board Member Hammond. Any
20 further discussion?

21 Hearing none, all those in favor signify by
22 saying "aye."

23 BOARD MEMBERS: Aye.

24 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

1 CHAIRMAN LA RUE: Thank you.

2 Item No. 9, Mr. Hammit.

3 MR. HAMMIT: Good morning, Mr. Chairman.

4 State engineer's report. Currently we have 128
5 projects under construction, totaling about \$1.755 billion. In
6 March we finalized 13 projects, totaling 36.6 million, and year to
7 date, we've finalized 156 projects.

8 CHAIRMAN LA RUE: Any questions on that report?

9 No.

10 MR. HAMMIT: On the construction projects, thank
11 you for approving the seven projects in the consent agenda.
12 There is six that we will discuss.

13 As you see, year to date, if you added up all the
14 State's estimates, about \$502 million, and they come in at
15 485 million, a difference of almost \$17 million. We were right
16 around 3.4 percent for the year under -- they came in under the
17 State's estimate.

18 So the first project, you saw this project last
19 month. Last month this was a request to have a contingent award
20 based on Trafficade Signs getting their license. They were
21 unable to do that. We did some investigation. Did they really
22 put a good effort in to doing that? The Board has not even
23 reviewed the April applications. They're way behind. They will
24 not be able to get that done. With that, we would recommend
25 that we reject the bid of Trafficade.

1 If the Board does that, the new low bid would be
2 \$198,968.35, with the State's estimate of \$201,522, still under
3 the State's estimate by \$2,535.65, or 1.3. If the Board rejects
4 -- so my request would be to reject the Board's -- or request
5 the Board to rescind the contingent award to Trafficate Sales,
6 Inc., and award to Sunline Contracting.

7 CHAIRMAN LA RUE: Do we have any questions by
8 Board members? If not, do we have a motion as presented by
9 Dallas to rescind the contingent award of Trafficate Sales --
10 Sign & Sales, Inc., due to the inability to secure a license by
11 the Registrar of Contractors, and accept and approve staff's
12 recommendation to award the contract for Item 10A to Sunline
13 Contracting, LLC?

14 MS. BEAVER: So moved.

15 MR. TELLER: Second.

16 CHAIRMAN LA RUE: The vice chair that has moved
17 it. Board Member Teller has seconded it. Any further
18 discussion? Hearing none, all those in favor signify by saying
19 "aye."

20 BOARD MEMBERS: Aye.

21 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

23 10B -- thanks, Lynn. This project is on
24 Interstate 8. It is a pavement preservation project. The low
25 bid was \$7,790,608.76. The State's estimate was \$9,407,716.45,

1 or under the State's estimate by \$1,617,107.69, or 17 percent.
2 The biggest area, again, is -- this is a big pavement
3 preservation. We saw very good oil prices. Also, their pit --
4 they own their own source in the area, FNF Construction, and so
5 they had a very good price because their hauls were very short.
6 We did review that, believe they are reasonable and responsible
7 bids, and would recommend award to FNF Construction, Inc.

8 MR. STRATTON: So moved.

9 MR. CUTHBERTSON: Second.

10 CHAIRMAN LA RUE: We have a motion by Board
11 Member Stratton, a second by Board Member Cuthbertson to accept
12 and approve staff's recommendation to award the contract to Item
13 10B to FNF Construction. Any further discussion?

14 All those in favor signify by saying "aye."

15 BOARD MEMBERS: Aye.

16 CHAIRMAN LA RUE: Any opposed? The ayes have it.

17 MR. HAMMIT: Thank you, Mr. Chairman.

18 Item 10C, this is on Interstate 8, right
19 downtown. Or excuse me. Interstate 10. We're doing some
20 bridge joint repairs on this project. The low bid was
21 \$355,882.47. The State's estimate was \$301,569 even. It was
22 over the State's estimate by 54,313.47, or 18 percent. All this
23 work has to be done on the weekend, very short time frame. We
24 underestimated the labor rates on those -- the complete
25 differences, it showed up in the bid items for deck joints and

1 bridge terminals. We have reviewed the estimates, and the
2 department does believe it's a reasonable and responsive bid and
3 would recommend award to Southwest Concrete Paving Company.

4 MR. SELLERS: Move for approval.

5 CHAIRMAN LA RUE: We have a motion by Board
6 Member Sellers.

7 MS. BEAVER: Second.

8 CHAIRMAN LA RUE: A second by the vice chair to
9 accept and approve staff's recommendations to award the contract
10 for Items 10C to Southwest Contracting Paving Company. Any
11 further discussion?

12 Hearing none, all those in favor signify by
13 saying "aye."

14 BOARD MEMBERS: Aye.

15 CHAIRMAN LA RUE: Any opposed? The ayes have it.

16 MR. HAMMIT: Thank you, Mr. Chairman.

17 Item 10D, this is one of the projects that
18 Mr. Johnson brought up earlier. It is on State Route 61. It is
19 a pavement preservation project. The low bid was \$1,219,999.
20 The State's estimate was \$1,549,689. The -- they came in under
21 the State's estimate by \$329,690, or 21.3 percent. Again, on
22 this, a lot of oil on the paving. We saw very good prices in
23 our oil. It showed up in both the binder and the asphalt and
24 concrete pricing. We have reviewed it, the bid, and believe it
25 is responsible and reasonable, and would recommend award to

1 Sunland, Inc. Asphalt Sealcoat -- Asphalt and Sealcoat.

2 CHAIRMAN LA RUE: Do we have any discussion on
3 this? If not, I'll entertain a motion.

4 MR. CUTHBERTSON: Move to approve.

5 CHAIRMAN LA RUE: We have a motion to approve by
6 Board Member Cuthbertson.

7 MS. BEAVER: Second.

8 CHAIRMAN LA RUE: I see Board Member Teller
9 raising his hand. I think he's signifying a second. Second by
10 Board Member Teller to accept prove staff's recommendation to
11 award the contract for Item 10D to Sunland, Inc., Asphalt and
12 Sealcoating. Any further discussion?

