

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

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CALL TO THE AUDIENCE

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1 (Beginning of excerpt.)

2

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.

11 MS. ENGLISH: Good morning again, Director
12 Halikowski and members of the Board. Welcome to Cochise County.
13 The first thing I want to do is to thank you for the progress
14 that we see on some of the highways in Cochise County. It is
15 problematic for a moment when you have to wait when projects are
16 being done, but we know that this is the price that you pay in
17 order to get a safer intersection and a better roadway. So we
18 really appreciate the fact that you've worked on several of our
19 bridges in order to renovate them so that they meet the
20 standards of today and the heavy traffic that's on the roads to
21 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.

21 In Pima County, there is no greater public policy
22 initiative than improving our local and regional economy.
23 Expanding transportation infrastructure, including the major
24 state routes, is critically important to achieving this goal,
25 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 be 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 Jervas. 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 Najjar. 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 have 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 unaniously. 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 you 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