

MINUTES
STATE TRANSPORTATION BOARD
STUDY SESSION
(IMMEDIATELY FOLLOWING THE SPECIAL MEETING)
9:00 a.m., Tuesday, August 30, 2016
Human Resource Development Center (HRDC)
Grand Canyon Room
1130 N. 22nd Ave.
Phoenix, Arizona 85009

Roll call by Board Secretary Mary Beckley (taken from Special Meeting)

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

Absent: None

Opening Remarks – None.

Call to the Audience: None.

Michael Kies introduced No. 1, Long Range Transportation Planning (LRTP) and What Moves You Arizona Update

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**ITEM 1: LONG RANGE TRANSPORTATION PLANNING (LRTP) and WHAT MOVES
YOU ARIZONA UPDATE (Michael Kies)3**

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**ITEM 3: LEGISLATIVE FUNDING OF APPROVED FEDERAL FASTLANE GRANTS AND
DEFEATED TIGER GRANT APPLICATIONS (Kristine Ward and Michael Kies)40**

1 (Beginning of excerpt.)

2 MR. KIES: -- in this plan we have a 25-year
3 horizon. We're looking out to the year 2040, and some of the
4 things that this long-range plan will do is shown here on the
5 slide. But the one thing that I do remind the Board is that as
6 we do our five-year program, that last bullet item on this list,
7 we come to you with a recommended investment choice of how we
8 should -- we feel we should be distributing our money between
9 major items like expansion, preservation and modernization. And
10 this update of the five-year plan is going to give us a
11 framework to look at changing that recommended investment choice
12 based on the input we've got.

13 So how do we develop the plan? Well, we start
14 off with goals and objectives, and that leads us performance
15 measurements. And this is a -- is an update of What Moves You
16 Arizona, which was the plan that was done about five years ago.
17 So we're using similar goals as to what was established in the
18 previous plan, and you see goals related to mobility, safety,
19 preservation, other items like improving partnerships with our
20 -- with other agencies that we work with, environmental
21 stewardship and economic vitality. And these are all things
22 that have rolled forward from the last long-range plan.

23 With that said, the other element of a long-range
24 plan is that we need to look -- since we're looking out to the
25 year 2040, we need to look at what are those transportation

1 needs that if we had all the funding available to us, what would
2 we need to fund over the next 25 years. And the exercise that
3 was done with this long-range plan shows that our transportation
4 needs between now and 2040 are about \$105 billion worth of
5 needs. And you can see some of the categories there that these
6 needs are put into. The biggest one being the highway needs,
7 which is an all-encompassing category of preservation,
8 maintenance, improvements such as safety improvements and
9 expansion, and then you see some other categories like bike and
10 ped., transit issues and things like that.

11 And, of course, then we compare those needs to
12 the revenue that we'd expect over the next 25 years. And as you
13 can see on this slide, if nothing changes on the revenue side,
14 we expect to have about \$32 billion worth of renew against \$105
15 billion worth of needs. So that's where the long-range plan
16 really needs to look at the tradeoffs between what gets funded
17 over the long run.

18 So how are we structuring the plan so we can
19 start to talk about those tradeoffs and eventually lead us to
20 those major investment categories of expansion, modernization
21 and preservation? Well, we've set up those goals that we talked
22 about earlier, and those goals have led us to some more specific
23 investment areas that you see on this slide, things like
24 technology development, accessibility, meaning things like
25 adding interchanges or adding connections to our state highway

1 system.

2 And each of those investment areas have led us to
3 some performance metrics that we intend to track as we go
4 through this long-range plan over the next 25 years. And one of
5 the exercises that we just completed was that we asked people
6 who are involved in this plan to actually weigh the priority of
7 these items. So if we look at those investment areas of
8 expansion, preservation, safety, we asked a group of people to
9 do what we call a "Pairwise comparison." And that means that if
10 every combination is put head to head, safety versus
11 preservation. What is your viewpoint on which is more
12 important, and how much weight would you put on that importance?
13 Which will give us some indication of how we should be
14 prioritizing our major investment categories.

15 Here's a slide that gives you the results of
16 about 60 people that were a part of this Pairwise comparison,
17 and we also broke the groups down into areas of interest of
18 those 60 people. So what this slide is showing you is if you
19 see safety and preservation and accessibility and expansion
20 along the bottom here, this is how each of these groups rated
21 the priority of these subjects.

22 So if we look at our district engineers, which is
23 this red line here, you see the district engineers put a lot of
24 focus on maintenance and operation and focused on the
25 preservation side of transportation. And you would expect that

1 from district engineers. They're the front line of those
2 operations.

3 Which way might compare to our MPOs and COG,
4 their metropolitan planning organizations and counsel of
5 governments, which is this yellow line, which did not show as
6 high of importance on maintenance and operation, but showed a
7 little more importance on expansion of the system. And so this
8 is valuable information that we can use as we look at how we
9 weigh those investment categories.

10 With that said, this initial survey that we did
11 of team members led us to this result. Now, this is not the
12 result that will be published in the update of the long-range
13 plan. This is one data point that we're going to use as we
14 build the plan. But it shows that almost 50 percent of what
15 this group's told us we should probably be considering funding
16 towards is preservation and maintenance of our existing system.
17 And, of course, safety ranked really high. And then you can see
18 here that expansion was one of the lowest categories that that
19 group of people gave a weight to, which is enlightening with
20 some of the things that we're wrestling with in transportation
21 funding.

22 Last, the thing that we're introducing in this
23 long-range plan is a new tool, which is called "Decision Lens."
24 What this tool allows us to do is in real time set up these
25 dials. Like here is a dial that shows pavement condition, the

1 percent of our interstate system that's in poor condition. So
2 we've said that if the interstate system is less than 10 percent
3 in poor condition, that's good. If it's 10 to 25 percent, we
4 call that fair. Of course, if all of our interstate is in the
5 -- is in poor condition, meaning 100 percent, that would be what
6 we consider very poor.

7 And then what this tool allows us to do is we can
8 slide these sliders of funding, which this is set at 164 million
9 per year for pavement, and it yields about, let's say, over 7
10 percent of our interstate pavement being in poor condition.
11 That if we make choices about, let's say, expansion, and we
12 choose to slide that over quite a bit to improve expansion
13 characteristics, that means that funding has to come from
14 somewhere, and it might be taken from safety, bridge or
15 pavement, and then these dials move and show the results of how
16 that would work.

17 Yes, sir.

18 MR. STRATTON: Mike, if you had a situation where
19 a bottleneck is created, would that be -- an expansion to open
20 that bottleneck up, would that be considered a safety project or
21 an expansion project or both?

22 MR. KIES: Well, that is -- you bring a point
23 that -- we just had a workshop a few weeks ago using this tool
24 and showing this tool to a group of people, and that was
25 something that came up as, you know, when we do an expansion

1 project, doesn't that improve safety? And when we do an
2 expansion project, doesn't that preserve part of our system that
3 we don't have to maintain any more? And those were some things
4 that we're wrestling with. So these lines between safety,
5 preservation, mobility, these are only four dials of about 12
6 that we have in the tool right now. It's not as cut and dry as
7 the tool was set up to be, and that's something that we're going
8 to wrestle with as we complete the plan.

9 Did that answer your question?

10 MR. STRATTON: Somewhat. Let's go back to the
11 original question.

12 If it is a bottleneck, would it -- and it
13 accomplishes all the things you just explained, could it not be
14 divided somewhat equally among all those categories and money is
15 brought from each one?

16 MR. KIES: It could. Yes. That -- yeah. That's
17 -- I guess my point was it's -- we're not trying to make it cut
18 and dry, that this is 100 percent an expansion project. That's
19 a 100 percent --

20 MR. STRATTON: Right.

21 MR. KIES: -- a safety project.

22 MR. STRATTON: Okay.

23 MR. KIES: That it could be contributing to all
24 those categories.

25 MR. STRATTON: Thank you.

1 MS. BEAVER: Could I just add? I participated in
2 this activity, and I don't know if other board members did, but
3 you can see I was out of sync with regard to those that actually
4 work with the activities on a day-to-day basis. We didn't
5 really have any instruction when we did our input beforehand on
6 the internet to give the baseline information. This is the
7 first time it's been done. I see great benefit to this, though.

8 And that day of the actual -- when we all met
9 here and they had the data to disseminate it, and these things,
10 you could literally move this scale just based on -- but when
11 you're talking about limited dollars, I see great potential with
12 this process. You know, and I think we also came to realize,
13 like, with regard to preservation, preservation where -- I was
14 high on the safety end, but preservation, you know, can protect
15 safety -- the interest in safety as well.

16 And so it was a very interesting process, and I
17 hope that if we do this again next year -- I don't know if this
18 is going to be an annual thing. I feel that it needs to be done
19 annually as opposed to every five years, because it's staying
20 current with whatever is going on right at that point in time.
21 But it was an interesting process. And like you said, the
22 flexibility -- I mean, it was like live -- those things were
23 live when we were working on it, which I don't know if you get
24 the opportunity to -- maybe we could have a presentation or
25 something to show how it works, but...

1 MR. KIES: Yeah. We didn't want to rely on the
2 internet completely this morning.

3 MS. BEAVER: Yeah.

4 MR. HAMMOND: Mike, first of all, I think this
5 tool is very, very interesting. But it's within a parameter of
6 financial resources.

7 MS. BEAVER: Uh-huh.

8 MR. HAMMOND: And is this -- is it for somebody
9 else to figure out if this data says, Nice theoretic discussion,
10 but this system is financially broke. We can't do it. I mean,
11 does this -- is that an outcome, or is that for somebody else to
12 figure out from the data you provide? Is this intended to use
13 -- be put out there, or is it intended to discuss (inaudible)
14 the issue that's in the room finally?

15 MR. KIES: Yeah. What we're intending to do, as
16 Ms. Beaver mentioned, is that on a yearly basis, we hope to come
17 to this board and talk about the revenue that's available for
18 the next five-year program and maybe show you how some of these
19 sliders have been moved and what the result is on our metrics,
20 and then you could probably give us some input on if that meets
21 your expectations or if there's something that we could --

22 MR. HAMMOND: Well, my point is, though, is
23 there's kind of an implication in all of this. The 32 -- we
24 could do it -- we could keep things together with 32
25 (inaudible). And I think (inaudible) it's not your role. It's

1 somebody else's role, the Board's, the public's, to figure out
2 what we can and do something about it. Is that --

3 MR. HALIKOWSKI: Let -- if I could, Mr. Chair and
4 Mr. Hammond, the tool is just that. It's a tool. But what's
5 important about it, what you and Ms. Beaver brought up is the
6 data. And ultimately, we, as the department, have to make
7 recommendations to the Board what gets funded in the five-year
8 fiscally-constrained plan. So when you ask who's making those
9 choices, we are sitting here making recommendations and looking
10 at a limited amount of funding for you to make choices, and what
11 the tool provides is you can see the effect of those much more
12 clearly than you could in the past.

13 As far as not having enough funding in the
14 system, that is a situation, as you know, that ADOT continues to
15 wrestle with, and with our partners, as to how we find enough
16 funding to meet all need. The funny thing about need is that
17 it's kind of in the eye of the beholder sometimes, because we'll
18 talk about need, and someone might say, Well, I see you've got
19 100 million here for biking path. Do you really need that in
20 the five-year program?

21 So the funding issue -- as you know, there's been
22 a special committee that's been stood up. I talked to Senator
23 Worsely last week. It looks like he's going to be working with
24 Chairman Reagan to call a big committee meeting. So we have the
25 resources that we have, and we have to make choices with those.

1 And then if additional resources come in, then obviously we have
2 to invoke (sic) those into the process and decide how you're
3 going to make those needles move in the future.

4 The other outliers there to me are local
5 participation, because, you know, depending on localized funds,
6 whether it's City of Phoenix or half cent sales tax funds in
7 various places, you know, whether those things come to pass or
8 not, also, those partnerships' cooperation have an effect on
9 total funding available. So, in essence, we have decision
10 making with what we have, and the outlook is that how do you
11 bring more revenue into this, and that's a decision that our
12 policy makers are going to have to face.

13 MR. ROEHRICH: I think it's -- Mr. Chairman and
14 members of the Board, I think it's important to remember when we
15 finish the long-range plan at staff level, the Board obviously
16 again adopts it. You adopt it. It is now sent to the governor
17 and to the legislature to see what's out there. And then the
18 discussion of generating the revenues takes place on that. If
19 they agree with what's in there or they feel like, no, more
20 investment is needed, then that happens. The Board and ADOT
21 cannot generate revenue. We can collect it, and then from there
22 put it where we think is the priority, and that's the purpose of
23 what this does, is help us establish priorities within the time
24 frame of the -- within the revenue constraints that we have.

25 MR. SELLERS: If I might, we had a great panel

1 discussion last week through League of Cities. Director
2 Halikowski was part of that, Senator Worsely. The takeaway from
3 that for me was that the biggest improvement we're going to make
4 in safety in the next several years is going to come from
5 technology, but technology is also an extremely complicating
6 factor in our long-range planning in general. But a fascinating
7 discussion, and also appreciated the takeaways from all that.

8 MR. HALIKOWSKI: And thank you.

9 Back to Mr. Stratton's question about congestion.
10 Is it a safety issue, or is it some other type of issue? What
11 the data will show is that we may have a very congested
12 bottleneck somewhere, but you have a low incidence of fatality
13 and crashes. So you may want to improve that bottleneck for
14 economic or throughput reasons, but by doing that and creating
15 more capacity, you could wind up raising your amount of crashes
16 in there if you're not careful about how you improve that
17 bottleneck.

18 So these are the kind of weights that sit on the
19 balance that you try to figure out, okay, where does the money
20 eventually go to? And it's not a perfect science, but I think
21 the data does provide us with a lot of measurement that will
22 help us make those decisions.

23 CHAIRMAN LA RUE: Board Member Teller.

24 MR. TELLER: Yes. Thank you, Chair.

25 What I find this tool, this Decision Lens tool is

1 -- and I'm bringing it back home to Navajo where we're
2 physically constrained, and I think we are as a state, a
3 physically constrained environment, and data -- data driven
4 tools can help us make decisions and sway away from
5 politically-driven decisions. And also, we must not forget the
6 community-based transportation planning, because this is really
7 an important element, part of the tools that we see before us.

8 So I'm really excited to see more of this. That
9 way we can see where the issues are and how we can slide those
10 dollars around, as you said, Michael, on the side and see what
11 we can do with the amount that we have in this environment. So
12 I'm excited to see this.

13 MS. BEAVER: Chairman, I would even go so far as
14 to say, like I said, when these were live, when you're looking
15 at it on the computer, it could even be the difference between
16 an interstate versus a rural highway. And, okay, if we're going
17 to put all the dollars here, then where is it going to take away
18 from here? I mean, it was very interesting how you could move
19 it on the scale as far as whether it's something that was
20 urgent. And I don't know. You've probably got more slides here
21 that you're going to be showing, but --

22 MR. KIES: Well, the workshop that Ms. Beaver --
23 I'm sorry, Mr. Chairman.

24 CHAIRMAN LA RUE: Michael, the -- some of the
25 board members have mentioned this, and the director did, too.

1 So I took the first part of this, but I didn't attend the second
2 part. And where I was struggling some, and I actually sent off
3 an internet question, is depending on where I sit, what my
4 experiences are and where I travel heavily influences the way I
5 making that decision. And so how do we come together with this
6 plan with a set of criteria that really fits all the diverse
7 segments of the state? Because I would bet we're going to end
8 up with multiple, maybe a half a dozen different decision trees,
9 if you just focused in on that group of stakeholders, so...

10 MR. KIES: And that's exactly what we did in the
11 workshop that Ms. Beaver --

12 CHAIRMAN LA RUE: Okay.

13 MR. KIES: -- participated in. This -- we had
14 three groups, which were made up of various people from all over
15 the state. We had district engineer representation. We had
16 people from our technical groups, MPOs and COGs around the
17 state, and they were all given the same task. You know, how do
18 you slide the dials, and where do you want to see pavement
19 condition? Where do you want to see bridge condition?

20 And you can see that, you know, let's say group
21 one is these orange bars. This group decided that expansion was
22 their highest funding category that they chose to give, at the
23 expense at some of the other categories like, let's say,
24 maintenance or accessibility, as opposed to maybe the gray group
25 that said that expansion was a lower and pavement is a much

1 higher priority from a funding standpoint. And I think this
2 just demonstrated the thing that we wrestle with --

3 CHAIRMAN LA RUE: Right.

4 MR. KIES: -- that the director was talking
5 about.

6 MR. TELLER: Question. Thank you, Chair.

7 When it comes to the discussion of expansion,
8 that's just highway. That's not airports or other mobility?

9 MR. KIES: Correct.

10 MR. TELLER: Okay.

11 MR. KIES: This workshop was really -- was all
12 focused on highway funding to demonstrate the tool.

13 MS. BEAVER: Chairman, I don't know -- if you
14 want to go back on that prior slide where it actually showed who
15 the participants were, I mean, it was well represented from
16 around the state.

17 MR. KIES: Right. Right. District engineers are
18 located all over the state. Our MPOs and COGs are all over the
19 state.

20 MS. BEAVER: So to me, it was -- it was a group
21 effort, but the thing is is it's just, on an annual basis, they
22 all need to participate to get it -- like I said, this was sort
23 of a pilot year where you're getting a baseline of information.
24 And so I think it -- it was a starting, but I think in order to
25 make it truly a useful tool, I think it's going to have to be

1 annual.

2 MR. KIES: And as I said, that was just one data
3 point to kind of un- -- reveal the tool and get some initial
4 data. The next step is we're actually going out to the public,
5 and we're doing that through the internet in a tool called
6 Metroquest, and --

7 MR. HALIKOWSKI: Before you go on, Mike, though,
8 I think that it's an important consideration what Board Member
9 Beaver is saying about annual, because as Board Member Sellers
10 pointed out, the technology is changing very quickly. And if
11 you suddenly develop autonomous vehicles that become fairly
12 prolific in the system and start reducing by great numbers
13 fatalities in crashes, that's going to allow us to shift some of
14 those dials around, because now we don't have 800 fatalities a
15 year. We might be down to 100 or something like that. We might
16 be able through the technology to put more vehicles on the
17 system closer together, thereby (inaudible) expansion and
18 putting our money somewhere else.

19 So there's a lot of different possibilities that
20 could be taking shape over the next five years, which would lend
21 itself to more of an annual look.

22 MR. KIES: So the next step is we're rolling out
23 a tool that the public can now actually start to -- they're not
24 actually going to be in that Decision Lens tool, but the -- you
25 can see the tabs here that one of the things that we're going to

1 ask the public to do is here's a budget that you can work with.
2 Where would you put your dollars between preservation, expansion
3 and those other categories?

4 There's another exercise that they can go on
5 about the tradeoffs, the safety versus maintenance and operation
6 and those type of things. And so we intend to have this out for
7 public use for 45 days through September and into November. And
8 so then this will be kind of data point two on where we can be
9 headed towards that recommended investment choice. And
10 hopefully, Chairman, this will get out to a lot of people in
11 this state that we can some input throughout, including
12 yourself.

13 With that, that's all I had about the update on
14 our long-range plan.

15 CHAIRMAN LA RUE: Any other questions? Board
16 members? Jack.

17 MR. SELLERS: Director, I don't know if you've
18 talked to the Board about the alliance that you have with the
19 Interstate 10 and the impact that could even have on the long-
20 range plan.

21 MR. HALIKOWSKI: And thank you, Board Member
22 Sellers.

23 There will be a meeting this Thursday and the
24 I-10 Corridor Coalition will be gathering. We're looking for
25 how we make the trip as seem less as possible for commercial

1 vehicles from the Dallas, Texas area to the ports in L.A. and
2 Long Beach, and the four states have formed a coalition
3 together, and we are trying to figure out what technologies and
4 other streamlining we can do on regulations. Our goal is that
5 someday to look at platooning a driverless 18-wheeler group all
6 the way from Texas to California. So right now we're looking
7 for low-hanging fruit like worrying about construction zones
8 from (inaudible), things like that, and (inaudible).

9 MR. ROEHRICH: I just want to remind everybody,
10 Mr. Chair, that we have to discuss the items on the agenda. If
11 Mr. Sell- -- Board Member Sellers is asking you'd like us to
12 agenda that item, we can go ahead and do that for September, and
13 the director can give his comprehensive overview and not address
14 that at this meeting.

15 CHAIRMAN LA RUE: So the question that I heard
16 was how does that coalition wrap into this long-range plan and
17 what are the components of that. So I think it is within the
18 subject matter. But as long as you keep it a narrow --

19 MR. HALIKOWSKI: (Inaudible.)

20 MR. ROEHRICH: I was hoping to get it on you,
21 because I could feel Michelle back there starting to go, Wait a
22 minute. I'm looking at the agenda. I don't see those items.

23 MR. HALIKOWSKI: (Inaudible.) So we could bring
24 something back on and work on (inaudible).

25 CHAIRMAN LA RUE: Any other questions from...

1 MS. BEAVER: Chairman, I think the only thing I
2 would ask is if we're going to look at this in a serious way,
3 and I don't know if it's sooner or later, but as far as are we
4 going to integrate this into where it's an annual thing, or are
5 we still in the pilot where we're seeing if it's a tool that we
6 want to use? At what point in time -- is the Board going to
7 have to take any action on, yes, we are adopting this as an
8 annual --

9 CHAIRMAN LA RUE: Well, so, Michael, why don't
10 you give us the time line, because this is a planning effort
11 that is ongoing and the Board will adopt, and then these tools,
12 how they wrap in.

13 MR. KIES: Yeah. So our time line is that we
14 hope to bring a draft update of the long-range plan to this
15 board at the January study session, which is January 2017.

16 But to answer Ms. Beaver's question, our next
17 step with that Decision Lens tool is we are going to work with
18 that company that creates that tool and give them a list of
19 candidate projects that we have for the five-year plan and do
20 exactly what Board Member Stratton was talking about and say
21 each project is partially preservation, expansion, modernization
22 or safety enhancements, and then have them run the tool and look
23 at how the tool ranks projects for the five-year program. And
24 we're going to do that as a test case to see if that's something
25 that annually we want to do with this tool, if that answers your

1 question.

2 MS. BEAVER: Uh-huh.

3 CHAIRMAN LA RUE: Any other questions on item
4 number one? No. I guess we'll go to item number two.

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

6 The next update I'd like to review is on the
7 Interstate 11 EIS process that's underway. The reason that we
8 wanted to give you this update is that over the summer we
9 accomplished one of the big milestones on the environmental
10 impact statement process, which is the scoping process. So we
11 kicked off the whole EIS on May 20th, when the notice went in
12 the federal register that we intend to complete this EIS. And
13 that was really the notice to the public and all of our
14 partnering agencies that we are underway and out of the starting
15 blocks. And that process lasted 45 days, from May 23rd to July
16 8th. During that time, we had three scoping meetings, six
17 public scoping meetings and collected a whole bunch of comments
18 throughout that period.

19 So the first part of that scoping process was
20 what we call agency scoping, and there are so many agencies that
21 are interested in this Interstate 11 concept that we had 21
22 agencies attend our scoping meetings, which was a really good
23 turnout for this project. Nine of those agencies accepted to be
24 cooperating agencies, and 34 participating.

25 And the difference between cooperating and

1 participating agencies is cooperating agencies actually
2 participate in a higher level of review of the environmental
3 document. They're given more opportunity to have input into the
4 document itself and some of the things that are contained in it.
5 Participating agencies, of course, are welcome to participate
6 throughout the whole process, but they're not at the same level
7 of involvement in the document itself. The process is always
8 available for them to be a part of. But that's the difference.

9 CHAIRMAN LA RUE: Do you have a list of the nine?

10 MR. KIES: I sure do.

11 CHAIRMAN LA RUE: Perfect.

12 MR. KIES: And those nine cooperating agencies
13 are those here.

14 The other thing that's interesting about the idea
15 of a cooperating agency is typically this is provided for other
16 federal agencies. The FHWA is going to take action on this EIS,
17 and we may -- or we -- we may recommend a corridor that affects
18 some of these cooperating agencies, such as the Bureau of Land
19 Management that owns and administers a lot of lands in Arizona.
20 We may put a -- recommended corridor across their land. Then
21 that federal agency needs to take an action of their own, and
22 they have to put it in their plan, and that's usually how
23 cooperating agencies come about. So all of these cooperating
24 agencies believe that there's some sort of action that they
25 might have to take based on the recommendations of this EIS.

1 One of the things that's unusual about this list
2 is usually cooperating agencies are federal agencies. And the
3 first one on that list, Arizona Game & Fish, is a state agency,
4 and that's unique about this project. And that's because they
5 have a vested interest in what's called the Tucson mitigation
6 corridor, which is a land that's set aside west of the Tucson
7 mountains in the Avra Valley, and if there's a recommendation
8 that goes through the Avra Valley, they may have to take action
9 on how that mitigation card is managed. So that's why they're
10 involved.

11 The other element was public scoping. We held
12 six public scoping meetings. On this list, you can see that we
13 held two in the Tucson area, in the city of Tucson itself, and
14 then in Marana, with 150 people showing up at each one of those
15 meetings, which was very -- a lot of participation. And you can
16 also see high participation in the Wickenburg area: 95 people
17 participating. So it just shows how much interest there is in
18 people getting involved in this process.

19 With that said, we did receive lots of comments
20 during that period. You can see over 500 comments from our
21 online surveys. One thing that we did in our public meetings is
22 that we provided a court reporter. So if people weren't
23 comfortable getting up and talking to staff members about
24 something, they could go to the court reporter, and that person
25 would record their comment verbatim, exactly what they said. We

1 had 33 people do that, give us quite lengthy discussions from
2 that venue.

3 The types of input that we got from the scoping
4 was you -- you would imagine people told us what to avoid, what
5 type of environmental resources are out there that we should
6 consider, but one of the biggest inputs we got is that last
7 item, corridor alternative preferences. And you can actually
8 see that at these meetings, we had maps laid out on tables, and
9 you can see that people actually wrote comments on the maps and
10 pointed to things about what we should be considering or where
11 routes should be considered for this corridor, and that's going
12 to be very helpful in the next phase of this project.

13 So with that said, the schedule and the way that
14 we intend to keep coordinating with all our agencies is we're
15 still in year one. We've completed this 45 scope -- day scoping
16 period in July. We're now well into developing and screening
17 alternatives. The way that we're working with our cooperating
18 agencies is starting next month, there's going to be a monthly
19 meeting where all of those nine cooperating agencies are invited
20 to have discussions about issues every month, and every month
21 there's another meeting called the project management team that
22 includes members from ADOT, FHWA, our -- the MPOs and COGs that
23 are affected by this project.

24 As the Board recalls, we put this project on a
25 three-year schedule, the first year being alternative based, and

1 then the last two years doing the EIS. We do believe that when
2 there are some things of concern that might put this schedule at
3 risk, we wanted to bring those items to your attentions as soon
4 as possible. And one of these things that I think that you
5 should know about is the level of cultural resources that we're
6 discovering as part of this project.

7 We have quite an extensive study area from
8 Wickenburg all the way to Nogales. As of today -- as of now,
9 4,500 known locations have been identified in this study area of
10 cultural resources, and those are locations -- each of those
11 locations can include between 7 and 33 individual sites within
12 those locations. So if you take this number, 4,500, and
13 multiply it by 10 or 20 of the sites that are in those
14 locations, we're talking between 50,000 to 100,000 cultural
15 sites.

16 And this only represents half of the study area.
17 Only half of the study area has been surveyed to date. So you
18 can see the amount of magnitude of this issue. Obviously most
19 of these cultural sites are tribal related, and some are
20 historic, but it's a lot of ancestral tribal sites. And so
21 we've started a consultation process to get more information
22 from the tribes about which -- where are -- of these sites are
23 most important and how should we be addressing some of these
24 sites as we go through our corridor analysis.

25 Yes, sir.

1 MR. TELLER: When you asked the tribes which of
2 these sites are of most importance, you're giving the tribe --
3 you're telling -- from what I'm hearing, you're telling the
4 tribe which is the most priority and the least priority when, to
5 some of the tribes, they are priority. So how do you respond to
6 that?

7 MR. KIES: That's what the consultation process
8 is about. It's an open conversation with all of the tribes that
9 are going to participate in the consultation process about how
10 we should go through and evaluate these sites. And the reason
11 that I wanted to bring that to this board's attention is that
12 this could wind up being a lengthy process, depending on how the
13 tribes want to approach consultation.

14 MR. TELLER: When did you start beginning
15 consulting with the tribe G to G?

16 MR. KIES: Jay, the question is when did we start
17 formal consultation with the tribes.

18 This is Jay Van Echo. He's the ADOT project
19 manager for the I-11 tier one EIS.

20 MR. VAN ECHO: Thank you, Mike.

21 Mr. Chairman, board members, we started the
22 consultation process during the scoping period. The 24 tribal
23 nations were sent letters asking to participate in this. We
24 have started scheduling the meetings with the tribes, and
25 they're going to be ongoing until we get (inaudible). We've

1 also had conversations with many of the nations on the
2 transportation side, also. So we are kind of going parallel
3 with all the nations and their transportation and their
4 infrastructure side, and then also with their cultural resources
5 folks.

6 MR. ROEHRICH: Mr. Chair, Mr. Teller, if I could,
7 I think it's important to note that I don't think it's that we
8 ask the tribes to prioritize or value the different cultural
9 sites. Really what we want to do is understand the cultural
10 sites so we can start balancing is there a mitigation
11 possibility or is it a full avoidance? What are the option --
12 what is the meaning of the site? What is the site? And what
13 are our options as we start planning in the process, too?

14 As I said, is there a mitigation possibility? Is
15 there avoidance possibility? Is there some other options that
16 we have available. And so never would we want to put any member
17 or any culture into deciding is something more important than
18 the other. We just want to know so we can understand it.
19 Because they have the meaning of what's out there a lot more
20 than we have the ability to define that.

21 MS. BEAVER: Chairman, I would like to add with
22 regard to that, because this is inclusive of 24 tribal
23 communities, and some of these communities, I'm assuming, would
24 not be affected by this particular corridor, I would see some
25 benefit to the tribes that specifically would be affected by

1 this. So are those tribal communities, are they actually
2 governments, or are they agencies within a particular tribe?

3 MR. KIES: Well, there are 24 sovereign
4 nations --

5 MS. BEAVER: Okay.

6 MR. KIES: -- tribes, and I believe there's been
7 two that have declined consultation.

8 MR. VAN ECHO: I'm not sure of that, but there
9 has -- excuse me, Mike. Chairman, board members, there are
10 several -- as I said, we've reached out to all 24 nations.
11 There are the four southern tribes, the Gila River, Pascua
12 Yaqui, the Tohono O'odham and the Ak-Chin, which are -- were
13 more geographically near, and so we're meeting with them. But
14 then all the other nations have ancestral remains and rights,
15 and so we're reaching out to them and having them correspond
16 back to us how we would want to proceed with this consultation,
17 and that's what we're doing for the next several years.

18 CHAIRMAN LA RUE: Board Member Teller.

19 MR. TELLER: First and foremost, number one, I
20 sincerely appreciate you and your staff making a very, very
21 sincere effort in communicating with the sovereign nations
22 within the state. It sounds like that, and I definitely want to
23 continue, you know, supporting that, that you guys urge the
24 tribes to have some input in some fashion, because I do believe
25 that this corridor is important for the state as well as for the

1 region, supporting the economy, but at the same time, you know,
2 there's that balance that we need to address. But I really
3 support the -- sincerely urge you to continue communicating with
4 the tribes to get their input. Thank you.

5 MR. VAN ECHO: Thank you, sir.

6 CHAIRMAN LA RUE: I have a question. So is this
7 tribal consultation process, is it codified somewhere in
8 regulations?

9 MR. KIES: Yes, it is. It's a formal process
10 associated with the NEPA process.

11 CHAIRMAN LA RUE: So we're walking it through
12 that process, documenting it, all of that? Because I just see
13 this coming back in the future at some point big time.

14 MR. ROEHRICH: Mr. Chair, you're talking about
15 it's like another South Mountain concern. And again, that's why
16 it's so important that we follow that process step by step, that
17 we do the steps as Mike had pointed out, as Mr. Teller has
18 pointed out, and that's why this consultation is so important,
19 that it is done to the extent we're able to to come up with that
20 plan, so we understand what the purpose is, what the issues are
21 and then what are our options to, as I said, avoid, mitigate, do
22 some other action in order to address this part of our planning
23 process.

24 CHAIRMAN LA RUE: Okay. Oh, Board Member Teller.

25 MR. TELLER: Question, sir. And are we ready for

1 a disappointing response? Are we ready for that? Let's say
2 four tribes in this region come together and say no? Are we
3 ready for that?

4 MR. HALIKOWSKI: Well, if I may, Mr. Chairman, I
5 don't know that we would look at the responses either from a
6 good/bad value standpoint, disappointing or otherwise.

7 What we're putting out is the question of what is
8 in the area that might be affected if a route were to go through
9 here, and we often get responses back, as Floyd said, where we
10 either have to mitigate or avoid. So, for instance, not so much
11 a value proposition at this point. It's really understanding as
12 we try to select a preferred corridor through the tier one
13 process, which one, which route provides for the least impact,
14 if you will, mitigation and avoidance.

15 MR. TELLER: We have a good example happening in
16 South Dakota where the Army Corps. of Engineers probably thought
17 the same thing. We have a coalition of the seven Lakota,
18 Dakota, Nakota tribes coming together to stop that expansion of
19 the oil. So that's what I'm asking here. Are we ready for
20 that?

21 MR. HALIKOWSKI: If I understand your question,
22 are we ready to say that because of the refusal, we wouldn't
23 build the project?

24 MR. TELLER: Yes.

25 MR. HALIKOWSKI: I think that a no-build

1 alternative is something in the NEPA process that we certainly
2 have to take into consideration.

3 MR. VAN ECHO: It is. It is a consideration.

4 MR. TELLER: Okay.

5 MR. HALIKOWSKI: Yeah. So by that process, we
6 have to consider that alternative here.

7 MS. BEAVER: And Chairman, I would add would that
8 be in the process of the alternative routes? You know, there's
9 alternative routes which would -- you know, if this became so
10 burdensome that it was...

11 MR. KIES: That's why I wanted to bring it to the
12 Board's attention, because we're in that process now to look at
13 a comprehensive set of alternatives, and this is an input that
14 needs to be addressed in that review of those alternatives.

15 MR. TELLER: And I'll go back to my support of
16 this effort that you and your staff are doing. So, you know, as
17 long as we continue pushing for the support of this input and
18 document as much as we can, that is really critical to, you
19 know, the continued progress we're doing here in the state.

20 MR. HALIKOWSKI: Well, I guess I would say, too,
21 Mr. Chairman, Mr. Teller, the law provides for the amendment
22 process we have to follow. I want to be clear here that we
23 approach this in the right spirit. There's nothing that says we
24 can't do more to try and communicate than is prescribed as the
25 minimum. So as we've learned on the South Mountain, letters may

1 not always suffice. Sometimes it takes face-to-face meeting and
2 a better understanding of how people want to communicate with
3 the department.

4 MR. VAN ECHO: Correct.

5 CHAIRMAN LA RUE: That's a good point.

6 MS. BEAVER: Chairman, and I would say -- I mean,
7 if nothing else, the overpass, the 347 overpass, I mean, that
8 seemed to be something that was -- where the tribal community
9 and the other affected communities seemed to work very closely
10 together and come to agreement on the needs. You know, so it
11 can be done.

12 MR. KIES: Yeah. That's just one of the key
13 issues that we're working with.

14 Another issue is the I-10 through Tucson.
15 There's some concern about whether that corridor could be
16 widened to a point to accommodate future traffic. So we're
17 going to take a closer look at what might be an alternate vision
18 for the I-10 corridor through Tucson to compare that against
19 other alternatives.

20 As Mr. Van Echo mentioned, we are reaching out
21 specifically to the four southern tribes to get face-to-face
22 meetings so that we can get the information that we're looking
23 for for the alternative process.

24 Then we have a couple other tracts of land that
25 are of interest in the project: The Tucson mitigation corridor,

1 which I mentioned earlier, and then Vulture Mountain's
2 Recreation Area. This is a tract of land south of Wickenburg
3 that's being planned.

4 MR. HALIKOWSKI: Board Member Stratton.

5 MR. KIES: Oh, I'm sorry.

6 MR. STRATTON: I'm sorry to interrupt.

7 MR. KIES: Go ahead.

8 MR. STRATTON: On the first item, the I-10
9 capacity in Tucson, I remember several years ago where past
10 Board Member Shore (phonetic) asked the staff to look at a
11 bypass of Tucson for the very reason, I believe. Is that still
12 one of the considerations, or are we just looking at widening
13 that corridor?

14 MR. KIES: No. No. There has been an
15 alternative brought to us for consideration from Pima County
16 that looks at a route through Avra Valley, which is west of
17 Tucson. So that would be something that we're going to address
18 in the study. Is there, for lack of a better word, an
19 alternative route that is considered for this corridor?

20 MR. HAMMOND: (Inaudible) San Pedro Valley is a
21 different route. There is some kind of desire to have I-10
22 expanded through Tucson rather than to go west with the bypass.
23 My read is that it's a minority, but it's an important minority
24 that has to be considered. I don't think the public -- the
25 public wants to tear down I-10 coming through Phoenix -- or

1 through Tucson. Really. I'm serious. They'd rather have the
2 east side connected back to the west side. So a double-decker,
3 for example, coming through Tucson, I think, is a (inaudible)
4 non-starter, but (inaudible).

5 MR. STRATTON: If I recall correctly, the people
6 in Avra Valley were adamantly opposed to that bypass at the
7 time. I believe it was a meeting in Oro Valley (inaudible).

8 MR. HAMMOND: Yeah. This goes to board
9 (inaudible) comments on there's -- I'm really -- (inaudible) how
10 does it all play out? Because Avra Valley, I think the
11 opposition out there is three or 400 people. This corridor is
12 going to affect millions. So how are you going to put it in and
13 mitigate it and deal with it (inaudible)?

14 MR. STRATTON: And I'm not saying that we not
15 build it because of --

16 MR. HAMMOND: Yeah.

17 MR. STRATTON: -- those three or 400 people. I
18 just -- it's something I remember, and I want to make sure that
19 the current board members --

20 CHAIRMAN LA RUE: Yeah.

21 MR. STRATTON: -- are aware of that, too.

22 CHAIRMAN LA RUE: Yeah. I think instead of
23 talking specifics, because here we're talking large swaths, and
24 we can't really entertain specifics --

25 MR. ROEHRICH: Mr. Chair, that's what I was going

1 to say, that the point to remember is due diligence on this
2 process is we have to look at all reasonable, feasible
3 alternatives. Through the criteria, we're going to eliminate
4 them. We'll present those to the Board. So we'll see as we go
5 along. But the discussion about the specific which one to study
6 really need to stay at staff level.

7 MR. KIES: With that, the schedule and the next
8 steps that we have on the study is throughout -- from now
9 through early 2017, we're evaluating a comprehensive list of
10 corridor alternatives that have come from -- really come from
11 four sources. The public, as I mentioned, they gave us input.
12 Agencies have given us input on, like I mentioned, the Pima
13 County alternative that has been provided to us. We have a
14 technical analysis that's going on. And then we also did a
15 project previously where we partnered with the State of Nevada,
16 and there were a lot of ideas brought to us during that study.
17 So we're going to continue to evaluate those ideas through this
18 study.

19 And then later this calendar year, we want to
20 have individual meetings with some of our key agencies and
21 stakeholders to talk about what we're finding out in this
22 evaluation so that we're ready to go to the public this spring
23 with a reasonable range of alternatives, meaning that we've
24 taken all of these comprehensive lists and recommend to the
25 public a reasonable range that we want to take into the

1 environmental document.

2 So with that, that's all that I had for the
3 update on the I-11 corridor.

4 CHAIRMAN LA RUE: Any board member questions?

5 Mike, very good. Good stuff. I'm -- for one, I
6 know -- I've been pushing it faster versus slower, but now I see
7 we've got some pretty significant challenges in front of us. So
8 thanks for giving us those heads up on the challenges.

9 MS. BEAVER: Chairman.

10 CHAIRMAN LA RUE: Vice Chair.

11 MS. BEAVER: And I don't know. This might be
12 more for something that could be in a future study session, but
13 it's just I have become aware of were a -- what is it -- a fence
14 (inaudible) state with regard to cattle? And more recently,
15 over in our area, it has become a major issue, and I never even
16 paid attention to fences until it came to our attention.

17 But the BLM in Yuma can in a really nice, concise
18 way kind of explain it, and I don't know if maybe we could have
19 them come and maybe do, you know, a PowerPoint or something,
20 just to kind of explain how the State stands on it. Because
21 when I did the Google search and went online, I see that there
22 is a pretty good issue on the other side of Tucson, the -- with
23 this same thing going on. And I think the general public really
24 does not understand about this, and when they've got cattle
25 roaming on their lands, I think you have to be a rather large

1 city, a municipality, in order -- I think it was even 100,000
2 people for you to apply to actually not have to fall in that.
3 But because these laws date back to territorial time...

4 So anyway, the bottom line is I'm just thinking,
5 because there are so many highways across the state that have
6 fencing along them or -- I think it would be something for the
7 Board to better understand, also the public to better understand
8 the process and what the issues are related to those. Because
9 it's quite significant. Like, cattle have almost more rights
10 than people, so...

11 CHAIRMAN LA RUE: Sounds to me like we want to
12 maybe agendize at a future study session the open range laws and
13 how they impact the highways and --

14 MS. BEAVER: They might even call it open
15 grazing.

16 CHAIRMAN LA RUE: Open -- yeah. Open grazing.

17 MR. TELLER: I have a question, if you don't
18 mind, sir.

19 CHAIRMAN LA RUE: Let's make sure staff's --

20 MR. TELLER: Okay.

21 CHAIRMAN LA RUE: -- sees that the same way.

22 Floyd, is that what you're kind of getting at?

23 MR. ROEHRICH: Yes, sir. I think I understand
24 the issue. Let me work with the operations side to look at it,
25 and we can bring it back for discussion to determine, one, how

1 it fits within the planning aspect of it, but then how it fits
2 in the development of the transportation infrastructure. We'll
3 tie it within that (inaudible).

4 MS. BEAVER: Well, I'm wondering, too, if that is
5 something with I-11. I mean, it's an issue across the state,
6 because like I said, cattle seem to have superior rights, and --

7 MR. ROEHRICH: Well, Mr. Chair, Mr. --

8 MS. BEAVER: And I'm not saying that negative or
9 positive. I'm not taking a position on that. I'm just saying
10 that when you start reading and studying a little more about it,
11 it's like, wow, this is something --

12 MR. ROEHRICH: My position is that beef's real
13 good when it's seared medium rare.

14 MR. HALIKOWSKI: You're going to upset a cattle
15 (inaudible) here.

16 MS. BEAVER: Now, but they have a value if they
17 happen on your land and something happens to them, so...

18 MR. HALIKOWSKI: Right.

19 MR. ROEHRICH: Mr. Chairman, Ms. Beaver, I
20 totally think that is absolutely an issue we can talk about,
21 especially, as Mike pointed out earlier, remind everybody, BLM
22 is a cooperating agency here. So they'll -- they're --
23 obviously that's going to be an issue to them as we start
24 studying that. So we will obviously bring it in to the study
25 phase, and it may leave decisions later on. We can present

1 (inaudible).

2 MS. BEAVER: I would be glad to provide you also
3 with my contact information, because I do know on the Tucson
4 side, they probably also have individuals that are working on
5 it, you know, between Yuma -- what's in Yuma and, you know, the
6 other side of Tucson. But BL -- it does seem to be an issue.

7 CHAIRMAN LA RUE: Board Member Teller.

8 MR. TELLER: Thank you.

9 I'm not going to harp on this, but I'm just
10 curious to -- if Bureau of Indian Affairs has also communicated
11 with -- to be potential cooperating agents that you're dealing
12 with, trust land and tribes. So I'm just wondering about that.
13 But (inaudible) have that communication?

14 MR. KIES: I'll ask Jay again. Jay, the question
15 was, was the BIA talked -- or communicated with to become a
16 cooperating agency, and how have we been interfacing with the
17 BIA?

18 MR. VAN ECHO: Mr. Chairman, board members,
19 director, we have -- we have had meetings with the BIA. We
20 invited them to be a cooperating agency. At this time, they
21 elected to be a participating agency, but reserved the right if
22 they need to go to a cooperating agency status with more of our
23 discussion with tribal nations that they could come back and be
24 a cooperating agency.

25 CHAIRMAN LA RUE: Thank you. Any other questions

1 on Item No. 2?

2 No? Great. Thanks, Mike. A lot of good work,
3 and thanks for the heads up. So we'll go to the one we've all
4 been waiting for.

5 MR. KIES: (Inaudible.)

6 Yeah. Thank you, Mr. Chair. What we wanted to
7 talk with you today about is, as you recall, you approved our
8 final five-year program in June, which was signed by the
9 governor and -- or approved by the governor before July 1st.
10 We've started this fiscal year. However, during that process,
11 some additional funding has become available to us, and so I'd
12 like to start this off -- this presentation off with Kristine
13 Ward explaining what this additional funding is.

14 CHAIRMAN LA RUE: Oh, happy day.

15 MS. WARD: I was going to say --

16 MS. BEAVER: She's smiling.

17 CHAIRMAN LA RUE: Yeah.

18 MS. WARD: You might want to just look at this
19 slide a little, but (inaudible) really bad headache because you
20 don't see it very often (inaudible).

21 So yes. As you were made aware recently, not
22 long ago, the department was awarded a FASTLANE grant in the
23 amount of \$54 million for some elements on the I-10 corridor, to
24 make improvements to I-10 between Phoenix and Tucson.

25 Additionally, for I-10, the legislature

1 appropriated general fund moneys to the tune of \$30 million.
2 Again, associated with I-10. And then lastly, in that same
3 bill, that capital outlay bill, the legislature appropriated \$25
4 million to be used to accelerate 189, SR-189. So in total, you
5 get an increase to funding of \$109 million that becomes
6 available for discussions by the Board.

7 Now, I want you to keep in mind that the reason
8 those 109 are available is because the cost of these projects
9 are already built into the five-year program that you approved.
10 And they are built into fiscal -- primarily into fiscal years
11 '18, '19 and '21. So, you know, as I have come to talk to you
12 about fiscal constraint, you need to keep in mind that fiscal
13 constraint is not just the entirety of the program, but fiscal
14 constraint is the --

15 MR. ROEHRICH: Kristine, will you please talk --
16 you're kind of fading off. Could you pull that little closer?

17 MR. HALIKOWSKI: Yeah. Make sure everybody can
18 hear.

19 MS. WARD: (Inaudible.)

20 MR. ROEHRICH: This is good news. I want
21 everybody to hear it.

22 MS. WARD: So I need to, you know, have you keep
23 in mind that since those projects were programmed in those
24 individual years, the dollars that are now available become
25 available in those years, in those same years. And since we

1 have to be fiscally constrained by year, if you want to program
2 beyond what those additional dollars are provided in that year,
3 then we will have to make other modifications to the program,
4 either decreasing (inaudible) projects or the (inaudible)
5 projects or so forth if you go beyond those available dollars in
6 those (inaudible).

7 Mike's presentation he's about to provide to you
8 does an exceptional job of identifying just where those dollars
9 become available so we can ensure that fiscal constraint.

10 That covers it. And at this point I'll turn it
11 over to Mike, unless you have any questions.

12 CHAIRMAN LA RUE: Any questions by board members
13 on the 109 million? Nope. Thank you.

14 MS. WARD: Okay.

15 CHAIRMAN LA RUE: Thank you, Kristine.

16 MS. WARD: Thank you very much.

17 MR. KIES: Thanks.

18 CHAIRMAN LA RUE: Kristine, it's been five years
19 that I've listened to you just kind of give me the downer, the
20 -- not so much the downer, but holding the reins back on
21 financing. So this is -- to me --

22 MS. WARD: Very good.

23 CHAIRMAN LA RUE: -- this is phenomenal news.
24 Haven't heard this -- first time in five years.

25 MR. KIES: Well, what I wanted to start with is

1 just to remind the Board that this was the conceptual display of
2 the five-year program that was approved in June. And typically
3 when we talk about the five-year program, I tell -- I talk about
4 the level of money towards preservation and modernization and
5 expansion.

6 However, this additional funding that Kristine
7 mentioned is really for those expansion projects that are part
8 of the five-year program. Also, none of the additional funding
9 that's -- that is provided is practical to use in fiscal year
10 '17, which is the current fiscal year we're in.

11 So what I'd like to do is limit the conversation
12 not only to fiscal year '18 through '21, which is where this
13 additional funding is available to use, but also, our assumption
14 is that we want to limit the conversation to the expansion part
15 of the program. We're hoping not to change the funding levels
16 for preservation and modernization.

17 So with that said, I structured this presentation
18 so that we're looking at fiscal years '18 through '21, and
19 looking at those construction projects that are currently in the
20 existing five-year program. And you can see the I-10 projects
21 there, the 93 projects, the gap in Carrow to Stephens section,
22 and then the first phase of 189 that's all been funded in the
23 five-year program.

24 There is one new project that I put on here.
25 It's an I-10 project that we labeled as ITS, or Intelligent

1 Transportation System. This is a project that you approved with
2 the final program at \$4 million to implement dust detection
3 systems along Interstate 10 and provide drivers with early
4 warning notices of possible dust activity. This was a project
5 that we put in the FASTLANE grant, and when we put it in there,
6 we said, well, if we're going to go for additional funding, we
7 might as well expand that system. And so you'll see that this
8 project will grow from a \$4 million project to \$12 million,
9 which is what we were awarded when the FAST grant was awarded to
10 us. So that's why that project comes into play.

11 MR. HALIKOWSKI: Mike, could you -- I see 189 up
12 there. I just want to make sure everybody understands phase
13 one.

14 MR. KIES: Yeah. So the legislation that
15 Kristine highlighted on a previous slide talked about the
16 construct- -- the State Route 189 construction project, and our
17 [] interpretation of phrase that is that that's the project that
18 the Board approved for the five-year program, which we're
19 calling phase one. And that project is a \$64 million project
20 that the main focus is a northbound flyover from 189 onto I-19,
21 and then there are some other improvements along the corridor,
22 down to the border. But that's what we're referring to as the
23 construction project for State Route 189.

24 So the other -- so this presentation is really
25 about balancing expenses, which is the construction costs versus

1 revenue and how we can use that additional revenue as it was
2 envisioned. And so what we have here is the way that the five-
3 year program is structured, which currently we had the
4 assumption that we were using federal aid and some state
5 matching money, which is required with federal aid, for each of
6 these construction projects. And so this is the status quo with
7 the final five-year program.

8 What Kristine now described is this 109 million
9 of new funding, which is kind -- I've got it just floating
10 there, because we haven't put it anywhere yet. And the
11 intention here is to show you some recommended -- some options
12 that we want the Board to consider of how we can move these
13 projects around and utilize the funding that's now been made
14 available to us.

15 So we have three options that we want to present
16 to you today. We'll start out with the first option, which
17 again, we start with the base as the five-year program. Our
18 first recommendation for option one is to accelerate this I-10
19 project from Earley to I-8 to fiscal year '18. We believe that
20 this is a good recommendation, because the FASTLANE grant was
21 awarded to us primarily because we talked about how these
22 projects are shovel ready. We can get them out quickly, and we
23 can obligate the funds that the federal government is providing
24 us with the FASTLANE.

25 It also -- the faster that we deliver these

1 projects, there's at least going to be four more of these
2 FASTLANE grant opportunities, and we believe the faster that
3 it's underway and we obligate sets us up better for a future
4 FASTLANE grant.

5 However, as you see, the federal aid that's in
6 fiscal year '18 doesn't cover all of the expenses of these
7 projects. But, of course, we were given this additional revenue
8 to help balance that out. So when we move that revenue into
9 fiscal year '18, the 54 million that the grant gives us, the 30
10 million the legislature provided us to match the federal grant,
11 that offsets quite a bit of this federal aid. However, there's
12 still some of that federal aid that needs to go to pay for those
13 construction costs. But as you can see, there will be some
14 extra funding available in fiscal year '18.

15 The second part of option one is when we read the
16 legislation for the \$25 million of 189, it specifically says
17 that we should utilize that funding to accelerate the 189
18 project. And we have -- we've now created a really good spot
19 for that project to be accelerated to. So when we move the 189
20 project to fiscal year '19, again, we have not -- we don't have
21 fiscal constraint because we don't have enough federal aid to
22 match the costs, but the legislature miraculously gave us that
23 funding to offset.

24 So this is what we're calling option one, which
25 accelerates I-10 into one fiscal year and uses all the money

1 associated with that in that fiscal year, accelerates the 189
2 construction project to '19, and utilizes the 25 million in
3 revenue the legislature provided to do that. And then what that
4 provides to the Board is 36 million of additional funds to
5 program into fiscal year '18 and 64 million additional funds to
6 program in '21.

7 So one might ask where is -- where is the whole
8 109 million of additional revenue that -- since we didn't add
9 any projects. Again, 36 and 64 is 100 million of that 109. The
10 Board will recall that this project grew from a \$4 million
11 project to a \$12 million project. That's 8 million of that 109.
12 And then this actually adds up to 65 million instead of 64
13 million. So there's actually a million extra there. What's a
14 million among friends? But that's the whole 109 million.

15 So I'll pause here if there's any questions about
16 what option one is for the funding adjustments.

17 CHAIRMAN LA RUE: Questions by board members on
18 what we just looked at?

19 MR. KIES: All right.

20 MR. HAMMOND: Just a quick question. Are these
21 options developed internally, or has there been any outreach on
22 any of the stakeholders (inaudible)?

23 MR. KIES: They've been determined internally.

24 MR. HAMMOND: Okay. Thank you.

25 MR. HALIKOWSKI: So what you're seeing today,

1 board members, are the options that we would put out. And
2 essentially, I just want to keep pointing out that the
3 acceleration to '19 -- I think there are two points I wanted
4 Mike to make. One is that we couldn't move it into '18 because
5 of right-of-way purchase. It just can't be accomplished in FY
6 '18. The other thing is that this is phase one. It's
7 essentially the northbound ramp that you approved in the five-
8 year program. You'll see why I keep stressing that when he goes
9 into option two.

10 MR. KIES: So the next option that we wanted to
11 present to the Board is there has been some discussion about if
12 the 189 project were accelerated, why only accelerate one phase
13 of that project? There's an entire ultimate project being
14 planned, which includes not only the northbound flyover, but a
15 southbound ramp and a grade separation at Frank Reed Road, which
16 adds up to -- current cost estimates are \$40 million.

17 So the second option is, well, if we're going to
18 accelerate 189, why not accelerate the entire project, phase one
19 and two together? And that's an additional \$76 million of
20 expenses that need to be found revenue for in fiscal year '19.

21 So one might say, well, the Board during the
22 final program had approved this \$64 million in fiscal year '21
23 for the 189 project. Couldn't that money help offset that phase
24 two project? Well, what Kristine had mentioned earlier is that
25 federal funding is limited to the obligation authority in each

1 fiscal year, and it's not possible to move that obligation
2 authority from one fiscal year to another. So we're really not
3 in a position that that funding can move. And the same with
4 this 36 million here.

5 So the only way that we feel that this option can
6 move forward is if the 189 project becomes a public/private
7 funding project, and the public part of this public/private
8 would be the 65 million that's already here in the program, but
9 another 75 million of funding would need to be found and
10 proposed by the locals in Nogales to help accelerate that
11 project.

12 So really, there were no other changes to this
13 option, except to accelerate the 189 project as one ultimate
14 project instead of a phased project.

15 MR. HALIKOWSKI: So essentially, Mike, this gets
16 you phase one and two in FY '19, but requires a private
17 component and revenue source other than what's available.

18 MR. KIES: Correct.

19 MR. HAMMOND: As far as time lines, what would be
20 the drop dead date if we -- if they decided, yeah, this is a
21 good idea to accelerate the whole project? When would that be
22 -- need to be put together to do that?

23 MR. KIES: Well, practically, it would be --
24 we're working on the environmental document right now, and with
25 the approval of the environmental document, that allows us to

1 move into what we would refer to as a design build opportunity
2 for whatever is going to be constructed for 189, whether it be
3 phased or the whole thing. And that environmental approval is
4 anticipated for the spring of 2017. My opinion, that would be
5 the time that that decision would have to be made.

6 MR. HAMMOND: So when we say spring, May 1st?
7 I'm looking for kind of a (inaudible).

8 MR. KIES: Yeah. Carlos, Carlos Lopez is our
9 project manager (inaudible).

10 MR. ROEHRICH: Mr. Chair and Mr. Hammond, I think
11 we need to also (inaudible) on that a little bit from what the
12 project requirements are. If we're developing a revenue stream
13 from this, which means, as we've been discussing before, is
14 adjusting the (inaudible) fees at the border, there is some
15 legislation that would also have to take place in order to make
16 that work as part of a possible discussion.

17 So I think you have to time this in regard to
18 when the study phase, when all the projects can be delivered,
19 but you have to time it within how would you structure a
20 public/private partnership, and dependent upon how that fee or
21 those revenues are developed, if legislation is needed, now
22 you're really talking about something that would have to be done
23 probably next session. So you're really talking about a
24 decision that needs to probably be made before the end of the
25 year, before the next session gets started if you want to stay

1 on this type of a time frame.

2 MR. HALIKOWSKI: I just want to point out when
3 Floyd says legislation, we are able to do the actual fee by
4 administrative rule. The legislation he's talking about is that
5 if we were to collect that fee, we need to be able to have the
6 statutory mechanism to deposit it where it needs to go to cover
7 the cost. That's all.

8 MR. HAMMOND: Well, I guess my question is can we
9 get a critical path?

10 MR. HALIKOWSKI: Absolutely.

11 MR. HAMMOND: And my sense is it might have been
12 last month or close to. I mean, we're in real time on this if
13 it's going to happen in fiscal '19.

14 MR. KIES: It's coming up shortly.

15 All right. The last option that we wanted to
16 show the Board is these first two options were under the
17 assumption that the 189 project needed to be accelerated, and
18 that's because that funding, the \$25 million funding that the
19 legislature provided us, indicated that it was for the
20 acceleration of 189.

21 But that legislation also talks about if that --
22 if 189 is not accelerated, then that funding can be used
23 elsewhere in the five-year program. So the idea of option three
24 is to leave the 189 project where it is in fiscal year '21.
25 Again, we're talking about phase one now. And instead of

1 accelerating the 189 project, ADOT staff believes that the
2 Carrow to Stephens section of US-93 is an excellent candidate to
3 be accelerated as early as fiscal year '18, which could utilize
4 that additional funding that's in fiscal year '18. However, and
5 then you see that there's additional funding available in '21
6 that the Board could choose to use either for expanding the 189
7 project or for other priorities as the Board sees fit.

8 Without accelerating 189, then this \$25 million
9 funding is not -- no longer slated for the 189 project, and then
10 the Board could provide direction to use that funding in another
11 fiscal year. This example shows fiscal year '19. What we could
12 do then is utilize this funding in '19 to advance some of the
13 things that we were going to deliver in '20 and '21 so that as
14 we get to fiscal year '21, we may have as much as 125 million of
15 revenue that's available either for expanding the 189 project or
16 whatever other priorities the Board feels is important in that
17 fiscal year.

18 MR. HALIKOWSKI: So Mike, when you talk about
19 waiting until '21 and expanding the project, there's two other
20 projects that have come up outside of the northbound, southbound
21 lanes, and I want you to talk a little bit about those, because
22 the community has raised a lot of interest or the industry has
23 in those two.

24 MR. KIES: Sure. There's other needs in the
25 Nogales area that has been talked about, and those are at two

1 interchange locations along the I-19 corridor at Rio Rico and
2 Ruby Road. And as the Board will recall -- hang on just -- as
3 the Board will recall, in June we talked about our six through
4 ten-year program, '22 through '26, and the idea of the future
5 projects that might be moving forward into the five-year program
6 as more funding becomes available or as we move forward in our
7 programming cycle, and the I-19 projects at Rio Rico and Ruby
8 Road was one of those priorities that the Board concurred with
9 to have in the six through ten-year program.

10 MR. HALIKOWSKI: So I guess the last thing I'd
11 like to add is there was a question about whether we've talked
12 to the public about these particular options. And no, we
13 haven't, but we base these off of lots of public input that
14 we've had with everybody who's interested in this project.

15 MR. KIES: So I don't know if -- I've got three
16 slides. I just want to review the three options. The first one
17 we're calling accelerate phase one of SR-189, and that was the
18 first one that provides the opportunity for additional funding
19 in '18 and '21.

20 MR. HAMMOND: Mike, can I ask one question?

21 MR. KIES: Of course.

22 MR. HAMMOND: I had heard briefly, not
23 specifically, that the cost of that (inaudible). Is that urban
24 legend or are --

25 MR. KIES: I think that's urban legend.

1 MR. HAMMOND: Okay.

2 MR. KIES: I think our cost estimates, and
3 correct me if I'm wrong, Carlos, we're still thinking the
4 ultimate is in the 140 -- it's a range, but 140 million is the
5 right number.

6 MR. HAMMOND: Thank you.

7 MR. KIES: I'm getting head shaking. That's yes.

8 MR. ROEHRICH: Mr. Chair, Mr. Hammond, I think
9 what we find is a lot of people out there will decide on their
10 own or make assumptions on their own of what they think the cost
11 is, and we've been hearing the same thing. Other people have
12 been a little critical saying, well, ADOT, you're too
13 conservative. I think that number's going to come down. And
14 therefore, you should start planning around, you know, a lower
15 number to do that.

16 And I guess I'd say, like anybody else, is how
17 much risk are you willing to take? Because you move forward
18 with a project that you think, okay, well, our best estimates at
19 this point say it's going to be 140, but, well, we think it's
20 going to get higher. You see the bid prices. Some are higher.
21 Some are lower on projects. We do good depending upon the time
22 when it's delivered and the economy. But the risk factor is you
23 do -- move forward with the project that, you know, we're saying
24 is 140. Say, well, you know, it's only 110, so let's program
25 extra. And then when the time comes, you can't deliver it, and

1 now you start pulling and cutting out of it, and then -- and
2 then reprogramming (inaudible). And we've had so many problems
3 when that has come up.

4 So I think as everybody else, we weigh that, and
5 we look at trying to make the best estimates as possible as we
6 can and make decisions around that, and then as we get better
7 information and things start fleshing out better, we adjust the
8 decisions at that time.

9 MR. KIES: Thank you.

10 MS. BEAVER: Chairman.

11 CHAIRMAN LA RUE: Vice Chair.

12 MS. BEAVER: Would you mind just going back to
13 slide -- the six to ten year?

14 MR. KIES: Sure.

15 MS. BEAVER: Okay.

16 MR. CUTHBERTSON: I have a question, Mike.

17 MR. KIES: For the six through ten?

18 MR. CUTHBERTSON: Yeah. On this option one, is
19 there -- I mean, option two, you moved Carrow Springs project
20 into fiscal year '18. Can you do that also in option one? It
21 looks like you could do that also if you wanted to.

22 MR. KIES: That's true. That project is ready to
23 move forward, and that's why we -- that's why we're bringing
24 these as options, because actually there's hundreds of
25 permutations that we could talk about of all these. The concept

1 of these options is -- was option one is to accelerate the phase
2 one of 189, and we have the revenue to do that. Option two was
3 to accelerate the ultimate 189, but we don't have the revenue to
4 do that.

5 MR. CUTHBERTSON: Either one of those options in
6 fiscal year '18, if you were to do the two I-10 projects that --
7 or the three I-10 projects that you've got shown up there, we
8 still have \$35 million of potential programming for that?

9 MR. KIES: Correct. And this is an excellent
10 candidate project for -- to be accelerated in any of those
11 scenarios.

12 MR. CUTHBERTSON: Okay.

13 MS. BEAVER: Question. With regard to this
14 option two, if we were to, say, move forward on that, that's the
15 one right now where we've got that time constraint; is that
16 correct? In terms of --

17 MR. ROEHRICH: Mr. Chair, Ms. Beaver, there's a
18 time constraint on what the final would be, as the director
19 said, on how the revenue would be handled. That's if we end up
20 going in and developing a full public/private partnership.
21 There's still some question of whether the local industry and
22 the local leaders down in that area truly want to expand the
23 fees to generate that revenue. But we want to continue having
24 the discussion, if that's the desire of the Board to have the
25 agency continue that discussion.

1 MS. BEAVER: So I guess my question would be if
2 we don't go with option two, that wouldn't even be in the
3 consideration; am I correct? By approaching --

4 MR. ROEHRICH: Mr. Chair, Ms. Beaver --

5 MS. BEAVER: -- the private --

6 MR. ROEHRICH: -- actually, no. I think that
7 decision will -- that option will still be discussed, because
8 the locals have come to us with a couple -- a bunch of different
9 requests, different options to look at. We're having those
10 discussions, but we haven't brought them to the Board because
11 they haven't coalesced to is it something that the Board would
12 want to consider. Now it looks like here's how we can address
13 if you want to do -- to accelerate the full project, here's the
14 only option we have available to us.

15 CHAIRMAN LA RUE: You know, Floyd, maybe I
16 haven't been listening closely enough, but on option two here,
17 with the advancing of phase two of 189, is -- in this option, is
18 phase one, getting that done in 2019, somehow tied to or
19 conditioned upon the phase two, or are they separate projects?

20 MR. ROEHRICH: Mr. Chairman, they can be separate
21 projects. The way they've been scoped is they could be -- do
22 separate.

23 I do want to, I guess, clarify something. We
24 keep talking about accelerating phase two. This doesn't
25 accelerate phase two. This brings phase two into the program,

1 because it's not there. We only accelerate phase one. Phase
2 two is only a viable option if we bring in a separate funding
3 source, and then that brings it into the program. It doesn't
4 accelerate it --

5 CHAIRMAN LA RUE: Accelerate it. Thank you.

6 MR. ROEHRICH: -- within the confines of the
7 fiscally-constrained program.

8 CHAIRMAN LA RUE: Right. But if the Board goes
9 with this option and the P3 doesn't materialize, phase one still
10 gets built.

11 MR. ROEHRICH: Mr. Chair, that's correct. We
12 move forward with phase one, just as we would -- instead of
13 delivering it in '21, we'd deliver that in '19. And again, the
14 idea being if we can come to an agreement on a public/private
15 partnership, then we could do them both at the same time, give
16 the economy a scale that would probably help reduce some of
17 those costs. You know, the idea is the cost estimate we're
18 doing for phase one means it's estimated based upon only that
19 project. You don't have some of the economy of scale of having
20 the other scope in, because you can't add any additional scope
21 in that's meaningful until you have the full funding for that
22 element of work.

23 CHAIRMAN LA RUE: Okay. Mike. Board Member
24 Hammond.

25 MR. HAMMOND: I'm curious. My sense is it's --

1 Dallas, ADOT, everybody's (inaudible) have to move very fast to
2 get a P3 put together and -- which would be great. I hope we're
3 able to pursue that. But I'm curious. If we go with option two
4 and try to do it, we put 189 phase one in the budget, and P3
5 doesn't happen. We still build phase one. What -- can you give
6 me just a sense, general sense -- I don't think you can give me
7 (inaudible), but what's the inefficiency of doing phase one now
8 and phase two or three later on? Is it 20 percent more cost?
9 Ten? Fifty? I mean, what's the scale of inefficiency if the P3
10 can't be put together (inaudible)?

11 MR. KIES: The way that the project is being
12 planned now is that the northbound flyover and the southbound
13 flyover are two separate ramps and could be built independently
14 of each other. So it's not that there's a lot of an
15 inefficiency to phase it between the northbound and southbound.

16 The inefficiency comes in is that there's a
17 crossroad called Frank Reed Road, and the plan is to build an
18 overpass over that and then continue with the flyovers to the
19 interstate. There's some throwaway -- what we call throwaway
20 construction work. If you build that flyover first, it starts
21 at the ground level and then climbs up. And there's a portion
22 of that that needs to then be reconstructed, because if you go
23 over the Frank Reed intersection, you're already up in the air,
24 and you don't need to go back down to ground level.

25 MR. HAMMOND: So it's the Frank Road crossing

1 that creates the biggest inefficiency, not the north and
2 southbound --

3 (Speaking simultaneously.)

4 MR. KIES: Correct. That's right. It's the
5 addition of the Frank -- well --

6 (Speaking simultaneously.)

7 MR. HAMMOND: -- immediate option may be
8 considered by ADOT and Nogales where (inaudible) find Frank Reed
9 portions not done, or (inaudible)?

10 MR. KIES: So the phase one project is not
11 including the Frank Reed overpass.

12 MR. HAMMOND: (Inaudible.) But the full
13 (inaudible) option, it does include?

14 MR. KIES: Correct.

15 MR. HAMMOND: Okay. What's -- is there any
16 intermediate option being considered or not?

17 MR. KIES: Not at this time.

18 MR. HAMMOND: Okay.

19 MR. ROEHRICH: Mr. Chair, Mr. Hammond, there's
20 not. Because even an intermediate option would require a
21 sufficient amount of funding that we don't have in the program,
22 again, without delaying something or moving something out from
23 within the area.

24 I think the other inefficiency that you have is
25 -- when I talked about inefficiencies, is really through the

1 procurement and contracting. You don't -- if you do them
2 together at the same time under one contract, you're only doing
3 that once. You're not doing that multiple times. So when you
4 talk about inefficiency cost, you know, 10, 20, 50 percent, it's
5 smaller in magnitude than that, other than whatever the
6 construction cost is, and I'm not too sure how that would go.
7 But, you know, it's a magnitude of probably, I'd say, well under
8 20 percent differential just because of the difference in
9 contracting and maybe adding in some of that. But there is a
10 cost to that.

11 MS. BEAVER: Okay. Can I just -- Chairman.

12 CHAIRMAN LA RUE: Sure.

13 MS. BEAVER: Can I have clarification now? So
14 we're saying that if we were to go with option two and move them
15 both into '19, they would be consolidated into one as opposed to
16 being kept separately?

17 MR. ROEHRICH: Mr. Chair, Ms. Beaver, that is
18 correct. If we decide to move forward with those as phases, we
19 would move forward with the intent of doing it as all one
20 project. If the public/private partnership falls apart and we
21 don't find additional revenue, then it is developed as just the
22 phase one, before it's advertised. We would only advertise what
23 we have in agreement and what we have funding that we can
24 deliver.

25 MS. BEAVER: Okay. Then my follow-up question

1 would be if we did not go with option two, pursuing this
2 public/private funding would be almost impossible, wouldn't it,
3 at least in year '19?

4 MR. ROEHRICH: Mr. La Rue, Ms. Beaver, no.
5 Actually, you know, we could discuss the option two separate
6 from whatever you decide, and again, we can amend the program
7 later on if we come to an agreement on a public/private
8 partnership. Just like we do with PPAC items and with the Board
9 meetings every month, we will continue to have those
10 discussions.

11 In fact, you probably wouldn't even approve
12 option two at this point until we have the public/private
13 partnership agreement in place. This is only a strategy of how
14 to move the discussion forward. So we -- even if you say you
15 approve only option one, we're still going to address option two
16 with the locals and try to find that revenue stream. And when
17 we find it, then we would come back to the Board and amend the
18 program from there.

19 So option two really is to make you think about
20 it and to probably start the dialogue and process, but it's not
21 as important to decide that phase as it is what to do with that
22 extra 36 million in fiscal year '18. Do you want to accelerate
23 the 189 phase one that's in the program already and by
24 legislation? And then what does that do with, you know, the
25 additional money available with some of these other priorities.

1 And then on fiscal year '21, what to do with that, and I think
2 Mike's got some suggestions.

3 So really, it's to open up and expand the
4 discussion, but the decisions regarding public/private
5 partnership will not be finalized until we have something in
6 place that would identify those revenues.

7 MR. HAMMOND: One last question. On that 75
8 million P3, is that 50 percent public, 50 percent private, or
9 what's the breakout of that revenue on P3 versus -- what I'm
10 looking for is what is -- what's the private sector have to come
11 up with?

12 MR. ROEHRICH: Mr. Chair, Mr. Hammond, that's all
13 part of the tolling and revenue study that would be done. We've
14 started on a preliminary scale, but we haven't done it to the
15 degree that -- have a full understanding. But there would be
16 some measure of still public funds in there, as we talked about.

17 Also part of the legislative effort we needed is
18 where would we direct some of the existing set of funds, some of
19 the funds that are collected from the \$75 overweight border fund
20 there. That's split between ADOT and the locals. If part of
21 the discussion moving forward is would ADOT dedicate those funds
22 to this as part of the (inaudible), which would lower then the
23 private need, or would the local government be willing to
24 dedicate those funds?

25 So there's a lot of negotiations that would set

1 into that. I think the idea that 75 million is all generated by
2 private (inaudible) fees is all part of the discussion, and that
3 number will probably actually come down a little bit. To what
4 degree it is, at this time we don't know until we have those
5 definitive financial analyses and discussions.

6 MR. HALIKOWSKI: So I want to just -- if you
7 could give me a moment here -- say one more thing about the P3,
8 is that you remember I mentioned Rio Rico and Ruby Road. Those
9 could conceivably be worked into a P3 option, also, because
10 those have been pointed out by the industry as being very
11 important items, including the frontage road between Ruby and
12 Rio Rico.

13 The other thing about a P3 is that it doesn't
14 have to be in perpetuity once the project's paid for. However,
15 if the funds continue to be collected, there are a lot of local
16 and county issues involving the industry as far as overages from
17 the (inaudible), pavement improvements, things like that that
18 could be funneled into the community. So I don't want to limit
19 the discussion to say this is all we can talk about. There are
20 far more other issues within the P3 that could be included as
21 options.

22 MS. BEAVER: Chairman. If you could go to,
23 again, the sixth -- six years out, six to ten.

24 Okay. So Rio Rico/Ruby Road is in the 2026, and
25 I'm noticing the I-17, the Black Canyon to Sunset Point. And

1 I'm going to ask today that on our October agenda CYMPO be
2 allowed to do a presentation on what they're working on with
3 regard to the I-17. So I'm seeing that as factoring in maybe
4 with regard to -- because they're also talking in terms of a P3
5 and...

6 MR. HALIKOWSKI: That --

7 MS. BEAVER: I just don't want to eliminate that
8 as --

9 MR. HALIKOWSKI: That would be a good discussion
10 item, Mr. Chair. We're actually doing some work looking at that
11 as a P3 possibility, also.

12 CHAIRMAN LA RUE: Okay. Board Member Teller.

13 MR. TELLER: Yes, sir. Go back to option three,
14 if you don't mind, please.

15 There was a discussion of putting that 25
16 million -- and it's up there in FY 2021, right?

17 MR. KIES: Right.

18 MR. TELLER: But is that state legislated?

19 MR. KIES: No. Essentially, I guess, the best
20 word for it is it's a swap, is that the state legislative money
21 would be spent in an earlier fiscal year, but we would look at a
22 strategy of moving some of the priorities forward from '20 and
23 '21, which would free up some of the federal aid in fiscal year
24 '21.

25 MR. TELLER: And that state legislated 25 million

1 that is in '19 in the dark green, is that specific to a project?

2 MR. KIES: Well, it's specific to the 189
3 project --

4 MR. TELLER: Okay.

5 MR. KIES: -- if it's accelerated.

6 MR. TELLER: (Inaudible.)

7 MR. KIES: If it's not accelerated --

8 MR. TELLER: Okay.

9 MR. KIES: -- then the way we interpret the
10 legislation is it can be used for anything in the five-year
11 program.

12 MR. TELLER: Are you sure?

13 MR. ROEHRICH: Mr. Chair, Mr. Teller, yes. We've
14 met with the Attorney General's office. Once the -- the idea --
15 if it's not used specifically for the acceleration of the State
16 Route 189 project, it goes back into the five-year program at
17 the discretion of the Board to program it, as you can see there,
18 as part of the Five-Year Transportation Facilities Construction
19 Program. Statewide highway construction.

20 MR. TELLER: The very bottom. Yes.

21 The reason why I'm asking is the state
22 legislature appropriated some funds to northern Arizona that we
23 sincerely appreciate. Not 25 million. It was, you know, 1.5
24 for a route that is heavily used by school bus routes, and it's
25 a dirt route. And in the legislation, it was specific to that

1 particular route.

2 And so the discussion from the other tribe, Hopi,
3 was considering, you know, well, why didn't they, you know,
4 consult with us? "They" being the State and County. They were
5 considering going back to the legislators, and we were sharing
6 that if the Hopi Nation is going to go back to legislators, they
7 could lose potentially their funding. And again, this is
8 children, kindergarten to high school, this bus route. Not a
9 freeway that's already paved. So that's what I'm getting at.

10 MR. KIES: And if this money is not slated for
11 the 189 project, meaning the project is not accelerated, then,
12 again, we go through the same programming process of how does
13 the Board see that that funding is applied to the five-year
14 program.

15 CHAIRMAN LA RUE: Michael.

16 MR. HAMMOND: Mike, it seems like the intent is
17 to accelerate 189, obviously, (inaudible), without a strong
18 reason. As a board member, forget about being part of southern
19 Arizona, I would be (inaudible) to kind of not do that so I
20 could get the money somewhere else. But if we make a decision
21 today on this, is it done?

22 CHAIRMAN LA RUE: We can't make a decision today.
23 (Speaking simultaneously.)

24 MR. HAMMOND: I asked if there's going to be some
25 input from -- was this an internal discussion, and they did.

1 It's right now. Before the final blessing is given, does it go
2 -- do we find out what the community wants?

3 MR. HALIKOWSKI: Mr. Chair, we've been working
4 with the community, as you know, for the past couple of years,
5 at least, if not longer on this. But yes. We wanted you to see
6 this, because, you know, outside of some permutations that
7 Mike's talked about, these, you know, pretty much appear to be
8 the three options that are available. But again, going back to
9 when you say that build 189, I just want to make sure everybody
10 understands, as far as this board has said, that is phase one.
11 That's that northbound ramp.

12 MR. HAMMOND: By the way, John, I asked that
13 question kind of knowing the answer. So --

14 MR. HALIKOWSKI: Okay. Well, it's a good
15 (inaudible).

16 MR. HAMMOND: But it would seem to me that the
17 intent is to accelerate 189, and so (inaudible).

18 CHAIRMAN LA RUE: Michael, do you have any other
19 -- I thought I heard somebody say you had other stuff to show
20 us.

21 MR. KIES: Not unless there's further questions.
22 I'd pass it on to Floyd about what the next steps are. I
23 believe (inaudible) --

24 CHAIRMAN LA RUE: Yeah. So what do you need --

25 MR. KIES: -- come back to the --

1 MR. SELLERS: Yeah. Are these slides available
2 to us?

3 MR. ROEHRICH: They will be. We'll get them out
4 to all of you. Mike was working on these late last night trying
5 to get done. So we didn't have time to send them out. They'll
6 be out today.

7 CHAIRMAN LA RUE: Board Member Stratton.

8 MR. STRATTON: A couple things. I think I made
9 it very well known before that I'm a huge advocate of the P3
10 system. I think it's the wave of the future, not only for
11 Arizona, but probably in the nation. And I think accelerating
12 the 189 project, at least phase one, is an economic boost to the
13 state.

14 We all have projects that we want, and I don't
15 think this is the proper venue to -- right now to start
16 advocating for our individual projects. I think we do that in
17 the five-year plan. Obviously we're all getting pressured from
18 our districts for certain projects that they want and that we
19 want, but I, for one, do think that accelerating the phase one
20 into '19 and looking at the P3 is a good situation.

21 CHAIRMAN LA RUE: So we -- so I think you're
22 talking option two?

23 MS. BEAVER: Chairman, I guess what I see, too,
24 when I look at this and I look at -- we were just discussing
25 I-11, and I don't know, are we at a place where we can kind of

1 say -- is it still proposed, I-11, or --

2 MR. KIES: It is proposed. Right.

3 MS. BEAVER: Proposed. Okay.

4 MR. KIES: Well, I mean, we haven't made a
5 recommendation.

6 MS. BEAVER: Both our former governor and our
7 current governor have been very supportive of the I-11. So if
8 we're looking at an option, this one seems to fulfill addressing
9 at least two sections of -- well, maybe more than that -- but
10 anyway, of working towards the ultimate objective if we end up
11 having an I-11. I know that South Mountain took, what, 40
12 years? So...

13 MR. ROEHRICH: Thirteen years formal study, but
14 people talked about it for 40 years.

15 MS. BEAVER: You know, I mean, this would almost
16 be an -- if we were able to move it and get something done
17 before 40 years, that would be impressive.

18 CHAIRMAN LA RUE: So Mike, if I can -- I'll
19 summarize a little bit some from what I'm hearing, and then
20 board members, you know, obviously this is not your particular
21 suggestion, but is more of just the flavor of what I'm hearing
22 is, is so the reason we're here today is really there's 109
23 million that's become available, but it's become available from
24 organizations like the federal government and the state
25 government that says, we want to see things happen. You know, I

1 don't think this money's come available so that we could sit on
2 it. I mean, they want to see action.

3 So I think the general tenor is to say, you know,
4 whatever option we come up with, we really have to move
5 something, accelerate something, make something happen, I mean,
6 with this money. And so this option two, you're kind of
7 starting to feel that, that something is going to happen.

8 And -- but I think the question that remains,
9 which I thought maybe is where -- I thought Floyd was saying you
10 might have information on is if you take this or something like
11 this and maybe you move that 93 in '21 to balance out '18,
12 you've got '21 with a lot of dough with no projects. And so do
13 we dip into that six through ten year? How do we get our arms
14 around that? You know, what do we do? And --

15 MR. KIES: So and -- oh, go ahead, Floyd.

16 MR. ROEHRICH: And Mr. Chair, I think the other
17 consideration you may want to make, the actions to us today that
18 the Board really needs to consider is we've got 36 million, if
19 you agree to put the I-10 all in one year, and then you've got
20 the 65 million if you want to accelerate the 189. All great
21 options, and because, as you said, you'd take care of that
22 additional 36 million. If you move that 93 project, you've got
23 that 99.5 million in '21. You don't really have to take -- make
24 that decision today.

25 CHAIRMAN LA RUE: Right.

1 MR. ROEHRICH: That -- because you're going to
2 have three years of programming that lead up to that, you can
3 then have further considerations on what is that six to ten or
4 is there another priority that needs to be done? You could
5 address '21 next programming cycle. The actions we need to
6 decide is we've got that 109 million. We need to action how to
7 make that 109 million work, whether it's one of our options or
8 not.

9 In consideration of option one or option two, if
10 the decision is accelerate the 189 phase one, we can do that.
11 Continue the discussions of could you do a phase two within the
12 time frame. As Mr. Hammond pointed out, the real critical is
13 these times frames to do that. We could continue those
14 discussions and have that, but we actually wouldn't want the
15 Board -- and the Board wouldn't even be able to action that
16 phase two until we have some type of a revenue identified for --
17 to move that.

18 So the real issue is do you want to lump I-10
19 together? Do you want to accelerate 189? Do you want to use
20 all the funding available there? Find a project or find some
21 type of an expense for that 36 million that's left in '18, and
22 then give consideration to what you could probably do in '20 and
23 '21 in the next programming cycle in order to really then expand
24 and use all those funds.

25 CHAIRMAN LA RUE: And I think that's what I heard

1 Board Member Stratton -- I'll let him speak about saying let it
2 come through the normal cycle.

3 MR. HALIKOWSKI: I just want to point out that we
4 have not heard from the public yet --

5 CHAIRMAN LA RUE: Right.

6 MR. HALIKOWSKI: -- as Mr. Hammond said, and
7 there is an option three. So there may be a potential for them
8 to come back and ask you, well, could we wait until '21, and
9 would you provide more funding over and above? So that
10 potential is out there. I just wanted to point that out.

11 MR. STRATTON: That's -- that exactly was my
12 point, and Floyd explained a little better than I did, and thank
13 you. But I do echo your comments, too, on the grant funds. I
14 think if we don't utilize them in an expeditious manner, then
15 that does not help us in the future for any new applications
16 that we go for, whether it's the legislature or the federal.
17 There are very distinct things that these funds have been given
18 for, and if we sit on them and don't act, we're not going to
19 receive any more, I don't believe. I feel very strong about
20 that.

21 So I think we need to expedite the projects that
22 the funds are there for and move forward, and at a later date
23 decide what to do with those other moneys through the general
24 course of the public hearings next year. But I think we do need
25 to, next month, which we can't today, but I would like to see it

1 on the agenda next month for some action and move forward.

2 CHAIRMAN LA RUE: Board Member Teller.

3 MR. TELLER: Thank you, sir. And I'd like to
4 echo that as well. Showcasing activity and expending these
5 grants is really important to the agencies to have some
6 confidence in our efforts, and I support that.

7 I would also like to advocate for the rural
8 communities for the next five, six years, especially to school
9 children who have to walk in mud, who have to walk on broken
10 sidewalks and broken roads that children in the cities don't
11 take -- they take advantage of those opportunities. So I'm
12 going to advocate strongly from here on out for that, that we
13 consider those communities that have the needs out there. Not
14 the corridors, not the freeways. We still have Arizonans out
15 there that are still in dirt. So thank you.

16 CHAIRMAN LA RUE: Board Member Hammond.

17 MR. HAMMOND: More just a clarification,
18 actually. Remind me again. I mean, we'd be blowing and going
19 on I-10 July next year? Is that when fiscal '18 starts?

20 MR. KIES: Correct.

21 MR. HAMMOND: I like that.

22 UNIDENTIFIED SPEAKER: You like that.

23 MR. KIES: Well, I mean, that starts when --

24 (Speaking simultaneously.)

25 MR. ROEHRICH: Mr. Chair, Mr. Hammond, the

1 fiscal --

2 CHAIRMAN LA RUE: From the planner, not the
3 (inaudible).

4 MR. ROEHRICH: The fiscal year starts July next
5 year. I don't know if we're going to be blowing and going on
6 I-10 just yet, but it would be within that fiscal year.

7 MS. BEAVER: Chairman, with regarded to what
8 Board Member Teller had brought up, that particular stretch of
9 highway, have we even reviewed it from an ADOT standpoint? What
10 can we do to get that stretch --

11 MR. KIES: Is that US-160? Is that what you're
12 referring to?

13 MR. TELLER: The legislated appropriation for --
14 is H-60. That's between Low Mountain and Polacca. Two
15 counties, two nations, and the funding's there --

16 MS. BEAVER: I guess what my question --

17 MR. ROEHRICH: Mr. La Rue, Ms. Beaver, that's not
18 a state route, so we've not looked at that route.

19 MS. BEAVER: Okay. So --

20 MR. ROEHRICH: That's a local route. That's why
21 the money was appropriated by the legislature directly to the
22 nation, because it's their route. The department and the Board
23 has no authority on that.

24 MR. TELLER: Right. (Inaudible) state side.
25 (Inaudible.)

1 MR. ROEHRICH: Right. Right.

2 MS. BEAVER: So with regard to when you're
3 speaking about a highway, a roadway that -- the school bus
4 issues up there on the reservation, is that a state route
5 highway?

6 MR. TELLER: There are several -- in three
7 counties, there are several communities that don't have
8 sidewalks that are on state facilities. There are several of
9 those communities that need bus pullouts, bus shelters. So I'm
10 thinking of those, and I'm also thinking of county routes as
11 well that aren't dirt roads on the three -- in the three
12 counties.

13 I'm not sure about the other tribal communities
14 in the state, but I'm sure they're facing the same issues. And
15 the USGAO was out here in May, and I'm going to receive a report
16 from that to see, you know, what kind of efforts are needed to
17 address school bus routes. And mainly, my focus is school
18 children, because those are our future leaders. So we need to
19 consider that in a planning session of some sort.

20 CHAIRMAN LA RUE: Steve, did you have a comment?

21 MR. STRATTON: As far as Board Member Teller's
22 comments about rural Arizona, I agree. We have to remember
23 rural Arizona. As I'm looking at this in a long range fashion,
24 hopefully if we expedite these freeway projects, it will bring
25 more economic benefit to the whole state, and therefore, more

1 money to rural Arizona, also.

2 CHAIRMAN LA RUE: So Floyd, I think we've
3 probably exhausted the discussion. Wrap up with you're going to
4 seek some of our input from our stakeholders?

5 MR. ROEHRICH: Mr. Chair, members of the Board,
6 absolutely. We will continue to have coordination. Obviously,
7 we'd do it in a public forum like this with the Board to gather
8 your input, and that's why it was presented here first, so we
9 could move forward.

10 Once we continue, between now and the September
11 board meeting -- which to remind everybody, September 16 in Lake
12 -- Bullhead City, I'm sorry, not -- I was going to say Lake
13 Havasu -- Bullhead City -- we'll have continued coordination,
14 but it will be agendaed as another public meeting where people
15 can come and present their recommendations and comment to the
16 Board as part of your consideration. You'll have the
17 opportunity to debate it there, whether you come to a consensus,
18 you want to make a decision or you want staff to analyze it
19 more.

20 That's the opportunity to -- for the Board to
21 hear public input and for -- and to give us the time frame for
22 the department to work with stakeholders on issues to bring back
23 to the next time for discussion. So we'd be looking at, as
24 Mr. Stratton said, agendaing this at the next board meeting for
25 discussion, possible action, and then from there, we'll go the

1 direction that the Board chooses.

2 MR. STRATTON: But we will receive these slides
3 before we get our packet for Bullhead?

4 MR. ROEHRICH: Absolutely.

5 MR. STRATTON: Okay.

6 MR. ROEHRICH: Mr. Chair, Mr. Stratton, yes, sir,
7 we'll get those slides out today, and we'll -- it's a pretty big
8 file, so I'm not sure how to --

9 UNIDENTIFIED SPEAKER: (Inaudible.)

10 MR. ROEHRICH: We'll post it online, and we'll
11 send you the link to it, and then if you want us to make hard
12 copies, what's ever easier. We'll do whatever works best for
13 you.

14 MR. STRATTON: The link is fine.

15 MR. ROEHRICH: But you'll have them today.

16 CHAIRMAN LA RUE: And is there -- I'm not sensing
17 -- so is there any urgency that there has to be a decision in
18 September, or this could -- from these projects?

19 MR. ROEHRICH: Mr. Chair, I-10 is maybe no real
20 urgency doing in September, but we're going to hit up fiscal
21 year '18 pretty quickly. We want to make sure that we're
22 developing the projects -- you know, things are underdeveloped
23 -- whether it's 93 or -- but if we need to reprioritize and do
24 something. So I wouldn't -- I wouldn't want to be having this
25 debate through the programming cycle (inaudible) January. If

1 it's not September, I think maybe it has to be October.

2 CHAIRMAN LA RUE: It has to be October. Okay.

3 MR. ROEHRICH: I'd say in the next month or two,
4 we need to have a decision.

5 MR. HALIKOWSKI: He's ready to blow and go.

6 MR. ROEHRICH: Definitely ready to go.

7 CHAIRMAN LA RUE: He's down there doing the
8 staking already.

9 MR. STRATTON: My reasoning for asking it to be
10 on the agenda was so that we could consider if we wanted, and we
11 could hear from the public and staff on that agenda item. If we
12 so choose to make a decision, we could, or it could be moved to
13 another --

14 CHAIRMAN LA RUE: Yeah. No, I --

15 MR. STRATTON: -- future agenda.

16 CHAIRMAN LA RUE: -- appreciate getting it on the
17 agenda. I was just wanting to make sure board members don't
18 feel the pressure that it has to be voted on in September. If
19 we don't feel that it's ready, that October is still there
20 and --

21 MR. ROEHRICH: And I think that's a great
22 comment. If you get a lot of comments in October -- or in
23 September that make the Board want to reconsider, we can --
24 you'll take the time to do that. I just want to make sure that
25 the 120 days we're not still debating this --

1 CHAIRMAN LA RUE: Right.

2 MR. ROEHRICH: -- because then we'll start
3 feeling some pressure, obviously.

4 CHAIRMAN LA RUE: Yeah. Perfect.

5 MS. BEAVER: Well, Chairman, I would just add
6 that on these projects that we're talking about down there in
7 the Nogales area, you know, that was a very interesting field
8 trip that we went on when we went down there, and if that port
9 is at full capacity ever, the road the way it's made up right
10 now is not going to work. There is that high school entrance
11 off of the -- would it be the southbound and -- I just see
12 horrible congestion down there. You know, I think that this is
13 going to have to be done in order to, you know, just for safety
14 in some respects and also to -- for movement down there in that
15 community.

16 CHAIRMAN LA RUE: Great. If there's no other
17 comments from the Board, that's -- we're done with Agenda Item
18 No. 3.


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

20 CHAIRMAN LA RUE: Thank you, Mike.

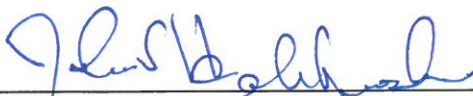
21 (End of excerpt.)
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A motion to adjourn the Study Session of August 30, 2016 was made by Deanna Beaver and seconded by Steve Stratton. In a voice vote, the motion carries.

Meeting adjourned at 11:05 a.m. MST



Joseph E. La Rue, Vice Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation