

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, February 19, 2016
Santa Cruz County Complex
Board of Supervisors Room 120
2150 N. Congress Drive
Nogales, AZ 85621

Pledge

The Pledge of Allegiance was led by Board member Michael Hammond.

Roll call by Board Secretary Mary Beckley

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

Absent: None.

Opening Remarks

Chairman La Rue introduced and welcomed two new board members, Mr. Steve Stratton and Mr. Arlando Teller. Chairman thanked the Guillermo Valencia of the Greater Nogales Santa Cruz County Port Authority, Fresh Produce Association of the Americas, and the Customs Brokers Association to coordinate the informative port tour and processing of commercial trucks. It was amazing how ADOT has handled the border, and a symbol of not dividing but a symbol of integrating separate operations and with such impressive customer service. Chairman La Rue thanked the groups listed above for sponsoring the excellent dinner and evening at Elvira's in Tubac.

Call to the Audience

The following members of the public addressed the Board:

1. Rudy Molera, Santa Cruz County Supervisor, re: thank you for visiting community and conducting board meeting in the county; ADOT staff, county and city have done a great job putting together a plan for SR 189, needs to be accelerated; Exit 12, Ruby Road to work on design for those two projects completed together; mentioned other projects are slated to come before SR 189 and asked for suggestions to expedite SR 189 project.
2. Jonathan Rothschild, Tucson Mayor, re: advocate of acceleration of SR 189 and should be state's highest priority; beautiful port enters into two lanes of SR 189 into I-19, needs expansion; business will massively expand if no log jam and take some of the business from California and Texas; national concern for I-19 and I-10 to receive federal monies if SR 189 is accelerated; stakeholders want to partner with axle fees; SR 189 most important project for AZ economy.
3. John Doyle, Nogales Mayor, re: thank you for visit to Nogales and to tour area; Mexico is global trade partner and need to expedite trucks traveling through port to shipping points; thanked citizens, merchants and stakeholders for work to accelerate SR 189.
4. Priscilla Cornelio, Dir Pima County DOT, re: Next month's meeting in Oro Valley; ADOT staff does a great job; support and encourage improvements to SR 189, easier for freight to get through border; Sonoran Corridor (SR 410) connection between I-19 and I-10, pleased with ADOT initial planning efforts for environmental impact statement for SR 410 and requests inclusion in the capital improvement program; pleased that ADOT is proceeding with environmental/location studies for I-11, which is important for Pima County.
5. Guillermo Valencia, President, Greater Nogales Santa Cruz County Port Authority, re: thank ADOT and board for attending port tour to see firsthand the issues at the port; happy you noticed the customer service as Customs Border Patrol does a tremendous job at the port; board able to see other choke points in the area, DeConcini port of entry, issues other than SR 189 and Ruby Rd/Exit 12 is another issue; 1) happy that \$64 million is committed in design on five year plan; working on solution with stakeholders involved, can't commit until numbers are finalized; 2) asks for patience while waiting for financing numbers to come to a P3 agreement; 3) accelerating Ruby Road/Rio Rico solution on I-19, as part of the SR 189 project.

6. Lance Jungmeyer, President, Fresh Produce Association of the Americas, re: thank Board for trip to Nogales and Director for working with community on SR 189; read from letter submitted, broad based support for SR 189; important to include SR 189 on Critical Rural Freight Corridor (CRFC) to be eligible for additional federal funding through FAST Act for future build out; requests to include \$70 million for design, ROW, design and construction for SR 189 in the five year program.
7. Walter Rem, VP of Food Safety for Giumarra, re: requests board consider the CRFC key for funding SR 189 and to consider 20 or 30 largest importers which would be impacted by the axel fees discussed recently; requests board explore all funding sources prior to asking all of the importers to pay additional axel fees; his company operates in 14 countries and this port is important to his business but they are heavily approached by other ports; they are committed to this port and ask not to be punished for doing business here.
8. Robin Raine, Deputy Director for Transportation, City of Tucson, re: thank ADOT for work on PAG regional priorities, including SR 410, Sonoran corridor and SR 210 Barraza-Aviation Parkway, critical to the Tucson/PAG area; SR 189 is very important priority to entire state and critical importance for freight movement throughout the state, requests acceleration in five year program; thank you to ADOT staff for being solution-oriented when dealing with funding issues.
9. Terry Shannon Jr., President of Nogales Economic Development Foundation, re: over 1 million of warehouse space constructed and industrial park on Mariposa Rd opening soon; Mexico is working on its Highway 15, with over \$1 billion invested with over \$2 billion on route from Nogales to Mexico City; from a safety standpoint, 1700 students attend Nogales HS and some walk on Mariposa Road and Frank Reed Road where two trucks recently T-boned at that intersection; supports full build out of SR 189 and recognizes there are challenges.
10. Randy Heiss, Exec Dir/Southeastern AZ Governments Organization (SEAGO), re: welcome to Director, Board and staff; questioned and asked for reasons why two expansion projects were advanced in the five year plan ahead of SR 189; needs to advance the project to 2018; no unified transportation plan for state, but statewide unity (12 regional planning agencies) which supports SR 189; economic development and international trade for area is supported by numerous studies.
11. Richard Rubin, Board member of Port Authority, also representing Maquila Association in Sonora, re: seeing businesses decide whether to take their business to China or stay in North America; impact of Mexico, 800 workers crossing border four times a day and warehouses in Arizona for distribution; 90% of jobs would move from US to China; his business (Javid) crosses 700-800 trucks per day; questions whether they should be in Arizona or other ports; need trucks to get on the highway – full support of SR 189 so region will continue to grow and benefit Arizona.
12. Scott Vandervoet, Nogales resident, re: works in fresh produce industry in a family business, safe and efficient movement of goods/people across border to Mexico is crucial to AZ economic security; areas on both sides of border have developed infrastructure supporting manufactured goods, tourism, retail services and fresh produce; area is primed for growth driven by Mexican production and participation.
13. Annie McGreevy, President Friends of Scenic Hwy 82/83, re: do everything you can to work to raise the gas tax.
14. Jaime Chamberlin, local produce distributor in area, re: thank you for hosting meeting in Santa Cruz County; SR 189 is key piece of infrastructure and best return of investment which will benefit entire state of AZ for importing and exporting of goods/travelers; urge to consider economic benefits of SR 189; Community committed and stands behind the full redesign plan for SR 189 and full build-out, northbound and southbound connections to SR 189, and grade separation of Frank Reed Rd and corridor improvements for better traffic flow and safety for travelers.
15. Allison Moore, Fresh Produce Assoc. of the Americas, re: add Ruby Road and Rio Rico Drive to the five year plan which are critical companion projects for SR 189 to guide economic growth of the entire region. Sixty to seventy percent of all warehouses are located between Ruby Rd/Rio Rico Dr.; N/S access at Rio Rico Dr. and Industrial Drive will help with amount of truck/school/commercial/residential traffic; train complicates congestion more.
16. Larry Lucero, Sr. Director UNS Energy Corp., re: thank you and welcome to new members; advocate for state investment of critical infrastructure for SR 189 and highest priority project for our state to drive economic growth in our state.
17. Aaron White, Nogales Econ Development Specialist, re: 9A requests approval of \$500,000 funding for the paving of Industrial Park Avenue through ACA Economic Strength Projects, critical for job creation and retention.

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1 (Beginning of excerpt.)

2 CHAIRMAN LA RUE: So with that, let's move on to
3 Agenda Item No. 1. It's the district engineer's report. We're
4 going to hear from Mr. Lane.

5 MR. LANE: Good morning, Mr. Chairman, members of
6 the Board.

7 UNIDENTIFIED SPEAKER: Good morning, Mr. Lane.

8 MR. LANE: My name is Rod Lane. I'm the district
9 engineer for the South Central District. You'll have to forgive
10 me. I woke up this morning with a bit of a crud, so to speak.
11 So in case I start the coughing fit, I brought my water, and
12 we'll take a moment (inaudible).

13 CHAIRMAN LA RUE: So just sit next to Kevin when
14 you go back.

15 MR. LANE: I'll back up from the mic a little bit
16 so I don't contaminate it.

17 CHAIRMAN LA RUE: He said he woke up this morning
18 with the same thing. So you guys kind of stay together.

19 UNIDENTIFIED SPEAKER: How curious.

20 MR. LANE: And I'm the lucky one to see if the
21 projector works.

22 So let's -- oh, I'd also like to take this moment
23 to welcome our two new board members to the South Central
24 District. Welcome, Mr. Teller. Welcome, Mr. Stratton. If you
25 have any questions, don't hesitate to call.

1 Let's start talking about some of the changes
2 that have occurred in the south --

3 MR. ROEHRICH: Hold on a minute, Rod. You say --
4 didn't state the -- you didn't give them your number. Oh, I'm
5 sorry. I didn't mean to call you out on it.

6 MR. LANE: My e-mail is at the end.

7 MR. ROEHRICH: Oh, I'm sorry. I didn't mean to
8 call you out on that. Sorry.

9 MR. LANE: My e-mail is at the end.

10 Okay. How's this? Pamphlets.

11 MR. ROEHRICH: Don't forget to -- you should have
12 said, Don't forget to call Floyd.

13 MR. LANE: Okay. So we'll talk about some of the
14 -- I wanted to take the opportunity to talk to everyone about
15 some of the districts or changes that have occurred in the South
16 Central District, what's added, what's changed and so on. So
17 the boundaries have moved. We've -- with the renaming of the
18 South Central District. We've taken in some new areas. The
19 city of Sierra Vista is now within the South Central District.
20 The city of Benson is now within the South Central District,
21 also. Tombstone is also in the South Central District. What's
22 changed is we've -- basically, the city of Maricopa is now in
23 the Central District.

24 And you can look at the -- and find the new
25 limits on the pamphlets that I've put out at the front, and it

1 kind of tells you the exact mileposts on the very last page of
2 what has changed and where the new boundaries are. And that odd
3 shape on the end is the new maintenance area that we've taken
4 in, and it's that odd shape because it's actually the border of
5 a maintenance area. So that's relative to our response times.
6 That's why the shape is what it is.

7 So with that, I'm going to start talking about
8 some of the construction projects that we have. There's a lot
9 of other issues that are going to be covered by many other
10 people this afternoon. So I'm going to concentrate on primarily
11 construction issues within the Tucson District, some of our
12 larger projects.

13 One of the ones we're very proud of that's just
14 being completed is the San Xavier pedestrian bridge just on the
15 west side of I-19 as you're going through the San Xavier
16 district of the Tohono O'odham Nation. That's a very critical
17 project for the community, and anybody who's been out to the San
18 Xavier mission, you'll -- it's not -- used to not be much of an
19 opportunity for pedestrians. It was a very narrow facility. So
20 this is going to be quite a nice thing for the community out
21 there to allow them to cross over the Santa Cruz River. So that
22 project is completed. The Ashton Company did that to the cost
23 of \$2.68 million.

24 The next one we want to talk about is SR-77 from
25 Tangerine Road to the Pinal County line. That one is in its

1 final stages. Pretty much everything is done except the last
2 lift of asphalt. So they'll be coming back in the spring to
3 finish that. They're kind of -- they're on a shutdown right
4 now. That was done by the Graham Construction Company. They
5 did an excellent job. Project cost was 30 -- 33.8 million.
6 Basically, what it was was widening a four-lane section of
7 arterials to a six-lane. So three lanes in each direction all
8 the way for that seven-mile stretch through there.

9 And something that was also unique to this
10 project was ADOT constructed two wildlife crossings that were
11 funded by the RTA and PAG. And these are pictures of the
12 wildlife crossing, one going over and one going under. So
13 that's kind of a unique feature to the community as well.

14 Next one I want to talk about is a project that
15 we call the Quad Project, which is I-10 from SR-83 to SR-90 in
16 the Benson area. And it's called the Quad Project because it's
17 essentially four projects put together. It's three mill and
18 pave projects and then a structure -- a superstructure
19 replacement project. So just the top part of the bridge. We
20 didn't go into the foundations. And you can see the demolition
21 of the phasing of the bridge right there.

22 And, you know, this project posed quite a
23 challenge for us once we got started with it. We had quite a
24 bit of backups in this -- particularly before the holiday
25 seasons. So we did several things out there to help mitigate

1 that, and we've been pretty successful at it.

2 And one of the things that we introduced was
3 something called a "zipper merge." So it's a little different
4 from the other merging that you see out there where it kind of
5 encourages a cooperation of the drivers. It's -- just signs out
6 there that says "alternate merging," "share lanes." And the
7 logic behind it is to get the drivers to use the full capacity
8 of the highway instead of taking one lane and getting a big
9 backup because they're all trying to get that spot. It also --
10 you know, everybody -- if you've been -- ever been in that
11 position, it's kind of irritating when you see that one guy that
12 gets in the right, goes past everybody. So this encourages the
13 sharing of the whole thing.

14 So, you know, this is kind of a pilot program.
15 We're hoping to -- we're going to be measuring how this works
16 and its success. It seems to be working really well, and
17 hopefully we'll -- if it works well, we'll move this out into
18 other areas.

19 The other project I want to talk about is -- oh,
20 I'm sorry. I didn't tell you who was the contractor on that.
21 FNF Construction is on that. It's a \$15.2 million project.
22 We're on the downhill side. We're about 60 percent done on that
23 one. We should have it done in -- by the summer of 2016.

24 The next one is also an FNF project, another mill
25 and pave project up on I-8, from Bianco to I-10. Moving right

1 along. \$7 million. It's a lot less traffic up there, so
2 there's a lot less challenges. It's going pretty much as
3 planned. We expect to have that one done this year, again, in
4 the summer of 2016.

5 Another one I want to talk about is up in the
6 Tucson region. It's a pretty good size project. It's the phase
7 one of the I-19 Ajo traffic interchange. It's just started. So
8 we just awarded the contract. In fact, we just had our
9 partnering meeting this week with the contractor -- or excuse
10 me -- several weeks ago with the contractor. Ames Construction
11 is the contractor on this one.

12 So this is phase one. So it's really just
13 replacing this TI in here. We'll do some traffic work on the
14 interchange just southbound here. That's going to be phase one
15 for 39.9 million. And it's going to be replaced with a -- what
16 we call a SPUI, single point urban interchange. I guess that
17 kind of rolls off the tongue, SPUI. So we expect to have that
18 phase one done in the fall of 2017, and then we're going to come
19 up with phase two.

20 And in phase two, we're going to be replacing
21 that bridge right there. So that will all start in '18, but
22 that's a completely different contract. It's a completely
23 different phase. So this one we'll be navigating through.

24 Another one out kind of in the same area, SR-86
25 but more west, there's another arterial reconstruction project.

1 So we're working at SR-86 from Kinney, which is up there, all
2 the way to the intersection of Valencia, down there. So that's
3 about a seven-mile project. That one also just got awarded. So
4 we've just kind of taken that one off. The Ashton Company is
5 doing that for \$40.9 million. And again, that's a widening of
6 an arterial. So we're taking an existing arterial road, going
7 from two lanes in each direction, and it had them -- the middle
8 lane in there, and we're making it a four-lane, two lanes in
9 each direction. So there's a lot of activity that's going to go
10 on, a lot of drainage improvement, (inaudible) widening of the
11 road requires right-of-way takes and all that. So we're
12 navigating through that. We expect to have that one done early
13 2018.

14 And the 189 Mariposa port of entry. You all had
15 the opportunity to walk through that the other day. I apologize
16 for the lights. The timer was not set, and we just finished
17 this job about this point last week. So there's a couple of
18 bugs. So we'll get that. The lights do work. The timer is
19 apparently not working properly. So this one was completed by
20 Meridian Construction, and what this is is -- it's an
21 undercrossing underneath the exit point for the trucks. So we
22 had a pedestrian challenge out there where the pedestrians were
23 coming through the port, and they had no other recourse but to
24 walk right in front of the trucks that were, you know, trying to
25 get out of there. So it really posed quite a safety issue.

1 So the solution was to build this undercrossing.
2 We looked at several solutions. We looked at going over. We
3 looked at going under, and this was the final result that we
4 chose to move forward with. So it's got big, large ramps on
5 both sides, both the north side and the south side. It's locked
6 in the evening. That's what the -- that's what those are.
7 Those are the doors. So our ADOT staff that work in that
8 enforcement and compliance division down there come out and lock
9 it every night. There's cameras in there that they get to
10 monitor. If there's a safety issue or something down there,
11 they'll be able to bring the authorities in to bear on that one.
12 So again, it just opened last week. We're pretty proud of it.

13 And then the next project that's going to be
14 coming up down in this part of the district is the I-19 B
15 project, from the border, from the DeConcini border, up to
16 Milepost 2.4, which is just north of 189. And that's going to
17 be pretty much a standard what we call a mill and filler or
18 pavement preservation project. So we'll mill off a few inches
19 of the asphalt, and we'll put new asphalt down there. In that
20 same process, we'll put in new handicapped ramps and all that
21 kind of stuff. That project is going to start in April. We had
22 to wait. There was a large local government project being done
23 to reconstruct the building downtown, and they had big
24 outriggers that were in the roadway. They took up one lane. So
25 we waited until that project got completed, and that -- they

1 just took those down, and so we'll be moving forward with our
2 project on that.

3 And the last project I want to talk about in
4 these -- in the district is a big one that's going to be
5 starting next year, and that's the Ina Road traffic interchange.
6 The intersection of I-10 and Ina Road in the north part of
7 Tucson. That is a (inaudible) project. The designer is Psomas.
8 The contractor on board is (inaudible) with joint venture. And
9 we are expecting phase one to start early this summer.

10 So it's going to be a two-phase project, but the
11 unique thing is we've got two phases and also really two
12 projects. There's the ADOT project right -- at the TI, and then
13 ADOT is also going to be constructing a project for the town,
14 which is the section over the Santa Cruz River. So it's going
15 to go from Silverbell and then tie into our section. So two
16 projects, two phases makes four things going on in this whole
17 thing, and we'll be starting phase one early summer. Phase one
18 will be the local construction, local utilities and constructing
19 that local traffic mitigation things, the local road access.
20 All of that will be phase one.

21 It looks like phase two is going to start late
22 fall. That's when we're going to be shutting down the
23 interchange to do the replacement.

24 So what this project is going to be is a full
25 replacement of -- and a full swap of the interchange. So right

1 now, Ina Road goes underneath I-10. When this job is done, it
2 will go over it. So everything will go down, and it will be
3 just like it is at Miracle Mile, just like it is at Prince,
4 (inaudible) the whole thing. It -- Ina Road will also go over
5 the railroad tracks. So we've got -- that's one of the main
6 purposes, to eliminate that railroad crossing right there. So
7 it will be a two-year closure of that interchange, so -- as we
8 go through this. So we're -- this is starting to heat up. You
9 know, the right-of-way purchases are occurring, the demolitions
10 are occurring. So you're going to start seeing this coming up
11 more and more in the community.

12 So that's my presentation. Does anybody have any
13 questions?

14 CHAIRMAN LA RUE: Do we have any questions by
15 Board members?

16 MR. SELLERS: Well, just to be clear, the
17 undercrossing is not a tunnel; is that correct?

18 MR. LANE: No. It's an undercrossing. Thank
19 you.

20 The County had a really great word for it
21 yesterday. I couldn't remember what they called it, but they
22 had a really great phrase for it yesterday.

23 MR. HAMMOND: Rod, I know that's a very expensive
24 interchange at Ina. Can you talk just about roughly the
25 percentages of funding sources on that?

1 MR. LANE: Well, off the top of my head, without
2 having the numbers in front of me, the overall budget, not just
3 the construction, but the right-of-way thing is about \$120
4 million. And again, without having numbers in front of me, I'm
5 going to say that the PAG and the RTA's -- oh, here's the
6 numbers right now. Let's see. So it looks like RTA has
7 (inaudible). Yeah. But that's not all of it though. We've got
8 more than that. Okay. So I'm going to guess it's probably
9 around 40 percent RTA and 60 percent PAG. And that -- all of
10 the -- excuse me -- all the town's portion is funded by the
11 town. We're just implementing. So they're responsible for that
12 funding.

13 MR. HAMMOND: Thank you. I say that in the
14 context of the importance of local funding sources to match some
15 of the other funding sources and getting anything done in the
16 environment we find ourselves (inaudible).

17 CHAIRMAN LA RUE: Good comment.

18 Any other questions for Mr. Lane?

19 Rod, I just want to thank you and your team, and
20 I can hear your passion and your energy in your voice for all
21 these projects. So, you know, pass our, you know, appreciation
22 on to your team on all they do for us down in this district, and
23 we really appreciate it.

24 MR. LANE: Thank you very much.

25 CHAIRMAN LA RUE: Thank you.

1 Let's move on to Agenda Item No. 2 and hear from
2 the director.

3 MR. HALIKOWSKI: Brought a new tag team today,
4 Mr. Chairman.

5 CHAIRMAN LA RUE: All right.

6 MR. HALIKOWSKI: Thank you, Mr. Chairman, members
7 of the Board. I'm John Halikowski, Director of the Department
8 of Transportation. I'd like to also welcome our two new board
9 members, Mr. Stratton and Mr. Teller.

10 Mr. Chairman, appropriately, as you mentioned
11 before, perhaps we would address some of the comments about 189
12 throughout the meeting. So the director's report today is going
13 to focus on ADOT's activity through (inaudible) Route 189. And
14 before I turn it over to Floyd, I just want to make a couple of
15 comments, and that is that we really appreciate all the support
16 from the communities and the resolutions to build this project,
17 but we still have to find the appropriate funding in order to do
18 it, and that is part of the challenge.

19 The other part of the challenge is what is
20 SR-189? And depending on who you're talking to and what the
21 need is whether the project gets broken into phases or not,
22 there are competing visions for exactly what this may turn out
23 to be. So I want to just be very clear that ADOT is committed
24 to delivering a 189 solution. We are committed to doing that.
25 But as we have learned over the past couple of years in very

1 long negotiations and talks and (inaudible) interaction, we also
2 have to address the needs of the community, and that may be
3 commercial needs. That may be non-commercial needs. It may be
4 different needs as we talk to different people of what that
5 project's ultimately going to be. So we're also committed to
6 working with the community to deliver a solution that's
7 acceptable to them.

8 But as we've heard today, 189, as it started out,
9 was perhaps, you know, some ramps and flyovers, but now we're
10 also talking about packaging Ruby Road and Rio Rico. So it's
11 important that we continue to keep the communications open,
12 because there's more to this project as we continue to kind of
13 negotiate and talk about it than simply building the ramps and
14 the flyovers that we talked about before. We now have other
15 interchanges that are critical to the commerce that we have to
16 take into account. So I want to be sure that we are also
17 committed to being open as to how we address those issues for
18 the future.

19 The last thing I want to say before I turn it
20 over to Floyd is that this project is not stuck. The project is
21 not stuck, and I don't want you to think that nothing is
22 happening. We are doing project studies. We're doing the
23 design on it, and we have been meeting with lots of folks from
24 the community to make sure that we are moving forward on that
25 phase of it.

1 Once the design is done and agreed to and the
2 funding is in place, then we can begin to accelerate the
3 construction. So there is lots of activity going on, and we are
4 committed to not only delivering the solution, but once
5 decisions are made, doing those in a very timely fashion.

6 So Floyd has been the department's designated
7 point person on 189, and he's been working a lot with Gayle
8 Lewis and also our professional consultant, Luis Ramirez, to
9 ensure that we're getting a complete picture and that we're
10 speaking in one voice to the community. So with your
11 permission, I'll turn it over to Floyd, Mr. Chair.

12 CHAIRMAN LA RUE: If there's no questions of the
13 director.

14 MR. HALIKOWSKI: I don't...

15 CHAIRMAN LA RUE: No.

16 MR. HALIKOWSKI: Should we do questions
17 (inaudible) time? Oh, okay.

18 MR. ROEHRICH: Questions from the Board.

19 CHAIRMAN LA RUE: From the Board.

20 MR. HALIKOWSKI: Okay. Great. Any questions or
21 -- we can go to the Board.

22 CHAIRMAN LA RUE: Not seeing any, we can go to
23 Floyd.

24 MR. ROEHRICH: Mr. Chairman, some may come up.
25 I'll try to answer as best I can.

1 So good morning, Mr. Chair, members of the Board
2 and Director Halikowski. Thank you for that introduction and
3 start.

4 I did have the pleasure recently to meet with a
5 lot of the key local leaders and stakeholders, business
6 stakeholders along with, as the director said, Gayle, Luis
7 Ramirez, as well as our study leader from ADOT, and that's
8 Carlos Lopez. And it really was a great discussion, and
9 basically my report has already been given by all those great
10 people here who stood up and talked about what's been happening,
11 because it has been a lot of dialogue.

12 And from my perspective, I really want to thank
13 all the local leaders here who have taken that time and really
14 been active in this discussion, because it is a huge project.
15 It is a huge benefit to the region as well as the state. And as
16 we talked about at the last meeting, we want to do the right
17 thing. We just don't want to do something. We want to
18 (inaudible) do the right thing, and that's what became apparent
19 in that meeting as we started the discussion that was the right
20 thing just 189. If you don't address Ruby Road, Rio Rico Drive,
21 the frontage road connection to that, how is that going to fit
22 into this whole program?

23 And then when you start talking about what is the
24 right thing from in the funding perspective, how much does the
25 State have, how much will the locals have to do, how much can we

1 go after some of those -- like Mr. Youngmeyer (phonetic) said,
2 some of those grants that we include in the FAST process for
3 rural freight and freight improvement. And yes, State Route 189
4 is part of our critical rural freight network, and it will be
5 one that we will continue to move forward, but we need to bring
6 the consensus together on exactly what that scope is, what the
7 total project will be, and then the costs associated with that
8 so we can start putting together that funding package. And
9 especially if it's a funding package that it's going to require
10 the locals to bring in a significant portion of that, how will
11 that be structured, through whatever fees, through whatever
12 additional funding strategies? And if it takes legislation, how
13 do we take that to the legislation -- the legislators in order
14 to make sure that we have something that everybody can
15 understand and agree with.

16 So like I said, at the last meeting it became
17 apparent that we really needed to sit back, and basically what
18 was decided, and the locals were fully supportive of this, is
19 let's get this year, finish the study this summer, the
20 environmental document and the study for State Route 189 will be
21 complete. Let's get that done. Ruby Road, we had looked at
22 before, but let's bring that in the context of Rio Rico Drive
23 and then the frontage connection, which we have not studied
24 before, those segments of it. Let's start pulling those
25 together, more comprehensive review, and then let's start

1 looking at what funding's available, what other additional
2 funding would be needed, and then the strategy on how that
3 funding would come through -- either through state, local or
4 federal, and look at those federal opportunities.

5 Now, the federal grant process, again, you can't
6 count on that, because it -- we haven't seen -- first, we
7 haven't seen the rules yet on how the FAST Act will work with
8 these grant processes. But once they come, we expect it will be
9 similar to the TIGER grant. They're going to be competitive.
10 And so we need to have the greatest consensus and support around
11 any funding in order to go after those type of funds, and when
12 they become available, having completed the study, having the
13 consensus strategy on implementation, and then having them
14 understand the funding and how we move forward gives us the best
15 foot forward to compete for those funds. And when those funds
16 come in, then that takes the pressure off what other additional
17 funds the local governments may have to bring in through any of
18 the other structure -- local governments and businesses through
19 any other fee structure, through any other legislation.

20 So in consideration of that, I do want to point
21 out a few things. We are looking at the -- completing the
22 environmental document and the scoping, the design document,
23 design concept report for State Route 189, which is the full
24 build out, and we'll continue to complete that this summer.

25 In addition, we also have -- in 2016, which is

1 already moving forward, 2 million to look at the preliminary
2 design as well as the fingerprint for right-of-ways, and we
3 start (inaudible) right-of way needs we have.

4 In 2018, there's 4 million to do final design and
5 continue to move forward with the final right-of-way assessment
6 for the corridor. And in the tentative program that is going to
7 be presented to you later this meeting by Mr. Kies will be the
8 first infusion of some construction funds, and that's 64 million
9 in fiscal year '21.

10 And as we said, that starts bringing in the
11 actual implementation of the State Route 189 project, which then
12 gives us the latitude as we finalize these coordinations and
13 look at the development of this funding strategy. We're going
14 to start looking forward to acceleration, whatever the final
15 scope is, the final implementation plan, as well as the final
16 funding plan for that. So as we start to move that issue
17 forward, we start seeing the opportunity to continue this year,
18 coordinate with the local governments, establish that final
19 scope, establishing the additional infrastructure necessary, as
20 we said, Ruby Road and Rio Rico Drive and the frontage road
21 connection, and we'll start looking at a more comprehensive
22 funding strategy for that.

23 I do want to take one moment to go back to a
24 question that was brought up earlier, and that's within the
25 tentative program you're going to look at later this meeting,

1 that some additional projects were kind of leapfrogged and
2 brought into the program. There's a couple things about that I
3 think that are important to keep in mind. The projects we
4 brought into this program are projects that had been developed
5 years ago and were already a part of our investment strategy for
6 transportation infrastructure on US-93 and Interstate 10, but
7 they were moved out when the funding got tight in 2009 and 2010.
8 These were projects that were previously in the program but had
9 been moved out because of funding.

10 And yes, you need to look at priority at -- based
11 upon where we're at today, but those projects are ready. Those
12 projects, by getting those projects complete, have a great
13 benefit for, obviously, the State's economy on Interstate 10,
14 which is a major corridor, and rightfully so. As you come north
15 from the border and hit I-19 and I-10, it all gets connected
16 together, and then US-93 has the nexus to Interstate 11 to
17 continue the investment in that infrastructure as well.

18 Getting those projects done gives relief as we
19 move forward over the next year and few years as we start
20 developing (inaudible) programs to see where additional funding
21 comes in that would then be available for State Route 189. It
22 gets off these key investment projects that we've previously
23 identified and have worked towards that aren't ready to go, and
24 then allow us to continue to find relief. So as we develop
25 consensus on 189, we can move that forward as we develop -- as

1 we work with the local governments and develop a strategy for
2 that.

3 I guess finally I do want to express my
4 appreciation to Mr. Guillermo Valencia, who's now been kind of
5 designated as our really true point person here with the local,
6 because there's so many local leaders and local businesses that
7 are involved that the Greater Nogales Santa Cruz County Port
8 Authority is really stepping up to really start leading that
9 building the consensus. And as the director said, we want to
10 reaffirm we don't want to force a solution on them that isn't
11 working for what is best for the region, what is best for, if
12 you will, the rate of return, as Mr. Chamberlain had said, which
13 was -- which is very key to the business community as well as to
14 the local leaders down here who want to see the best for this
15 community.

16 So we are really going to look at a comprehensive
17 approach towards working through Mr. Valencia's group and those
18 local stakeholders, as well as meeting and listening to other
19 stakeholders, because they are key components within that
20 organization, but there are some others just as well.

21 But in order to make sure that we've built
22 consensus locally to move forward, the last thing the director
23 wants to do is to start some type of a discourse between us and
24 the locals on what the true improvement is. So we build this
25 one time, and we get everything done here to get the maximum

1 value for the investment that we have within this
2 infrastructure.

3 So with that, Mr. Chair, members of the Board,
4 I'm interested in any questions or further discussions at this
5 time.

6 CHAIRMAN LA RUE: Thank you, Floyd. Any
7 questions from -- Mr. Hammond.

8 MR. HAMMOND: Does it have to be a question, or
9 can it be a comment?

10 CHAIRMAN LA RUE: Little bit of both.

11 MR. HAMMOND: You know, I'm fairly new to the
12 Board. I don't want to get in trouble with our legal counsel,
13 but --

14 CHAIRMAN LA RUE: Well, you know, she is under
15 investigation, so you probably have some latitude today.

16 MR. ROEHRICH: I don't know if she'll be leaving
17 Nogales today just (inaudible).

18 UNIDENTIFIED SPEAKER: The indictments are
19 forthcoming.

20 MR. HAMMOND: But I want to mention, and I would
21 have said this earlier, but (inaudible). I've met all --
22 virtually all of you one on one on this issue or I've known many
23 of you for many years and done business with you over the years,
24 and this is my business, this cross-border trade. This is what
25 I do every day. And I really -- from my perspective as a board

1 meeting, what -- when we say ADOT's committed to this project, I
2 can tell you on our side of the equation, I have heard nothing
3 that doesn't confirm that. There's no hidden agenda. We want
4 to get this done.

5 I will say that -- and this is something that is
6 tough to appreciate in its fullness, is the fact is ADOT funding
7 drops every year. It's -- and it's in a death spiral when it
8 comes to revenues, whether it's gas tax that's been there since
9 1992, no inflation index, HURF sweeps. You can go on and on and
10 on.

11 So we all, in a sense -- I don't see them doing
12 anything very soon. So, I mean, we have to be solution
13 oriented. That's my point. I agree that it's a big enough
14 project that the feds should be funding this, but the
15 communities that are moving the ball forward are coming up with
16 local solutions, and there's good data that you can -- we have
17 that show you what other communities are doing to fund critical
18 infrastructure while we wait for maybe other entities to move
19 forward.

20 The lady mentioned the gas tax earlier. I asked
21 this question. I may be off a billion or two here, but five
22 cents a gallon more and inflation indexing our state gas tax
23 would solve about 50 percent of some of our ongoing needs. But
24 will the State do that? No. It would be up to you to convince
25 them that that's something that needs to be done, because

1 they've all signed, in many cases, no tax increase policies
2 going into their seats.

3 So I'm just saying the -- where Floyd's coming
4 from is the first step is agreeing on what this project looks
5 like, and then we can really move forward on funding sources,
6 and -- but I can tell you all across the board from -- no pun
7 intended here from us -- to a local community, we are 100
8 percent committed to this project.

9 So that -- was that a question?

10 MR. ROEHRICH: I concur with everything you said.

11 CHAIRMAN LA RUE: Any other questions by Board
12 members?

13 Well, Floyd, I want to thank you for the report.

14 MR. ROEHRICH: Thanks.

15 CHAIRMAN LA RUE: It's very good. And then what
16 my takeaways are, that got to get the consensus on what we're
17 doing. We've got to wrap our arms around the funding mechanism
18 in order to accelerate, you know, the project in the plan.
19 Otherwise, it's kind of -- is where it is.

20 MR. ROEHRICH: And I guess the last comment to
21 add on to that is we're really getting great support from the
22 locals. This is one of the most active and vocal community
23 stakeholders that we've worked with, from the local governments
24 to the business community. So I do think the solution's out
25 there. It's just going to take us time to do it, and that's why

1 when they ask to step back this year, so we have a strategy in
2 order to move forward with any type of funding, we have it all
3 comprehensively laid out.

4 CHAIRMAN LA RUE: Excellent.

5 MR. HALIKOWSKI: (Inaudible) and also the mayor
6 for working with us.

7 CHAIRMAN LA RUE: Right. Thank you.

8 Any other topics on Item No. 2, director's
9 report?

10 MR. HALIKOWSKI: No.

11 CHAIRMAN LA RUE: That's it?

12 All right. Move on to Item No. 3 and the consent
13 agenda. The consent agenda was distributed in the packet. I
14 would entertain if there's anybody that wants to remove anything
15 from the consent agenda. If not, I would entertain a motion.

16 MR. SELLERS: Mr. Chairman.

17 CHAIRMAN LA RUE: Mr. Sellers.

18 MR. SELLERS: I move for approval of the consent
19 agenda as submitted.

20 CHAIRMAN LA RUE: We have a motion. Do we have a
21 second?

22 MR. CUTHBERTSON: I second.

23 CHAIRMAN LA RUE: We have a second from
24 Mr. Cuthbertson. Do we have any discussion?

25 Seeing no discussion, all those in favor signify

1 by saying "aye."

2 BOARD MEMBERS: Aye.

3 CHAIRMAN LA RUE: Any opposed? The "ayes" have
4 it.

5 Let's move on to Item No. 4, legislative report,
6 and we've -- Mr. Biesty.

7 MR. BIESTY: Good morning, Mr. Chairman, members
8 of the committee. For the record, my name is Kevin Biesty,
9 Deputy Director of policy for ADOT.

10 I don't have much of an update on the federal
11 side except to say that Deputy Director Hammit and I will be
12 attending national Washington briefing next week. So we hope to
13 bring back some good information. One of the things we're going
14 to be bringing up again with our delegation is the rest area
15 issue regarding privatization and commercialization of rest
16 areas. Arizona and the western states need future (inaudible).
17 And so we're going to be picking up Director Halikowski, and the
18 team's going to be picking up that charge again and take another
19 (inaudible). So wish us luck.

20 On the state level, I will be sending out -- this
21 is the last week for bills to be heard in the house of origin.
22 So you'll be getting an updated list of the bills we're
23 tracking. There's numerous bills. As in previous years, some
24 bills don't get a hearing. We'll still include those on the
25 list, just with a notation that it hasn't moved.

1 Two bills I do want to bring to your attention.
2 Senate Bill 1207 is the ADOT continuation bill. Kind of an
3 important bill. We went through our sunset hearing, and so we
4 have an eight-year continuation bill that just passed
5 unanimously out of the Senate and is in the House. Hopefully it
6 will be heard this week.

7 CHAIRMAN LA RUE: Can you attach a rider to that
8 to, like, increase the gas tax?

9 MR. HALIKOWSKI: Actually, that bill is germane
10 to anything you want to add to it.

11 MR. BIESTY: Anything.

12 CHAIRMAN LA RUE: It passed so quickly, I mean,
13 maybe we're on a roll there.

14 MR. BIESTY: The other bill I want to bring to
15 your attention kind of has an interest for the Board, I would
16 say, from a funding standpoint. If you recall, a number of
17 years ago, the logo sign program was converted from a company
18 out of Minnesota. For decades they were doing this around the
19 country, and at the time it made sense because department of
20 transportations were about building roads. Well, ADOT is
21 developed enough that we looked at this and said, you know, we
22 could do this in house. So we had a very supportive legislator
23 and a lot of support behind us, and we had it passed, and it's
24 been growing ever since.

25 So one of the things we do want to do is House

1 Bill 2250, which will kind of expand on that and will allow ADOT
2 to provide driver-related and vehicle-related services and items
3 on MVD screens, on assets the department has. One of the things
4 that we've been working on is some vehicle wraps for certain
5 types of vehicles, with, like, let's say State Farm. Other
6 states have do it -- have done it, and it's -- they have seen a
7 reward. It's not going to give us the billion that's needed.
8 Yeah. I'm sorry, Mr. Chairman. But at least it's something to
9 show that ADOT, Governor Ducey and the State Transportation
10 Board is serious about we need something to plug in some
11 revenue.

12 So we're very excited about that. There was some
13 misunderstanding in the House. There was a number of no votes.
14 People were very concerned that we were going to advertise for
15 certain types of businesses that may not be appropriate, and
16 I'll let everybody decide what their level of appropriateness
17 is. But we had an amendment that said no. Like other states,
18 these are driver and vehicle-related services and items. So I
19 think we'll have a good chance in the Senate without any
20 problem.

21 CHAIRMAN LA RUE: So Kevin, with that, I'm
22 assuming that we would have policies in place, criteria and
23 procedures, some kind of committee that reviews that and, you
24 know, so that -- so we would have checks and balances so
25 something -- we wouldn't see something going down the road that

1 we're all embarrassed.

2 MR. BIESTY: Correct. Mr. Chairman, there -- in
3 fact, under the logo sign program, there are rules which have
4 the effect of law. So we're competent that it will be very -- a
5 smooth transition. I think it will be something that will
6 really plug some money that can be put into the program.

7 MR. STRATTON: Mr. Chairman.

8 MR. BIESTY: There was some discussion --

9 CHAIRMAN LA RUE: Yes.

10 MR. BIESTY: We had some --

11 CHAIRMAN LA RUE: Did you want to -- did you have
12 a question on that?

13 MR. BIESTY: I'm sorry.

14 MR. STRATTON: I did.

15 CHAIRMAN LA RUE: Mr. Stratton.

16 MR. STRATTON: Excuse me. While it won't bring
17 us the billion that we're wanting, do you have a projection of
18 revenue?

19 MR. BIESTY: When we met with the -- when we met
20 with the legislators in the House, I want to say that program
21 could generate in the range of four to \$6 million a year. Now,
22 again, as you build out these programs and have revenue, the
23 opportunity to bond against it when you combine other services
24 that we're looking at doing, it's a bondable source of revenue.
25 So that's being looked at as well.

1 MR. STRATTON: Thank you.

2 CHAIRMAN LA RUE: That's a good question.

3 Any other questions?

4 All right. Continue, please.

5 MR. BIESTY: There's been some discussion about
6 the Senate Bill 1490 (inaudible) transportation funding task
7 force. That bill is currently through the House -- I'm sorry --
8 through the Senate, sent to the House. There was an amendment
9 put out on the floor to allocate \$250,000 from the State General
10 Fund to DOA to do a survey of buildings -- vacant and
11 underutilized buildings owned by the State that can be sold to
12 fund transportation. So that was actually Senator Pierce from
13 Prescott.

14 There was some -- there was a little bit of a
15 problem with that bill, because some of the highway users, ATA
16 had gotten a little vocal that they're not represented on this
17 committee. So we'll see how this shakes out.

18 CHAIRMAN LA RUE: Let me -- are board members
19 up-to-date on what that bill says in the committee and all that?
20 Would you like 30 -- three minutes from Kevin on that?

21 MR. BIESTY: Sure. Basically what it does -- for
22 the past I want to say four or five years, it was a bill
23 introduced that formed a task force to look at all the different
24 options of transportation funding and make recommendations to
25 the legislature, to the governor. Unlike previous bills, these

1 were large task forces. I mean, it included everybody that
2 wanted to be in it. This rendition -- I -- wait. I may have
3 it. This rendition, I believe, narrows it down to seven. And
4 so there -- again, there was some concern, because there's local
5 representation. There's state representation. There's
6 representation by economists, and the chatter was what about the
7 trucking industry that spent -- you know, spends a lot on gas
8 and use fuel and transportation services. So that's going to be
9 a matter of discussion. It got out (inaudible).

10 The other bill of interest by Senator Worsely is
11 Senate Bill 1493, and this is a -- it's called state highway
12 construction tax credit. This has been a proposal that's been
13 around, what, about two years. It was brought to us by some
14 folks back east. And what it's based on is the low-income
15 housing tax credit. We talked with the housing department here
16 in Arizona, and they said they love it. So basically, you get
17 these tax credits. They're sold. And then the general fund
18 would take -- would fund those projects. That's the hangup.

19 There was an amendment put on the bill in the
20 Senate that basically said, these tax credits are going to be
21 sold, and then the state treasurer is going to say, let's say
22 \$100 was allocated to the State General Fund. Treasurer will
23 move \$100 from HURF over to State General Fund. And I had a
24 conversation -- Senator Worsely is just trying to keep the bill
25 moving for discussion. And I had -- and he gets it. If we had

1 the money in the HURF, we would build it. You wouldn't need to
2 create a system.

3 So the dialogue is continuing. It's heading over
4 -- it's actually awaiting Senate finance in the Senate. So like
5 I said, this was last week. So my guess is if it's not put on
6 something later, because there's still discussion about a
7 possible funding package this year. But again, that's just
8 discussions that's going on.

9 MR. SELLERS: And Kevin, I understand there's a
10 limitation on that bill, the amount of money that could be in
11 any particular year; is that correct?

12 MR. BIESTY: Yes. I believe on all these tax
13 credits, there's a limit, and then there's also a mandatory
14 review period that every tax credit has to go through.

15 MR. HALIKOWSKI: But Mr. Chairman, I think it's
16 just important to note at the bottom of all of this, it's
17 another financing mechanism. It doesn't really bring in new
18 revenue. And so at the end of the day, we still need a funding
19 stream in order to utilize the financing mechanism of the
20 credits.

21 MR. BIESTY: And that's why, Mr. Chairman,
22 Mr. Director, if they kept it in the State General Fund, that
23 would be new revenue, but the pressure on the State General Fund
24 leads to other -- other issues. So I'm happy that it's being
25 discussed. We're happy to be at the table looking at these

1 options, and like I said, there is -- there is movement on the
2 reality that we cannot keep going with the funding that we're
3 currently getting. So stay hopeful.

4 There are a few bills out there that I'm going to
5 leave for the report, because again, they're kind of bills that
6 we deal with every year. They haven't been heard in committee.
7 For instance, adding a state tribal member to the Board, so
8 having eight members of the State Transportation Board. There's
9 some funding bills we're in discussion with Senator Begay to see
10 if there's a way to get some more funding to the Navajo Nation
11 to continue the appropriation that (inaudible) last year. So
12 those are still in the pipeline.

13 And that's pretty much all I have right now, and
14 if you have any questions, I'd be happy to answer it.

15 CHAIRMAN LA RUE: Any questions from the Board
16 for Mr. Biesty?

17 Thank you, Kevin.

18 MR. BIESTY: Thank you.

19 CHAIRMAN LA RUE: Now the financial report.
20 Ms. Ward is --

21 MS. BEAVER: (Inaudible.)

22 CHAIRMAN LA RUE: Ms. Ward has changed her
23 appearance down there.

24 MR. ROEHRICH: Yeah. I feel -- I have to send
25 Ms. Ward's regrets, Mr. Chair, members of the Board. Something

1 came up, and it needed her immediate attention today, so she had
2 to cancel. So again, you're stuck with me.

3 So -- but there are some things -- she was really
4 looking forward to this, because for the first time she was
5 actually going to give you some positive news. So there are a
6 couple things that she did want me to point out. I'm not going
7 to be able to go through the whole slideshow. I don't have all
8 the background. She -- again, next month you get a full
9 comprehensive review, but there's something she did want to
10 point out. She wanted to point out --

11 CHAIRMAN LA RUE: So Floyd, now, you see what's
12 going on is it's a positive report, so you've found an emergency
13 for her so you could --

14 MR. ROEHRICH: Exactly.

15 CHAIRMAN LA RUE: -- (inaudible) good news.

16 MR. ROEHRICH: I said, hey, Kristine, you've got
17 to stay back and get this done. I'll take care of your report.

18 CHAIRMAN LA RUE: Yeah.

19 MR. ROEHRICH: And then next month when it goes
20 to hell, you be here (inaudible).

21 CHAIRMAN LA RUE: Exactly.

22 MR. ROEHRICH: But actually, I do want to put out
23 how this graph has been working. This is what she wanted to
24 point out. Although we didn't quite hit forecast this month,
25 but she -- this is the first time we -- in her mind, we've got

1 about six, seven months of sustained growth that's met our
2 forecast, but it stayed positive. And so it's showing enough
3 strong growth that she thinks continuing on through the year, it
4 should give us a little bit more money that, again, hopefully
5 we'll be able to use as the year goes on and see if there's an
6 opportunity to, again, either bring in some more projects or get
7 more projects started.

8 So for the first time, she's seeing gas tax and
9 the diesel tax being pretty strong to sustain growth. It's
10 within forecast. So we're not, you know, really generating too
11 much, but it's enough to where she feels comfortable. She'll be
12 able to keep her reserve cash balance up that eventually, if it
13 sustains like this, we'll start seeing more money coming in in
14 the future.

15 But the other point she wanted to point out was
16 the VLT. Almost 8 percent growth. As she had pointed out in
17 previous reports, that the fleet out there, because a VLT is
18 like a property tax that's placed upon the value of the vehicle,
19 our fleet has been older. People have been holding on to
20 vehicles much longer. This year starting in January and late
21 last year, and I think after November, we started seeing new
22 sale -- new car gross sales pick up.

23 In addition, for the first time, we've started to
24 see almost a 7 percent increase in new vehicles to Arizona being
25 registered. So in her mind, she was going to point out that she

1 started to see some growth of people bringing either that
2 secondary vehicle in or people coming into the state. And
3 again, as that growth -- if it continues to be sustained, it
4 will move forward at a much -- a better pace and it will give us
5 a little bit more financial relief moving forward. Again, it's
6 not solving the hole in all the projects that we need, but it
7 does bring a little bit of certainty towards what's in the
8 program, but the opportunity to look for maybe some strategic
9 investments as the year goes on and she builds up her caches.

10 CHAIRMAN LA RUE: Mr. Hammond?

11 MR. HAMMOND: Yeah. By the way, I've seen these
12 numbers. So I'm -- in the context of what I said, Floyd, as I
13 believe I am correct, though, I think it's a -- more of a
14 testament to the conservative budgeting of ADOT, because we're
15 still not back in just whole dollars, much less inflated
16 dollars, to 2007 in these funds, but they are increasing, which
17 is good news, but it -- as you said, it's -- I think you
18 understated it when you said it's not solving the problem. But
19 it is good news. So I don't want to take that away from this
20 morning.

21 MR. ROEHRICH: Mr. Chair, Mr. Hammond, it is, and
22 that's what she wanted to say. This was -- the first time she
23 was going to be positive about it, because it looks like it will
24 be good, and she's projecting that it continue for the rest of
25 the fiscal year. So see how the future -- future years look.

1 She had a few more slides of some federal issues
2 that have -- for the RARF funds. And again, these funds are not
3 shown as much as the HURF funds grow, but it continues to be a
4 little bit of a challenge with the retail sales that generate
5 the RARF funds. But again, she's within her range that she had
6 programmed or forecasted. So she doesn't see, like, it's going
7 to have a negative impact on the program, but it's not showing
8 the same type of growth or sustainment that the HURF does.

9 And her -- the federal program and the debt
10 program, you got a little bit of the update on the federal
11 program. Kevin talked about it. She said she'll have more
12 information on that in -- next month.

13 So with that, Mr. Chair, I'm going to finalize
14 the financial report.

15 CHAIRMAN LA RUE: Any other questions for Floyd?

16 Great. Thank you, Floyd.

17 So after financials, we move to...

18 UNIDENTIFIED SPEAKER: Kies.

19 CHAIRMAN LA RUE: Are we up for Mr. Kies? Yes.

20 Item No. 6.

21 MR. KIES: Yes, Mr. Chair. Thank you.

22 February is the month when we always bring to the
23 Board its staff's recommendation for the tentative five-year
24 program for the next five fiscal years, and the idea or the
25 purpose of today's presentation is to, again, give staff's

1 recommendation of the tentative five-year program.

2 We look for the Board to take action and approve
3 the tentative program, whether you approve it as presented or
4 with changes. Then the process is over the next three months,
5 March, April, May, we do a joint public hearing on the tentative
6 program with the board meeting, in conjunction with the board
7 meeting, leading to a study session in May where we bring all
8 the comments on the tentative program to your attention. We
9 talk about potential changes to the program before we present
10 the final program to you in June for your approval. So with
11 that, Mr. Chair, I have a presentation on the overview of the
12 tentative program.

13 CHAIRMAN LA RUE: Please.

14 MR. KIES: So what I'm going to provide to you
15 today is a little background about the five-year construction
16 program, which is a yearly event. First we'll start out with
17 some of the overview of our asset conditions, which is really
18 the start of the planning process to build a five-year program.
19 What is the condition of our assets? What are our trends? Then
20 I'll talk about the five-year program, which is focused on what
21 we refer to as general Arizona, which is -- or Greater Arizona,
22 which is everything outside the funding mechanisms associated
23 with MAG and PAG, which is Maricopa County and Pima County.
24 Then I'll highlight the PAG program and the MAG program for
25 those two counties, and then a little information about the

1 airport program, which is also part of the five-year
2 construction program.

3 So with that said, the background of the program
4 is, first, it's an all-year process. So as soon as we get done
5 with this planning process, we start again the planning process
6 for the next five-year program. It's done collaboratively.
7 There's a lot of divisions, a lot of letters within ADOT that
8 are involved, IDO, TSMO, FMS, which is our financial management
9 group, and MPD, which is the Planning Division. We do
10 coordinate quite frequently with our regional partners,
11 especially Maricopa Association of Governments and the Pima
12 Association of Governments, which have dedicated funding sources
13 that bring the projects to our system also.

14 So the main purpose of this program is that it
15 demonstrates how federal and state dollars will be obligated
16 over the next five years. So again, it's a five-year
17 construction plan. It's a plan looking out the next five years.
18 So it's based on revenue projections. And we do this every year
19 because we adjust the plan as we learn more about revenue, as we
20 learn more about project costs and project development, time
21 frames.

22 And the most important part of the program is
23 that it must be fiscally constrained. So Kristine brought to
24 you at the study session in January the backup calculations of
25 what the State Highway Fund brings to the program. The analysis

1 of the new FAST Act, and then she provides us those revenue
2 numbers that we can program against, and as long as we don't
3 exceed those numbers, we are fiscally constrained.

4 I do want to remind the Board that Kristine did
5 bring to you last -- at the study session that all the revenue
6 that we anticipate associated with the FAST Act, that's
7 associated with new freight programs, with adjustments that were
8 made for inflation related to the FAST Act are included in these
9 revenue calculations, and this five-year program proposes
10 projects and funding levels that utilize all of that funding
11 that's available in the FAST Act that we have discretion over.

12 So first an overview of our assets. Just to
13 remind the Board that one of the primary purposes of ADOT is to
14 maintain and preserve the system that we have already in place.
15 Our system is valued at over \$20 billion out in the field, and
16 so the preservation and the maintenance of that system is very
17 important. If we were to neglect the system, and as some people
18 say, let it go to seed, it would take us over \$200 billion to
19 replace that \$20 billion investment that we already have out
20 there. So this puts a lot of focus on the preservation side of
21 our program.

22 As many people came up and talked, made comments
23 earlier today about projects that are high priorities of the
24 State and number one priorities in their mind in certain
25 aspects, preservation is also a very high priority for the State

1 of Arizona and for staff.

2 With that said, here's an overview of our highway
3 bridge condition around the state. Every year we do inspections
4 of our bridges and report that back so that we can look at the
5 current condition of our bridges and the trends. The graphs
6 that you see in the upper left-hand corner is a almost 15-year
7 trend of our bridge conditions, green being good, yellow being
8 fair, and red being poor.

9 We currently are seeing 4 percent of our bridges
10 in what we call the poor category. I wanted to remind the Board
11 that a bridge rating of poor does not mean that that bridge is
12 unsafe. If we ever had a bridge that we considered unsafe, we
13 would not have that open to traffic. These bridges are still
14 open to traffic. It's just that the condition has gotten to a
15 level that our bridge group rates it as poor so that it's on a
16 watchlist, and we look towards putting projects that can improve
17 that condition.

18 The other aspect that I'm providing for you today
19 is a snapshot of our pavement condition. The graph in the upper
20 left-hand corner and is the interstate highway -- just the
21 interstate highways. Again, green being good, yellow being fair
22 and red being poor condition for the pavement. And then the
23 other graph below it is the non-interstate state highways. And
24 what is to be taken of note here is we've been doing -- we've
25 been focusing on the interstate system with our pavement. We've

1 been doing a good job of keeping it at about the same level of
2 good, fair and poor, even though there's been a slight degrade
3 over the last 15 years or so. However, what we are currently
4 pointing at is the non-interstates that as we put that focus on
5 the interstates, we are seeing degradation of the quality of our
6 non-interstate pavement, especially that category called the
7 fair category where we see it growing over time.

8 Excuse me. I'm going to apologize for having
9 Rod's crud, also, and I think that's going to be the official
10 name for it now is "Rod's crud."

11 I want to go into the aspects of the five-year
12 highway program, which is the program that focuses on Greater
13 Arizona outside of the funding sources that are available to
14 Maricopa County and Pima County. First I want to point the
15 Board to remind you about our long-range plan, which is the plan
16 that the Planning Division uses to guide our decisions about
17 programming and where we put funding towards projects. This
18 plan is currently being updated, and so we can -- we show you
19 each year this recommended investment choice with about a third
20 of the program going to preservation, and roughly a third
21 towards expansion, and a third towards modernization, which is
22 where all the safety improvements are. This has now been our
23 goal for our recommended investment choice for over five years.
24 We are now updating the long-range plan. So we're
25 re-evaluating this. We're looking at our needs, and we're

1 re-assessing where our long range should be guiding us. So this
2 might change in the near future.

3 As the Board may know, there have been a lot of
4 workshops going on around the state to talk about our long-range
5 plan and the vision for transportation, and that's the first
6 step to re-evaluating this long-range plan.

7 With that said, I just want to show the Board and
8 the public a comparison of this five-year program to the
9 previous five-year program that we're operating on now, where
10 those investment choices are being recommended in the program.
11 On the left is last year's five-year program from 2016 to 2020,
12 where about 29 percent of the entire state's program was
13 dedicated to preservation. This five-year program, you see that
14 we are recommending that 41 percent of the entire program be
15 dedicated towards preservation, which is a large bump up from
16 the last five-year program. And I'll explain to you the
17 opportunities why and where that comes in.

18 So with that, I want to focus again on the five-
19 year program for Greater Arizona. Now, when we take out the MAG
20 and PAG funding opportunities, we now see for the Greater
21 Arizona portion of the program 61 percent of the program is
22 recommended for preservation, again, to keep that system
23 maintained and operated correctly, which bites into the amount
24 that we're able to put into preservation -- or expansion and
25 modernization. You see only 14 percent of the Greater Arizona

1 program is being recommended towards expansion, and staff
2 believes that we should be focusing this level of funding on
3 preservation first, and then as revenues grow, we'll have more
4 opportunity towards expansion.

5 Mr. Chair and Mr. Hammond?

6 CHAIRMAN LA RUE: (Inaudible.)

7 MR. HAMMOND: This slide really highlights the
8 impact of the local resources of MAG and PAG when compared
9 against the previous slide. And there would be almost no
10 expansion going on if were it not for those two resources.

11 MR. KIES: That's a fair comment, Mr. Hammond.
12 Yes. The half cent sales tax is available in Maricopa County
13 and a half cent sales tax in Pima County. Add to the revenues
14 that ADOT has available and those projects -- those funding
15 sources are primarily earmarked for expansion-type projects.
16 Yes, sir.

17 This is a -- this is the slide that I like to
18 show that represents in concept what the five-year program
19 represents. The height of the bars, which are all between 400
20 and \$500 million per year that we have available for Greater
21 Arizona represent fiscal years '27 through '22 in order. And
22 these funding levels match Kristine Ward's revenue levels that
23 she's provided us that encompass all of the state transportation
24 fund or State Highway Fund revenues that we have available plus
25 the FAST Act federal aid program that we have available. These

1 revenue sources, again, are after we go through what the formula
2 that we call the rap formula (phonetic), meaning that we share
3 some of these funds with our partners, and in Maricopa County
4 and Pima County, and this is what's available for Greater
5 Arizona.

6 What I do want to bring to the Board's attention
7 is the green line that I put across the bar there. That's a
8 revenue level of \$260 million a year. As I say, each year that
9 I present the tentative program to you, our goal at staff level
10 is to spend at least \$260 million a year on preservation of our
11 system. This is the first five-year program that I have
12 presented to you where three of the five years we are -- we are
13 asking for you to concur with spending preservation levels at
14 that -- or at -- or nearly at that \$260 million level, which is
15 a great milestone for us at staff level.

16 The other aspects of this chart, the green is
17 preservation. The red is the modernization program, which is
18 the -- both safety and the modernization of our system projects.
19 The other color bands are for the planning and the project
20 development costs that we do at ADOT such as designing projects.
21 And then the most interesting part that everybody has questions
22 about is the expansion program, and that's those numbers at the
23 bottom. They're hard to read on this slide, but I'll go through
24 them one year at a time, and those are where those expansion
25 projects like 189 and Interstate 10 are proposed to be funded in

1 the program.

2 So with that, let's move on to these expansion
3 programs. We're recommending that \$40 million be dedicated to
4 expansion projects in 2017. Those projects, that 40 million
5 adds up or it's comprised of \$15 million for the SR-89 project.
6 That's called Deep Well Ranch Road to Junction 89A. That's in
7 the Prescott area. That has been -- that was previously shown
8 in this fiscal year, and we recommend that it stay in the same
9 fiscal year. \$6 million of that 40 million is dedicated to a
10 widening project of US-60 in the Show Low area, and then \$19
11 million of this five-year program is recommended towards the
12 SR-347 Union Pacific overpass project in the city of Maricopa.

13 As the Board may recognize, the total project
14 cost for that project is not \$19 million. It's in excess of \$50
15 million. However, this five-year program is recommending to
16 dedicate 19 million to that, and I'll get into the details of
17 that. This is another opportunity where we had a partnership
18 with a local community to contribute funding and also bring in
19 some grant funding, called a TIGER grant, towards that project.

20 The next year is fiscal year '18, and we proposed
21 \$89 million worth of funding towards our expansion project -- or
22 program, and that is made up of two projects. \$85 million going
23 to the I-10 project at Picacho. That's one of the sections of
24 road that -- where when you drive from Phoenix to Tucson, you're
25 on a six-lane road, three lanes in each direction, and then it

1 narrows down to four lanes and then widens back out to six
2 lanes.

3 This project is what we call shovel ready. This
4 is a project that Floyd alluded to, that the design has been
5 done years ago. Environmental clearances in hand. In fact, for
6 this project, all of the right-of-way has already been acquired
7 for it. So with the opportunities of additional funding in the
8 FAST Act, we found this -- an opportunity to bring this program
9 earlier into the program, and it is shovel ready, ready to go.
10 The other part of the 89 million is 4 million for the design of
11 SR-189, and I'll get into the details of that in a minute.

12 In fiscal year 2019, we have two projects in the
13 expansion program. \$5 million for the design of one of the
14 US-93 projects we're proposing at Cane Springs, and then \$40
15 million for another section of I-10, again, a section where you
16 go from six lanes to four and back to six in Casa Grande. It's
17 a \$40 million project from Earley Road to I-8. Again, this is a
18 project that we nearly call shovel ready. The 95 percent plans
19 are complete and ready to be submitted if the funding is
20 provided for this project, and then it's just a short time to
21 get this project truly ready for construction. So another
22 opportunity to bring a ready-to-go project into the program.

23 In fiscal year '20, we have \$31 million proposed
24 for US-93 Carrow to Stephens. This is a section of US-93 north
25 of Wikieup that would widen out US-93 to a four-lane divided

1 highway. Again, as Floyd indicated, this is another project
2 that was previously in the program years ago, designed as
3 already done. Environmental clearances in hand. And with
4 funding at this level, it's easy to get it ready to go to
5 construction.

6 In the last year of the five-year program, 2021,
7 we have \$95 million proposed for the expansion program, and
8 that's made up of two projects. US-93 at Cane Springs, which I
9 mentioned the design being done in 2019. So two years later,
10 that project would be ready for construction when the design is
11 complete. And then 189 at a \$64 million level for construction.
12 That is not enough funding to fund what people came up here and
13 commented on the full build plan, but that is the staff's
14 recommendation for a funding level for State participation in
15 this program to get a meaningful phase of the 189 project in the
16 program and looking for construction. Again, I mentioned that
17 design for that project, 189, would start in 2018. So this
18 project would be ready to be constructed in 2021.

19 So with that said, that's the highlight of all
20 the expansion projects in the five-year program.

21 A couple projects that I want to highlight.
22 First is SR-347 overpass at the Union Pacific railroad in the
23 city of Maricopa. As I said, that total project cost for that
24 project is \$55 million, current estimates. We're just about to
25 start design on that. So the first step is designing advanced

1 right-of-way, which this board approved in the previous five-
2 year program at \$6 million, and it's just about to be obligated
3 in this fiscal year. So design will be fully underway for this
4 project.

5 The next step in the 347 project is the first
6 phase, which is called relocating the Amtrak station. There's a
7 -- obviously an Amtrak railroad station at this location, and
8 the local community has taken this on as a local project to move
9 that station, and that contributes about \$6 million, at least at
10 this point in time, a tentative number of \$6 million for the --
11 towards this project.

12 And then the bulk of the work is in what we call
13 phase two and three, and that's building the overpass and all
14 the city streets that need to connect to that overpass. And we
15 -- you know, with partnerships, with the City of Maricopa, we
16 submitted a grant application to the federal government and were
17 privileged to be awarded \$15 million of a TIGER grant, which is
18 -- which has its pluses and minuses.

19 Pluses was it brings additional revenue to --
20 into this program, which is additional federal funding. The
21 minus is it has a time frame with it. It must be obligated and
22 ready to go in fiscal year -- well, in federal fiscal year 2017.
23 So that -- so as you see or as you may have known, this program,
24 this project was previously proposed to be in the year 2020.
25 Now we are accelerating it to 2017, and the bulk of that reason

1 is because of the time constraints on the TIGER grant.

2 When that TIGER grant application was put in, the
3 local community partnered with us and said that they'd be
4 willing to bring local funds to the table in a total of \$15
5 million. Six million of that, as I said, was towards the Amtrak
6 station. So we're relying on \$9 million of local contribution
7 to phases two and three.

8 And those -- as the Board asked in January, where
9 we are with firming up that agreement, staff has been meeting
10 with the City of Maricopa staff, and we've been making some
11 progress on getting to an ITA about the local contribution. So
12 at this point in time, we are recommending that \$19 million,
13 which is that final number on the slide, be provided in the
14 five-year program, because all of these other funding sources
15 are adding up to the \$55 million for the total package.

16 Next project that I want to highlight is one that
17 you may have heard of already today. SR-189/Mariposa Road. So
18 I just want to highlight the development plan, and the director
19 made some comments about the status of identifying what the plan
20 is. Floyd gave an update on coordination with the local
21 community.

22 So from the Planning Division, we're working
23 through the development plan of this project. So even though it
24 may seem like this project hasn't advanced very far, we are just
25 a couple months away or a few months away from having a draft

1 environmental document. That's a very large step on the path to
2 this project. And that draft will then allow the public to see
3 the recommended -- what we're calling the ultimate plan, what
4 the locals have been referring to as full build out. And that
5 full build out plan, it's hard to see on this slide, but
6 includes some large flyover bridges that allow trucks to go --
7 or all traffic to go free flow northbound onto -- from 189 onto
8 I-19, and the full build out plan has a flyover in the
9 southbound direction from I-19 to Mariposa Road. Those flyovers
10 ultimately also would have gray separations from Frank Reed
11 Road, which is an intersection very close to the I-19
12 interchange, and everybody who was on the tour yesterday saw the
13 intersection between 189 and Frank Reed Road.

14 So with the DCR and the EA, environmental
15 assessment, coming to completion, our next step is to do the 30
16 percent design plan. We're -- we at ADOT are moving forward on
17 30 percent design plans of the whole ultimate plan. The funding
18 situation for construction of the ultimate plan has not been
19 fully worked out yet, but our commitment is to do 30 percent
20 design plans on the full ultimate plan which allows all the
21 flexibility of this project to go in any direction depending on
22 the ultimate funding package. So if full funding comes to the
23 table, then those 30 percent plans would allow us to accelerate
24 the project as its ultimate configuration by delivery -- various
25 delivery methods. So we believe that advancing the 30 percent

1 plans of the full ultimate plan will further progress the
2 project forward, and that will be completed in 2017.

3 So what needs -- so where we are then is we then
4 advance to final design plans, and we have that recommended in
5 the program of \$4 million in 2018. That would be the design
6 plans of what the director referred to as the 189 project. And
7 that is where we really haven't decided what the 189 project is,
8 because all of the funding opportunities have not been fully
9 vetted and decided on. So really, a key milestone in this
10 development process is getting resolution on what is the 189
11 project by fiscal year 2018 so we can do full final design
12 plans.

13 And then as I said, staff's recommendation is
14 that this five-year program commit \$64 million to construction
15 in 2021, which is when the project would be ready for
16 construction based on design plans starting in 2018.

17 Yes, sir.

18 CHAIRMAN LA RUE: I should know this, but what
19 month does -- and year does fiscal '18 start?

20 MR. KIES: So fiscal '18 starts in July of the
21 year 2017.

22 With that, just some other highlights of this
23 five-year program. On the preservation side, this -- with the
24 projects that are recommended to this board in the tentative
25 program, about 20 percent of the bridges currently in poor

1 condition would be covered by projects that this five-year
2 program proposes. I just want to remind the Board that we don't
3 itemize each project for the full five years. We just focus on
4 the first two or three years. So this -- the fact that only 20
5 percent of the bridges in poor condition doesn't mean that --
6 that means that this entire five-year program is not going to
7 cover more bridges. It's just that those are the projects that
8 we've identified at this point. As we advance the five-year
9 program here, we're put more projects into the program.

10 Same with the pavement condition. This five-year
11 program has projects that address over 30 percent of the center
12 line miles that are currently in fair or poor condition on these
13 charts.

14 So real quick, the screen's a little small, so
15 I'll just use this screen to show. This is the breadth of our
16 preservation program that's recommended in the five-year
17 program. The map is intended to just highlight that there are
18 projects all over the state on all types of facilities that are
19 proposed in the program.

20 The same with our modernization program. The map
21 is intended to show the breadth of all the state -- projects
22 around the state. The modernization program, the typical --
23 excuse me -- the typical project types are those that enhance
24 the existing facility that's there without significant widening.
25 So we're talking about things like passing and climbing lanes,

1 new intersection improvements, shoulder widenings. Other
2 examples are intelligent transportation systems like the dynamic
3 message boards that you see that give travel time and detour
4 route information, and so on and so forth.

5 With that, again, just to point out our expansion
6 program, and really quick, I just -- for those people that are
7 not aware of where in the state those projects that I talked
8 about are located, I just wanted to have a map that current --
9 that highlights where the US-93 projects that are in the program
10 are located. North of Wikieup, close to I-40. The SR-89
11 project is in the Prescott area, just north of Prescott. The
12 SR-347 project, which is the Union Pacific overpass, is in the
13 city of Maricopa, south of Phoenix. The US-60 widening project
14 in Show Low is in the eastern part of the state. The two
15 segments of Interstate 10 that I highlighted are between Phoenix
16 and Tucson in Pinal County; one located near the community of
17 Picacho, and the other one in Casa Grande. And then hopefully
18 everybody in the room knows where the Arizona SR-189 project is
19 located here in Nogales.

20 So with that said, just a summary of the Greater
21 Arizona five-year program. With the opportunity of the funding
22 levels that the FAST Act provided us with the TIGER grant that
23 was awarded on SR-347, and with some growth in -- as Floyd
24 alluded to in the HURF funds, we -- we're happy to say that this
25 five-year program, we were able to keep all of the expansion

1 projects that were in the previous five-year program in this
2 five-year program. Plus we were able to increase the
3 preservation funding near to our goal of \$260 million a year,
4 and we were able to accelerate some on-the-shelf projects,
5 namely two projects on Interstate 10 and two projects on US-93
6 into the program that had been previously thought about in
7 previous programs. And then, again, we are able to now add in
8 the SR-189 project at a \$64 million funding level.

9 So with that said, that's all I had on the
10 Greater Arizona five-year program. Now I can talk a little bit
11 about the PAG program. And Mr. Chairman --

12 CHAIRMAN LA RUE: Well, do you want -- we'll take
13 questions at the end.

14 MR. KIES: Up to you.

15 CHAIRMAN LA RUE: Yeah.

16 MR. KIES: Okay. I just want to highlight the
17 PAG program, because it's -- it's a separate process from our
18 internal ADOT program, but the PAG program, again, uses some of
19 our federal aid funds that we have available, mixing it with
20 their RTA funds that they have for a half cent sales tax. I
21 just want to mention that the PAG program, their focus is on a
22 lot of interchange improvements on the state highway system. So
23 you already heard Rod Lane talk about the Ina Road project
24 that's coming up in 2017 and 2018, but other interchanges like
25 Houghten Road, Ruthrauff, Country Club, Kino Road, all on I-10,

1 are all part of the PAG program. And then some other projects
2 on I-19. And Rod mentioned the SR-86 project that is coming up.

3 Obviously you can't read all this, but the detail
4 of all those projects are included in the plan of which phase
5 are going to happen in which year and the funding amounts
6 associated with it.

7 Now on to the MAG program. The -- as Board
8 Member Hammond mentioned, the MAG and PAG program are both
9 focused highly on expansion. 91 percent of the MAG program is
10 dedicated towards expansion of the highway system in Maricopa
11 County. The bulk of that in this five-year program is dedicated
12 to South Mountain, which is a corridor that's going to get under
13 construction this summer and be fully built out in the span of
14 this five-year program, that the entire program is well over a
15 billion dollars. Some of that funding has already been
16 dedicated in previous years. So this five-year program includes
17 nearly a billion dollars for that project.

18 With that said, all of the details are shown in
19 the plan of when these projects are anticipated and the various
20 phases and the different funding levels.

21 Lastly but not least is the airport program, and
22 each year with the five-year program, we like to highlight the
23 airport of the year winner, and so we always make sure that we
24 show in our program pictures and information about the airport
25 that was awarded the airport of the year award, and this year

1 it's Yuma International Airport, and there it is in front of
2 you.

3 So the airport program is -- the Board does have
4 jurisdiction over the State Aviation Fund, and the Board is --
5 does have the responsibility of distributing those funds to the
6 needs of our aviation partners. So with that said, for next
7 fiscal year, fiscal year '17, there's -- the estimate is that
8 there will be about \$29 million available in the State Aviation
9 Fund. And this is how staff recommends to break out those
10 funds, and each year the fiscal year will be similar or the five
11 years of the five-year program would be similar.

12 The first element is matching federal funds. So
13 airports around the state have the opportunity to get federal
14 funds from the Federal Aviation Authority, or FAA, and all of
15 those federal funds need some sort of matching arrangement. So
16 our State Aviation Fund helps our local sponsors with some of
17 that matching money, and we have that budgeted at 3.8 million
18 this next fiscal year.

19 And then the bulk of the State Aviation Fund goes
20 towards local grants and our pavement preservation program.
21 Again, with airports, just like highways, preservation of the
22 pavement, condition of the runways is an important feature of
23 keeping those airports open to the public and the state local
24 grants that are available for other improvements such as adding
25 taxiways or adding aprons for parking facilities. And so

1 combining those two elements of the State Aviation Fund would
2 make available over \$18 million for our local airports.

3 We also have a loan program that airports have --
4 can have available, and then state planning services that we do
5 internal in the Planning Division. This year that number is
6 higher than previous numbers because every so often we have to
7 do a state assessment of our airport needs, and this year we're
8 going to fund that study opportunity. So with that said, that's
9 the overview of the airport program.

10 So in conclusion, I just want to remind the Board
11 of the next steps with the five-year program. again, if you
12 approve this recommendation for the five-year program or provide
13 changes, we will make those changes before March 18th, which is
14 the next board meeting, and that would be the first public
15 hearing on the five-year program. Then we accept comments on
16 the tentative program throughout the public hearing process, but
17 we don't change the tentative program. So the public in the
18 Tucson area, which would be Oro Valley, Phoenix and Flagstaff,
19 at the next three board meetings, see the same tentative program
20 and are able to comment on the tentative program.

21 We then bring all those comments to you as the
22 Board, and we get together at the study session in May to talk
23 about the comments and staff's recommendation to maybe make
24 changes to the program based on those comments, and we get your
25 input and then bring the final program to you at the June board

1 meeting in Holbrook, which will be on June 17th. The schedule
2 that we're working with is that we need the governor to sign the
3 five-year program by June 30th. So, therefore, we are able to
4 begin fiscal year '17 on July 1st and be open for business as
5 usual.

6 So with that, Mr. Chair, that's my presentation
7 on the five-year program.

8 CHAIRMAN LA RUE: Excellent. So we'll take --
9 you know, first, I was going -- what happened to the three
10 minute thing? I kept listening for the...

11 UNIDENTIFIED SPEAKER: (Inaudible.)

12 UNIDENTIFIED SPEAKER: (Inaudible.)

13 CHAIRMAN LA RUE: It was going?

14 Any questions by Board members?

15 MS. BEAVER: Yes. Chairman La Rue, I would like
16 to --

17 CHAIRMAN LA RUE: Vice chair.

18 MS. BEAVER: -- bring forward for consideration,
19 I think we're -- we've all received the letters from the
20 Wickenburg Chamber of Commerce who has a really active
21 transportation board. Their letter dated February 9th, one from
22 the Town of Wickenburg dated February 11th, and one dated
23 February 17th from the M3 companies. What -- they had met
24 with -- those entities had met with Chairman La Rue and myself
25 in Wickenburg. I believe it was in about May of 2015. Prior to

1 that, I'd also traveled that stretch of highway where Cane
2 Springs is located with the former engineer, Mike Kondelis. So
3 I'm a little bit familiar with that area because we did drive
4 it.

5 I think what -- and Alvin Stump, the engineer
6 that is over this area within Wickenburg, he was there at that
7 meeting with us also when we met in Wickenburg. But what
8 they're proposing, and it's revenue neutral, and it's not taking
9 away from somewhere else or that -- other than that stretch of
10 area of US-93. They're proposing that in FY '17, the WRE, which
11 is the Wickenburg Ranch Estates, would fund the entire design
12 for the gap project, which that's an area that's sort of between
13 Wickenburg and -- it's in a gray area. And they call it "the
14 gap."

15 But they would fund the entire design for the gap
16 project at \$4 million. In FY '19, ADOT would contribute 5
17 million, which is originally for the Cane Springs design, to
18 partner with six million from WRE to construct the widening of
19 US-93 between SR-89 and Rancho Casitas. Then in FY '21, ADOT
20 would fund 5 million for Cane Springs design and 26 million for
21 the construction of the remaining portion of the gap.

22 I'm putting this forward. I had a real problem
23 when we had these projects that had been in the five-year plan,
24 and then they kind of had been removed. And they seemed like
25 they were sitting there, and it was like if they were important

1 enough. But I'm more seeing now where this is something that I
2 support, and it's from the standpoint if they actually have
3 things up and ready to go right now, where Cane Springs is still
4 kind of in a rural area; the emergency that I believe was there
5 with accidents, and that seems like it has been remediated
6 somewhat from the work that has already been done by ADOT.

7 I still am aware, because we were traveling at
8 kind of -- you know, about the -- when the sun's starting to
9 set, and it's kind of in that northwestern direction. So
10 anybody heading that direction on US-93, kind of a northwest
11 direction, would have that sun coming down. But I'm seeing that
12 we could probably move -- move it without any problem to assist
13 Wickenburg right now, because they're ready to go right now, and
14 it would just delay the Cane Springs by two more years, and it's
15 already been delayed. So I'm putting forth that I would like to
16 see this put into the plan.

17 MR. KIES: Mr. Chair, if I may, so the request is
18 to revise the tentative program before we come back in March and
19 start the public hearings to match the proposal that's in the
20 letters from -- regarding the US-93 gap project and how it would
21 be reshuffled with the other two US-93 projects?

22 MS. BEAVER: Correct.

23 MR. KIES: Okay. Thank you.

24 MS. BEAVER: I think there is only a couple of
25 things that I had question about that I hadn't had answered

1 before I got here today. That's because this gap area seems to
2 not only be in the statewide, but there's a portion of it that's
3 in the MAG region. So I didn't know how that would all play out
4 in terms of -- because I know things that are in MAG have to go
5 through their process separate from what we would do with regard
6 to the statewide. So that was a concern for me.

7 MR. HAMMOND: Just a comment. If it's -- you
8 know, obviously if the locals want to do this and it's revenue
9 neutral, which I think we would want to, you know, see confirmed
10 by ADOT, I don't see why we wouldn't support that change.

11 CHAIRMAN LA RUE: Comments? Mr. Kies?

12 MS. BEAVER: I just had one other thing, and the
13 other thing is is I would want to be absolutely certain that we
14 have that commitment. I mean, they're saying that they're going
15 to put forward, but we also have that with 347. You know, I
16 want to know that we actually have a firm commitment in writing
17 from them that they're going to fund what they've said they
18 will.

19 MR. KIES: From the local development.

20 CHAIRMAN LA RUE: Comments? Floyd?

21 MR. ROEHRICH: Mr. Chair and Mrs. Beaver, members
22 of the Board, we all received that letter, and I've had only one
23 conversation with Alvin to look at that, and I think you made --
24 you just made a good point here, Mrs. Beaver, that we still need
25 staff to look at it, and we still want to make sure that we

1 understand. They're saying that it's revenue neutral, but we
2 need to obviously make sure for fiscal constraint.

3 So my recommendation would be is that we need
4 time to analyze that. We also need to hear from Alvin to make
5 sure that he concurs with that so we can analyze it. It's all
6 doable, but I would question do you need to do it as part of the
7 tentative program? If you approve the tentative program, it's
8 only a draft just so we can take it to the public. You're going
9 to get a lot more letters and a lot more requests from other
10 people to keep making adjustments to the program, and that's why
11 we have the study session in May to analyze all this.

12 So if you want to make an action today, that's --
13 I'm sure the Board's ready to do that. But the other thing you
14 could do is just let's approve the tentative that we reviewed
15 our last study session, have those requests, analyze those as
16 part of the public hearing process, and then have staff come
17 back to you and say, absolutely doable, or there's still a
18 concern, and especially the concern in the MAG region, because
19 we don't how MAG is going to want to consider that, because it
20 has to go through their process in order to move that. So I
21 think we've got time to do exactly what Wickenburg wants. I
22 would question, do you need to do that today.

23 MS. BEAVER: And Chairman, I would be agreeable
24 to waiting, but I wanted to get it out there so that -- before
25 this process, five-year process is over, I will come back with

1 it, so...

2 MR. ROEHRICH: Mr. Chair, Mrs. Beaver, it's
3 important to note that all those letters requesting it become
4 part of the public involvement process, and they become part of
5 the record of the development of the five year -- the ten and
6 five-year program. We don't ignore any of those, and they don't
7 go away. They become part of the record.

8 CHAIRMAN LA RUE: Steve.

9 MR. STRATTON: Mr. Chair, if I may, and I
10 absolutely support Deanna's recommendation, and your point
11 being, Mr. Hammond, that it be revenue neutral is correct.
12 However, it appears to me that you could be mixing Greater
13 Arizona money or TOC money with MAG money, making it so that it
14 may or may not be revenue neutral. And I would be interested to
15 know whether the MAG money would be paying for that or if it
16 would be the Greater Arizona piece for that, or if it would be a
17 combination thereof.

18 MR. KIES: That could be correct, and as Floyd
19 mentioned, we would have to go and coordinate with our partners
20 at MAG and look at this -- yes, anything that's funded in the
21 MAG region needs to appear in their tip. So that's the
22 coordination that needs to occur. And where the actual color of
23 the money and the funding comes from, we'd have to sit down and
24 talk with our partners. So I think having some time before the
25 final program might be helpful in this case.

1 MS. BEAVER: Well, Chairman, I would be willing
2 to approve the tentative proposal that has been put forth. I
3 just want you to have that understanding that this is something
4 that's out there, too.

5 CHAIRMAN LA RUE: Okay. Mr. Teller.

6 MR. TELLER: Thank you, Chairman, members of the
7 Board, and members of the general public. My name is Arlando
8 Teller, and I am just making a comment here.

9 I'm looking through this tentative program, and
10 I'm happy to see that there are tribal airports in here. So the
11 efforts from Senator Jack Jackson two years ago -- three years
12 ago have been placed in action, and I do appreciate that. I see
13 Navajo and Apache, but I don't -- I do not see Hualapai, and
14 Hualapai is right at the lip of the Grand Canyon. And I wonder
15 if there's any discussion between ADOT and Hualapai, because I
16 understand it's a very busy airport, that they're basically
17 working as much as they can. So I don't see that in the
18 tentative plan.

19 And if there is any other tribes that are taking
20 advantage of that opportunity when states (inaudible) was
21 amended in 2013 on Senate Bill 1317, definitely like to take
22 advantage of those opportunities, let the tribes know that they
23 have this opportunity for them.

24 MR. KIES: Mr. Chair, Mr. Teller, I don't know
25 the -- I don't have the details of the communications between

1 tribal airports and our aviation group, but I can prepare a
2 summary and provide it to Mary for the Board's information about
3 the discussions that have been going on to -- because as you
4 said, it's a new opportunity for tribes to be a part of the
5 State Aviation Fund, and they may not all know -- fully know
6 their opportunity.

7 CHAIRMAN LA RUE: Any other board member
8 questions on the presentation?

9 MS. BEAVER: Chairman --

10 MR. ROEHRICH: Mr. Chair, just a point of order.
11 Mrs. Beaver did make a motion --

12 MS. BEAVER: A motion.

13 MR. ROEHRICH: -- to recommend, but there was no
14 second nor any other suggestion. I don't know if you want to
15 keep that motion or you're going to ask for reconsideration
16 (inaudible).

17 CHAIRMAN LA RUE: I was going to return to the
18 vice chair for the motion if there was no other questions. I
19 wanted to get all the questions out first. All right?

20 MS. BEAVER: Yes. My motion is just to approve
21 the Tentative Five-Year Transportation Facilities Construction
22 Program as presented with the understanding that we may be
23 looking at this (inaudible).

24 MR. STRATTON: Second.

25 CHAIRMAN LA RUE: Okay. So we have a motion to

1 authorize ADOT's staff pursuant to ARS 28-6952 to proceed with
2 public hearings regarding the 2017 to 2021 Tentative Five-year
3 Transportation Facilities Construction Program. We have a vice
4 -- a motion by Vice Chair Beaver. We have a second by Board
5 Member Stratton.

6 Do we have any further discussion?

7 I guess what I would like to say, I think staff,
8 you heard pretty clearly from some members of the Board that
9 what's happening up on 93, given that some of the parameters
10 we've set not just on 93, but say in Maricopa and even down here
11 on 189, that there is local -- seems to be local consensus.
12 There seems to be local support, local funding, and it seems
13 like the locals are telling us how they want to change up some
14 priorities in the area. We really need to take a very deep dive
15 in that when you bring this back to us for final approval. So I
16 think we heard that very loud and clear here this morning.

17 With that, if there's no other discussion, all
18 those in favor signify by saying "aye."

19 BOARD MEMBERS: Aye.

20 CHAIRMAN LA RUE: Any opposed?

21 It is passed.

22 MR. KIES: Thank you.

23 CHAIRMAN LA RUE: Now, we have gone
24 two-and-a-half hours. Does anybody need to take a break? I
25 think we're about 40 more minutes left, if we want to just hang

1 in there?

2 UNIDENTIFIED SPEAKER: Keep going.

3 CHAIRMAN LA RUE: Just keep going? All right.
4 Keep going.

5 So we are now down to Agenda Item No. 7. Chief
6 Lane.

7 CHIEF LANE: Thank you, Mr. Chair. Mr. Chair,
8 members of the Board, Director Halikowski, good morning. My
9 name's Tim Lane. I'm the interim assistant director for the
10 Enforcement and Compliance Division.

11 And before I get into my very brief presentation
12 this morning, Mr. Chair, I'd like to thank you for those opening
13 remarks. I'm really glad that you had a chance, as did the
14 Board members and other members of the community, to get out and
15 see our port here in Nogales, because it certainly represents
16 ongoing efforts to make sure that trucks get through there and
17 that we get them through there safely and as quickly as we can.

18 And it's really a great segue into this
19 presentation, because it does remind us that we have other ports
20 of entry that are critical to our infrastructure (inaudible) and
21 impact our (inaudible) use throughout Arizona. And one more
22 point before I get in there, I -- you know, our officers on the
23 front line, they're very visible to the community, but there are
24 many men and women throughout ADOT that support us every day,
25 and I will pass those words along, not only to my officers, but

1 to the employees throughout ADOT that basically make this all
2 possible.

3 CHAIRMAN LA RUE: Thank you.

4 CHIEF LANE: So thank you very much.

5 This morning, very quickly, I'll talk about our
6 strategic overview. I'll talk about our structure. I will
7 speak specifically to the uniform side of the house on the
8 Enforcement Services Bureau. I'll talk about our protection
9 opportunities, the impacts on the economy, threats to the
10 system. Of course, being in Nogales, this is a great time to
11 talk about foreign trade and how critical it is to our state, to
12 our communities, and I will answer any questions that the Board
13 or the public may have.

14 Very quickly, we have a strategic plan that
15 focuses on safety, border force development. Obviously seeing
16 those employees out there yesterday, they're on the front lines.
17 We pay a lot of attention to those men and women, both sworn and
18 civilian, make sure that they understand completely what's
19 expected of them and they have the tools necessary to do their
20 job. Obviously we're there to protect the infrastructure.
21 We're very innovative and creative in looking -- we push those
22 decisions down, and our employees on the -- boots on the ground
23 make decisions every day that make what you saw yesterday very
24 possible. And also, we look at all the financial resources that
25 are relevant to our mission.

1 The structure of the Enforcement and Compliance
2 Division as you see on the screen (inaudible) division
3 administration, and then we have the Enforcement Services of the
4 uniform side of the house, and then we have the office -- or
5 inspector general's office, and Chief Mike Lockhart is the chief
6 over that investigative branch of our division.

7 The Office of the Inspector General, I'm going to
8 cover each of those points, but provides ongoing criminal
9 investigations in the areas of title and license, identity
10 (inaudible) fraud, and we use very sophisticated forms of
11 technology to conduct those investigations, and facial
12 recognition is certainly one of those programs that we're very
13 proud of. They're very impacting for us here in Arizona and at
14 ADOT.

15 The Enforcement Services Bureau, motor carrier
16 safety education enforcement, we do -- our primary focus is on
17 weight enforcement both at our fixed facilities and our mobile
18 efforts statewide. We have 21 state ports, including our
19 international facilities, one that you saw yesterday. We have
20 three virtual ports, at Canoa, McGuireville and Sacaton
21 providing us an opportunity to look at the threats and look at
22 what's happening intrastate and the opportunities for us to
23 impact those overweight vehicles and those trucks that are out
24 of compliance.

25 We issue permits. Last year, approximately over

1 400,000 permits were sold by our employees statewide, and of
2 course, a lot of that's done electronically. We're moving to do
3 that along our international border as well. We have a vehicle
4 registration fuel tax (inaudible) program as well.

5 The statistics, I think, are very interesting and
6 relevant to today's presentation: In calendar year '15, we
7 generated \$18.5 million in permit revenue in those 400,000
8 permits that were sold; 6.9 million in weight enforcement in
9 counties, around the ports that we work and staff every day. We
10 weighed 5.1 million trucks using our weigh-in-motion, those
11 technologies that are on the main line and on -- and in
12 St. George, we have ramp sorting capabilities as well. And then
13 we weighed over 2 million trucks bringing them into the port on
14 static sales. From that effort, we saw 206,000 overweight
15 commercial vehicles identified through the WIMs, and then we saw
16 another quarter of a million trucks overweight using our virtual
17 port technology. Employees, officers with the Enforcement and
18 Compliance Division cited 12,233 overweight trucks for
19 violations of our fuels and regulations.

20 Again, continuing with the statistics. 20,717
21 commercial vehicle inspections in calendar year '15. 7,229 were
22 level one. Of those, we found that 4,087 vehicles and drivers
23 were out of service. And the interesting point that probably
24 should be made here is "out of service" means imminent threat to
25 either infrastructure or safety. We made 91 arrests. We almost

1 made our 92nd arrest yesterday for security violations, taking
2 pictures.

3 CHAIRMAN LA RUE: That's still an open
4 investigation.

5 MR. ROEHRICH: (Inaudible.)

6 CHIEF LANE: And you can see how dangerous those
7 threats are to our port. So we can keep an eye on (inaudible).

8 And something that's very interesting. We have
9 apprehended over 3,000 port evaders, and that's probably a point
10 that we need to discuss a little bit. As you come through our
11 ports, you see where -- especially on the interstate ports,
12 where trucks are required to stay in the right lane, that's
13 where our -- all of our technology is. And they use different
14 techniques. They'll straddle the lanes. They'll get in that
15 left lane, or they'll actually just run the port. So those are
16 three ways that they evade our ports of entry. They also use
17 evasion routes. And as Board Member Beaver knows that, you
18 know, it's the 72 and 191 and other routes are commonly used to
19 evade our ports of entry, and that's a great deal of concern for
20 us, not only from a safety concern, but obviously an
21 infrastructure protection concern.

22 We, in an effort to deploy our -- and conduct
23 our mission, we deploy state-of-the-art screening and sorting
24 technologies statewide. You saw some of this yesterday. And I
25 think the point was made that we used to be maybe a minute to

1 get those trucks through those rapid express lanes that you saw,
2 and now we're down to seconds. And we'd like to -- and I would
3 like to emphasize to the Board and members of the public, we are
4 trying to do that and expand that to our state ports. We
5 realize how important that is to get those trucks through there.
6 We have tremendous partnerships with the industry and with our
7 stakeholders, not only in Arizona, but, you know, on our border
8 states and throughout the country, and we know how important
9 that is. And so we work very hard every day to deploy that
10 technology there.

11 Conducting outbound details, that is very
12 important for us, because trucks come into Arizona. They know
13 there's a compliance effort using our ports, but we do not have
14 that same technology (inaudible) outbound. So what you see is
15 on the outbound side trucks coming out -- leaving our state
16 heavy, and the road is paying the price for that, and I wanted
17 to bring that to your attention. We want to increase that
18 emphasis intrastate so we have those three virtual ports that I
19 told you about earlier. I'll show you some of the statistics
20 we're getting out of that, and we are currently working to
21 enhance our statewide WIM capabilities.

22 Port infrastructure investments. I love these
23 pictures. You know, the picture up on top is probably one of
24 the first ports we saw here in Arizona, maybe in the '30s or
25 '40s. I'm not sure exactly when. But our roads and our ports

1 have been here since the '60s since we started to build this --
2 these beautiful roads that you see in Arizona today.

3 And we are struggling with our capabilities at
4 those older ports. The picture you see on the bottom is
5 Ehrenberg. We are close to finishing phase one of that build.
6 It is an amazing facility. I'd like to invite the Board at
7 absolutely any time to see that. But it gives you a --
8 basically a comparison of what we would like to see statewide.
9 We would -- and I think those -- the comments made by the Chair
10 and by the committee earlier and certainly with all the
11 infrastructure issues and protection and preservation issues did
12 -- the conversation is really relevant, and we would like to see
13 ongoing efforts to improve our infrastructure statewide, both in
14 -- or to include (inaudible), San Simon, Yuma and Topock.

15 The infrastructure protection impacts our ports,
16 heavy trucks, overdimensional trucks, premature pavement and
17 degradation of our bridges. For safety, we have fatigue and
18 impaired drivers -- it is not uncommon for us to get DUI
19 drivers, and certainly we have had -- two of our arrests have
20 been on individuals that were on the terrorist watchlist. So
21 your ports do a great job for you and protect our communities
22 and our roads, and everybody usually looks -- yes, sir.

23 MR. ROEHRICH: Can you talk about some of the
24 contraband that you've found through your inspections? You've
25 been a major part of that as well, haven't you?

1 CHIEF LANE: Absolutely, and that's a great
2 point, Floyd.

3 We -- all of -- we are moving from our legacy
4 officer to a full authority officer. So our officers go through
5 the academy just like any other police officer in the state, and
6 we are trained to recognize those indicators on commercial motor
7 vehicles that are carrying contraband across our state. It's
8 not uncommon for our officers to find all sorts of contraband,
9 marijuana, cocaine, meth, heroin. And it -- it's obvious the
10 threats that they pose to our communities, not only here, but
11 throughout the United States.

12 That's a great point. Thank you for it.

13 So, you know, we identify high risk drivers
14 mostly using technology. That's the only way we can get those
15 trucks coming out of there. But we do detect a lot of
16 unqualified drivers. Protect the users from all -- protect all
17 the users of the system from both fatigue and unqualified
18 drivers.

19 Impacting the economy, we are very proud to be
20 part of ADOT's efforts to encourage people to come and stay here
21 in Arizona. We have great roads. We have a great state. We're
22 all citizens here. This is my home. And we have high quality
23 interstate and highway infrastructure facilities, and we'd like
24 to keep those protected. We have an excellent surface
25 transportation system that connects us to local markets

1 around -- you know, all over the country, and those are very
2 important to us. And we support not only our -- these officers
3 support our division, but all divisions within ADOT and all of
4 our transportation public safety stakeholders.

5 You were -- we're here in Nogales. Great city.
6 Great place to talk about the impacts to the economy. We heard
7 a lot of the discussion today about Nogales being a gateway for
8 trade and tourism from and with Mexico. We looked at the U.S.
9 Customs and Border Protection facility yesterday. It's an
10 amazing facility. We have a tremendous relationship with CBP,
11 but the ports of entry (inaudible) posted 22 billion in
12 merchandise exports, and with the Center of North American
13 Studies in 12/15 reports 35 percent of all produce from Mexico
14 enters through Arizona ports.

15 Threats, this is an important slide. Of
16 approximately the 7 million trucks that enter through Arizona's
17 six interstate ports, about 20 percent of them are out of
18 service or pose an imminent threat to both vehicle and driver.
19 Threats of port evasion, approximately 50,000 trucks per month
20 evade our ports of entry. And those are serious concerns to not
21 only myself, but Director Halikowski and all of us here at ADOT.
22 We want to make sure that people -- drivers coming in are safe
23 and meet our credentialing criteria, and also those trucks are
24 safe and the drivers are qualified to drive those trucks.

25 UNIDENTIFIED SPEAKER: We want to collect the

1 revenue.

2 CHIEF LANE: And we want to collect the revenue.

3 And again, these numbers were kind of staggering
4 to me. When I was a commander with the Department of Public
5 Safety, I had the Commercial Vehicle Unit, and I had no idea
6 that this was occurring. But I will say that DPS is a
7 tremendous partner. We work very close together at addressing
8 some of these issues.

9 The demand on the approximately 300,000 trucks
10 enter Arizona through Nogales commercial port of entry.
11 Obviously we see, based on the discussions here today, this
12 slide basically has been discussed and asked and answered all
13 day today (inaudible) ongoing discussions, put stress on the
14 infrastructure, reoccurring and non-reoccurring congestion.
15 Everybody sees that. Foreign trade -- yes, sir. Mr. Hammond.

16 MR. HAMMOND: Those 50,000 trucks, that's not
17 from Mexico to the United States.

18 CHIEF LANE: No, sir.

19 MR. HAMMOND: That might be from California and
20 Nevada.

21 CHIEF LANE: Yes, sir.

22 MR. HAMMOND: Okay. Do you have any -- okay.

23 CHIEF LANE: Mr. Chair, Member Hammond, yes, sir.
24 Those are basically those evasion routes that I told you about.

25 MR. HAMMOND: Yeah.

1 CHIEF LANE: 72, 191, and certainly that when
2 they just (inaudible) and they get 40 or 50 trucks together, and
3 they'll just -- they know I don't have the staff that can chase
4 them (inaudible) trucks.

5 MR. HAMMOND: (Inaudible.)

6 CHAIRMAN LA RUE: Steve.

7 MR. STRATTON: I have a question on the
8 violations. Do you check for red fuel, clear fuel type
9 violations since that does affect our revenue significantly?

10 CHIEF LANE: Mr. Chair, member -- yes, we do.

11 MR. STRATTON: Thank you.

12 CHIEF LANE: That's a great question.

13 MR. HALIKOWSKI: I would say that, Mr. Chairman,
14 board member, prior to Tim coming in to ECD, our Fuel Tax
15 Evasion Unit was not well staffed, nor well trained, nor well
16 equipped. If you look at where we were then and the trips he's
17 made to Texas and the training we've given our staff, we're far
18 better off to start now detecting dyed fuels, and we're not just
19 talking about saddle tanks on a semi. I think one of yours was
20 a \$300,000 fine to a rail car, as I recall.

21 CHIEF LANE: 3.5 million.

22 MR. HALIKOWSKI: 3.5 million.

23 UNIDENTIFIED SPEAKER: I like his numbers better.

24 CHAIRMAN LA RUE: Yeah.

25 UNIDENTIFIED SPEAKER: Yeah.

1 MR. HALIKOWSKI: The rail car comes in. It
2 offloads the dye diesel to the trucks, so we were losing it.
3 And so they were able to figure out how to stage a detail at the
4 rail yard and process that. So fuel tax evasion is an issue.
5 It's a big issue for states, and that use of dye diesel is
6 something that we're very in tune with and I'm trying to be on
7 top of.

8 MR. STRATTON: Thank you.

9 CHIEF LANE: Yes, sir. We -- and to that point,
10 that's a great question. Director Halikowski gave us the
11 resources and the opportunity, as he mentioned, to go to Texas.
12 That's their -- basically one of their top sources of revenue in
13 the State of Texas. They lose -- they figure they lose a
14 million dollars per day in theft. We think our best guess, it's
15 about 20 percent of the 680 million we could -- we get back.

16 You know, when you do one case coming from the
17 Department of Public Safety and all of the experience that I
18 have there, when I do one case and get 3.5 million, that's kind
19 of scary. You know, what else is going on out there that I
20 don't know? And we have a great group of men and women that are
21 working on that, and maybe someday I can report back to the
22 board specifically to our fuel tax efforts, but we do check for
23 red dye.

24 MR. STRATTON: Thank you.

25 CHIEF LANE: Yes, sir.

1 So with that, and in the interest of time, I know
2 how long you want me to spend going on, but I do appreciate this
3 opportunity. It is both a professional and a personal honor to
4 be here. I look forward to ongoing long-term relations with the
5 Board and developing those strategies necessary to help our
6 infrastructure and create a safer environment for all of us here
7 in Arizona.

8 CHAIRMAN LA RUE: Thank you.

9 CHIEF LANE: I'll open it up for questions.

10 CHAIRMAN LA RUE: Thank you, Chief.

11 Any questions --

12 CHIEF LANE: You're very welcome.

13 CHAIRMAN LA RUE: -- of Board members?

14 MS. BEAVER: You know, mine is more general --

15 CHAIRMAN LA RUE: Questions.

16 MS. BEAVER: -- Chairman, is the slides that
17 we've been putting up, even the ones that Mike Kies did, those
18 are going to be available on the web site, right? So, like,
19 that 189 slide that people were looking at -- okay. And so
20 yours will --

21 UNIDENTIFIED SPEAKER: Right. They'll be.

22 MS. BEAVER: They'll all be on there. Okay.

23 CHAIRMAN LA RUE: Any other questions by Board
24 members?

25 You know, Chief, I would say, you know, please

1 express our appreciation to your team, because this is
2 phenomenal, and as -- you know, one of the reasons I asked for
3 this presentation is for the last couple of years is I have sat
4 there saying, we're going to really promote growing trade in
5 Arizona. That's what we're going to do. It's pretty easy to
6 say, well, we've got to find money to build better roads for
7 that freight to go back and forth, but then you start thinking
8 about -- you know, you're hearing about preservation and
9 maintenance, and then all of the damage that these heavy trucks
10 bring and all the infrastructure.

11 You know, all of this has to work very well
12 together, because if we're very successful in one piece of it,
13 and that is growing our trade, and we're not very successful in
14 these other pieces, we're just setting ourselves up for failure
15 and future unintended consequences that we don't want to endure.
16 So I -- and the more and more I've got to, you know, view what
17 you guys do and learn about how you're doing it, I'm very
18 impressed. I love that customer service. I tell you, I almost
19 want to say maybe we should change this Enforcement and
20 Compliance Division to something else.

21 CHIEF LANE: I absolutely agree 100 percent, and
22 I've been working with the director on that very, very aspect.
23 And to your point, you know, we really have worked hard to get
24 Ehrenberg up and running.

25 CHAIRMAN LA RUE: Yeah.

1 CHIEF LANE: And hopefully we can use that as a
2 business case, because as we talked about yesterday, providing
3 that technology backbone, we need that in the facilities
4 necessary to deploy that technology. We just don't have it at
5 the San Simon, Sanders and Topock ports that we need to
6 accommodate the traffic that we -- the volume that we see today,
7 sir, and also the 30 percent increase that we are anticipating
8 over the next three to five years coming in from California.

9 CHAIRMAN LA RUE: You know, and I've got to
10 believe -- I don't own a trucking company, but I've got to
11 believe, you know, a trucking company owner would sit there, and
12 if they're following the rules and they're doing all the right
13 things, they're paying the right permits, they're paying their
14 fair share because they want to make sure the road integrity is
15 up to a level that, you know, they need to conduct their
16 business, that they would not be happy with all these people
17 that are not doing that.

18 So I think we kind of owe it to them to have the,
19 you know, capabilities to make sure that we're trying to create
20 that level playing field for the entire industry. So thank you.
21 That -- this has been a very -- very much an eye opener for me
22 to come down and experience it, see it. And, you know, please
23 express our appreciation to your entire team. They were
24 phenomenal. Even the guy manning -- the officer manning the
25 booth, you know, the way he was doing his job was pretty

1 phenomenal.

2 CHIEF LANE: Mr. Chair, members of the Board,
3 thank you. I will.

4 CHAIRMAN LA RUE: Thank you.

5 All right. Item No. 8, Multimodal Planning
6 Division report. Put him on the clock, three minutes. Mike
7 Kies.

8 MR. KIES: Mr. Chair, I think I did enough
9 reporting with the five-year program. I have nothing more to
10 report from the Planning Division.

11 CHAIRMAN LA RUE: Good. But do not carry his
12 three minutes over to Item No. 9.

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

14 CHAIRMAN LA RUE: Item No. 9 is PPAC, Priority
15 Planning Advisory Committee.

16 MR. KIES: Yes, sir, Mr. Chair.

17 This month I am going to start out the PPAC,
18 Planning Advisory Committee, with two economic strength
19 projects. They are Items 9A in your agenda, and this is an item
20 that hasn't come to you in the recent past. So I just want to
21 explain that the Economic Strength Program is a competitive
22 grant program that is jointly administered by the Arizona
23 Commerce Authority and ADOT, and ADOT provides up to a million
24 dollars a year to the Arizona Commerce Authority to run this
25 grant program and look for transportation projects that are

1 aligned with growing our economy in the state of Arizona.

2 This year they brought to us two projects that
3 they each want to provide a \$500,000 grant for, and one project
4 is in the city of Prescott, which is called the Corsair
5 extension, and it extends Corsair Avenue, which is near the
6 Prescott airport, 2,200 feet and provides a second access point
7 for the airport industrial park. And it's a total project of
8 1.4 million. So this project brings \$500,000, and the locals
9 are bringing \$900,000 to this project.

10 The second project is here in the city of
11 Nogales. It's -- it was mentioned earlier, and it's the north
12 industrial park improvement project. It improves 4,100 feet of
13 north industrial park, and it is a total project of \$1.2
14 million. This grant proposes to bring \$500,000 to the project,
15 and the locals are matching this (inaudible) over 700,000.

16 I would ask the Board to approve Item 9A, which
17 allows these grants to be awarded to these two projects.

18 CHAIRMAN LA RUE: All right. Any questions on
19 9A? Seeing none, can I have a motion to accept and approve 9A,
20 the Economic Strength projects --

21 MS. BEAVER: So moved.

22 CHAIRMAN LA RUE: -- Item 9A as presented? We
23 have a motion by Vice Chair Beaver.

24 MR. HAMMOND: Second.

25 CHAIRMAN LA RUE: We have a second by Board

1 Member Hammond. Any further discussion?

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

3 BOARD MEMBERS: Aye.

4 CHAIRMAN LA RUE: Any opposed? It is passed.

5 MR. KIES: Mr. Chairman, Items 9B and -- through
6 9I are eight project -- excuse me -- eight project modifications
7 that were approved by PPAC. And if the Board doesn't have any
8 other questions or comments, I would ask the Board to approve
9 Items 9B through 9I.

10 MS. BEAVER: I make a motion we approve Items 9B
11 to 9I.

12 CHAIRMAN LA RUE: As presented.

13 MS. BEAVER: As presented.

14 MR. SELLERS: Second.

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

18 Seeing none, all those in favor signify by saying
19 "aye."

20 BOARD MEMBERS: Aye.

21 CHAIRMAN LA RUE: Any opposed? Those are passed.

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

23 Items 9J through 9M are four new projects that
24 were approved by PPAC. Unless the Board has any questions or
25 comments, I would ask the Board to approve Items 9J through 9M.

1 MS. BEAVER: I make a motion we approve Items 9J
2 through 9M.

3 CHAIRMAN LA RUE: As presented.

4 MS. BEAVER: As presented.

5 MR. STRATTON: Second that with discussion on 9K,
6 please.

7 CHAIRMAN LA RUE: We have a motion by the vice
8 chair to accept and approve new projects Item 9J through 9M as
9 presented. We have a second by Board Member Stratton, and then
10 some discussion by Board Member Stratton.

11 MR. STRATTON: Thank you, Mr. Chair, Mike.

12 Several points on this I'd like to make. One,
13 the informational. To the west of Grover Canyon is a spur that
14 works with the rod mill, FMI rod mill, and also, the trucks
15 leaving the rod mill exit onto Grover Street. So I would ask
16 that you involve FMI people, Freeport people, in the beginning
17 of the planning process in order not to impact their business
18 and for safety reasons. That's a very narrow street, high truck
19 traffic, and a high volume of traffic. There is an adjacent
20 street that can be used as a detour, (inaudible) Avenue.
21 However, I do believe that (inaudible).

22 Also, I don't know if you can answer this one.
23 It's early in the planning stages, however, when I was with Gila
24 County, there were several railroad crossing projects on the
25 books. I'd like to ask when would this one be constructed?

1 Proposed to be constructed?

2 MR. KIES: Mr. Chairman and Mr. Stratton, so
3 yeah, as you mentioned, this is a new design project for a
4 railroad crossing upgrade. I don't have the information about
5 actual construction, but the rule of thumb is that we start the
6 design two fiscal years before we expect construction. So I
7 would then estimate it would be in fiscal year '18 since we're
8 in fiscal '16.

9 MR. STRATTON: Very good. Thank you, Mr. Chair.

10 CHAIRMAN LA RUE: We have a motion pending and a
11 second. Any further discussion on this item?

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

13 BOARD MEMBERS: Aye.

14 CHAIRMAN LA RUE: Any opposed? It's passed.

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

16 The last item on the PPAC agenda is Item 9N,
17 which is an airport project. I do want to note that Board
18 Member Beaver let me -- or pointed on the paperwork that there
19 was a indication missing that PPAC had approved this item. PPAC
20 did approve the item, but I will make sure that the paperwork
21 has all the acknowledgements from here on out. But Item 9N is
22 the single airport project that was approved by PPAC. Unless
23 the Board has any questions or comments, I'd ask for approval of
24 9N.

25 CHAIRMAN LA RUE: Do we have a motion?

1 MR. CUTHBERTSON: I make a motion we approve item
2 9N as presented.

3 MS. BEAVER: Second.

4 CHAIRMAN LA RUE: We have a motion and a second.
5 Do we have any further discussion?

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

7 BOARD MEMBERS: Aye.

8 CHAIRMAN LA RUE: Any opposed? It's passed.

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

10 CHAIRMAN LA RUE: State engineer's report.
11 Dallas.

12 MR. HAMMIT: Almost good afternoon, but
13 (inaudible). Twenty seconds before then.

14 On the state engineer's report, currently we have
15 123 projects under construction totaling \$796 million. In
16 January we finalized seven projects totaling \$41.3 million, and
17 year to date, we've finalized 84 projects. One thing additional
18 on the state engineer's report, I'd like to let the Board know
19 last month you heard the director give a brief (inaudible) South
20 Mountain Loop 202. That is still moving forward. We look to
21 later next week be meeting with the contractor to final
22 negotiations and sign the contract with that project. So that
23 is moving forward.

24 Any questions on the state engineer's report?

25 CHAIRMAN LA RUE: Questions? No.

1 MR. HAMMIT: Next item, thank you for approving
2 the four projects in the consent agenda, but we do have seven
3 projects that need a little explanation. The first one, Item
4 11A, this is a -- (inaudible). Okay.

5 CHAIRMAN LA RUE: Well, your backup's not there.

6 UNIDENTIFIED SPEAKER: Two-and-a-half minutes
7 left.

8 MR. HAMMIT: I have it on my pad, so I can
9 explain it to you if that works. You just won't see where it's
10 at (inaudible) not on the computer.

11 CHAIRMAN LA RUE: I mean, I've heard if it's not
12 on the internet, it doesn't exist.

13 MR. HAMMIT: I can e-mail it and it would be on
14 the internet in seconds.

15 CHAIRMAN LA RUE: Why don't you pull us through?

16 MR. HAMMIT: Okay. Here it goes. It was hidden.
17 That's why. Can you just run it from there, Lynn, and I'll
18 explain them?

19 UNIDENTIFIED SPEAKER: Yeah. (Inaudible.)

20 CHAIRMAN LA RUE: Got the next one up.

21 UNIDENTIFIED SPEAKER: Sorry about that.

22 CHAIRMAN LA RUE: There you go.

23 MR. HAMMIT: Okay. Mr. Chairman, Item 11A, this
24 is on I-8, Route 6 in the San Carlos preservation. It's between
25 State Route 70 and State Route 170. It's a pavement

1 preservation project putting -- and adding some pavement
2 markers.

3 The low bid was \$950,174 .97. The State's
4 estimate was \$777,221. The low bid was over the State's
5 estimate by \$173,953 .97, or 22.4 percent. In looking at the
6 differences, we had higher than expected for the cost to haul
7 the aggregates was higher than expected and also the traffic
8 control. He'd also underestimated the mobilization. After
9 review, the department believes the bid is responsible and
10 responsive and would recommend award to Southwest Slurry Seal,
11 Inc.

12 CHAIRMAN LA RUE: Do we have any questions for
13 Dallas? Do we have a motion?

14 MR. STRATTON: So moved.

15 MS. BEAVER: Second.

16 CHAIRMAN LA RUE: So we have a motion by Board
17 Member Stratton to accept and approve staff's recommendation to
18 award the contract for Item 11A to Southwest Surry Seal, and we
19 have a second by the vice chair. Any further discussion?

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

21 BOARD MEMBERS: Aye.

22 CHAIRMAN LA RUE: Any opposed? 11A is passed.

23 MR. HAMMIT: Mr. Chairman --

24 MR. STRATTON: Mr. Chairman, if I may make a
25 comment. Being familiar with that area, that's a highly

1 traveled road by employees of the hospital and other such. In
2 the partnering meeting, you may want to suggest that all the
3 traffic is going to be switched to Highway 70 when this takes
4 place. So there's going to be significant problems on Highway
5 70 from Globe to the turnoff to San Carlos. So I think in the
6 partnering meeting with DPS and contractor, those items need to
7 be mentioned. The traffic volume will go up the 82, go up
8 (inaudible) on 70, and the workers present on (inaudible) really
9 need to understand how much traffic is on that road so that
10 there's no accidents.

11 MR. HAMMIT: Mr. Chairman, Board Member Stratton,
12 we'll make sure that happens.

13 Item 11B, this project is in the town of
14 Winkelman. This is a signing and striping project. The low bid
15 was \$45,207. The State's estimate was \$58,467, leaving it under
16 the State's estimate by \$13,260 or 22.7 percent. We received
17 better-than-expected prices for the removal of the old signs and
18 traffic control. We did review the bid, and the department
19 believes that the bid is responsible and responsive and would
20 recommend award to AJP Electric.

21 CHAIRMAN LA RUE: Any discussion by Board
22 members? Do we have a motion?

23 MR. HAMMOND: I recommend approval of Item 11B.

24 MR. CUTHBERTSON: Second.

25 CHAIRMAN LA RUE: We have a motion to accept and

1 approve staff's recommendation to award the contract for item
2 11B to AJP Electric, Inc. Motion by Board Member Hammond,
3 second by Board Member Cuthbertson. Do we have any further
4 discussion?

5 Seeing none, all those in favor, signify by
6 saying "aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN LA RUE: Any opposed? Item 11B is
9 approved.

10 MR. HAMMIT: Item 11C, this is -- as the previous
11 were local projects, this is a local project in the city of
12 Glendale. It includes miscellaneous asphalt paving, curb and
13 gutter and sidewalk. The low bid was 485,000 even. The State's
14 estimate was \$394,711, leaving the estimate 90 thousand 289
15 thousand (sic) over the State's estimate or 22.9 percent. In
16 reviewing the bids, this area, it's in more of a residential
17 area with limited access, which led to higher prices in bringing
18 in the aggregate base, the roadway excavation and mobilization.
19 After review, the department believes that the bid is
20 responsible and responsive and would recommend award to Visus
21 Engineering Construction, Inc.

22 CHAIRMAN LA RUE: Do we have a motion for --

23 MR. SELLERS: Move for approval.

24 CHAIRMAN LA RUE: We have a motion to accept and
25 approve staff's recommendation to award the contract for Item

1 11C to Visus Engineering Construction. Do we have a second?

2 MS. BEAVER: Second.

3 CHAIRMAN LA RUE: We have a second by the vice
4 chair. We had the motion by Board Member Sellers, second by the
5 vice chair. And any further discussion? No further discussion.

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

7 BOARD MEMBERS: Aye.

8 CHAIRMAN LA RUE: Any opposed? 11C is approved.

9 MR. HAMMIT: Mr. Chairman, Item 11D is in the
10 city of Eloy. This is a pavement marking rehab project. The
11 low bid was 200 -- excuse me -- \$102,131. The State's estimate
12 was 141,438, or \$39,307 under the State's estimate, or 27.8
13 percent. In talking with the contractor, they had higher
14 production rates which led to a lower price for the striping and
15 the pavement markers. In review, the department believes that
16 the bid is responsible and responsive and would recommend award
17 to Roadsafe Traffic Systems, Inc.

18 CHAIRMAN LA RUE: Okay. Do we have a motion?

19 MR. STRATTON: So moved.

20 CHAIRMAN LA RUE: Was that Stratton? We have
21 a --

22 MR. CUTHBERTSON: Second.

23 CHAIRMAN LA RUE: -- motion to accept and approve
24 staff's recommendation to award the contract for Item 11D to
25 Roadsafe Traffic Systems by Board Member Stratton, and the

1 second was -- was it Cuthbertson? Bill?

2 MS. BEAVER: Yes.

3 CHAIRMAN LA RUE: We have a second. Do we have
4 any further discussion?

5 Hearing not, all those in favor signify by saying
6 "aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN LA RUE: Any opposed? 11D is approved.

9 MR. HAMMIT: Mr. Chairman, Item 11E, this is a
10 pavement preservation project on Interstate 40, basically from
11 the junction of 93 going east. The low bid was \$4,648,839.55.
12 The State's estimate was \$6,185,568.30, or \$1,536,728.75 under
13 the State's or 24.8 percent. The difference was in fuel prices.
14 When we called and checked prices for oil in December, it was
15 going for \$575 a ton. In January it's \$350 a ton. We saw a big
16 change. Diesel was at wholesale levels. 130 -- excuse me --
17 \$1.31. Went down to \$1.04. So it was all on fuel and then
18 asphalt (inaudible) was the difference. After review, the
19 department believes the bid is responsible and responsive and
20 would recommend award to Fann Contracting, Inc.

21 MR. HAMMOND: I'll move approval.

22 MS. BEAVER: Second.

23 MR. HAMMOND: I want my name on that one.

24 CHAIRMAN LA RUE: I was going to say, I sense a
25 trend here.

1 We have a motion by Board Member Hammond to
2 accept and approve staff's recommendation to award the contract
3 for Item 11E to Fann Contracting. We have a second by Vice
4 Chair Beaver. Any further discussion?

5 Seeing none, all those in favor signify by saying
6 "aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN LA RUE: Any opposed? 11E is approved.

9 MR. HAMMIT: Mr. Chairman, Item 11F, another
10 project on Interstate 40. This is between US-93 and Seligman.
11 It's a bridge deck rehab. Taking care of one of those bridges
12 Mike talked about earlier. The low bid was \$5,823,729.72. The
13 State's estimate was \$5,227,559.94, or 569 thousand 169 thousand
14 dollars and 75 cents (sic), or 11.4 percent. The site is fairly
15 remote. The concrete had to be hauled in. The biggest
16 difference we saw was in the concrete item itself. After
17 reviewing the bids, the department does believe it was
18 reasonable and responsive and would recommend award to FNF
19 Contracting, Inc.

20 CHAIRMAN LA RUE: So do we have a motion on Item
21 11F?

22 MR. HAMMOND: Okay. I'll move.

23 MS. BEAVER: I'll second.

24 CHAIRMAN LA RUE: We have a motion by Board
25 Member Hammond to accept and approve staff's recommendation to

1 award the contract for Item 11F to FNF Construction, second by
2 Vice Chair Beaver. Do we have any further discussion?

3 Seeing none, all those in favor signify by saying
4 "aye."

5 BOARD MEMBERS: Aye.

6 CHAIRMAN LA RUE: Any opposed? That is approved.

7 MR. HAMMIT: Thank you, Mr. Chairman. I thought
8 Mr. Hammond was only making motions for the ones that went under
9 the estimate.

10 CHAIRMAN LA RUE: Yeah, he is --

11 MR. HAMMIT: He is playing both sides.

12 CHAIRMAN LA RUE: He's stepping outside of his
13 comfort zone. He's growing as a board member.

14 MR. HAMMIT: The last one I bring to you is Item
15 11G. This is on State Route 69 in the area of Dewey-Humboldt.
16 I didn't want to bring this one, because this adds one more
17 signal on my commute home, but it is needed. This is a traffic
18 signal installation.

19 CHAIRMAN LA RUE: Are you declaring a conflict of
20 interest?

21 MR. HAMMIT: No, no. I'm just --

22 CHAIRMAN LA RUE: Okay. I just wanted to make
23 sure (inaudible).

24 MR. HAMMIT: (Inaudible.) The low bid was
25 \$328,802.82. The State's estimate was \$404,998.79, or

1 \$76,195.97 under the State's estimate, or 18.8 percent. As we
2 reviewed the bids, we saw better-than-expected prices in our
3 asphalt base, the electrical conduits, putting those in and the
4 pavement markings. In review, the department believes that the
5 bid is reasonable and responsive and would recommend award to
6 Roadway Electric.

7 MR. SELLERS: Move for approval of 11G.

8 MS. BEAVER: Second.

9 CHAIRMAN LA RUE: We have a motion by Board
10 Member Sellers to accept and approve staff's recommendation to
11 award the contract for Item 11G to Roadway Electric, Inc. We
12 have a second by Vice Chair Beaver. Do we have any further
13 discussion?

14 Seeing none, all those in favor signify by saying
15 "aye."

16 BOARD MEMBERS: Aye.

17 CHAIRMAN LA RUE: Any opposed? 11G is approved.

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

19 CHAIRMAN LA RUE: Thank you, Dallas.

20 We'll move on to Item No. 12, which is
21 suggestions. Do any Board members have suggestions for items
22 they'd like to be placed either on future board meetings and/or
23 study sessions or the like?

24 MS. BEAVER: Chairman, I do.

25 CHAIRMAN LA RUE: Vice chair.

1 MS. BEAVER: What I was reading on, you know, we
2 get the -- any kind of stuff that's out in the newspapers and
3 that, and I was noticing about the accidents. I don't know if
4 you happened to see that most recent that we got, but I was
5 wondering if there's a breakdown as far as what precipitates the
6 accidents besides dust, you know, a distracted driver, drinking.

7 But one of the things that I took note of was the
8 fact that it was talking about -- and I think we could do it
9 pretty easily without too much expense, is post -- posting kind
10 of a reminder, sort of like, you know, don't drink and drive,
11 you know, back in the day when that was kind of getting started
12 up and using a designated driver and that. But is there some
13 way that we could do something that has to do with --

14 UNIDENTIFIED SPEAKER: (Inaudible.)

15 MS. BEAVER: -- texting, no texting? So I would
16 just --

17 UNIDENTIFIED SPEAKER: (Inaudible.)

18 MS. BEAVER: I don't know what other issues, but
19 if there's a way that we could look at what -- it was, like,
20 over 800 accidents in the state.

21 MR. HALIKOWSKI: Mr. Chair, Mrs. Beaver, so as we
22 look out across the country, what's happening out there --

23 MS. KUNZMAN: Director, do you want to maybe,
24 like, step up to the microphone? Because it's -- I don't think
25 it's picking up. Do you mind?

1 MR. HALIKOWSKI: (Inaudible.)

2 MS. KUNZMAN: Is this going to be like a
3 jailhouse confession?

4 CHAIRMAN LA RUE: She wants to get off the hot
5 seat and put you on.

6 MR. ROEHRICH: See, I thought, Michelle, you were
7 going to say, Mr. Chair, this was not on the agenda for
8 suggestion. Are you asking us to put this on the agenda so we
9 can discuss it? I guess that's what I thought.

10 MS. BEAVER: Yeah.

11 MR. HALIKOWSKI: I'm sorry. I thought you wanted
12 perhaps some ideas now, but we can --

13 MS. BEAVER: Well, I think more later, because it
14 isn't on the agenda.

15 MR. ROEHRICH: Michelle, do you want to --

16 MS. KUNZMAN: Very -- boy, I don't need to be
17 here anymore.

18 MS. BEAVER: Parliamentary procedure at its best,
19 right?

20 CHAIRMAN LA RUE: (Inaudible.)

21 MS. KUNZMAN: That was good.

22 CHAIRMAN LA RUE: But let me -- so Deanna asked
23 two questions really. One was let's get into the numbers.

24 MR. ROEHRICH: Right.

25 CHAIRMAN LA RUE: Because I had that same

1 question is what is moving those numbers. Is it more vehicles
2 miles traveled, and therefore you've got more accidents? What's
3 moving the numbers. Then based on what's moving the numbers,
4 what is our reaction to, you know, what's causing that movement
5 (inaudible).

6 MR. HALIKOWSKI: Yeah. I think as you look
7 across the country, you're probably going to find two or three
8 factors that are prevalent; distracted driving being one,
9 fatigue being another, and certainly the impaired driver. And
10 then you see things following on down the line. Elderly folks
11 or young folks who are not well schooled in driving. So there's
12 a number of different factors there, and what we can do is take
13 a look at our crash report forms and talk about some of the
14 statistics and numbers.

15 The difficulty we've always run into is that how
16 do you change people's behavior? And no matter how many laws
17 you pass and things that you do, you need to have enforcement of
18 whatever it is you're going to try to do to change behavior.
19 And whether that's cell phone use or some other form of
20 distraction, trying to get the last ice cube out of the Slurpee
21 cup, I mean, there are many forms of distraction out there.

22 The impaired driver continues to plague us quite
23 a bit, because 65 percent of our wrong way crashes, that driver
24 is impaired on either alcohol, drugs or a combination of
25 different substances.

1 So we'll try and put a report together for you,
2 Mr. Chairman, along with some of the countermeasures, but
3 essentially, it really comes down to what Board Member Beaver
4 has pointed out, education. It comes down somewhat to
5 engineering, which is unfortunate.

6 But then there's this four E -- the fourth E I
7 like to talk about. It really takes everyone. People have to
8 make a conscious decision to change their behavior and how
9 they're driving. And a good example for me is always the Loop
10 101 where we're doing construction out on the Loop 101, north
11 and south as we go through Scottsdale. We have a posted speed
12 limit of 55 miles an hour. We have shrunk those lanes down, I
13 think, to 10 or 11 feet, and yet I could easily be doing 75 --
14 don't record that -- and I'll be passed by people doing 85 or 90
15 in that construction zone. And you can tell that's dangerous.
16 The pavement is rough, and it's not something that you want to
17 drive fast on, and yet people continue to ignore that.

18 So we've been in a lot of conversations with the
19 governor's office, highway safety and the Department of Public
20 Safety about these strategies to try and change driver behavior,
21 but it does take a unified approach of education, enforcement,
22 engineering, and then getting people to consciously change their
23 behavior, not get behind the wheel after they've had a few
24 drinks, not speed through construction zones, not answer the
25 phone or text when they're driving. Our deputy engineer, Steve

1 Boschen, has a phrase at the bottom of every text he sends. It
2 says, "Sent while not driving."

3 CHAIRMAN LA RUE: Very nice.

4 MR. HALIKOWSKI: So there are a number things,
5 and especially with our younger groups, we have to focus on is
6 that you can't look at a cell phone, and you can't be driving at
7 the same time.

8 MR. ROEHRICH: So Mr. Chair, in consideration of
9 that, I recommend if you want to have this as a topic for
10 further discussion, we bring in and we have a -- the discussion
11 on our Strategic Highway Safety Plan and the actions that we're
12 taking in consideration of what we're seeing with the accident
13 numbers.

14 MS. BEAVER: Okay.

15 CHAIRMAN LA RUE: Okay.

16 MS. BEAVER: Well -- excuse me, Chairman. It
17 just seemed like it -- this particular article, out of
18 trivalleycentral.com, anyway, it came through our communications
19 department, but it was talking about there was 881 fatalities
20 reported from the council in Arizona last year, which was a
21 significant increase from the 768 in 2014. So I'm -- I'm
22 thinking, wow. And then it was talking about how just little
23 things, and I'm thinking, we have these overhead boards all over
24 the state now. If we could just put little reminders out there
25 in people's, you know, heads.

1 MR. ROEHRICH: And we do. But I think we need to
2 agenda this so we can have that further discussion. We're
3 getting very deep into --

4 MS. BEAVER: Yeah.

5 MR. ROEHRICH: -- a lot of actions and a lot of
6 discussions.

7 MR. HALIKOWSKI: One state on their message board
8 for texting and driving put up the message, "get your head out
9 of your apps."

10 CHAIRMAN LA RUE: Yeah. That was pretty funny.

11 MR. SELLERS: Yeah. If I could, I'd just mention
12 quickly that at our Transportation Policy Committee meeting this
13 week at MAG, there was a -- an update on the DPS officer and the
14 TOC.

15 UNIDENTIFIED SPEAKER: Right.

16 MR. SELLERS: And one of the points that was made
17 during that is that some of the accident increases because of
18 cheap fuel --

19 UNIDENTIFIED SPEAKER: Right.

20 MR. SELLERS: -- is causing people to drive a lot
21 more.

22 CHAIRMAN LA RUE: Steve, you've got ideas.

23 MR. STRATTON: There's an item that's very
24 specific that I'd like on the agenda. It may lead to another
25 discussion for the whole Board. It would be the railroad

1 crossing at Highway 60 and Calle de Loma. However, having
2 attended these meetings quite some time, I don't recall the
3 presentation. And Mike mentioned this earlier to the Board, on
4 the funding mechanisms and how a railroad crossing is funded and
5 selected. If the Board would like that, it would be a good
6 topic, I think.

7 CHAIRMAN LA RUE: I think we'll let --

8 MR. ROEHRICH: From Mr. Chair, Mr. Stratton,
9 absolutely. You said Highway 60 and what was it?

10 MR. STRATTON: Calle de Loma.

11 MR. ROEHRICH: Calle de Loma, okay.

12 UNIDENTIFIED SPEAKER: Can you spell that?

13 MR. ROEHRICH: No. I can't.

14 MR. STRATTON: C-a-l-l-e.

15 MR. ROEHRICH: No, that's okay. I'm phonetically
16 doing Calle de Loma, and I'm going to trust that Mike Kies has
17 the specifics.

18 MR. KIES: I think I got it.

19 MR. ROEHRICH: He's the map.

20 CHAIRMAN LA RUE: Any other suggestions or items
21 on 12?

22 (End of excerpt.)

23

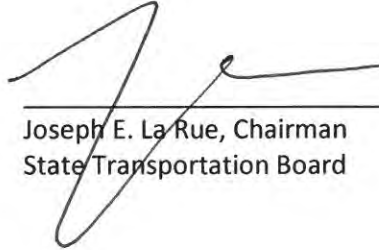
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Adjournment

A motion to adjourn the February 19, 2016 Board meeting was made by Jack Sellers and seconded by Bill Cuthbertson. In a voice vote, the motion carries.

Meeting adjourned at 12:24 p.m. MST.



Joseph E. La Rue, Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation