

STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, November 16, 2018
Wickenburg Town Hall Council Chambers
155 North Tegner Street, Suite A
Wickenburg, AZ 85390

Call to Order

Chairman Cuthbertson called the State Transportation Board meeting to order at 9:00 a.m.

Pledge

The Pledge of Allegiance was led by Board Member Knight.

Roll Call by Board Secretary Linda Priano

A quorum of the State Transportation Board was present. **In attendance:** Bill Cuthbertson, Jack Sellers, Mike Hammond, Steve Stratton, Jesse Thompson, and Gary Knight. **Absent:** Board Member Sam Elters and Board Attorney Michelle Kunzman were not present. There were approximately 40 members of the public in the audience.

Opening Remarks

Chairman Cuthbertson expressed his appreciation to Wickenburg Town Manager, Vince Lorefice, and Executive Director, Julie Brooks, of the Wickenburg Chamber of Commerce, for sponsoring and hosting the reception on Thursday evening, at Rancho de los Caballeros, with the support of Rusty Gant and his staff.

Chairman Cuthbertson added he looks forward in coming to Wickenburg and staying at the resort and it is great to catch up with former board members. Board Member Knight added he welcomed the opportunity to meet former members of the board and he really enjoyed this venue.

Title VI of the Civil Rights Act

Floyd Roehrich, Jr., reminded all attendees to fill out the optional survey cards to assist our Civil Rights Department.

Call to the Audience

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

ARIZONA STATE TRANSPORTATION BOARD
STATE TRANSPORTATION BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Wickenburg Town Hall Council Chambers
155 North Tegner Street, Suite A
Wickenburg, Arizona 85390

November 16, 2018

PREPARED FOR:
ADOT - STATE TRANSPORTATION BOARD

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1 (Beginning of excerpt.)

2 CHAIRMAN CUTHBERTSON: Okay. We'll now move on
3 to call to the audience. To address the Board during the call
4 to the audience, please fill out a request for public input card
5 if you haven't already and give it to Secretary Priano. In --
6 kind of in fairness for all those wishing to speak -- I think we
7 have a number of people wishing to speak today -- we will limit
8 the time available to three minutes for each speaker. So at the
9 end of three minutes, you'll hear a little (inaudible) tone, and
10 that means it's time to wrap it up.

11 We -- the Board really gets a lot of information
12 from these -- from these comments and -- but since they are not
13 agendized, we are not able to really discuss them. They're not
14 discussion items. But it's good information for the Board, and
15 we welcome them.

16 So to begin with, we'll start with Vincent
17 Lorefice, the Town Manager for Wickenburg.

18 MR. LOREFICE: Mr. Chairman of the Board, board
19 members and our staff and our guests to our community, welcome
20 to the Town of Wickenburg. This is our official welcome to
21 Wickenburg. Thank you for taking the time to come and tour our
22 great community.

23 As I indicated last night, I really appreciate
24 everything that ADOT has done for the town of Wickenburg for
25 decades. The town is vitally connected with the transportation

1 systems, as we have Highway 60, Highway 93 coming through our
2 community, and in the future we will have I-11 just to the west
3 of our community as well. We are asking that we still
4 reconsider looking at reallocating our -- the western allocation
5 of I-11 at 60, closer to our town limits so we can take
6 advantage of some economic development opportunities.

7 Right now the tier one study shows that around
8 four to five miles outside of our town limits, and we're just
9 afraid we're going to get bypassed. So we really would like to
10 see that line curve closer towards the east, to our town limits,
11 within say a half mile or so of our current town limits that are
12 identified.

13 There has been memos that have been sent from our
14 -- from our mayor, and beyond that, we want to thank you for
15 what we're currently doing, which is the gap project, the
16 Highway 93 that's in the five-year plan. I am very thankful
17 that the -- Alvin Stump and Andy Roth, our district engineer and
18 deputy engineer, have been working diligently with the staff,
19 and they have done an amazing job in helping us get that project
20 to completion. So we are excited to see that project continuing
21 to move toward forward and completed in 2020.

22 So thank you very much. Have a great day. As
23 the town manager, it would be wrong of me not to ask everyone to
24 please shop our local downtown community. We have a lot of
25 great gas stations. Please fill up on the way out of town.

1 Grab a sandwich, grab a drink. And if you stayed here last
2 night, you ended up going to any of our local saloons and you
3 need to buy a gift for your spouse to say sorry, we have a lot
4 of great places as well. So thank you very much, and if you
5 need anything, we are here to serve, and thank you for coming to
6 Wickenburg.

7 CHAIRMAN CUTHBERTSON: Thank you.

8 Next, Charlie Odegaard, Flagstaff Councilmember.

9 MR. ODEGAARD: Good morning, Chair, and good
10 morning board members and director. Thank you for having me
11 speak this morning.

12 I've got a lot of good news for you here this
13 morning concerning things that are happening in the city of
14 Flagstaff. One, because of our partnerships with ADOT, we got a
15 right turn lane in on Milton Road, which is the most busiest
16 corridor there in Flagstaff, and with city dollars and FMPO
17 dollars, that right turn lane was able to happen. And I travel
18 that road quite often, and it's so much nicer not to see the
19 backup traffic like we were seeing there on Milton because of
20 that turn lane.

21 Another thing that's happening with ADOT and
22 working together is a sewer line construction. It's gone
23 through the permit process right now with ADOT and the City of
24 Flagstaff, and where it's going to be at is where I-17 dumps
25 right into the city of Flagstaff there on Milton.

1 Another thing, of course, why you've seen me so
2 many times in the past is concerning four street bridges over
3 I-40, and next Tuesday at the city council, we'll be approving
4 an IGA for the construction of four street bridges and -- over
5 there on I-40. And that's such a good partnership experience
6 between ADOT and the City of Flagstaff, and the City of
7 Flagstaff was able to come in with a 50/50 match as far as
8 dollars. And with a \$10 million project, for the City of
9 Flagstaff with -- coming in with 5 million, that's pretty
10 incredible for our community to be able to do that.

11 Another thing that's -- I'm so pleased to talk to
12 you about is I was here last time I spoke in front of you about
13 some transportation sales tax questions we had with the city,
14 and we had given you news that we hired a firm, our polling, to
15 see how they were doing, and they were saying the passage was 80
16 percent. Well, it didn't quite happen at 80 percent, but it
17 happened at 65 percent, which is great to hear that the City of
18 Flagstaff, the community recognized the importance of
19 transportation. And so we're going to have \$400 million in the
20 next 20 years to bring to the table of helping our community and
21 matching with ADOT and doing some construction projects in the
22 future.

23 And one of the most exciting things is dollars
24 are being set aside to help with that. We -- we told the
25 citizens, we want to set dollars to come in and match with your

1 dollars, and the citizens said, okay. Let's do that. And so it
2 makes sense, to have a partnership like that.

3 And I just want to -- and with that, we've been
4 having discussions with our North Central District manager,
5 Audra Merrick, and so she's excited. Our city staff is excited
6 for the future, for the Flagstaff community, and I just wanted
7 to say, again, thank you for those partnership opportunities.
8 We really appreciate it, and I just want to wish everyone a
9 happy Thanksgiving, a merry Christmas, and enjoy your holidays.
10 Thank you.

11 CHAIRMAN CUTHBERTSON: Thank you.

12 Travis Lingenfelter, Kingman City Councilman.

13 MR. LINGENFELTER: Good morning, board members
14 and staff. My name is Travis Lingenfelter. I'm a city
15 councilman with the city of Kingman, Arizona. I need to extend
16 our mayor-elect Jen Miles, she was not able to come this
17 morning, and she wished she could, but we look forward to
18 hosting you all in January of this next year.

19 I wanted to just say thank you for the inclusion
20 of the West Kingman interchange in the five-year plan. That's
21 going to help tremendously with the traffic coming into town and
22 merging onto I-40 and the soon Interstate 11. In the future,
23 Kingman will be at the crossroads of major north/south and
24 east/west trade routes, Interstate 40 and Interstate 11.

25 We'd also continue to request ADOT's support and

1 partnership in what we're calling the I-11 East Kingman
2 Connection Project, which is a second main entrance into our
3 industrial park. The industrial park in Kingman, it's the
4 Kingman Airport and the industrial park. It's the single
5 latest industrial concentration in rural Arizona outside of
6 Phoenix. Phase 2, we have phase 2. It's another 1,400 acres,
7 and just some incredible companies in phase 1 that are already
8 at work.

9 If you've ever been to Las Vegas and you've seen
10 the High Roller there, all of the observation pods there were
11 constructed at Laron in Kingman. If you've taken a flight out
12 of Vegas or Phoenix, chances are the tires on your airplane came
13 through Goodyear Aviation in Kingman. So just some tremendous
14 companies.

15 We look forward to really sitting down and
16 meeting with you in January, and thank you for your time. Happy
17 holidays, and have a good meeting. Thank you.

18 CHAIRMAN CUTHBERTSON: Thank you.

19 Greg Henry, City Engineer for the City of
20 Kingman.

21 MR. HENRY: Good morning, Mr. Chairman and board
22 members. Thank you for the opportunity to come and speak.

23 I wanted to speak a little bit on the East
24 Kingman I-11 Connection Project, or what we also know as the
25 Rancho Santa Fe traffic interchange east of Kingman. The

1 project was on the ADOT five-year plan some 13 years ago. There
2 was a 70/30 partnership letter of intent that ADOT had signed,
3 and the City of Kingman had signed. We're just looking to
4 rekindle that partnership that kind of fell by the wayside
5 because of the recession. The need for the project is certainly
6 still there. The airport park, as has been mentioned, is
7 growing and expanding, and this would provide a second entrance
8 into that park. And really I just want to see about -- let you
9 know that we're working with Alvin on getting this back on the
10 five-year plan, and appreciate your attention.

11 And again thank you for the consideration of a
12 January board meeting in Kingman as well. We look forward to
13 seeing you there. Thank you.

14 CHAIRMAN CUTHBERTSON: Thank you.

15 John Hansen, President of the Kingman and Mohave
16 Manufacturing Association.

17 MR. HANSEN: Good morning. Thanks for the
18 opportunity to speak. I'd like to thank the Board and all the
19 members for letting me come again and speak.

20 The message is the same, so consistency is a good
21 thing, I guess. But the idea of manufacturing in northern
22 Arizona, I think, is something that the state benefits from, no
23 matter -- no matter which part of the state it is. Opening up
24 that area, which is -- which is kind of lonesome right now to
25 manufacturing, I think it would be a great thing.

1 So I just want to say that we're trying to
2 approach this with private industry. I mean, the -- I represent
3 the voice of industry in Kingman, and you know, we really need
4 to have this built. So we're looking at ways that we can
5 support this from a private industry standpoint, and we just
6 would like to encourage the Board and the Department of
7 Transportation to keep that in the front of their mind when
8 they're working on that. So I thank you very much again for the
9 opportunity.

10 CHAIRMAN CUTHBERTSON: Thank you.

11 Next, Michael Halse of -- representing
12 Freeport-McMoran at Bagdad.

13 MR. HALSE: Good morning, Mr. Chairman, members
14 of the Board. Appreciate your time this morning. I'd like to
15 come and do some initial requests for some planning cycle work
16 on doing some spot improvements on State Route 97 that services
17 the Bagdad mine.

18 Freeport-McMoran has been operating large scale
19 mining operations in Bagdad since 1976. We make about 200
20 million pounds of copper a year, and that's two -- it's about
21 half a million pounds that has to be shipped out every day.
22 We've got about 200 trucks that are coming in and out on State
23 Route 97. That is the artery. That's the main -- the main show
24 for doing business in Bagdad.

25 The economic benefit that Bagdad provides to the

1 state of Arizona and the surrounding communities is on the order
2 of about \$225 million benefit to the state of Arizona, with
3 \$109 million that benefits Yavapai County. Those numbers come
4 from the Arizona State University William Seidman Research
5 Institute from 2017.

6 The future of Bagdad is bright. We have proven
7 reserves of 7 billion pounds of copper in the ground. That
8 translates to over a 40-year mine life. We also have an
9 additional 10 billion pounds that is indicated beyond that 7
10 billion pounds that makes Bagdad a very long-term operation. So
11 with that, Freeport views Bagdad as an opportunity location for
12 a growth project.

13 We're presently engaging in studies to
14 potentially double the size of the Bagdad operation, which
15 translates to State Route 97 being a very strategic and critical
16 part of that work. In our studies that we funded, we've funded
17 a \$275,000 study to look at the road. What's going on there?
18 What can it do? You know, how is that going to play into the
19 story of a mine expansion? Along the way of that study, we have
20 assessed present conditions, and in that have seen that there
21 are -- is opportunity today to do some spot improvements. We've
22 worked with the Northwest District office and appreciate
23 Mr. Stump and his team for helping guide us on what we can do to
24 have a very cost effective solution for those spot improvements.
25 And Alvin, he'll be ready to tell you more about those later on

1 today.

2 State Route 97 contains many curves that do not
3 meet the current highway speed and geometric standards. So
4 combined with our commercial trucking, the result has been
5 adverse to our community and operations with some of the
6 incidents that happen out on the roadway. We do have
7 opportunity to address those. In essence, Freeport, with our --
8 with our partners, we are willing to come to the table with a
9 shared -- a shared -- cost share to go make those improvements.

10 So I appreciate the attention to the State Route
11 97 project and the interest that it has to support the community
12 and mining operation of Freeport Bagdad. Thank you.

13 CHAIRMAN CUTHBERTSON: Thank you. (Inaudible.)

14 Next is Anthony Tunis. He's Deputy Chief of
15 Bagdad Fire District.

16 MR. TUNIS: Good morning, Chair. Good morning,
17 Board. Like you said, my name's Anthony Tunis. I'm the deputy
18 fire chief for the Williamson Valley Bagdad Fire District.

19 I'm here today to -- additionally to advocate for
20 the modernization of State Route 97. Our fire station out of
21 Bagdad, our Station 95 operates emergency response for fire,
22 medical, ambulance and hazardous material response for over 232
23 square miles. So we average under -- just under 1,000 calls for
24 service per year out of that station. We're the only emergency
25 service for 60 miles, with the only paramedic service in Yavapai

1 County for 72 miles. And then in the southern Mohave County
2 area, we're the only paramedics for 100 miles.

3 21 percent, roughly 200 a calls a year that we
4 respond to, we respond to via State Route 97. That gives us
5 response times in excess of 45 minutes to our far reaching areas
6 like Wikieup, which we -- I can say we're the only paramedic
7 response unit for that area. We're the only medical response
8 unit for that area.

9 I -- I'm here, honestly -- the State Route 97
10 comes up on our strategic plan all the time as a primary hazard
11 when it comes to responding. That section there, 97, is only 11
12 miles long, but it takes our response via ambulance or fire
13 truck, lights and sirens, over 20 minutes. That's huge. Twenty
14 minutes is a long time when you're dealing with somebody who's
15 choking or having a heart attack or motor vehicle accident.

16 Additionally, I haven't done a study on this, but
17 I would venture to say the majority of most hazardous material
18 calls for service runs in the entire state probably come from --
19 from that area. The way the road is set up right now, we have
20 some -- we'll call them hot spots, but some major target areas
21 that concern us. We ended up having hazardous materials roll
22 over on that area, which is dangerous for the environment. It
23 stops traffic, and it ties up our resources for on an average of
24 11 hours, meaning that our response time in Bagdad for someone
25 who's got a kid who's choking and/or a fire is going to be at 20

1 minutes when it's normally about four minutes.

2 So I'm very excited to be able to speak to you
3 guys today. Like I said, this comes up as a target hazard for
4 us quite frequently, and hopefully you guys can maybe take some
5 time to take a closer look at State Route 97. I believe there's
6 a lot of incidents that could be prevented, including faster
7 response times to State Route 93, which keep us very, very busy.
8 So thank you for your time.

9 CHAIRMAN CUTHBERTSON: Thank you.

10 MR. TUNIS: (Inaudible.)

11 CHAIRMAN CUTHBERTSON: Tom Jones, President of
12 CTI, Inc.

13 MR. JONES: Good morning -- good morning,
14 Chairman, and members of the Board. Thank you for having me.
15 As you said, my name is Tom Jones. I am the president of CTI.

16 CTI, for those of you who don't know, we've been
17 operating since the early '30s as an aggregate hauler, and in
18 the '40s when the cement plant was built in Clarkdale, we began
19 moving cement. And then later, towards the '70s, we started to
20 market and haul fly ash. All important ingredients that you
21 guys specify in your road work.

22 So over the years, CTI has done a majority of all
23 the road work that you guys authorize, and then as we got in the
24 '70s, we began doing work with mines. So we're today 500
25 employees strong, about six or seven locations in Arizona.

1 We're the largest transporter for the mining industry, and the
2 ready mix and power industry.

3 I think you guys all have the packet that I had
4 distributed to you guys. I've seen a few of you thumb through
5 it. I'm not going to make anybody walk through this, but on the
6 cover, you can see a beautiful picture of State Route 97, and
7 you can see a nice wide space to the right of it. But as you
8 thumb through the accident photos, you'll see where the accident
9 that Anthony and Michael have talked about, the hot spots.
10 There isn't enough road -- there's not enough room on the side
11 of the road to travel through that when there is an oncoming
12 vehicle coming. So these accidents actually happen because the
13 rear wheel of the trailer, if it gets off the edge of that road,
14 you can see from the photos there's no -- there's no point of
15 recovery. So I'm here to advocate the spot improvements that
16 Michael and Anthony are asking for. Thank you for your time.
17 Have a great day.

18 CHAIRMAN CUTHBERTSON: Thank you.

19 Okay. Kara Harris. She's a citizen, and she's
20 speaking for herself about the widening of Highway 82 between
21 Sonoita and 90.

22 MS. HARRIS: Well, as I follow you all over the
23 state on my own dime, because I don't work for any kind of
24 construction company. I'm not an engineer. I'm just an old bag
25 who rides a bike.

1 It takes me a mile and a half to get -- in
2 Cochise County to get from my street, which is off Highway 82,
3 to Highway 90 where I'm safer. I have four lanes, although
4 people are hit all the time in those lanes, too. I respect the
5 traffic. I've seen an exponential increase in traffic since
6 NAFTA, and my county supervisor, who by the way this morning,
7 Peggy Judd, is on the SEAGO Committee. She is in Safford, I
8 think, and they are meeting, and I've told her do not forget me.
9 I want SEAGO to partner with you. She gave me some little
10 misinformation. I missed -- there was no board meeting on
11 Tuesday in Bisbee, and I drove down for that. I will go to the
12 county supervisors. I will ask. I will plead.

13 I just don't want to get killed on 82. I have
14 about 18 inches to ride my bike, and as I hear engineers and
15 people talk about different needs in the state, I feel like it's
16 a little drop in the bucket for you guys, because there are
17 bigger needs, like the highway where the trucks are going off
18 the road. But when these 18-wheelers who are now coming from
19 Nogales to 90 come by, I have 18 inches with two 18-wheelers,
20 one coming and going, or 18-wheel trucks, commercial vehicles.
21 And that's real scary for me, and I try to stay on my 18 inches.

22 For the immediate, the one thing that was just
23 mentioned, I would just like the eastbound 18 inches repaired.
24 The fissures on the road are so bad, they'll jar my teeth in my
25 mouth. And I do try to stay on the right side of that white

1 line. People traveling up and down that road don't do 65 miles
2 an hour coming out of Sonoita. They are doing in excess of 70
3 to 80 miles an hour, and when we try to turn off our streets in
4 a vehicle, they're right on us.

5 So I would just like to ask you to consider
6 widening 82 from Sonoita or even just into Whetstone so we have
7 a place to ride, and so our cars are safer, because as they've
8 opened up the subdivision across from my street, we have a
9 double solid line that the vehicles don't even respect. And DPS
10 even tells me it's a problem, because I give pie to my DPS
11 officers. Not to buy them off or anything, but because I like
12 them out there, and I wish they were on 82 more. But they have
13 to spend a lot of their time on 90 where, you know, the traffic
14 accidents are, and it's a bigger highway.

15 So, you know, I have nothing but respect for all
16 these engineers that are bringing all these needs before you,
17 and again, I feel like it's a little drop in the bucket, but I
18 hope you consider my hide. I'm 65 years old, raising my
19 great-granddaughter, and I don't want to leave her
20 grandmotherless, or motherless. And I can't even let her ride
21 her bike between my house and 90, because it's too scary, and
22 there's no off the road place for us. So thank you for your
23 time. I'll see you in Morenci next month.

24 CHAIRMAN CUTHBERTSON: Bill Lenhardt, the Manager
25 from Sunbelt Development in Kingman. (Inaudible.)

1 MR. LENHARDT: Close enough. I brought props.

2 Thank you very much. Bill Lenhardt with Sunbelt
3 Development, and we own a large tract of land in Kingman,
4 Arizona. I'm speaking for the I-11 Kingman connector project.

5 So we assembled this large tract of land over a
6 period of 10 years with the intent to develop. There's been a
7 barrier for development in Kingman. It's the lack of
8 infrastructure. (Inaudible.) So you can see this. So this is
9 the area that we affected by the Rancho Santa Fe interchange and
10 parkway. The area in red represents the area that's -- the land
11 that's currently developable. The area in yellow represents the
12 land that is not developable due to a lack of infrastructure.
13 The infrastructure deficiencies are access and utilities.

14 So with ADOT's support, we get access. The
15 Kingman connector project will include this interchange and the
16 parkway. That's a big step in the right direction. That gives
17 us access to our property. It also will service the Kingman
18 Industrial Airport.

19 The landowners -- and that's who I'm speaking for
20 is the landowners -- the landowners would like to expand the
21 project with the City, and what we'd like to do is we'd like to
22 add infrastructure, and we'll do that through a public-private
23 partnership. We've had conversations with the City and the
24 County, and we are working on our financing solutions, but we
25 believe that we can obtain our financing. But it starts with

1 access, ADOT.

2 So when we get access and infrastructure, we get
3 this. We get massive land developments. So this is our
4 proposed project. It's 1,000 acres, mixed use, industrial,
5 residential. You see along here, here's our interchange, here's
6 our parkway. We have been, as I mentioned, working with the
7 City. We've pledged to contribute 20 acres of land for a park,
8 four acres for police and fire station, and we own 1.25 miles of
9 frontage where these improvements will eventually go. And we've
10 agreed -- pre-agreed to donate that right-of-way, as has the
11 other landowners, the ones that we don't own, have expressed
12 their willingness to cooperate with ADOT as well. But it starts
13 with access. It starts with you guys.

14 So Kingman has never needed ADOT's support more
15 than it does right now. One thing I would like to mention is
16 that the City of Kingman hired a consultant, an economic
17 development consultant that (inaudible) -- okay. Thank you.
18 Thank you -- to examine the Kingman economy or the market and
19 how to improve economic development. I happened to hear on the
20 same agenda as they did when they presented their findings to
21 the City. Their definition of the number one thing that would
22 help Kingman described our project identically. Thank you, sir.

23 CHAIRMAN CUTHBERTSON: Thank you.

24 Okay. So we've worked our way through the stack
25 of public input forms. Do we have any more?

1 UNIDENTIFIED SPEAKER: (Inaudible.)

2 CHAIRMAN CUTHBERTSON: Okay. So that will
3 conclude the call to the audience.

4 UNIDENTIFIED SPEAKER: (Inaudible.)

5 CHAIRMAN CUTHBERTSON: Yeah. Okay. Yeah. We do
6 have a couple more comments associated with later in the
7 contracts section. So we'll hold off on those for now.

8 So we'll move on to Item 1 on the agenda, the
9 director's report. Director John Halikowski will provide the
10 director's report for information and discussion only.

11 MR. HALIKOWSKI: Actually, Mr. Chairman, in the
12 interest of time, I don't really have anything new for the Board
13 today. So with your permission, I'd like to (inaudible).

14 CHAIRMAN CUTHBERTSON: Sure. So we'll go on to
15 Item 2 on the agenda, which is the district engineer's report.
16 Alvin Stump, the Northwest District Engineer, will provide an
17 update and overview of regional issues for -- of significance
18 for information and discussion.

19 MR. STUMP: All right. Well, good morning
20 Mr. Chair, Board, Director. I'm going to give a quick update on
21 upcoming projects here locally.

22 Right now we have a pavement preservation project
23 kind of winding down through town, and then also about 30 miles
24 north of here we have a a little bridge rehabilitation project
25 underway, and then we've also been doing some flushing both on

1 US-60 and US-93. And then later on next year, we'll be --
2 expect to start the Carrow-Stephens widening project just north
3 of Wikieup. And then, also, we have some chip seal projects
4 coming up between Wenden and Aguila as well.

5 This is just -- kind of shows you the -- our
6 outlook for expansion projects in the next few years. You know,
7 obviously starting with Carrow-Stephens, and then the gap
8 project would be the next one in '20, and then followed by Cane
9 Springs and the West Kingman TI in -- up there, and then Big Jim
10 Wash. And then, of course, we've got a lot -- a lot of focus on
11 I-17 as well.

12 We do have a couple of planning studies. The one
13 that you've already heard about if you -- if you haven't been on
14 97, it's a pretty windy road, and the mine's paid for the study
15 to look at, you know, what happens if they expand their
16 operation, looking to get a normal high speed roadway to US-93,
17 no swales. Looking at the -- you know, some of these sharp
18 curves, can they be softened to help out a little bit there? So
19 -- and then here on US-60 between Wickenburg and 74, we're just
20 kicking off a corridor profile study to look at future safety
21 improvements and capacity needs as well.

22 And then our big project here, the gap project,
23 we're moving along nicely. This project has been divided into
24 two projects. Basically, north of Wickenburg Ranch is Project
25 A. Project B is everything to the south. Both projects are

1 roughly at 60 percent designed. Project A will -- it's planning
2 to advertise in June. Project B, while the design will be done,
3 there's a lot more right-of-way acquisition that will take
4 place. So it will follow by a year.

5 And we have -- signing the joint project
6 agreement between ADOT, the Town and the developer in the
7 summer, and that's -- the developer's bringing almost \$10
8 million to the -- to the overall projects. Most of that's going
9 to fund Project A, but whatever's left over will contribute to
10 Project B. So that's it for my update.

11 CHAIRMAN CUTHBERTSON: Yes. Thank you.

12 MR. STUMP: Questions?

13 CHAIRMAN CUTHBERTSON: Comments? Questions?
14 Board Member -- Board Member Thompson.

15 MR. THOMPSON: Can you explain to me what's
16 involved in flushes?

17 MR. STUMP: Yeah. That's the -- spraying the oil
18 that rejuvenates the surface of the roadway.

19 MR. THOMPSON: Okay.

20 MR. STUMP: Fogging. It's a -- you know --

21 MR. THOMPSON: I'm kind of thinking in terms of
22 culvert washout (inaudible).

23 MR. STUMP: No. I got you. Different type of
24 flushing.

25 CHAIRMAN CUTHBERTSON: Okay.

1 MR. STUMP: Yeah.

2 CHAIRMAN CUTHBERTSON: Other questions? Board
3 Member Stratton.

4 MR. STRATTON: Alvin, you said the developer's
5 contributing 9.8 million. What's the total cost?

6 MR. STUMP: Between the two projects, it's
7 probably close to about 45, you know, looking at the two
8 estimates. One's a -- I think when we get to 60 percent
9 estimate on Project A, we're going to see it around 7, 7 and a
10 half million, and the other one's around 38.

11 MR. STRATTON: Thank you.

12 CHAIRMAN CUTHBERTSON: Okay.

13 MR. STUMP: Thank You, sir.

14 CHAIRMAN CUTHBERTSON: Thank you.

15 Okay. Moving on to Item No. 3 on the agenda is
16 the consent agenda. So board members consider items included in
17 the consent agenda, for information and possible action. Are
18 there any items the board members would like to have pulled for
19 individual discussion from the consent agenda?

20 Okay. Hearing none, is there a motion to approve
21 the consent agenda as presented?

22 MR. HAMMOND: So moved.

23 MR. KNIGHT: Second.

24 CHAIRMAN CUTHBERTSON: Moved by Board Member
25 Hammond, seconded by Board Member Knight. Any discussion?

1 All in favor indicate by saying aye.

2 BOARD MEMBERS: Aye.

3 CHAIRMAN CUTHBERTSON: Opposed, nay. Ayes have
4 it. Motion passes.

5 Okay. Item 4, this is the legislative report.
6 Floyd, are you presenting the legislative report today?

7 MR. ROEHRICH: Actually, Mr. Chair we have Bill
8 Fathauer from the legislative (inaudible).

9 CHAIRMAN CUTHBERTSON: Oh, okay.

10 MR. ROEHRICH: Bill will be presenting the
11 legislative report.

12 CHAIRMAN CUTHBERTSON: Yeah. Pardon me,
13 Mr. Fathauer.

14 MR. ROEHRICH: But since he isn't here very
15 often, by no means you have to take it easy on him.

16 MR. FATHAUER: Thank you, Floyd.

17 MR. ROEHRICH: If he says something you don't
18 agree with, make sure he knows about it.

19 MR. FATHAUER: Mr. Chairman, board members, thank
20 you. In the interest of time, I'll just give a very brief
21 update about the recent legislative election and what that could
22 possibly mean for transportation going forward into the next
23 session.

24 As of right now we expect the state Senate to
25 remain the same balance between parties that it was last

1 session. However, there are some developments in membership
2 that are very beneficial for -- for ADOT and for transportation.
3 Two of the three top positions in the chamber will now be
4 occupied by former transportation committee chairmen, including
5 incoming Senate president Karen Fann, who represents part of the
6 town of Wickenburg. In the -- as well as Senator Rick Gray, who
7 also is a state -- or committee chairman of ours, a very good
8 relationship with the department.

9 In the House, the division -- or the Republicans
10 have kept the majority by only a single vote. One of the new
11 incoming members is actually a former transportation board
12 member, Arlando Teller. But because of that very narrow
13 majority, we expect there to be much fewer -- much fewer bills
14 introduced and a much more narrow focus on big issues like
15 education and transportation. So that could be very beneficial
16 to us as well.

17 Because of that narrow majority, we've also been
18 asked -- all agencies have been asked to pare down our
19 legislative requests to the governor by quite a bit. So we've
20 introduced -- or proposed a very narrow group of bills targeted
21 mainly towards compliance with federal regulations and the
22 furtherance of the department strategic plan.

23 We've not received confirmation on which
24 proposals that we've given the governor will be included in his
25 executive agenda for next year; however, we expect to hear very

1 soon, and I will have more information about exactly what we
2 will be pursuing legislatively at the next board meeting in
3 December.

4 But beyond that, I'm happy to answer any general
5 questions about the -- about the upcoming legislative session
6 and how it relates to the priorities of the Board.

7 MR. KNIGHT: Mr. Chair.

8 CHAIRMAN CUTHBERTSON: Yes. Board Member Knight.

9 MR. KNIGHT: Bill, is there any proposal for the
10 Legislature to consider raising the gas tax?

11 MR. FATHAUER: Board Member Knight, we have --
12 the department is not pursuing that specifically, but that has
13 been a topic of discussion amongst both leadership in the
14 Legislature and the membership in general. That was a big
15 discussion -- topic of discussion last year. It didn't end up
16 going through, but it's probably very likely that that will be
17 proposed in some fashion at some point during the next session.

18 MR. KNIGHT: Thank you.

19 MR. HALIKOWSKI: Mr. Chairman.

20 CHAIRMAN CUTHBERTSON: Yes.

21 MR. HALIKOWSKI: To Mr. Knight's point, I just
22 want to keep board members informed. We often talk about
23 raising the gas tax, but if you're following trends in the
24 commercial vehicle industry, and in the passenger vehicle arena,
25 also, the proliferation of alternative fuel vehicles continues.

1 A number of Class A vehicle manufacturers -- those are your big
2 18-wheelers -- are developing fully electric power units, and
3 the number of compressed natural gas facilities to fuel trucks
4 across the country continues to grow. So one caution for our
5 Legislature is as we move forward, we have to be able to look at
6 a myriad of propulsion units and forms. The gas tax continues
7 to be a shrinking part of that for the future.

8 CHAIRMAN CUTHBERTSON: Thank you. Board Member
9 Hammond.

10 MR. HAMMOND: Wouldn't the, you know, solution,
11 John, be kind of a combination of revenue sources that would be
12 there to -- for the gas cars?

13 MR. HALIKOWSKI: Based on my research, I believe
14 that is the correct answer, but you really have to look at a
15 myriad of funding sources, because as we've learned with the
16 gasoline tax, when those revenues begin to go down, our HURF is
17 affected, and obviously that affects our capital on preservation
18 programs.

19 So the question isn't really one of necessarily
20 just how much money needs to be generated. We could give you
21 those numbers. It's what will policymakers and the public
22 support as far as a revenue system? I know that D.C. continues
23 to play around with the ideas of a vehicle miles traveled for a
24 revenue system. ADOT stays at the forefront of that as part of
25 a consortium of Western states following Oregon's pilot.

1 Getting the big brother issue out of that continues to be
2 problematic somewhat. And if you look at the gasoline tax, it's
3 an excellent way to collect revenue, because it's involuntarily.
4 You basically pay at the pump. With the vehicle miles traveled,
5 tax collection becomes more problematic.

6 So these are the questions that not only D.C.,
7 but Arizona continues to wrestle with as it moves into the
8 future. What's the right combination of revenue sources that
9 the public would support if you buy into the fact that revenue
10 -- or transportation needs more revenue? I would say that
11 people seem to agree more revenue's needed, but actually getting
12 that prospect put into -- into some form of law seems to still
13 be quite a discussion.

14 CHAIRMAN CUTHBERTSON: Thank you. Thanks. Any
15 comments (inaudible) Board Member Thompson.

16 MR. THOMPSON: There's an increase in the state
17 revenue funds that's anticipated. What is the chance of that
18 (inaudible) being used for transportation? In your experience,
19 how has that worked out?

20 MR. FATHAUER: Board Member Thompson, it is
21 certainly a possibility that members of the Legislature could
22 utilize that -- that additional revenue to provide funding to
23 various different projects, but I would anticipate based on what
24 I'm -- I've heard from -- from the Legislature that education is
25 also going to be a very big priority for that money as well as

1 several other major issues.

2 So as per the usual, we're going to be
3 competing -- transportation would be competing with a myriad of
4 other state priorities for whatever portion of that money would
5 be spent on them. And I think certainly, also, the
6 Legislature's going to be very cautious because of what they've
7 experienced in the past with the cyclical economy to not spend
8 -- certainly not spend all of that -- that additional revenue
9 that we have. They're definitely going to want to bank some of
10 that for -- for -- effectively for a rainy day in the future, in
11 case -- in case the economy does not continue to grow at the
12 pace it is right now.

13 MR. THOMPSON: Chairman, one other question.

14 CHAIRMAN CUTHBERTSON: Sure.

15 MR. THOMPSON: Or a comment. Where I'm coming
16 from is that (inaudible) and just make sure -- and the governor,
17 and in order to achieve (inaudible) performance for our young
18 people, especially on the rural area, we've got to have a better
19 transportation system. We have to have an (inaudible), because
20 there's about several -- 8, 10 school districts that have to
21 bring the kids from the (inaudible.) So that's where I'm coming
22 from. Thank you.

23 MR. FATHAUER: Understood.

24 MR. KNIGHT: Mr. Chair.

25 CHAIRMAN CUTHBERTSON: Yes. Board Member Knight.

1 MR. KNIGHT: One thing that did come out at the
2 Rural Transportation Summit and along those lines, in lieu of a
3 gas tax, but something that would be fair and cover all vehicles
4 would be tire, tire tax, which doesn't matter what kind of
5 vehicle you drive. You have to have tires. So anyway, that
6 would be a fair -- that would encompass everybody that uses our
7 highways, no matter what type of fuel they use to get around.

8 MR. HALIKOWSKI: Well, and to that point
9 Mr. Knight, certainly, again, it's not a matter of how -- what
10 the number is. It's how you want to get there. And a tire tax
11 is certainly something that you can look at, but when you look
12 at something like gasoline or vehicle miles traveled, you're not
13 depending on people who are just buying tires in Arizona.
14 You're depending on, also, all the people that come in to visit,
15 and with the tire tax, if I'm not buying my tires in the state,
16 I'm still using the infrastructure, but not necessarily paying
17 for it. So when we look at revenue sources, we try to spread
18 out that base to encompass all of the traffic that we get
19 through the state.

20 MR. KNIGHT: Certainly. And I didn't -- it
21 wasn't put out as a single revenue source. Part of all of the
22 above.

23 MR. HALIKOWSKI: Thank you.

24 CHAIRMAN CUTHBERTSON: Thank you. Okay. Good
25 discussion.

1 Thank you, Mr. Fathauer.

2 MR. FATHAUER: Thank you.

3 CHAIRMAN CUTHBERTSON: Okay. Continuing on to
4 Item 5 on the agenda. Kristine Ward, Chief Financial Officer,
5 will provide an update on the financial report, for information
6 and discussion.

7 MS. WARD: (Inaudible.) Well, good morning.
8 It's a pleasure to see you all.

9 CHAIRMAN CUTHBERTSON: Good morning.

10 MS. WARD: Let's start off with HURF. We are a
11 little out of our target zone. We're in the yellow because our
12 forecast isn't -- we're actually 1 percent above forecast. The
13 key drivers to that are diesel fuels. Diesel fuel use tax has
14 come in above -- above forecast, as well as our VLT revenues.
15 We are pleased to say that the average cost of a new car has now
16 topped \$30,000, which we have -- we have not experienced up
17 until now.

18 I threw -- I had asked our team -- you know, I
19 come in here and I provide you forecasts every -- every month,
20 and I had asked the team to go back and take a look at how we
21 fared when we looked at our forecasts over a long term. What
22 you see in front of you is a look at -- on the X axis, it shows
23 you every year the panel, the forecasting panel gets together
24 and forecasts future revenues. And we forecast 20 years out on
25 the Highway User Revenue Fund. What you see here is each year's

1 forecast -- each panel's forecast of FY 2018. After we get past
2 the fiscal crisis of 2008 and 2009, you'll see we fall right
3 into our target range of plus or minus 5 percent of forecast.

4 This is -- this is important, and I wasn't -- I
5 didn't actually have this done to show you, but rather to give
6 myself comfort that we were actually performing -- performing
7 well. And so what you see is in 2010, we were just a little
8 less than 3 percent when we forecasted 2018, which was 18 years
9 in the future. So our forecast, I just wanted to demonstrate
10 for you that -- thought I'd share that we're doing fairly well
11 on our forecast, and this folds in quite a bit to our bond
12 ratings.

13 In terms of our Regional Area Road Fund, we're a
14 little -- just a little above forecast. Revenues are right
15 within target range, and I have nothing significant to report on
16 Regional Area Road Fund.

17 Like HURF, we are also running -- when we examine
18 our long-term accuracy, accuracy of our long-term forecasts,
19 we're running right within range except for when those pesky
20 great recessions occur like in 2008 and 2009. Please forgive
21 us. We didn't get that one right.

22 In terms of -- I'd like to spend a minute now and
23 talk to you about something we discussed last month. So last
24 month I spoke to you about the fact that Standard & Poor's, one
25 of the rating agencies that we use to rate our bonds, was

1 redoing their -- their methodology for evaluations for rating
2 issuers and credits. And I also gave you -- I let you know that
3 in doing so, we were very concerned about a potential downgrade.

4 Well, yesterday S & P issued their new ratings.
5 Now, remember we have three credits. We issue HURF bonds,
6 Highway User Revenue Bonds. We issue RARF bonds, Regional Area
7 Road Fund bonds, and we issue GAN, Grant Anticipation Notes.
8 Grant Anticipation Notes are not impacted by this. They are
9 associated with bonding against future federal revenues.

10 So the two credits we need -- we were most
11 concerned about were our HURF bonds and our RARF bonds. So each
12 rating agency has its own methodology for developing ratings for
13 -- for bonds. S & P re-evaluated theirs, and what they were
14 particularly focusing on is how insulated a particular bond is
15 against legislatures and -- basically, operating risks. What is
16 the risk that the revenues that will be used to pay the debt
17 service to support these bond issues, what is the risk that
18 those revenues will be diverted?

19 When they come in, and we had a couple of
20 conversations with them trying to guide them and educate them on
21 our HURF and our RARF credit, what we have here with our HURF
22 credit is that the bulk of our -- the revenue sources that flow
23 into HURF are protected through the Constitution. But there is
24 one portion of the HURF revenues that represents 30 percent of
25 the overall revenues, vehicle license tax, which is not

1 protected. And as you were probably aware, I know we've
2 discussed it before, there have been diversions, sweeps,
3 transfers of VLT funds.

4 So right now our HURF credit prior, as rated by
5 Standard & Poor's, was a AAA. They have downgraded our HURF
6 credit to a AA plus. The State -- the State's rating, which is
7 which is who they are linking us with, is a AA. So we got
8 downgraded from a AAA to a AA plus. We are still above the
9 State's rating, because we have 70 percent -- the gas -- the
10 fuel tax revenues are protected, but because we have that 30
11 percent, that's why we got the downgrade.

12 Does that make sense? Are there any questions
13 there?

14 Okay. With regards to the Regional Area --

15 MR. HALIKOWSKI: Kristine. I'm sorry.

16 MS. WARD: Yes, sir.

17 MR. HALIKOWSKI: Mr. Chairman, I just want the
18 folks to understand what the 30 percent is. So the HURF is the
19 70 percent, the gasoline tax?

20 MS. WARD: So I apologize. Let me -- let me
21 rephrase that --

22 MR. HALIKOWSKI: Thank you.

23 MS. WARD: -- a little if I may. So if you look
24 at overall revenues flowing into HURF -- actually, I misstated
25 the percent -- there are -- 50 percent of the revenues flowing

1 into HURF are from fuel taxes. They are protected by the
2 Constitution. 30 percent of the revenues flowing into HURF are
3 VLT taxes. They are not protected, and they have been subject
4 to sweeps in the past.

5 Does that answer your question, sir?

6 MR. HALIKOWSKI: It does. I just wanted folks to
7 understand that the VLT is a general fund source in the HURF.

8 MS. WARD: It is most certainly a risk that the
9 general fund has --

10 MR. HALIKOWSKI: And the other 20 percent is then
11 various fees --

12 MS. WARD: It's made up --

13 MR. HALIKOWSKI: -- and driver's license --

14 MS. WARD: Registrations.

15 MR. HALIKOWSKI: -- vehicle registration, license
16 plates, (inaudible). Okay. Thank you.

17 MS. WARD: Okay. Any other questions before I
18 move on? So back to Regional Area Road Fund.

19 MR. KNIGHT: Mr. Chair.

20 CHAIRMAN CUTHBERTSON: Yes. Board Member Knight.

21 MR. KNIGHT: I do have one question. I know that
22 the director was given the authority to adjust the VLT tax to
23 pay for DPS, I think.

24 MR. HALIKOWSKI: Well, let me clarify. I was not
25 given authority to adjust the vehicle license tax. There are a

1 couple of things you pay for at the time of registration.
2 Vehicle license tax fee, one of them based on the manufacturer's
3 base retail price of the vehicle at the time of purchase. The
4 other things that you pay are a registration fee, which is
5 \$8.25. You pay an air quality fee. So there are a couple of
6 different fees that are collected at the time of registration.

7 What the legislation gave me the authority to do
8 was to establish by administrative rule a highway safety fee.
9 It's not part of the VLT, but it would be a separate fee
10 collected at the time of registration, essentially to cover DPS
11 highway patrol costs to avoid the shift out of the -- the HURF
12 and the highway fund to govern those costs. (Inaudible.)

13 MR. KNIGHT: Okay. And basically my question is
14 then that amount that you are entitled to do for (inaudible),
15 can that -- that can't be swept, is that correct, for DPS?

16 MR. HALIKOWSKI: So any transportation-related
17 fee that we collect is Constitutionally protected. So fees
18 generated for transportation use. Unfortunately, the vehicle
19 license tax, when it was put into effect, I think, in the 1930s,
20 it was actually collected by county assessors. It's an in lieu
21 property tax, and because it's a property tax, it's available
22 for General Fund use.

23 So when you ask the question would the DPS fee be
24 subject to being swept, the question is then are you just simply
25 taking it out of one pocket and putting it into another?

1 So really what the (inaudible) was trying to
2 avoid is taking an inordinate amount out of that VLT to fund
3 General Fund purposes. If you look at history, it hasn't been
4 just DPS. VLT's been used to fund other General Fund gaps under
5 other administrations over my past 30 years.

6 MS. WARD: Uh-huh.

7 MR. HALIKOWSKI: Historically, revenues and
8 bonding have filled those gaps, but (inaudible) we are
9 (inaudible) revenue (inaudible) forecast are pretty flat and
10 have not recovered fully from the recession. So that's why
11 things are very tight at this point, and the VLT becomes such a
12 hot issue as to what it's used for, and 100 percent of it, if
13 you look at it -- originally, when it was founded, it was for
14 education, and over the years the VLT by statute was distributed
15 to other purposes. So now the State collects the VLT at the
16 time of registration. The county assessor doesn't come to your
17 house anymore and look at your cars and write up the bill. But
18 it's still able to be swept out in the future. (Inaudible.)
19 Did I get that right, financial officer?

20 MS. WARD: Yes, sir.

21 MR. HALIKOWSKI: She teases me.

22 UNIDENTIFIED SPEAKER: (Inaudible.)

23 MS. WARD: With regard to the Regional Area Road
24 Fund, we were fortunate there because that fee, that -- I'm
25 sorry -- that tax is the result of a voter initiative. So it is

1 protected by the Voter Protection Act. And so what Standard &
2 Poor's did on that one is we were able to educate them enough
3 that we did not experience a change in our rating on the
4 Regional Area Road Fund credit.

5 In terms of what we anticipate as an impact to
6 future bond issues, we actually don't anticipate much of an
7 impact. Moody's has already -- had already, a couple of years
8 ago, incorporated this into their rating, and this actually will
9 bring Standard & Poor's in line with what our Moody's rating is.

10 The other reason is the underlying fundamentals
11 of this credit have not changed a bit. This has been the
12 circumstance for years, and then we have -- in our official
13 statements that we provide with each issue, we make clear and
14 depict for potential investors that there have been sweeps in
15 the past and that that is still a potential. So we don't
16 anticipate any significant impact in terms of additional costs.

17 I'd also like to point out that ADOT was not the
18 only one in Arizona, only issuer in Arizona, that got --
19 experienced this downgrade. The School Facilities Board also
20 went -- had the same experience of moving from a AAA to a AA
21 plus.

22 So with that, I'd be happy to take any questions.
23 This is -- this is not great news, but fortunately the
24 underlying fundamentals of the credit remain sound, and this is
25 solely the result of a rating agency changing their methodology.

1 It is certainly, however, in our best interest to watch and be
2 cautious of any future diversions.

3 I will send out to you the S & P write-up and
4 what they state about the credit. I think it -- it might be
5 interesting to you if you're mildly an insomniac. But it
6 outlines very clearly what they have looked at in this
7 downgrade, and it has -- it is solely based on how protected
8 those revenue sources are. Thank you.

9 CHAIRMAN CUTHBERTSON: Okay. Thank you.

10 Okay. We'll move on Item 6, Multimodal Planning
11 Division report. Greg Byers, Division Director of the
12 Multimodal Planning Division will present an update on the
13 current planning activities pursuant to ARS §28-506, for
14 information and discussion.

15 MR. BYRES: Thank you, Mr. Chair, board members.
16 Just to -- I'll make this real short.

17 We have completed our P2P process, which is the
18 prioritization of projects going from planning to programming.
19 That was completed yesterday, and it actually worked out really
20 well. Out of the top 20 projects that were prioritized, nine of
21 those projects were -- made the top 20 last year, but did not
22 make it into the program. So our prioritization is staying very
23 consistent. So they will hit in the top ten this -- during this
24 period. So there's a good chance that those are going in.

25 So these projects that are coming through the P2P

1 process, they're not only new projects, but they're projects
2 that have come through the process in the past but didn't get
3 into the program. So it's good to see that these projects, if
4 they -- as they were prioritized in the past are hitting and
5 going through the entire process as we go through year to year.
6 So it was a good check to see that our process is working well,
7 and it -- and it is.

8 So over the next couple of months, we will take
9 those prioritized projects and start looking at putting them
10 into the program. So we'll -- we'll go through the process.
11 One of the big things that we're doing now is our planning level
12 scoping. We'll take the top 20, 25 projects that went through.
13 Nine of those projects were -- went through our planning level
14 scoping last year. They will be updated to the current year to
15 make sure that our costs are sufficient and have gone through
16 all of the requirements that we have in our current planning
17 level scoping, as well as all of the new projects that came
18 through as well. So that takes about two or three months to get
19 all those done.

20 Upon completion of that, we will have a true
21 scope for the project as well as a unit cost estimate for each
22 of those projects. So that's -- that's a big thing to make sure
23 that as these projects get put in the program, they're accurate
24 for cost and they're accurate for scope. And so that's --
25 that's what we're trying to do.

1 CHAIRMAN CUTHBERTSON: Okay. Board Member
2 Stratton.

3 MR. STRATTON: Thank you, Mr. Chairman. Since
4 your process is complete for this year, will you be supplying
5 the Board with the top 20 list?

6 MR. BYRES: What will be done is as we put the
7 program together, come the end of December when we have a
8 tentative program put together, we'll -- we can -- we'll have
9 those listed out in that program. But we can give you a list of
10 the priority projects as well.

11 MR. STRATTON: I was just interested in seeing
12 what the top 20 was.

13 MR. BYRES: We can certainly do that.

14 MR. STRATTON: Thank you.

15 MR. BYRES: So that was all I had.

16 CHAIRMAN CUTHBERTSON: Okay. Okay. Thank you.
17 We'll move on to Item 7 then, Priority Planning
18 Advisory Committee. Greg will present recommended PPAC action,
19 including consideration of changes to the 2019-2023 Statewide
20 Transportation Program, for discussion and possible action.

21 MR. BYRES: Thank you.

22 Mr. Chair, board members, PPAC brings forth -- we
23 have a total of five projects. Three of them are project
24 modifications. Those are Items 7A, 7B and 7C, and PPAC brings
25 those to you with a recommendation for approval.

1 CHAIRMAN CUTHBERTSON: Okay. Can I entertain or
2 do we have a motion to accept and approve --

3 MR. KNIGHT: Chair.

4 CHAIRMAN CUTHBERTSON: -- project modifications
5 items -- new project modification Items 7A through 7C as
6 presented?

7 MR. KNIGHT: I do have a question on 7A.

8 MR. BYRES: Yes.

9 CHAIRMAN CUTHBERTSON: Yes.

10 MR. KNIGHT: When I read through the increase
11 that you're asking for, in item -- on Item 26, on page 157,
12 you've listed consultant, staff, ICAP, which -- which totals
13 267K, yet you're asking for 287K. Is that just a typo or is
14 there a reason there's \$20,000 difference or?

15 MR. BYRES: I'm trying to go through. You're
16 talking about the -- the consultant, staff and ICAP?

17 MR. KNIGHT: Yes.

18 MR. BYRES: Totals?

19 MR. KNIGHT: That -- yeah. That -- yeah. That
20 all totaled 267K, which is -- but your -- you know, the total
21 you're asking for increases, but I thought what we were looking
22 at in Item 26 was why were the items that caused it to need the
23 additional 287? Maybe that's not correct. I don't know, but --

24 MR. BYRES: Unless we have an error in the
25 addition here. The total amount -- there's an arithmetic error

1 down on the bottom down there, or actually, just a -- an item
2 that is incorrect. The 287 is the amount that we're looking
3 for.

4 MR. KNIGHT: Okay.

5 MR. BYRES: So there's just a -- there's an error
6 in the amount. That's -- that's dedicated, and that should be
7 the amount that's under the consultant.

8 MR. KNIGHT: Okay. Thank you.

9 MR. BYRES: So...

10 CHAIRMAN CUTHBERTSON: Any other questions on any
11 items or any new items you want pulled for individual discussion
12 of the new projects?

13 MR. THOMPSON: Chairman, I would move for
14 approval.

15 CHAIRMAN CUTHBERTSON: Okay.

16 MR. KNIGHT: Second.

17 CHAIRMAN CUTHBERTSON: Okay. We've got a motion.
18 I think -- we've got a motion approve items -- new project items
19 9 -- 7A through 7C as presented by Board Member Thompson,
20 seconded by Board Member Knight. Further discussion?

21 All in favor indicate by saying aye.

22 BOARD MEMBERS: Aye.

23 CHAIRMAN CUTHBERTSON: Opposed, nay? Ayes have
24 it. The motion passes.

25 MR. BYRES: Okay. We have two more items. This

1 is Items 7D and 7E. These are two new projects. These are
2 airport projects that are funded through the Aviation Fund.
3 These are projects that were beyond that that were listed in the
4 current program. And PPAC is bringing these to you with a
5 recommendation for approval.

6 CHAIRMAN CUTHBERTSON: Questions from board
7 members on any of the items? Pull for further discussion?

8 If not, do I have a motion to approve items --
9 new project Items 7D through 7E as presented?

10 MR. SELLERS: So moved.

11 MR. KNIGHT: Second.

12 CHAIRMAN CUTHBERTSON: Moved by Vice Chair
13 Sellers, seconded by Board Member Knight. Any discussion?

14 All in favor indicate by saying aye.

15 BOARD MEMBERS: Aye.

16 CHAIRMAN CUTHBERTSON: Opposed, nay. The motion
17 -- I say the motion passes.

18 MR. BYRES: Thank you.

19 CHAIRMAN CUTHBERTSON: Okay. Moving on to Item 8
20 on the agenda. Dallas Hammit, the Director of
21 Transportation/State Engineer will provide the report showing
22 the status of highway projects under construction for
23 information and discussion.

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

25 Currently ADOT has 105 projects under

1 construction totaling \$1.7 billion. In October we finalized 11
2 projects, totaling 21.2 million, and year to date, we have
3 finalized 34 projects.

4 One thing that I -- I guess want to bring up to
5 the Board and remind everyone, what our folks do out on the
6 roadways, ADOT and our contractor partners, is very dangerous
7 work and that hit home today. While I've been sitting in the
8 audience, I got an email. The industry lost a person out on the
9 roadway today. It was a contractor employee. They were hit
10 while working on a project. It's very sobering that -- what
11 we're asking our folks, both ADOT and our industry partners,
12 that it is dangerous work, and we need to appreciate those
13 folks. But I did want to let the Board know it happened in the
14 Phoenix area. We're still waiting on more details, but that's
15 things we have to watch every day as we move forward.

16 With that I have no more in the state engineer's
17 report.

18 CHAIRMAN CUTHBERTSON: My heart certainly goes
19 out to (inaudible).

20 Any questions or comments?

21 Okay. As we move on to construction contracts,
22 the board members have had a chance to look at it, and just
23 before we get into this, you'll -- you'll have recognized one of
24 the items on the -- in the contracts, Item 9C is listed, and
25 that should look familiar. You'll recall in the October meeting

1 we postponed the award of this contract to allow the state
2 engineer the opportunity to conduct a hearing regarding the
3 contractor prequalification process. That hearing has taken
4 place.

5 It's my understanding that in the audience we
6 have some folks that were contractors involved in the bid
7 process that would like to address the Board, and I would like
8 to give them the opportunity to talk at the appropriate time.
9 So -- but I think kind of in the interest of continuity of this,
10 I would like to take Item 9C and just bump it to the end. And
11 so we'll do the Items 9A and B, and then we'll go on to Items E
12 and G, and then we'll leave C at the end, because -- so we don't
13 lose some of that continuity, if that's okay. Will that work?

14 MR. ROEHRICH: Yeah.

15 MR. HAMMIT: For me, Mr. Chairman, I was going to
16 make that recommendation. So thank you.

17 CHAIRMAN CUTHBERTSON: Okay. Okay. All right.
18 Well, good. Good. So if you will, then just proceed, I guess,
19 with Item 9A.

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

21 Item 9A is a project it's an intersection
22 improvement in Santa Cruz County. The low bid was \$2,932,000.
23 The State's estimate was \$2,334,471. It was under the State's
24 estimate by \$597,529, or 25.6 percent. As we reviewed the bid,
25 we did have better than expected pricing in -- excuse me --

1 higher than expected pricing in mobilization and asphaltic
2 concrete as well as aggregate base. The department has reviewed
3 the bid and believes it is a responsive and responsible bid and
4 would recommend award to KE & G Construction, Inc.

5 CHAIRMAN CUTHBERTSON: Okay. Questions by board
6 members?

7 Okay. Hearing none, is there a motion to accept
8 and -- accept staff's recommendation to award Item 9A to KE & G
9 Construction as presented?

10 MR. HAMMOND: So moved.

11 MR. KNIGHT: Second.

12 CHAIRMAN CUTHBERTSON: Moved by Board Member
13 Hammond, seconded by Board Member Knight. Any discussion?

14 Hearing none, all in favor indicate by saying
15 aye.

16 BOARD MEMBERS: Aye.

17 CHAIRMAN CUTHBERTSON: Opposed, nay. Ayes have
18 it. Motion passes.

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

20 Item 9B, this project is in Yavapai County at
21 various locations. It's a sign project. The low bid was
22 \$199,626. The State's estimate was \$257,646. It was under the
23 estimate by \$58,021, or 22.5 percent. We saw the biggest
24 differences in installation of the signpost and mobilization.
25 The department has reviewed the bid and believes that it is a

1 responsive and responsible bid and recommends award to Sunline
2 Contracting, Inc., or excuse me, Sunline Contracting, LLC.

3 CHAIRMAN CUTHBERTSON: Okay. Any questions?

4 All right. Do I have a motion to accept staff's
5 recommendation for Item 9B and award contract to Sunline
6 Contracting, LLC, as presented?

7 MR. KNIGHT: So moved.

8 MR. STRATTON: Second.

9 CHAIRMAN CUTHBERTSON: Moved by Board Member
10 Knight, seconded by Board Member Stratton. Any discussion?

11 All in favor indicate by saying aye.

12 BOARD MEMBERS: Aye.

13 CHAIRMAN CUTHBERTSON: Opposed, nay. The ayes
14 have it. Motion passes.

15 So we'll skip 9C and go to 9D.

16 MR. HAMMIT: Thank you Mr. Chair.

17 Item 9D is a project on Interstate 10. It
18 involves ADA improvements along that corridor, mainly on ramps,
19 curb improvements, sidewalks and pedestrian signals. The low
20 bid was \$9,956,306. The State's estimate was \$8,204,690. It
21 was over the State's estimate by \$1,748,616, or 21.3 percent.
22 We saw higher than expected pricing in the roadway excavation,
23 the (inaudible) concrete and the concrete barrier used on the
24 project. The department has reviewed the bid and believes it is
25 a responsive and responsible bid and recommends award to FNF

1 Construction, Inc.

2 CHAIRMAN CUTHBERTSON: Okay.

3 MR. SELLERS: Mr. Chair.

4 CHAIRMAN CUTHBERTSON: So -- Vice Chair Sellers,
5 do you have a question?

6 MR. SELLERS: Is there any concern at all that
7 there's only bid on this contract?

8 MR. HAMMIT: Mr. Chair, Member Sellers, we would
9 have liked to have seen more, but as we reviewed the bid, we do
10 think it was a responsive and responsible bid. So we think we
11 got a good bid. But like a lot of -- we would have liked to
12 seen more, but we don't see any anomaly with the one bid.

13 MR. SELLERS: Thank you.

14 CHAIRMAN CUTHBERTSON: Board Member Knight, you
15 also had a question.

16 MR. KNIGHT: Yes. Thank you.

17 In looking at -- and I know we're going to do 9C
18 separate, but in looking at 9C and 9D, they -- 9D encompasses
19 the area that 9C does and more. It looks like there are a lot
20 of common elements in both of them other than the bridges. I
21 was just wondering with only one bidder, would it -- and both 9D
22 and 9C came in over, would -- would it might have been better to
23 -- to lump both of those together? I mean, we've got six
24 bidders for 9C. Might it have been better to lump the two
25 together and -- and that way we would have gotten more bidders,

1 perhaps more interest in doing the entire project, including the
2 bridges? Just an observation from looking at what we're doing.

3 MR. HAMMIT: Right. Mr. Chairman, Member Knight,
4 on this, it may have drawn in the project on 9C, specifically a
5 new interchange. Another difference in there, the current
6 project in front of you uses state and federal funds. The item
7 9C is strictly state funds or regional freeway funds, and we
8 kept them separate. They were developed on a different time
9 line. It was coincident that they came together. In hindsight,
10 we definitely could have looked at that, but the -- the work on
11 9D is not on the main line itself. It's on different
12 intersections, as well as the TI, the interchange, but that's
13 how it came about. We may have got more bidders if we'd have
14 had it on one, but we didn't develop it that way.

15 CHAIRMAN CUTHBERTSON: No questions?

16 Okay. Do I have a motion to accept staff's
17 recommendation to award the contract for Item 9D to FNF
18 Construction, Inc., as presented?

19 MR. SELLERS: So moved.

20 MR. STRATTON: Second.

21 CHAIRMAN CUTHBERTSON: Moved by Vice Chair
22 Sellers, seconded by Board Member Stratton. Any discussion?

23 All in favor indicate by saying aye.

24 BOARD MEMBERS: Aye.

25 CHAIRMAN CUTHBERTSON: Opposed, nay. Ayes have

1 it. Motion passes.

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

3 Item 9E, this is a bridge scour retrofit project
4 on Interstate 17. The low bid was \$1,835,514. The State's
5 estimate was \$1,472,318. It was over the State's estimate by
6 \$363,196, or 24.7 percent. And the sole difference in this, it
7 is over the Verde River, and dewatering to put in the concrete
8 slab for the scour retrofit was the difference. The department
9 has reviewed the bid and believes it is a responsive and
10 responsible bid and recommends award to NGU Contracting, Inc.

11 CHAIRMAN CUTHBERTSON: Questions?

12 Do I have a motion to accept staff's
13 recommendation to award the contract to NGU Contracting, Inc.,
14 as presented?

15 MR. THOMPSON: So moved.

16 CHAIRMAN CUTHBERTSON: Moved by Board Member
17 Thompson.

18 MR. STRATTON: Second.

19 CHAIRMAN CUTHBERTSON: Seconded by Board Member
20 Stratton. Any discussion?

21 All in favor indicate by saying aye.

22 BOARD MEMBERS: Aye.

23 CHAIRMAN CUTHBERTSON: Opposed, nay. Ayes have
24 it. The motion passes.

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

1 Item 9F is a project that we talked about last
2 month as well, and staff had recommended a postponement to have
3 a hearing. This project is a weigh-in-motion project near the
4 Topock port of entry. On the project, the low bid was \$869,604.
5 The State's estimate was \$678,448. It was over the State's
6 estimate by \$191,156, or 28.2 percent. The department did hold
7 a hearing. The issue was DBE goal on the project. It was found
8 that the low bid -- and there was on this one only one bidder --
9 did not meet the DBE goal, and so the department's
10 recommendation is to reject all bids and re-advertise.

11 CHAIRMAN CUTHBERTSON: Questions?

12 Okay. Do I have a motion to accept staff's
13 recommendation to reject all bids for 9F as presented?

14 MR. KNIGHT: So moved.

15 CHAIRMAN CUTHBERTSON: Moved by Board Member
16 Knight.

17 MR. SELLERS: Second.

18 CHAIRMAN CUTHBERTSON: Seconded by Vice Chair
19 Sellers.

20 All in favor indicate by saying aye.

21 BOARD MEMBERS: Aye.

22 CHAIRMAN CUTHBERTSON: Opposed, nay. Ayes have
23 it. Motion passes.

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

25 Item 9G this is a pavement preservation project

1 on State Route 95, out north of Lake Havasu, or in the Lake
2 Havasu area. The low bid was \$9,177,450. The State's estimate
3 was \$7,209,910. It was over the estimate by \$1,967,540. Where
4 we saw the biggest difference was in the asphalt binder. Higher
5 than expected pricing there. The guardrail, and we had higher
6 than expected pricing in our slow paving. The department has
7 reviewed the bid and believes it is a responsive and responsible
8 bid and recommends award to Fann Contracting, Inc.

9 CHAIRMAN CUTHBERTSON: Questions?

10 Do I have a motion accept and approve staff's
11 recommendation to award the contract to -- for Item 9G as
12 presented to Fann Contracting, Inc.?

13 MR. HAMMOND: Mr. Chair, I'll move approval, but
14 I have a question after we vote on this.

15 CHAIRMAN CUTHBERTSON: Okay. You want to wait
16 until after we vote?

17 MR. HAMMOND: We can (inaudible.)

18 CHAIRMAN CUTHBERTSON: Okay. All right.

19 MR. STRATTON: Second.

20 CHAIRMAN CUTHBERTSON: Moved by Board Member
21 Hammond, seconded by Board Member Stratton. All in favor
22 indicate by saying aye.

23 BOARD MEMBERS: Aye.

24 CHAIRMAN CUTHBERTSON: Opposed, nay? Ayes have
25 it. Motion passes.

1 Mr. Hammond, your question.

2 MR. HAMMOND: Dallas, I think I've asked you this
3 question before, but I'd like an update on how this -- these
4 overruns, which are huge, are affecting or could affect our
5 five-year plan, ten-year plan. I mean, are we looking at that,
6 and are there any preliminary observations that can be made?

7 MR. HAMMIT: I'm going to go to this slide here.
8 And we are looking at that, and as you can see, year to date, we
9 are 7 and a half percent over our estimate. So we are watching
10 this carefully, and if this trend continues, I will be working
11 with the Planning Division, and we may have to reprogram the
12 projects so we stay in fiscal constraint. We're not in crisis
13 mode yet, but if it continues throughout the year, we're going
14 to have to re-evaluate and see how we're doing. So yes, to
15 answer your question, it could affect the program as we move
16 forward.

17 MR. HAMMOND: Okay. Thank you.

18 MR. HALIKOWSKI: Mr. Chairman to that point,
19 Dallas, we met with the Association of General Contractors on
20 this issue, also.

21 MR. HAMMIT: Mr. Chairman, Director, yes, we
22 have. We -- it was a basically a discussion. It was -- as
23 prices are going up, what are the trends in the industry? Is
24 there something that the department can do to better stimulate
25 our projects, and is there something we could do to mitigate

1 those prices. And I think I reported last time what we're
2 seeing, we're seeing some of the asphalt oils at higher prices.
3 I did look. Oil prices are going down, so hopefully we will see
4 relief in that side.

5 But some of our biggest challenges right now are
6 the labor. We're -- we do not have a lot of people in the
7 industry. We have some very big projects in our state and in
8 neighboring states that are pulling the labor force away. And
9 there's also just a demand on -- from the development areas. As
10 development grows, they pull away from our workforce as well.
11 So those are some of the challenges that we're seeing that's
12 driving some of those prices up.

13 CHAIRMAN CUTHBERTSON: Okay. Thank you, Dallas.

14 Anything -- any other questions on the item?

15 Okay. That brings us back to Item 9C, and I
16 think this is a little out of the ordinary, so this is kind of
17 how I would like to proceed. Dallas can provide an overview of
18 the contracting bid process.

19 We do have folks that would like to comment on
20 that. So I will allow each contracting firm that was a bidder a
21 total of 10 minutes. So that's a total composite time of 10
22 minutes. If you have three or four folks that want to speak
23 from that firm, you need to compress it to 10 minutes, because I
24 don't want to spend a lot of time here going over. But just to
25 give the Board a sense of what -- what some of the discussion

1 was on this particular contract.

2 And once -- once they've all had a chance to
3 speak, so if -- if you have -- I have a couple of request for
4 input cards here already. If there's anybody else that hasn't
5 filled one that represents a different contractor, please see
6 Secretary Priano. And after they've had a chance to speak, I'll
7 ask Dallas to come back and provide staff's recommendation for
8 the Board's consideration.

9 So does that sound -- okay. Okay. Please
10 proceed, Dallas.

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

12 Item 9C is a project on Interstate 10. It is a
13 traffic interchange project. We're adding a new interchange.
14 On the project, the low bid as of today was 20 million 807
15 dollars -- or excuse me -- \$807,745. The State's estimate was
16 17 million -- let me start over, because I think I said that
17 wrong. The low bid was \$20,807,745. The State's estimate was
18 \$17,770,463. It was over the State's estimate by \$3,037,282 or
19 17.1 percent.

20 On this project, as you remember last month, I
21 asked the Board to postpone, to hold the hearing. The question
22 at the hearing was: Was the -- did the department follow proper
23 process when they prequalified one of the bidders who ended up
24 as the apparent low. The department held a hearing this past
25 Tuesday, and discussion from both sides went forward, and the

1 department did make a recommendation that the process is
2 consistent with past methods of the department, and recommended
3 moving forward with that. But I would like the Board to -- I
4 guess turn my time over and let the contractors speak, and then
5 I can reply at the end.

6 CHAIRMAN CUTHBERTSON: Okay. Yeah. That sounds
7 good. Any questions brought up from Dallas before we listen to
8 these folks?

9 Okay. Okay. Thanks.

10 So I'd like to invite -- so from Fisher Sand &
11 Gravel Company, I have a couple folks. Tim Priebe, General
12 Counsel, and also Tommy Fisher, President and CEO. So Tim and
13 Tommy, however you want to split your time up. Go ahead and
14 start the clock, Linda, and -- thank you.

15 MR. PRIEBE: Mr. Chairman, board members, thank
16 you for the opportunity. I am Tim Priebe, General Counsel.
17 Tommy Fisher, President and CEO of Fisher is also here. I'm
18 going to try to keep my comments to five minutes.

19 Just to start out, we really appreciate the
20 partnership that Fisher Sand & Gravel and the contractors have
21 with ADOT. You know, we don't take the privilege of being here
22 lightly to you folks. We don't come here often. We're second
23 place bidders a lot. But this is a very important issue, and
24 this is not a typical bid protest. The most important issue
25 here isn't whether Sunland or Fisher bid -- builds this project.

1 The most important issue for you today is the prequalification
2 process that ADOT goes through.

3 ADOT has rules they're required to follow. Those
4 rules haven't been updated for about 20 years. Over the course
5 of the last 20 years, it appears that their practices have
6 gotten a little looser, a little looser, a little looser.

7 So just in very quick summary, their rules
8 require a contractor to have a prequalification application.
9 There is one application allowed under their rules. I'm holding
10 it right here, and that was in the packet. I'm the guy that
11 sent you the big stack of stuff yesterday. So I apologize for
12 that. The only way you can get prequalified under ADOT's rules
13 is to fill out this application. As part of their rules, it
14 needs to be filled out and completed 15 days before the bid
15 date. That's clear under their rules.

16 And what happened here is, you know, the way it
17 came to light is we bid on this project like we do. We found
18 out we're second. Sometimes you do some research. We go on the
19 internet of -- the website of ADOT, and Sunland bid it. So you
20 look at it. They're only prequalified for four of the maybe 10
21 items of work. So we did some further research on that and
22 found out that ADOT has a more informal process for
23 prequalifying bidders. They have a one-page -- it's Exhibit 2
24 in your exhibits -- a one-page form that says you can do a
25 job-by-job request. That's not anywhere in their rules. It's

1 not authorized anywhere in their rules. But what they do is
2 they allowed this contractor to come in, and with this one-page
3 request, get prequalified seven days before the bid and be
4 prequalified on this project.

5 All we're asking for, and the contractors we've
6 talked to are asking for, is a fair playing field. And we don't
7 think -- with the practice that ADOT has gotten more and more
8 away from their rules, it's not a fair playing field anymore.

9 The big thing that's different that they did
10 here, which I think you really need to think about, is the rules
11 require in order to be prequalified for a type of work that you
12 build a project with that type of work. The contractor
13 experience is what counts. In this case, even though the files
14 are confidential, it appears clear that they used resumes and
15 people, their experience rather than the contract experience.

16 And I think in Mr. Hammit -- in his letter after
17 the hearing, clarified that, that they actually did use resumes
18 from people rather than contractors.

19 So our point is we think ADOT is really swaying
20 from what their rules allow, in what the practice has been in
21 the past. So now if a contractor comes in, they've never built
22 a bridge before, but they hire Tommy Fisher or someone else
23 who's built a bridge. ADOT has to prequalify them, because
24 that's what they did in this instance. So we think it's a
25 really dangerous precedent for ADOT to go down this practice.

1 So like I said, we would love to build the
2 project. The more pressing issue, which we would urge you to
3 take a serious look at, is their -- their practices for
4 prequalifying contractors. I'm not sure I'm out of time, but
5 I'll turn it over to Tommy Fisher.

6 MR. FISHER: Tim, thank you.

7 Chairman, members of the Board, I'm Tommy Fisher.
8 My dad started the company, shoveling sand by hand, and I was
9 fortunate enough to take over 25 years ago. For the last 15
10 years, I've built a half a billion dollars worth of work for
11 ADOT, and we've qualified, you know, fair and square where we
12 had to prove in our experience, how we could get there and
13 prequalify.

14 So again, I've been second in ADOT's jobs almost
15 a billion dollars, and this is the first time we've ever taken
16 it to the Board. So it's not an issue of being first or second.
17 So here's the most important part: Is that not even a job-by-
18 job request that we don't feel that ADOT followed the rules. It
19 was specific that you have three ways that you can prequalify
20 for a type of work. Way number one is, is you have to prove to
21 ADOT -- before you can bid it, you have to prove you built it.
22 It's almost impossible do rule number one, because what came
23 first, the chicken or the egg?

24 But ADOT gives you two other ways, just how every
25 other contractor in this state has been prequalified on big,

1 major jobs. You have a chance to be a subcontractor to a
2 qualified contractor. So if I was a sub, as I grew my company
3 from a crushing company to a heavy civil, I was a sub, and I
4 presented that, and I showed that I built this bridge. I PCC
5 paved. I did this.

6 Or the third reason or way that ADOT allows that
7 to gain is you could joint venture. So in this case, Sunland,
8 who's basically only paved asphalt roads, knew the rules,
9 because two years prior, they joint ventured with bridge
10 contractors, with Vasco, who you've got a copy in there, and
11 with Hunter, and if they were fortunate enough to be low in that
12 joint venture, they would have managed the job with someone who
13 was prequalified. They would have gained experience.

14 Now, there's several instances that we will show
15 that -- in the packet where other companies that have asphalt
16 paved, and they have people that worked for me that did one
17 million tons for ADOT, and the experience way above, could not
18 get prequalified for ADOT. I have another company that I own,
19 for 10 years, Southwest Concrete, that has not been prequalified
20 in all of the other aspects because they simply didn't build the
21 work first.

22 So here's a major thing. As a contractor, we
23 cannot see what the files are, but by law, you have the right to
24 see the files. And so what I said at the hearing, even though
25 the hearing -- it was already determined before the hearing

1 started that the State was going to rule that they could
2 basically prequalify on experience of an individual, not a
3 company. That's what they went with.

4 So what I would like to leave that with you guys
5 is think about this: ADOT does not enter into a contract with
6 an employee. They enter into a contract with a contractor. If
7 you hire an employee and he's gone tomorrow, how could you have
8 any basis? And if -- and only you guys can see. I had asked
9 them at the hearing, no different than I ask you, if they only
10 presented experience from employees that they hired, but they
11 actually did not build, I think that's in direct violation, that
12 you guys could see through that and look.

13 So what I would ask the Board is to actually look
14 at the prequalification packet that was sent seven days before
15 our bid, even though it was out three months earlier. And I'm
16 all for Sunland getting qualified, but they've got to do it just
17 like everybody else.

18 And so if this is allowed to stand, I believe
19 that every company that's prequalified fair and square with
20 building the work the way ADOT has always ruled is
21 disenfranchised, and all our blue sky is gone from the work that
22 we've done, and any one of you can hire any one of us, and you
23 can bid work for ADOT the next day.

24 In closing, too, one more thing is we are
25 prequalified in 11 states. Not one state allows this. Now,

1 some states would allow if the job's 200,000 to \$1 million that
2 you can get your start there. But here, this is completely
3 contrary to what I believe the rules are, and we look forward to
4 hopefully that you guys will actually look into that, and we
5 feel that you're the last stop to see if ADOT did it right or
6 not. It's very hard.

7 And like I said, I have the utmost respect for
8 ADOT. We've built \$500 million worth of work for them over 15
9 years. I like Dallas. I like Barry. I like Floyd. Everywhere
10 else. But I just think this is more than who's first and who's
11 second. This is did they follow it right or not. So I
12 appreciate the time and the opportunity to speak today.

13 CHAIRMAN CUTHBERTSON: Okay. Thank you.

14 Now I'll ask John Sestak. I'm sorry if I
15 mispronounced your name.

16 MR. SESTAK: No. Yes, Mr. Chairman.

17 CHAIRMAN CUTHBERTSON: Okay. He's the attorney
18 for Sunland.

19 MR. SESTAK: Yes. Mr. Chairman, thank you, and
20 board members, thank you.

21 I want to say very briefly we fully support the
22 engineer's -- state engineer's decision. We believe the
23 prequalification process has been in place for many, many years,
24 more than two decades, and has -- has been widely known to
25 everybody. It comes as a surprise to me to hear Mr. Fisher act

1 like he's never heard of prequalification on a project-by-
2 project basis. That has been in process and in -- a policy for
3 many, many years. And my client has been prequalified before,
4 has been declined prequalification, as Mr. Fisher's sister
5 company has been denied prequalification, and has been
6 prequalified.

7 So we believe the process is entirely accurate,
8 valid and appropriate. ADOT is within its -- within the rules,
9 within its authority. It's within its jurisdiction to have a
10 project-by-project prequalification process.

11 In terms of the actual prequalification of
12 Sunland, we're fine with your honor's -- or with your -- board
13 members exploring a record as a whole. Sunland submitted an
14 extensive prequalification application. The board --
15 prequalification board reviewed it carefully and made a decision
16 based on the entirety of that application, which includes
17 people. I mean, it's like this is a board, but the board is
18 comprised of people. A contractor, a corporation, a
19 partnership, is comprised of people. The people, and who have
20 the experience in projects like this, were part of the
21 submission, as was the financial condition, and the experience
22 of the contractor as a whole through the people it employs are
23 all in that submission, and they were all approved within the
24 discretion and the authority of the board -- the
25 prequalification board. So we believe the process is valid.

1 The process should be upheld, and that the prequalification of
2 Sunland was entirely appropriate and valid. Thank you very
3 much.

4 CHAIRMAN CUTHBERTSON: Okay. Thank you.

5 Dallas, can you come back up and kind of wrap it
6 up and give us your recommendation?

7 MR. HAMMIT: Mr. Chairman, as was mentioned, we
8 did hold a hearing, and I think it was established that there
9 were two major concerns in that hearing. One, does ADOT have
10 authority to do a job-by-job prequalification, and did ADOT
11 evaluate when they evaluated that prequalification properly.

12 On the first case of the job-by-job, as was
13 mentioned, this has been going on -- been going on for more than
14 20 years. And why do I say 20 years? The chairman of the
15 prequal. board, who's still with us, I went back -- when they
16 took that over, it was a standing process. So it's gone on well
17 beyond 20 years. So it isn't a change in process or loosening
18 up anything. It has been the way ADOT's done business for at
19 least two decades, but even before that.

20 We believe that it is appropriate. You know, the
21 regulations give a lot of discretion to the project -- or to the
22 department. The regulations are intent to make sure we have
23 qualified bidders. We -- it is a long-standing practice. The
24 industry has relied on this practice. There's been just in the
25 last two years a number of submittals for job-by-job, some for

1 work, some for financial. We have approved the majority of
2 them, but we have denied them when we didn't -- the prequal.
3 board did not feel they met the prequalification process. And
4 this promotes competition. As a -- contractors come in, this
5 gives an opportunity for someone to demonstrate that they are
6 capable.

7 On the second issue of the prequal. board's
8 decision, in itself, one of the things that's a challenge for
9 other areas, the prequal. submittal is confidential. So when
10 you compare to -- one contractor to another, you can't really do
11 that unless you've seen what they've submitted. The prequal.
12 board consists of three people. A -- an accountant based --
13 because you have to look at financials. It has our state
14 construction engineer, and a deputy state engineer. They're not
15 in any chain of command. Well, once you get very high up, they
16 are, but one does not report to the other. So they are
17 independent voices on that prequalification board. And it is
18 right, the department does look at the total capability of the
19 contractor, including what the contractor's done and what their
20 folks can do.

21 So moving that forward, the department has
22 reviewed the bid, believes it is a responsive and responsible
23 bid, and we believe that to have that, we believe that the --
24 Sunland is a responsible and responsive bidder and would
25 recommend award to Sunland Asphalt Construction, Inc.

1 MR. HALIKOWSKI: Mr. Chairman.

2 CHAIRMAN CUTHBERTSON: Yes.

3 MR. HALIKOWSKI: Before you move forward, I was
4 wondering, because there's been a lot of terminology thrown
5 around here. There's been statute. There's been regulations.
6 There's been rules. There's been policy. Could we ask the
7 department's attorney just to clarify those different things for
8 the Board?

9 CHAIRMAN CUTHBERTSON: Yes. That would be -- I
10 think that would be helpful.

11 MR. HALIKOWSKI: So if I could ask you to bring
12 Mr. Acosta up.

13 CHAIRMAN CUTHBERTSON: Sure. Sure. Mr. Acosta,
14 could you please kind of...

15 MR. ACOSTA: Good morning -- I think it's still
16 morning -- Mr. Chairman and members.

17 CHAIRMAN CUTHBERTSON: Good morning.

18 MR. ACOSTA: My name is Joe Acosta, Junior. I'm
19 an Assistant Attorney General, and I represent -- I have been
20 representing ADOT for a long time, over 20 years. I don't
21 remember -- I don't know how long the job-by-job
22 prequalification has been going on, but it's been going on for a
23 very long time.

24 You heard Mr. Priebe tell you that there's
25 nothing in the rules that could be read to allow this. And I

1 think if you look at the regulations for prequalification of
2 contractors, it's attached to the -- in the big stack of papers
3 that Fisher has supplied to you.

4 There's an application form, and I'll call it the
5 long form application, because it's the one that has a lot of
6 questions about the firm, about the people in the firm, have you
7 ever run into trouble, you know, a lot of questions that you
8 would expect a form like that to -- to be used for when you're
9 trying to evaluate what the contractors can bid on.

10 The result of the process, the normal process is
11 that the prequalification board reviews the application and the
12 supporting documents and issues a decision, and the decision has
13 two parts. One, largely based on the financial condition, of
14 course, is what's the maximum size job the firm can bid on. And
15 the other -- and the other part of it is what types of work are
16 allowed.

17 There's an application form that -- this long
18 form application form, and I think -- I think it's been a little
19 bit -- I shouldn't say misrepresented, but I think there's a
20 couple things that were left out of the -- of the presentation
21 here. The application form itself, when you get to the
22 contractor's experience, and you might have heard Mr. Sestak's
23 point that contractors are made of people as much as the
24 equipment or the office or the ownership.

25 The first question that's asked under the

1 statement of experience on this form, which is one of the first
2 things in the Fisher submission, number one, list the
3 construction experience of the principal individuals of the
4 applicant. And then there's room to list several people, and
5 you're invited to go on and add resumes or other descriptions of
6 the qualifications of these people. And then only after that do
7 you get to list the major projects completed by the applicant
8 and other questions regarding work that was done under the flag
9 of the -- of the applicant firm.

10 So the form -- the long form itself tells you
11 that the prequal. board should be considering the people, not
12 just the fact that the company has been in business for a number
13 of years and they've done certain projects. And it might be
14 compared to a football team. I mean, what happens to the
15 Patriots? If Tom Brady retires, Bill Belichick retires, several
16 other players get old and they have to start over, they won't be
17 as good. Now, obviously I don't want to go too far, because a
18 contractor is not going to go from the best to the worst. But
19 the people are important, and that's what's asked for in the
20 long form.

21 Now, we do have the short form job-by-job
22 prequalification. And the -- I think what Fisher is relying on
23 is that we have the long form application which every contractor
24 fills out. And admittedly, the job-by-job isn't specifically
25 described in detail in the prequalification regulations. But

1 there's nothing in those regulations that limits the right of
2 the contractor to supplement their information or to give
3 additional information at any time. What the rules -- what the
4 regulation does provide for is that the prequalification does
5 expire annually. So there's an intent that information be given
6 from time to time to update the qualification of the firm,
7 because we want to know what the firm's going to do tomorrow
8 when they get the job, not what they used to do 20 years ago or
9 even 10 years ago.

10 So the -- so the long form gives the hint that
11 what ADOT is very interested in is the people. The short form
12 tells the contractors give us information that supports your
13 application to perform this particular project. That's how this
14 all works together, and it all makes sense.

15 Now, in Fisher's letter, they refer to the
16 regulation that says contract prequalification is a process of
17 review and evaluation of a contractor's work history and current
18 financial condition, blah, blah, blah, and then before the
19 contract can be accepted as prequalified.

20 In Regulation 17-3-202, there are 10 items that
21 are listed. If you read Fisher's letter, November 15th letter
22 closely, they've taken the position that those 10 items are only
23 relevant to how much you can bid on. In other words, the
24 maximum money size of the project, and the Board doesn't
25 consider that in determining the types of work that the

1 contractor will be allowed to do. It doesn't make sense. The
2 form itself, the long form itself puts the lie to that, as does
3 the fact that the job-by-job prequalification form wants to know
4 what you're doing right now and why are you qualified right now
5 to perform the job you want to perform.

6 There are several other points that they made,
7 and I don't know that we need to get into all that, but I think
8 that this brief summary can show you that, number one, it's
9 undisputed that ADOT's been doing this for a long time, and
10 numerous contractors have taken advantage of it. As a matter of
11 fact, just in the last two years, there have been close to 20
12 projects where contractors have applied. Not all were accepted.
13 Many were denied. But that's the point. The point is the
14 prequalification board has to make these decisions, not the
15 Transportation Board.

16 The Transportation Board can look at a
17 prequalification package, but why? The regulations say that if
18 the contractor who's applied isn't happy with what the
19 prequalification board has decided, that they can go to the
20 state engineer. That's the appeal process as provided for in
21 the regulations that Fisher's making such a -- such a big point
22 about. You don't go to the Transportation Board.

23 Now, the regulations do say the Transportation
24 Board can look at a prequalification file. And I'll give you an
25 example of one where the Board might have decided to do that.

1 Not too many years ago, there was a contractor that had an
2 employee that had misrepresented a lot of work. A lot of items
3 of work on more than one job, and the low bidder was questioned
4 as to whether that -- there was a question whether that low
5 bidder was a responsible bidder, and there was a hearing before
6 the Board on this. This was before any of you were on the
7 Board.

8 But what the contractor said is, well, this guy
9 was a rather low level employee and is -- we've gotten rid of
10 him. You know, we found out he was a bad guy. We got rid of
11 him. The Board could -- the Transportation Board could have
12 said we want to see the prequalification records to see if --
13 what is the role of this person as presented in their
14 application for prequalification. And the Board might have
15 said, hey, it looks like this guy's an important guy on the
16 application for prequalification. So how -- why are you saying
17 now that he was just a low level guy that, you know, was a liar
18 and we got rid of him?

19 So yes, there could be a reason that this board
20 would look at a file. But not to be an appeal board for the
21 prequalification board. By regulation, the prequal. board has
22 to have a certified public accountant or public accountant, and
23 it has to have a knowledgeable engineer. So it's presumed, as
24 is the case in many statutes, that we've got substantial
25 qualifications required, and that board is entitled to respect

1 and have the final word of -- except you can go to the state
2 engineer. So this is all provided for. And the fact that this
3 is a longstanding practice and has not been overturned, it
4 should bear a lot of weight in your decision making.

5 I'll hear questions if you --

6 CHAIRMAN CUTHBERTSON: Okay. Board members, do
7 you have questions for Mr. Acosta or for Dallas?

8 Board Member Hammond.

9 MR. HAMMOND: I think you answered it, but
10 (inaudible) approvals, what's the -- does the contractor have an
11 appeal process in regulation or law?

12 MR. ACOSTA: The contractor who applied has an
13 appeal process.

14 MR. HAMMOND: The one that did not get the bid?

15 MR. ACOSTA: The one who does not get the bid and
16 is challenging the other guy, no. That -- these files are
17 confidential by regulation.

18 MR. HAMMOND: Okay.

19 MR. ACOSTA: The very regulations that Fisher is
20 trying to rely on to say the department can't do what it's
21 doing, it's very clear. They're confidential. The other --
22 other contractors don't get to see the information that is
23 submitted for prequalification.

24 MR. HAMMOND: Okay. I'm not sure you answered
25 the question, though. Is if we vote to approve this contract,

1 does the losing bidder have any more recourse, or is this the
2 last word?

3 MR. ACOSTA: They could conceivably go to court.

4 MR. HAMMOND: Okay.

5 MR. ACOSTA: Just like just about any decision
6 there is.

7 MR. HAMMOND: Sure.

8 MR. ACOSTA: Conceivably, it could be taken to
9 court.

10 CHAIRMAN CUTHBERTSON: Good question.

11 MR. THOMPSON: I guess the question in my mind is
12 there's -- (inaudible) losing any dollars continue this type of
13 a situation. Is there any way that this could be resolved at
14 the local rather than what is recommended, you know, going to
15 court?

16 MR. ACOSTA: Well --

17 MR. THOMPSON: I mean, I'm thinking about
18 arbitration. Is there something in that area that could --

19 MR. ACOSTA: Well, here's the problem. If you're
20 going to have arbitration, all the people have to agree to it.

21 MR. THOMPSON: Right.

22 MR. ACOSTA: So I don't know whether everyone
23 would agree to it. What the -- the court process is rather
24 quick, though, in these kinds of situations. It's designed to
25 be -- you've got to go down there, and you've got to stop the

1 department from signing the contract, and you have to go to
2 court and get an order stopping -- stopping the process. And if
3 you don't do that as the contractor, as the unsuccessful bidder,
4 then you can't come in later and say, well, I should have made
5 money on this job. I want lost profits or something else.

6 So what we -- what we do in these situations is
7 that we give the contractor, the unsuccessful bidder, time to go
8 try to get an order from the court stopping the signing of the
9 contract. And it's a process that I've gone through personally,
10 luckily not too many times, but it has happened.

11 So what we're going to do after your decision is
12 we would meet with the contractors and talk about how long a
13 period of time it's going to be for the department to wait so
14 that the -- whoever doesn't get the job, if they want to go to
15 court, they can go to court and try to get this thing stopped.

16 MR. STRATTON: Mr. Chairman.

17 CHAIRMAN CUTHBERTSON: Yes. Board Member
18 Stratton.

19 MR. STRATTON: We've been given a great deal of
20 information today all at once.

21 CHAIRMAN CUTHBERTSON: Yeah. I appreciate that.
22 Yeah.

23 MR. STRATTON: Personally, I'd like to open for
24 discussion, with your permission, but personally I would like to
25 defer this. I would like to study the information. I'd like a

1 copy of all the statements of the people that have spoke today
2 on this issue, and allow us to look at it. And I do believe --
3 this is two things. One, we are missing a member of our board
4 today. I think it's a key issue, that we should have a full
5 board. We are also -- and no disregard to Mr. Acosta, but we
6 are missing our normal attorney, and I believe that it would be
7 an item I would like for Michelle and Mr. Acosta to be in this,
8 and in my mind, there is a potential for an executive session on
9 this matter.

10 CHAIRMAN CUTHBERTSON: No. I think those are all
11 excellent observations, Mr. Stratton. So, I mean, I think
12 that's -- the hearing, I think it was Tuesday. So just a couple
13 days ago. We've got a packet we haven't really had a chance to
14 really look at, and there are a lot of issues for us to weigh in
15 on.

16 So I guess a couple questions. One, you know,
17 defer -- if we were to defer, say, this one more month into
18 December, how does that impact the schedule? Does that impact
19 things? Would we -- we would be -- it does sound to me like
20 maybe an executive -- you know, a special executive session
21 would probably be in order, but you know, at the outcome of
22 that, would we need another public meeting to award the
23 contract? And then -- and would it wait until December? Would
24 we want to do another one, you know, another special public
25 meeting to award the contract? I guess those are questions I

1 would have.

2 MR. HAMMIT: Mr. Chair, the specifications say we
3 have to -- the Board has to act in 75 days, and that's there to
4 protect the bid, because you bid on conditions at one point and
5 things change. If both parties agree, it can go beyond that 75
6 days. I have spoken with both parties this morning, and both of
7 them have told me that they would agree. If the Board needed
8 time, they would honor their bid beyond the 75 days. So if the
9 Board chose to hear it at the Morenci -- I believe it's December
10 21st board --

11 MR. ROEHRICH: December 21st. Sorry.

12 MR. HAMMIT: -- board meeting, they would both
13 honor their bids, and they're here. I believe that was the
14 case.

15 CHAIRMAN CUTHBERTSON: Okay.

16 MR. HAMMIT: I see nods. Yes, sir.

17 CHAIRMAN CUTHBERTSON: That's good information.

18 Thank you.

19 Board Member Hammond.

20 MR. HAMMOND: You know, first of all, I have no
21 issue with postponing, but it does suggest something that is
22 kind of unique, and I think it was alluded to. I don't know
23 that I want to get, you know, three pounds of information to
24 review and make a decision on this. We rely as board members on
25 staff and process. And so my question is what would change

1 between now and then, and what is our task as board members if
2 we postpone it? I don't mind the postponing, but I don't want
3 to be the decider --

4 CHAIRMAN CUTHBERTSON: Yeah.

5 MR. HAMMOND: -- without reviewing very technical
6 and historical processes and data. So we have to be clear what
7 -- what's going to happen between now and Morenci as board
8 members.

