

STATE TRANSPORTATION BOARD MEETING MINUTES

Friday, May 18, 2018

Immediately Following Public Hearing

Arizona Department of Transportation

Administration Building

Auditorium

206 S. 17th Avenue

Phoenix, AZ 85007

BOARD MEMBERS IN ATTENDANCE:

Bill Cuthbertson, Chair

Jack Sellers, Vice Chair

Sam Elters, Board Member

Gary Knight, Board Member

Michael Hammond, Board Member

Steve Stratton, Board Member

Jesse Thompson, Board Member

ARIZONA STATE
TRANSPORTATION SPECIAL
BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Arizona Department of Transportation
Administration Building Auditorium
206 South 17th Avenue
Phoenix, Arizona 85007

May 18, 2018

PREPARED FOR:
ADOT - STATE TRANSPORTATION BOARD

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CALL TO THE AUDIENCE

MAY 18, 2018 BOARD MEETING

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1 (Beginning of excerpt.)

2

3 CHAIRMAN CUTHBERTSON: We'll move right into the
4 regular board member -- or regular board meeting for -- so the
5 May 18th, 2018 meeting of the State Transportation Board member
6 is called to order.

7 I'll go ahead and proceed with a call to the
8 audience. We'll have the same three minute time limit on this
9 call to the audience, and we'll start off with Paul Ward,
10 Executive Director of the Yuma MPO.

11 PAUL WARD: Good morning, Mr. Chairman, members
12 of the State Transportation Board. Actually, I'm not going to
13 use this. I was just threatening with it. That's all.

14 Wanted to briefly address you. You're probably
15 aware my MPO in this particular case, the Yuma metropolitan
16 region, the third largest region in the state. Unfortunately
17 within the project that we've just been looking at, apparently
18 we're not being treated particularly fairly from the point of
19 view of two other counties who have exactly -- or as close as
20 exact as we can get, within a few thousand either way, exactly
21 the same population, have approximately the four times the
22 amount of funds being programmed in their region.

23 Most importantly, rather than hash bad news like
24 that, in this particular case, I wanted to give you a heads up.
25 We will be coming to the Board at the next meeting, on the June

1 5th meeting, I believe, and we're sewing the seed for the next
2 program, realistically. We're looking for State Route 95,
3 arguably, depending on which way you view that, it's US-95 as
4 well. We're looking to have that particular project -- this
5 isn't news, obviously, to the Board -- but we'll be looking to
6 have that project programmed somewhere in the program,
7 preferably during the existing program, although that's kind of
8 cutting things a little bit fine.

9 But when you look at the current program, for
10 instance, the outer two years, almost the outer three years,
11 there are zero projects programmed in the Yuma County region.
12 That obviously has -- arguably has some explanation needed.
13 Obviously, it's not appropriate to ask for that at this
14 particular venue. Maybe that may come up in the next meeting.

15 From that point of view, we will be coming
16 forward, and we will be looking for some action. As to whether
17 that's going to be action in the future, in the next program or
18 not, obviously this isn't the sort of thing that happens with
19 the flick of your fingers. But thank you very much for the
20 opportunity to address you, and I look forward to seeing you
21 next month, sir.

22 CHAIRMAN CUTHBERTSON: Thank you.

23 Next Vincent Gallegos, Director of Lake Havasu
24 MPO.

25 VINCENT GALLEGOS: Good morning, Mr. Chairman,

1 members of the Board. Grateful to be here this morning.
2 Looking forward to having you all in Lake Havasu City in about
3 five months. So we're working on all the preparations for the
4 20th Arizona Rural Transportation Summit. Looking forward to
5 that. The plans are coming together great. Also working with
6 the ADOT tribal liaison office to have the annual tribal meeting
7 in conjunction with the summit. So looking forward to that,
8 also.

9 In addition to that today, I just wanted to kind
10 of give you a heads up on a project we've been working on for
11 some time now, and it's SR-95 in our Kiowa intersection project.
12 We're doing a number of safety improvements.

13 Back in 2016 there was a corridor study done on
14 SR-95, and it ran all the way from I-40 in Kingman, all the way
15 south to Yuma, to the I-8 intersection. So this is a 180-mile
16 corridor study. In that corridor study, the -- it was broken
17 into 13 segments. The one segment that rose up above the others
18 for a need of safety improvements in the priority list was right
19 in the heart of the MPO. It was right in Lake Havasu City.
20 It's a three-mile segment, and what was identified was about a
21 need for right around 35 to \$40 million of safety improvements
22 in that area.

23 Since that study, the MPO has been working with
24 ADOT, working with the City. We've committed at this point \$1.1
25 million to the intersection of SR-95 and Kiowa. Unfortunately,

1 what was not included in that is just north, just by feet, a
2 traffic signal that is absolutely going to help out traffic.
3 I'll tell you along that entire corridor, 180 miles, there's
4 been 159 crashes. Just in the corridor that I'm talking about,
5 out of that 180 miles, just in that three miles, we have about
6 70 percent of the crashes in that three miles of the 180-mile
7 segment.

8 So in that Lake Havasu MPO segment, we're looking
9 at about 24 -- I'm sorry -- about 92 crashes and 5 fatalities in
10 a five-year period. So we're working with ADOT staff. At this
11 point we've struck out on a few different places. Our district
12 engineer went after the minor district funds, which I would
13 encourage if at all possible the conversation in the near future
14 with the State Board and staff as to the minor district funds
15 and how that's gone from where there was the local jurisdiction,
16 if you will, to more of a competitive basis. Because in this
17 case, I think for a traffic signal, we're looking at about
18 560,000.

19 I believe the process before, we could have
20 resolved it at this point. However, we haven't. So I would
21 look forward to the conversation in the future. Look forward to
22 having you there. And really do want to thank ADOT staff,
23 who've been working with district engineer Alvin Stump, LPA
24 section and our planner, and they've been incredible. So we're
25 seeking a solution. Right now the MPO's looking to fund the

1 traffic signal 100 percent at this time. So I thank you very
2 much.

3 CHAIRMAN CUTHBERTSON: Thank you. Next I have
4 Miles Begay, the Tribal Transportation Manager for Navajo
5 county.

6 MILES BEGAY: Good morning, board members,
7 Chairman.

8 I'd just like to shed some light on a community
9 out in Cameron, Cameron Chapter, out on State Route 89. They
10 did submit a resolution, and just to shed kind of their
11 awareness on the school out there called Dzil Libei Elementary
12 School. It sits on the west side of State Route 89, and they
13 kind of see a speeding through there, which is a tourist spot
14 going towards Kayenta or Page. So it is towards and kind of
15 coming up, and they're kind of concerned about the kids within
16 the area, the speed limit and all that. So they would like to
17 drop that to 35 miles an hour. So that is a concern from
18 Cameron Chapter.

19 And I'd just like to say thank you on behalf of
20 Navajo County, as recently I did do a public comment on State
21 Route 87, BI-15, concern at that cross-section within the last
22 month. We did -- you guys did -- took the proactive and get an
23 assessment done out there. So I'd like to thank you guys for
24 that, and it is going -- it's one step closer to getting signs
25 out there, so thank you very much.

1 CHAIRMAN CUTHBERTSON: Thank you.

2 MILES BEGAY: Thank you.

3 CHAIRMAN CUTHBERTSON: So do we have -- we've got
4 all that. All right. Thanks.

5 Okay. We've worked our way through the public
6 comment cards, it looks like. So we'll go ahead and move on to
7 the -- Item 1 on the agenda. Mr. Randy Everett will -- Central
8 District Administrator will provide an update and overview of
9 issues of regional significance, including an update on the
10 current upcoming construction projects, operations, maintenance
11 activities, and regional transportation stance. For information
12 and discussion only.

13 MR. EVERETT: Good morning.

14 CHAIRMAN CUTHBERTSON: Good morning.

15 MR. EVERETT: Chairman Cuthbertson and the Board.
16 We have got a good year. My name is Randy Everett. I am the
17 senior division administrator for the Central District, and
18 welcome to the Central District today.

19 So we've got on lot going. Let me start. We
20 right now currently have 17 projects under construction, but
21 we've done 64 projects through this year, and so we are
22 administering quite a few projects. A lot of them are the local
23 projects the smaller projects, but we've got a lot going on in
24 this year.

25 So 17 currently going on. Our LPA projects.

1 Obviously our big one is our South Mountain project. That's
2 that 202 project that you all know about. That's our big one
3 here. Overall, our construction costs this year are \$1.025
4 billion in fiscal year 2018. And right now we've got estimates
5 earned of about 413 million. You can see down below we've got
6 the monthly estimates, and again, that's the district in the
7 darker, which is all the district, including South Mountain, and
8 then obviously South Mountain makes up a lot of what's going on
9 right now.

10 So as I said, we've got a lot of completed
11 projects. A lot of them are small, so I'm not going to bring up
12 all of the smaller projects. But we've got a lot of things
13 going on, coming up right, but now we've closed several big jobs
14 this year. One of them, I-17, that's the wrong way driver pilot
15 project, and that's a big one that we finished in November. A
16 lot of success already on that one. What's beautiful is this
17 I-10/303, you've probably seen the phase two construction that
18 is now done. It is gorgeous, and we are now just putting the
19 final touches on there with the landscaping. That's going on
20 currently.

21 I'd like to give our maintenance group some
22 kudos. I-17, the 7th Avenue bridge got hit this year. We are
23 in there -- we were in there -- that was got -- that got hit
24 last year, late last year, and they've been working on that.
25 They just got finished up in May with the final sign being put

1 on that, but that bridge is now in good shape, and it's back to
2 normal. That got hit on its outside girder by a truck.

3 Also, there were storms late last year on 88 that
4 really tore 88 apart. Our maintenance crews got in there and
5 did some early stabilization, but then Nesbitt Construction came
6 in and did a lot of emergency work on that, and we're back up on
7 that. So that looks really good as well.

8 Yes, sir.

9 MR. HAMMOND: Just a question on that repair, the
10 7th Street bridge.

11 MR. EVERETT: Yes.

12 MR. HAMMOND: Was that insured? Do we have
13 insurance for that kind of stuff?

14 MR. EVERETT: So there -- we do. There's a DR
15 process where if the truck -- and this truck was obviously
16 caught after the situation happened. So we do go after that
17 insurance wise. Yes. And we expect to recover, although I
18 don't know if we have yet.

19 MR. HAMMOND: What was the cost of that repair,
20 approximately?

21 MR. EVERETT: The cost of the repair was a little
22 over \$400,000, in that range, when all's said and done.

23 MR. HAMMOND: Thank you.

24 MR. EVERETT: So those are some of the big things
25 that have been completed. Ongoing projects, South Mountain,

1 that's our big one. We are at -- well, the contract amount on
2 that is \$916 million. 47 percent of that is complete at this
3 time. 59 percent time used. These are some of the big things
4 going on. I won't read them all to you, but we've got a lot of
5 things going on. All three areas now are opened up. My
6 understanding is that we are very soon going to be starting
7 through the mountain itself. There's some early preliminary
8 work on that at this time.

9 SR-347. It's exciting. It's finally off the
10 ground. As you can see by the percentage of time used and the
11 completeness of the project, we started off a little slow, but
12 they are out there right now in force, and we should be able to
13 catch up on that project is what we think.

14 SR-88. So in addition to the re- -- the
15 emergency work that was done out there, SR-88 is also getting a
16 facelift. And so we're going out there. We're leveling out
17 some of the turns, and we're going to be milling and overlaying
18 a good section of that SR-88, which it's obviously in great need
19 of, and that's going on at this time. About 62 percent of the
20 time is used on that, but that job is about 70 percent complete.

21 So these are the projects coming up in fiscal
22 year 2019. A big one, and these are big ones. So the Happy
23 Valley, Pinnacle Peak, Pinnacle Peak CM -- CMAR process. That's
24 going on right now. That job should start up here in the next
25 couple of months. I-10/Fairway Drive TI, that's a big one on

1 I-10, and we've got the big Princess job. That's on 101. It's
2 from I-17 to Princess.

3 Then down below that, on the Baseline portion,
4 from about 60 down to 202, we have that project on 101 coming up
5 a little bit. That should start early next year as well. And
6 then we've got a whole lot of FMS projects, which are our vision
7 projects, which are our ITS projects and local agency projects.

8 Any questions for me?

9 CHAIRMAN CUTHBERTSON: Yes. Board Member
10 Thompson.

11 MR. THOMPSON: You did mention that where damage
12 has happened to one of the roads, insurance repaid that to
13 rebuild that. Now, does this also apply to other damages on
14 other roads? You know, I don't know there may be several
15 accidents or damage to a lot of (inaudible) --

16 MR. EVERETT: Yes.

17 MR. THOMPSON: -- (inaudible) this apply to?

18 MR. EVERETT: It does. So any time a guardrail
19 or the guard wall gets hit or anything that gets hit out there,
20 we try to get a -- what is called a DR. We try to get a report
21 on that, and then what we do is we go after that -- the
22 insurance company for the driver for that money, and that -- and
23 we have a great success rate at this point in time of that money
24 coming back.

25 CHAIRMAN CUTHBERTSON: Thanks.

1 MR. THOMPSON: Okay. Thank you very much.

2 CHAIRMAN CUTHBERTSON: Dallas, you have --

3 MR. EVERETT: We may need some more information
4 on this.

5 MR. HAMMIT: It's different than my insurance,
6 because if we don't get insurance recovery, ADOT is
7 self-insured, so unless it reached a very high limit, it does
8 come out of Randy's budget when those happen. So we do go
9 after, in the case of the group that hit the bridge, but if we
10 -- we're not -- we don't recover from them, it does come out of
11 his budget. There's not, like, a policy that we claim against.

12 CHAIRMAN CUTHBERTSON: Okay.

13 MR. ROEHRICH: Well, Mr. Chairman, I think it's
14 important to remember that at the time of the accident, if
15 they're making the repair, it's going to come out of the budget,
16 regardless.

17 CHAIRMAN CUTHBERTSON: Right.

18 MR. ROEHRICH: But they've got to make the
19 repair. And if there is a damage report, the DR that we get,
20 then we will go after the insurance to recover as much as we
21 can. But when that recovery comes back, because it comes back
22 through the insurance program, it goes into the Highway Fund.
23 So it doesn't go back necessarily to replenish the district or
24 the funds that it came from.

25 Boy, now Kristine's jumping in.

1 MR. EVERETT: Well, a little bit. No. Here's
2 Kristine to tell you about it.

3 MS. WARD: We just got a legislative change on
4 that, and those funds will be going back into the maintenance
5 thanks to --

6 MR. ROEHRICH: Oh, well, we'll get an update in
7 the legislative report.

8 MS. WARD: It's about 3 and a half to \$4 million
9 a year that we end up recovering in -- from the insurance.

10 CHAIRMAN CUTHBERTSON: Okay. Thank you. Thank
11 you for that.

12 Mr. Sellers, any other comment?

13 MR. SELLERS: Yeah. What's the current projected
14 completion on South Mountain?

15 MR. EVERETT: We're still looking at late 2019.
16 That's still the projected finish date on that.

17 CHAIRMAN CUTHBERTSON: Board Member Hammond.

18 MR. HAMMOND: Is the litigation to stop the
19 construction still going on or has that been finally put to bed?

20 MR. EVERETT: So the final appeal happened, and I
21 believe that makes it done. We're moving forward as if no more
22 appeals are coming in.

23 MR. HAMMOND: Great.

24 MR. ROEHRICH: But --

25 MR. EVERETT: There's more.

1 MR. ROEHRICH: Mr. Chair, Mr. Hammond, since --
2 and that was the original appeal that was done by the
3 homeowners, a group of homeowners in Ahwatukee and the Gila
4 River Indian Community. That has completed its process. Since
5 then another group of homeowners have decided to file a lawsuit
6 on some different claims that we are dealing with right now, but
7 that has not to this point done any impact to the project.

8 MR. HAMMIT: Mr. Chairman, those claims are on
9 right-of-way purchases, and so it's not to stop the project and
10 saying you have to stop, but if they prevent us from getting the
11 land, that would in essence slow us down, if not delay us.
12 There is one very sizable development that we do need to take
13 some of their common land, and we're working through the
14 condemnation process in there.

15 CHAIRMAN CUTHBERTSON: Okay. Okay. Randy, thank
16 you.

17 MR. EVERETT: Thank you.

18 CHAIRMAN CUTHBERTSON: Okay. For Item 2, ADOT
19 Executive Officer Floyd Roehrich, Junior, will provide the
20 director's report. For information and discussion only.

21 MR. ROEHRICH: Thank you, Mr. Chair, members of
22 the Board. The director sends his regrets. He is out of the
23 office and not able to be here.

24 I only have one item I had just want to point to
25 you. In front of you each of you, you have a copy of the final

1 master -- airport master plan for the Grand Canyon Airport. And
2 I know you've been given presentations previously on staff, on
3 the plans for that. Our goal is to provide this copy for you.
4 It is also online for any of you who would prefer to take it
5 online. You can leave your copy here, and I'll take it if you
6 don't want to try to lug this thing. But if you haven't done
7 your reps today, your barbell reps, just do a few of these
8 things. This is yours, Michelle. I just haven't given it to
9 you yet, because I'm probably going to have to help you carry it
10 out to the car. But it is online.

11 I did talk with Sonya, and we've got a new
12 airport manager. They do want to come back to the Board in the
13 near future, and again, summarize exactly what's in the report
14 and then talk about some of the issues moving forward as what
15 they see for their implementation for the -- implementation of
16 some of the plan improvements. I know there's been a lot of
17 people in the audience coming up, talking about this from the
18 public.

19 They've also got a lot of comments during the
20 period to have public hearings on this. But we'll come back and
21 present something to the Board here in the near future, if not
22 the next study session, maybe one of them earlier on later this
23 summer to kind of talk about our plan moving forward. So yeah,
24 I just wanted to let you know why that's there and that we're
25 bringing something forward.

1 With that, Mr. Chair, I have nothing else.

2 CHAIRMAN CUTHBERTSON: Okay. Thanks. Comments
3 or questions?

4 Board Member Hammond.

5 MR. HAMMOND: I guess I better ask Michelle this.
6 Is it appropriate if I made a comment on SR-189? Is that --
7 it's under the five-year plan.

8 MS. KUNZMAN: That's okay.

9 MR. HAMMOND: It's okay?

10 I remember when we first started talking about
11 this project. I met with many of you that spoke today and
12 others, and there was a strong message coming from me and the
13 Board that Nogales needed to speak in unison. They needed to
14 get together if that full build out of 189 were to happen. And
15 regardless of whether we get this thing done or not, I really
16 want to applaud the community of Nogales and Santa Cruz County
17 on -- and Pima County on really doing their part. It's
18 unfortunate the legislation didn't pass. It was our last
19 element, but as you know, I'm very much in favor of trying to
20 get the full build out done, and I want to thank the southern
21 Arizona communities for doing their part to try to make this a
22 reality.

23 CHAIRMAN CUTHBERTSON: Okay. Thanks.

24 Other comments? Okay. Okay, Floyd.

25 Okay. We'll move on to Item 3 on the agenda.

1 The Board will consider items included in the consent agenda for
2 information and possible action.

3 Board members, are there any items on the consent
4 agent that you want pulled for individual discussion?

5 Okay. Hearing none, is there a motion to present
6 the -- to approve the consent agenda as presented?

7 MR. SELLERS: Move for approval.

8 MR. THOMPSON: Second.

9 CHAIRMAN CUTHBERTSON: Okay. I've got a motion
10 by Vice Chair Sellers, and a second by Board Member Thompson.
11 Any discussions?

12 All in favor indicate by saying aye.

13 BOARD MEMBERS: Aye.

14 CHAIRMAN CUTHBERTSON: Any opposed, say nay.

15 Okay. The ayes have it. The motion carries.

16 We'll move on to Item 4 on the agenda. The
17 legislative report will be tag teamed this morning with a couple
18 of members of the government relations staff, Bruce Bartholomew
19 and Bill Fathauer, I believe. Is that right?

20 MR. FATHAUER: Yes.

21 CHAIRMAN CUTHBERTSON: Yes, Bill.

22 MR. FATHAUER: Yes. Mr. Chairman, Members, Bill
23 Fathauer, the legislative liaison for the Department. I just
24 want to give you a brief overview of several of the important
25 pieces of legislation that were passed during the recently

1 adjourned legislative session.

2 Senate Bill 1065. You've been hearing about
3 SR-189 earlier in the session. Senate Bill 1065 dedicates the
4 state highway portion of --

5 MR. ROEHRICH: Bill, could you make sure that
6 you're speaking into the microphone.

7 MR. FATHAUER: Sorry.

8 MR. ROEHRICH: You're fading out as you step
9 back.

10 MR. FATHAUER: I apologize.

11 MR. ROEHRICH: Thank you.

12 MR. FATHAUER: Senate Bill 1065 dedicates the
13 state highways -- State Highway Fund's portion of the \$75
14 overweight fee collected at the Nogales port of entry to
15 projects within 20 miles of that port of entry. It also allows
16 Santa Cruz County and the City of Nogales to enter into an
17 agreement with the Department to dedicate a portion of their
18 moneys from that overweight fee to those projects as well. So
19 this is going to enable further -- enable us to further aid in
20 the development of that project, as well as any other smaller
21 projects that fit that bill.

22 Senate Bill 1200 was one of the agency's bills
23 that basically got rid of about 20 percent of our administrative
24 rule making authority, which follows Governor Ducey's directive
25 to his state agencies to streamline our statutes and our

1 internal agency processes.

2 The bill also eliminates the Parkways Historic
3 and Scenic Roadways Advisory Committee, which handle the
4 designation requests for historic and scenic roadways through
5 the State of Arizona. Starting in June -- or sorry -- July of
6 2019, that responsibility will be transferred to the State Board
7 of Geographic and Historic Names. So at that point any of those
8 designation requests in the future will be decided by the Board
9 of Geographic and Historic Names and then reported back to the
10 State Transportation Board when those designation requests are
11 approved.

12 Senate Bill 1287 was another one of the agency's
13 bills, and it prepares ADOT's Motor Vehicle Division for the
14 capacity with the new internal database. This new system's
15 going to allow ADOT to look towards things like digital driver's
16 licenses and other credentials, and lot of other exciting
17 customer service-friendly capabilities, which will enable us to
18 continue to make ADOT's MVD a model motor vehicle division
19 nationwide.

20 House Bill 2166 requires the director of ADOT to
21 establish a highway safety fee to be imposed at the time of
22 registration. That will be used to fund the Department of
23 Public Safety Highway Patrol. I'm actually going to -- Kristine
24 Ward, when she comes up, ADOT's CFO, will have more information
25 if you have any questions on the implementation of that bill.

1 Several other pieces of the legislation that
2 didn't pass but that were transportation related included
3 further excise tax authority for counties that have capacity in
4 order to raise more money for transportation projects. There
5 does seem to be -- even though that did not pass, there does
6 seem to be a real genuine momentum at the Legislature towards
7 finding long-term sustainable funding solutions for Arizona's
8 transportation infrastructure needs. And so we look forward to
9 seeing those discussions move forward in the coming legislative
10 sessions.

11 I'd be happy to answer any questions about those
12 bills, and then I believe Bruce will have a federal update as
13 well.

14 CHAIRMAN CUTHBERTSON: Board Member Stratton.

15 MR. STRATTON: On the DPS funding, the way I
16 understand the bill is it depends on the budget that the
17 Legislature pass for DPS, and then the director has to assess a
18 fee accordingly to the number of vehicles and such like that.

19 MR. FATHAUER: Mr. Chairman, Board Member
20 Stratton, that is the case. Yes.

21 MR. STRATTON: Then my question being then
22 currently we have the opportunity to buy anywhere from one to
23 five years the tags. So assuming that a fee is assessed this
24 year, based on a \$140 million budget, and the person opts to go
25 ahead and buy five years, what happens in the other five years

1 if the assessment is higher? Will there be an additional bill
2 sent to each person or will there be --

3 MR. FATHAUER: Mr. Chairman, Board Member
4 Stratton, it's my understanding, and this hasn't been -- --

5 MR. ROEHRICH: Let him finish his question.

6 MR. FATHAUER: Oh, I'm sorry.

7 MR. ROEHRICH: Let him finish his question before
8 we answer.

9 MR. FATHAUER: I'm sorry.

10 MR. ROEHRICH: Mr. Stratton.

11 MR. STRATTON: That's okay. Go ahead.

12 MR. FATHAUER: I believe the intention is to have
13 that fee collected similar for a VLT, collected at the time of
14 registration for each year of the term of registration, so --

15 MR. STRATTON: So you're saying if --

16 MR. FATHAUER: It would be collected, the fee
17 would be collected twice, at the time of registration if the
18 person is registering for two years, five if they're registering
19 for five.

20 MR. STRATTON: Okay. So if I bought five years,
21 and during those five years if the budget went up, so the
22 director would have to up that fee accordingly if I understand
23 the bill correctly, would then an additional bill be sent to the
24 individual that purchased more than one year?

25 MR. FATHAUER: Mr. Chairman and Board Member

1 Stratton, Kristine might be able to better answer where we're
2 headed.

3 MS. WARD: Chairman Cuthbertson, Board Member
4 Stratton, would you consider joining the implementation team for
5 that bill? Those are the exact items that we are struggling
6 with right now in the implementation and how to iron those out.
7 Your questions are very insightful, but we haven't ironed out
8 all of those details. We are in just the initial assessment of
9 how do we implement this and then do the associated programming
10 for it.

11 MR. STRATTON: Thank you. I appreciate your
12 answer, and no, I wouldn't.

13 MS. WARD: Our loss.

14 MR. ROEHRICH: Yeah. I think, Mr. Chair and
15 board members, I think it's important to note they just signed
16 this bill, and as you realize with any legislation, we -- the
17 implementation details, the valuation of it, well, there's rules
18 are not -- in this case we don't think there's a rule, we think
19 we can move forward, but evaluating that whole thing, there's a
20 lot of staff there left to do.

21 CHAIRMAN CUTHBERTSON: Okay. Thanks.

22 Vice Chair Sellers.

23 MR. SELLERS: The bill you're talking about is
24 the one where the director sets the fee. There was another bill
25 that changed the fees on alt fuel vehicles, and there's some

1 confusion about how that money is going to be distributed as
2 well. I'm getting different versions from different senators on
3 that.

4 MR. FATHAUER: Mr. Chairman, Board Member
5 Sellers, I apologize. That was actually part of the same bill.
6 I apologize for not covering that.

7 That does -- the same bill that requires the
8 director to set the DPS or the highway patrol -- highway safety
9 fee also creates greater parody between alternative fuel --

10 MR. SELLERS: Okay.

11 MR. FATHAUER: -- VLT payers and your regular
12 vehicle VLT payers. It sets a higher -- it sets a formula based
13 on a higher percentage of MSRP for alternative fuel vehicles
14 purchased after January 1 of 2020.

15 MR. SELLERS: Okay. So the same rules then apply
16 for what percent of those funds get included in HURF and what
17 goes to Department of Public Safety.

18 MR. FATHAUER: Mr. Chairman, Board Member
19 Sellers, the distribution of those funds remains the same.
20 What's changing after 2020 is the -- your heavier duty alt fuel
21 vehicles will be paying based on a similar formula to what
22 non-alt fuel vehicles pay, and your lighter class alt fuel
23 vehicles will also be paying a higher but not quite as high base
24 formula.

25 MR. SELLERS: Okay.

1 CHAIRMAN CUTHBERTSON: Kristine, you have a
2 comment, also?

3 MS. WARD: Chairman Cuthbertson, Board Member
4 Sellers, if I understood your question correctly, you were
5 asking does the distribution -- does the distribution change in
6 the bill of for VLT, and our understanding is, no, it does not.
7 VLT will undergo it's same distribution. We're just charging
8 VLT on a broader base.

9 Does that answer your question, sir?

10 MR. SELLERS: Yeah. So there's no new protection
11 for sweeps?

12 CHAIRMAN CUTHBERTSON: That was the question.

13 MS. WARD: My goodness. What a question.

14 MR. ROEHRICH: Mr. Chair, all board members, I
15 don't believe we can answer that.

16 CHAIRMAN CUTHBERTSON: Okay. All right. any
17 other?

18 Board Member Thompson.

19 MR. THOMPSON: There's a process in place in
20 renaming a state route here in southern Arizona. How is this
21 impacted by Senate Bill 1200?

22 MR. FATHAUER: Mr. Chairman, Board Member
23 Thompson, the naming of highways, that process will not be
24 impacted. This process solely deals with the designation of a
25 highway as either historic or scenic. And furthermore, because

1 of the delayed effective date of July of 2019, current
2 designation requests will be continued to be handled under the
3 current process, through the Parkways Historic and Scenic
4 Roadways Advisory Committee.

5 CHAIRMAN CUTHBERTSON: Thank you, Mr. Fathauer.

6 Next is Bruce Bartholomew, please.

7 MR. BARTHOLOMEW: Good morning, Mr. Chairman,
8 members of the Board. Bruce Bartholomew, federal liaison, ADOT
9 government relations.

10 Not much has happened on the federal level since
11 you last met. It's because the transportation committees and
12 the House and Senate have been working on two major pieces of
13 legislation, the Water Resources Development Act and the
14 reauthorization of the FAA. So they have been busy, just simply
15 not in the surface transportation area.

16 The autonomous vehicle legislation that has been
17 stuck in the Senate since last November may move as part of one
18 of those two major pieces of infrastructure legislation, either
19 WRDA or FAA. They're both considered must-pass bills that given
20 Senate sponsors of the AV legislation a chance to attach their
21 bill. The House has had autonomous vehicle bill early last
22 year. They've just been waiting on the Senate to act. So you
23 may see action on that.

24 The -- another thing that's going on that's very
25 topical is the House and Senate are both working very quickly

1 through the appropriations bills. The possibility exists that
2 they could pass all 12 regular appropriations bills this year.
3 That has not been done in several decades. But they're moving
4 quickly.

5 They -- the House subcommittee on transportation
6 just passed the Transportation, Housing and Urban Development
7 bill. It's not anything near as generous as last year's or the
8 omnibus appropriation that you were briefed on last meeting that
9 provided up to about \$3 billion in additional money for surface
10 transportation, but the way the bill stands right now, it will
11 still add about \$540 million in additional discretionary funding
12 for highways. It also -- it will provide about \$750 million for
13 the TIGER grant program, which now -- has been renamed the BUILD
14 grant. The current year, FY '18, there's about 1.5 billion set
15 aside for BUILD grants. Next year, 750 million. That's still
16 -- that's a pretty sizable amount of money. Historically, the
17 TIGER/BUILD program has received about 500 million a year. So
18 they're well above that.

19 One key thing is last year's TIGER grants were
20 very heavily biased in favor of rural areas. We don't know yet
21 what this year's TIGER grants will look like, but next year --
22 excuse me -- BUILD grants now. Next year BUILD grants will not
23 have that rural bias. There will be no more than 33 percent
24 BUILD grants going to rural areas of the country as the bill
25 stands. Full committee has yet to take it up. That may change.

1 The House has been historically antagonistic to the TIGER/BUILD
2 program. You may very well see it zeroed out.

3 So while Congress is working on adding money, the
4 administration is still pursuing a rescission package about --
5 of about 1.3 billion. It's all targeted at the unobligated
6 balances of budget authority. Of the 1.3 billion, approximately
7 280 million are in transportation programs. We've done some
8 analysis of it and found out that the particular programs
9 targeted by the rescission are not likely to impact the
10 Department. Very minimal impact to the Department on the
11 highway side. There may be some impact on the transit side.
12 But it doesn't -- it doesn't look too bad. If the House and
13 Senate does approve the recission, it will not be that dramatic
14 of an impact to your programs.

15 Finally, the infrastructure bill. The
16 President's infrastructure package is likely dead for the year.
17 It looks as though Congress is going to sit on the 20 billion or
18 so in infrastructure money provided in the omnibus bill and the
19 Water Resources Development Act and the FAA reauthorization.
20 They're going to call that good for infrastructure for the year.
21 So perhaps next year we'll start again on trying to -- to see if
22 any of the elements of President Trump's infrastructure package
23 moves through the House and senate.

24 If there's any questions, I'll be happy to answer
25 them. Thank you very much for your time.

1 CHAIRMAN CUTHBERTSON: Questions? Yeah. Thank
2 you.

3 MR. ELTERS: Mr. Chairman.

4 CHAIRMAN CUTHBERTSON: Yes.

5 MR. ELTERS: I have a follow-up question for the
6 state -- for the bill (inaudible).

7 CHAIRMAN CUTHBERTSON: Yes.

8 MR. ELTERS: And that is related to House Bill
9 2166 and how the funding will be used -- I'm afraid I know the
10 answer, but I wanted to ask it anyway now that the bill is law.
11 How does the VLT and the safety funding relate to any potential
12 use for education with all the recent discussion in that arena?

13 MR. ROEHRICH: What the hell, man? Good luck
14 with that, Kristine.

15 MS. WARD: All right. Mr. Cuthbertson, if you'd
16 like, I'll just roll in and -- this was part of my financial
17 report.

18 CHAIRMAN CUTHBERTSON: Okay. Is that okay, Board
19 Member Elters?

20 MR. ELTERS: Absolutely.

21 CHAIRMAN CUTHBERTSON: Yeah. Okay.

22 MR. ELTERS: I just want to hear the answer,
23 whatever you have.

24 CHAIRMAN CUTHBERTSON: Okay. All right. Well,
25 so we'll go ahead and table that for Kristine's financial

1 report, which is next.

2 MS. WARD: Thank you, Lynn.

3 CHAIRMAN CUTHBERTSON: So Kristine Ward, Chief
4 Financial Officer.

5 MS. WARD: So we'll just skip the first part and
6 go straight to this question, and then we'll come back for the
7 other items.

8 So 2166, the highway safety. The way that -- the
9 way it works is, as Bill conveyed to you, they passed it and now
10 the director has the authority to determine the amount, and to
11 Board Member Stratton's point, it is. It's based on the Highway
12 Patrol budget. So we will be working in collaboration with DPS
13 to establish -- to establish the amount of that fee. The amount
14 of the fee has not yet been calculated. We -- like we said, we
15 just got this bill, and we're in that -- we're in that
16 implementation phase where we're doing the analysis to see what
17 that will look like when we actually get all the numbers
18 together.

19 The budget -- oh, the impact that this has is
20 that the budget then reduces the off-the-top -- you remember DPS
21 gets a transfer that comes off the top of HURF -- and what the
22 budget does is it reduces that off-the-top transfer by about \$84
23 million. That result of that diminished transfer is that 42 --
24 little over -- \$42 million will flow into the State Highway
25 Fund. However, the additional funding that flows into the State

1 Highway Fund is then transferred to the General Fund.

2 How that got prioritized after that, I cannot
3 speak to your direct question. That is up to the Legislature
4 and the governor to choose how to appropriate and apply that
5 General Fund. But that is the mechanics of the situation.

6 Ultimately, the State Highway Fund is held
7 harmless in all of this. We're receiving no more or any less
8 funding that the tentative program before you is based on. No
9 more, no less. Tentative program remains safe, other than a
10 very small impact to MAG and -- the MAG and PAG region. Local
11 governments are also held harmless in the bill.

12 Chairman Cuthbertson, Board Member Elters, does
13 that address your question?

14 MR. ELTERS: I just need to absorb what you just
15 said. It sounds complicated. I think in simple, we were really
16 hopeful that House Bill 2166 or the others that were going on
17 would provide some more certainty of higher protection for the
18 Highway Funds, and I'm not -- based on your response, I fully
19 understand you're explaining the law. You did not make it. But
20 I'm not sure that we got there, and I'd -- my concerns are we'll
21 -- as we'll -- as they will move forward, I -- you know, in
22 summary what I heard you say is \$84 million, sweep will not take
23 place on (inaudible), and that will be split in the normal
24 fashion with about half and half. That's -- that's encouraging.
25 Beyond that, the practice going forward will -- will still keep

1 it open for VLT dollars to run through the channels is what I
2 understood. But thank you for taking a shot at explaining such
3 a complex law.

4 CHAIRMAN CUTHBERTSON: Okay. Vice Chairman
5 Sellers.

6 MR. SELLERS: Yeah. Well, and certainly that
7 goes back to the point I was trying to make earlier, I believe.
8 But certainly it's encouraging to get this bill passed, because
9 it is, in the long term, beneficial to us.

10 MS. WARD: Uh-huh.

11 MR. SELLERS: It's just curious the timing of
12 being passed and coincident with other things being passed. But
13 I'm encouraged. Thank you.

14 CHAIRMAN CUTHBERTSON: Okay.

15 MS. WARD: All right. Let's see here. So let's
16 go back to the normal presentation that I'm suddenly feeling
17 some comfort from.

18 So HURF revenues are on track. We are on track
19 to hit our approximately 1.4 billion. I think our overall
20 forecast for this is 1 billion 464 million is what we're
21 anticipating in FY '18 for HURF, and we're on track for that.
22 We're a little, you know, .5 percent -- let's not get caught up
23 in the details -- below forecast. In April, we actually brought
24 in about 132 million in revenues. Year to date, like I said,
25 we're a little below forecast.

1 Gas tax is actually above forecast where all of
2 our other elements are running a little below forecast. So
3 except for gas taxes and registration, we're running just a
4 titch below forecast. When all of it comes together in the pot
5 though, we're .5 percent below forecast, which is not of
6 concern.

7 Moving on to the Regional Area Road Fund. Again,
8 we're on track to meet our estimate of about \$442 million in
9 revenues. Year to date actuals, we have collected \$322 million,
10 and we're at about 5.5 percent growth year to date. We've
11 forecasted growth in the fund of 4.3 percent. Again, in this --
12 in this one we're a little above forecast, but we're within
13 target range. No concerns here.

14 So one more update on legislative action which
15 would be associated with the Department's budget. So as I'm
16 sure you are all aware, or I hope I've communicated in the past,
17 that ADOT's operating budget is funded by the State Highway
18 Fund. And within our budget -- which also -- State Highway Fund
19 also funds the five-year program, the five-year construction
20 program.

21 So a large portion of ADOT's operating budget is
22 designated for maintenance. In 2018, we had about \$144 million
23 designated within our budget for maintenance. And as I've
24 reported over the years, so highways -- when we do not --
25 actually, I haven't reported it. Dallas has been reporting it.

1 If we do not properly fund the maintenance component, what ends
2 up happening is our future pavement preservation and other
3 preservation costs go up dramatically. And unfortunately, we
4 have lacked adequate maintenance funding for some time.

5 The Department in this budget cycle was
6 appropriated an additional \$25.6 million for maintenance, and
7 that will begin in 2019. Now, while this is a -- this is a
8 positive outcome in terms of we keep our roads in as good a
9 condition as possible, and we use the -- our very limited
10 dollars as efficiently as possible instead of spending, say, \$1
11 on maintenance versus \$6 in pavement preservation.

12 What this does, though, is that this is not new
13 money. We need to understand that. If we spend it on
14 maintenance, it is not available for the five-year construction
15 program. But nonetheless, it is a positive outcome in that we
16 will be utilizing those dollars more efficiently, and we will
17 not have to pay the higher costs of the pavement preservation
18 and so forth. That's the -- that is the largest element that I
19 think this Board would be concerned with or want to be aware of
20 with regards to the Department's operating budget that was just
21 -- that came -- that just came through.

22 All right. With that, I will take any questions.
23 Oh, this is good.

24 Okay. Chairman Cuthbertson, I actually am the
25 next agenda item as well.

1 CHAIRMAN CUTHBERTSON: Yes. That's right. So I
2 guess there were no questions.

3 We'll move on to Item 6, which is -- Kristine
4 will present a resolution supplementing and amended the master
5 resolution authorizing the Board's anticipated issuance of
6 transportation excise tax revenue bonds. For discussion and
7 possible action.

8 MS. WARD: So what we have here is because of
9 what Randy reported to you earlier, and he showed you that
10 little chart on South Mountain, and what's happening in terms of
11 expenditures, South Mountain is -- it's time to issue some bonds
12 to support South Mountain. And this was in a plan that I
13 provided when we rolled out the tentative program. I said
14 here's our forecasted bond issues. So what we are doing here
15 today is I'm seeking the Board's authorization to issue \$300
16 million of bonds to support projects. Those dollars will be
17 largely dedicated to the South Mountain project, and of course,
18 the actual volume of bonds you sell will be continued on market
19 conditions.

20 We expect, like I said, the bulk of the proceeds
21 be utilized on the South Mountain project. We have a couple
22 other little projects we might apply them to. A couple other
23 little -- no, the -- nothing's little compared -- South Mountain
24 is not little.

25 We're expecting to go to the market and sell

1 those in early August, and the bond issue is in keeping with
2 what I had presented to you earlier.

3 I will let you know -- excuse me -- that if you
4 were to go back and look at the plan bond issues that I had
5 provided to you earlier, you would see \$200 million, and you
6 would say, Oh my goodness. You can't calculate? This is \$300
7 million. Well, if you haven't been hearing, the feds have been
8 -- in March, they raised interest rates, and they are forecasted
9 to raise interest rates three more times in this year. This
10 calendar year. Since we knew we had the ability to expend those
11 dollars, we are going to increase the amount of our issue just
12 slightly, and instead of, well, delaying that issue and trying
13 and take advantage of the interest rates as they sit today.

14 With that, I would be glad to take any questions.
15 And I would seek the Board's authorization to proceed with the
16 sale of these bonds.

17 CHAIRMAN CUTHBERTSON: So is there a motion to
18 accept and approve the adoption of authorizing resolution
19 transportation excise tax revenue bonds 2018 series as
20 presented?

21 MR. STRATTON: I so move.

22 MR. ELTERS: Second.

23 CHAIRMAN CUTHBERTSON: So I've got a motion by
24 Board Member Thompson. Is that --

25 UNIDENTIFIED SPEAKER: Elters.

1 CHAIRMAN CUTHBERTSON: Okay. Sorry. I heard it
2 coming from that side of the room. Motion by Board Member
3 Elters and seconded by Board Member Stratton. Do we have any
4 discussion?

5 Yeah. Board Member Stratton.

6 MR. STRATTON: I'd just like to give kudos to
7 Kristine for watching out for the interest rates like that.
8 It's a very positive move to make right now in my belief.

9 MS. WARD: Thank you.

10 MR. ELTERS: Kudos.

11 CHAIRMAN CUTHBERTSON: Okay. That has been
12 properly moved and seconded. All in favor signify by saying
13 aye.

14 BOARD MEMBERS: Aye.

15 CHAIRMAN CUTHBERTSON: Any opposed, say nay.
16 The ayes have it. The motion passes.

17 MS. WARD: Thank you very much.

18 And Chairman Cuthbertson, you might want to get
19 some wrist support, because there's going to be a lot of signing
20 to do. Thank you.

21 CHAIRMAN CUTHBERTSON: Signing. Thank you.

22 Okay. We'll move on to Item 7 on the agenda.
23 Greg Byres will present an update on the current planning
24 activities the pursuant to A.R.S. §28-506. For information and
25 discussion only.

1 MR. BYRES: Mr. Chairman, board members, I really
2 don't have a whole lot to report on. We're currently again
3 working on the five-year program, trying to address all the
4 comments that have come in so we can make an implementation into
5 the tentative program. So we're diligently working on that.

6 One thing I would like to report, though, is
7 there was a notice of funding opportunity that came out for the
8 BUILD grants that we are currently looking at and considering
9 projects for. That is due July 19th, and we're working on that.
10 That's -- has a total maximum of \$25 million that goes out with
11 it. So we're -- like I said, we're selecting projects as we --
12 as we speak.

13 CHAIRMAN CUTHBERTSON: Thanks. Any questions?

14 Okay. So we'll continue on to Item 8 on the
15 agenda. Greg will present the recommended PPAC actions,
16 including considerations of changes to 2018-2022 Statewide
17 Transportation Program. For discussion and possible action.

18 Mr. Chairman, board members, the Priority
19 Planning Advisory Committee brings forth with a recommendation
20 for approval several projects. Some are modifications. Some
21 have new projects. What I'd like to present is Items 8A
22 through -- I believe it's 8H. Let me make sure I've got that
23 right.

24 UNIDENTIFIED SPEAKER: (Inaudible.)

25 MR. BYRES: Oh, actually, let me start off with

1 one that we've got, 8A, which is the recommended economic
2 strength for projects, and what this is, is it's actually three
3 recommended awards. A would be to the City of Casa Grande. B
4 is to the City of Prescott, and C is to Cochise County. And
5 those are in the orders of 500,000 each to Casa Grande and
6 Prescott, and 475 thousand to Cochise County. Normally that's
7 \$1 million that we do on an annual basis. However, we had one
8 project that did not go last year. So that money was rolled
9 over for that one project. So that's why we have close to the
10 1.5 total.

11 CHAIRMAN CUTHBERTSON: Okay. Questions?

12 Do I have a motion to accept and approve the
13 economic strength projects listed in Item 8A as presented?

14 MR. STRATTON: So moved.

15 MR. HAMMOND: Second.

16 CHAIRMAN CUTHBERTSON: Moved by Board Member
17 Stratton. Seconded by Board Member Hammond. Any discussion?

18 Hearing none, all in favor signify by saying aye.

19 BOARD MEMBERS: Aye.

20 CHAIRMAN CUTHBERTSON: Opposed, nay.

21 Ayes have it. Motion passes.

22 MR. BYRES: Thank you.

23 The next portion of projects that we're looking
24 at is project modifications, which are Items 8B through 8T, and
25 what we're looking at is a total of 19 projects that we are

1 recommending for approval.

2 CHAIRMAN CUTHBERTSON: Questions by any board
3 members on any of the projects?

4 MR. ELTERS: Mr. Chairman, I would like to have
5 further discussion on 8S.

6 MR. STRATTON: Yes. 8S. Do you want to just --
7 we'll just comment on 8S and then see if we to pull it or move
8 forward.

9 MR. ROEHRICH: Mr. Chairman, that's what I would
10 ask. Please ask a question, and let's see if we can get an
11 answer. And then if that is sufficient, then we'll just approve
12 it as mass like we do.

13 MR. STRATTON: Okay.

14 MR. ELTERS: Okay. Sounds good.

15 Mr. Byres, just can you walk me through that
16 increase? It's \$5 million and a half million, adds up to more
17 than 25 percent. Weeding through the details, it made reference
18 to (inaudible) and visual enhancement. I'm sure there's more to
19 it than that. Could you walk me through that so that myself and
20 other board members understand (inaudible)?

21 MR. BYRES: So on this particular project you're
22 correct in that what we're looking at is additional funding for
23 the desired aesthetics and visual quality. But we're also
24 looking at construction of pier design. Additional concrete and
25 steel was required in order to do that. And then there's other

1 items that were underestimated in the original -- in our
2 original estimate that we're having to make up for as well. So
3 it isn't just the aesthetics that we're looking at. We're
4 looking at other items in there that we're trying to make up for
5 that were underestimated.

6 CHAIRMAN CUTHBERTSON: Are you happy with that
7 explanation, Board Member Elters, or would you like to pull that
8 one and --

9 MR. ELTERS: I think your answer is satisfactory.
10 I guess it just makes the point that I think we're all concerned
11 with, and that is their cost is rising. With them
12 underestimating before, that is being reflected in many of these
13 items. And when I saw the visual -- enhanced visualization and
14 aesthetics, it just raised the flag in my mind. Given all the
15 other means that we have, I just couldn't in good conscience
16 build something like that knowing that we have a lot of other
17 means to fund it.

18 MR. BYRES: Board Member Elters.

19 CHAIRMAN CUTHBERTSON: Yes. Yes. Dallas, did
20 you have a comment, also?

21 MR. HAMMIT: Mr. Chairman, Mr. Elters, one thing,
22 this project is within the Tonto National Forest. When we build
23 projects, we do commit to a visual treatment on these roadways.
24 So it is not really even a -- an option if we want to go forward
25 with the project. You know, we did do negotiations to lessen

1 it, but when we're working in some of these federal lands, there
2 are some visual features that we have to adhere to. So it was
3 basically to match what was required from one of our federal
4 partners.

5 CHAIRMAN CUTHBERTSON: Okay. Thank you.

6 MR. ELTERS: Thank you.

7 CHAIRMAN CUTHBERTSON: Thank you.

8 Okay. I'm trying to recall if we have a motion
9 yet or if that was just a comment.

10 MR. ROEHRICH: Mr. Chairman --

11 CHAIRMAN CUTHBERTSON: Okay. Okay.

12 MR. ROEHRICH: -- you don't have a motion. All
13 they did was ask questions on --

14 CHAIRMAN CUTHBERTSON: Okay. So go ahead.

15 Let's -- do I have a motion to accept and approve the project
16 modifications Items 8B through 8T as presented?

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

18 MR. KNIGHT: Second.

19 CHAIRMAN CUTHBERTSON: Okay. Moved by Board
20 Member Elters, seconded by Board Member Knight. Any discussion?

21 Okay. All in favor signify by saying aye.

22 BOARD MEMBERS: Aye.

23 CHAIRMAN CUTHBERTSON: Opposed, say nay.

24 The ayes have it. The motions passes.

25 MR. BYRES: Mr. Chairman, board members, for our

1 new projects, we have 15 new projects that we're proposing.
2 These are Items 8U through 8A I on these. So again we are
3 asking recommended for -- recommendation for approval.

4 CHAIRMAN CUTHBERTSON: Comments or any projects
5 board members like to discuss further?

6 Okay. Hearing none, can I -- do I have a motion
7 to accept and approve new project Items 8U through 8AI as
8 presented?

9 MR. SELLERS: Move for approval.

10 MR. THOMPSON: And I would approve. Move for
11 approval.

12 CHAIRMAN CUTHBERTSON: Okay. I've got a motion
13 for approval by chairman -- Vice Chairman Sellers and a second
14 by Board Member Thompson. Any discussion?

15 All in favor signify by saying aye.

16 BOARD MEMBERS: Aye.

17 CHAIRMAN CUTHBERTSON: Opposed, nay.

18 Ayes have it. The motion passes.

19 MR. BYRES: Mr. Chairman, board members, we also
20 have one additional item, which is Item 8AJ, which is an airport
21 project. And again, we are requesting or bringing this forward
22 with a recommendation for approval.

23 CHAIRMAN CUTHBERTSON: Comments from board
24 members?

25 Okay. Do I have a motion to accept and approve

1 airport project Item 8AJ as presented?

2 MR. SELLERS: Move for approval.

3 MR. HAMMOND: Second.

4 CHAIRMAN CUTHBERTSON: Motion for approval by
5 Vice Chairman Sellers, second by Board Member Hammond.

6 Discussion?

7 Okay. All in favor signify by saying aye.

8 BOARD MEMBERS: Aye.

9 CHAIRMAN CUTHBERTSON: Opposed, nay.

10 Ayes have it. Motion passes.

11 MR. BYRES: Thank you.

12 CHAIRMAN CUTHBERTSON: Thank you.

13 Okay. We'll move on to Item 9 on the agenda.

14 Dallas Hammit, the Deputy Director of Transportation and State
15 Engineer will report on the status of projects under
16 construction. For information and discussion only.

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

18 Currently we have 107 projects under construction
19 totaling \$1.54 billion. In April we finalized seven projects
20 totaling 32.4 million, and year to date, we have finalized 89
21 projects.

22 I did want to, with your permission, add one
23 thing on this. This month, we have two of my senior members
24 that are retiring, and Mr. Thompson, your district engineer,
25 Lynn Johnson, who has served the state for 30 years, will be

1 retiring.

2 But here in the audience, I also have Mr. Steve
3 Beasley in the back, and he runs my contract section. So the
4 group that advertises these projects and gives me all the notes
5 when I can say we have reviewed the bids, well, I didn't do it.
6 Steve's team's reviewed those bids and briefed me. And he is --
7 he and his team have done a great job over the time, and he will
8 be retiring at the end of this month as well. And I did want to
9 recognize him and his team through him today at the board
10 meeting. Thank you, Steve.

11 CHAIRMAN CUTHBERTSON: Yes. Yes. On behalf of
12 the Board, Mr. Beasley, thank you -- congratulations first, and
13 thank you for your service. And could you please pass that on
14 to Mr. --

15 MR. HAMMIT: Johnson.

16 CHAIRMAN CUTHBERTSON: -- yes, Johnson as well,
17 the Board's appreciation and congratulations.

18 MR. HAMMIT: Thank you.

19 CHAIRMAN CUTHBERTSON: Thank you.

20 MR. HAMMIT: And that ends the state engineer's
21 report.

22 CHAIRMAN CUTHBERTSON: Board Member Thompson, you
23 had a comment.

24 MR. THOMPSON: I, too, would just like to say
25 that we have enjoyed working with Lynn Johnson over all these

1 many years. So we appreciate (inaudible) as well. Thank you
2 very much.

3 MR. JOHNSON: Thank you.

4 MR. HAMMIT: Thank you.

5 CHAIRMAN CUTHBERTSON: Thank you. Thank you.

6 Okay. So we'll continue on to Item 10 on the
7 agenda. Dallas will present recommended construction project
8 awards that are not on the consent agenda for discussion and
9 possible action.

10 MR. HAMMIT: Thank you, Mr. Chair. And on the
11 summary of contracts, and thank you for approving the four items
12 in the consent agenda. We do have five that need some
13 additional explanation.

14 Year to date, we have our low bid, if you total
15 up all of our projects, is \$373,540,000. The State's estimate
16 was 385,026,000, or it's been about 11.5 percent over our
17 estimate of 3 percent.

18 As you've seen since early January or so, just
19 looking at gas prices, we've increased about 30 percent. We
20 were pushing \$2, you know, just that ballpark. And as I came in
21 today, almost everywhere was at \$3 or above on my commute. So
22 we're seeing those gas prices and the stuff that brought in on
23 trucks, all those fuel trucks will come back into our bids. So
24 we are adjusting our -- as we go in our estimates, but the
25 projects that you will be considering today were actually

1 advertised either in December or January just because of the
2 time that we have them on the street and checking the bids. So
3 they have not been -- they were not adjusted for these
4 increasing fuel prices.

5 The first project that I'd like to discuss is
6 Item 10A. This is a sidewalk project in the -- in Page. The
7 low bid was \$589,259. The State's estimate was \$482,415.10. It
8 was over the State's estimate by \$106,843.90, or 22 percent. In
9 meeting with and talking to the contractor, we saw increased
10 pricing in the borrow, the material that had to be brought in to
11 the project, and the concrete items. We have reviewed the bids
12 and believe it is a responsive and responsible bid and recommend
13 award to McCaulley Construction, Inc.

14 CHAIRMAN CUTHBERTSON: Questions? Board member
15 Thompson.

16 MR. THOMPSON: Move for approval.

17 CHAIRMAN CUTHBERTSON: Okay. Got a motion to
18 accept and approved staff's recommendation to award the contract
19 for Item 10A to McCaulley Construction, Inc., as presented by
20 board -- motioned by Board Member Thompson. Do I have a second?

21 MR. ELTERS: Second.

22 CHAIRMAN CUTHBERTSON: Second by Board Member
23 Elters. Discussion?

24 All in favor signify by saying aye.

25 BOARD MEMBERS: Aye.

1 CHAIRMAN CUTHBERTSON: Any opposed, say nay.

2 Ayes have it. The motion passes.

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

4 Item 10B, this is a demolition project on -- in
5 the area of I-10 near the Broadway curve. When Mr. Byres went
6 through the five-year program, one of the projects that we have
7 in an upcoming year is the expansion of I-10 from the 202 --
8 basically, from the 202 to the 202. And so getting out in front
9 of that so we're prepared, we have to remove by right-of-way and
10 demo some buildings. On this project the low bid was
11 \$149,143.25. The State's estimate was \$200,000. The bid was
12 under the State's estimate by \$50,856.75, or 25.4 percent. We
13 did see better-than-expected prices for pretty much throughout,
14 but more detailed in the sidewalk removal and the structure
15 removal. The Department has reviewed the bid and believes it is
16 a responsive and responsible bid and recommend award to
17 Breinholt Contracting Company, Inc.

18 CHAIRMAN CUTHBERTSON: Questions?

19 MR. SELLERS: Move for approval.

20 CHAIRMAN CUTHBERTSON: Okay. I've got a motion
21 for -- to approve and accept staff's recommendation to award the
22 contract for Item 10B to Breinholt Construction Contract, Inc.,
23 as presented by Vice Chairman Sellers. Seconded by Board Member
24 Thompson.

25 UNIDENTIFIED SPEAKER: No. It was Knight.

1 CHAIRMAN CUTHBERTSON: Oh, I'm sorry. Seconded
2 by Board Member Knight. I can hear a second coming from that
3 area, but I -- I wasn't sure who. Okay. Seconded by Board
4 Member Knight. Any discussion?

5 All in favor signify by saying aye.

6 BOARD MEMBERS: Aye.

7 CHAIRMAN CUTHBERTSON: Any opposed, say nay.

8 Ayes have it. Motion passes.

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

10 Item 10C, this is a bridge replacement project on
11 State Route 80. On the project the low bid was \$1,989,981.41.
12 The State's estimate was \$1,642,879.48. It was over the State's
13 estimate by \$347,101.92, or 21.1 percent. As we looked at it,
14 this project, to keep traffic going, it will be -- have to be
15 built in phases. We underestimated that extra cost. When you
16 build it in phases, there's extra modes, lower production. We
17 didn't take that into full account, and so we saw
18 higher-than-expected prices in the demo of the bridge, the
19 structural concrete and the mobilization, because there will be
20 multiple modes. We have reviewed the bids and believe it is a
21 responsive and responsible bid and would recommend award to CS
22 Construction, Inc.

23 CHAIRMAN CUTHBERTSON: Questions?

24 MR. KNIGHT: Mr. Chair.

25 CHAIRMAN CUTHBERTSON: Yes. Board Member Knight.

1 MR. KNIGHT: When one comes in over bid like this
2 and it's funded by the feds and the State, do the feds still pay
3 the 90 -- 94 percent of the -- of the new amount?

4 MR. HAMMIT: Mr. Chairman, Member Knight, that is
5 correct.

6 MR. KNIGHT: Okay.

7 CHAIRMAN CUTHBERTSON: Further questions?

8 Okay. Do I have a motion to accept and approve
9 staff's recommendation to award the contract for Item 10C to CS
10 Construction, Inc., as presented?

11 MR. KNIGHT: So moved.

12 CHAIRMAN CUTHBERTSON: Motion by Board Member
13 Knight.

14 MR. ELTERS: Second.

15 CHAIRMAN CUTHBERTSON: Seconded by Board Member
16 Elters. Any discussion?

17 All in favor signify by saying aye.

18 BOARD MEMBERS: Aye.

19 CHAIRMAN CUTHBERTSON: Opposed, nay.

20 Ayes have it. The motion passes.

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

22 Item 10D, this is a project in the Flagstaff area
23 on 89A, and it's to build a right turn lane and a bike lane.
24 The low bid was \$763,269.75. The State's estimate was \$507,001.
25 It was over the State's estimate by \$256,268.75, or 50.5

1 percent. On this project, we'll be working under traffic. It
2 -- we overestimated the production rates. When we met with the
3 contractor, they explained that they will get the production
4 that we had estimated, which will lead to higher-than-expected
5 prices for the excavation and in the work around the retaining
6 wall. We have reviewed the bid and believe it is a responsive
7 and responsible bid and would recommend award to Vastco, Inc.

8 CHAIRMAN CUTHBERTSON: Okay. Questions?

9 Okay. Do I have a motion to accept and approve
10 staff's recommendation to award the contract for Item 10D to
11 Vastco, Inc., as presented?

12 MR. STRATTON: So moved.

13 MR. THOMPSON: Second.

14 CHAIRMAN CUTHBERTSON: Moved by Board Member
15 Stratton. Seconded by Board Member Thompson. Any discussion?

16 All in favor signify by saying aye.

17 BOARD MEMBERS: Aye.

18 CHAIRMAN CUTHBERTSON: Opposed, nay.

19 Ayes have it. Motions passes.

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

21 Our last item is on Interstate 19 in the Tucson
22 area. This is the second phase of the Ajo Way traffic
23 interchange reconstruction. On the project the low bid was
24 \$31,991,711.56. The State's estimate was \$27,056,131.50. It
25 was over the State's estimate by \$4,935,580.06, or 18.2 percent.

1 As we looked through the bids, we saw than higher-than-expected
2 pricing for the concrete items, and we also, when we talked to
3 the contractor, they're taking into account fuel, as the higher
4 cost of fuel. So we did see higher prices. We have reviewed
5 the bids and believe it is a responsive and responsible bid and
6 would recommend award to FNF Constructions, Inc.

7 CHAIRMAN CUTHBERTSON: Comments or questions?

8 Do I have a motion to accept and approve staff's
9 recommendation to the award the contract for Item 10E to FNF
10 Construction, Inc., as presented?

11 MR. ELTERS: Mr. Chairman, I so move with a
12 question or comment to follow.

13 CHAIRMAN CUTHBERTSON: Yeah. Moved by Board
14 Member Elters.

15 MR. HAMMOND: And I will second.

16 CHAIRMAN CUTHBERTSON: We have a second by Board
17 Member Hammond.

18 Mr. Elters, can you open with the discussion?

19 MR. ELTERS: Just Dallas, fully understanding the
20 gas, you indicated the trend that we're seeing in prior board
21 meetings and today with these contracts. This is unique in a
22 way. It's nearly \$5 million more, and I'm not sure that there's
23 a specific quantity or answer, but at some point these increases
24 will begin to perhaps impact the ability of carrying projects
25 forward. So I'm just wondering what steps we're going to

1 continue to update as well as (inaudible).

2 MR. HAMMOND: Maybe I have a question, also.

3 CHAIRMAN CUTHBERTSON: Okay. Let's hear --
4 Dallas.

5 MR. HAMMIT: Mr. Chairman, Mr. Elters, you saw
6 that today. As we had in our PPAC items some of those requests
7 for extra funds are as we get closer the advertising, we see the
8 increases in prices. Pinto Creek is one of those. We had some
9 areas that we had to make adjustment, but we also adjusted for
10 those increases in unit prices, and so we're making those
11 adjustments in our planning before advertisement.

12 So we saw some of that today, and then we're
13 seeing that through our development process. As we adjust in
14 our planning, our development, we will be bringing those
15 increases to the Board through the PPAC, and then if we don't
16 account for it there, then I'm up here explaining it to you
17 again.

18 CHAIRMAN CUTHBERTSON: Okay. Board Member
19 Hammond.

20 MR. HAMMOND: Well, I found the answer. We had
21 three pretty solid companies bid on this, and this was the low
22 bid. But it does speak to Sam's point on hopefully we don't run
23 out of money for some very important projects.

24 MR. HAMMIT: And Mr. Chairman, I guess all board
25 members, I remember in 2006 I was a new district engineer in

1 what was then the Prescott district, and we actually mid-year
2 did have to rebalance our program, and projects, one of my mine,
3 did fall out of the project because of prices had gone up.

4 One of the things we're seeing, and we're going
5 to look to quantify is, when the economy gets going, you know,
6 there's different shortages. When building happens, my
7 workforce depletes. Not mine. Our contracting industry
8 workforce depletes. They have to pay more to attract them from
9 the builders, and then our prices go up. So it's great that the
10 economy goes, but as the commercial side builds, too, it is
11 direct competition to the highways as we go forward.

12 MR. ELTERS: Mr. Chairman.

13 CHAIRMAN CUTHBERTSON: Yes.

14 MR. ELTERS: Mr. Hammond, I'm with you. I fully
15 understand. I think we've come a full circle. The year 2000
16 that you reference as being -- you were the district engineer, I
17 was standing in your spot explaining to the Board why the costs
18 were higher. So I'm with you. It doesn't change the fact,
19 though, that it is higher, and projects are costing more, and we
20 are operating from a point of less resources to start with. So
21 I'm just looking out.

22 MR. HAMMIT: Right. Thank you.

23 CHAIRMAN CUTHBERTSON: Okay. Thanks. Any other
24 questions?

25 Okay. I think we have a motion on the table

1 that's been properly moved and seconded. All those in favor say
2 aye.

3 BOARD MEMBERS: Aye.

4 CHAIRMAN CUTHBERTSON: Opposed, nay.

5 Ayes have it. The motions passes.

6 MR. HAMMIT: Thank you.

7 CHAIRMAN CUTHBERTSON: Okay. Thank you,
8 Mr. Hammit.

9 Okay. Item 11 on the agenda. Floyd will present
10 an update regarding the designation status of portions of former
11 U.S. Route 80. For information and discussion only.

12 MR. ROEHRICH: Thank you, Mr. Chair.

13 Just wanted to give a quick update, let the Board
14 know that staff is very close to winding down our analysis of
15 the -- a proposal that we received from Mr. Clinco on the
16 designation of the various different routes, former U.S. Route
17 80 as scenic. If you remember the routes that are within the
18 local jurisdictions have been designated, and we're working with
19 various local agencies as we move forward to develop our
20 memorandum of understanding so they can sign those and start
21 using that designation.

22 In addition, the important portions that are on
23 the state routes are the one that we're finalizing our analysis.
24 We hope to have that completed very soon. We're at the final
25 stages of reviewing a couple of them.

1 We're trying to reconcile a couple of different
2 aspects of it where the state route parallels the local route.
3 We didn't want to necessarily sign both routes to confuse the
4 public, so we're trying to work through -- especially through
5 the (inaudible) process the determine what's the appropriate
6 signing strategy for those routes.

7 We still do have to run it back through the state
8 library. We're trying to get that scheduled this summer. The
9 intent is to still bring this back to the Board for a final
10 recommendation and staff and action on those routes, former --
11 well, those sections of former U.S. Route 80 that fall on the
12 state highway system. Probably have that late summer, and I'm
13 -- since we do only a telephonic board meeting in August, I've
14 been asking staff to kind of target the September time frame.
15 So we'll see if that's holds.

16 Mr. Chair, that's my update.

17 CHAIRMAN CUTHBERTSON: Good. Questions?

18 Okay. Thank you. Thank you, Floyd.

19 Okay. Item 12 are the suggestions by board
20 members for items to be placed on future meeting agendas.

21 MR. ROEHRICH: Mr. Chair, as you're thinking on
22 that, I do want to quick remind the board. I know Mr. Byres had
23 discussed this, but just remember on June 5th, Tuesday, June
24 5th, we will be in our study session with the Board, and at that
25 time, we do bring forward the tentative program again. But now

1 we start reconciling all of the comments we received, comments
2 from board members, questions that have been asked, comments
3 from the public that we've received, and start looking at the
4 analysis of recommendations that we see for modifications and
5 have the opportunity for our board members to listen to that and
6 then start providing us input so we can continue to shape the
7 tentative program. Realizing that we do need final staff
8 analysis after that meeting to ensure we've got fiscal
9 constraint and that everything is met within the time frames
10 necessary. And then from that we make the final edits to the
11 report -- to the five-year program. Excuse me.

12 And on the June 15th meeting, which, again, will
13 be in Globe. This is where we'll bring the final program back
14 to the Board for approval and final discussion.

15 CHAIRMAN CUTHBERTSON: Yes. Thank you, Floyd.
16 It's been my experience that that June board meeting or board
17 meeting before the actual approval is important so that we are
18 all on the same page and get consensus for the five-year plan in
19 June. So we're looking forward to that.

20 (End of excerpt.)

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Adjournment

A motion to adjourn the May 18, 2018 State Transportation Board meeting was made by Board Member Stratton and seconded by Board Member Hammond. In a voice vote, the motion carried.

Meeting adjourned at 11:10 a.m. MST.



William F. Cuthbertson, Chairman
State Transportation Board



Floyd Roehrich, Jr., Executive Officer
Arizona Department of Transportation