

**STATE TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, February 15, 2019**  
**City of Douglas Council Chambers**  
**425 E. 10th Street**  
**Douglas, AZ 85607**

**Call to Order**

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

**Pledge**

The Pledge of Allegiance was led by Chairman Sellers.

**Roll Call by Board Secretary, Linda Priano**

A quorum of the State Transportation Board was present. Chairman Sellers, Vice Chair Hammond, Board Member Thompson and Board Member Knight were in attendance. Board Member Elters participated by telephone conference and Board Member Stratton did not attend. There were approximately thirty members of the public in the audience.

**Opening Remarks**

Chairman Sellers welcomed everyone to the meeting and thanked Interim City Manager of Douglas, Jerene Watson and Cochise County Board of Supervisor, Ann English for the welcoming reception on Thursday evening at the Gadsden Hotel. Chairman Sellers announced that he was recently appointed to fill the remaining two year term of the Maricopa County Board of Supervisors, representing District 1.

**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

City of Douglas  
Council Chambers  
425 East 10th Street  
Douglas, Arizona 85607

February 15, 2019  
9:00 a.m.

PREPARED FOR:  
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

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1 | (Beginning of excerpt.)

3 CHAIRMAN SELLERS: We're going to move to call to  
4 the audience. This is an opportunity for members of the public  
5 to discuss items of interest with the Board. Please fill out a  
6 request card if you haven't already and give it to the board  
7 secretary if you wish to address the Board. In the interest of  
8 time, we will impose a three minute time limit.

9 So we will start with Cochise supervisor, Ann  
10 English.

MS. ENGLISH: Good morning again, Director Halikowski and members of the Board. Welcome to Cochise County. The first thing I want to do is to thank you for the progress that we see on some of the highways in Cochise County. It is problematic for a moment when you have to wait when projects are being done, but we know that this is the price that you pay in order to get a safer intersection and a better roadway. So we really appreciate the fact that you've worked on several of our bridges in order to renovate them so that they meet the standards of today and the heavy traffic that's on the roads to do that.

22 The other thing I want to put in front of you  
23 again, and will continually do so, is the fact of the  
24 infrastructure that's going to be necessary should we get a new  
25 commercial port of entry, because that's going to help not only

1 Cochise County, Douglas, Arizona, but the United States, because  
2 the traffic coming from Mexico is growing, and that is our  
3 biggest trading partner. And so I think that it behooves us to  
4 take advantage of that and make sure that we have the roadways  
5 that the people are going to choose to use, because everyone has  
6 cell phones now, and so logistics are very important, and they  
7 want to know how can I get across the border the fastest.  
8 Where's the best place for the -- doesn't take that long to  
9 offload and get my trucks back on the road.

10                   So we're hoping that you will help us. GSA, of  
11 course, will have to put the port in place, but we need to have  
12 the roadway structure from that. So I'll keep mentioning it to  
13 you in the future, because these things don't happen overnight,  
14 but I want you to always be thinking that not only does Douglas  
15 need that. Cochise County needs that, but Arizona needs that.

16                   So again, thank you very much for coming to  
17 Douglas, and I don't know if you caused the rain or not, but  
18 we're grateful for every drop, and I'm going to give you a  
19 little credibility and say that you brought that to us and we  
20 appreciate it. Thank you.

21                   CHAIRMAN SELLERS: Thank you.

22                   Next up we have Randy Heiss, Executive Director  
23 of SEAGO.

24                   MR. HEISS: Thank you.

25                   CHAIRMAN SELLERS: SEAGO.

1                   MR. HEISS: Sorry. My handwriting is atrocious.

2                   So good morning. Mr. Chairman, congratulations  
3 on your recent appointment --

4                   CHAIRMAN SELLERS: Thank you.

5                   MR. HEISS: -- to the Maricopa board.

6                   Members of the Board, Director Halikowski, ADOT  
7 staff, good morning. Welcome back to the SEAGO region. Just  
8 wanted to -- I gave you each a copy of our recent transportation  
9 issues position statement that was adopted by our board back in  
10 November outlining the issues that are impacting our ability to  
11 implement projects on the local systems, and I'd appreciate it  
12 if you'd take a look at that. Won't go into it right now, but  
13 it's there in front of you.

14                  Also, I wanted to remind you about the 21st  
15 annual Arizona Rural Transportation Summit. It's going to be  
16 October 16th through 18th of this year, held at the Casino Del  
17 Sol in Tucson. We're going to focus on the importance of  
18 efficient, adequate transportation infrastructure, maintaining  
19 our competitive edge in international trade and commerce.

20                  We also hope to, you know, kind of weave the  
21 SR-189 celebration into that. The full solution was very much  
22 appreciated. We're very grateful for that project and the  
23 director finding a way to fully fund that project that was  
24 really important to us. And as you know, once that's built,  
25 it's going to dramatically improve the flow of commerce up to --

1 up to I-19, and that's very important, but it's also going to  
2 exacerbate the bottleneck that's at the Ruby Road interchange,  
3 and so we'll be working with Santa Cruz County to study their  
4 options for raising local revenue that they can bring to the  
5 table and hopefully get that -- the Ruby Road, Rio Rico Drive  
6 and those frontage roads moved into the five-year plan.

7                   And just so you know, my board isn't just focused  
8 on improvements of -- into the ADOT system or in the SEADOT  
9 (phonetic), SEAGO region. So I would like to present to the  
10 director a letter of support for ADOT's INFRA application for  
11 the improvements to I-17 between Anthem and Sunset Point. This  
12 has been something my board has been looking at since November  
13 of 2015 when they passed Resolution 2015-06, which expressed  
14 support for improvements all up and down the I-17 corridor,  
15 which are well overdue.

16                   I'd just like to read one paragraph: As you  
17 know, the border communities of Nogales, Rio Rico and Douglas  
18 have economies funded -- founded on international trade and  
19 commerce. Every year more than \$30 billion of products cross  
20 through the land ports of entry in the SEAGO region, and their  
21 timely delivery depend on safe and efficient transportation  
22 systems so that they're able to reach consumers and markets to  
23 the northeast and west of Arizona.

24                   Unfortunately, the crashes on I-17 between Anthem  
25 and Sunset Point frequently cause complete shutdowns on the

1 corridor, and logistics managers are forced to direct their  
2 shipments to alternative routes that are less prone to such  
3 delays. This in turn has a deleterious effect on the decisions  
4 on businesses and industries considering investment or expansion  
5 in Arizona and puts our state at a competitive disadvantage with  
6 other western states to which we lose ground every year, meaning  
7 Texas and California. They're not just eating our lunch.  
8 They're taking our lunch money at this point.

9 So thank you so much for your service to the  
10 state of Arizona, and I wish you a safe trip back to your homes  
11 and families.

12 | CHAIRMAN SELLERS: Thank you.

13 Next up we have Ana Olivares, Transportation  
14 Director for Pima County.

15 MS. OLIVARES: Good morning, Mr. Chair and  
16 members of the Board. Can you hear me? My name is Ana  
17 Olivares, and I am the transportation director for Pima County  
18 Department. Thank you for the opportunity to speak to you  
19 today. I'm here to speak on Item 5 of the agenda, the 2020 to  
20 2024 Tentative Five-Year Program.

In Pima County, there is no greater public policy initiative than improving our local and regional economy. Expanding transportation infrastructure, including the major state routes, is critically important to achieving this goal, and as such, we request the inclusion of three very important

1 projects in the ADOT five-year program.

2                   The first one we request is the timely completion  
3 of the DCR and EIS for I-10, I-19 to Kolb, and State Route 210,  
4 Golf Links to I-10, as well as programming the funding for the  
5 design and the construction for the interchanges at Kino Parkway  
6 and Country Club. These interchanges are needed to support a  
7 key Pima County economic development to create a major retail  
8 sports and entertainment venue. Phase one of this venue is  
9 currently under construction just south of I-10 at Kino Parkway,  
10 and a request for statements of interest has already been  
11 advertised, and those are due March 22nd. So we're moving  
12 forward with that venue.

13                   Second, the Sonoran corridor is a most important  
14 economic development priority for our region in southern  
15 Arizona. Completion of the tier one EIS and identifying funding  
16 for an immediate continuation of the tier two study is critical  
17 for the development of this corridor. Great relationships have  
18 been established and built during -- with our stakeholders  
19 during the tier one study, and we do not want to lose this  
20 momentum as we wait for tier two to begin. So we really ask  
21 that you fund the tier two study in this five-year program.

22                   And the last project I want to talk about is I-10  
23 at Sunset Road interchange. Pima County is also continuing the  
24 design of the Sunset Innovation Campus on the southwest area of  
25 I-10 and Sunset Road, and the connection from I-10 to River is

1 very important for the success of this campus. We at the  
2 transportation department have already started the DCR for our  
3 segment of the roadway at Sunset, and we need ADOT to program  
4 and design the construction of the interchange in this five-year  
5 plan. It was there prior, and we ask that it be brought back to  
6 the program.

7                   Thank you very much for your time today.

8                   CHAIRMAN SELLERS: Thank you.

9                   Next up we have Karen Lamberton, the Sierra Vista  
10 MPO Administrator.

11                  MS. LAMBERTON: Yeah. I don't think it's on. We  
12 are not on here. And, of course, I have the high, shrill kind  
13 of voice that you can hear me anyway across the room. While  
14 he's monkeying around with that.

15                  So I just wanted to come and introduce myself to  
16 you. Most of you have met me back and forth over time. I'm  
17 Karen Lamberton. Previously have been with Cochise County, and  
18 you've seen me speak in that behalf, and just recently took over  
19 the position there of the Sierra Vista MPO administrator a few  
20 months ago. And our chair, Mayor Rick Mueller, sends his  
21 greetings and tells me not to talk too much, because you've got  
22 good business to get to, and we want to get you to that business  
23 as quickly as we can.

24                  I did want to just bring one thing forward to  
25 you, and appreciate ADOT having the regional governments

1 involved in your priority planning for your five-year plan,  
2 giving us that front end opportunity to be involved with that  
3 effort. And we understand there are not any, you know, dramatic  
4 projects in the Sierra Vista MPO region. We represent the  
5 urbanized area of City of Sierra Vista, a town in Huachuca City,  
6 and then about 400-square miles of unincorporated Cochise County  
7 along that area, and we understand that performance-driven,  
8 data-driven effort.

9                   And I want to bring one project to your attention  
10 that isn't showing up on there, that ADOT had done a kind of a  
11 thousand-foot level look at the state highway, going down  
12 through the town of Huachuca City, and that landed about 14 on  
13 the priority list, which means it's, you know, way, like, you  
14 know, past my career here. However, that segment through there  
15 is of great interest, of course, to the City of Sierra Vista as  
16 sort of an entryway into their town and to the town of Huachuca  
17 City.

18                   And the MPO -- I just want to let you know that  
19 the Sierra Vista MPO is going to fund a corridor study in the  
20 next two years to take a look at that corridor and kind of  
21 bringing that really high level look at that segment and bring  
22 it down lower and just kind of -- kind of just sort of jump  
23 start that conversation with ADOT, some more details about how  
24 we can take a look at that corridor, some improvements that can  
25 be made within the town itself, as well in that corridor, and I

1 just wanted to give you a heads up that we noticed that.

2                   We -- both ADOT and the Sierra Vista MPO see that  
3 is kind of a priority, but it's way outside of the current  
4 funding and those kind of things. But should some additional  
5 funds start flowing down through the system, that's a project of  
6 importance to us, and we'll just kind of flag that and kind of  
7 try to give you some help on learning what we really need to do,  
8 what the needs are.

9                   So we wanted to give you a heads up on that and  
10 leave it at that. And if you have any questions about Cochise  
11 County and Sierra Vista MPO region, just give me a call and we'd  
12 be happy to see what we can find out for you.

13                   All right. Thank you so much.

14                   CHAIRMAN SELLERS: Thank you.

15                   Next up we have county supervisor Peggy Judd.

16                   (Inaudible conversation.)

17                   MS. JUDD: So today I just wanted to greet you  
18 and welcome Chairman Sellers to the County Board of  
19 Supervisors organization, state organization. That's -- not  
20 that I'm in any sense of a leader there, but it was exciting to  
21 see that announcement.

22                   I want to let you know that things look like  
23 they're moving ahead in -- with the signs, with the -- for the  
24 wineries. They still need access to the state highways, and you  
25 might see those coming up to the Board, and that's going to be

1       really important to our area. Seems to be one of our major  
2       economic drivers in the northern part of the county, and we're  
3       -- or northeastern part, and we're really excited about that.

4                  We are grateful for the work that you do, and do  
5       consider (inaudible) my weed problem that needed to be mowed on  
6       the highways. That's no issue anymore. Tumbleweeds are still  
7       an issue. When you see them rolling around as you're driving  
8       around the county, you might remind your lower -- your workers  
9       out there that the tumbleweeds do go across the highways, and  
10      people like to play sort of a dodging game with them, and it  
11      sometimes ends up being a little uncomfortable for motorists.

12                 But thank you very much for coming to our county,  
13       and you're welcome here. And I know Supervisor English has done  
14       a great job putting together your events and welcoming you here,  
15       and I'm grateful to be part of that and welcome you here as  
16       well. So have a great day. Thank you for coming.

17                 CHAIRMAN SELLERS: Thank you. And with my new  
18       assignment, finding the wineries probably will become more  
19       critical.

20                 Next up, we have Key Allen Begay, Junior, Navajo  
21       Nation Council delegate.

22                 MR. BEGAY: Good morning, board members. I just  
23       want to say thank you for allowing me to make another  
24       presentation. My name is Key Allen Begay, Junior, with the  
25       Navajo Nation Council, northeastern part of the state of

1 Arizona.

2 I continue to come over to each of the board  
3 meetings to advocate and seek your support to improve the road  
4 between Many Farms and Chinle, Arizona. And I've been making  
5 some statement to the administration, ADOT administration and to  
6 the Board, and I appreciate the -- ADOT board members making  
7 their field visit two years -- I think it was three years ago,  
8 and I appreciate that. And I think there's a time -- I think  
9 this is back in 2016 that they made a visit in April. So since  
10 then, I guess it's just a matter of continuing to develop and  
11 get as much information as we can to get this particular road in  
12 place and whatever documentation that needs to be done.

13 I just wanted to say that I'm here as a  
14 legislator for the tribal government, and I'm here to say that  
15 whatever needs to be done as a government-to-government relation  
16 on the Navajo Nation, I know there's a lot of issues that come  
17 -- do come up as far as right-of-way issues, and granted, some  
18 of these right-of-way does take some time, but I guess it's just  
19 a matter for me to say that we do have high traffic, especially  
20 during the summer. Tourism, we have the Four Corners, the  
21 Canyon de Chelly, the Monument Valley and so forth that we do  
22 have an increase of traffic.

23 So it's just not a matter of our safety, but it's  
24 a matter of the tourism, and then also the school. We have  
25 several schools. Within the community of Many Farms, we have a

1       BIA school, a community school and a public school, and it's --  
2       and then down the road, we have Chinle, several more businesses.

3                   So I just -- I mean, I'm just here to continue to  
4       ask for your support, ask for the administration of the Arizona  
5       Department of Transportation to continue to keep in touch with  
6       me of what needs to be done. This is just not -- overall, the  
7       Navajo Nation council passed a resolution as a state priority,  
8       which was given to the state legislators and the state  
9       governor's office, in specific area, certain areas of the Navajo  
10      Nation that needs major improvement or needs attention.

11                  So again, I just want to say thank you very much  
12      for allowing me to speak, and I just wanted to say thank you  
13      very much.

14                  CHAIRMAN SELLERS: Thank you. Our last speaker  
15      is Kara Harris.

16                  MS. HARRIS: Your comic relief is here. I would  
17      sing "Welcome to My World," but you would keep me -- you would  
18      kick me out of the board meeting. I don't sing well. But  
19      welcome to the Cochise County, to my end of the world, also  
20      known as northern Mexico.

21                  This morning I've heard two different people, the  
22      man from SEAGO and, of course, Ann English, our supervisor, talk  
23      about the port of entries and how busy the roads are. I hope at  
24      least if you didn't drive this way down 82, remember last month,  
25      I invited you to take the scenic route and take Highway 90

1 through Sonoita or Sonoita through Highway 90 to come -- to  
2 access Douglas to see what my end of the world looks like.

3                   It is extremely dangerous, because a lot of the  
4 commercial vehicles coming out of Nogales have decided it's  
5 better to go 82 than it is to go up I-19 to I-10. Our traffic  
6 on that road's increased. I can lay in my bed at night, and I'm  
7 four properties -- approximately four acres just south of 82 --  
8 and I can hear the trucks coming down that road.

9                   I'm likely on my bicycle to be passed by anywhere  
10 from two to eight 18-wheel vehicles, and again, if one is headed  
11 west and one is headed east, I pray, because I have about 18  
12 inches of road that our local ADOT has never repaired, and I've  
13 asked before I even started coming to your meetings. I asked  
14 locally. I went to the State, and then they suggested I come  
15 talk to you. They have not repaired those fissures on the road.

16                   Our area of the road is on the map for the Sierra  
17 Vista MPO, which I'm now a part of. It is also on SEAGO's map,  
18 and I would encourage everybody to partner to widen that road.  
19 The DPS officers also informed me that it's the 18-wheel drivers  
20 that are destroying the road and taking out those guardrails  
21 regularly. It would benefit us extremely if we had a four-lane  
22 highway like Sonoita does, out of Sonoita, all the way to  
23 Highway 90 to accommodate all those commercial truckers, because  
24 while they wait down here for a port of entry, we already have  
25 it in Nogales, and they are already accessing Highway 90.

1                   So I would like it to be put on your five-year  
2 plan. I'm -- I don't work for a construction company. I'm just  
3 an old lady, with an eight-year-old kid, who rides a bike, and I  
4 really want my highway done. I will see you in Tucson next  
5 month, and thank you for coming to our county, and I hope you  
6 enjoyed the drive.

7                   CHAIRMAN SELLERS: Thank you.

8                   Okay. We're ready for the director's report, and  
9 I think he's even going to talk to us about what's going on with  
10 the port here.

11                  MR. HALIKOWSKI: Thank you. Thank you,  
12 Mr. Chairman, and congratulations on your appointment to the  
13 County Board of Supervisors. It's good to have you there.

14                  I actually want to talk to the Board about two  
15 issues today. The first one's going to be a legislative federal  
16 government report, and the second one will be, as you said, on  
17 the ports of entry and border activities.

18                  As far as what's happening in the state  
19 Legislature, ADOT only has one bill this year that we've asked  
20 for, and that is to put us into compliance with federal trucking  
21 safety rules. This program is called Prism, and essentially  
22 what it's going to do is in order to keep our eligibility for  
23 certain federal funding related to motor carrier safety, there's  
24 going to be more stringent reporting requirements and sanctions  
25 on the trucking industry for failure to comply with standards.

1 So that one is moving through the Legislature. We don't foresee  
2 any real issues with that.

3 The other thing you might be aware of, Chairman  
4 Noel Campbell, Chairman of the House Transportation Committee,  
5 he has a bill to raise the gasoline tax that has now passed out  
6 of his committee unanimously by 25 cents. That would be a state  
7 tax over and above the current 18 cents that motorists are  
8 paying. That would raise about an additional billion dollars  
9 per year for transportation infrastructure.

10 In addition, the bill also tries to achieve  
11 (inaudible) in vehicle license tax on alternative fuel vehicles  
12 and also a fee or charge on vehicles using alternative fuels  
13 that would be similar to the gasoline tax on those particular  
14 vehicles. Specifically, they're looking at natural gas,  
15 propane, electricity, those kind of alternative propulsion  
16 systems.

17 So I don't really know the future of this bill.  
18 As you know, there have been attempts at the Legislature before  
19 to raise gasoline taxes. It's curious to note that the billion  
20 dollars this bill would raise is pretty much along the lines of  
21 ADOT's Key Commerce Corridors initiative that we presented to  
22 you sometime ago. So it goes along with our estimates about  
23 what's needed to fully fund this system for the next 20 years.

24 The governor was very clear in his state of the  
25 state address. No new taxes. So I think there's probably a lot

1 of work to be done if something were to happen with this  
2 particular piece of legislation.

3 So with the expected budget surplus this year, as  
4 you probably have been reading about also, the governor's budget  
5 puts about 500 million into the rainy day fund, and in the other  
6 500 million, it goes to various sources. But the thing that  
7 we're very happy to see is that the governor's budget proposes  
8 about 45 million over three years to close the gap on I-17,  
9 which would give us an additional lane in each direction from  
10 Anthem to Sunset Point.

11 We've got about (inaudible) set aside. As you  
12 heard, there's an INFRA grant we're going after, also. The last  
13 130 million to close this gap is in the governor's proposed  
14 budget.

15 Chairman Livingston in the Senate is running a  
16 bill that essentially mirrors what the governor's proposal is to  
17 close that gap for that 130 million for the widening project.  
18 So when it's finalized, we'll see it spread out over about three  
19 years.

20 In addition to 17, Representative T.J. Shope is  
21 asking for a \$10 million General Fund appropriation to help fund  
22 the I-10 study through the Gila River portion. As you know,  
23 with MAG's leadership, we have now opened up a good partnership  
24 with MAG and the Gila River Indian Community, and we either have  
25 launched or will launch very soon an RSP to do a study to begin

1 looking at what the scope of this project will be and its costs.  
2 So I don't know the fate of that \$10 million appropriation, but  
3 Mr. Shope is pushing that as a first step to doing the I-10  
4 work.

5                   Former State Transportation Board member Arlando  
6 Teller, who's now a freshman lawmaker, he's pursuing several  
7 appropriations, and one is a \$10 million appropriation, which  
8 he's amended down from his original \$65 million request, but it  
9 would be \$10 million to the State Aviation Fund. And this would  
10 partially make up for the recent fund sweeps, and he's also  
11 asking for a \$25 million appropriation to expand US-91 -- 191  
12 from Chinle to Many Farms, and a \$14.5 million appropriation  
13 through distributions at -- by ADOT to the Navajo Nation for the  
14 chapter's bridge replacement projects. (Inaudible), Steamboat,  
15 (inaudible) and Chinle. So your former board member is quite  
16 busy at the Legislature trying to do some work with  
17 appropriations.

18                   On another front, Senator (inaudible) Tsethlikai  
19 has introduced several joint resolutions naming the following  
20 highway segments. She's proposing to name U.S. Route 89 from  
21 Utah state line to Flagstaff as Native American Veterans  
22 Highway. A portion of Arizona 264 that falls on the Hopi  
23 reservation lands, which she says is under the jurisdiction that  
24 may need to be amended, but that piece be known as the Hopi  
25 Codetalkers Highway.

1                   U.S. Route 160 from New Mexico state line to U.S.  
2         Route 89 is Native American Women Veterans Highway, and another  
3         portion of Arizona Route 264 on the Navajo reservation as the  
4         Navajo Codetalkers Highway. And last portion of U.S. Route 66  
5         between Seligman and Kingman that falls on the Hualapai  
6         reservation is the Hualapai Veterans Highway. So the impact to  
7         ADOT on these, if these were all successful, would require us to  
8         improve and replace signage in the future.

9                   On the federal front, I think as everybody knows,  
10        there's been an agreement on the budget which has been sent to  
11        the President. He has not signed this yet, be -- but, you know,  
12        I hate to predict what the President might or might not do, but  
13        the (inaudible) seem to think that that bill is going to be  
14        signed and go through. So, you know, this would provide 320  
15        billion for dozens of federal departments and agencies.

16                  Where this is an impact to us right now is that  
17        as we're going through our NEPA process, we need the  
18        participation of a number of federal agencies who have to be  
19        involved in the public hearings with us, whether it's U.S. Land  
20        Management or the EPA or other federal agencies, and while they  
21        were unfunded, they were not able to participate in the public  
22        hearings. This slows us down. So we're hopeful that, you know,  
23        this is going to pass with the President and we can all get back  
24        to work.

25                  Infrastructure in Congress remains a popular

1 issue. You know, there's a national backlog of needed  
2 infrastructure maintenance we had estimated as exceeding  
3 \$1 trillion in the country. There's infrastructure needs of the  
4 states. There's some bipartisan issues I think the White House  
5 and Congress can agree on. The leading proposal in Congress,  
6 which is introduced by the House -- yeah, House Transportation  
7 Committee chair, calls for an increase in the federal gas tax  
8 somewhere between 1 and 1.5 cents per year, and the proceeds  
9 will be used to fund more bond infrastructure projects. This  
10 could add up to another 500 billion to the states in additional  
11 revenue over the next ten years for construction and  
12 maintenance. So we're keeping a close eye on that.

13 As you know, since 2008, more than 200 billion  
14 has been pumped into the Highway Trust Fund from the Federal  
15 General Fund, and another 191 billion will be needed to fund  
16 highway transit programs at their projected levels through 2021.  
17 So unlike other states, because of dwindling federal  
18 appropriations, 22 other states have increased their gas taxes  
19 in the past five years. It remains to be seen whether Arizona  
20 will become number 23 this year.

21 And then the comment period for ADOT's assumption  
22 of the NEPA review has begun. As you know, we have put an  
23 application in to the Federal Highway Administration, and we  
24 basically want to stand in the place of federal government on  
25 the NEPA study process. We believe this would actually help us

1 speed up delivering projects by coming to closure on the NEPA  
2 process much sooner.

3 So that concludes the legislative report,  
4 Mr. Chairman. I'd like to turn now to the ports and border  
5 issues.

6 CHAIRMAN SELLERS: Yeah, if I might,  
7 Mr. Director.

8 MR. HALIKOWSKI: Yes, sir.

9 CHAIRMAN SELLERS: I'd just like to emphasize to  
10 folks from my perspective that Representative Campbell's bill  
11 gets us close to being a user-based fee as you can get. And  
12 five cents a year for five years, five cents a gallon equates to  
13 \$3 a month for the average motorist. We really need to be  
14 looking at ways that we can get the funding we need for our  
15 infrastructure in this state. My comments.

16 MR. HALIKOWSKI: Thank you, Mr. Chair.

17 So as has been mentioned, Arizona and Mexico have  
18 a great trading partnership, and Mexico is Arizona's largest  
19 trading partner by far. In 2017 we did more than \$18 million  
20 worth of two-way trade with Mexico. 2018, 2019 is looking like  
21 another solid year. We're doing all we can to make sure the  
22 infrastructure to facilitate trade is available at the border.

23 Now, Douglas has had some great news in 2018. As  
24 Supervisor English mentioned, the General Services  
25 Administration has completed the feasibility study for the

1 modernization of the port of entry here. And what's important  
2 with this study is that it's confirmed the need for a two-port  
3 solution in Douglas. This means that commercial traffic would  
4 be relocated to a new facility about five miles west of the  
5 existing port downtown. Then the old port would be modernized  
6 and converted for use by pedestrians and cars only.

7 Now, as a result of the study, TSA's confirmed  
8 the intent to have the federal government pay for the  
9 improvements, but unfortunately, like most things with the  
10 federal government, the funding is not guaranteed. This means  
11 we'll continue to work together with our Congressional  
12 delegation, and would ask for the Board to also work with them  
13 to secure the 200 to 300 million dollars that's necessary for  
14 the port.

15 ADOT's agreed to work with the community to see  
16 what types of improvements we're going to need to make on the  
17 state highways to improve the future traffic patterns as we  
18 anticipate the increase in traffic. Now, this is the same type  
19 of effort we make at other ports, collaborating as you know to  
20 determine the right solutions and working with the community and  
21 the Congressional delegation to advocate for funding and really  
22 determining what we need to do as a state to make it all work.

23 In Nogales, as you know, we're in the final  
24 stages of developing the procurement for State Route 189, which  
25 the Board has (inaudible) put into the program. The new highway

1 will connect the port of entry, as Mr. Heiss mentioned, with  
2 Interstate 19, with the cost at about 134 million, and will be  
3 delivered as a design-build starting next year.

4 I'd like to mention and thank Governor Ducey for  
5 putting another 700,000 in the State budget proposal this year  
6 to add a cold storage facility at the Nogales port. This will  
7 enable Nogales to actually cross more temperature sensitive  
8 produce like berries and avocados. Avocados thus helping our  
9 competitive advantage.

10 We continue to advocate at ADOT for funding to  
11 modernize the San Luis 1 port of entry, which is the pedestrian  
12 and passenger crossing, and we also are advocating to allow cars  
13 to use the commercial port at San Luis, too. This will even out  
14 the traffic flow we have in San Luis and improve our traffic  
15 safety.

16 Current estimates are that these projects will  
17 cost approximately 230 million. Again, as with Douglas, the  
18 amount is not in the current federal budget, and we need to keep  
19 the pressure on for the Congressional delegation.

20 The other thing I wanted to mention is I think  
21 Supervisor English or perhaps it was Mr. Heiss talked about cell  
22 phones and communication. We're getting ready to launch a new  
23 modernized 511 system at ADOT. One of the things I had asked  
24 that be in that system is that we work with our partners in  
25 Mexico so they're able to use our 511 system or Mexico's system

1 to be able to access the ports of entry, determine wait times  
2 and better plan their routes through the use of that  
3 application.

4 So we're continuing our great relationship with  
5 our Sonoran counterparts. We're implementing safety corridors.  
6 Well, actually, we're helping the Mexicans to study safety  
7 corridors that they're implementing in Mexico. Sonora is  
8 enhancing enforcement and coordinating the work of first  
9 responders and making some significant improvements. Thank you  
10 for that.

11 As you know, the first part of that effort was a  
12 safety corridor between Lukeville and Rocky Point, and since we  
13 have implemented that safety corridor, we have had no crashes on  
14 that stretch of highway, and a lot of that is due to the  
15 enforcement efforts of our partners and the advertising and  
16 signage on that particular highway.

17 Now we're working on similar efforts on the  
18 commercial and safety logistical corridor connecting Arizona and  
19 Sonora. As you know, we have a study going on the MX-15. This  
20 effort is to allow traffic information in Sonora and Arizona to  
21 be seen by drivers, also. As I mentioned, with the truckers,  
22 we're working on an enhanced 511 approach. We also want to do  
23 this with our passenger vehicle traffic in coordination with the  
24 Mexican traffic operation center.

25 We're working on an MOU with the Federal Motor

1 Carrier Administration. Over the years, as we've heard, we've  
2 had excessive inspections as our ports of entry at Douglas and  
3 also -- I'm sorry -- San Luis and Nogales by Federal Motor  
4 Carrier Safety inspectors. We're hammering out the final points  
5 on the agreement that's going to formalize the joint approach as  
6 to how we do inspections, and we're pretty hopeful that this is  
7 going to be a permanent solution to streamlining the process so  
8 that we can improve the relationships with the Mexican trucking  
9 companies without them fearing they're going to be  
10 overinspecting when they come to our ports of entry.

11                   The Border Liaison Unit is still continuing to  
12 train drivers on U.S. safety laws in Mexico. We're doing those  
13 in Spanish, and as of to date, we've trained more than 500  
14 drivers. Our out of service rate on these trained drivers is  
15 about zero. And you compare that to the U.S. out of service  
16 rate that we see through our non-international ports of entry,  
17 and that rate's about 22 to 25 percent. So the training is  
18 definitely paying off and making the Mexican trucks that are  
19 coming across our border much, much safer as we train drivers,  
20 mechanics and companies in the importance of mechanics and  
21 driver safety.

22                   We're in the final phases of the Bi-National  
23 Corridor Study on MX-15. We expect to complete that within two  
24 months, and we'll be reporting out to you. And this is going to  
25 provide us a great roadmap for our economic future with Mexico.

1       We're looking forward to the upcoming (inaudible) sessions, and  
2       we'll continue trying to hammer out better and more  
3       opportunities.

4                   That concludes both my reports, Mr. Chairman. Be  
5       happy to answer any other questions.

6                   CHAIRMAN SELLERS: Any questions for the  
7       director?

8                   Yes. Board Member Thompson.

9                   MR. THOMPSON: You know, up in the remote and the  
10      rural areas of the reservations, there's not too many  
11      interstates, state or U.S. highways, and anything that we can do  
12      to continue just to find what money and do repairs on those  
13      roads, I think that is -- those are just some of the major roads  
14      that are used by the public, because there's not too many. If  
15      there was additional amounts of highway, they could use that,  
16      but no, they have to use the very few roads out there, and  
17      that's what we're looking for.

18                  And it was mentioned, 191, I think that's been on  
19      the -- on our priority for quite some time from the communities.  
20      Right now it's in the discussion state as well. And also, that  
21      there are many dollars that we are talking about even through  
22      the bills. If there is an opportunity that these rural  
23      communities can tap into it, we'd like to know about that,  
24      because the State does have an interest out on the reservation.  
25      There's a lot of buses that go -- school districts that go out

1       that way. And so they are heavily impacted, not only by the  
2       local folks, but, you know, people just traveling through, they  
3       use those roads. That's just my comment.

4                     CHAIRMAN SELLERS: Thank you.

5                     MR. HALIKOWSKI: So Mr. Chairman, to that point,  
6       we are planning a trip within the next few weeks to go up and  
7       visit with Mr. Begay and his staff and members --

8                     MR. THOMPSON: Right.

9                     MR. HALIKOWSKI: -- to talk about the issues  
10      there.

11                  I would also ask the Board, because I think in  
12      your position you can make a difference by visiting with  
13      legislators, to support Mr. Teller's efforts to fund with  
14      General Fund dollars improvements as has been done in the past  
15      on tribal nations with General Fund appropriations perhaps for  
16      US-191.

17                  MR. THOMPSON: Thank you.

18                  CHAIRMAN SELLERS: Thank you.

19                  Any other questions?

20                  Okay. Next, we have the district engineer's  
21      report with Brian Jevas, for information and discussion only.

22                  MR. JEVAS: Chairman, members of the Board,  
23      director, staff, I'd like to welcome you to Southeast District.

24                  I'm going to need schooling on this here.

25                  Southeast District, Douglas, Cochise County. My

1 name, again, is Brian Jevas. I'm the assistant district  
2 engineer out of Safford district office. I am going to deliver  
3 the monthly report.

4 (Inaudible conversation.)

5 MR. ROEHRICH: I was just going to say, Brian,  
6 could you pull that mic up a little -- maybe a little closer.

7 MR. JEVAS: Hello. Hello.

8 MR. ROEHRICH: There we go.

9 MR. JEVAS: All right. I'll be going over some  
10 of the projects we have recently completed. Projects we have in  
11 construction right now and some of our projects that will be  
12 happening in the next couple years.

13 This is a slide of our district management  
14 showing our district. Our district is actually quite large. It  
15 goes all the way from Young, Roosevelt, includes State Route 88,  
16 the dirt section, of course, paved sections in the Central  
17 District. We have three -- actually, three dirt roads, dirt  
18 highways in our system: 88, 288 and 366. We include Young, up  
19 to Hannagan Meadow, Douglas, Three Way, obviously Globe, Safford  
20 area, Bisbee.

21 Our district management, district engineer, which  
22 you all probably know, Bill Harmon. I'm assistant district  
23 engineering we call on the east side. We have the Globe and the  
24 Safford side. Kurtis Harris is with us today. He's -- what,  
25 two months now? He's our assistant district engineer out of the

1       Globe area office. Been on board for two months. Glad to have  
2       him. Superintendent on the east side is Tyrel Cranford. The  
3       superintendent on the west side, George Collaco, and our ASO is  
4       Michele Najar. She's the one that keeps us all straight, keeps  
5       us out of trouble.

6                   All right. Recently completed projects. U.S.  
7       U.S. Highway 70 passing lanes. That's on the San Carlos Apache  
8       Indian Reservation. Very good project. Just finished up. Just  
9       west of Peridot. Very much needed. We're working on some other  
10      passing lanes. We're kind of trying to concentrate some of our  
11      funds when we get them to do passing lanes in this area. It's a  
12      high speed road, 70 between Globe and Safford. Can be kind of  
13      scary at times. Recently completed. Good project. We're  
14      working out another one right now outside of (inaudible),  
15      actually.

16                   Pinal County, Kelvin Bridge, it's a modernization  
17      project. It was local government. I have a couple slides I'll  
18      show you here in a minute of that project. It's quite an  
19      outstanding structure. Very impressive.

20                   US-70, Bylas system enhancement, safety  
21      improvements. A \$9.1 million project we just completed. It's  
22      been on the books, I think, for, gosh, 12, 13 years at least.  
23      Finally got it built. Includes a walking path, lighting, raised  
24      medians. We have a pedestrian hybrid beacon there. One of the  
25      -- one of two, I think, that we have in our district. Widening

1 of the roads, box -- culvert extensions, new pavement. Very,  
2 very impressive project. Very nice.

3 US-70, 8th Street, 191 pavement pres. That just  
4 so happens to be right in front of my office. \$5 million job  
5 completed last fall. Good project.

6 I-10, Island Bridge Wash was a scour project we  
7 just completed on I-10 right at the New Mexico border.

8 SR-80, White Water Draw Bridge, is another  
9 scour, which is right down the road here on U.S. -- or State  
10 Route 80. Completed, I think, in the middle of summer.

11 SR-92, San Pedro River Bridge, complete bridge  
12 construction. Very challenging project. A lot of environmental  
13 concerns. The impaired water, so we couldn't get into the  
14 water. It was quite a challenge to build. We had drilled  
15 shafts, but we couldn't get in there to drill them. We had some  
16 endangered bats land on the bridge, or under, hang out, so to  
17 speak, under the bridge. Shut the project down for a couple  
18 months because they were endangered. The lesser longnose bat.  
19 So we had to shut it down until they were passing through, and  
20 very interesting. The herbicides application.

21 MR. HALIKOWSKI: So Brian, did it drive  
22 Mr. Harmon batty?

23 MR. JEVAS: So to speak. And even more batty.

24 MR. HALIKOWSKI: I hope the bats were treated  
25 with care.

1                   MR. JEVAS: It was interesting. That's never  
2 happened to me before. I've done construction a long time. It  
3 just so happened our -- our biologist from Phoenix came in and  
4 said, Hey, wait a minute. You've got a bat in there. It was  
5 like, Well, it's a bat. No, not just your ordinary bat. It's  
6 an endangered species. It's like okay. But that shut us down  
7 for a couple months. It was a big deal.

8                   Here's the Kelvin Bridge. Quite a structure. I  
9 was very impressed. You can see the old bridge is still in  
10 place. The top picture on the left is the existing bridge, and  
11 then the bottom right below it, it shows them building it, and  
12 they kept the old bridge in place. Very, very impressive,  
13 especially for the low volume of traffic. It's a very low  
14 volume road.

15                  Here's the San Pedro Rivera Bridge. Very  
16 challenging. We had a temporary signal so that -- the people  
17 weren't all that happy that it was one lane. Built one lane at  
18 a time. Switched traffic over, built the other lane.

19                  Projects under construction currently. City of  
20 Globe, a local government project. It's almost complete. We  
21 had a water line issue that the City had to replace before we  
22 could finish it. Now we're waiting for temperatures, and we'll  
23 finish the paving and the curb and gutter, and we'll be done  
24 with that.

25                  Gila County, 2nd Street to El Camino

1 intersection. It's a good project, very well needed. It's over  
2 by the fire -- fire station in Claypool. It actually just bid  
3 out. It will probably be in your packet next month for award  
4 hopefully.

5 US-191, Black Country Byway, a pavement  
6 preservation. This is becoming a very challenging project, and  
7 I'd just leave it at that. I got to get back to the office and  
8 figure it out as we speak.

9 US-70, 20th Avenue to 8th Street, enhancement  
10 safety. It's ongoing right now. It's -- including the upgrade  
11 of the old low pressure sodium bulbs to LED throughout all of  
12 downtown Safford. We're doing some ADA improvements, blocking  
13 off a somewhat dangerous intersection and making a cul-de-sac  
14 for the City of Safford.

15 SR-80, Glance Creek Bridge, modernization, which  
16 is right down the road about 10 miles. I imagine some of you  
17 drove across it.

18 Ann, did you happen to drive across it  
19 today? They switched traffic. They switched traffic yesterday.

20 UNIDENTIFIED SPEAKER: (Inaudible.)

21 MR. JEVAS: Oh, did you?

22 UNIDENTIFIED SPEAKER: (Inaudible.)

23 MR. JEVAS: But they just switched traffic  
24 yesterday. It's another one where we're building half at a  
25 time. It's got a temporary signal on it. I know that it

1 doesn't make the people happy, but once it's built, it will be a  
2 nice facility.

3 SR-92 chip seal, which is 23 miles of chip seal  
4 between Sierra Vista and Bisbee, which I'm kind of curious.  
5 We're just getting into it right now, doing some crack sealing  
6 before we do the chip seal. It will be the first time in our  
7 district that we've used coated chips. So I'm kind of excited  
8 to see how that turns out.

9 This is Glance Creek Bridge. It's, like, 10  
10 miles down State Route 80 towards Bisbee. Will be done probably  
11 in -- hopefully in three or four months.

12 All right. Projects in development. US-60,  
13 Pinto Creek Bridge. It's coming back, I hope. This was the  
14 project, as you recall, that all the bids were rejected several  
15 months ago due to the high price. Apparently they've done some  
16 redesign, tweaking, looking at some foundations. Went back to  
17 PRB and got a few extra dollars. We're hoping that this  
18 advertises here in the next month or so.

19 US-60, Queen Creek Bridge, which is right down  
20 the road closer to Superior. That's still a couple years out.  
21 It's estimated at 20 million. I put a question mark there,  
22 because the district is working on a presentation for the state  
23 engineer's office to try to do some additional improvements with  
24 some of our district minor money, possibly. So it could be 20,  
25 25 million when it's all said and done. We are trying to push

1 it so that the Pinto Creek and the Queen Creek aren't going at  
2 the same time, of course, because that would cause a major  
3 disaster in that neck of the woods.

4 US-60, Superior to Gila County. It's a pavement  
5 preservation job, almost 10 million. And that one should  
6 advertise here shortly, and hopefully, we'll be working on it  
7 before the end of the year.

8 SR-177, Mineral Creek Bridge. We'll advertise  
9 the first quarter of fiscal year '20. It's a scour project on a  
10 small bridge on SR-77 -- 177.

11 SR-77, Gila River Bridge. This is a good  
12 project, also, and it will be going probably at the same time as  
13 Pinto Creek Bridge. So the Globe area is going to be extremely  
14 busy in the next couple years. Again, I put a question mark by  
15 the 12.5 million. I got an email two days ago, and I think they  
16 said the price tag is up to 16 million now. So hopefully that  
17 one we can move forward on.

18 More projects in development state -- state  
19 projects. US-70, Ramboz Wash. Again, these are passing lanes  
20 on the San Carlos reservation I just mentioned. Hopefully  
21 they'll advertise in the first quarter of this -- fiscal year  
22 '20.

23 US-70, Bylas, Pima chip seal. Actually, this  
24 chip seal is going to go right through our new -- new  
25 construction, which is good. We just paved the surface. We

1 didn't do any ACFC surface treatment. So the chip seal will go  
2 through the project. Hopefully we'll start that here in the  
3 next couple months.

4 US-191, Cholla and Ocotillo drainage. This has  
5 been a problem spot. This is just right south of Safford.  
6 Every time it rains, the water goes over the road. We have to  
7 shut 191 down, clean it up. We're going to replace two culverts  
8 with seven, and hopefully we can keep the water in the culverts  
9 and keep our road open.

10 SR-366, damage repairs due to the Frye fire and  
11 flooding. We are required to advertise in the fourth quarter  
12 through the Federal Emergency Relief Program. We had the Frye  
13 fire last year, and directly after that, we had a rainstorm.  
14 The governor declared a state of emergency. So I grabbed our  
15 federal friends, and we went up there and looked around, and it  
16 -- we've had some serious damage. It's five million, probably  
17 even more than that when it's all said and done. It's going to  
18 be a big deal.

19 All right. Projects in development, local  
20 government. City of Globe, Broad Street, from east Mesquite to  
21 Cottonwood, doing some pavement improvements. Curb, gutter from  
22 the City of Globe. Advertise hopefully in the next several  
23 months. Estimated at about half a million dollars.

24 I threw these in here. They're not really local  
25 government. This is the Freeport projects. They're private

1 money that Freeport pays for. It's our Highway 191. It's  
2 constantly moving to satisfy the mine's needs. Right now we  
3 have one that's -- the contractor's out working on. It will  
4 take probably six, eight months to finish. It's called the  
5 American Mountain. A big project. We have a couple tunnels  
6 that they're going to be installing where the haul trucks go  
7 over the top of our highway, which is very interesting. And I  
8 was up there a couple days ago looking -- looking around, and  
9 those trucks are substantially large, man. It's -- to have a  
10 bridge that will hold those is pretty impressive.

11 Morenci Canyon, which will follow the American  
12 Mountain, which will also have a tunnel. This particular  
13 project will eliminate our existing rock tunnel, the only rock  
14 tunnel in the state, which we're kind of relieved, because that  
15 one always makes us nervous. It will incorporate a new tunnel,  
16 but they will eliminate the rock tunnel.

17 Mountain Avenue intersection. It's an  
18 intersection just before you get into Morenci. A smaller  
19 project that the mine wants to do. There's a lot of activity  
20 there, a gas station and such.

21 Town of Thatcher, Church Street, US-70 to  
22 stadium. This one's been on the books. I know Randy's been  
23 dealing with it quite a bit with SEAGO. Hoping to advertise  
24 here in the next month or two. We've been waiting for some  
25 utility relocations. I know the Town of Thatcher is very

1 excited to get it going. It -- there's going to be a  
2 roundabout. It's will be our second roundabout in our little  
3 community, which will be interesting.

4                   Graham County, 8th Street to Airport Road  
5 intersection. That is a roundabout. We've been working on it  
6 for, gosh, a couple years now as well. And that's supposed to  
7 advertise here in the next couple months.

8                   City of Safford, 20th Avenue, Relation Street to  
9 Golf Course Road. Big project, also partially funded through  
10 SEAGO. Right now they're still trying to acquire some right-  
11 of-way. Hopefully that will get going. I know that some  
12 dollars have traded between the Town of Thatcher project and the  
13 City of Safford since the Thatcher project plans were almost  
14 ready. So they've been juggling money there, but hopefully  
15 we'll get that one up and going here in the next month or two.

16                   And that's it for our district. Safe travels.  
17 Do you guys have any questions for me?

18                   CHAIRMAN SELLERS: Any questions for Brian?  
19 Thank you very much.

20                   MR. JEVAS: Thank you.

21                   CHAIRMAN SELLERS: Okay. We're going to move on  
22 to the consent agenda. Does any member want any item removed  
23 from the consent agenda? Do I have a motion to approve the  
24 consent agenda as presented.

25                   MR. THOMPSON: Chairman, I'd like to move for

1 approval of the consent agenda as presented.

2 MR. KNIGHT: Second.

3 CHAIRMAN SELLERS: Motion by Board Member  
4 Thompson, second by Board Member Knight. Any discussion?

5 All in favor?

6 BOARD MEMBERS: Aye.

7 CHAIRMAN SELLERS: Any opposed? Passes  
8 unanimously. Thank you.

9 Okay. Next up, we have -- try to control your  
10 excitement -- the financial report. Kristine Ward.

11 MS. WARD: I know, I know. Every month, I know.  
12 I can feel the energy coming off of you as I come up here to  
13 give you this exciting news. So good morning.

14 UNIDENTIFIED SPEAKER: Good morning.

15 MS. WARD: I -- I'm happy to report that this  
16 will be a very short report. Nothing exciting to tell, although  
17 we are waiting. I was Googling while awaiting coming up here to  
18 see if I could tell you the President signed. However, I  
19 have -- even with five minute updates, I couldn't -- I couldn't  
20 see whether he did. All I got was a lot of other kinds of news.

21 CHAIRMAN SELLERS: We're not ready to declare a  
22 national emergency yet?

23 MS. WARD: Well, that actually -- that  
24 actually -- there's a quite a bit a chatter on that, and that's  
25 moving along quite quickly. However, the signing of the budget

1 bill, I can't seem to get information on.

2 So in terms of the Highway User Revenue Fund, you  
3 will see that we continue to be a little above forecast. 3.2  
4 percent above forecast, and we've drilled into that a little as  
5 to why we are experiencing that, because we typically fall right  
6 within this lovely range of plus 2, minus 1 target range in  
7 terms of our forecasts. And we are really -- we're running a  
8 little ahead on use fuel, and that is largely tied to California  
9 had a change in their fuel taxes last year, and what we're doing  
10 is we're seeing -- we're seeing some of that impacting our  
11 numbers in terms of how we do fuel tax payments back and forth.

12 CHAIRMAN SELLERS: So we need to increase our  
13 tax?

14 MS. WARD: Mr. Chair --

15 CHAIRMAN SELLERS: Personal comment.

16 MS. WARD: That --

17 MR. ROEHRICH: That's a rhetorical question.

18 Continue, please.

19 MS. WARD: Oh, I intend to. I'm not touching  
20 that at all.

21 Okay. So we are -- again, gas tax is running a  
22 little behind. Use fuel, diesel is running ahead. VLT and  
23 registrations, running ahead. We are suspect as to the reason  
24 the registration and the VLT is running ahead is because we  
25 think we might have advanced registrations occurring because of

1 the new public safety fee.

2 MR. HALIKOWSKI: You had to mention it.

3 MS. WARD: I am just tiptoeing up here. I  
4 mean...

5 Moving on, Regional Area Road Fund is right  
6 within target range. We've got no concerns there. I have  
7 already mentioned we are awaiting the signing of the budget bill  
8 by the President, and --

9 CHAIRMAN SELLERS: And the good news is when  
10 that's signed, it gives you a long-term plan all the way to  
11 September.

12 MR. ROEHRICH: Wow, you know her so well.

13 MS. WARD: He does. This is good. I'm not going  
14 to have to -- I'm not going to have to say anything.

15 MR. HALIKOWSKI: We have gone from planning five-  
16 year increments to five-month increments, Mr. Chairman.

17 MS. WARD: Mr. Chairman, Director, we have even  
18 had four-day and two-day increments. I mean, we are long range  
19 people.

20 Also, I would let you know in the debt program,  
21 you know we came to you, and you gave us authorization to  
22 proceed with a \$75 million bond issue. That is a GAN issue,  
23 actually, Grant Anticipation Note. That's moving right along.  
24 We had the underwriter selection last week, and -- actually, no.  
25 That was this week. That was yesterday. And so the issue is

1 moving right along. We'll be looking to price in March.

2                   And that concludes my report, and I'd be happy to  
3 answer any questions.

4                   CHAIRMAN SELLERS: Any questions for Kristine?

5                   MR. HAMMOND: Yes. I have one.

6                   CHAIRMAN SELLERS: Yeah. Board Member Hammond.

7                   MR. HAMMOND: Yeah. Realizing, you know, any  
8 increase in revenue's got plenty of sources, ways to spend it,  
9 what does that 3 and half percent translate into in dollars?

10                  MS. WARD: About -- I'm sorry. Mr. Chair,  
11 Mr. Hammond, so that -- when you get that 3.2 percent, that  
12 represents about \$27 million. Half of that flows into the State  
13 Highway Fund, and what we do is it flows in, and it ends up  
14 being able to be programmed in the future.

15                  MR. HALIKOWSKI: So Mr. Chairman, I just would  
16 like to point out, because Kristine and I have had this  
17 discussion before. When you see those percentage increases, it  
18 generates the question, well, you're getting more money. What  
19 seems to be the problem? And if you could touch back on the  
20 response, because I think what we're trying to focus on is not  
21 just the increase we're seeing today, but those lost years where  
22 we had such a decrease in revenue.

23                  MS. WARD: Mr. Chair, yes. Director Halikowski,  
24 we have indeed had those conversations, and I think I might have  
25 mentioned to you and you folks at one point that, you know, we

1 are recovering from a -- a -- just a ten-year demise from the --  
2 from the Great Recession. So it's kind of analogous to when we  
3 reach these new thresholds, I mean, when people see that we're  
4 reaching a new threshold and we have a forecast that brings us  
5 up pushing \$1.5 million, they say, Oh, well, we're reaching  
6 historical highs of revenues. What they don't realize is  
7 that -- or don't contemplate is that we lost 10 years plus of  
8 growth.

9                   So yes, we have -- we -- our high revenues ten  
10 years ago were, let's say, a billion dollars. Now we're ten  
11 years later, and let's say we're a billion one dollars. Yes,  
12 you've reached a new threshold. However, you've lost ten years  
13 of growth that would have been supporting your underlying  
14 operation. So yes, we've reached a new threshold, but you're  
15 about 10 years behind, if that makes sense.

16                   MR. HALIKOWSKI: I just think it's important --  
17 thank you, Kristine -- in the messaging, Mr. Chairman, that  
18 people don't get the wrong idea that somehow, you know,  
19 everything is okay. There's just a backlog of need that we have  
20 not addressed for ten years. So we've been put off fixing the  
21 roof, you know, with some basic patches, if you will, but now  
22 we've got to replace the roof (inaudible).

23                   MR. HAMMOND: I'm curious what cost percentage  
24 increases that we've seen that's been much higher than that 3  
25 percent. Forget about the lost years.

1                   MR. HALIKOWSKI: And that's a good point,  
2 Mr. Chairman, Mr. Hammond. We're seeing increases, obviously,  
3 in costs for labor and materials. I mean, the world has not  
4 stopped, even though we went into an economic recession. Those  
5 costs continue to rise.

6                   The other issue that we continue to face is one  
7 of work force. This especially came home yesterday as we met  
8 with the crew at Safford that, you know, we're hiring in  
9 (inaudible) workers that we expect to have a commercial driver's  
10 license. We expect them to be welders. We expect them to  
11 operate heavy machinery, and we're basically starting people off  
12 at a wage of \$12 an hour versus, you know, the mine where you  
13 have unlimited overtime and they start at \$36 an hour. So  
14 there's a cost hitting the department in that we're bringing  
15 people in and training them, and as soon as they get a  
16 commercial driver's license or some training, they're leaving  
17 us. So this is another issue that we need to address in the  
18 future of a competitive wage.

19                   CHAIRMAN SELLERS: Thank you.

20                   MS. WARD: Thank you.

21                   CHAIRMAN SELLERS: Okay. Next Agenda Item 5,  
22 Greg Byres, Tentative Five-Year Transportation Facilities  
23 Construction Program review, for discussion and possible action.

24                   MR. BYRES: I'm not sure if I have control --  
25 here we go. Now I got it.

1                   Mr. Chairman, board members, I'm here to present  
2 the five-year program, which is for fiscal year 2020 through  
3 2024, and we'll just hop right into it.

4                   We're going to go through the background. See if  
5 I can get mine going. Going through the background, an overview  
6 of the asset conditions, our P2P process, tentative five-year  
7 highway delivery program, as well as MAG and PAG's program, the  
8 airport program, and then next steps on going forward with the  
9 tentative program.

10                  So as far as the background goes, the development  
11 of the five-year program is very -- it's a collaborative effort  
12 that encompasses both this board as well as ADOT and several of  
13 the divisions within ADOT. Demonstrations, it demonstrates how  
14 the federal/state dollars will be obligated over the next five  
15 years. It is approved annually. The fiscal year starts each  
16 year on July 1st, and the program must be fiscally constrained.

17                  So going through the overview of asset  
18 conditions, the value of the state highway system infrastructure  
19 is currently set at \$22.4 billion. That's our latest number.  
20 However, the entire system, if it was to be replaced, we're  
21 talking somewhere in the neighborhood of \$250 billion.

22                  So as far as the conditions go that we'll start  
23 off with, the bridge condition, what this chart shows, it shows  
24 what we have as far as conditions in good, fair and poor. Right  
25 now we're at 59 percent good condition, 40 percent fair

1 condition, and 1 percent poor condition. That's on our bridges.

2                   And to kind of give you an idea of what good,  
3 fair and poor is, good is the primary structure components have  
4 no problems or only minor deterioration. Fair is primary  
5 structural components are sound but have some concrete  
6 deterioration or erosion around piers or abutments caused by  
7 flowing water, which is the scour at the bottom of the bridge  
8 abutments, or the piers. And poor condition is advanced  
9 concrete deterioration, scour or seriously affected primary  
10 structure components. A poor condition bridge is not  
11 necessarily unsafe. Any unsafe bridges are actually closed.

12                  So the next item we have, this is the interstate  
13 highway system, the pavement conditions. On this, if you look  
14 at the bar charts, you'll notice that we have had an increase in  
15 fair condition and a decrease in good condition for fiscal -- or  
16 the calendar year of 2017.

17                  One of the reasons that this is kind of showing  
18 up is we've changed our methodology in collecting data. We've  
19 gone from a visual accounting of the data to all digital  
20 accounting, and that's all done with a single vehicle as it  
21 drives down the road. So we pick up the -- the International  
22 Rating Index for the pavement, the IRI. We also pick up the  
23 rutting, the cracking, as it -- as it drives down the road. So  
24 it picks up exactly what's happening with the surface, and we  
25 pick it all up. We drive the entire system on an annual basis.

1 It works out pretty slick. It's amazing the amount of data that  
2 we pick up in doing this.

3 The prior system that we had with the visual  
4 accounting, we were basically taking a tenth of a mile and  
5 encompassing that over a one-mile period and saying it was all  
6 the same condition. So with this new one, we actually have --  
7 our collecting, roughly on anywhere from a 100- to 500-foot  
8 basis, we're collecting data points as we drive down the road.  
9 So it's considerably different. However, we have correlated the  
10 data back to the previous year's data so that we're not --  
11 they're comparative. We have some adjustments in that trying to  
12 get it correlated, but it's -- it's as close as we can possibly  
13 get it for the two different data sets. What this gives us is  
14 for the interstate highway systems, we've got 49 percent good,  
15 50 percent fair, and 1 percent poor.

16 We also have on the interstate -- on the  
17 non-interstate national highway system, the same thing. You're  
18 kind of seeing a little differential in the 2017 data. This has  
19 us as 35 percent good, 63 percent fair and 2 percent poor.

20 And just for an idea of what good, fair and poor  
21 is, good the -- gives you a smooth road surface with little  
22 cracking and no ruts or potholes. Fair is moderate amounts of  
23 cracking that lead to increased roughness on the road surface,  
24 shallow ruts in the wheel -- ruts -- or the wheel path. Poor is  
25 numerous cracks, rough road surface, ruts in the wheel path,

1 potholes, and disintegration of the road surface.

2                   So that gives you a good idea of what it is. I  
3 was trying to get some pictures to actually show you kind of  
4 an idea what it is, but it's really hard to see that difference  
5 in a photograph. You almost have to kind of -- you have to look  
6 at it. We can take a very small picture, but it doesn't  
7 represent what's really happening out on the road.

8                   So as we go forward, we're looking at the  
9 different categories of investment for the dollars as we go into  
10 the program. This comes right out of our Long Range  
11 Transportation Plan. It has the three different categories of  
12 investment, which are preservation, modernization and expansion.  
13 Preservation is basically investment to keep pavement smooth.  
14 Modernization is non-capacity investments, which improves safety  
15 and operations, and expansion is investment that adds capacity  
16 to the highways.

17                  Further -- further defining exactly what  
18 preservation, modernization and expansion is, if you're looking  
19 at the green column there in preservation, you're looking at  
20 basically surface seal, thin overlays, deck joints, deck  
21 overlays and so forth. So we've got rehabilitation,  
22 preservation as well as reconstruction.

23                  If you're looking at the modernization that  
24 includes widening of existing lanes, intersection and  
25 interchange reconfigurations, enhancements to address functional

1 obsolescence, as well as traffic control management.

2                   And then if we go into expansion, of course,  
3 that's new routes, new lanes, new rail and so forth.

4                   This is -- this is the five-year program that  
5 we're looking at. So we're representing this in five different  
6 bars. Each of the different bars has these different colors.  
7 So if you look at the bottom, that's preservation in green. The  
8 red is modernization projects. The purple is development costs,  
9 what it actually costs to get those projects up and going. The  
10 orange is planning costs, which is actually taking and planning  
11 those projects, scoping them together. The solid blue is  
12 expansion projects, and the hashed blue is the executive  
13 recommendation, which the Director had mentioned came out of the  
14 Governor's office.

15                  The horizontal black line that you see is set at  
16 \$320 million. That is our target preservation that we have in  
17 our Long Range Transportation Plan, and the arrows that you see  
18 is basically the differential that we have in preservation on  
19 each year from that goal of \$320 million. So that gives you an  
20 idea of where we're at as we go through the five-year program.

21                  So the projects that go into the five-year  
22 program actually go through a process that's called the planning  
23 to programming process, or P2P. And one of the -- there's  
24 several reasons why we developed this and how we developed it.  
25 I'll kind of go through, but at least the why. The big thing

1 here is funding. Due to limited funding, projects must be  
2 prioritized to ensure the limited funds are utilized on projects  
3 which provide the highest value and satisfy the greatest need.

4                   The next is performance measures. The federal  
5 government has mandated some federal performance measures that  
6 we have to make sure that every single -- not every single --  
7 but the projects that we have going forward meet those and meet  
8 the targets that we've set going through the performance  
9 measures that are -- are taken and reported to the federal  
10 government on an annual basis.

11                  And the last is the compliance and objectives  
12 that we have through the Long Range Transportation Plan, which  
13 sets our investment goals.

14                  So the P2P process itself is based on four  
15 different categories. So we've got the technical score, the  
16 policy score, the safety score and the district score. Those  
17 four scores are set at different weights. As you can see, we  
18 have 35 percent set up for the technical score, 10 percent for  
19 the policy score, 25 percent for the safety analytics score, as  
20 well as 30 percent for the district score. That's how each of  
21 the projects is rated as we go through and analyze them.

22                  Once they're analyzed, we take and again -- the  
23 analysis is done on three different investment categories, being  
24 the preservation, modernization and expansion. We take and make  
25 sure that those are matching in the investment alignments that

1 we have in the program before we put them into the five-year  
2 program so that we're balanced as we go through. And, of  
3 course, that's what's -- is put together for the tentative  
4 program, which you've received a copy of and which we're talking  
5 about trying to get approved today.

6 So as a comparison from last year to -- last  
7 year's five-year program that we submitted compared to this  
8 year, if we look at the 2019 to 2023 program, we had roughly  
9 about 51 percent in expansion, 12 percent in modernization, and  
10 37 percent in preservation. This year we've had a little bit of  
11 a change, not much. We're at 41 percent in preservation, 46  
12 percent in expansion, 10 -- 10 percent in modernization. Of  
13 course, we've got that 3 percent sitting there, which is the  
14 executive recommendation as well, and that would lean towards  
15 the expansion.

16 So that was the total program that we were  
17 looking at before. This is the Greater Arizona program that  
18 we're looking at. In the Greater Arizona program, we're looking  
19 at 66 percent being set aside for preservation, 13 percent for  
20 modernization, 16 -- or I'm sorry -- 13 percent for expansion,  
21 16 percent for modernization, and we've got that 5 percent  
22 sitting there for the executive recommendation.

23 So you're looking at that same bar graph that we  
24 had up there for 2020 as far as all of the different investment  
25 categories that we had. The expansion projects that we're

1 looking at in FY '20 include the 4th Street Bridge up in  
2 Flagstaff. We also have US-93, being the I-40/93 West Kingman  
3 TI. That money is set aside for right-of-way. We also have  
4 State Route 69 up in the Prescott Lakes Parkway, and again  
5 that's for right-of-way. We also have 93, the gap project, as  
6 well as I-17 that we have set aside, and again, that's from  
7 Anthem to Sunset Point. One note to put in there is 50 million  
8 of total that we have going into that project is coming out of  
9 MAG, which will be within the Maricopa County region.

10                 Looking at 2021, again, that same bar chart that  
11 you've seen. The expansion projects that we're looking at  
12 include SR-69, again, at Prescott Lakes Parkway. That one's at  
13 8.7 million. Again, Interstate 17, which is the Anthem to  
14 Sunset Point. This also includes that 45 million that was  
15 spoken about that the governor had as a recommendation. And  
16 then, of course, we're also looking at I-10 going through, which  
17 would be the DCR itself, which would extend from the 202 to  
18 SR-387, going through the GRIC.

19                 This is FY 2022, the bar chart. This one we're  
20 only -- we only have one project that we're looking at. This  
21 is, again, 17. That \$65 million that we have current  
22 programmed, we're taking and running with that in this program,  
23 as well as the 45 million that we have from the executive  
24 recommendation.

25                 This kind of gives you a breakdown of where the

1 different -- how the I-17 project works and the funding that's  
2 associated with it. The entire project that we're looking at is  
3 \$323.3 million. Currently, we have in -- the way we have it  
4 programmed, we're looking at about a \$192 million project, which  
5 doesn't include the executive funding.

6 One of the things that we're looking at, the big  
7 thing that we're looking at here as well is that we're putting  
8 in for an INFRA grant. That INFRA grant would help subsidize  
9 this I-17 as well. So that's a big thing that we're trying to  
10 do. That INFRA grant application is due the first week of  
11 March. So we're currently trying to finish that up.

12 MR. HALIKOWSKI: Mr. Chairman, while we're on 17,  
13 I'd like to ask Kristine a question, because it's a little  
14 complicated with the executive budget proposal. But there's a  
15 movement on, and the bill has actually cleared, I believe, the  
16 -- it's either -- it's the Senate, to repeal the public safety  
17 fee, the \$32 fee. If that bill is successful and that fee is  
18 repealed, what happens to the I-17 dollars? Because I believe  
19 that that fee has relieved some of the pressure of DPS transfer  
20 on the State Highway Fund.

21 MS. WARD: Mr. Chair, Director Halikowski, you  
22 are correct. What -- the fee by the establishment of the public  
23 safety fee, they were able to give the highway -- highway safety  
24 another funding source and no longer needed to rely on HURF. If  
25 they eliminate that public safety fee, if it gets repealed, the

1 question becomes how do they backfill those funds to pay for  
2 highway -- for DPS highway patrol. They could revert back to  
3 how they previously paid for highway patrol by taking those  
4 dollars from HURF. If they do that, that will change this whole  
5 scenario. That is not their only opportunity. As you were  
6 discussing, there's a General Fund surplus. So they have other  
7 opportunities, but it is something we are monitoring closely and  
8 are very concerned about.

9 MR. HALIKOWSKI: So my comment on that,  
10 Mr. Chairman, would simply be that while there's a General Fund  
11 surplus, there's an opportunity, but having been in this  
12 business for 30 years, I've seen many General Fund deficits, and  
13 there will be a good likelihood that in the future, if we get  
14 into a recession and a General Fund problem, you might see the  
15 HURF shift, come back again.

16 MS. WARD: And Mr. Chair, if I may, to that  
17 point, Director Halikowski, the way that the appropriation is  
18 structured, the way it's being recommended, we would receive  
19 \$40 million in '20, 45 million in '21, 45 million in '22. So  
20 those are future appropriations. It's always nicer to get your  
21 money quicker. So future appropriations are always subject to  
22 future actions.

23 MR. HALIKOWSKI: Thank you.

24 MS. WARD: Thank you.

25 MR. BYRES: Thank you. We'll go ahead and

1 continue on.

2 Looking at the FY 2023. Again, we've got the bar  
3 chart. This one we're looking at the I-10 project. This would  
4 be the first segment of the project that we would do. This  
5 would be the recommendations, the implementation that would come  
6 out of the DCR that we currently have on the street. It went  
7 out last Friday. So as soon as that is done, it will -- it will  
8 identify projects as well -- all of the needs for the project,  
9 as well as an implementation plan for funding as we go forward  
10 on I-10.

11 MR. HAMMOND: Greg.

12 MR. BYRES: Yes.

13 MR. HAMMOND: What -- would you start from the  
14 south and head north, or north, head south? How do you  
15 anticipate the phasing of the project?

16 MR. BYRES: Mr. Chairman, Board Member Hammond,  
17 right now, at this point, we really don't have an idea of that.  
18 I'm kind of thinking that it's probably going to go from the  
19 south, headed north. But that's -- until we get that DCR in  
20 place, I don't know. One of the big things, it has to start at  
21 one end or other. We certainly don't want to start in the  
22 middle and wind up with two sections of two lanes and a three-  
23 lane section. So it will be one or the other, so...

24 MR. HALIKOWSKI: And thanks for that, Greg,  
25 because we don't know until that DCR's done. And we're also

1 looking at our experience with the South Mountain. I mean, what  
2 kind of contracting model would we put together to build this?  
3 So there's a number of issues besides just where it might start,  
4 but what would be the most efficient way to get it done in the  
5 quickest time possible, depending on -- on the revenue stream.

6 So when do you anticipate the DCR to be complete,  
7 Greg?

8 MR. BYRES: It will be done in 18 months.

9 MR. HALIKOWSKI: Okay. So we'll have some more  
10 information. Any way to speed that up?

11 MR. BYRES: That is speeding it up.

12 MR. HALIKOWSKI: (Inaudible) you've got  
13 (inaudible). Come on.

14 MR. BYRES: As we get into 2024, the expansion  
15 projects that we have for -- for that year, we're looking at  
16 US-93, which is the West Kingman TI, and this would be the first  
17 phase, which would be the -- the flyovers from 93 to I-40, so...

18 As we get out into the development years, this is  
19 kind of what we're looking at. One of the things that you'll  
20 notice is that we've jumped the preservation up from 320 to 350.  
21 The reason for that is there's been several years, even in this  
22 program, that we haven't hit our target of that 320, which was  
23 the arrows that you were -- the blue arrows that you were seeing  
24 in the program. So that money has to get made up somewhere. So  
25 consequently, we're bumping the -- the preservation dollars up

1 in those future years.

2                   This is just a list of the top projects that we  
3 pulled out of P2P. These are expansion projects that scored our  
4 -- the highest coming out of P2P. These are, for all intents  
5 and purposes, a wish list. Unless funding somehow becomes  
6 available, these are not in the current program, in this  
7 tentative program. Unless funding becomes available, they  
8 wouldn't be in a future program. But no matter what, we're  
9 still planning for these. You never know what might happen. If  
10 the funding becomes available, we're set and ready to go, so...

11                  This is the MAG region. MAG is currently taking  
12 and going through a --

13                  MR. HALIKOWSKI: Greg.

14                  MR. BYRES: Yes.

15                  MR. HALIKOWSKI: We want to clarify something.

16                  MR. ROEHRICH: I want to clarify. When you say  
17 ready to go, we've been through a planning process where we know  
18 the priority, but we've not, you know, done environmental  
19 documents, final planning documents, project level projects to  
20 make them shovel ready. If funding comes, we're still looking  
21 at multi-year preparations to get these level -- 4.4 billion is  
22 a good chunk of project.

23                  MR. BYRES: This -- oh, yeah.

24                  MR. HALIKOWSKI: Okay.

25                  MR. ROEHRICH: Okay.

1                   MR. BYRES: And this is nothing more than going  
2 through the P2P process. That's it. There's no -- they haven't  
3 even been fully scoped yet, so...

4                   MR. HALIKOWSKI: Thank you.

5                   MR. BYRES: Yeah.

6                   So back to the MAG region. Right now, until MAG  
7 has taken and completed their -- rearranging their -- their TIP  
8 and going through all of the requirements that they have --

9                   UNIDENTIFIED SPEAKER: Rebalancing.

10                  MR. BYRES: The rebalancing. At this point in  
11 time, all we can do is kind of follow along with them. They --  
12 MAG takes care of their own planning. We take and show it in  
13 our program. So that's kind of all we're doing at this point.

14                  So what you're seeing here is basically what's in  
15 the current program, in their current TIP going forward. So  
16 those -- that process is occurring, but -- but as you're aware,  
17 it has to go through several boards before it can get to that  
18 point.

19                  CHAIRMAN SELLERS: And I think part of the point  
20 of that is with the discovery in the last few months that prices  
21 have increased, MAG now is going through a rebalancing plan, and  
22 I guess what -- where I'm leading with this is the numbers that  
23 you have in the five-year plan now have addressed those price  
24 increases as far as we can anticipate; is that correct?

25                  MR. BYRES: That is correct, Mr. Chairman. We

1 have taken and -- everything that is in the tentative plan, we  
2 have taken and reevaluated out with new estimates. So if you  
3 did a cost comparison of projects from the current program to  
4 the tentative program, you'll notice that costs have changed on  
5 the same project being listed in both programs.

6                   The PAG region. As a matter of fact, we just  
7 finished the rebalancing of their program as far as going  
8 through the accounting and the planning portion. It still has  
9 to go through their boards for approval. So they're working on  
10 it. It may change depending on what their boards say. But at  
11 least we now have laid out a plan for them. We -- we worked in  
12 conjunction with them. They're the ones that came up with the  
13 plan, but we -- we were sitting there trying to make sure that  
14 we had all the information that we could provide to them in  
15 putting their plan together.

16                   One of the big things that they have is they have  
17 several projects on I-10 as well as on I-19, 77 as well. And  
18 the 210 is part of the I-10 DCR that's currently underway and  
19 should be completed this year, and the implementation that comes  
20 out of that DCR is going to be extremely important on how the  
21 projects on I-10 go forward from PAG, so...

22                   The next item we have is the Airport Capital  
23 Improvement Program. What you're looking at here is capital --  
24 or the airport of the year, which is Falcon Field up in the  
25 Phoenix region.

1                   So looking at last year's program, again, for the  
2 Aviation Fund, what we're doing is developing a fiscally  
3 constrained fund on an annual basis. So last year we had the  
4 federal/state/local program programmed at \$5 million. We did  
5 not have a state/local program. The Airport Pavement  
6 Preservation, the APMS, was programmed at 5 million. We did not  
7 have a loan program in place. Grand Canyon Airport was set at  
8 785,000. State planning services at 800,000. And the total  
9 Airport Capital Improvement Program was at 11 million 588.

10                  As we go into this year's tentative program,  
11 we're looking at the federal/state/local match or grants at  
12 \$5 million. We're bringing back the state/local grant program  
13 and funding it at \$9 million. The APMS, or the Airport  
14 Management Pavement Preservation, we're looking at programming  
15 it at 5,500,000. Grand Canyon National Park Airport, that  
16 figure is their total funding, not just projects, at 4.5  
17 million. And the ADOT Airport Development Group projects is set  
18 at 900,000. You'll notice that total is now at 24,900,000. So  
19 the fund is back at full force, and we're going forward with all  
20 of our programs.

21                  So next steps as we go forward. We will be  
22 presenting the tentative plan at the public hearings or the  
23 board meetings on March 15th, April 12th and May 17th.

24                  We will be having a study session on June 4th in  
25 Phoenix. I will present the final program to the State

1 Transportation Board on June 21st. That will be at Pinetop.  
2 And the program must be delivered to the Governor by June 30th,  
3 with the FY '20 start of July 1st, 2019.

4 With that, we currently are asking for approval  
5 of the tentative program to go forward.

6 CHAIRMAN SELLERS: Okay. And what we're looking  
7 for today is approval to publish the plan to go to public  
8 hearings.

9 MR. BYRES: Absolutely correct, Mr. Chairman.

10 CHAIRMAN SELLERS: So is there a motion to  
11 approve publishing the 2020 to 2024 Tentative Five-Year  
12 Transportation Facilities Construction Program for public  
13 hearings as presented?

14 MR. HAMMOND: So moved.

15 CHAIRMAN SELLERS: Motion by Board Member  
16 Hammond.

17 MR. KNIGHT: Second.

18 CHAIRMAN SELLERS: Second by Board Member Knight.  
19 Any discussion?

20 MR. ELTERS: Mr. Chairman.

21 CHAIRMAN SELLERS: Yes.

22 MR. ELTERS: Yes. Just a quick comment as we  
23 vote on publishing this document, and this is for Mr. Byers. I  
24 realize this now will go to the public. So it's not critical,  
25 but it's important to point out on page 13 of the graph,

1 Tentative Five-Year Program 2020 through 2024, on page 13, there  
2 are still multiple references to last year's program, 2019  
3 through 2023, and an adoption in June of '18 as opposed to June  
4 of '19. So I just point that out so it can be corrected before  
5 this was published and released to the public.

6 MR. BYRES: Mr. Chairman, we will certainly make  
7 those corrections before this goes out.

8 CHAIRMAN SELLERS: Okay. Thank you, Board Member  
9 Elters.

10 All right. One comment. On page 26, you've got  
11 a I-10, Tyson Wash Bridge. It's listed in Yuma County, but  
12 Interstate 10's not in Yuma County.

13 MR. BYRES: We will make that correction as well.

14 CHAIRMAN SELLERS: Okay. With the corrections  
15 noted, do any -- any other questions or discussion?

16 All in favor?

17 BOARD MEMBERS: Aye.

18 CHAIRMAN SELLERS: Any opposed? The motion  
19 carries. Thank you.

20 Okay. Since you're warmed up, you get to go on  
21 to agenda Item Number 6, Multimodal Planning Division report.

22 MR. BYRES: Mr. Chairman, board members,  
23 actually, with the five-year program, we've been extremely busy  
24 trying to get that taken care of. So that has basically been  
25 our principle efforts over the past several months. However, we

1 are actually starting on the new P2P process. One of the things  
2 that we're doing is going back and doing a -- taking a look at  
3 what we did this past year, seeing how things worked out, making  
4 some adjustments to our processes and procedures within that P2P  
5 to help at least try and -- try and make our -- make it even  
6 better than what we currently have it. So we're in the process  
7 of doing that. Other than that, we -- like I said, we've been  
8 busy trying to get this out, so...

9 CHAIRMAN SELLERS: Okay. And this item is for  
10 information and discussion only. Any questions on this? Thank  
11 you.

12 Moving on to Item Number 7. PPAC items with Greg  
13 Byres, for discussion and possible action.

14 MR. BYRES: Mr. Chairman, board members, we have  
15 seven -- we have several projects to go forward, but we have  
16 seven new projects -- or I'm sorry. This is modifications that  
17 we have, and these are Items 7A through 7G that come to you with  
18 a recommendation for approval.

19 CHAIRMAN SELLERS: Do we have a motion to  
20 approve?

21 MR. THOMPSON: I would so move.

22 CHAIRMAN SELLERS: Moved by Board Member  
23 Thompson.

24 MR. KNIGHT: Second, but I have a discussion.

25 CHAIRMAN SELLERS: Okay. Seconded by Board

1 Member Knight.

2 MR. KNIGHT: Item 7M -- let me get to it.

3 MR. ROEHRICH: Mr. Chairman --

4 CHAIRMAN SELLERS: We're on 7A through 7G.

5 MR. ROEHRICH: Yeah. 7A through 7G.

6 MR. KNIGHT: Oh, okay.

7 MR. ROEHRICH: Okay. Thank you.

8 CHAIRMAN SELLERS: Any other discussion? All  
9 those in favor?

10 BOARD MEMBERS: Aye.

11 CHAIRMAN SELLERS: Any opposed? That carries.

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

13 The next items we have is Items 7H through 7L.

14 These are new projects. And again, we bring these forward with  
15 a recommendation for approval.

16 CHAIRMAN SELLERS: Do we have a motion for PPAC  
17 new project Items 7H through 7L?

18 MR. KNIGHT: So moved.

19 CHAIRMAN SELLERS: Moved by Board Member Knight.

20 MR. THOMPSON: Second.

21 CHAIRMAN SELLERS: Seconded by Board Member  
22 Thompson. Any discussion?

23 All those in favor?

24 BOARD MEMBERS: Aye.

25 CHAIRMAN SELLERS: Any opposed? That carries.

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

2                   MR. ROEHRICH: Greg, can you go to the next  
3 screen? (Inaudible.)

4                   MR. BYRES: I'm sorry.

5                   MR. ROEHRICH: (Inaudible.)

6                   MR. BYRES: Got that? Go to the airports. Thank  
7 you.

8                   The last items we have are Items 7N and 7M.  
9 These are airport projects that we have. And again, we bring  
10 these forward with a recommendation for approval.

11                  CHAIRMAN SELLERS: Okay. Is there a motion to  
12 approve PPAC airport projects Items 7M and 7N?

13                  MR. ELTERS: So moved.

14                  MR. HAMMOND: Second.

15                  CHAIRMAN SELLERS: Moved by Board Member Knight,  
16 seconded by Board Member Hammond. And Board Member Knight, did  
17 you have a --

18                  MR. KNIGHT: Yes. On 7M, it was -- trying to  
19 figure out (inaudible). State -- the State share and the  
20 sponsor share is listed in one place -- State share -- okay. It  
21 looks -- never mind.

22                  CHAIRMAN SELLERS: Okay. We have a motion. Any  
23 other discussion?

24                  All those in favor?

25                  BOARD MEMBERS: Aye.

1                   CHAIRMAN SELLERS: Any opposed? The motion  
2 carries. Thank you, Greg.

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

4                   CHAIRMAN SELLERS: Moving on to Agenda Item  
5 Number 8. State engineer's report. Dallas.

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

7                   Currently, we have 95 projects under construction  
8 totaling about \$1.8 billion. We did finalize 16 projects in  
9 January, totaling \$46.6 million, and year to date, we have  
10 programmed -- or finalized 69 projects. That's all I had for  
11 the state engineer's report.

12                  CHAIRMAN SELLERS: Thank you. Any comments or  
13 questions for Dallas?

14                  Okay. Moving on to Agenda Item Number 9.

15                  MR. HAMMIT: Lynn, it froze on me there. Yeah.  
16 There we go.

17                  CHAIRMAN SELLERS: Construction contracts, for  
18 discussion and possible action.

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

20                  And since I've been doing this, this is the first  
21 time we did not have a project on the consent agenda, but this  
22 is the first time this year that there's been more projects that  
23 are under the State's estimate than over. So I like more on the  
24 consent, but I was happy that we have did more that are under  
25 the estimate.

1                   And year to date, you see that is a very big  
2 number, that \$69 million over the State's estimate. The vast  
3 majority is on one project that was awarded last month, the Loop  
4 101 design-build. That's over 50 million of it is in that one  
5 project that happened. This month --

6                   UNIDENTIFIED SPEAKER: It takes up most of MAG's  
7 contingency funds for the year.

8                   MR. HAMMIT: And then some. Yes, sir.

9                   So moving to Item 9A, this is a project -- or  
10 actually, it's a project, we combined two projects on Interstate  
11 8 into one. It is a pavement preservation project. On the  
12 project, the low bid was \$16,537,457. The State's estimate was  
13 \$14,954,745. It was over the estimate by \$1,582,712, or 10.6  
14 percent. We did see higher than expected prices on our asphalt,  
15 the binder, the concrete, and the mix. We also saw higher than  
16 expected prices in guardrail.

17                  And on that subject, I did meet with the industry  
18 this week, and one of the things we're finding is the guardrail  
19 subcontractors are harder and harder to find. One of our major  
20 groups is looking to get out of the business. They are actively  
21 trying to sell their company. Another group is working almost  
22 solely on South Mountain. So it -- that specialty, if you're in  
23 the business, that may be an opportunity, because there is not a  
24 lot of folks working guardrail right now.

25                  But we have reviewed the bids, and the department

1 believes it is a responsive and responsible bid and would  
2 recommend award to FNF Construction, Inc.

3 CHAIRMAN SELLERS: Any questions or comments on  
4 9A? Is there a motion to award Item 9A to FNF Construction,  
5 Incorporated, as presented?

6 MR. KNIGHT: So moved.

7 CHAIRMAN SELLERS: Moved by Board Member Knight.

8 MR. THOMPSON: Second.

9 CHAIRMAN SELLERS: Seconded by Board Member  
10 Thompson. Comments or questions?

11 All those in favor?

12 BOARD MEMBERS: Aye.

13 CHAIRMAN SELLERS: Opposed? The motion carries.

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

15 Item 9B, this is another preservation -- or --  
16 and rehabilitation project on Interstate 40. On the project,  
17 the low bid was \$13,444,444. The State's estimate was  
18 \$15,997,898. It was under the State's estimate by \$2,553,454,  
19 or 16 percent. We did see better than expected pricing in our  
20 milling. This one is rebuilding part of this section of  
21 roadway. So we saw better than expected pricing in their  
22 aggregate base, our concrete binder and our mix. So last  
23 project we had the higher prices than expected with our binder,  
24 and this one it's lower. It's where the contractors are seeing  
25 opportunities in the pricing. We have reviewed the bid and

1 believe it is a responsive and responsible bid and would  
2 recommend award to Fisher Sand & Gravel, doing business as  
3 Southwest Asphalt Paving.

4 CHAIRMAN SELLERS: Is there a motion to award  
5 Item 9B to Fisher Sand & Gravel, doing business as Southwest  
6 Asphalt Paving as presented?

7 MR. KNIGHT: So moved.

8 CHAIRMAN SELLERS: Moved by Board Member Knight.

9 MR. HAMMOND: Second.

10 CHAIRMAN SELLERS: Seconded by Board Member  
11 Hammond. Discussion?

12 All those in favor?

13 BOARD MEMBERS: Aye.

14 CHAIRMAN SELLERS: Opposed? Motion carries.

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

16 Another pavement rehabilitation project up in  
17 Apache County. This is on State Route 61. On the project, the  
18 low bid was \$493,656. The States's estimate was \$651,907. It  
19 was lower than the State's estimate by \$158,251, or 24.3  
20 percent. We saw better than expected pricing in our milling,  
21 our mobilization, and our asphaltic concrete. We have reviewed  
22 the bids, and we -- the department believes it was a responsive  
23 and responsible bid, and would recommend award to Hatch  
24 Construction and Paving, Inc.

25 CHAIRMAN SELLERS: Is there a motion to award

1       Item 9C to Hatch Construction and Paving, Inc., as presented?

2                    MR. THOMPSON: Chairman, I would so move for  
3 approval.

4                    MR. KNIGHT: Second.

5                    CHAIRMAN SELLERS: Motion by Board Member  
6 Thompson, second by Board Member Knight. Any other discussion?

7                    All those in favor?

8                    BOARD MEMBERS: Aye.

9                    CHAIRMAN SELLERS: Opposed? The motion carries.

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

11                  And our last item, Item 9D, is a shoulder  
12 widening project in the town of Fountain Hills. It is a local  
13 project. On the project, the low bid was \$880,000. The  
14 States's estimate was \$594,799. It was over the States's  
15 estimate by \$285,201, or 47.9 percent. We saw higher than  
16 expected prices on the shoulder buildup and the roadway  
17 excavation. There was a question on this. This is a local  
18 project, and the local has agreed to make up the difference and  
19 move forward. The department has reviewed the bid and believes  
20 it is a responsive and responsible bid and recommends award to  
21 Visus Engineering Construction, Inc.

22                  CHAIRMAN SELLERS: Is there a motion to award  
23 Item 9D to Visus Engineering Construction, Inc., as presented?

24                  MR. KNIGHT: So moved.

25                  CHAIRMAN SELLERS: Moved by Board Member Knight.

1                   MR. HAMMOND: I'll second it, but I have a  
2 question.

3                   CHAIRMAN SELLERS: Seconded by Board Member  
4 Hammond.

5                   MR. HAMMOND: Yeah. You list two bidders, and  
6 you have the bid results, you only list one.

7                   MR. HAMMIT: Mr. Chairman, Mr. Hammond, that was  
8 in error. There was only one bidder on the project.

9                   MR. HAMMOND: Thank you.

10                  CHAIRMAN SELLERS: Any other discussion?

11                  All those in favor?

12                  BOARD MEMBERS: Aye.

13                  CHAIRMAN SELLERS: Any opposed? The motion  
14 carries.

15                  MR. HAMMIT: Thank you.

16                  CHAIRMAN SELLERS: Thank you, Dallas.

17                  Moving to our final agenda item, Agenda Item  
18 Number 10. Are there any suggestions from the Board?

19                  (End of recording.)

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**Adjournment**

**A motion to adjourn the February 15, 2019, State Transportation Board meeting was made by Board Member Knight and seconded by Board Member Thompson. In a voice vote, the motion carried.**

Meeting adjourned at 10:49 a.m. MST.



Jack Sellers, Chairman  
State Transportation Board



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