13 Hearing none, signify by saying "aye."

14 BOARD MEMBERS: Aye.

15 CHAIRMAN LA RUE: Any opposed? The ayes have it.

16 MR. HAMMIT: Mr. Chairman, Item 10E, another
17 pavement preservation project. This one up in the Prescott
18 valley area. The low bid was \$3,817,000. The State's estimate
19 was \$4,524,035.69. It was under the State's estimate
20 \$707,035.69, or 15.6 percent. We saw better prices in, again,
21 the oil pricing, and also in the milling, we had better-
22 than-expected pricing. After review, the department does
23 believe it is a reasonable and responsive bid and would
24 recommend, again, to Sunland, Inc. Asphalt and Sealcoat.

25 MR. STRATTON: So moved.

1 CHAIRMAN LA RUE: We have a motion by Board
2 Member Stratton.

3 MS. BEAVER: Second.

4 CHAIRMAN LA RUE: And a second by the vice chair
5 to accept and approve staff's recommendation to award the
6 contract for Item 10E to Sunland, Inc. Asphalt and Sealcoating.
7 Any further discussion?

8 All -- hearing none, all those in favor signify
9 by saying "aye."

10 BOARD MEMBERS: Aye.

11 CHAIRMAN LA RUE: Any opposed? The ayes have it.

12 And I might just interject that I had an
13 opportunity to visit with the CEO of Sunland and thanked him for
14 his aggressive bidding. He was asking -- hoping that he would
15 see more projects around the state. I said if he kept
16 aggressively bidding and we were awarding it under, we'd have
17 money to recycle and do more bids. So it's very nice to see --
18 very nice to see under our estimates the way that we're seeing
19 under the estimates. So thank you for that, Dallas.

20 UNIDENTIFIED SPEAKER: And Mr. Chairman, if you
21 do talk to him again, tell him I will be inspecting this project
22 daily.

23 CHAIRMAN LA RUE: Good. We'll do that.

24 MR. HAMMIT: The last one, we need to talk about
25 today is an intersection improvement on State Route 89. This is

1 south of Prescott. The low bid was \$490,761.74. The State's
2 estimate was \$442,990.65. It was over the State's estimate by
3 \$47,771.09, or 10.8 percent. The -- all the difference was in
4 the hauling of the aggregate base for the project. Again, it's
5 an intersection improvement. Material had to come from --
6 actually, they're bringing it from the Prescott Valley area.
7 The department did review the bids and believe they are
8 responsible and reasonable and would recommend award to Asphalt
9 Paving, Inc. Supply. Excuse me. Asphalt Paving Supply, Inc.

10 CHAIRMAN LA RUE: Any questions?

11 MS. BEAVER: Chairman La Rue, I'd like to move
12 for approval.

13 CHAIRMAN LA RUE: We have a motion by the vice
14 chair, a second by Board Member Teller to accept and approve
15 staff's recommendation to award the contract for Item 10F to
16 Asphalt Paving & Supply, Inc. Any further discussion?

17 Hearing none, all those in favor by saying "aye."

18 BOARD MEMBERS: Aye.

19 CHAIRMAN LA RUE: Any opposed? The ayes have it.

20 MR. HAMMIT: Thank you.

21 CHAIRMAN LA RUE: Thank you, Dallas.

22 Agenda Item No. 11 are suggestions for
23 opportunities to place items on the agenda. Is there any future
24 agenda items that you would like to see?

25 MR. HAMMOND: Yeah. I'd like to hear from

1 Governor Ducey on the port of entry SR-189 next time.

2 MR. ROEHRICH: We'll see what we can do,

3 Mr. Chairman.

4 MR. HALIKOWSKI: Actually, he might be in the
5 neighborhood. He's supposed to be looking at fires today, so...

6 CHAIRMAN LA RUE: Right. We could just route you
7 guys back through Show Low. We might be able to get that
8 (inaudible).

9 MR. HALIKOWSKI: (Inaudible.)

10 MR. HAMMOND: That's a good question. The Show
11 Low road's not open, right? Won't be open by one o'clock.

12 UNIDENTIFIED SPEAKER: No. I don't think so.

13 But he can still get there through 73.

14 MR. HAMMOND: Okay. Okay.

15 (End of excerpt.)

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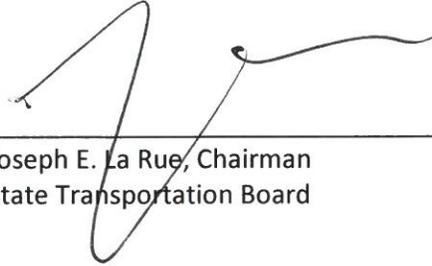
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Adjournment

A motion to adjourn the June 17, 2016 Board meeting was made by Steve Stratton and seconded by Bill Cuthbertson. In a voice vote, the motion carries.

Meeting adjourned at 11:00 a.m. MST.



Joseph E. La Rue, Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation