

**STATE TRANSPORTATION BOARD MEETING  
TELEPHONIC/VIDEO MEETING  
BOARD MEETING  
9:00 a.m., Friday, September 18, 2020  
NO MEMBERS OF THE PUBLIC WILL BE ALLOWED TO ATTEND IN-PERSON**

**Call to Order**

Chairman Hammond called the State Transportation Board meeting to order at 9:10 a.m.

**Pledge**

The Pledge of Allegiance was led by Floyd Roehrich, Jr., Executive Officer.

**Roll Call by Floyd Roehrich, Jr., Executive Officer**

A quorum of the State Transportation Board was present. **In attendance:** Chairman Hammond, Vice Chairman Stratton, Board Member Thompson, Board Member Elters, Board Member Knight, Board Member Searle, Board Member Thompson, and Board Member Daniels. There were approximately 200 members of the public in the audience.

**Opening Remarks**

Chairman Hammond reminded members of the public, to keep their computer or phone muted during the meeting, unless called to speak during the Call to Audience.

**Title VI of the Civil Rights Act**

Floyd Roehrich, Jr., read the Title VI of the Civil Rights Act of 1964, as amended. Floyd, also reminded individuals to fill out survey cards, with link shown on the agenda.

**Call to the Audience**

An opportunity was provided to members of the public to address the State Transportation Board. Members of the public were requested not to exceed a three minute time period for their comments.

ARIZONA STATE TRANSPORTATION BOARD  
STATE TRANSPORTATION BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
TELECONFERENCE BOARD MEETING

September 18, 2020  
9:00 a.m.

REPORTED BY:

TERESA A. WATSON, RMR  
Certified Reporter  
Certificate No. 50876

Perfecta Reporting  
(602) 421-3602

PREPARED FOR:  
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

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

6  
7 PARTICIPANTS:

8 Board Members:

9           Michael S. Hammond, Chairman  
10          Steve E. Stratton, Vice Chairman  
11          Jesse Thompson, Board Member  
12          Sam Elters, Board Member  
13          Gary Knight, Board Member  
14          Richard Searle, Board Member  
15          Jenn Daniels, Board Member

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CALL TO THE AUDIENCE

SPEAKER:	PAGE:
Charlie Odegaard, Flagstaff Council Member.....	5
David Lane, Lake Havasu City Vice Mayor.....	7
Vinnie Gallegos, Executive Director, Lake Havasu MPO.....	9
Kee Allen Begay, Junior, Navajo Nation Council Local Chapter.....	11
Mark Ruiterman, Retired Citizen, Prescott, Arizona.....	13
Chris Bridges, CYMPO Administrator (Comments noted by Floyd Roehrich, Junior).....	14

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1 (Beginning of excerpt.)

2 CHAIRMAN HAMMOND: We're moving on to the call to  
3 audience. So when your name is called to provide your comments,  
4 indicate your presence by virtually raising your hand using your  
5 phone keyboard or through the Webex application, and the Webex  
6 host will guide you through the unmuting and muting process.

7 Hopefully after -- I think this is our fourth  
8 remote meeting. Hopefully it runs a little more smoothly than  
9 we've been able to accommodate some of you in the past. So we  
10 do appreciate your desire to speak, and let's see if we can make  
11 it work this time.

12 Floyd, I think you're going to handle the list?

13 MR. ROEHRICH: Yes, sir. I will.

14 So the first person we have on the public request  
15 to speak is Council Member Charlie Odegaard.

16 Mr. Odegaard, please raise your hand so you can  
17 be unmuted.

18 MS. ESTELLE: Thank you, Floyd.

19 Mr. Odegaard, I see that you have your hand  
20 raised. This is Haley. I'm going to go ahead and unmute your  
21 line. When I do that, you'll be live with our board members.  
22 I'm going to go ahead and unmute you now.

23 MR. ODEGAARD: And you can hear me just fine?

24 MS. ESTELLE: Yes, sir. Thank you.

25 MR. ODEGAARD: All right. Thank you.

1                   Good morning. As Flagstaff City Council member  
2 and the vice chair of MetroPlan, I appreciate the work of ADOT  
3 and the Transportation Board. Our region is investing heavily  
4 in transportation infrastructure based on locally approved voter  
5 initiatives in 2018. These projects include the Fourth Street  
6 corridor, the Lone Tree corridor, and dozens of other projects  
7 in our community.

8                   We also appreciate the State's investment in  
9 widening the Fourth Street Bridge, other bridges in the I-40  
10 corridor, and continuing to study Milton Road.

11                   We also want to recognize ADOT's bridge slide  
12 technique used to widen the Fourth Street Bridge over I-40.  
13 Thanks to this innovative technique, significant aspects of the  
14 construction impact were reduced to only 17 days, which is  
15 extraordinary.

16                   I want to call special attention to the Rio de  
17 Flag Bridge project, which is Item 3L on page 14 of your packet.  
18 We thank ADOT for including the Rio de Flag Bridge in their  
19 five-year plan and committing to funding to it this year. The  
20 partnership is critical, as the City of Flagstaff has already  
21 spent \$678,000 on excavation to support this project and  
22 1.3 million for utility relocation, and it's a critical project  
23 for the Flagstaff Rio de Flag flood control project, which is in  
24 partnership with the Army Corps of Engineers, as we will start  
25 construction for that flood control project next year.

1                   Although economic times are uncertain, the need  
2 for transportation infrastructure is not. We have both  
3 programmed in our region, strong local support, and are looking  
4 forward to continued partnership with ADOT, the private sector,  
5 and other local governments as we lean into the current COVID-19  
6 situation and continue forward momentum.

7                   And with that, I thank the Board and ADOT for  
8 your service to our communities of Arizona. Thank you.

9                   CHAIRMAN HAMMOND: Thank you, Mr. Odegaard.  
10 Floyd?

11                   MR. ROEHRICH: The next speaker is Vice Mayor  
12 David Lane. Vice Mayor Lane, could you please raise your hand  
13 so we could unmute you?

14                   MS. ESTELLE: Thank you, Floyd.

15                   Vice Mayor Lane, this is Haley. I see that you  
16 have your hand raised. I'm going to go ahead and unmute your  
17 line. Vice mayor, you're live with the Board.

18                   MR. LANE: Thank you, Haley.

19                   Good morning, Chairman Hammond, members of the  
20 Board. Thank you for taking the time to hear from us today. As  
21 you know, the meeting was scheduled to be held here in Lake  
22 Havasu City. We are very disappointed that we couldn't host you  
23 here in our beautiful city. We'd like to take a few moments  
24 just to thank the Board for their ongoing efforts with traffic  
25 safety and roadway preservation.



1                   During this past year, we've moved forward on a  
2 project on State Route 95 at Kiowa Avenue which repaved the area  
3 around the intersection. This has drastically improved the area  
4 and will lead to fewer automotive repair bills for our citizens.  
5 Thank you, Board Member (inaudible), for coming to Lake Havasu  
6 City and visiting the project. We're hoping to proceed with the  
7 next phase, which will install a signal light at a driveway into  
8 the adjacent shopping center. The Lake Havasu MPO has the funds  
9 to finance the project. We're ready to move forward with your  
10 approval.

11                   I'd like to thank the local Arizona Department of  
12 Transportation engineer, Alvin Stump, for all of his hard work  
13 and partnership with this project. I'd also like to thank  
14 assistant state engineer for the traffic operations and safety,  
15 George Williams. Mr. Williams took time from his schedule, came  
16 up to Lake Havasu and spent several hours with me looking at the  
17 project to obtain firsthand knowledge of the dangerous issues  
18 our drivers are facing. Lake Havasu City is very fortunate to  
19 have representatives of ADOT here in our region who work with us  
20 as part of our team and advocate on our behalf.

21                   There is a project, though, that is in need of  
22 your help. State Route 95, as it passes through Lake Havasu  
23 City, has been neglected for many years. The preservation of  
24 the roadway is desperately needed, and now is the time to act  
25 while there's still a road bed to be preserved. Had we attended

1 to the process of preserving State Route 95, the initial Kiowa  
2 project may not have been needed. As we moved forward,  
3 preservation of existing infrastructure, it will save tax  
4 dollars in the long run. We ask you for your support and  
5 attention on this project.

6 Thank you again for allowing me to speak. We  
7 hope to have in-person meetings soon, and we welcome any visit  
8 to Lake Havasu City by members of the Board. Thank you again.

9 CHAIRMAN HAMMOND: Thank you, Vice Mayor Lane.  
10 Floyd?

11 MR. ROEHRICH: The next speaker is Mr. Vinnie  
12 Gallegos, Executive Director of CY -- or excuse me -- Lake  
13 Havasu MPO. Mr. Gallegos, could you raise your hand?

14 MS. ESTELLE: Thank you, Floyd.

15 Mr. Gallegos, I see that you have your hand  
16 raised. I'm going to go ahead and unmute your line. And you're  
17 live.

18 MR. GALLEGOS: Thank you very much.

19 Good morning, Mr. Chairman, members of the Board.  
20 I wanted to take a moment to thank you for your service. Before  
21 the pandemic you already had a very difficult job in addressing  
22 transportation needs for Arizona against the lack of resources.  
23 Now, in the pandemic, you face a great deal more of uncertainty  
24 and strain in these discussions. Due to the limited resources,  
25 the locals, including the MPOs and COGs, recognize the greater

1 need for partnerships in an effort to deliver projects. The  
2 Lake Havasu City MPO is committed to partnering with ADOT for a  
3 traffic signal on State Route 95 in the heart of Lake Havasu  
4 City. The intersection is at State Route 95 and Kiowa  
5 Boulevard.

6                   Just a little brief background. Recognizing the  
7 need for safety improvements, the MPO worked with ADOT and  
8 committed over \$1 million to improve this intersection of the  
9 state route with a 1,000 foot median down SR-95 as part of the  
10 project. We identified a new traffic signal, which Vice Mayor  
11 Lane just referred to a few moments ago, that is just north of  
12 the state route intersection, but it is on the state route  
13 system.

14                   Unfortunately, the traffic signal was excluded  
15 from the project due to not meeting the more restrictive benefit  
16 cost ratio for the HSIP funds. The MPO board, along with Vice  
17 Mayor Lane, who sits on our board, remain committed to this  
18 project and approved to go ahead and fully fund the traffic  
19 signal using our STBG funds, Service Transportation Board grant  
20 funds. The project was and is programmed for fiscal year '19  
21 design, fiscal year '20 construction.

22                   Today I'm here to ask for the State Board's help  
23 in this project. The project's currently in -- with internal  
24 discussions with ADOT staff. We appreciate the support and the  
25 cooperation of our local ADOT staff, especially through district

1 engineer Alvin Stump. But if the State Board would assist us  
2 and support us talking with staff and helping us to move the  
3 project along, again, the MPO, along with Lake Havasu City, is  
4 committed to this safety project at this -- just north of the  
5 intersection of Kiowa and SR-95, and has committed to fully fund  
6 the traffic signal on the state route system. So again, thank  
7 you very much for your time and service.

8 CHAIRMAN HAMMOND: Thank you, Mr. Gallegos.

9 Floyd?

10 MR. ROEHRICH: Our next speaker is Mr. Kee Allen  
11 Begay, Navajo Nation Council. Councilman Begay, if you could  
12 raise your hand, we can unmute you.

13 MS. ESTELLE: Thank you, Floyd.

14 Council Member Begay, I see that you have your  
15 hand raised. I'm going to go ahead and unmute your line. When  
16 I do that, you're going to get some feedback on your phone  
17 indicating that you've been unmuted. And you're live.

18 MR. BEGAY: Good morning. This is Kee Allen  
19 Begay, Junior with the Navajo Nation. I just want to say good  
20 morning and hope everyone's safe.

21 ADOT Board, Chair, board members, ADOT  
22 administrators, ADOT district managers and everyone that are  
23 listening, I'm calling in from Many Farms, Arizona, with a ZIP  
24 code 86538. I continue to advocate and request for road  
25 improvement within the right-of-way within the Navajo Nation.

1                   Specifically I'd like -- am requesting for  
2 assistance for the ADOT to clean some of the right-of-way area  
3 within the Many Farms and Chinle area. I also continue to  
4 request for input and recommendation regarding proposing several  
5 streetlights at intersections within the Northeast District on  
6 Highway 191. So that's the -- this entire length of 191 going  
7 north, from I-40, Sanders, Arizona into Mexican Water.

8                   I've been -- also been advocating for support.  
9 We have wrote a letter. The Navajo Nation has support  
10 requesting the Arizona Governor to select 191 as one of his  
11 initiatives to be one of the smart highways as he -- the  
12 Governor had selected all the interstate to be the smart  
13 highways across the state of Arizona. So we'd like to get  
14 support, if possible, for the Governor to select 191 as one of  
15 his smart highway initiatives.

16                   We're still waiting. I don't know if ADOT has  
17 received a response back from Washington, D.C., the Federal  
18 Highway Administration regarding the BUILD grant, but we're just  
19 waiting to see if our application -- if the application was  
20 submitted -- I mean, if it was approved or selected to be one of  
21 the projects.

22                   So that's basically my overall request, continued  
23 support from ADOT board members, and I just want to remind that  
24 we need to submit our Census 2020 information to be counted. So  
25 that's my report, and again, this is Kee Allen Begay, Junior,

1 with the Navajo Nation. Thank you very much.

2 CHAIRMAN HAMMOND: Thank you, Mr. Begay, and I'm  
3 disappointed we weren't able to have a board meeting up in your  
4 neck of the woods, too. Another beautiful area of the state.

5 Floyd?

6 MR. ROEHRICH: Mr. Chair, the next speaker  
7 request we got was from Mark Ruiterman. He is listed as citizen  
8 of Prescott, Yavapai County. Mr. Ruiterman, if you could please  
9 raise your hand and we could have you unmuted.

10 MS. ESTELLE: Good morning, Mr. Ruiterman. I see  
11 that you have your hand raised. I'm going to go ahead and  
12 unmute your line. When I do that, you'll get a notification on  
13 your phone that you've been unmuted. And Mark, you're live.

14 MR. RUITERMAN: I'm sorry. This is Mark. Can I  
15 begin?

16 MS. ESTELLE: Yes. Please do.

17 MR. RUITERMAN: Thank you.

18 Good morning, everyone. My name is Mark  
19 Ruiterman, and I reside in Yavapai County at Prescott Canyon  
20 Estates, that has Prescott Canyon Drive as its only entrance to  
21 and exit from Highway 69.

22 I'm speaking to the program named Prescott Lakes  
23 Parkway to Frontier Village on page 103 on the tentative five-  
24 year plan, which adds two lanes to the main segment and impacts  
25 the intersection of -- impacts the intersection of Prescott

1 Canyon Drive and Highway 69. Currently, at that intersection, I  
2 see three safety features that I would like to see remain after  
3 the highway modification. The features are, in order in my  
4 importance, in my opinion, are -- there's a median strip used  
5 for eastbound traffic to make left-hand turns into the Prescott  
6 Canyon Drive. There's a dedicated right-hand turn lane for  
7 westbound traffic into Prescott Canyon Drive, and this was a  
8 kind of minor one, but there's a stripe island at the right-hand  
9 turn only for the Prescott Canyon entry into Highway 69.

10           Anyhow, so those -- I kind of see those as kind  
11 of important in terms of safety for people, you know, exiting  
12 and entering the Canyon Estates, and hopefully the -- you know,  
13 everyone involved with the planning and execution of the  
14 modifications would -- you know, would have the above, you know,  
15 work, impact as little as possible the community members and law  
16 enforcement and any medical assistance that might be needed  
17 throughout the time, and that's all I have to say. I just  
18 wanted to state that.

19           CHAIRMAN HAMMOND: Thank you very much,  
20 Mr. Ruiterman.

21           Floyd?

22           MR. ROEHRICH: Thank you, Mr. Ruiterman.

23           Mr. Board Chair, the last speaker request we got  
24 was from Chris Bridges, the administrator for the Central  
25 Yavapai Municipal Planning Organization. He ended up not being

1 able to be here at the time to speak, but he did ask that we  
2 acknowledge that his request to speak was in support of keeping  
3 the Interstate 17 and State Route 69 widening project in the  
4 five-year program. That was going to be his topic. He did not  
5 want to speak. And Mr. Chair, that is all the speaker requests  
6 I have.

7 CHAIRMAN HAMMOND: Okay. Thank you all speakers.  
8 It's always good to hear from you. It would be nice to be able  
9 to see you here before the end of my term, which is December,  
10 but we'll see what the rest of the year brings.

11 Moving on to Item 1, the director's report. This  
12 is for information and discussion. Does the director have a  
13 report today?

14 DIRECTOR HALIKOWSKI: Thank you, Mr. Chairman. I  
15 appreciate you recognizing me. I don't have a report today.  
16 I'm going to turn it over to Katy Proctor, because we want to  
17 discuss what's happening legislatively, as it does affect any  
18 risks as we approach approval or discussion, I should say, of  
19 our five-year program.

20 So Katy, I'm going to turn it over to you to give  
21 us some idea of what's happening in Congress.

22 MS. ESTELLE: Katy, if I can have you stop for  
23 just a moment. We can't hear you. Can you make sure that your  
24 phone is unmuted?

25 MS. PROCTOR: Yes. Sorry about that. I double



1 muted myself.

2 MS. ESTELLE: Thank you.

3 MS. PROCTOR: Good morning, members. My report  
4 for today is going to be primarily federally based. Congress  
5 returned this month from their recess, and they continue to  
6 start and stall conversations related to any kind of COVID  
7 relief. That's taking the front and center place right now with  
8 all of the negotiations.

9 Once again, this week they were unable to  
10 negotiate an agreement. So they've left for the weekend without  
11 anything on COVID. However, at the same time we do expect a  
12 draft continuing resolution to maintain government spending at  
13 the current level today. An agreement was reached earlier this  
14 month to avoid any kind of a shutdown, so they will use this  
15 continuing resolution to continue current levels of spending.  
16 It's envisioned to be a clean continuing resolution with no  
17 add-ons, including no additional COVID relief items.

18 The only question that's kind of emerged over the  
19 last week with the continuing resolution will be whether or not  
20 it goes through December or into early next year, and that's  
21 depending on the camp that you talk to. Republicans would like  
22 for it to end in December. Democrats right now have been asking  
23 to extend it to February or March. The last conversation,  
24 apparently last night, seemed to center more around a December  
25 agreement.

1           Sufficient back filling for the state highway --  
2 or the -- excuse me -- the Highway Trust Fund is also a  
3 continuing concern in the Capitol conversation. The impact of  
4 COVID on the HTF took a difficult situation and made it a lot  
5 worse. So Congress will need to act to ensure that there are  
6 enough funds in the Highway Trust Fund as well to continue those  
7 timely payments, and we expect to see some kind of transfer on  
8 that towards the end of the year as well, and that concludes my  
9 report.

10           CHAIRMAN HAMMOND: Thank you, Katy.

11           DIRECTOR HALIKOWSKI: So, Mr. Chairman, I don't  
12 have anything else to add on the director's report. As we get  
13 into discussion of the five-year plan, I'll have some comments  
14 there, but suffice to say that the continuing resolution is  
15 critical step one, but Congress then making sure the HTF stays  
16 solvent is really step two, because if they don't take any  
17 action to boost the HTF, we will eventually see distribution to  
18 slow down, as revenues will not be able to keep the HTF above  
19 the \$4 billion mark in the future.

20           So that concludes our report, Mr. Chairman.

21           CHAIRMAN HAMMOND: Thank you very much, Director.

22           All right. Any board member have any questions  
23 for John or Katy?

24           Okay. Hearing none -- and by the way, I'll try  
25 to pause about three seconds for questions, so if you're muted,

1 You get a chance to unmute before I continue.

2 But we'll now move to the Item 2, the district  
3 engineer's report with Alvin Stump, the Northwest District  
4 Engineer. Alvin. This is for information and discussion only.

5 MR. STUMP: Okay. Good morning, Mr. Chairman,  
6 Board and Director. I'm going to give the brief update across  
7 the district.

8 If you could go to the next slide.

9 So currently we're working on the -- on US-93,  
10 the Carrow Stephens project, just north of Wikieup, which will  
11 add about three lanes of -- four-lane divided highway to 93.  
12 Also up on 93, north of Kingman, we have our 11th Street to  
13 Windy Point shoulder widening and pavement pres. project. That  
14 will be wrapping up this fall. Also, Carrow Stephens will wrap  
15 up this fall, and then we're -- we have a couple of local  
16 projects. One in Dolan Springs on Pierce Ferry Road for  
17 widening and intersection improvement. Also, in Lake Havasu,  
18 just getting started, we have a pedestrian HAWK at the  
19 intersection of Acoma Boulevard and Pima Boulevard.

20 Can you go to the next slide?

21 Just a quick couple of pictures of the new  
22 alignment of the Carrow Stephens project.

23 Next slide, please.

24 And this is the Dolan Springs project. You can  
25 see the construction of the multiuse path adjacent to the

1 highway.

2 Next slide, please.

3 Then we have several projects coming up here  
4 starting up this fall. A lot of modernization projects. In  
5 Bullhead City and Fort Mohave, we have two raised center median  
6 projects. One is between 7th Street and Aviation Way. The  
7 other one is from Aztec Road to the South Bullhead City Parkway.  
8 Also on SR-68, we have a safety project to construct guardrail  
9 and install additional signage. And another project just  
10 getting underway up north on 93 is to construct shoulder  
11 widening in the southbound direction. And on I-40, we have a  
12 sizable bridge deck reconstruction project, which will  
13 essentially reconstruct bridge decks between roughly Milepost 23  
14 and 40 at five different locations. And then we have two signal  
15 projects coming up. One is on 69 at Spring Lane in Spring  
16 Valley, and the other one is in Chino Valley at Road 1 North on  
17 89.

18 Next slide, please.

19 Then we have some more bridge projects coming up.  
20 On I-40, we have three different ones coming up next year. One  
21 is west of Seligman at Anvil Rock Road TI. Another is in  
22 Seligman at the east Seligman interchange, and then to the east  
23 further -- closer to Ash Fork is the Pineveta Draw. And down on  
24 I-17 at Dugas Road, we're going to be doing the scour project on  
25 Ash Creek Bridge.

1                   Next slide, please.

2                   And as far as our future expansion projects that  
3 have been in -- developed at some level, we have our I-40/US-93  
4 west Kingman interchange. On 69, the Prescott Lakes Parkway to  
5 Frontier Village. On I-17, we have our Anthem to Sunset Point.  
6 And also on 93, down in Wickenburg, our gap project. The -- one  
7 note on that. The Project A portion or the developer-funded  
8 portion is planned to advertise this month.

9                   Move forward. Next slide, please.

10                  And last already mentioned earlier, the key  
11 project of interest for Lake Havasu City is their driveway north  
12 of the Kiowa intersection. Basically, the volume of traffic  
13 utilizing this intersection is of a concern. A signal warrant  
14 study has been completed and has been evaluated in ADOT. So  
15 we'll have -- be having more discussion on that in the near  
16 future.

17                  Next slide, please.

18                  And that's the end of it. I'll take any  
19 questions anyone may have.

20                  MR. ROEHRICH: Mr. Chair, you're muted if you're  
21 talking. It looks like you're trying to speak, but you are  
22 muted.

23                  CHAIRMAN HAMMOND: I asked if any board member  
24 had any questions of Mr. Stump.

25                  Okay. Hearing none, let's move on. Thank you,

1 Alvin.

2 Let's move on to Item 2, which is the district  
3 engineer's report, again, with Mr. Stump. This is for  
4 information and discussion.

5 MR. ROEHRICH: Mr. Chair --

6 CHAIRMAN HAMMOND: Wait a minute. I'm sorry.  
7 I'm sorry.

8 MR. ROEHRICH: -- we're on the consent agenda.

9 CHAIRMAN HAMMOND: Yep. I'm sorry. I'm sorry.  
10 Can I say it again? I'm sorry.

11 Okay. Consent agenda. Does any member want an  
12 item removed from the consent agenda for discussion?

13 Okay. Hearing none, I would entertain a motion  
14 to approve the consent agenda as presented.

15 MR. ELTERS: Mr. Chairman, I so move.

16 MR. THOMPSON: Second.

17 CHAIRMAN HAMMOND: Okay. I heard the first come  
18 from Board Member Elters and the second coming from Board Member  
19 Thompson. Do I have that correct?

20 MR. ELTERS: Yes.

21 MR. ROEHRICH: Mr. Chair, that's how I understood  
22 it. Yes.

23 CHAIRMAN HAMMOND: All right. Any further  
24 discussion?

25 Floyd, would you conduct the roll call.

1 MR. ROEHRICH: Vice Chair Stratton.

2 MR. STRATTON: Aye.

3 MR. ROEHRICH: Mr. Thompson.

4 MR. THOMPSON: Aye.

5 MR. ROEHRICH: Mr. Elters.

6 MR. ELTERS: Aye.

7 MR. ROEHRICH: Mr. Knight.

8 MR. KNIGHT: Aye.

9 MR. ROEHRICH: Mr. Searle.

10 MR. SEARLE: Aye.

11 MR. ROEHRICH: Ms. Daniels. Ms. Daniels. You're  
12 muted, Ms. Daniels.

13 MS. ESTELLE: This is Haley. I'm going to go  
14 ahead and unmute Ms. Daniels. One moment. Ms. Daniels, can you  
15 hear us?

16 MS. DANIELS: Aye.

17 MS. ESTELLE: Thank you.

18 MR. ROEHRICH: Thank you. And Chair Hammond.

19 CHAIRMAN HAMMOND: Aye. Okay. Motions carries.

20 All right. Let's move on to Agenda Item 4, which  
21 is for information and discussion only. It's the financial  
22 report from Kristine Ward, our chief financial officer.

23 Kristine, good morning.

24 MS. WARD: Good morning, Mr. Chair. Good  
25 morning, board members.

1           So I will be reviewing with you the financials  
2 that form the basis for the '21 through '25 redeveloped program,  
3 and then I will be handing it off to Greg to discuss the  
4 projects itself -- the program itself, but I'd first like to  
5 start by checking with the Director.

6           Director, did you want to say a few words first  
7 off?

8           DIRECTOR HALIKOWSKI: Yes. Thanks, Kristine.

9           So, Mr. Chairman, I just want to thank you and  
10 the Board as we have wrestled through our first pandemic five-  
11 year program to submit to you, but I also want to thank the  
12 staff, because since we've been hit with this pandemic and  
13 financial crisis, a lot of work has gone into trying to get a  
14 stable picture of what our future revenues are going to be  
15 looking like. And, of course, thanking all our partners who  
16 work to consult with us on these financial forecasts.

17           As you've heard from the speakers today,  
18 preservation remains a very big issue in rural Arizona, but also  
19 in our urban areas. And as we listen to some of the issues  
20 surrounding SR-95, those are really indicative of what's going  
21 on around the state with our system. And as Mr. Begay asked for  
22 cleaning on 191, we are constantly getting more and more  
23 requests for maintenance. Our system is, as you know, worth  
24 about \$22 billion as it sits on the ground today, which  
25 represents a huge investment for Arizona.



1           So this plan that Kristine is about to discuss  
2 the financials on, and then Dallas and Greg following on  
3 projects, will not be without its impact, as you will see. And  
4 what is concerning to us as we look at our situation is we have  
5 more and more of our infrastructure going from good to fair,  
6 fair to poor. So we will see impacts as we present this recast  
7 plan in a couple of areas that I want you to keep in mind as  
8 we're talking about it. And one of those will be the operations  
9 funds that ADOT has for maintenance and preservation of the  
10 system. So as we listen to speakers today asking for more in  
11 this area, unfortunately, to make sure that we have a balance  
12 financially in the future, we're going to see some reductions.

13           The other area is the cash balance that we carry  
14 in the State Highway Fund that essentially is our checking  
15 account to pay bills and run our operations. We're going to  
16 have to tighten our belts further and work on a much thinner  
17 margin than we have in the past, which means that impacts, even  
18 smaller ones that may affect us, will definitely have some  
19 effect on our ability to respond because of the lesser cash  
20 balance.

21           The other thing is that you'll see some  
22 reductions in our flexibility and capability to apply for  
23 grants, which I think is concerning, because if new revenues do  
24 come from Congress, we want to be in a competitive mode to be  
25 able to apply for those. And then, of course, you will see some

1 projects that we are just not able to fit in based on our  
2 current revenue system.

3           So I want to keep those things in mind that this  
4 recast is not without impact. There are risks moving forward  
5 based on what the federal government may do. There are risks  
6 moving forward next year based on what the economy and the  
7 pandemic effects are on it, but we feel comfortable today that  
8 we have a stable projection for you that we believe we can move  
9 forward on.

10           So again, Mr. Chairman, thank you and the Board  
11 for your patience as we have worked through this over the past  
12 several weeks.

13           Kristine.

14           MS. WARD: Thank you, sir.

15           Rhett, if you can go to the next slide.

16           Board members, I'd like to just take a few  
17 moments and go over and review FY fiscal year '20 with you,  
18 letting you know how we ended the fiscal year, and the economic  
19 conditions under which we are reforecasting this program.

20           Rhett, if you'll go to the next slide.

21           So it's a little hard to believe given the nature  
22 of what we've been going through that it's actually only taken  
23 place over -- we have been dealing with a pandemic-centered  
24 world for only seven months. I -- personally, it seems much  
25 longer to me, with World Health Organization having declared a

1 global pandemic at the beginning of March. Then we had COVID  
2 cases growing by triple digits in March, and now they have  
3 slowed to 5 percent in the August time frame, both nationally  
4 and in Arizona. We had stay at home orders put in place. Then  
5 we had them lifted. Then we had them re-put in place and lifted  
6 again. School districts closing and then struggling to define a  
7 model for reopening. Leaving parents working at home and also  
8 teaching at home in this new world. The situation has put us in  
9 some very unprecedented economic times.

10 If you would, the next slide, please.

11 These times have led to, again, this word  
12 unprecedented action by Congress, and strikingly, unusually  
13 swift action by Congress as they have striven to stem impacts of  
14 the economic shutdown and associated unemployment. In the end  
15 of March, we saw the passage of a 2.2 trillion CARES Act that  
16 included IRS issuing \$153 million -- 153 million stimulus checks  
17 for 1,200-plus dollars. Those were sent out in April, and now  
18 we find ourselves with a second round of stimulus still being  
19 debated.

20 We had expanded unemployment eligibility and  
21 significant increases to benefit. The \$600 premium for those  
22 who faced unemployment. That expired, and then it was partially  
23 reinstated in -- on August 8th as, again, the President came  
24 through and did that partial reinstatement of the \$300. The  
25 eviction moratoriums were passed. Those have expired, and then

1 on -- just as late as September 4th were reinstated, and then  
2 the Federal Open Market Committee dropping the fed fund rate to  
3 0.25 percent.

4 To give you a little context -- oh, I'm sorry.  
5 Could you go on to the next slide, Rhett?

6 All of these measures to prop up the economy --  
7 prop up the economy, keep in mind that in February we were  
8 sitting in a very strong economy with 3.5 percent unemployment,  
9 and by April, that unemployment figure had grown to 14.7  
10 percent, and now it sits at 8.4 percent. And in this situation,  
11 we have all struggled and continue to struggle, to some extent,  
12 to predict the revenue impacts of COVID, with certain -- with  
13 margins of error ranging plus or minus 50 plus percent.

14 Next slide, please.

15 The slide you see before you, please note the  
16 grayed areas. To provide some context, what this shows you is  
17 unemployment rates during the Great Recession compared to what  
18 we have recently experienced with COVID, and you'll see that  
19 spike in those last few months. As mentioned, nationally, we  
20 went from a 3.5 percent in February to almost 15 percent  
21 unemployment in April, now having come down to 8.4 percent. In  
22 Arizona, we went from a February unemployment rate of  
23 4.4 percent, spiked in April to 13.1 percent, and in most recent  
24 numbers, the most recent numbers we have, July's numbers, sits  
25 at almost 11 percent unemployment.

1                   Next slide, please.

2                   In the preparation for our revenue forecasting,  
3 we are often doing various analysis. This is one that stood out  
4 to me. What you're looking at is the monthly passenger traffic  
5 through Phoenix Sky Harbor covering January 1999 through July  
6 2020. The shaded areas -- I don't know that everyone will be  
7 able to read this, but I hope you can -- the shaded areas  
8 depict -- that first shaded area depicts September 11th, 9/11  
9 when we had the attacks. And then you can see the next shaded  
10 area represents the Great Recession. That final shaded area all  
11 the way to the right reflects COVID. We have gone from a range  
12 of 2.5 million to 4.5 million passengers per month to less than  
13 half a million running through Phoenix Sky Harbor.

14                   Next slide, please.

15                   What this chart depicts, we got this data from  
16 Google, and it depicts mobility within the U.S. Ground  
17 transportation, of course, has taken a considerable hit. And so  
18 in March what we were looking at was US retail and recreational  
19 travel was down 41.5 percent. Workplace travel, down 41 --  
20 41.4 percent. And now we sit in August. Retail is still down.  
21 Travel for retail is still down 14.1 percent, and workplace  
22 travel is still down 30 percent. In Arizona, that's a very --  
23 it's a very similar situation, where currently we find ourselves  
24 down 19 and 20 percent respectively for retail and workplace  
25 travel.

1                   Next slide, please.

2                   So where this leaves us in terms of the Highway  
3 User Revenue Fund is that what this chart depicts is FY 2020,  
4 fiscal year 2020 as we closed out. We were down -- when we  
5 closed the year, we were down \$89 million. All -- \$89 million  
6 below our forecast for 2020.

7                   This next slide -- if you would, Rhett -- will  
8 depict that on a month-by-month basis. And you can see -- it  
9 clearly depicts -- you can see where COVID came in to the  
10 numbers. In April, which reflects March's activity, we were  
11 down 16.8 percent, May, 26.2 percent, and in June, 14.8 percent,  
12 for a total shortfall -- revenue shortfall below forecast of  
13 \$88.6 million in FY '20.

14                   Now, to break down the sources, what that  
15 \$89 million short, that's -- we brought in a total of almost 1.5  
16 billion, but you can see \$1,480,000,000. Now, in terms of the  
17 sources that flow into HURF, this is how they broke down for the  
18 year. Thirty-five percent of the revenues flowing in came from  
19 gasoline. 32 percent from VLT. 15 percent from use.

20                   Going on to the next slide.

21                   This shows -- what this slide will show you is  
22 taking those revenues and breaking them down by category and  
23 looking at where your shortfalls were. We actually had  
24 shortfalls in every year -- in every category. Excuse me. In  
25 gas, we were 3.9 percent behind forecast for the year. VLT, 4.6

1 percent, and so forth. Again, back to that 88.6 million behind  
2 forecast, or 5.6 percent below.

3 Next slide please.

4 You'll recall and the Director just discussed it  
5 with regard to federal funds, and Katy just gave you a report  
6 out. In FY '20, I thought because federal funds are also such a  
7 very large component of our statewide program in supporting the  
8 construction program, it's good to report out to you where the  
9 Highway Trust Fund ended in FY '20. And as you can see from  
10 this chart, COVID did not spare the Highway Trust Fund either.  
11 The ending balance for the Highway Trust Fund was 57 percent  
12 below what it was in the preceding year.

13 Moving on to the next slide.

14 A good reason for that, as you all -- I found  
15 this chart as we were looking amongst -- actually, my staff  
16 found this as they were looking amongst the transportation data,  
17 and we are seeing road traffic falling down to 1995 levels  
18 across the country.

19 Going on to the next slide.

20 The Regional Area Road Fund fared -- has fared  
21 this circumstance much better than the Highway User Revenue  
22 Fund. If you'll hold on one moment. We experienced 4.8 percent  
23 growth for FY '20, and that was just 1.3 percent below  
24 forecast -- if you'll go on to the next slide -- for a total of  
25 491 million in revenues.

1           You can see on the next slide where we broke down  
2 how those revenues broke down -- Rhett, give me one more  
3 slide -- and where we saw the decreases in what you would  
4 expect. Retail sales -- this was not what we expected. Retail  
5 sales were actually ahead of -- not ahead of forecast, but they  
6 still grew at 3.3 percent. But if you go further down on the  
7 chart, you can see restaurant and bar, as you would expect, took  
8 a significant hit, 11.3 percent, rental of real property down  
9 9.1 percent, and so forth. Contracting was almost dead on  
10 forecast. For a total, we were 6.6 million, or 1.3 percent,  
11 below our forecast for the year for FY '20.

12           Now, some of the discussion has been that, oh,  
13 we're not anticipating that since retail sales were -- have been  
14 going on well, that oh, maybe things are not as bad on the HURF  
15 side. What this chart depicts, we were kind of curious to  
16 distinguish the difference between these two revenue categories,  
17 and what this chart depicts is gas sales as compared to retail  
18 sales, and what you'll see here is that retail sales in the  
19 month of May -- the month of May was the only month in which we  
20 saw a negative growth. However, if you look at May, likewise,  
21 to gas, you'll see that gas sales -- gas tax revenues were down  
22 38.1 percent.

23           So with the Highway User Revenue Fund, we have a  
24 very different animal than we do with the Regional Area Road  
25 Fund, and because of those changes in mobility, because of the



1 changes we have seen with the schools and remote learning, what  
2 you're -- this is depicted on this chart. We are seeing  
3 significantly more decreases in gas and not the decreases in  
4 retail sales. In fact, one very interesting fact, when we  
5 finished -- we got a retail sale -- we got our revenues -- RARF  
6 revenues last month, they were very similar to the numbers we  
7 received in December of 2019. It was Christmas in July, and  
8 that is not what we would have predicted. Apparently people are  
9 staying home and spending their stimulus checks, as well as the  
10 dollars that they are not spending on gas. So I wanted to spend  
11 just a moment and review the forecasting process that went into  
12 providing you the forecast that you'll be looking at to form the  
13 basis for this program.

14                   Next slide, please.

15                   This year we had 11 participants on the -- what  
16 we call the RAP panel, the Risk Analysis Process panel, and this  
17 is a group of transportation experts and economists that we  
18 gather once a year, and they provide us a series of forecasts on  
19 some factors that we have found to correlate to the -- heavily  
20 correlate to HURF's revenues. Things like non-farm employment,  
21 personal income growth, population growth. On that panel,  
22 you'll notice on this slide that those little blue chips that  
23 are beside those panelists' organizations, these same folks are  
24 also, if you're familiar, on the Western Blue Chip panel, and so  
25 this group has been around -- Western Blue Chip has been around

1 for a number of years and is quite an experienced group of  
2 economists and -- of economists.

3 The next slide, if you would, Rhett.

4 What this slide shows you is each of those  
5 panelists then provide us a series of estimates for the various  
6 factors. In this particular sample, what they have provided us,  
7 what I'm showing you, is the panelist estimates for personal  
8 income growth over the next 20 years. They do -- they provide  
9 us the same growth rates for a number of factors, as I just  
10 mentioned. Those factors are then provided to our consultant,  
11 HDR, who then runs them through a model and -- a simulation in  
12 which we are then provided a series of probabilities that we  
13 will realize revenues at these levels. The group historically  
14 has been quite accurate in their forecasts.

15 Rhett, if you would go to the next slide.

16 What this slide shows you is these are within a  
17 bandwidth of plus or minus 5 percent. These are the results  
18 that occur when we are forecasting ten years out. These are the  
19 -- when the panel is forecasting here, we sit in 2020, they --  
20 and they are forecasting out into 2030 -- 2030, excuse me. This  
21 provides you some input into the level of accuracy to forecast  
22 revenues ten years into the future. It is -- this represents  
23 the HURF bounds and the HURF accuracy.

24 If you go to the next slide, Rhett.

25 We have got similar accuracy levels on the

1 Regional Area Road Fund. Where you see variances is where you  
2 have very unusual situations like a Great Recession, and of  
3 course, now we sit in an unprecedented pandemic. We will hope  
4 for a more accurate set of forecasts as we have experienced in  
5 the past.

6 All right. However, it should be noted, if you  
7 go down on the next slide, what this slide shows you is I told  
8 you about the Western Blue Chip consortium. What this -- this  
9 group of economists do estimates, provide estimates every month  
10 that the panel gets together, and they predict -- they forecast  
11 current and -- the current fiscal year -- the current calendar  
12 year and the subsequent calendar year on a number of factors:  
13 Personal income, retail sales, employment, population growth,  
14 for a few examples.

15 What this chart depicts is how they have modified  
16 those forecasts each month since the onset -- since January. So  
17 each one of those groups of bars shows the modifications to the  
18 forecast for that particular factor, personal income, retail  
19 sales and on forth. The point of this is to -- while we have  
20 employed the -- a large degree of expertise and rigor in these  
21 forecasts, we cannot emphasize enough that we are in  
22 unprecedented and uncertain times. That being said, these are  
23 the best forecasts and the most solid information, current  
24 information that we have.

25 Moving on, first off, about the Highway User

1 Revenue Fund and that forecast -- if you go to the next slide,  
2 Rhett -- so the impact of the most recent results from the RAP  
3 panel reduced the HURF forecast for the '21 to '25 program by  
4 \$500.9 million, or 5.8 percent, and what this chart depicts is  
5 those changes in revenue forecasts by year. You'll see in FY  
6 '21 it brings the revenue forecast -- original revenue forecast  
7 down by 111 million, '22, 114 million, and so forth.

8           When we go to the Regional Area Road Fund -- on  
9 the next slide. Excuse me. I'm sorry. You'll recall from the  
10 Highway User Revenue Fund that HURF has a number of  
11 beneficiaries: Cities, towns, counties. It also -- one of  
12 those beneficiaries is the State Highway Fund. The State  
13 Highway Fund is that -- is the -- are the funds that actually go  
14 in to support ADOT's operating costs as well as the highway  
15 construction program that's going to be presented to you here  
16 today.

17           The impact of the reduced HURF forecasts  
18 therefore impacts all of the beneficiaries of HURF and the state  
19 -- naturally, the State Highway Fund. The impact of the reduced  
20 revenue forecast results in \$206 million less available to the  
21 State Highway Fund to support operating costs as well as the  
22 highway construction program.

23           Moving on to the next slide.

24           Regional Area Road Fund -- one more for me,  
25 Rhett. The Regional Area Road Fund did not -- the forecast did

1 not take as much of a decrease. RARF forecasts were reduced  
2 over the five-year period by 68.2 million, or 2.1 percent.

3 Moving on to federal funding and our assumptions  
4 there.

5 Next slide, Rhett. Then one more.

6 The Director covered with you, and Katy mentioned  
7 as well the challenges we are facing with the Highway Trust  
8 Fund. CBO, the Congressional Budget Office, in the last week,  
9 put out their forecast for the trust fund, and what you are  
10 looking at is the projected trust fund balance -- balances  
11 through 2030 if Congress does not act and infuse dollars into  
12 the fund or deal with the ongoing structural deficit of the  
13 fund.

14 In April the FHWA CFO came out and gave a report  
15 on the Highway Trust Fund, and at that time he was looking at  
16 revenues that were 46 percent below forecast. The result of  
17 this -- the pandemic and the impact on mobility is impacting the  
18 Highway Trust Fund, much as it is the Highway User Revenue Fund  
19 here at this state. However, the Highway Trust Fund is actually  
20 even more dependent on fuel tax sales than HURF. So what you  
21 see here is ending balances in the trust fund ranging from a  
22 negative balance, anywhere from negative 14, all the way up to  
23 negative \$27 million. This has been a historic problem that  
24 Congress has dealt with by transferring dollars from the federal  
25 General Fund into the Highway Trust Fund in order to keep it

1 solvent. Sometimes they run a little behind on getting those  
2 infusions established.

3           If you go to the next slide.

4           If you're not aware, the way the federal funds  
5 work are that the State Highway Fund -- the departments must  
6 first pay the expenses up front, and then we are reimbursed from  
7 the federal government from FHWA. What you're seeing on this  
8 chart is the -- as I mentioned, the CFO of FHWA -- throw a few  
9 acronyms at you -- the chief financial officer for FHWA, Federal  
10 Highway Administration, brought us this presentation in April or  
11 May, and what this depicts is when they anticipate the Highway  
12 Trust Fund to fall below \$4 billion. The Director mentioned  
13 this earlier in this meeting.

14           The significance of that \$4 billion is that when  
15 the Highway Trust Fund falls below that cash threshold, they  
16 implement what they call cash management measures. And  
17 basically, in short that means they start delaying reimbursement  
18 to the State. Meaning the funds that we have -- we expend on  
19 the programs, those reimbursements of those funds slow down, and  
20 we become all the more dependent on cash balances.

21           So in light of this situation, what we have built  
22 into the five-year program is -- next slide, please, Rhett -- is  
23 flat growth for federal -- our federal funding forecast. We do  
24 not anticipate an increase in federal funding given these  
25 circumstances that I've explained, but nor do we estimate or are

1 we planning on a decrease in federal funding given the necessity  
2 and the volume of stakeholders associated with transportation.

3 So next slide, please.

4 Now let's go into -- having covered the State  
5 Highway Funds available for the program, having covered the  
6 federal funds available for the program, I want to go into this  
7 is the program itself. You will see that the HURF swap is  
8 continued. You will see also see on this sheet I want to point  
9 out that we will be able to utilize the INFRA grant that we were  
10 very concerned about having sacrificed, because we will be able  
11 to continue the I-17 project.

12 The next slide, as to what we will -- this  
13 communicates the size of the program. In 2021, our program size  
14 will be about \$930 million, and so forth, you can see across the  
15 rows here, for an \$850 million program in FY '25.

16 Let's briefly cover the funding gap and how we  
17 mitigated those losses.

18 So one of the things I hadn't mentioned earlier  
19 that I need to is that when -- board members, you will recall  
20 that I come to you on some routine basis to come and issue  
21 bonds, and you -- and seeking your approval, your authority to  
22 issue bonds in support of the program. Those bonds, when we  
23 issue bonds, those bonds are leveraging State Highway Funds. We  
24 are leveraging future State Highway Fund, much like when someone  
25 goes and seeks a mortgage loan from a bank. They are leveraging

1 their future income.

2           When we experience a decrease -- when we  
3 experience a decrease in State Highway Fund revenues, we  
4 likewise experience a decrease in bonding capacity, meaning we  
5 can issue less bonds because we have less revenues to leverage.  
6 As I mentioned that there was a \$206 million less State Highway  
7 Fund available for the program. Likewise, because of that loss  
8 of State Highway Fund revenues, there is also \$260 million less  
9 bonding capacity. So the gap that we have had to address in  
10 this program is a total of \$466 million.

11           We have addressed that gap through three primary  
12 mitigation strategies. 206 million is associated with  
13 constraining the department's operating budget and land building  
14 and infrastructure budget. I think it's important to point out  
15 here, and I think the Director emphasized this in his comments,  
16 that when we talk about constraining that operating budget, we  
17 need to keep in mind that the maintenance is a large, large  
18 segment of the department's operating budget. It runs about 175  
19 to \$190 million a year.

20           What we have done is when we forecast going  
21 forward, what we anticipate the operating budget growth to be in  
22 future years, we have constrained that growth to 2 percent, and  
23 I would emphasize that that is -- that 2 percent growth is off a  
24 much lower base. When the Legislature quickly passed a budget  
25 this last session, they passed what was lovingly known as --



1 well, perhaps not so lovingly known as the skinny budget, which  
2 baselined our budget and meant that we did not get base budget  
3 increases for things -- for critical -- some critical items.  
4 And so we are growing off of a much smaller base, and we were  
5 growing in a -- at a very constrained percent. So the amount of  
6 the impact of constraining that growth is that it saves  
7 \$206 million over the five years of the program.

8           The next method we used to -- oh, sorry. Rhett,  
9 no, I can understand why you went on, but I'm still on this one.

10           The next method to address the \$466 million gap  
11 is that we have reduced the program size by \$175 million. Greg  
12 will go over the -- those reductions and where they came from in  
13 the program. And lastly, we addressed the \$466 million gap  
14 through the use of State Highway Fund cash balances, as the  
15 Director mentioned. This puts us in a much less flexible and  
16 resilient position by drawing these balances down, but by the  
17 same token, we are in one of those unprecedented situations in  
18 which we felt it was the most prudent action. We will have to  
19 see how the revenue estimates come in going forward to see if we  
20 need to react further to this.

21           Rhett, if you'll go on to the next slide.

22           So what I presented to you has -- there are  
23 risks. These are -- these revenue estimates are built on  
24 assumption. We have a virus that is still happening, a pandemic  
25 that is still happening, and we are still trying to assess the

1 economic impacts of the pandemic. We do not know how future  
2 behaviors will change. Will people continue to remote work?  
3 Will they continue to have groceries delivered? Have their base  
4 level behaviors changed, the public? We're dealing with the  
5 risks of the federal government and a long-term reauthorization  
6 in the Highway Trust Fund cash balances. We run the risk of  
7 state budget changes and legislative changes. Will they -- will  
8 they pass more special distributions or will they pass fund  
9 sweeps? All of these items, should they occur, stand to impact  
10 these revenue estimates and the program on which it's built.  
11 That's built upon those estimates.

12                   So with that, I would be happy to take any  
13 questions, and otherwise, turn it over to Greg for the review of  
14 the program.

15                   CHAIRMAN HAMMOND: Thank you very much, Kristine.  
16 I want to especially thank you for the clarity of this  
17 presentation and the quality of the detail. I found it very  
18 informative. My suspicion is some board members will have  
19 questions. So I'm going to open it up to questions from the  
20 Board.

21                   MR. ELTERS: Mr. Chairman.

22                   CHAIRMAN HAMMOND: Yes. Board Member Elters.

23                   MR. ELTERS: I -- couple of comments and a couple  
24 questions, if I may. Both Director Halikowski and Kristine  
25 mentioned patience and thanked the Board for their patience. I

1 just want to say patience is a two-way street. I would say both  
2 the Board and the staff have been patient when faced with  
3 uncertainty related to the revenues that we've been at since  
4 about April of this year. So credit should go where credit is  
5 due to everyone involved, both the staff and the Board for  
6 staying the course with a steady hand and deferring the adoption  
7 of the five-year program until now. While today we still have  
8 uncertainty, some uncertainty, maybe a lot, I think we all have  
9 a little bit more confidence in these projections and the  
10 numbers that Kristine just shared with us. So -- and that is a  
11 lot more than what we had back in May.

12           So Director, Kristine and all of staff, thanks  
13 for your effort and for your patience as well. I think we'll  
14 proceed forward with, like I said, more confidence than we had  
15 back in May.

16           Now to my questions, if I may. Kristine, in one  
17 of the slides that showed the VLT and the gas tax, it showed  
18 both of them being down or experiencing a decline, and I guess  
19 my question is was that for fiscal year '20, or did it include  
20 '21? Because at the local level, we're seeing some numbers that  
21 while -- that shows while the gas tax did decline indeed, as you  
22 showed, the VLT has experienced a substantial increase. So I'm  
23 curious to see if you can help clarify that point.

24           MS. WARD: Mr. Chairman, Mr. Elters, the slide  
25 that you're referring to, I believe slide 12, did -- that does

1 reflect FY '20 actuals, and what we experienced was \$23 million  
2 less in VLT than what we forecast. So 4.6 declines off of  
3 forecast.

4 MR. ELTERS: Okay.

5 DIRECTOR HALIKOWSKI: So if I may add a comment  
6 to that, Mr. Chairman, there have been accounts in the media of  
7 the past few months that new car sales have increased, you know,  
8 and are holding steady, but realize the VLT -- although new car  
9 sales contribute, it largely is registration renewals of our  
10 base of vehicles or our fleet here in Arizona. One of the  
11 concerns we have moving forward is that as Kristine mentioned,  
12 Congress has put quite a bit of money into stimulus, but we also  
13 have seen those unemployment benefits begin to decline. Our  
14 concern is is that as people's renewals come up for  
15 registration, what that trend might hold based on the job market  
16 and unemployment benefits, if people will continue to pay their  
17 VLT, or if their funds are short, have to prioritize for  
18 something else.

19 So, again, without knowing what next year's going  
20 to hold, I think we've got, you know, a fair prediction of VLT  
21 currently, but realize that the economy in the coming year will  
22 depend on a lot of factors. Thank you.

23 MR. ELTERS: Thank you, Director and Kristine.

24 Mr. Chairman, one more question, if I may.

25 CHAIRMAN HAMMOND: Sure.

1                   MR. ELTERS: Kristine, on the last slide where  
2 you discussed the mitigation strategies, you highlighted three  
3 separate categories or points. The first one was the  
4 206 million, which was the operating and L, B and I. The second  
5 was the five-year program, and third was the use of the State  
6 Highway Fund cash balance. So I guess I understand the middle  
7 point, which is the five-year program and how that will impact  
8 that category. How much impact -- I guess what specifically --  
9 what impact will that 206 million have on the operating and L, B  
10 and I? Because on the one hand, there's a recognized need for  
11 system preservation and maintenance component of the system, and  
12 on the other hand, it seemed like we're having to cut that.  
13 That's one question.

14                   And the last question and I'll stop, the  
15 84 million that is used of the cash balance, State Highway Fund  
16 cash balance, if indeed we're reducing that by 84 million over  
17 the five-year program, (inaudible) and by reducing it by this  
18 much, what will -- what will it bring it down to, and how will  
19 that affect that narrow margin that you discussed that it will  
20 be harder to absorb or accommodate any fluctuations?

21                   Thank you, Mr. Chairman, and I look forward to  
22 your answer.

23                   MS. WARD: So, Mr. Chairman, Mr. Elters, I'll  
24 start with your first question, which I believe it's basically  
25 what are the -- what do we believe the impact of the operating

1 -- the constraints on the operating budget will be? These are  
2 things that we do not necessarily see an instantaneous impact  
3 of, but what this means is that the underlying system that  
4 supports the five-year construction program, the department --  
5 the department's IT systems, the department's -- all of the  
6 department's underlying systems will have less ability to --  
7 after years of a constrained budget will have less ability to  
8 address ongoing needs for systems and buildings.

9           Keep in mind the buildings -- ADOT has, I  
10 believe, 1,500-plus buildings that require maintenance and  
11 upkeep. These include, you know, our maintenance yards and so  
12 forth. There will be less funding to support these underlying  
13 systems. But probably of equal and greater concern is the  
14 department has a -- what we call in the budget world a  
15 maintenance special line item. It's a specific set of funding  
16 for maintenance. The system needs for -- as, sir, you know as  
17 well as anyone, far better than I, that addressing initial  
18 maintenance saves you dollars in the five-year program in that  
19 the roads do not deteriorate to such a level that you have to go  
20 into some maintenance and into preservation, requiring a larger  
21 amount of work. I don't recall if, Dallas, maybe you do or  
22 Director, the difference in the expenditures if you spend a  
23 dollar in maintenance versus spend a dollar in preservation.

24           MR. HAMMIT: About eight. Eight.

25           MS. WARD: Dallas is giving me hand signals here.

1 It's -- if you spent a dollar in maintenance, you do not have to  
2 spend \$8 in preservation.

3           So the difficulty there, sir, the impact will be  
4 is that we want to put those -- use those dollars, limited  
5 dollars, as efficiently as possible and put that investment in  
6 maintenance up front so we don't end up in the \$8 impact of  
7 preservation. But can we qualify it and give it to you  
8 precisely right now where -- in 2020 what the impact will be in  
9 2022? We can't, but we can show you and Greg can show you how  
10 the roads have been transitioning from good to fair to poor.

11           DIRECTOR HALIKOWSKI: So, Mr. Chairman, to  
12 elaborate and add to what Kristine said, so we've been dealing  
13 with this, as you know, and you have as a board for some time as  
14 we struggle to set policy on what level of maintenance we should  
15 maintain, and folks need to understand maintenance isn't just  
16 cleaning the side of the road or taking out brush from a  
17 culvert. Those activities are included, but they include  
18 guardrail. They include bridges. It includes pavement, and it  
19 includes litter cleanup. I mean, all the things that you  
20 probably don't realize, you know, as a public member, make up  
21 the transportation system.

22           But as we -- we look towards our internal  
23 systems, Kristine mentioned buildings. But there's snow plows.  
24 There's spreader racks. There's de-icer buildings where we have  
25 to store material. There's the buildings where our folks have

1 to muster and actually almost live in as they're on their shift  
2 or working overtime. And then there's our computer systems.  
3 And, you know, IT's an incredibly vital part of building,  
4 constructing, maintaining and operating the entire system.

5           So what we have available for operations is  
6 essentially what's left over after we fund the five-year  
7 program, and we build our operating budget off of that,  
8 including maintenance. It's a slow trickle, as we've seen in a  
9 way over the years. You go from maybe, you know, an excellent,  
10 brand-new facility, it moves maybe to good if it's not taken  
11 care of. Then it moves to fair and moves to poor.

12           So the immediate impacts are going to be that we  
13 have less flexibility to do some of the things perhaps that we  
14 had in the past, as we were just beginning to climb out of the  
15 last recession. Hopefully there won't be another pandemic and  
16 recession next year and we're going to stabilize where we are,  
17 but over time these things will begin to manifest themselves as  
18 people come to you and say, you know, the shoulder's crumbling  
19 or, you know, why is ADOT scraping the rubber off of the 101 or  
20 the 202 that's over 20 years old? You know, why is the pavement  
21 sub-base under I-40 beginning to crumble and needs to be  
22 replaced? All those are impacts that develop over time.

23           So we believe we've presented a balanced program  
24 to you to consider that takes into account the needs for the  
25 capital improvements and that we will, based on the revenues we



1 Have, fulfill maintenance to the level that we can. So I would  
2 say that we've tried to strive for balance here between these  
3 two issues of need.

4 Thank you, Mr. Chairman, Mr. Elters.

5 MR. ELTERS: Mr. Chairman and John and Kristine,  
6 one can see the effort to strike that balance that you speak of.  
7 Thank you for your insightful answer, and it helped me  
8 understand better what the challenges, and I hope it helps.  
9 Thank you.

10 MR. STRATTON: Mr. Chairman.

11 CHAIRMAN HAMMOND: Yes, Board Member Stratton.  
12 Go ahead.

13 MR. STRATTON: I have more of a couple comments  
14 rather than questions, and I'd just like to say that, you know,  
15 I followed this board for many, many years prior to being on it,  
16 and now having served almost five years on here, the  
17 explanations that have been given with this financial review is  
18 more than I had ever seen in the past 15 or 20 years. I  
19 appreciate the explanations that Kristine gave, and it's very  
20 good (inaudible) these things. It's more transparent, and I  
21 think it enlightens the public as well as the Board a lot. So I  
22 appreciate what you've done, and I appreciate your patience with  
23 the Board and hearing our request to delay the five-year plan  
24 and helping us with that. So just a Kudos to the staff and  
25 thank you.

1                   CHAIRMAN HAMMOND: Well said, Board Member  
2                   Stratton.

3                   All right. Are there other comments from the  
4                   board on this issue before we move to the next agenda item?

5                   MR. SEARLE: Chairman Hammond.

6                   CHAIRMAN HAMMOND: Yes. Go ahead, Board Member  
7                   Searle.

8                   MR. SEARLE: Yes. Getting back to Kristine and  
9                   one of Mr. Elters' questions on the cash balance losing  
10                  84 million over five years. What will that reduce our cash  
11                  balance to, your working balance to?

12                  MS. WARD: Mr. Chairman, Mr. Searle, it will  
13                  bring our cash balance down to just below \$200 million is the --

14                  MR. SEARLE: On a running basis?

15                  MS. WARD: Correct.

16                  MR. SEARLE: All right. Thank you.

17                  MS. WARD: (Inaudible) find that our cash  
18                  balances are very dynamic, are dynamic numbers, and are very  
19                  dependent on how our projects expend, the speed by which our  
20                  projects expend. So we have built a set of assumptions that as  
21                  to how quickly projects will burn. That is probably one of the  
22                  biggest variables in our projections, is how soon do we  
23                  anticipate these projects to burn, and then when we do  
24                  commensurate bond issues to address those projects. So the  
25                  estimate for, I believe, the end of 2025 is that we will see a

1 balance of just below \$200 million.

2           To add some context to that, and I believe also  
3 Mr. Elters' -- to Mr. Elters' question, is the circumstances  
4 that we are facing, kind of -- yeah. Let me try just to add  
5 some context. We have -- the State Highway Fund program has an  
6 underway program of about -- ranges between about 700 and \$825  
7 million. So we are circulating dollars through that fund,  
8 keeping in mind that we pay the expenses. Then the federal  
9 government reimburses us for those expenses associated with the  
10 program. We also have a 400-and-some odd million dollar  
11 operating budget that is pretty much circulating through that --  
12 through that fund. On a monthly basis, you know, during heavy  
13 burn months, we are -- in other words, heavy building months, we  
14 are looking at contractor payments of ranging anywhere from 50  
15 to \$75 million. Our -- the payroll for the department is around  
16 \$11 million every two weeks. These are the types of expenses  
17 that are drawing off of that fund and are circulating through  
18 there on occasion.

19           So I tell you that to give you a kind of  
20 perspective, a kind of velocity that we turn over money in that  
21 fund, and so if there are -- how shall I put this -- hiccups in  
22 the flow of revenues into that fund, we've got quite a few  
23 expenses that are drawing off of that fund on a very routine  
24 basis.

25           MR. SEARLE: Understood.

1 MS. WARD: I hope that helps.

2 DIRECTOR HALIKOWSKI: All right. So to add to  
3 that, Mr. Chairman, that is why we are so concerned about the  
4 Highway Trust Fund. As we reduce our cash balance in the State  
5 Highway Fund, any slowdown in disbursements reduces our  
6 flexibility to cover that time frame if the HTF slows its  
7 reimbursements down.

8 So, you know, we think that based on our past  
9 experience with the prior recession that bringing the -- our  
10 operating budget -- our cash balance down in the highway fund,  
11 that we will be able to continue to operate without problems,  
12 but if, as Kristine says -- she calls them hiccups -- if there's  
13 a change in revenue or the reimbursement schedules, again, the  
14 impact is felt more because we do not have flexibility or the  
15 luxury of having enough money to carry us over until those come  
16 to fruition. So it's a calculated risk that we're taking, but  
17 we believe that we will remain stable and able to pay our bills.

18 CHAIRMAN HAMMOND: Thank you. Are there other  
19 comments or questions from the Board on this agenda item?

20 MR. KNIGHT: Mr. Chair, this is Board Member  
21 Knight.

22 CHAIRMAN HAMMOND: Go ahead, Board Member Knight.

23 MR. KNIGHT: Yes. Just a couple -- just a  
24 comment. I would like to compliment staff on their ability to  
25 get a handle on this. It amazes me how quickly. It may not

1 seem like quickly, but we know how long it takes to produce a  
2 five-year plan, and basically in March, we had to throw the old  
3 one away and start pretty much from scratch, and this just goes  
4 to show how good a staff that we have and their ability to come  
5 up with solutions in this environment.

6 I think it gives us promise that when this turns  
7 around and we no longer have the COVID that they will be able to  
8 respond equally as quick to get us back on track and make the  
9 changes necessary as our conditions improve in the pandemic so  
10 that we can get some things put back on -- into a five-year  
11 construction plan that we're -- we had that we're having to take  
12 out, which, you know, you have to realize that these things have  
13 to happen as far as delaying or taking programs out because of  
14 this pandemic.

15 But because of their quick response, and we know  
16 that they can do it, they could go back in just as quickly,  
17 given better circumstances in the future. So my compliments to  
18 them in how quickly they responded. I know it was a lot of -- I  
19 know it was a lot of work, but we certainly appreciate it.  
20 Certainly better than having to approve the plan that was put  
21 before us in March. Thank you.

22 CHAIRMAN HAMMOND: Well said, Board Member  
23 Knight.

24 MR. THOMPSON: Chairman.

25 CHAIRMAN HAMMOND: Yes. Go ahead, Board Member

1 Thompson.

2 MR. THOMPSON: I'd like to take -- thank you,  
3 Chairman, members of the Board and then staff. I just want to  
4 at least once again take a minute to again express my concern  
5 for dirt school bus routes serving Arizona students. I  
6 understand the funding shortage we face as a state and the  
7 funding and the importance of transportation for our kids we  
8 need to address as a board working with ADOT staff. I continue  
9 to think of ways that the State Transportation Board and ADOT  
10 can help them with that, that ADOT join me in looking into  
11 options for improving the dirt school bus routes.

12 A few ideas I'd like the State to explore are the  
13 potential for gifting or donating road maintenance equipped to  
14 low and moderate income tribal communities so they can perform  
15 basic maintenance on their own roads and seeing (inaudible)  
16 areas which authorizes school districts to obtain maintenance  
17 equipment and resources to get their buses and transportation  
18 vehicles operating so the school children can get to school  
19 every day.

20 Again, my main concern, that these failing dirt  
21 school bus routes greatly impact access to education and  
22 academic achievement of our schools. As always, thanks very  
23 much for allowing me to express my concerns and ideas, and I'm  
24 proud to be a member of this board and the statewide  
25 transportation team. So again, thank you for allowing me to

1 make these comments. And again, thank you to the Board, and as  
2 well as our staff in coming up with the plan that they have in  
3 place. Thank you, Chairman.

4 CHAIRMAN HAMMOND: Thank you, Board Member  
5 Thompson. Does staff have any general comments they'd like to  
6 make to Board Member Thompson?

7 MR. ROEHRICH: So, Mr. Hammond, this is Floyd.  
8 That was not an agendaed item, so that's not one we can debate  
9 here, but we will work with Mr. Thompson to make that an agenda  
10 item for more discussion in the future.

11 CHAIRMAN HAMMOND: Thank you, Floyd. Thank you,  
12 Board Member Thompson.

13 Does any other board member have a comment with  
14 this agenda item?

15 Okay. Let's move on now to Agenda Item 5, and  
16 Greg Byres will present the topic of the tentative approval --  
17 this will require action -- approval of the tentative 2020 --  
18 2021-2025 five-year plan for submission to the public. This  
19 will not be the final approval. That will occur at a later  
20 board member -- board meeting.

21 Board member -- or excuse me -- Mr. Byres.

22 MR. BYRES: Thank you very much, Mr. Chairman,  
23 board members.

24 We can go to the next slide.

25 What we've got here is I'm going to ahead and

1 present a background of where we've been and how we've gotten to  
2 where we're at, an overview of our asset conditions, a short  
3 briefing on our P2P process, the tentative five-year highway  
4 delivery program, as well as MAG's tentative program and PAG's  
5 tentative program. I'll also go over the airport program and  
6 then the next steps in the process of the five-year program.

7           As far as the background goes, the tentative  
8 five-year program was presented to the State Transportation  
9 Board back in February on the 21st. It was planned, a public  
10 hearing, for March and April. Those were canceled due to the  
11 COVID-19 restrictions. Revenues and future projections were  
12 dramatically changed with COVID-19 restrictions. Recommended  
13 revisions to the tentative five-year program were initiated with  
14 revised revenue projections, which you've just seen. These  
15 revised revenue projections are utilized in the tentative  
16 program that we're presenting today. We're projected --  
17 approval for the five-year project is set for October 27th, and  
18 again, in order to put this whole thing together, the five-year  
19 program must be constrained, fiscally constrained.

20           Next slide.

21           So as part of the overview of our asset  
22 conditions -- next slide -- what we've got is the system itself  
23 is valued at \$22.9 billion. If it was -- if we had to replace  
24 it with today's dollars, we're talking about a total of  
25 \$300 billion. So it's a huge asset that we have for the State.



1                   Next slide.

2                   So let's start off with bridges. We're going to  
3 go through this with how we actually rate the bridges. So we  
4 rate them in good, fair and poor condition. For a good  
5 condition bridge, we're talking about primary structure  
6 components that have no problems or only very minor  
7 deterioration. Fair is primary structural components are sound,  
8 but some concrete deterioration or erosion around the piers or  
9 abutments has been caused by flowing water or scour. Then a  
10 poor condition bridge is advanced concrete deterioration, scour  
11 or seriously affected primary structure components. A poor  
12 condition bridge is not unsafe. Unsafe bridges are closed in  
13 the system.

14                   Next slide.

15                   So what you see here is the condition of the  
16 bridges. We've taken and put together all of the conditions  
17 starting from 2010, running all the way through 2019. You can  
18 see that we started off in 2010. We had 78 percent of our  
19 bridges were in good condition. In 2019, we have 59 percent of  
20 our bridges in good condition. Arizona's very good nationally  
21 of where we rate with our bridges, but you can see that that  
22 deterioration has occurred over time.

23                   Just so we -- we know exactly where we're at, in  
24 2019 we had 59 percent in good condition, 40 percent in fair  
25 condition, and 1 percent in poor condition.

1 Next slide.

2 So far for our pavement, again, we rate them in  
3 good, fair and poor conditions. Good condition road is a smooth  
4 road surface with little cracking. No ruts or potholes. Fair  
5 condition is moderate amounts of cracking that lead to the  
6 increased roughness of the road surface and shallow ruts in the  
7 wheel path. Poor condition is numerous cracks, rough road  
8 surface, ruts in the wheel path, potholes and disintegration of  
9 the road surface itself.

10 Next slide.

11 So what we've got here is our interstate  
12 conditions. Again, we're stretching from 2010 through 2019.  
13 2010 we had 72 percent of our interstate roadways were in good  
14 condition. By the time we get to 2019, we've got 48 percent  
15 that is in good condition. So there is a significant  
16 deterioration over time, as you can see. In '19, this is --  
17 again, we're at 48 percent good condition, 51 percent fair  
18 condition, and 1 percent poor condition. Just for your  
19 edification, Federal Highway for interstate allows maximum of  
20 4 percent poor condition, so we've got some room on that 4, but  
21 you can see that our fair condition continues to grow.

22 So next slide.

23 So far our national -- our non-interstate  
24 national highway system conditions, you can see our good has  
25 dropped even further than what we did on the interstates. We

1 started off at 61 percent back in 2010. We're all the way down  
2 to 32.1 percent in 2019. So in 2019 we've got 65 percent poor  
3 and 3 percent -- or I'm sorry -- 65 percent fair and 3 percent  
4 in poor condition.

5 Next slide.

6 So for our non-national highway system roadways,  
7 you can see that same deterioration occurring. We're down at  
8 18.8 percent in 2019 in good condition, with 75 percent in fair  
9 condition and 6 percent in poor condition.

10 Next slide.

11 So as we go through these, one of the things that  
12 we're doing is we're keeping it in track with our Long Range  
13 Transportation Plan, which takes and sets everything into  
14 categories of preservation, modernization and expansion within  
15 the program itself. So preservation consists of investment to  
16 keep pavement smooth, the pavements maintained. Modernization  
17 is non-capacity investments. Mostly based on safety  
18 improvements and operation, and expansion is the added capacity  
19 to the roadways, which include new roadways, new lanes or new  
20 interchanges.

21 Next slide.

22 So what you see here is we have come up with two  
23 different tools over the last couple years that are actually  
24 very, very good tools, and we're utilizing them for our pavement  
25 and our bridges. We have a pavement management system that

1 we've developed as well as a bridge management system. These  
2 two systems are much different than what we've utilized in the  
3 past, and the reason that we've come up with them is two-fold.  
4 One is how do we make sure that we are expending our money the  
5 most efficient, most effective way we possibly can. The other  
6 thing that we have, the Federal Highway has taken and set a  
7 requirement that we take and make sure that we're utilizing life  
8 cycle costs in putting together our priorities for  
9 expenditures.

10           So we finally do have these two systems up and  
11 running. They're actually very effective, and they are very  
12 powerful tools. So as such, once we got them up and running, we  
13 were able to run multiple scenarios through these two programs.  
14 So this is a result of two of the scenarios that we ran. The  
15 scenario that you see in the graphic as well as the numbers down  
16 below, basically what we wanted to know was what is it going to  
17 take to maintain our bridges and our pavement at 2019 levels as  
18 far as dollar value goes? What is it going to cost?

19           So what this does is we actually took and ran it  
20 out. Again, this is maintaining those 2019 levels through the  
21 program, which is out through to '25, 2025. What it came up  
22 with is in 2020, we need a total of \$219 plus million in  
23 preservation. By the time we get to 2021, it's \$354 million.  
24 In 2022, it's \$454 million. In 2023, it starts to drop back  
25 down to \$333 million. By 2024, it's \$193 million, and in 2025,

1 it's 201 million.

2           The reason you see that, that arch effect, is  
3 because, again, we're constraining it to 2025, maintaining the  
4 2019 levels. So as we -- as we actually expend this money and  
5 improve those pavements, we can actually start affecting the  
6 percentages and then maintain those percentages at those 2019  
7 levels. It does not go through and actually have an overall  
8 improvement. It is just maintaining the levels of 2019.

9           Now, we did run one more scenario, and that is  
10 what was it going to take to actually improve from our 2019  
11 levels to taking everything into good condition? And what that  
12 does is that -- the program that we ran shows that we're looking  
13 at a total of \$4.2 billion in order to take the scenario of  
14 going from existing conditions to all good. So it's a huge  
15 dollar value to try and get to that all good condition, but this  
16 tool allows us to at least run those scenarios.

17           On the normal cases -- case, what these tools are  
18 actually intended to do is to take and prioritize our pavement  
19 projects and our bridge projects that we utilize and run in  
20 through our P2P process. It gives us that preliminary look at  
21 what is the worst, but how we can take and make those poor or  
22 fair condition pavement spend the dollars most efficiently and  
23 most effectively in the program to keep the system alive and  
24 going.

25           Next slide please.

1                   So this is the program itself that we're  
2 presenting. With this, you can see, so the bars represent the  
3 year in the five-year program. At the very bottom, you can see  
4 the total value of what we're going to spend within each one of  
5 those years. The green represents preservation. The blue  
6 represents expansion. The red represents modernization, and the  
7 orange and the purple represent our planning and development  
8 costs.

9                   In 2021, you'll see that we've got three shades  
10 of blue up at the top for expansion. The first one is  
11 \$25 million for US-95. That was a state appropriation from the  
12 General Fund for the US-95 project. The next one down is  
13 \$90 million. That's the INFRA grant for the I-17, which means  
14 it has a remainder of 46 million for expansion in 2021.

15                   Two lines that you see that are crossing the  
16 screen, the black horizontal line, that's our \$320 million  
17 target value for preservation. That's what we've seen and have  
18 projected upwards coming out of our Long Range Transportation  
19 Plan over the years, as we haven't really hit that target value.  
20 It started off at \$280 million, and it climbed to \$320 million.

21                   The red line that you see is the scenario that we  
22 ran on the pavement. So it shows what we're looking at if we  
23 were just to maintain those 2019 conditions through the pavement  
24 across the state and bridge.

25                   So in 2022, you'll see that our revenues have

1 dropped a little bit. So what's going into the program is only  
2 at 500 million. So we're not anywhere near that 320 target  
3 value for preservation. We do do better in '23. We're at 339  
4 million in preservation. You do see that we have expansion both  
5 in '22 and in '23, and going into '24, we also have expansion,  
6 but we've lowered our preservation dollars as well. By the time  
7 we get to '25, our preservation is up, but it's mostly because  
8 we do not have an expansion plan in FY '25.

9                   Next slide, please.

10                   So this was another look at what we've got for  
11 existing conditions. This is specific to our pavement  
12 conditions. What I've done is instead of dealing with dollars  
13 and percentages and so forth, this actually takes account of the  
14 pavement that's actually in place, on the ground across the  
15 state, and the way we determined that is by lane miles. So this  
16 is the amount of lane miles that we have in the state itself.  
17 So on the interstates, we have 5,046 lane miles. On  
18 non-interstate national highway system, we have 7,632 lane  
19 miles. In non-national highway system -- system itself, we have  
20 10,023 lane miles. For a total system that ADOT maintains, we  
21 have 22,431 lane miles. The red, the green and the yellow  
22 indicate the conditions in which those lane miles currently  
23 exist in 2019.

24                   So the graphic that's below that shows what this  
25 program has in it as far as what we're looking at for

1 preservation of pavements. So in 2021 we're touching 378 lane  
2 miles across the state. In 2022, it's 320 lane miles. In 2023,  
3 it's 532 lane miles. That's what we're touching in each one of  
4 those years with our preservation. As far as an overall, in '21  
5 at 1.69 percent of the system. In 22 at 1.43 percent of the  
6 system, and in '23, it's 2.37 percent of the system. In order  
7 to just maintain existing conditions, we have to have a minimum  
8 of 5 percent per year to take and maintain the roads in the  
9 current conditions that there are. So that kind of gives you an  
10 idea of the actual pavement on the ground and where we're at  
11 with the system.

12 So as we go through in 2021-2025 --

13 MR. STRATTON: Mr. Chairman.

14 CHAIRMAN HAMMOND: Greg, hold on a minute. I  
15 think a board member wishes to ask a question.

16 MR. BYRES: Go ahead.

17 MR. STRATTON: Mr. Chairman, I have a question  
18 about the lane miles and the preservation. Greg, in Greater  
19 Arizona, given the -- you have the lane miles there. For  
20 interstate and non-interstate, how is the preservation money  
21 divided? Is it on the same percentages, or is there more going  
22 in interstate or less?

23 MR. BYRES: So for preservation purposes and  
24 maintenance purposes, we're pretty much doing that statewide.  
25 It doesn't make any difference whether it's Greater Arizona, MAG



1 or PAG regions. It's all coming -- it's -- all the preservation  
2 is going through all three of those, not just through Greater  
3 Arizona.

4 MR. STRATTON: I believe I'd asked you to give me  
5 a breakdown on the Greater Arizona preservation. The percentage  
6 of money being spent in Greater Arizona and broke it down --  
7 like it broken down for interstate miles and non-interstate  
8 miles.

9 MR. BYRES: Yes, you did ask us to do that, and  
10 to be -- I did that. I have a really cool graphic that I can  
11 send you. I don't have it with me, and it isn't a part of this  
12 presentation, but I can certainly get that to you before the end  
13 of the day today. It's got a complete graphic with all of the  
14 breakdowns on it, which is very informative for the question  
15 that you've asked.

16 MR. STRATTON: Okay. Thank you.

17 CHAIRMAN HAMMOND: Go ahead, Mr. Byres.  
18 Continue.

19 MR. BYRES: Thank you.

20 So what you see in the -- can you go to the next  
21 slide, Rhett? What you're looking at here is the percentages  
22 that we have in the 2021 through 2025 program. This includes  
23 MAG and PAG. What we're looking at here is 46 percent  
24 expansion, 10 percent modernization and 44 percent preservation.  
25 This runs fairly close in line to what we have in previous

1 programs at 46 percent, 13 percent and 41 percent.

2 Next slide.

3 In the Greater Arizona area, this is what our  
4 program looks like. We're looking at 14 percent modern --  
5 expansion, 16 percent modernization and 70 percent preservation.

6 As we look at kind of a detailed look at our  
7 expansion construction projects, we can see the bar that's off  
8 on the left-hand side there is the same bar that I've shown you  
9 previously, but this shows the projects that we have. So we've  
10 got the I-17 project, the Anthem Way to Cordes Junction. That's  
11 up at 135 million. We have the US-95 project. That's 25  
12 million, and this is, again, in 2021.

13 CHAIRMAN HAMMOND: Greg, hang on one second.  
14 Rhett, I think we're one slide behind.

15 MR. BYRES: So that's -- now you can see the  
16 slide. Excuse us on that.

17 Going on to the next slide.

18 We've got -- this is FY '22. We have two  
19 projects here. We have the SR-69 project. This is the Prescott  
20 Lakes Parkway at \$10 million, and the I-17 continues, I-17  
21 Anthem Way to Cordes Junction at \$97.3 million.

22 Next slide.

23 For FY '23, we have a single project. This is  
24 I-10. This will be the first segment of the Phoenix to Casa  
25 Grande project that we're looking at. We have \$50 million for

1 the first segment.

2 In FY '24 -- next slide -- we have a single  
3 project again in FY '24 for expansion construction. This is the  
4 I-40/US-93 West Kingman TI. We have it set at \$70 million.

5 Next slide.

6 In 2025, we have no expansion projects in the  
7 program. What you see here is a couple of projects that we have  
8 in our preservation. These are critical projects through our  
9 preservation in the program itself. The Santa Maria Bridge at  
10 7 million, as well as the San Pedro bridge at 7 million. One on  
11 State Route 96 as well as on State Route 82.

12 Next slide.

13 As we get into the development years, what you  
14 see here is we have no expansion in years 2026 through 2030.  
15 The amount of preservation and modernization we have set follow  
16 along the lines of our Long Range Transportation Plan. The  
17 modernization funds are basically all of our HSIP funds, and  
18 what's left over runs into preservation.

19 Next slide.

20 This is the MAG program. Again, MAG does their  
21 own programming. What you see here is the projects that they  
22 have currently in the TIP. With their programming, they're  
23 looking at the majority of all their projects are either the  
24 freeway system through the valley or their major arterial  
25 roadways. This was all -- what you see here for dollar values

1 is the actual year of expenditure that was approved by MAG back  
2 in July.

3 Next slide.

4 Just to get into PAG, again, this is -- they're  
5 doing their own programming. We maintain their program within  
6 the TIP. They have projects on I-10, as well as SR-77. They  
7 also have projects on the 210 and on I-19.

8 Next slide.

9 So we have the Airport Capital Improvement  
10 Program next.

11 Next slide.

12 With this there's been one fairly major change  
13 that we've made. The reason being is because with COVID and the  
14 CARES Act that was passed by the federal government, the Federal  
15 Aviation Administration took and changed all of their grants  
16 from a partial match to 100 percent grants. Our federal, state  
17 and local program is intended to help airports out with their  
18 matches on FAA grants. Since there is no match required, we  
19 took that funding and moved it over into our state/local program  
20 so that we could go a little bit further down the line with  
21 improvements for airports across the state. So we bumped that  
22 program from 10 million to 15 million, taking \$5 million out of  
23 the federal/state/local program. Their total program is set at  
24 \$38.15 million.

25 Next slide.

1           So the next steps that we have, again, we are --  
2 we have presented this program today. It's actually September  
3 18th, not the 15th. We will be opening up our comment period as  
4 of today. They will run through October 27th. We will be  
5 having a meeting/study session on October 16th, where we will  
6 present once more and allow for comments through the State  
7 Transportation Board. The final program will go to the State  
8 Transportation Board on October 27th for approval. That's what  
9 we've got in our next steps.

10           So with that, I'm open for any questions.

11           CHAIRMAN HAMMOND: Thank you very much, Greg.  
12 Board members, questions? Comments?

13           MR. ELTERS: Mr. Chairman.

14           CHAIRMAN HAMMOND: Yes, Board Member Elters.

15           MR. ELTERS: I have a comment, if I may, and just  
16 to reflect on what we've just heard from Greg. So if you  
17 followed through, you would have noticed in the charts that he  
18 shared that our bridge conditions dropped by nearly 20 points or  
19 20 percentage points in about 10 years, from 2010 to 2019. On  
20 the road side, for interstate, those conditions were even worse,  
21 went by about 25 points, 25 percentage points in 10 years, to --  
22 from 72 to under 50 percent. And then for the non-interstate,  
23 it was even worse. It was about 35 -- a little over 35  
24 percentage points, and when you drive -- and that's the 2019  
25 conditions. And realizing that 2019 was just last year and

1 we're in 2020, when you drive the state highway system, you  
2 truly see visibly or visually those declining deteriorating  
3 conditions.

4           So and then furthermore, the modeling that Greg  
5 spoke of to maintain 2019 conditions, which is practically  
6 today's, which is not great, to maintain it into 2025, it -- we  
7 would be spending just under \$2 billion, when more than four is  
8 needed to get it in -- back in the good condition criteria that  
9 is needed.

10           So I guess my comment is that as we communicate  
11 with our elected -- with our decision makers who have the  
12 ability to do something about the funding level that is needed,  
13 I think these -- these are really very relevant and very  
14 insightful observations to be made, and I -- it's better than  
15 anything else I have seen or could think of. So I hope we all  
16 take that away from this presentation, again, as we communicate  
17 with the decision makers, and I appreciate the opportunity to  
18 share this all with you.

19           CHAIRMAN HAMMOND: Thank you, Board Member  
20 Elters.

21           Even before COVID, we've been on a downward  
22 trajectory that is unsustainable for our system, and every one  
23 of us as a board member or on this call needs to think what that  
24 means when it comes to turning the situation around.

25           Other comments from board members? Questions?

1                   Hearing none --

2                   MR. THOMPSON: I do have one, Chairman.

3                   CHAIRMAN HAMMOND: Okay. Board Member Thompson,  
4 go ahead.

5                   MR. THOMPSON: Several years ago we were talking  
6 about bridges. I-40 is one of the major roads going across  
7 Arizona, and any impacts to any of the roads, you know, it's  
8 very difficult, you know, to -- even in some certain locations  
9 just to -- due to around damaged road, and I think that  
10 discussion came up here sometime back. For instance, is that --  
11 the flooding that occurred around Joseph City, I -- would that  
12 fit into the bridge category? I think that's my question, and  
13 how we will move on that to get that on the project list.

14                   MR. BYRES: I didn't understand the question.

15                   MR. ROEHRICH: So Mr. Chairman, Mr. -- Board  
16 Member Thompson, this is Floyd. So you're talking about the  
17 bridges around Joseph City on I-40. Those are -- if they're on  
18 the state highway system, those are already being evaluated and  
19 inspected by ADOT, and they will -- they already have a score,  
20 and they will be brought forward for improvement in  
21 consideration of the priority list of bridge improvements and  
22 the balance of funding that we have. So I guess I'm trying to  
23 understand exactly what your specific question was.

24                   MR. THOMPSON: Yeah. I guess, you know, how do  
25 we improve or deal with the situation over in Joseph City? I

1 guess that's my main concern, and similar roads like that.

2 MR. HAMMIT: Mr. Chair, Mr. Thompson, if I  
3 understand you right, you're talking about a bridge that's off  
4 the interstate that's causing challenges; is that correct?

5 MR. THOMPSON: Yes. I think that was -- that was  
6 brought up for discussion here several -- maybe a couple years  
7 back.

8 MR. HAMMIT: And Mr. Chair, Mr. Thompson, we do  
9 have an off system bridge program, and we can look at the  
10 capacity to fund some of those. So we have a program that we  
11 fund bridges on the ADOT system and bridges that are off our  
12 system. So we can look at that, and we'll get back with you at  
13 a future meeting.

14 MR. THOMPSON: Thank you very much, Chair and  
15 Dallas.

16 CHAIRMAN HAMMOND: Thank you, Board Member  
17 Thompson.

18 Are there any other questions or comments at this  
19 point?

20 MR. KNIGHT: Yes.

21 CHAIRMAN HAMMOND: Go ahead.

22 MR. KNIGHT: This is Board Member Knight. I  
23 temporarily lost my connection, so I'm kind of a little behind.  
24 I got back on finally.

25 (Inaudible) for Greg, the 4.2 billion to get



1 everything in good condition, is that 4.2 billion in additional  
2 funding or is -- was that included in the tentative program or  
3 is it?

4 MR. BYRES: That 4.2 billion that we're talking  
5 about that I have on that slide, that's what it would cost if we  
6 took from existing conditions to take everything to good  
7 condition. So -- and again, that was stretched over a five-year  
8 period is what the scenario was run on that. So it's not over  
9 and above. It's just that's what the total cost would be is  
10 that \$4.2 billion.

11 MR. KNIGHT: Okay. Okay. Got it. I'm sorry.  
12 Like I say, I got -- I got kicked off and I lost -- I don't  
13 know. I lost the connection or something, and now I'm back on,  
14 so everything's good. Thank you.

15 CHAIRMAN HAMMOND: Thank you, Board Member  
16 Knight.

17 Are there other questions?

18 MR. SEARLE: Chairman Hammond. This is Richard  
19 Searle.

20 CHAIRMAN HAMMOND: Go ahead, Board Member Searle.

21 MR. SEARLE: I sent an email yesterday, and I  
22 would like to follow that up. I would like to know what  
23 preservation projects were dropped out of this plan that were in  
24 the plan back in February, just for my own edification. And I  
25 don't need it right now, but I would like to know it before our

1 October meeting.

2 MR. BYRES: I can answer that right now. In  
3 actuality, we did not drop any preservation projects out of the  
4 program. However, we did take and reduce our subprogram for  
5 pavement preservation in two of the years of the five-year  
6 program. So all of the projects that were in the program, they  
7 may have moved around a little bit, but we did not drop any out  
8 of the program itself.

9 MR. SEARLE: Okay. Thank you.

10 MR. ROEHRICH: So, Mr. Chair.

11 CHAIRMAN HAMMOND: Go ahead.

12 MR. ROEHRICH: Okay. I just want to make sure  
13 that -- Mr. Searle, that you understand what that means is we  
14 just are going to be developing fewer preservation projects. We  
15 haven't identified them yet, because they're in the subprogram.  
16 So under development, we will just be developing and delivering  
17 fewer pavement preservation projects during those years that the  
18 money's been -- subprogram was reduced.

19 MR. BYRES: Correct.

20 CHAIRMAN HAMMOND: Did that answer your question,  
21 Board Member Searle? Okay. You're muted, I think, but that's  
22 okay. I'll take that as a yes. Thumbs up.

23 Okay. If there are no more questions, I would  
24 take a motion to present the tentative five-year plan to the  
25 public for their comments as presented.

1 MR. KNIGHT: So moved. Board Member Knight.

2 MR. STRATTON: Second.

3 CHAIRMAN HAMMOND: Okay. I've got Board Member  
4 Stratton. Is that Board Member Knight who made the first?  
5 Okay. And second -- Board Member Stratton seconded it.

6 So Floyd, will you do roll call?

7 MR. ROEHRICH: Yes, Mr. Chair.

8 We'll start with Vice Chair Stratton.

9 MR. STRATTON: Aye.

10 MR. ROEHRICH: Mr. Thompson.

11 MR. THOMPSON: Aye.

12 MR. ROEHRICH: Mr. Elters.

13 MR. ELTERS: Aye.

14 MR. ROEHRICH: Mr. Knight.

15 MR. KNIGHT: Aye.

16 MR. ROEHRICH: Mr. Searle.

17 MR. SEARLE: Aye.

18 MR. ROEHRICH: Ms. Daniels.

19 MS. DANIELS: Aye.

20 MR. ROEHRICH: And Chair Hammond.

21 CHAIRMAN HAMMOND: Aye.

22 All right. We will now move on to Agenda Item 6  
23 with Greg Byres again, which is the Multi Planning Division --  
24 Multimodal Planning Division report.

25 MR. BYRES: Thank you, Mr. Chairman, board

1 members.

2           Before I get started I would like to address a  
3 comment that was made earlier. We have heard from USDOT on our  
4 BUILD grant. They did make their selection of all of the grants  
5 that are going to be awarded. Arizona did get two grants  
6 awarded. One of them was for the bridge at Tonto Basin. The  
7 other one was to the City of Phoenix for a -- roadways within  
8 Phoenix. Unfortunately, our two projects that ADOT put in for,  
9 the one on US-95, as well as the one on US-191, were not  
10 selected. So we'll be looking at that at a later date, but that  
11 was the latest that came out of USDOT.

12           So as we get going -- if we can go to the next  
13 slide. We have -- oops, we -- go ahead and click through a  
14 couple more, because I think we got -- there you go.

15           So we've got three different items that we're  
16 going to be going through in coordination with our COGs and MPOs  
17 on planning, as well as our Transportation Asset Management  
18 Plan, and the progress that we're making with our P2P for the  
19 2022 through 2026 program, which is already underway.

20           Next slide.

21           So for the coordination with the COGs and MPOs,  
22 we've got some planning funds for transportation, including  
23 transit, that we are working with the COGs and MPOs on. One of  
24 the things that we have in there is the different funding  
25 sources that we work with those COGs and MPOs trying to make

1 sure that each of the different entities are getting what they  
2 need for transit studies to get completed within a timely basis.

3           The next item we have is the funding necessary  
4 for other required planning documents, such as our Long Range  
5 Transportation Plan and other planning studies that they do and  
6 are required to do as part of federal requirements, making sure  
7 that they have the funding that they need to be able to get  
8 those done.

9           And then the last item that we're working with  
10 them on is our metropolitan planning funds, or the PL funds,  
11 state planning and research funds, our SPR funds that we put  
12 out, as well as the FTA planning funds. So we're trying to make  
13 sure that all of those are being distributed and each of the  
14 different entities has what they need to be able to meet their  
15 federal requirement.

16           So the next item we have is our Transportation  
17 Asset Management Plan. This is a requirement for -- from  
18 Federal Highways that we maintain. So ADOT's Transportation  
19 Asset Management Plan, or the TAMP, is being updated to include  
20 the analysis from our pavement and bridge management systems  
21 that we currently have that I've spoken about earlier. So we're  
22 actually utilizing the data that is being produced from those  
23 systems to take and actually update our asset management plan.

24           Production of the current plan update has been  
25 delayed due to the COVID crisis or pandemic. The ramifications

1 of that, we took and actually slid back our production of trying  
2 to get that out, and luckily, Federal Highway has been working  
3 with us and working with all the states in moving some of their  
4 deadlines around to help the states in trying to put together  
5 enough time to make certain that those ramifications are being  
6 accounted for in those plans.

7 We approved 2021-25 program that we're looking  
8 for in -- coming in October 27th. It's the basis for funding  
9 availability and management that we utilize within the TAMP  
10 itself.

11 So next item.

12 Again, we're going through the P2P process for  
13 our 2022 to '26 program. District workshops have been scheduled  
14 for each of the different districts. With that, each of the  
15 different board members have -- should have received invitations  
16 to those meetings. If you haven't, please let me know and we'll  
17 make sure that you get those. I know Board Member Knight had  
18 not received them, but should have received a set of invitations  
19 yesterday. So we'll make sure that everybody gets those, and  
20 there will be updates as those come up in the month of October.

21 The project technical evaluations have been  
22 completed for bridge and pavement, and there's additional  
23 evaluations that are being conducted as we speak getting ready  
24 for those district workshops.

25 And with that, that's all I had for the MPD

1 update.

2 CHAIRMAN HAMMOND: Is there any questions of Greg  
3 under the Multimodal Planning Division report?

4 MR. THOMPSON: Chairman.

5 CHAIRMAN HAMMOND: Yes. I didn't get who that  
6 was.

7 MR. THOMPSON: Chairman.

8 CHAIRMAN HAMMOND: Go ahead.

9 MR. THOMPSON: This is Mr. Thompson.

10 Hey, Greg, I'm assuming that those applications,  
11 BUILD grant applications that were forwarded and that were not  
12 awarded, that those -- that we will continue to work on it and  
13 resubmit it for next year. That's my question.

14 MR. BYRES: So Mr. Chairman, Board Member  
15 Thompson, in fact, today I received an email from USDOT that has  
16 some additional information on the next round of the BUILD  
17 cycle. So as that's approaching, we'll be looking at those and  
18 working with all the different entities to see what the next  
19 steps are going to be as we get more information coming out of  
20 USDOT.

21 DIRECTOR HALIKOWSKI: So Mr. Chairman --

22 MR. THOMPSON: Thank you very much.

23 DIRECTOR HALIKOWSKI: Mr. Chairman, in the  
24 pursuit of managing expectations, one of the areas I mentioned  
25 earlier that we're going to lose flexibility on will be in

1 submittal for grants, because there is a cost of putting grants  
2 together, and we are going to have to look closely at our cash  
3 capability of doing that, number one, but then number two, there  
4 typically is some sort of grant match that needs to go with the  
5 grant, which has to come from State Highway Fund money. So  
6 based on our finances in the coming years, we're going to be --  
7 have to be very selective about whether or not we actually apply  
8 for a grant if we don't believe there was a good chance in  
9 getting it, but then to ensure that we have adequate State match  
10 dollars to obtain that grant.

11 Other states that might be in financially better  
12 positions will go over and above the minimum match in order to  
13 incent or entice the federal government to award them. Given  
14 our revenue situation, it will be difficult, I believe, to do  
15 what we've done in the past with State dollars to provide enough  
16 match to win those grants. So I just want to offer that as a  
17 concern when it comes to the question of grants moving forward  
18 in the program.

19 Kristine, I don't know if you want to comment on  
20 that, but I know that that is something that we were limiting in  
21 our go forward program for this five-year plan.

22 MS. WARD: Director, you -- I don't have much  
23 that I can add to that. You're absolutely correct in that more  
24 State cash puts us being able to put more State money towards a  
25 project, puts us in a better competitive position to be awarded



1 grants, and the difficulty we fiend ourselves in, is as State  
2 Highway Fund dollars are constrained, therefore our ability to  
3 go over and above the required match lowers our ability to  
4 compete for those grants.

5 CHAIRMAN HAMMOND: Thank you.

6 MR. THOMPSON: I appreciate the response, and I'm  
7 sure those are some discussions that we will have in the future.

8 CHAIRMAN HAMMOND: Thank you, Board Member  
9 Thompson.

10 Are there any other questions under this agenda  
11 item?

12 MR. KNIGHT: Mr. Chair, Board Member Knight.

13 CHAIRMAN HAMMOND: Go ahead, Board Member Knight.

14 MR. KNIGHT: I would just like to assure Greg  
15 that I did get the invitation for the P2P. I -- because my  
16 district is so large, I had to get two, one for the Northwest  
17 District and one for the Southwest. I did receive the one from  
18 the Northwest first, and now I have the one from the Southwest  
19 District. So I have them both, and I will be attending both  
20 meetings. Thank you.

21 CHAIRMAN HAMMOND: Okay. Any other comments or  
22 questions?

23 Okay. Thank you, Greg.

24 Let's move on now, you're still up, with the  
25 Priority Planning Advisory Committee recommendations to certain

1 changes.

2 MR. BYRES: Thank you Mr. Chairman, board  
3 members. The Priority Planning Advisory Committee brings forth  
4 three different sets of projects. The first one is for project  
5 modifications. This is Items 7A through 7C, and we bring these  
6 forward with a recommendation for approval.

7 CHAIRMAN HAMMOND: Are there any comments or  
8 questions on Items 7A through 7C? If not, I'd entertain a --

9 MR. KNIGHT: Mr. Chair, so moved.

10 CHAIRMAN HAMMOND: -- motion to approve those  
11 items.

12 MR. ELTERS: Second.

13 CHAIRMAN HAMMOND: Okay. Floyd, did you get  
14 that?

15 MR. ROEHRICH: Mr. Hammond, Mr. Chair, I did not.  
16 We could barely hear it here. You're breaking up.

17 CHAIRMAN HAMMOND: Who made the first and who  
18 made the second?

19 MR. ELTERS: I made the second.

20 CHAIRMAN HAMMOND: Okay. I think that was Board  
21 Member Elters who made the second. Who made the first?

22 MR. KNIGHT: I did. Board Member Knight.

23 CHAIRMAN HAMMOND: Board Member Knight. Thank  
24 you.

25 Okay. Any further discussion?

1 Floyd, would you take roll call?

2 MR. ROEHRICH: Yes. Yes, sir.

3 We'll start with Vice Chair Stratton.

4 MR. STRATTON: Aye.

5 MR. ROEHRICH: Mr. Thompson.

6 MR. THOMPSON: Aye.

7 MR. ROEHRICH: Mr. Elters.

8 MR. ELTERS: Aye.

9 MR. ROEHRICH: Mr. Knight.

10 MR. KNIGHT: Aye.

11 MR. ROEHRICH: Mr. Searle.

12 MR. SEARLE: Aye.

13 MR. ROEHRICH: Ms. Daniels.

14 MS. DANIELS: Aye.

15 MR. ROEHRICH: And Chair Hammond.

16 CHAIRMAN HAMMOND: Aye.

17 Okay. We'll now move to PPAC new projects, Items

18 7D through 7H.

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

20 Yes, we bring Items 7D through 7H. These are new  
21 projects, and again, the Priority Planning Advisory Committee  
22 brings these forward with a recommendation for approval.

23 CHAIRMAN HAMMOND: Okay. Are there any questions  
24 or comments on Items 7D through 7H?

25 MR. SEARLE: Chairman Hammond, I would like to

1 discuss 7D again. That's the Fort Thomas river -- I mean,  
2 that's the Fort Thomas Gila River crossing.

3 CHAIRMAN HAMMOND: Go ahead, Board Member Searle.

4 MR. SEARLE: Yes. I got some -- just some  
5 clarification. The staff did give me a breakdown on the costs  
6 on this project, and so if we pass this today, are we  
7 authorizing those expenditures at that amount? Is that how this  
8 works? I'm assuming these contracts aren't already out.

9 MR. ROEHRICH: So, Mr. Chair, Mr. Searle, yes, if  
10 you approve that item today, those are the funds that we would  
11 use to pay for a consultant contract to do the design on that  
12 project, and then that means that project -- design project will  
13 move forward. Correct.

14 MR. SEARLE: I did -- you know, you did send me  
15 the breakdown, and I still have some issues with these design  
16 costs on this project. I'm looking at environmental design --  
17 an environmental report at 79,000, a geotechnical report for  
18 64,000, a drainage report for 41,000. Considering the project,  
19 and I'm -- I'm still very concerned with these costs. It's a  
20 great example of why we don't have enough money to do some of  
21 the projects we've got, because we're spending this on reports  
22 that to me seem are very out of line of what they should be on  
23 something like this.

24 MR. BYRES: Mr. Chairman, Board Member Searle,  
25 one of the reasons that the costs are so high, especially when

1 it comes to the environmental, is there's several issues with  
2 this particular site. One is that we have endangered species  
3 issues. The second is that this is an active river basin, which  
4 means that we have to go through the Corps of Civil Engineers  
5 for a 401 and 404 permit, and so it's -- this is kind of worst  
6 case scenario more than being typical as far as the costs for  
7 development as we go through it.

8 MR. SEARLE: You know, I understand that. I also  
9 understand that there's been enough projects on the Gila River  
10 in this area that -- like on the environmental report, the  
11 report for this little project is not going to be any different  
12 than the report that you did when you redid the bridge over the  
13 Gila River there at Bylas or any other project there between  
14 Safford and Bylas. So it's going to be basically the same  
15 environmental report that you used on those other ones, and I  
16 can -- just have a hard time spending \$80,000 on an  
17 environmental report, but that's just for example. That's why  
18 I'm struggling with this particular one. I think it's a great  
19 project. I want to help Graham County, but on the other hand, I  
20 don't know how responsible we're being on this.

21 MR. ROEHRICH: So, Mr. Chairman and Mr. Searle, I  
22 hate to say it, but this is what we've experienced is what it  
23 takes to develop a federal aid project. The requirements for  
24 the environmental work, regardless of when they were done, you  
25 still have -- and we have -- as the agency responsible for

1 overseeing that work, we have to be diligent on all the steps  
2 necessary to ensure that its current level of all clearances,  
3 whether that is the environmental NEPA clearance or whether it's  
4 the 404 permit clearance, or whether it's the 401 permit  
5 clearance, it's -- and yes, the -- we went through this with  
6 (indiscernible) back in 2010. When the local government  
7 projects start using federal aid, projects that they were  
8 developing on their own before and using their own funds, when  
9 we start using federal aid, there are many more requirements  
10 that are necessary to get those projects ready to expend those  
11 funds. And when we put this analysis together and did the work  
12 on this project, we as well evaluated that work effort and  
13 applied the same requirement we would have if this was an ADOT  
14 project. So --

15 DIRECTOR HALIKOWSKI: Okay. Floyd.

16 MR. ROEHRICH: -- again, I'm not sure how to  
17 satisfy that --

18

19 DIRECTOR HALIKOWSKI: Floyd.

20 MR. ROEHRICH: Yes.

21 DIRECTOR HALIKOWSKI: Mr. Chairman, I'd like to  
22 comment. (Inaudible) the department is being irresponsible in  
23 its estimate. What (inaudible) responsible (inaudible).

24 MR. STRATTON: Somebody needs to mute their  
25 phone.

1 MR. ROEHRICH: There's a lot of -- we would --

2 DIRECTOR HALIKOWSKI: Floyd.

3 MS. ESTELLE: Never mind.

4 DIRECTOR HALIKOWSKI: Floyd.

5 MR. ROEHRICH: -- like people to mute their  
6 phones if they're not talking. There's a lot of feedback.

7 DIRECTOR HALIKOWSKI: All right. Floyd, I'd like  
8 to understand what Mr. Searle would believe is a responsible  
9 estimate for this sort of project.

10 MR. SEARLE: Director, I have -- I have visited  
11 with several different individuals on this, and the numbers --  
12 let me get back to this page here that -- I'm kind of  
13 flip-flopping back and forth through documents.

14 The environmental report at \$80,000, you know,  
15 I've talked to several different individuals that are in this  
16 business and, you know, they think that is ten times the amount  
17 of what it should cost.

18 (Inaudible conversation.)

19 MR. SEARLE: And, you know, I'm new on this  
20 board, and I am -- it's a concern to me to see these type of  
21 costs on this type of a project. I understand that I'm just one  
22 vote and -- but it's an issue that I think is important, and I  
23 would like to bring it forward. I have no problem with, you  
24 know, voting on this, but I just struggle with these numbers,  
25 and --

1                   CHAIRMAN HAMMOND: Let me ask a question of staff  
2 on behalf of Board Member Searle. What are our options? I  
3 mean, it's in his district. If we pull it out of the queue,  
4 does he give it up? What -- you know, what -- what are the  
5 options for the Board to consider.

6                   MR. SEARLE: Chairman Hammond, this is not in my  
7 district. This is in Member Stratton's district, so...

8                   CHAIRMAN HAMMOND: Okay.

9                   MR. SEARLE: I was just --

10                  CHAIRMAN HAMMOND: Floyd, what happens if we were  
11 to vote to pull it out of the queue?

12                  MR. HAMMIT: Mr. Chairman, this is Dallas. This  
13 project is funded with off system bridge funds. Those were  
14 competed for. If we pull it out, it would drop off and we would  
15 go to the next highest rated off system bridge, and then if the  
16 locals wanted to continue and they had State funds, it may be  
17 able to come in less expensive with State funds. But crossing  
18 the, river even with State funds, they're going to have to do a  
19 404 requirement no matter what the funding is. So that would be  
20 the option if -- not do the project using the federal funds and  
21 then the funding would go to the next eligible off system  
22 bridge.

23                  DIRECTOR HALIKOWSKI: So I apologize. I got  
24 kicked off for some reason and just got back in, so I did not  
25 hear the discussion since the question.



1 I guess my point is is that if we think the  
2 amount is too high, Dallas, is it possible to set the amount for  
3 approval lower, put it out to bid and see if we get responses at  
4 a lower amount?

5 MR. HAMMIT: Mr. Chairman --

6 MR. STRATTON: Mr. Chairman.

7 MR. HAMMIT: -- the first part of it is the  
8 engineering, and those costs are negotiated. There's not a bid  
9 on those. We follow federal guidelines on those negotiations  
10 based on our requirement. So we could do that and see if we  
11 could break it in less, but our team has reviewed it and thinks  
12 that's a -- basically what we believe that the costs will be  
13 based on the effort that's needed to meet all the requirements.

14 MR. SEARLE: Mr. Chairman.

15 MR. STRATTON: Mr. Chairman.

16 CHAIRMAN HAMMOND: Yes, Board Member Stratton.  
17 Go ahead.

18 MR. STRATTON: This is my district. I have a  
19 couple questions here. Number one is at the last meeting, I  
20 requested that the Board get a breakdown of exactly what the  
21 fees were in that. I did not receive that. I believe the way  
22 it sounded, Mr. Searle may have received it, but I did not. I  
23 would like to see that prior to voting on this.

24 So at this point, I would like to ask another  
25 question. Number one, if you have the breakdown, I'd like to

1 hear it. If not, I'd like to have it sent to me. Number two,  
2 has this already been negotiated or is this just a programmed  
3 amount to go into negotiation?

4 MR. HAMMIT: Mr. Chair, Mr. Stratton, this is  
5 Dallas. This is a -- this is a programmed amount, because we  
6 won't enter into an advertisement until we have the funds  
7 available.

8 MR. STRATTON: Okay. In that case, then I would  
9 like to suggest that -- I don't want this to lose its place. I  
10 want the project to move forward. I would like to say, number  
11 one, I still want the breakdown, which I never received. Number  
12 two, I'd like to go ahead and approve it today with those  
13 amounts that are just programmed and come back to the Board with  
14 a (inaudible) and let us review those before it's awarded.

15 CHAIRMAN HAMMOND: Thank you.

16 MR. STRATTON: So with that, I'd like to make a  
17 motion to approve 7F through 7H -- or 7D through 7H. I'm sorry.

18 UNIDENTIFIED SPEAKER: (Inaudible.)

19 MR. KNIGHT: (Inaudible) second that.

20 CHAIRMAN HAMMOND: Okay. We have a motion. Do  
21 I -- for further discussion, let's get a second first.

22 MR. ELTERS: I second.

23 MR. KNIGHT: I second it, but I do have some  
24 discussion on a couple of the others. This is Board Member  
25 Knight.

1                   CHAIRMAN HAMMOND: Okay. When seconded. It  
2 wasn't you, Board Member Knight. Somebody beat you out.

3                   MR. ELTERS: It was Elters.

4                   CHAIRMAN HAMMOND: Okay. Board Member Elters.  
5 Okay. More discussion. Go ahead.

6                   MR. SEARLE: Chairman Hammond.

7                   CHAIRMAN HAMMOND: Yes.

8                   MR. SEARLE: I am in agreement with Mr. Stratton  
9 on this. I can live with his -- I can live with that. I think  
10 that's a good way to go with this. I would like to see how  
11 those numbers come in, and it is his district. I don't mean to  
12 get in the middle of it, but I did have some concerns of those  
13 design costs. So I'm very good with where we're going with  
14 this.

15                  MR. ELTERS: Mr. Chairman, well, before we move  
16 off this item, may I add a thought real quick?

17                  CHAIRMAN HAMMOND: Yes.

18                  MR. ELTERS: Just for the good of the order, I  
19 guess, and for Mr. Searle, my background is transportation; has  
20 been both in the private and public sector. Historically, we  
21 use -- we use the percentage to -- of construction to estimate  
22 the cost of design, and usually the smaller the project, the  
23 higher that percentage. So just really wanted to share that  
24 with you.

25                               We've seen similar projects before, depending on

1 the location of the project, the complexity of it, and if there  
2 are federal dollars involved, it usually requires additional  
3 steps. So I just wanted to offer those thoughts for you. It's  
4 really not unusual to see a higher percentage for design --  
5 higher percentage as the construction costs for design on  
6 smaller projects that are unique or have some unique nature to  
7 them.

8 Thank you, Mr. Chair. I just wanted (inaudible).

9 DIRECTOR HALIKOWSKI: Mr. Chairman.

10 UNIDENTIFIED SPEAKER: (Inaudible.)

11 CHAIRMAN HAMMOND: Yes.

12 DIRECTOR HALIKOWSKI: The question was asked if  
13 we have a breakdown of the costs available. My understanding is  
14 we have that ready for discussion right now if the board members  
15 would like to hear it.

16 MR. STRATTON: I would.

17 DIRECTOR HALIKOWSKI: Dallas or Greg?

18 MR. HAMMIT: Mr. Chair, what we have on the  
19 design side, on the (inaudible) redesign work, we have \$17,000  
20 for the pre-design work and \$17,000 in survey, \$23,000 reports  
21 needed to deliver the project. We have \$79,000 for  
22 environmental, \$64,000 for the geotechnical work, \$41,000 for  
23 drainage. Miscellaneous reports needed to complete the project  
24 is 20,000, and then to get the construction documents in place  
25 is \$148,000, and then there's \$30,000 in ADOT oversight and

1 administration. So the total design is \$422,000.

2 CHAIRMAN HAMMOND: And that's for budgeting  
3 purposes. We are not contracted at this point, correct?

4 MR. STRATTON: Mr. Chairman.

5 MR. HAMMIT: Mr. Chairman, that is correct.  
6 That's our estimate going into it.

7 CHAIRMAN HAMMOND: Go ahead, Board Member  
8 Stratton.

9 MR. STRATTON: Having worked for an environmental  
10 firm in the past that did the environmental 404 and such, I have  
11 to agree with the comments of Mr. Elters. That is exactly spot  
12 on. It does go up, the percentage wise. So at this point I'd  
13 like to move forward with approval.

14 CHAIRMAN HAMMOND: All right. The motion  
15 that's --

16 MR. HAMMIT: Mr. Chair, before you do.

17 CHAIRMAN HAMMOND: Go ahead.

18 MR. HAMMIT: The comment was made that before we  
19 move forward with the design, it comes back to the Board.  
20 Understand our current procedure, and I'd have to get the legal  
21 phrase, but once the Board approves the design through --  
22 through this motion, the department is given the authority to  
23 negotiate the engineering costs. They don't come back to the  
24 Board. The construction costs come back.

25 CHAIRMAN HAMMOND: That was -- I did not hear

1 that, that this needed to come back to the Board in the motion.  
2 Is that -- did I miss that?

3 MR. STRATTON: Mr. Chairman, I didn't explain my  
4 motion well. I understand that once we approve it, it goes into  
5 negotiation. I wasn't asking that it come back to Board for  
6 approval. I was asking that you bring it -- just come back and  
7 let us know how it ended up. That's what I was asking for.

8 DIRECTOR HALIKOWSKI: Okay. Thank you,  
9 Mr. Stratton.

10 CHAIRMAN HAMMOND: Okay. So the motion then is  
11 to approve PPAC Items 7D through 7H as submitted, with the  
12 understanding that that one project budget will be noted in a  
13 further memo to the Board on how it plays out; is that  
14 acceptable?

15 MR. KNIGHT: Mr. Chair.

16 MR. STRATTON: Go ahead.

17 MR. KNIGHT: This is Board Member Knight.

18 CHAIRMAN HAMMOND: Go ahead.

19 MR. KNIGHT: I have just a couple questions on  
20 two of the other items. Item 7E, it's shown in Yuma County. I  
21 believe it's really La Paz County.

22 And 7G, they don't -- the source of funds is  
23 unidentified. I just wanted to know what -- whether those are  
24 coming from MAG or what those -- what's the source of funding  
25 for that project?

1                   DIRECTOR HALIKOWSKI: So, Mr. Chair, I'm getting  
2 a little bit lost. Do we have a motion that we're considering  
3 right now, particularly on one project that we're going to --

4                   CHAIRMAN HAMMOND: No.

5                   DIRECTOR HALIKOWSKI: -- report back to you, or  
6 do we have a motion for all these?

7                   CHAIRMAN HAMMOND: We have the motion for all of  
8 them with that aside to get the final results back on that one  
9 project, and it may not even be need to be part of the motion.

10                  Board Member Knight's question is different.

11                  DIRECTOR HALIKOWSKI: Understood. Understood.

12                  And --

13                  CHAIRMAN HAMMOND: (Inaudible) correct what I  
14 just said there, feel free to jump in.

15                  Okay. Greg? John?

16                  DIRECTOR HALIKOWSKI: No, sir. I understand, and  
17 you're correct. You don't need to put that into a motion as far  
18 as us reporting back what the final negotiated cost is. We'd be  
19 happy to do that without the motion on this or any other  
20 project. Thank you.

21                  CHAIRMAN HAMMOND: Board Member Knight, did you  
22 get your questions answered?

23                  MR. KNIGHT: They didn't -- I didn't hear an  
24 answer. I got the questions presented.

25                  MR. HAMMIT: Mr. Chairman, Mr. Knight --

1 MR. KNIGHT: (Inaudible) in Yuma County. I think  
2 it's in La Paz County.

3 MR. HAMMIT: Mr. Chairman, Mr. Knight, on that  
4 project, what we show, the project may be the majority of it in  
5 La Paz, but the beginning milepost is in Yuma County is what  
6 we're seeing.

7 MR. ROEHRICH: And that's just an administrative  
8 reference. It has no bearing on the project. It's just an  
9 administrative reference.

10 MR. KNIGHT: Yeah. It was just a point of  
11 correction.

12 MR. ROEHRICH: So what was your second project?  
13 Your second question?

14 (Inaudible conversation.)

15 MR. KNIGHT: And the 7G, 7G, the source of -- the  
16 source of the funds for the -- there was no source of funds  
17 listed for that.

18 UNIDENTIFIED SPEAKER: The pavement preservation.

19 MR. HAMMIT: Mr. Chairman, Mr. Knight, those will  
20 come out of the -- our pavement preservation funding, and as we  
21 go through, since that is in the MAG program, it goes through a  
22 three year rolling average, and then that gets trued up and  
23 comes out of the funds that go into that area, but it comes --  
24 first it will come out of our pavement preservation program.

25 MR. KNIGHT: Okay. Thank you.



1                   CHAIRMAN HAMMOND: All right. I think we have a  
2 motion and a second for -- I won't repeat myself -- 7D-7H.

3                   Floyd, will you take the roll call.

4                   MR. ROEHRICH: So Mr. Hammond, this is Floyd.  
5 Just so we have it on the record, because it's been back and  
6 forth, and I want to make sure it's recorded properly. We have  
7 a motion to approve Items 7D through 7H. The motion was made by  
8 Board Member Stratton, and it was seconded by Board Member  
9 Elters, and that's what we're moving on, correct?

10                  CHAIRMAN HAMMOND: That's my understanding.

11                  MR. ROEHRICH: Okay. We'll start with Vice Chair  
12 Stratton.

13                  MR. STRATTON: Aye.

14                  MR. ROEHRICH: Mr. Thompson.

15                  MR. THOMPSON: Aye.

16                  MR. ROEHRICH: Mr. Elters.

17                  MR. ELTERS: Aye.

18                  MR. ROEHRICH: Mr. Knight

19                  MR. KNIGHT: Aye.

20                  MR. ROEHRICH: Mr. Searle.

21                  MR. SEARLE: Aye.

22                  MR. ROEHRICH: Ms. Daniels.

23                  MS. DANIELS: Aye.

24                  MR. ROEHRICH: And Chairman Hammond.

25                  CHAIRMAN HAMMOND: Aye.

1                   Okay. The motion passes.

2                   Now we'll move on to PPAC Items 7I through 7K.

3                   MR. BYRES: Thank you, Mr. Chairman, board  
4 members. Again, the Priority Planning Advisory Committee brings  
5 forth Items 7I through 7K. These are airport projects. We  
6 bring them forward with a recommendation for approval.

7                   CHAIRMAN HAMMOND: Okay. Questions? Comments?  
8 Motions?

9                   MR. KNIGHT: Mr. Chair, move for approval. This  
10 is Board Member Knight.

11                   MR. STRATTON: Second.

12                   CHAIRMAN HAMMOND: Second by Board Member  
13 Stratton.

14                   Okay. We have a motion -- any more -- any  
15 questions or comments before I call for the question?

16                   Okay. There's a motion to approve item -- PPAC  
17 Items 7I through 7K -- through 7K as submitted by -- motioned by  
18 Board Member --

19                   MR. KNIGHT: Knight.

20                   CHAIRMAN HAMMOND: -- Knight, and seconded by  
21 Board Member Stratton, was it?

22                   MR. ROEHRICH: Yes, sir. I'll start roll call.  
23 Vice Chair Stratton.

24                   MR. STRATTON: Aye.

25                   MR. ROEHRICH: Mr. Thompson.

1 MR. THOMPSON: Aye.

2 MR. ROEHRICH: Mr. Elters.

3 MR. ELTERS: Aye.

4 MR. ROEHRICH: Mr. Knight

5 MR. KNIGHT: Aye.

6 MR. ROEHRICH: Mr. Searle.

7 MR. SEARLE: Aye.

8 MR. ROEHRICH: Ms. Daniels.

9 MS. DANIELS: Aye.

10 MR. ROEHRICH: And Chairman Hammond.

11 CHAIRMAN HAMMOND: Aye.

12 Thank you. The motion passes.

13 Moving on to Agenda Item 8, the state engineer's  
14 report.

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

16 Currently ADOT has -- well, I'll wait for the  
17 presentation to get up. Otherwise, we get ahead of ourselves.

18 There we go.

19 Currently ADOT has 81 projects under  
20 construction totaling \$907 million. We finalized three projects  
21 in August totaling \$6.7 million, and year to date, we have  
22 finalized 14 projects.

23 I did receive a question in our calls this week  
24 concerning a project in Tucson. The IT and Ruthrauff project.  
25 As you remember, that project did come in well under budget. I

1 did talk with the district. The project is on (inaudible) a  
2 little ahead of schedule, about 30 percent complete and  
3 everything is going well. I can get more details if the Board  
4 would like, but that was the update I was given.

5 CHAIRMAN HAMMOND: Sounds like you're good to go.

6 MR. HAMMIT: (Inaudible.)

7 CHAIRMAN HAMMOND: Okay. That's information  
8 only. Any questions of Dallas?

9 Okay. Good day on this item.

10 Let's move on to Item 9, which is the  
11 construction contracts for discussion and possible action. Item  
12 9A.

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

14 And before we get to 9A, we have the worksheet,  
15 and one thing you're going to see on the spreadsheet is we are  
16 trending below the engineer's estimate, mainly on one of the  
17 projects that we will discuss is -- what was quite a bit under  
18 the estimate.

19 One thing I've asked our team to do is we do a  
20 quarterly review on a construction cost index, and I will be  
21 bringing that to you in the state engineer's report next month,  
22 and we can compare to see how we're doing over time. Are these  
23 costs -- are we really seeing a lot better pricing? Are these  
24 we just did our estimates high enough to meet some of the --  
25 what we thought were very high pricing early last year. So I

1 will report more on our construction cost index next month.

2 Item 9A --

3 CHAIRMAN HAMMOND: Thank you, Dallas. That would  
4 be very interesting. Go ahead.

5 MR. HAMMIT: Item 9A is a new construction  
6 project in the MAG region, State Route 24. On that project, the  
7 low bid was \$76,999,509. The State's estimate was 96,000 --  
8 excuse me -- \$96,344,639. It did come under the budget by  
9 \$19,345,130, or 20.1 percent. We saw better pricing in the  
10 roadway excavation, drainage excavation, our poured cement  
11 concrete, pavement, retaining walls, structural concrete for our  
12 bridges, drilled shafts and other retaining walls. We have  
13 reviewed the bid, and the department believes it is a responsive  
14 and responsible bit and recommends award to FNF Construction,  
15 Inc.

16 CHAIRMAN HAMMOND: Are there any questions of  
17 Dallas on this project?

18 Okay. Hearing none, I'll entertain a motion to  
19 approve Item 9A awarding the contract for Route SR-24 to FNF --

20 MR. SEARLE: Motion to approve.

21 CHAIRMAN HAMMOND: I heard a motion to approve.  
22 Who was that?

23 MR. SEARLE: Searle.

24 CHAIRMAN HAMMOND: Okay. Thank you, Board Member  
25 Searle. Is there a second?

1 MR. ELTERS: I second.

2 CHAIRMAN HAMMOND: Okay. Was that Board Member  
3 Knight?

4 MR. ELTERS: That was Elters.

5 MR. ROEHRICH: That was Mr. Elters.

6 CHAIRMAN HAMMOND: Elters. Okay. Sorry. Sorry,  
7 Sam.

8 Okay. We have a motion and a second.

9 Floyd, will you do the roll call?

10 MR. ROEHRICH: Vice Chair Stratton.

11 MR. STRATTON: Aye.

12 MR. ROEHRICH: Mr. Thompson.

13 MR. THOMPSON: Aye.

14 MR. ROEHRICH: Mr. Elters.

15 MR. ELTERS: Aye.

16 MR. ROEHRICH: Mr. Knight. Mr. Knight.

17 Mr. Knight, you're still muted.

18 MR. KNIGHT: Aye.

19 MR. ROEHRICH: Mr. Searle.

20 MR. SEARLE: Aye.

21 MR. ROEHRICH: Ms. Daniels.

22 MS. DANIELS: Aye.

23 MR. ROEHRICH: And Chairman Hammond.

24 CHAIRMAN HAMMOND: Aye.

25 Okay. Item 9B. Under the --

1 MR. HAMMIT: (Inaudible.)

2 CHAIRMAN HAMMOND: Go ahead.

3 MR. HAMMIT: Sorry. Thank you, Mr. Chair.

4 Item 9B is a bridge deck rehabilitation on  
5 Interstate 40. On that project the low bid was \$5,992,094. The  
6 State's estimate was \$5,123,546. It was over the State's  
7 estimate by \$868,548, or 17 percent. We did see higher than  
8 expected pricing on the structural concrete, some of the steel  
9 -- the girders have to be repaired, and the mobilization. The  
10 department has reviewed the bid and believes it is a responsive  
11 and responsible bid and recommends award to FNF Construction,  
12 Inc.

13 CHAIRMAN HAMMOND: Okay. Any questions of  
14 Mr. Hammit?

15 Hearing none, is there a motion to award Item 9B  
16 to FNF Construction, Inc., as presented?

17 MR. KNIGHT: Mr. Chair, this is Board Member  
18 Knight. I move to award Item 9B to FNF as presented, as  
19 recommended.

20 MR. STRATTON: Second.

21 CHAIRMAN HAMMOND: Okay. We have a motion by  
22 Board Member Knight, a second by Board Member Stratton to  
23 approve 9B to FNF Construction (inaudible).

24 Floyd, you can take roll.

25 MR. ROEHRICH: Vice Chair Stratton.

1 MR. STRATTON: Aye.

2 MR. ROEHRICH: Mr. Thompson. Mr. Thompson.

3 You're still muted.

4 Mr. Elters.

5 MR. ELTERS: Aye.

6 MR. ROEHRICH: Mr. Knight

7 MR. KNIGHT: Aye.

8 MR. ROEHRICH: Mr. Searle.

9 MR. SEARLE: Aye.

10 MR. ROEHRICH: Ms. Daniels.

11 MS. DANIELS: Aye.

12 MR. ROEHRICH: And Chairman Hammond.

13 CHAIRMAN HAMMOND: Aye.

14 Okay. Item 9B passes as presented.

15 Okay. Item 9C, which is -- somebody take that  
16 call.

17 Okay. Dallas, go ahead. Item 9C.

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

19 Item 9C is an intersection improvement on State  
20 Route 347. On the project the low bid was \$1,482,184. The  
21 State's estimate was \$1,001,517. It was over the State's  
22 estimate by \$480,667, or 48.0 percent. We saw higher than  
23 expected pricing in the borrow, the mobilization and the  
24 concrete curb and gutter.

25 As we talked to the low bidder -- there was



1 only one bidder on the project. In the discussions with them,  
2 we could not justify and see where they came up with their  
3 pricing on a couple of their items. In our discussions they did  
4 say they had made some errors in their bid. So as we reviewed  
5 the bid, the department believes -- well, the department cannot  
6 justify the bid and recommends reject all bids, and the project  
7 would be advertised at a future date.

8 In addition, we did talk to some bidders that  
9 pulled plans that actually did -- I mean, contractors that  
10 pulled plans that did not place the bid. They thought if it  
11 was advertised later in the year, with their schedules, they  
12 may also be -- have time to bid and get -- create some more  
13 competition. So at this time, the department recommends to  
14 reject all bids.

15 CHAIRMAN HAMMOND: Are there any questions of  
16 Dallas on this project?

17 If not, is there a motion to reject all bids  
18 under Item 9C as presented?

19 MR. ELTERS: I so move.

20 MR. KNIGHT: Second.

21 CHAIRMAN HAMMOND: Okay. We have a motion from  
22 Board Member Elters and a second from Board Member Knight.

23 MR. KNIGHT: Correct.

24 CHAIRMAN HAMMOND: Okay. Floyd, will you take --  
25 to approve 9 -- reject all bids on Item 9.

1 Floyd, would you take the vote?

2 MR. ROEHRICH: Vice Chair Stratton.

3 MR. STRATTON: Aye.

4 MR. ROEHRICH: Mr. Thompson. Mr. Thompson.

5 Mr. Elters.

6 MR. ELTERS: Aye.

7 MR. ROEHRICH: Mr. Knight

8 MR. KNIGHT: Aye.

9 MR. ROEHRICH: Mr. Searle.

10 MR. SEARLE: Aye.

11 MR. ROEHRICH: Ms. Daniels.

12 MS. DANIELS: Aye.

13 MR. ROEHRICH: And Chairman Hammond.

14 CHAIRMAN HAMMOND: Aye.

15 Motion carries to reject all bids.

16 Okay. Item 9D, Dallas.

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

18 Item 9D is a safety improvement project. It's a  
19 local project in the city of Kingman. On the project -- as you  
20 saw, this project came last month and it was postponed. The low  
21 bid was \$615,289. The State's estimate was \$525,516. It was  
22 over the State's estimate by \$89,773, or 17.1 percent. We saw  
23 higher than expected pricing in the electrical conductors, the  
24 video detection system, some of the temporary traffic control  
25 and then mobilization.

1           In talking to the City of Kingman, the department  
2 -- the department was told that the additional funds were not  
3 available and that the City would work with the department to  
4 repackage the project and re-advertise at a later time. With  
5 that, the department recommends to reject all bids.

6           CHAIRMAN HAMMOND: Anyone have any comments or  
7 concerns on this item? If not, I'd entertain a motion to reject  
8 all bids under Item 9 as presented.

9           MR. KNIGHT: Mr. Chair, so moved. Board Member  
10 Knight.

11          MR. ELTERS: I second.

12          CHAIRMAN HAMMOND: Okay. We have a motion from  
13 Board Member Knight, a second from Board Member Elters to reject  
14 all bids under Item 9D as presented.

15          Floyd, would you take roll call?

16          MR. ROEHRICH: Vice Chair Stratton.

17          MR. STRATTON: Aye.

18          MR. ROEHRICH: Mr. Thompson. Mr. Elters.

19          MR. THOMPSON: Aye.

20          MR. ROEHRICH: Mr. Elters.

21          MR. ELTERS: Aye.

22          MR. ROEHRICH: Thank you.

23          Mr. Knight

24          MR. KNIGHT: Aye.

25          MR. ROEHRICH: Mr. Searle.

1 MR. SEARLE: Aye.

2 MR. ROEHRICH: Ms. Daniels.

3 MS. DANIELS: Aye.

4 MR. ROEHRICH: And Chair Hammond.

5 CHAIRMAN HAMMOND: Aye.

6 Okay. The motion carries.

7 Moving on to Agenda Item 10, are there any  
8 suggestions for the upcoming -- (inaudible) if it's a planning  
9 board meeting or future board meeting?

10 Okay. We're coming to a motion for adjournment.  
11 I thank you all. This has been a long board meeting, and the  
12 participants -- we've got over 100 participants on this call --  
13 thank you for your patience, and I'll entertain a motion to  
14 adjourn.

15 MR. STRATTON: So moved.

16 MR. THOMPSON: So moved. Second.

17 CHAIRMAN HAMMOND: Okay. I don't think we need  
18 a roll call vote for this. Let's just hear a bunch of ayes.

19 BOARD MEMBERS: Aye.

20 CHAIRMAN HAMMOND: Bye-bye, guys.

21 (Board meeting adjourned at 12:08 p.m.)

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1 STATE OF ARIZONA )  
2 ) ss.  
3 COUNTY OF MARICOPA )

4 BE IT KNOWN that the foregoing proceedings were reported  
5 by me, TERESA A. WATSON, Registered Merit Reporter, Certified  
6 Reporter, Certificate No. 50876, State of Arizona, from an  
7 electronic recording and were reduced to written form under my  
8 direction; that the foregoing 107 pages constitute a true and  
9 accurate transcript of said electronic recording, all done to  
10 the best of my skill and ability.

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

14 DATED at Phoenix, Arizona, this 6th day of October 2020.

15

16

17

          /s Teresa A. Watson          

18

TERESA A. WATSON, RMR  
Certified Reporter  
Certificate No. 50876

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**Adjournment**

***A motion to adjourn the September 18, 2020 State Transportation Board meeting was made by Board Member Steven Stratton and seconded by Board Member Jesse Thompson. In a voice vote, the motion carried.***

**Meeting adjourned at 12:08 p.m. PST.**

Not Available for Signature

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Michael Hammond, Chairman  
State Transportation Board

Not Available for Signature

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John S. Halikowski, Director  
Arizona Department of Transportation