

**STATE TRANSPORTATION BOARD MEETING
TELEPHONIC/VIDEO MEETING
BOARD MEETING
9:00 a.m., May 21, 2021
NO MEMBERS OF THE PUBLIC WILL BE ALLOWED TO ATTEND IN-PERSON**

Call to Order

Chairman Stratton called the State Transportation Board meeting to order at 9:02 a.m.

Pledge

The Pledge of Allegiance was led by Floyd Roehrich, Jr., Executive Officer.

Roll Call by Board Secretary Sherry Garcia

A quorum of the State Transportation Board was present. **In attendance:** Chairman Stratton, Vice Chairman Thompson, Board Member Knight, Board Member Searle, Board Member Daniels, Board Member Meck, and Board Member Maxwell. There were approximately 87 members of the public in the audience

Opening Remarks

Chairman Stratton reminded members of the public, to keep their computer or phone muted during the meeting, unless called to speak during the Call to Audience.

Title VI of the Civil Rights Act

Floyd Roehrich, Jr., read the Title VI of the Civil Rights Act of 1964, as amended. Floyd, also reminded individuals to fill out survey cards, with link shown on the agenda.

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

Webex Videoconference

May 21, 2021
10:21 a.m.

REPORTED BY:

TERESA A. WATSON, RMR
Certified Reporter
Certificate No. 50876

Perfecta Reporting
(602) 421-3602

PREPARED FOR:
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S TRANSCRIPT OF EXCERPT OF ELECTRONIC
PROCEEDINGS, ADOT - STATE TRANSPORTATION BOARD, was reported
from electronic media by TERESA A. WATSON, Registered Merit
Reporter and a Certified Reporter in and for the State of
Arizona.

PARTICIPANTS:

Board Members:

- Steven E. Stratton, Chairman
- Jesse Thompson, Vice Chairman
- Gary Knight, Board Member
- Richard Searle, Board Member
- Jenn Daniels, Board Member
- Jackie Meck, Board Member
- Ted Maxwell, Board Member

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AGENDA ITEMS

Item 1 - Director's Report, John Halikowski,
 ADOT Director (no report).....XX
 Legislative Update, Katy Proctor, Director of
 Government Relations and Rules..... 5

Item 2 - District Engineer's Report, Audra Merrick,
 Northcentral District Engineer..... 9

Item 3 - Consent Agenda.....14

Item 4 - Financial Report, Kristine Ward, Chief Financial
 Officer.....15

Item 5 - Adoption of Authorizing Resolution, Kristine Ward....24

Item 6 - Multimodal Planning Division Report, Greg Byres,
 Division Director, Multimodal Planning Division.....27

Item 7 - Priority Planning Advisory Committee (PPAC),
 Greg Byres.....30

Item 8 - State Engineer's Report, Dallas Hammit, State
 Engineer and Deputy Director for Transportation.....34

Item 9 - Construction Projects, Dallas Hammit.....36

Item 9 - Suggestions.....37

1 (Beginning of excerpt.)

2 CHAIRMAN STRATTON: I'll now call the board
3 meeting to order and --

4 MR. MAXWELL: Mr. Chair.

5 CHAIRMAN STRATTON: -- Item 1, the director's
6 report.

7 MR. MAXWELL: Mr. Chair.

8 CHAIRMAN STRATTON: Yes.

9 MR. MAXWELL: Mr. Chair, if I could, I was remiss
10 in my opening comments when you gave me the opportunity to speak
11 on the floor, but I wanted ensure that the efforts of Mike
12 Hammond and his six-plus years on the Transportation Board were
13 recognized. Mike's been a great representative for Pima County.
14 He's a leader in the region, and he's done (indiscernible) work
15 up there working with the rest of the Board on (indiscernible),
16 and I'd just like to make sure that I get into the record that
17 the residents of Pima County greatly appreciate his efforts, and
18 I hope I can carry the water as well as he has over the last six
19 years. So thank you again for the opportunity.

20 CHAIRMAN STRATTON: Thank you, Board Member
21 Maxwell. We indeed did thank Mike many times and made sure it
22 was in the record of his contributions to the State of Arizona
23 and Pima County. Thank you for inserting that again. Most
24 appropriate.

25 Okay. We'll move on to Item 1, the Director's

1 report. This is for information and discussion only. Floyd, is
2 John -- John, are you here, or Floyd, are you going to do this?

3 MR. ROEHRICH: Mr. Chairman, this is Floyd. The
4 Director had a conflict the morning. He does send his regrets.
5 He does not have any last minute items, but he does want to
6 remind the board members if you have issues you want him to
7 discuss, please work them through me or send it to him and we
8 will get that scheduled for the future.

9 Although, he does have Katy Proctor on the line.
10 He does want her to provide a legislative update.

11 So, Ms. Proctor, if you're available, please
12 provide an update.

13 MS. PROCTOR: Sure. Good morning, members.
14 Today is the 131st day of the legislative session, and as of
15 this morning 370 bills have been signed into law by the
16 Governor. There's still probably about 25 out there, and as you
17 heard earlier, the focus right now is clearly on the budget
18 negotiation.

19 They're continuing to move forward in a very
20 positive way, and there does appear to be some support for a
21 variety of transportation issues, including many that I've
22 previously discussed with you in terms of individual bills.
23 There may also be some money set aside for pavement
24 preservation, broadband, and without the final budget at this
25 point, it's really hard to tell you what that's going to look

1 like. It's going to be a fluid process until they finish, and
2 it's not over until they (indiscernible). So at this point I
3 can tell you things look very positive, and they're moving in
4 the right direction, but we don't have a lot of details for you
5 yet.

6 On the federal side, President Biden is set to
7 release his full fiscal '22 budget next Friday, and this comes
8 as the administration continues to actively negotiate with
9 Senate Republicans over the infrastructure package.

10 Chairman Carper has been looking at moving to a
11 markup next week. We do expect that to happen, regardless of
12 how those negotiations go, but we did hear that there was going
13 to be a counteroffer from the administration to the Senate
14 Republicans today. So that process seems to be moving as well.

15 In the House, they were looking at moving over to
16 markup next week as well, but that has been pushed out now.
17 There were 2,380 member designated requests submitted to that
18 committee, and staff is still going through those various
19 projects. If they are all done, I think it's almost 15 billion
20 dollars, which is way over the estimated project threshold for
21 that piece of legislation.

22 At the same time, the House Republicans also
23 released their own version of an infrastructure bill. They
24 called it the Starter Act 2.0. It's about 400 billion and
25 provides kind of that baseline funding similar to the FAST Act.

1 It would be actually a 32 percent increase over the last FAST
2 Act, but it doesn't contain a lot of components that the
3 administration and the Democrats have been looking for, and it
4 does look like at this point, without some significant
5 negotiation, it's not likely to move forward.

6 We do expect them to continue to move on both of
7 these packages. Both sides have said openly that they want to
8 have something completed by July 4th, and it seems like they're
9 willing to stick to that schedule right now.

10 We continue to remain in contact with our
11 Congressional members and are always available to provide any
12 additional information. And with that, that I'm happy to
13 conclude my report and take any questions you might have.

14 CHAIRMAN STRATTON: Thank you, Katy.

15 Board Member Daniels, I see you have your hand --
16 you have your hand raised. Do you have a question?

17 MS. DANIELS: My apologies. That was from
18 before. Thank you.

19 CHAIRMAN STRATTON: Okay. Any questions from
20 board members?

21 VICE CHAIR THOMPSON: Chairman.

22 CHAIRMAN STRATTON: Yes. Go ahead.

23 VICE CHAIR THOMPSON: Katy, is -- what's the
24 situation on the earmark that has been talked about? Is that
25 something that would probably be acceptable to the Congressional

1 setting of that in Washington?

2 MS. PROCTOR: Sure. Mr. Chairman and Board
3 Member Thompson, there's a lot of conversation about this
4 process right now. It's very new to most of Congress. Only
5 about a third of Congress was there the last time they did any
6 kind of earmark work. So a lot of people are trying to figure
7 out how this process is going to work.

8 There's two different pots right now that are
9 being considered. There's the earmarked, which were going
10 through the appropriations process, and we have heard in the
11 House those were smaller ticket items, more in the 500 to
12 one-and-a-half million dollar range, and then there's the member
13 designated projects, which are going through the Transportation
14 Committee, and they are specific to transportation needs, and
15 each member has been allocated between 15 and 20 million dollars
16 for that process. And so many members requested that folks
17 submit to them projects that they would like them to consider,
18 and that's where that 2,380 projects came from.

19 That's the number that were submitted to that
20 House Transportation Committee, and they're actually all
21 available online. And Mr. Chairman and board members, I'd be
22 happy to send you the link to all of those projects so that you
23 could see them. There are quite a few from Arizona. Some on
24 our system -- most of them, I would say 80 percent of them are
25 not on the state system. They are local projects, but they're

1 always put on the website, full disclosure of what they are and
2 who submitted them. So I'd be happy to send you that
3 information.

4 CHAIRMAN STRATTON: If you would, please. I
5 think we could all review that and enjoy it.

6 Any other questions for Katy?

7 Hearing none, we'll move on to Item No. 2, the
8 district engineer's report, for information and discussion only.
9 Audra Merrick, Northcentral District Engineer. Audra are you
10 with us?

11 MR. ROEHRICH: Audra. Yeah, Audra. This is
12 Floyd. You're still muted if you're starting your presentation.

13 MS. MERRICK: Can you hear me now?

14 CHAIRMAN STRATTON: Yes, we can.

15 MS. MERRICK: It's that commercial.

16 Anyway, good morning, Chairman Stratton and
17 members of the Board. My name is Audra Merrick. I'm the
18 Northcentral District Engineer, and thank you for having me here
19 today to provide a construction update.

20 Next slide.

21 So I'll be talking to you mainly about two items
22 today. I'm going to talk to you about the rollover construction
23 projects, and that's kind of my term. It's really our two
24 season projects. It's projects we started last season, and they
25 usually go into winter shutdown because of our winter weather up

1 here, and then they come out of winter shutdown and we finish
2 them up. So I'll talk about those rollover projects first and
3 then our current projects, which are the new ones for this year.

4 Next slide.

5 So here are what I term the rollover projects.
6 Again, these are the projects that started last season and
7 they're ending this season. We have four projects rolling over.
8 Averaging these together, they are about 95 percent complete,
9 and we only have about \$650,000 of work remaining. The top two
10 projects will be finished in July. The bottom two projects will
11 be finished in June of this year. The first three projects, as
12 you can see, are bridge preservation projects, with the last one
13 being a modernization project.

14 The work remaining on the Townsend Winona Project
15 is just a little bit of main line tie-in. Meteor City (sic),
16 we're working on finishing up some seeding and some striping and
17 some girder painting. And then the Babbits/Buffalo, we just
18 need to put some friction course down, and then for the
19 US-89/Horseshoe Bend turn lane project, we just have to put some
20 delineation in and some final striping.

21 Next project -- or next page. I'm sorry.

22 So here is a list of our ten new 2021
23 construction projects, and these are the ones that are just
24 kicking off for the first time this season. The total is
25 estimated at about \$98.5 million, and that's the contract

1 amount. Five of the -- five of the projects are bridge
2 preservation projects, and those are the projects that are
3 highlighted in green.

4 Two of the projects are modernization projects.
5 Those are the ones in blue. So we have the US-160, Warrior
6 Drive to Milepost 324, which is a lighting project, a roadway
7 lighting project up in Tuba City, and then we have a State Route
8 87, north of Pine, which is a ten-mile shoulder widening
9 project.

10 We have two pavement preservation projects
11 underway. We have the I-17 to Walnut Canyon, which is actually
12 an I-40 project, but it starts at the interchange of the 40/17.
13 And then we also have down there on State Route 179 a project
14 that takes us from I-17 to Red Rock Vista. Lastly, in red, we
15 do have the US-89, Milepost 471 project, and that's the
16 permanent fix to the roadway washout that we had about two --
17 probably about two years ago.

18 Next slide.

19 These are photos of a sample of our new
20 construction projects that we've start this season. The top
21 left is the B40 Rio De Flag Bridge Replacement Project, and I'll
22 show you some more slides on that shortly.

23 And then on the lower left we have that US-160
24 Warrior Drive to Milepost 324 project, and that was the roadway
25 lighting project that I mention on the previous slide.

1 construction methods that are taking place on the Rio De Flag
2 replacement bridge project. The photo on the left is a concrete
3 bridge abutment section, and it was cast off to the side of the
4 site, and then we take a crane and we lift it and we set it in
5 place.

6 The photo on the right shows that section set in
7 place. Each abutment has four sections, and each one of those
8 sections is about 50 tons, to give you some idea of the
9 massiveness of them. Our plan is to do the bulk of this bridge
10 work, which is removing the existing bridge and replacing, all
11 under one seven-day closure.

12 Next slide.

13 And I took this photo when I was out on the
14 construction site last week only because it made me laugh. Yes,
15 those are stairs. They're concrete stairs, and what they do is
16 take you down in the channel and back up, and they do have
17 handrails on them. Apparently, that access road gets kind of
18 slippery, especially when there's a little bit of rain. So I
19 just really wanted to share it, because like I said, it made me
20 laugh when I was out there. You don't see stairs like this
21 constructed very often out there in our -- on our construction
22 projects, but it does demonstrate the creativity and --
23 creativity of the construction team and their commitment to
24 safety now, which is important to us all.

25 Next slide.

1 So thank you for your time today and allowing me
2 to present the construction projects. Thanks.

3 CHAIRMAN STRATTON: Thank you, Audra.

4 I've been contacted a couple times by Steve
5 Christensen, which is the supervisor, Gila County District 1,
6 concerning the 87 project and a couple of other things. Could
7 you have someone reach out and speak to him about that, please?

8 MS. MERRICK: Sure. Not a problem.

9 CHAIRMAN STRATTON: Thank you.

10 MS. MERRICK: Thanks.

11 CHAIRMAN STRATTON: Any questions for Audra?

12 Okay. Hearing none, thank you very much for your
13 presentation. Quite interesting.

14 MS. MERRICK: Thank you.

15 CHAIRMAN STRATTON: Now we'll move on to Item 3,
16 the consent agent. Does any member have an item they would like
17 to remove from the consent agenda?

18 Hearing none, do I have a motion to pass the
19 consent agenda as presented?

20 MR. KNIGHT: Mr. Chair, I move to approve the
21 motioned consent agenda as presented.

22 CHAIRMAN STRATTON: I have a motion by Board --

23 VICE CHAIR THOMPSON: (Inaudible.)

24 CHAIRMAN STRATTON: -- Member Knight. Do I have
25 a second?

1 MS. DANIELS: Second.

2 VICE CHAIR THOMPSON: Second the motion. This is
3 Thompson.

4 CHAIRMAN STRATTON: I believe Ms. -- Board Member
5 Daniels got in in front of you if I'm correct on that. So we
6 have a motion by Mr. Knight, a second by Board Member Daniels,
7 and call for the roll call vote, please.

8 MR. ROEHRICH: Yes, sir, Mr. Chair. So we'll
9 start with Vice Chair Thompson.

10 VICE CHAIR THOMPSON: Here. Yeah. Aye.

11 MR. ROEHRICH: Member Knight.

12 MR. KNIGHT: Aye.

13 MR. ROEHRICH: Member Searle.

14 MR. SEARLE: Aye.

15 MR. ROEHRICH: Member Daniels.

16 MS. DANIELS: Aye.

17 MR. ROEHRICH: Mr. Meck.

18 MR. MECK: Aye.

19 MR. ROEHRICH: Member Maxwell.

20 MR. MAXWELL: Aye.

21 MR. ROEHRICH: Chairman Stratton.

22 CHAIRMAN STRATTON: Aye. Motion passes.

23 Now we've move on to the financial report, Agenda
24 Item No. 4 and Kristine Ward. Let's see if she's smiling this
25 morning. Kristine.

1 MS. WARD: Good morning, board members.

2 Mr. Chair, if I may, I'd like to -- I'd like to
3 start out with just a moment to address Mr. Searle's questions
4 earlier, and I think it will help the Board overall in
5 understanding where we are in the --

6 (Interruption.)

7 MS. WARD: I'm sorry? Okay.

8 CHAIRMAN STRATTON: Go ahead, Kristine.

9 MS. WARD: Thank you, sir.

10 So, Mr. Searle, you asked about the revenue
11 projections and what projections we were running off at this
12 time, and were we running off of those original COVID
13 projections, and no, we are not. We did a subsequent revenue
14 projection revision, if you'll recall, with the -- our
15 economic -- economist panel, the -- what we call the RAP
16 (phonetic) panel, and those revenue estimates were completed in
17 August. So we've had seven months working on those
18 projections -- off of those projections. However, we modified
19 when we found that the revenues were coming in at what appeared
20 -- what appears sustainably past those original -- those
21 projections in August.

22 We made modifications to the program and added
23 \$80 million to the program in February, and this board approved
24 applying those additional funds to increased costs associated
25 with I-17, as well as you approved bringing a project back into

1 the program that had previously been reduced -- removed from the
2 program due to funding shortfalls, and that was, I believe, the
3 90- -- US-93 project.

4 So what we are doing is our upcoming -- excuse
5 me -- our next period to do a full reforecast starts in August,
6 and that is when we'll do a full reforecast with the economists
7 and the transportation experts that we gather to complete those.
8 I will -- however, in between those times, we are looking at, as
9 displayed by my reports every month, we look at the revenues
10 every month, and when we see that we've got sustainable -- where
11 we believe we have sustainable revenues, just like we did in
12 February, we will add dollars back to the program and make
13 recommendations to this board, and you will have that same
14 opportunity to select the projects that are put back into the --
15 or put into the program. I hope that helped, sir.

16 So if -- with that, I'll proceed with my
17 financial -- I would say normal financial report, but April is
18 very unusual. So first of all, welcome, Board Member Maxwell
19 and Board Member Meck. You, like Board Member Searle and
20 Daniels, that came in in 2020, are joining the Board at a very
21 unique time, and April is a particularly unique month. April
22 revenues were so unusual that we literally were worried that we
23 had significant data issues. So this morning's presentation
24 will be just a bit longer, because I want to show you the
25 research and what we've found as we've -- as we have dug into

1 the numbers, but it's -- it's all for a good ending to the
2 story.

3 So if we could go to the first slide, please,
4 Rhett. Thank you.

5 So we are now one year past the start of COVID,
6 the data available with the start of COVID, and April represents
7 our first year-over-year comparison of it -- of a portion of the
8 first month of COVID, which was March of 2020. And with that, I
9 will welcome you to the strongest month in HURF history. We --
10 our April revenues were 33 percent above April 2020. The
11 strength in the revenues was across all of the sources that flow
12 into HURF, as you can see depicted on this slide: Gas tax,
13 diesel tax, vehicle license tax, registration. Across the
14 board, we had an incredibly strong month, and the result is that
15 it has thrown us 6.3 percent above forecast, as depicted in the
16 chart.

17 If you'll go to the next slide.

18 So what this shows you is HURF monthly revenue
19 since 1988. Now, as you would expect, we -- it shows steady
20 growth. Of course, when we hit the Great Recession, we see
21 those dip in revenues, but in -- we collected in April
22 159 million in revenues. Our estimates were 131.6. A
23 difference of about \$27 million or 20.7 percent above forecast.

24 Year to date, we are 80 million above estimates,
25 and what that means, if you'll -- I'm -- as you all know,

1 HURF -- this is HURF revenues, and -- but the program is built
2 off of State Highway Fund revenues that are a beneficiary of
3 HURF. So HURF gets distributed to the cities, towns, the
4 counties, and it gets distributed to the State Highway Fund.
5 The impact of being over forecast like this, the impact to the
6 State Highway Fund, how the State Highway Fund will benefit is
7 to the tune of \$29.6 million.

8 If you'll go to the next slide.

9 So as I mentioned, it's across all categories.
10 You can see here on this slide, you'll see by the little numbers
11 one, two, three and four, the hierarchy of where the revenues
12 came in higher, just remarkably higher. So in vehicle license
13 tax, we were 32 percent over last year, and we were 22 percent
14 over forecast for registration, 2 percent -- number 2, we were
15 75 almost 76 percent over last year. Use fuel, A/K/A, also
16 known as diesel, was 29 -- 29, almost 30 percent over last year,
17 and then you see gas tax being 11 percent over last year.

18 In total, compared to last year, we were 33
19 percent, as I mentioned earlier, over last April. So with this
20 we dug in a little deeper to -- because I -- when we saw these
21 numbers, they were startling, and we were concerned, as I
22 mentioned, that we had maybe systems or data issues.

23 So let's go into the next slide, if we could,
24 please, Rhett.

25 So vehicle license tax revenues is primarily made

1 up of two components. It's made up of when each of you,
2 assuming you own a vehicle, renew your registration and get your
3 new tags, and that typically most people renew annually. The
4 second -- and at that time, when you're renewing your
5 registration, you're paying your VLT, and that is -- that is the
6 largest component of VLT revenues. The second component of VLT
7 revenues is associated where -- with people going out and
8 purchasing new vehicles.

9 When we dug into the numbers, unfortunately, we
10 do not have precise numbers that tell us the number of new
11 vehicle sales at this time. We are working on that report and
12 getting that data. But one interesting thing we found when we
13 did dig into the data is -- is that we had a tremendous
14 increase, 145 percent increase in payments -- in late payments,
15 people making late payments. So we typically always have, you
16 know, folks that are -- that are making late payments, but in
17 this case we saw a 145 percent increase.

18 If you'll go to that next slide, Rhett.

19 So this shows you how we had that surge in the
20 March and the April time frame this year. So what happens is
21 when people are making late payments, it also means that they
22 are making their normal VLT payments along with that late
23 registration, and we just saw a tremendous spike in these last
24 couple of months. So as best we can discern, people are
25 catching up when the -- with -- catching up on their overdue

1 payments.

2 We also -- we didn't have -- if we could go to
3 the next slide.

4 As I mentioned, we didn't have specific vehicle
5 sales data for Arizona yet. That is being developed where we
6 will be able to see new car sales for Arizona specifically, but
7 we do have the national level data, and that's what you're
8 looking at here. In April, 1,645,000 new vehicles were sold,
9 and that's -- it is safe to assume -- I think there's some
10 relative safety in assuming that Arizona is also experiencing
11 that, and personally, having recently purchased a truck -- well,
12 tried to find a truck to purchase, those -- I can attest that
13 there have -- it is a high demand environment.

14 So if we could go to the next slide.

15 This slide further depicts the spikes we're
16 seeing in registration, and these -- these registration fee
17 revenues, they correlate. They naturally correlate with our VLT
18 figures. April of this year, \$76.1 million in registration
19 fees, and you can see over time how those have increased with
20 the particular spikes in 2020 and 2021.

21 Next slide, please.

22 Use fuel, also known as diesel fuel, also
23 experienced a significant surge. We were at 29.7 percent over
24 last April, and we are 10.3 percent over last year, year to
25 date, with revenues of 26 -- approximately 26 million there.

1 A key factor that we have found correlates with
2 diesel fuel tax revenues is activity at our L.A. and Long Beach
3 ports. So if you'll go to the next slide, what this represents
4 is the volume, the number of containers that come across on the
5 ships. So if you'll see -- you see those massive ships with all
6 of the containers that are then picked up by the rigs, the
7 18-wheelers and those -- what we saw is a tremendous spike in
8 the number of containers that are -- that have come in at the
9 port of L.A. and Long Beach, and that was 86 percent higher. 86
10 percent higher than one year ago.

11 That -- for the HURF revenues, that is what we
12 have found so far in our analysis of what's driving the
13 revenues, like I said, across the board in all categories. We
14 saw some historic highs.

15 If there aren't any questions there, I'll move on
16 to the Regional Area Road Fund and the next slide.

17 So Regional Area Road Fund, RARF revenues, those
18 -- this represents activity from the previous -- a couple of
19 months ago. So where our RARF data falls behind doesn't come in
20 as quickly as our HURF data. So next month I will be quite
21 curious to see how those numbers show up so I can -- and I
22 suspect I'll be doing an enhanced report next month as well, but
23 in the case of RARF, we are still running significantly ahead of
24 forecast with 3.9 percent over forecast year to date. We had
25 strong retail sales. Contracting has maintained moderate

1 growth. And then restaurant and bar, while we are
2 experiencing -- still experiencing declines year-over-year, we
3 are seeing some increased signs of life, and you can see that on
4 the next slide.

5 So what this does, this slide does is it breaks
6 down the revenue categories for the month of March. So you can
7 see that retail sales were 19.7 percent over last year, and if
8 you go down to restaurant and bar, these numbers -- we are
9 finally getting to -- because we had such a dropoff last year,
10 we're finally starting to see some, you know, growth, but
11 that's, again, largely due to the fact that we had such -- that
12 restaurant and bar experienced such a decline last year as we
13 went into the pandemic. Year to date you'll see on restaurant
14 and bar that we're actually -- we're actually below -- I think
15 about 10 percent below year to date over last year.

16 So moving on to the next slide.

17 I -- Katy covered the federal component in the
18 next agenda item. I will be giving you more information on the
19 debt program, and I have nothing to report on the cash
20 management, which would be interest earnings, and I will tell
21 you yields are quite, quite low. Our interest earnings are
22 running somewhere between .3 and .35 return on our money. So
23 it's not a lot to report on.

24 With that I'd be glad to take any questions and
25 move on to the next agenda when you're ready.

1 MR. KNIGHT: Mr. Chair, this is Board Member
2 Knight.

3 Kristine, is there any prediction as to -- I
4 understand that there are a lot of car dealers that don't have
5 new cars hardly because of the chip shortage for the automobile
6 computers. Is there any -- have you heard any estimate as to
7 how long this ship shortage is predicted to last, because it
8 will definitely affect our VLT for sure.

9 MS. WARD: Sir, unfortunately, I do not know the
10 -- Mr. Chairman, Mr. Knight, unfortunately, I do not know and
11 have not got insight as to -- into the chip shortage. I can
12 tell you I might have delayed my own purchase if I -- if I had
13 had that information. But yes, the supply is remarkably tight
14 out there, and so no, sir. I apologize. I can't give you that
15 answer.

16 MR. KNIGHT: I will (indiscernible) --

17 MR. STRATTON: Board Member Knight, I happened --
18 I happened to have a discussion yesterday with a car dealer that
19 has multiple outlets, and he told me that it will not get
20 significantly better the rest of this year is what is being
21 anticipated, if that helps.

22 MR. KNIGHT: Thank you Mr. Chair.

23 MR. STRATTON: Any other questions for Kristine?

24 Well, hearing none, we'll move on the Agenda Item
25 5. This is Kristine Ward, for discussion and possible action.

1 Go ahead, Kristine.

2 MS. WARD: Yes, sir. Thank you, sir.

3 So I'm coming before the Board today because we
4 have an opportunity to refinance some of our Regional Area Road
5 Fund bonds, bonds that we issued in 2011, and by refinancing
6 them, refunding them is -- in bond language, we will be able to
7 save approximately \$1.4 million. We have about 27, 28 million
8 of outstanding bonds from that 2011 series that are refundable,
9 and typically when I come before this board, when I tell you
10 savings numbers, they're usually dramatically higher than that,
11 but we are also usually refunding a dramatically higher number
12 of -- volume of bonds.

13 But nonetheless, when you compare this to the
14 overall -- the size of the issue, it's at \$1.4 million, is not
15 something you want to get up and walk away from. So we are
16 looking at actually doing our first direct sale. This is a
17 situation in which we will -- instead of going to the market, as
18 we typically do, we will look for bank purchasers.

19 Our financial advisor, RBC Capital, will solicit
20 various bank purchasers on behalf of the Board and the
21 department to identify a bank that best meets the -- ADOT's
22 needs in terms of the best deal. We look to close in early to
23 mid January. So we would finalize the sale there at that time,
24 and what we seek now is the Board's authorization to proceed
25 with the refinancing and achieve those savings.

1 With that, sir, I'd be glad to take any
2 questions.

3 CHAIRMAN STRATTON: Are there any questions?

4 MR. SEARLE: (Indiscernible) motion.

5 CHAIRMAN STRATTON: Let me -- are there any
6 questions for Kristine first, Richard? Let me ask.

7 Hearing none, now I'll accept your motion. Do I
8 have a second?

9 MR. KNIGHT: Second.

10 CHAIRMAN STRATTON: I have a motion by Board
11 Member Searle, a second by Board Member Knight.

12 Floyd, would you or board secretary, would you do
13 the roll call, please? Whoever.

14 MR. ROEHRICH: Yes, Mr. Chair. This is Floyd.
15 So we'll start with Vice Chair Thompson.

16 VICE CHAIR THOMPSON: Aye.

17 MR. ROEHRICH: Member Knight.

18 MR. KNIGHT: Aye.

19 MR. ROEHRICH: Mr. Searle.

20 MR. SEARLE: Aye.

21 MR. ROEHRICH: Mr. Daniels.

22 MS. DANIELS: Aye.

23 MR. ROEHRICH: Member Meck.

24 MR. MECK: Aye.

25 MR. ROEHRICH: Mr. Maxwell.

1 MR. MAXWELL: Aye.

2 MR. ROEHRICH: Chairman Stratton.

3 CHAIRMAN STRATTON: Aye. The motion carries.
4 Thank you, Floyd.

5 We'll now move on to Agenda Item 6, with Greg
6 Byres. This is for information and discussion only.

7 Greg.

8 MR. BYRES: Thank you, Mr. Chairman, board
9 members.

10 I just had a couple things I wanted to go through
11 today. We've got an update on our tribal transportation as well
12 as Airport of the Year.

13 One thing that I don't have on my presentation
14 that I wanted to make you aware of is our P2P process for the
15 2023 to 2027 program is underway. We're currently taking all
16 the projects that we had received to date to go through all of
17 our technical groups. So that's underway as well.

18 So as far as the tribal transportation update
19 goes, this is some good news. One of the big things that we
20 have been trying over the past several years to do is bring
21 forward our TraCS system, which is the Traffic and Criminal
22 Software Program. What this does is this allows a single entry
23 process for law enforcement for any kind of traffic issues that
24 we have, any kind of crashes or so forth. That crash data can
25 go right into this database.

1 We have been working with multiple tribes to try
2 and get this put together, and we have some we've had some
3 success. So one of the items that we have is the Yavapai
4 Prescott Indian Tribe. They are the first tribe in Arizona to
5 go live with TraCS. So that's really good. Navajo Nation is
6 getting ready to do a kickoff meeting -- actually, they did a
7 kickoff meeting. So that's a big one that we're really trying
8 to get put forward. And the Gila River Indian Community is
9 getting ready to do it or actually has signed on for the TraCS
10 agreements.

11 One of the biggest items with this is getting
12 that information put together so that as we are doing -- ADOT is
13 doing either our road assessments, safety assessments or any of
14 our planning, getting this information is crucial to be able to
15 take and prioritize projects. So this is -- this is a really,
16 really big deal for us to be able to get this information within
17 the tribal lands. So it's a big success for us.

18 Next slide, please.

19 So one other big kudos here. There was -- the
20 Yuma International Airport was taken and awarded the Airport of
21 the Year. This is in association with the Arizona Airport
22 Association. This was put together, and there was an
23 announcement made at last week's Arizona Airport Association
24 annual conference. So this is -- this is a big deal for the
25 airports across the state. Again, we have 67 airports that we

1 help support. There's several other airports that we don't,
2 like they're a little too small or for some reason, private
3 entities.

4 So this is a big deal, and as part of this, as
5 the new program comes out for the airport portion of the
6 program, the photograph of the airport itself is part of that
7 program. So this is a really big kudos for them as well. So
8 that's pretty much all I had for an update. If anybody has any
9 questions.

10 CHAIRMAN STRATTON: Thank you, Greg.

11 I'd like to congratulate Yuma and Board Member
12 Knight for the honor you got there.

13 MR. KNIGHT: Thank you, Mr. Chair. I would like
14 to say and I did contact -- I did contact Floyd about this, but
15 I had to read about it in the paper, and I felt like, you know,
16 the board member for that district, being whoever -- whatever
17 district it might be in the future, I think we should be
18 notified prior to having to read about it in our own district in
19 the morning paper, but just a comment, and Floyd said that he
20 would -- he would take care of that.

21 CHAIRMAN STRATTON: As I'm sure he will. He
22 always does. It's a point well taken there.

23 Any other comments or questions?

24 VICE CHAIR THOMPSON: Chairman?

25 CHAIRMAN STRATTON: Go ahead.

1 VICE CHAIR THOMPSON: Chairman, regarding the --
2 CHAIRMAN STRATTON: Go ahead, please.

3 VICE CHAIR THOMPSON: Regarding the tribal
4 transportation, I know that this TraCS agreement has been a big
5 challenge over the years, and I'm sure that it took not only one
6 day, but several discussions and involving all the parties that
7 have been mentioned. So with that, Greg, I congratulate you,
8 and I sure appreciate the efforts you have all put in to make
9 this happen. So thank you very much. Thank you, Chair.

10 CHAIRMAN STRATTON: Thank you, Mr. Thompson,
11 Board Member.

12 Any other comments?

13 Hearing none, we'll move on to Item 7, PPAC
14 items, Greg Byres. This is for discussion and possible action.
15 Greg.

16 MR. BYRES: Thank you, Mr. Chairman, board
17 members.

18 Today we have 27 projects that we're bringing
19 forward. These are coming forward with a recommendation for
20 approval from our PPAC committee. The first three that we have
21 are project modifications. These are Items 7A, 7B and 7D, and
22 again, we bring these forward with a recommendation for
23 approval.

24 CHAIRMAN STRATTON: Are there any questions on
25 these projects?

1 Hearing none. Do I have a motion to approve
2 Items 7A, 7B and 7D?

3 MS. DANIELS: So moved.

4 CHAIRMAN STRATTON: (Indiscernible.)

5 VICE CHAIR THOMPSON: Second.

6 UNIDENTIFIED SPEAKER: Second.

7 CHAIRMAN STRATTON: We have a motion by Board
8 Member Daniels and a second by Board Member Thompson, I believe.
9 Any discussion?

10 Hearing none, Floyd would you call the roll call,
11 please?

12 MR. ROEHRICH: Yes, sir.

13 Vice Chairman Thompson.

14 VICE CHAIR THOMPSON: Aye.

15 MR. ROEHRICH: Member Knight.

16 MR. KNIGHT: Aye.

17 MR. ROEHRICH: Member Searle.

18 MR. SEARLE: Aye.

19 MR. ROEHRICH: Member Daniels.

20 MS. DANIELS: Aye.

21 MR. ROEHRICH: Member Meck.

22 MR. MECK: Aye.

23 MR. ROEHRICH: Member Maxwell.

24 MR. MAXWELL: Aye.

25 MR. ROEHRICH: Chairman Stratton.

1 CHAIRMAN STRATTON: Aye. Motion passes.

2 Greg.

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

4 Next item we have, we have 23 new projects that
5 we're bringing forward. These are Items 7E through 7AA, and
6 again, we bring this forward with a recommendation for approval.

7 CHAIRMAN STRATTON: Any questions for Greg? Do I
8 have a motion?

9 MR. KNIGHT: Yeah. Yeah. Mr. Chair, I move to
10 approve the motion -- I make the motion to approve the item.

11 CHAIRMAN STRATTON: We have a motion by Board
12 Member Knight. Do I have a second?

13 VICE CHAIR THOMPSON: I'll second the motion.

14 CHAIRMAN STRATTON: Board -- I have a second by
15 Vice Chairman Thompson.

16 Any discussion?

17 Floyd, would you call for the roll call, please?

18 MR. ROEHRICH: Yes, sir.

19 Vice Chairman Thompson.

20 VICE CHAIR THOMPSON: Aye.

21 MR. ROEHRICH: Member Knight.

22 MR. KNIGHT: Aye.

23 MR. ROEHRICH: Member Searle.

24 MR. SEARLE: Aye.

25 MR. ROEHRICH: Member Daniels.

1 MS. DANIELS: Aye.

2 MR. ROEHRICH: Member Meck.

3 MR. MECK: Aye.

4 MR. ROEHRICH: Member Maxwell.

5 MR. MAXWELL: Aye.

6 MR. ROEHRICH: Chairman Stratton.

7 CHAIRMAN STRATTON: Aye. Motion passes.

8 Greg.

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

10 We do have one airport project that we were
11 bringing forward with a recommendation for approval. This is
12 Item 7AB.

13 CHAIRMAN STRATTON: Any discussion or questions
14 for Greg?

15 Do I have a motion?

16 MR. SEARLE: (Indiscernible) slide on that one?
17 Thank you.

18 CHAIRMAN STRATTON: Do I have a motion?

19 MR. KNIGHT: Mr. Chair, move to approve project
20 7AB.

21 CHAIRMAN STRATTON: Motion by Board Member
22 Knight. Do I have a second?

23 MR. MAXWELL: Second.

24 CHAIRMAN STRATTON: Who was the second by? I'm
25 sorry.

1 MR. MAXWELL: That was Ted Maxwell.

2 CHAIRMAN STRATTON: Thank you.

3 I have a motion by Board Member Knight, a second
4 by Board Member Maxwell. Any discussion?

5 Hearing none, Floyd, would you call the roll call
6 vote, please?

7 MR. ROEHRICH: Vice Chairman Thompson.

8 VICE CHAIR THOMPSON: Aye.

9 MR. ROEHRICH: Member Knight.

10 MR. KNIGHT: Aye.

11 MR. ROEHRICH: Member Searle.

12 MR. SEARLE: Aye.

13 MR. ROEHRICH: Member Daniels.

14 MS. DANIELS: Aye.

15 MR. ROEHRICH: Member Meck.

16 MR. MECK: Aye.

17 MR. ROEHRICH: Member Maxwell.

18 MR. MAXWELL: Aye.

19 MR. ROEHRICH: Chairman Stratton.

20 CHAIRMAN STRATTON: Aye. Motion passes.

21 Thank you, Greg.

22 We'll move on to Item 8, state engineer's report
23 with Dallas Hammit. This is for information and discussion
24 only. Dallas.

25 Dallas, we can't hear you. You're muted or

1 something there.

2 MR. HAMMIT: I got caught with the double mute,
3 phone and the thing, so...

4 Again, good morning, Mr. Chair, Board, and thank
5 you for the opportunity.

6 Currently, we have 75 projects under
7 construction, totaling just over \$1.5 billion. In April we
8 finalized 11 projects totaling \$52 million, and year to date, we
9 have finalized 61 projects.

10 With that Mr. Chair, I would take any questions.

11 CHAIRMAN STRATTON: Dallas, I have a question.
12 On I-10 eastbound, from the turnoff to Benson and moving toward
13 Willcox there, there was a project recently. Is that project
14 complete?

15 MR. HAMMIT: Mr. Chair, Board, I did talk to the
16 district this morning. It is not. It is still under
17 construction. They had finished their paving a couple, three
18 weeks ago except for the friction course. So there were some
19 areas where -- especially at your bridge ends so that it was
20 low, so when you paved your friction course, it came over. That
21 work was completed last week. I did ask them this morning to
22 drive the project to ensure that their approaches into the
23 bridges do meet project specifications, and they've assured me
24 they will go do that, and if corrections are needed, they will
25 work with the contract, but our contractor is still under

1 contract, and we'll make sure any deficiencies are taken care
2 of.

3 CHAIRMAN STRATTON: I appreciate that. I had had
4 several complaints, but it was previous to -- it was two to
5 three weeks ago that I was receiving complaints. I appreciate
6 that.

7 MR. SEARLE: Chairman Stratton, I get to drive
8 that on a regular basis, and it's just about done.

9 CHAIRMAN STRATTON: Okay. I had a complaint on
10 the bridge approaches, that they were pretty rough and abrupt,
11 but Dallas has answered that question, and I assume everything
12 will be correct. So thank you, Dallas.

13 MR. HAMMIT: Okay.

14 CHAIRMAN STRATTON: Any other questions for
15 Dallas?

16 Okay. Hearing none, we'll move on to Agenda Item
17 9. The construction contract discussion and possible action,
18 and this month we have no contracts to discuss. Dallas, what's
19 going on with that?

20 MR. HAMMIT: Mr. Chairman, part of it's good
21 news, that all of them came in within the consent agenda. We --
22 our biggest project, we had very competitive bids, and it
23 actually came in under. And thank you, Board, for approving
24 those three projects.

25 We did have two other projects that we -- I'll

1 let the Board know we pulled right before opening. One in the
2 MAG region where there's conversations going on on the --
3 putting rubberized friction course versus diamond grinding.
4 Those conversations are continuing.

5 And another project we had that we are set to
6 open a couple of weeks ago was to start installing fiber optics
7 for broadband on I-17. The funding source is changing. This
8 was a grant. This was not any of our state highway funds or
9 federal funds. It was a grant through education, working with
10 the Governor's office, they are looking to use other funding
11 sources. So that project was postponed until sometime in July.
12 I believe we open on July 16th on that project. So we only had
13 the three that were set and they were all within consent.

14 CHAIRMAN STRATTON: Great. That's a good job,
15 Dallas. Thank you.

16 Are there any questions for Dallas and on the
17 contracts?

18 Hearing none, we'll move on to Item 10,
19 suggestions. Do the board members have any suggestions for
20 items on future agendas?

21 Hearing none, do I have a motion to adjourn the
22 meeting?

23 MR. KNIGHT: So moved.

24 VICE CHAIR THOMPSON: Second.

25 CHAIRMAN STRATTON: All in favor, say aye.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BOARD MEMBERS: Aye.

CHAIRMAN STRATTON: Thank you.

(Meeting adjourned at 11:10 a.m.)

1 STATE OF ARIZONA)
2 COUNTY OF MARICOPA) ss.

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BE IT KNOWN that the foregoing proceedings were reported by me, TERESA A. WATSON, Registered Merit Reporter, Certified Reporter, Certificate No. 50876, State of Arizona, from an electronic recording and were reduced to written form under my direction; that the foregoing 38 pages constitute a true and accurate transcript of said electronic recording, all done to the best of my skill and ability.

I FURTHER CERTIFY that I am in no way related to any of the parties hereto, nor am I in any way interested in the outcome hereof.

DATED at Phoenix, Arizona, this 9th day of June 2021.

/s/ Teresa A. Watson

TERESA A. WATSON, RMR
Certified Reporter
Certificate No. 50876

Adjournment

A motion to adjourn the May 21, 2021, State Transportation Board meeting was made by Board Member Gary Knight and seconded by Vice Chairman Jesse Thompson. In a voice vote, the motion carried.

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

Not Available for Signature _____

Steven Stratton, Chairman
State Transportation Board

Not Available for Signature _____

John S. Halikowski, Director
Arizona Department of Transportation