9 CHAIRMAN CUTHBERTSON: Good comment.

10 Vice Chair Sellers.

11 MR. SELLERS: Did I understand correctly what the
12 attorney said, that the Board really does not play a role in
13 deciding prequalification? Is that correct?

14 MR. HALIKOWSKI: Mr. Chairman, I want to be very
15 clear. Mr. Acosta is the staff's attorney for the department.
16 Your attorney, regular attorney, Michelle Kunzman, is not here,
17 and she represents the Board. So if you were seeking legal
18 advice, that would be your attorney. Mr. Acosta is the
19 department's attorney. So I just want to be clear on that.

20 CHAIRMAN CUTHBERTSON: Yeah. Okay. Thank you.

21 MR. ACOSTA: And with that caveat, so I'm sort
22 of, like, representing a party in a dispute before you. We'd --
23 we believe that the Board has -- this board has no say in
24 prequalification itself. Your job -- from the staff standpoint,
25 your job is to determine lowest responsible bidder, but it's not

1 to review the prequalification.

2 MR. STRATTON: Mr. Chairman.

3 CHAIRMAN CUTHBERTSON: Yeah. Mr. Stratton.

4 MR. STRATTON: I still have multiple questions
5 that need to be answered by our attorney, I believe.

6 CHAIRMAN CUTHBERTSON: Okay.

7 MR. STRATTON: And it's not --

8 CHAIRMAN CUTHBERTSON: Yeah.

9 MR. STRATTON: -- things that I would wish to
10 discuss --

11 CHAIRMAN CUTHBERTSON: Yeah.

12 MR. STRATTON: -- at this point on the floor.

13 CHAIRMAN CUTHBERTSON: No. I appreciate that.

14 And Mr. Hammond. Well, Board Member Hammond.

15 MR. HAMMOND: Yeah. The reason to delay, I
16 think, is to get a legal opinion from our board counsel, and if
17 the parties have agreed to hold the bid for 30 days and no one
18 sees the cost going from umpteen million to umpteen plus ten
19 million in the next 30 days, I don't see a reason not to delay
20 it. I do not want to be the arbitrator of this contract
21 (inaudible) board member.

22 CHAIRMAN CUTHBERTSON: Yes. Good point.

23 Okay. With that, any other comments?

24 Do -- okay. I entertain a motion to defer Item
25 9C to the December board meeting.

1 MR. STRATTON: So moved.

2 MR. THOMPSON: Second.

3 CHAIRMAN CUTHBERTSON: Okay. I have a motion by
4 Board Member Stratton, a second by Board Member Thompson. Any
5 further discussion?

6 All in favor indicate by stating aye.

7 BOARD MEMBERS: Aye.

8 CHAIRMAN CUTHBERTSON: Opposed, nay? Ayes have
9 it.

10 MR. STRATTON: Mr. Chair.

11 CHAIRMAN CUTHBERTSON: We'll defer that. Thank
12 you, Dallas. Thank you both, both Fisher Industries [sic] and
13 Sunland for...

14 MR. STRATTON: Mr. Chairman.

15 CHAIRMAN CUTHBERTSON: Yes.

16 MR. STRATTON: I don't know if this is the
17 appropriate time. We're talking about dates in December.

18 CHAIRMAN CUTHBERTSON: Yes. Go ahead.

19 MR. STRATTON: Are we going to hold the meeting
20 on the 21st, being that it's very close to Christmas, and
21 there's a chance we may not have board members there? I will be
22 there, but I want to make sure -- I didn't know if --

23 CHAIRMAN CUTHBERTSON: Yeah.

24 MR. STRATTON: -- it would make sense to move it
25 a week earlier.

1 CHAIRMAN CUTHBERTSON: Yeah. I think --

2 MR. STRATTON: And if so, I think we need to make
3 sure that these parties involved know that date --

4 CHAIRMAN CUTHBERTSON: Yeah.

5 MR. STRATTON: -- so that there's no
6 miscommunication.

7 CHAIRMAN CUTHBERTSON: Yeah. It's a good
8 comment. I think maybe had we thought about that in January or
9 February of this year, we could have done it, but the folks I
10 know in Greenlee County have probably already -- it would be
11 difficult for them to shuffle that from -- at this late date.

12 In fact, I think a month ago, Floyd asked me the
13 same thing, and they were already -- you know, there's limited
14 facilities there for them to schedule things. So I do
15 appreciate the fact that it's so late and close to the holidays,
16 that it's tough, but you know, we'll -- hopefully we'll have a
17 quorum or they'll be set up for teleconferencing, I suspect,
18 so...

19 UNIDENTIFIED SPEAKER: I wouldn't miss your going
20 away party.

21 CHAIRMAN CUTHBERTSON: We have a fitness center
22 with lots of treadmills. So you can't get there first this
23 time. Okay. So --

24 MR. ROEHRICH: Mr. Chair --

25 CHAIRMAN CUTHBERTSON: Yeah.

1 MR. ROEHRICH: -- before we get off this, I just
2 want to make sure that Lynn and staff were ready to follow up.
3 So we'll defer the item to December 21st as to the board
4 meeting.

5 Prior to that, I heard the comment about an
6 executive session, which is not open to the public. We could
7 schedule that. Realizing that within the confines of that, you
8 get legal advice. You don't debate the issue, but you ask legal
9 questions. You have a chance to consult with the attorney.
10 Then the board members together at that -- hear all the same
11 information, and then we bring it back in December.

12 So my question is going to be, especially with
13 next week being the holiday, should we as staff be prepared to
14 schedule that executive session let's say the last week of the
15 more or the first week of December? I guess I'm asking is there
16 a better preference in time that you want us to start working
17 on?

18 CHAIRMAN CUTHBERTSON: Board members, you can
19 look at your calendars and see if there's --

20 UNIDENTIFIED SPEAKER: Both work for me.
21 (Inaudible) three or four times we can get seven people to
22 agree.

23 MR. ROEHRICH: And we could do that. We could
24 still pull some dates --

25 CHAIRMAN CUTHBERTSON: Yeah.

1 MR. ROEHRICH: -- and we'll start pulling -- and
2 again, we'll look at scheduling a facility in Phoenix, as well
3 as on the phone so we can make sure that people have access
4 within that, and then we will look to establish that date.
5 We'll send something around to everybody. We'll get it set up.
6 In the meantime, I'll go back and consult with Ms. Kunzman and
7 make sure that she's prepared with her ability to look at all
8 this information and be prepared to come in and address the
9 situation and start answering questions.

10 CHAIRMAN CUTHBERTSON: Okay.

11 MR. ROEHRICH: Yeah.

12 MR. STRATTON: Mr. Chairman.

13 CHAIRMAN CUTHBERTSON: Yes.

14 MR. STRATTON: I would prefer the latter of the
15 two dates in order to be able to review the information. I will
16 ask again that we get copies of everything that was stated here
17 today on this item so that we could review those again.

18 CHAIRMAN CUTHBERTSON: Yes, sir.

19 MR. STRATTON: Again, we've seen a lot of
20 information.

21 CHAIRMAN CUTHBERTSON: Yeah. We've seen a ton of
22 information. Okay. That's good. Thank you.

23 MR. HALIKOWSKI: I just want to state for the
24 record, Mr. Chairman, that Board Secretary Priano is looking
25 forward to coordinating all of your schedules (inaudible).

1 MR. KNIGHT: Mr. Chair.

2 CHAIRMAN CUTHBERTSON: Yes. Board Member Knight.

3 MR. KNIGHT: Just sitting here listening to all
4 this, it looks like it's a good possibility either way it goes
5 down ADOT could be facing a lawsuit. But that being said, what
6 if we -- and I'm just throwing this out for a suggestion. What
7 if we were to reconsider 9D, refuse all bids in that one and
8 refuse the bid in this one and combine the two, put it out for a
9 re- -- have it rebid as one project. It will be totally
10 different than either one and could solve problems. Just a
11 suggestion.

12 MR. ROEHRICH: Mr. Chair, Mr. Knight, my concern
13 would be on 9D is we have declared it as a responsive and
14 responsible bid. The Board had awarded it. So now what would
15 be the justification to not move forward with that? I think
16 that brings in a more complicated issue that brings in potential
17 for even more lawsuits or at least more issues with that.

18 I think at this point we have two viable projects
19 that we have dealt with, but we have an issue with one of them,
20 and I think we need to address that -- that issue.

21 MR. HALIKOWSKI: Mr. Chairman.

22 CHAIRMAN CUTHBERTSON: Yes.

23 MR. HALIKOWSKI: Mr. Knight, I think that's a
24 good question for your board attorney if you decide to go into
25 executive session, that you may want to look at what your

1 options are and what the effects are of those.

2 CHAIRMAN CUTHBERTSON: Okay. Thank you.

3 Okay. Any other questions?

4 Okay. Thank you, Dallas, for the consent agenda
5 contracts.

6 Item 10, Floyd will open discussion on the
7 request for the Town of Sahuarita has extended an invitation for
8 the October 2019 board meeting in their council chambers.

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

10 So last month when the Board approved the FY --
11 or calendar year '19 board meeting dates and locations, we had a
12 to-be determined for October, because we were coordinating with
13 the SEAGO executive director on where the Rural Transportation
14 Summit will be. They've now set a location. The date was fine
15 on October 18th, but they now have a location. It's going to be
16 at the Casino Del Sol right outside of Tucson on the Tohono
17 O'Odham Nation.

18 In conjunction with that, since Friday has been
19 traditionally the location adjacent to where the rural summit
20 is, the Town of Sahuarita said, hey, you're coming to our
21 vicinity. We'd like to host it here in our city. So now we're
22 back to update the Board of locations to show that the October
23 18th meeting -- board meeting will be held at the City of
24 Sahuarita.

25 CHAIRMAN CUTHBERTSON: Okay. Do they have a

1 hotel? What's the hotel for the Board? I mean, what
2 (inaudible) we got here. A 45-minute drive?

3 MR. ROEHRICH: Mr. Chair, Mr. Hammond, I think
4 the hotel will be at the conference center so that we'll be
5 there at the Casino Del Sol resort area if you stay for the
6 summit, but I do think it's probably a 30-minute drive, I think.

7 MS. PRIANO: I think so.

8 MR. ROEHRICH: About from there.

9 MR. HAMMOND: Now, Linda's previous person said
10 we could never go to a casino as a board, so (inaudible).

11 MS. PRIANO: That's for the summit. That's for
12 the summit.

13 MR. ROEHRICH: Mr. Board, Mr. Hammond, that's
14 exactly right. The Board is not meeting at that location. That
15 is the rural summit's choosing to do that. The Board will be
16 meeting at the City of Sahuarita.

17 So with that, Mr. Chair, we're asking the Board
18 to approve --

19 CHAIRMAN CUTHBERTSON: Okay.

20 MR. ROEHRICH: -- the location for the October
21 18th meeting as the City of Sahuarita.

22 CHAIRMAN CUTHBERTSON: Discussion? Questions?

23 MR. SELLERS: So moved.

24 MR. THOMPSON: Second.

25 CHAIRMAN CUTHBERTSON: Okay. Moved (inaudible)

1 I've got a motion to move the location of the October 2019 board
2 meeting to the Town of Sahuarita, as presented by staff, and
3 moved by Vice Chair Sellers. Was there a second?

4 MR. THOMPSON: Second.

5 MR. ROEHRICH: Seconded by Mr. Thompson.

6 CHAIRMAN CUTHBERTSON: Seconded by Mr. Thompson.

7 Okay. Any discussion?

8 All in favor indicate by saying aye.

9 BOARD MEMBERS: Opposed, nay? Ayes have it. The
10 motion passes.

11 Okay. Last item, suggestions. Are there any
12 suggestions to be placed on future board agendas?

13 MR. ROEHRICH: So Mr. Chair, as we identified,
14 the next month, the December 21st meeting will be in the
15 Clifton/Morenci location, and it as well will be the last
16 meeting of the -- for yourself after six years, and I guess
17 (inaudible) because Mr. Stratton said I realize it's close to a
18 holiday, but I do guarantee there will be a short, fat guy
19 there, so... I just don't know how jolly he will be. I will
20 intend to be there.

21 MR. HALIKOWSKI: (Inaudible.)

22 MR. ROEHRICH: I intend to be there, so there
23 will be at least one short, fat guy (inaudible).

24 CHAIRMAN CUTHBERTSON: (Inaudible.)

25 MR. ROEHRICH: So Mr. Chair, we have obviously

1 the normal agenda issues, and this will come there. Are there
2 any other items that the Board would want staff to be prepared?

3 CHAIRMAN CUTHBERTSON: Okay.

4 (End of recording.)

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Adjournment

A motion to adjourn the November 16, 2018 State Transportation Board meeting was made by Board Member Stratton and seconded by Board Member Sellers. In a voice vote, the motion carried.

Meeting adjourned at 11:17 a.m. MST.



William F. Cuthbertson, Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation