

**STATE TRANSPORTATION BOARD MEETING
TELEPHONIC/VIDEO MEETING
9:00 a.m., June 18, 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 9:00 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 55 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

June 18, 2021
9:00 a.m.

REPORTED BY:

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

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PREPARED FOR:
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

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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

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CALL TO THE AUDIENCE

SPEAKER:	PAGE:
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Kee Allen Begay, Junior, Delegate, Many Farms Chapter, Navajo Nation.....	4

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1 (Beginning of excerpt.)

2 CHAIRMAN STRATTON: Moving on to call to the
3 audience. Since this is a telephonic Webex conference meeting,
4 everyone will be muted when they call in to the meeting. When
5 your name is called to provide your comments, you will indicate
6 your presence by virtually raising your hand using your
7 telephone keypad or through the Webex application. The Webex
8 host will guide you through the unmuting and muting process
9 following the instructions included with the meeting agenda. A
10 three-minute time limit will be imposed.

11 Floyd, call the first speaker, please.

12 MR. ROEHRICH: Yes, sir, Mr. Chairman. Our first
13 speaker is Ms. Barbara Pape.

14 Ms. Pape, will you please raise your hand so the
15 host can unmute you?

16 WEBEX HOST: A reminder, if you are a call to the
17 audience member, please raise your hand by either pressing star
18 three on your phone if you're a call-in user, or click the hand
19 icon next to your name on the participant panel or in the lower
20 right corner of the participant panel.

21 Floyd, I do not see Barbara raising her hand at
22 this time.

23 MR. ROEHRICH: Thank you, Christy. We can come
24 back and try her again maybe in a little bit, Mr. Chairman.

25 We have one other request to speak, and that is

1 Mr. Kee Allen Begay.

2 Mr. Begay, will you please raise your hand
3 virtually?

4 WEBEX HOST: Mr. Begay, you're unmuted.

5 MR. BEGAY: Hello. Good morning.

6 WEBEX HOST: Mr. Begay, you should be unmuted at
7 this -- good morning.

8 MR. BEGAY: Good morning. This is Delegate Kee
9 Allen Begay, Junior, with the Navajo Nation Council.

10 MR. ROEHRICH: Mr. Begay, we can hear you.
11 Please go ahead and start your comments.

12 MR. BEGAY: Good morning, Arizona Department of
13 Transportation board members, president, vice president, board
14 members, staff and everyone else. Good morning.

15 Today I'd like to continue to advocate and to do
16 -- to do what we can do to improve the Highway 191 between Many
17 Farms and Chinle. I know the past two years, the ADOT had
18 helped submit a BUILD grant, but we weren't successful in
19 getting selected. So the alternative is how do we seek
20 additional funding for improvement. If you can -- if the staff
21 probably have the daily traffic count between Chinle and Many
22 Farms, it's very much traffic due to the opening of the road on
23 the Navajo Nation and the season for travelers coming in -- into
24 the Four Corners area.

25 So I sincerely, humbly request ADOT to do what

1 they need to do to help improve the road. They are working on
2 it, I think it was last month, but that was more of a patchwork
3 in filling the holes in the -- on the road and then restripping
4 it, but that doesn't take care of the overall, I would say, a
5 real concern of the road condition in the northern part of the
6 state of Arizona.

7 The other area that I continue to request for
8 support is the smart highway along 191. I believe the staff,
9 ADOT, working with the Governor's office in making -- selecting
10 191 as one of the smart highway project.

11 And then finally, I'd like to continue to request
12 for input and guidance and how to install intersection
13 streetlights at several intersections along Highway 191.

14 This is the three areas that I continue to ask
15 and I continue to support, ask for support and guidance from
16 ADOT. I appreciate the time, and thank you very much. You all
17 have a wonderful day.

18 CHAIRMAN STRATTON: Thank you, Mr. Begay.

19 Move on to Item Number 1, the director's report.
20 John.

21 DIRECTOR HALIKOWSKI: Thank you, Mr. Chairman.
22 I'm going to go ahead, if it's okay with you, and cede my time
23 to Mr. Anthony Casselman, ADOT's legislative liaison. Katy
24 Proctor is on vacation this week, and Anthony will talk about
25 our legislative issues, both federal and state.

1 CHAIRMAN STRATTON: Very good.

2 DIRECTOR HALIKOWSKI: Anthony.

3 MR. CASSELMAN: Good morning, Mr. Chairman, board
4 members. Can you hear me okay still?

5 CHAIRMAN STRATTON: Yes.

6 MR. CASSELMAN: Good. Okay. I'm just going to
7 give a brief update on what's going on at the federal level, and
8 then I will talk a little bit about where the Legislature's at
9 as well.

10 So as far as the federal level goes, the
11 situation's still very fluid. The House Transportation
12 Infrastructure Committee did finish up a 19-hour markup session
13 on the INVEST in America Act. That bill went through on a
14 mostly party line vote. It will head to the House floor soon,
15 and then we could see a markup of the Senate bill soon that
16 would set up some potential for action in both chambers this
17 summer and then a potential conference committee later in the
18 fall.

19 Additionally, there was a bipartisan group of
20 senators that released a framework on Wednesday for an
21 infrastructure bill. It was a \$1.2 trillion package with
22 579 billion in new spending. The group includes lawmakers, and
23 the proposal would spend about 110 billion on roads and bridges,
24 66 billion on rail, and then 48 and a half billion on transit.

25 I think it's really important to note for the

1 board members that this is just simply a framework. It's got a
2 long way to go. So I just want the board members to keep that
3 in mind.

4 In terms of things that are going on at the
5 Legislature right now, it's the 159th day of session. As many
6 of you already know, the Legislature spent most of their time
7 focused this week on a special session called by the Governor to
8 address the fires in Pinal and Gila Counties. The special
9 session did wrap up yesterday, and it resulted in one bill that
10 appropriated moneys to the Department of Forestry and Fire
11 Management for wildlife emergency response and mitigation
12 measures.

13 In terms of a -- just a brief budget update, the
14 budget negotiations are still ongoing. As has been mentioned in
15 previous board meetings, the budget bills currently do contain
16 some moneys for specific highway projects and then pavement
17 rehabilitation projects as well.

18 Specifically, right now the language includes 21
19 highway projects that totals just under about 162 million, and
20 then 20 pavement rehab projects, totaling just under 110
21 million.

22 There's also 50 million in there for the I-10
23 widening, but I think it's important for the board members again
24 to note that there have been some amendments that have floated
25 around recently, specifically related to the pavement rehab

1 piece that would remove the specific projects that are listed in
2 the bill and instead appropriate just a flat \$90 million to the
3 department to allocate towards pavement rehab projects. And
4 specifically, those projects are required per the amendment
5 language to be outside of Maricopa and Pima County. So in
6 Greater Arizona, on roads that are in fair or poor condition,
7 and then not in the five-year program as well.

8 Another thing that's important for the board
9 members to know is that these budget bills have now been
10 floating around for three weeks. So it's just very difficult at
11 this time to say what kind of conversations that have happened
12 behind the scenes. So when that budget does start to move, you
13 know, we'll continue to monitor and see what changes to the
14 language have been made based on their negotiations over the
15 past three weeks.

16 That's all I have for my update. Be happy to
17 answer any questions.

18 CHAIRMAN STRATTON: Anyone have any questions?
19 Vice Chairman.

20 VICE CHAIR THOMPSON: I do. Thank you, Chairman
21 and members.

22 My question is based on what I've been hearing in
23 the news media and hearsay here and there, but if adjusting
24 taxes -- I feel that the infrastructure funding, that would go a
25 long way for many roads in the (inaudible) communities, and

1 that's how I feel. Now, if adjusting taxes on the wealthiest
2 individuals and corporations pay for fixing roads and bridges is
3 out of (inaudible) at the federal level, is there talk of a
4 federal increase in the gas tax? That's my question.

5 DIRECTOR HALIKOWSKI: Well, Mr. Chairman,
6 Mr. Thompson, I can tell you what the latest thing I read was as
7 of yesterday, is that there is discussion of increasing gas
8 taxes at the Congressional level. However, the roles seem to be
9 switching, and this is not an unusual argument we're hearing, or
10 I shouldn't say it's not new, but as you hear talk of a gas tax
11 increase, traditionally what we've heard is that conservatives
12 are against increasing taxes. But now, also, our Democrat side,
13 Democratic side, has raised the issue that increasing gas taxes
14 can be very regressive on poor folks and hit them harder than
15 people who are able to drive more fuel efficient cars. So that
16 debate will continue in D.C. between the two parties as to
17 whether an increase in gas taxes and what effect it has on
18 people if that were to happen.

19 So we just don't know what direction they're
20 going to go in for revenue, and frankly, you know, after all
21 these years, I'm a little bit agnostic as to the revenue source.
22 We just need revenue to fix problems. If the gas tax isn't
23 viable, then is there another source? But I don't think
24 Congress had quite decided what that source might be yet.

25 VICE CHAIR THOMPSON: Thank you, Chairman.

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

3 Director, the money that was -- came out of this
4 special session for the fires, is any of that -- is all that
5 money just to fight the fires or can -- is some of that money
6 going to come to ADOT to repair the damage to the -- to the
7 infrastructure that the fires have done.

8 DIRECTOR HALIKOWSKI: So, Mr. Chairman,
9 Mr. Knight, I don't know. I haven't looked at the bill.

10 Anthony, is ADOT a recipient of any of the
11 dollars?

12 MR. CASSELMAN: Mr. Chairman, board members, so
13 ADOT's not a direct recipient of any of the dollars. That being
14 said, I'm not sure if there could be any inter-agency work being
15 done. I know that was brought up in some of the hearings in
16 terms of working with different agencies to address the issues,
17 so...

18 DIRECTOR HALIKOWSKI: Which I think,
19 Mr. Chairman, meeting with Director Kenny is appropriate to talk
20 about these kinds of issues.

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

22 CHAIRMAN STRATTON: Any other questions?

23 Do you have any -- thank you, Anthony.

24 John, do you have any last minute items?

25 DIRECTOR HALIKOWSKI: No, Mr. Chairman. I don't.

1 CHAIRMAN STRATTON: At this point then, we'll
2 finish the discussions we started earlier.

3 Mr. Knight, did you have any other questions?

4 MR. KNIGHT: No. That was -- I (inaudible).

5 CHAIRMAN STRATTON: Very good. Any other
6 questions for John?

7 Very good. We'll move on then.

8 DIRECTOR HALIKOWSKI: Mr. Chairman, before you
9 do, I did have one just last (inaudible) on fire that Dallas is
10 working on with the director of the Department of
11 Administration, Mr. Andy Tobin, and also, I believe, a private
12 company owned by Mr. (Inaudible). We're putting in some water
13 banks up in Cordes Junction, and I believe we're discussing
14 Sunset Point, because as you know, it's very difficult to get
15 water to fires (inaudible) 17 and other areas.

16 So, Dallas, you maybe just want to brief the
17 board as a last minute item where you're at.

18 MR. HAMMIT: So what we're working at, we have a
19 fairly good producing well at Cordes Junction where our
20 maintenance yard is. We have a water tank that supplies our
21 facility. Our facilities group at ADOT has installed a standby.
22 So, basically, a fire truck or an ADOT vehicle can drive
23 underneath it, fill with water, and support -- you know, give
24 them an opportunity to fight fire along the roadway so they
25 don't have to drive all the way back to their fire stations.

1 In addition, we're working with Director Tobin at
2 DOA. He has lined up a water tender that we can set at Sunset
3 Point. At that place we do not have a good water supply. Our
4 well barely produces enough to run the rest area, but he's
5 worked with those fire stations to be able to fill those trucks
6 in low times so that a 45-foot by 8-foot by 11-foot tall water
7 tank can be full, and if a fire happens, they have a place to go
8 to get water at a close location. Where -- we're ready to go at
9 Cordes Junction. We hope to deliver the water tank today. It
10 will go to its final location. We're working with the Bureau of
11 Land Management to get a permit to set it up. We can set it on
12 site today and be ready when those events happen on the -- on
13 I-17. I say "when" because they do every year.

14 CHAIRMAN STRATTON: If I may, when I was with
15 Gila County, we had a similar system set up in the forest, but
16 we used unused fuel bladders that were military surplus, 50,000
17 gallon, with a pump in between the bladder and the tank, 10,000
18 gallon tank, so that they (inaudible). And that would give you
19 a 50,000-gallon headstart, and those were very cheap. The
20 surplus -- in fact, many of them were free from the military,
21 and they -- it works quite well, and they're still using them.
22 I think there's 25 dip sites in one (inaudible).

23 UNIDENTIFIED SPEAKER: Was that the project that
24 Tommy Martin was involved in?

25 CHAIRMAN STRATTON: Tommy Martin and I did that.

1 (Indiscernible.)

2 DIRECTOR HALIKOWSKI: We'll look into that,
3 Mr. Chairman. Partner where we can to help deliver water.

4 CHAIRMAN STRATTON: It's a very effective system.

5 DIRECTOR HALIKOWSKI: Everyone knows the military
6 has the biggest bladders in the world, right?

7 UNIDENTIFIED SPEAKER: There's some truth to
8 that.

9 CHAIRMAN STRATTON: Okay. We'll move on to Item
10 2, the district engineer's report, and we have no report this
11 month.

12 MR. ROEHRICH: That is correct, Mr. Chair. There
13 is not a report this month. We'll probably pick it up next
14 month and we'll continue on.

15 CHAIRMAN STRATTON: We'll move on to Item 3, the
16 consent agenda. At this point I will ask the Board if they
17 would like to remove any item from the consent agenda to be
18 addressed individually.

19 Hearing none from the Board, I will ask that Item
20 3C is removed, and I will recuse myself from that, and the Vice
21 Chairman will take over for that vote. So if we can move --
22 remove Item 3C, and at this time I'll ask the Vice Chairman to
23 handle that one.

24 VICE CHAIR THOMPSON: Is there -- thank you,
25 Chairman.

1 Is there any comments or questions that the board
2 members have relating to that item? If not, I would like to ask
3 for a motion.

4 MR. KNIGHT: Mr. Vice Chair, this is Board Member
5 Knight. I move to approve Item 3C and award the bid to Fann
6 Construction, Inc.

7 VICE CHAIR THOMPSON: Is there a second?

8 MR. MECK: Mr. Chair, Vice Chair, I would second
9 the motion. Board Member Meck.

10 VICE CHAIR THOMPSON: Thank you very much. I do
11 appreciate that.

12 Now, any further comments? If not, all those in
13 favor say aye.

14 BOARD MEMBERS: Aye.

15 VICE CHAIR THOMPSON: Motion carries.

16 Chairman.

17 CHAIRMAN STRATTON: Thank you, Vice Chairman.

18 Thank you, Board.

19 At this time we'll address the rest of the
20 consent agenda. Do I have a motion to approve the agenda as
21 presented?

22 MR. KNIGHT: Mr. Chair.

23 CHAIRMAN STRATTON: Board Member Knight.

24 MR. KNIGHT: Move to approve the motioned consent
25 agenda with the exception of Item 3C, which has already been

1 approved.

2 CHAIRMAN STRATTON: Do I have a second?

3 MR. SEARLE: I'll second. Searle.

4 CHAIRMAN STRATTON: I have a motion by Board
5 Member Knight and a second by Board Member Searle.

6 All those in favor say aye.

7 BOARD MEMBERS: Aye.

8 CHAIRMAN STRATTON: Motion passes.

9 We'll move on to Agenda Item No. 4, the financial
10 report with Kristine Ward for information and discussion only.

11 Kristine.

12 MS. WARD: Good morning, board members. It's a
13 pleasure to be here with you. I wish I were in person with you
14 today, but let's get started on this month's report.

15 Rhett, if you can go to the next slide.

16 So this month represents our first full month
17 year-over-year comparison with COVID in effect, with the COVID
18 shutdown in effect, and what this month brings us is some very
19 significant growth rates. Year to date, we have collected
20 almost \$1.5 billion in revenues in HURF, with an estimate of
21 about 1.4. So we've got 99 million in HURF over estimate.

22 What that means in terms of the State Highway
23 Fund, how much of that will be available to the program, is
24 about 36, almost \$37 million. You will recall, however, that we
25 were at -- because we were experiencing revenues ahead of

1 forecast, back in February we actually increased the amount of
2 moneys available for the program to the tune of \$80 million, and
3 this board programmed those dollars.

4 If we could go to the next slide, Rhett.

5 So the revenue growth is solid across the board
6 except, of course, for gas. While we are 60 percent over May of
7 2020 in our revenues, for the year as a whole, we're 4.1 percent
8 under last year's revenues year to date. All of the other
9 categories, diesel, VLT, all running very, very strong. Diesel,
10 we're seeing some strong activity, as I mentioned, last month we
11 were seeing strong activities in our ports of L.A. and Long
12 Beach. Those continue this month. You'll see those in the
13 board reports that we mail out. And, of course, VLT has been
14 leading the way as people are -- are both catching up on late
15 VLT payments as well as new auto sales.

16 So if we could go to the next slide, please,
17 Rhett.

18 You will recall last month I provided you some
19 additional detail on HURF, because we were seeing some historic
20 numbers. This month, in RARF, we are seeing -- also seeing some
21 historic numbers. So I'll provide you a little more detail here
22 as well on RARF this month.

23 What you'll -- what you're seeing here is year to
24 date we are 10.3 percent, or \$42 million, over FY '20, with
25 about \$457 million collected. We have had strong growth in

1 retail and restaurant and bar, and I'm going to give you some
2 more detail on that as we move into the next slide.

3 If you'll give me just one moment here. My
4 slides on my end are not quite keeping up.

5 Okay. In terms of our categories, as I
6 mentioned, retail sales and restaurant and bar are -- are the --
7 the strongest growth areas. If you go to this -- the next
8 slide, we'll start giving you a -- a little different view of
9 it. So what you see here is RARF, the Regional Area Road Fund,
10 growth, monthly revenue growth since July of '86. So that goes
11 back all the way to our Prop 300 and on through Prop -- into
12 Prop 400 year to date. And you can see in that slide we
13 typically hit -- our high months are January and April,
14 seasonally speaking. So we typically experience high growth in
15 January and April, and you can see here that what we've
16 experienced in January 2021 and -- and April of '21.

17 Those grayed-out areas represent back in 9/11.
18 They represent, also, the Great Recession, and now this most
19 recent COVID period are those grayed-out sections.

20 If we go to the next slide, when we break that --
21 when we break down these growth areas, these categories into
22 more detail, you can see what we're experiencing in retail.
23 Again, just some historic highs, with 33.6 million collected in
24 the month of April.

25 If you'll head to the next slide.

1 Excuse me. I'm having a little bit of lag time
2 here.

3 So what we've done here is we wanted to take a
4 look at retail as it correlates to the stimulus checks, and what
5 we found was -- we just wanted to dig and see if we could get a
6 little more detail, if we saw any relation, and you can see
7 particularly on stimulus check three -- two and three where we
8 are seeing our revenues align very closely with those peak --
9 with those stimulus checks. Now, we're not really sure how
10 causal this is, because like I said earlier, April -- January
11 and April tend to be peak months, but you can -- given the --
12 what we are seeing in revenues, we really think that there is a
13 relation there.

14 If you go on to the next slide, Rhett.

15 So I said there were two categories that were
16 really showing a lot of growth. Restaurant and bar is the other
17 area where we are starting to really see the recovery kick in.
18 Let me -- one moment. You can see our peak month here in April,
19 what we experienced. So April's numbers there, that 5.7 million
20 in restaurant bar, that is March's activity.

21 So in March -- go to the next slide. I think
22 you'll be able -- we'll talk about vaccinations here. No. I'm
23 sorry. Scoot up one more. Okay. Up. Backwards. Wow, we're
24 just going the opposite. My apologies.

25 So vaccinations started in March. We had about

1 17 percent of the population that was -- had gotten their first
2 shot. By April 1st we had about 30 percent with their first
3 shot, and -- yeah, this slide will do. You can start to see
4 where we are coming up out of the COVID period. If you look at
5 January of '20, you can see where we -- when we went into
6 shutdown, people just weren't going to restaurants. They
7 were -- the restaurants were shut down, and what this chart
8 shows you is actual people seated in restaurants. We are now
9 experiencing significant growth back, and the questions that we
10 have not been able to answer is when we've got 30-plus percent
11 growth, in some cases, in people seated in restaurants, we're
12 exploring to find out, well, how did we have that kind of
13 capacity.

14 If you go to the next slide.

15 This just blows the -- that out into some more
16 detail. We have aligned what our -- this overlays, our seated
17 diners with what we're seeing in restaurant and bar revenues,
18 and next month we actually expect to see this increase even
19 further. So, again, people are getting back out there. We've
20 had that pent-up demand as people have been locked down, and now
21 they are going out in droves to the restaurants.

22 We've actually also seen, interestingly -- we've
23 been watching employment, and we've had 53 percent growth in
24 jobs in the -- in the food services and drinking places. We've
25 seen 53 percent growth in the jobs since April of 2020, where in

1 April of 2020, we had about 150,000 jobs in this area. Now
2 we're up to \$228,000 in jobs. So this is -- this is fueling our
3 RARF revenues, and it's -- it's a good thing to see for that --
4 for what -- those job losses that we had experienced.

5 Next slide, please.

6 So nothing to report on the federal aid program.
7 I would report out that we had -- actually, I'll give you a
8 formal report next month on it, but we are finishing up a bond
9 refunding. We're refunding some Regional Area Road Fund bonds,
10 and we should be finishing that up, and I should be able to
11 report out to you next month fully on that refunding.

12 With that, I'd be happy to take any questions.

13 I am not hearing any audio.

14 CHAIRMAN STRATTON: (Indiscernible) by seeing
15 your smiling face before the meeting or not. So we'll be happy
16 to have you back.

17 Vice Chairman, do you have a question?

18 VICE CHAIR THOMPSON: Members, Kristine, could
19 the revenues be used better if everybody were vaccinated? I
20 mean, is there certain population known that they're not seeing
21 and they're not going out? Would that be the issue they're
22 having?

23 MS. WARD: I am sorry. Mr. Chairman,
24 Mr. Thompson, I am struggling a little to hear your question.
25 It's a little garbled. Could you give it to me again?

1 DIRECTOR HALIKOWSKI: So, Kristine, this is the
2 Director. Mr. Thompson's question is --

3 MS. WARD: Yes.

4 DIRECTOR HALIKOWSKI: -- whether or not the
5 unvaccinated population, if they were to be going out and
6 eating, would that improve revenues or is there any correlation
7 that you know of that the unvaccinated population isn't
8 contributing. So he's wondering how that might have an effect
9 on the revenues.

10 MS. WARD: You know, Mr. Chairman, Mr. Thompson,
11 I really can't -- the difficulty is I can't say what is causal
12 versus what is a correlation here. And, you know, so whether --
13 when we look at this data, we can't tell who's going to
14 restaurant and bars that is actually vaccinated versus
15 unvaccinated. We just don't have that information. So I don't
16 think I can fully answer your question, sir.

17 DIRECTOR HALIKOWSKI: I think -- I think the
18 short answer is we just don't know. We just don't know.

19 MS. WARD: Well, sir, that is -- you're right.
20 That is much shorter.

21 CHAIRMAN STRATTON: Thank you, Kristine.

22 We'll move on to Agenda Item No. 5 with Greg
23 Byres for discussion and possible action, approval of the
24 five-year.

25 Greg.

1 DIRECTOR HALIKOWSKI: Yeah. Mr. Chairman, before
2 Greg gets started, just a little bit of an introductory remark
3 about his section, if that's okay.

4 So we're getting ready to present to you the 2022
5 to 2026 Five-Year Facilities Construction Program, and I just
6 wanted to focus on the fact that the plan is focused on
7 upgrading our Key Commerce Corridors, and for us, that has
8 meaning, and that's why I put in front of you a document about
9 Arizona's Key Commerce Corridors and things that folks need to
10 know.

11 And the reason this document even exists is that
12 under the Governor Brewer administration, we had these same
13 frustrations that we needed revenue in order to accomplish
14 everything that everyone wanted to get built (indiscernible).
15 And so what the department did was we hired one of the State's
16 best economists, Alan Maguire, to work with us and put together
17 an argument for improving revenues for road, which is this
18 document here, Arizona's Key Commerce Corridors local jobs and
19 local markets, because we've been using safety, we've been using
20 condition of roadways as arguments to increase revenue, and we
21 never were getting any traction off of it.

22 So what this document tried to say is how we use
23 the argument of boosting the economy to convince folks that
24 infrastructure is important to the growth and health of the
25 economy of the state. And so what you see in here is, you know,

1 sort of a derivation of his economic study, but we looked at all
2 the markets around us, and our biggest one, of course, you know,
3 that we sit in between -- or in California and Texas. And so
4 our target was how do you increase revenues to make Arizona a
5 hub for transportation and more business (inaudible). As
6 Mr. Maxwell will tell you, since we met on this several years
7 ago, the department went out to over 500 business leaders, and
8 we met with them. We talked with them. We gave, you know,
9 presentations. We met with policymakers. And everyone sort of
10 looked at us and said, yeah, we get it, but nothing ever came
11 out of it.

12 And so after a while, you know, we use this as a
13 reference document, but the outgrowth of this effort is now
14 transportation business partners, which I think you've got about
15 90 members now over at Associated General Contractors of people
16 that are involved in the transportation industry and looking at
17 this very issue of revenues.

18 So the plan is going to be focused on upgrading
19 those in places where we can, but also in pavement preservation,
20 because as I'm sure you're all hearing about things right now,
21 as people are starting to say that conditions are getting to the
22 point that they need improvement. And for us, that actually is
23 progress in the sense that five years ago, I'm not sure pavement
24 and pavement condition was really on anyone's radar, except for
25 ours, as we were looking out into the future.

1 So what you're going to see in the proposed plan
2 is: Adding lanes to I-17 between Anthem Way and Sunset Point.
3 It's a \$328 million project in '22. Replacing the Gila River
4 bridges on I-10 between Phoenix and Casa Grande. That's another
5 83 million targeted for 2023. The first phase of the I-40/US-93
6 West Kingman interchange. That's a \$70 million project expected
7 to begin in '24. And then widening US-93 between Tegner Street
8 and Wickenburg Ranch Way. \$41 million project scheduled for
9 '22.

10 But it's important to point out that the plan
11 before you is going to invest more than \$1 billion in
12 rehabilitation of pavement across Arizona over five years, as
13 well as the upgrade of 581 lane miles of pavement from fair --
14 or to -- from fair to poor condition to good condition in FY
15 '22.

16 It's going to focus on proposed improvement of
17 the condition of bridges and roads and several projects for
18 highway safety.

19 But this plan represents a continued and
20 necessary shift away of expansion projects due to the
21 transportation revenue challenges, as we've discussed with the
22 Board, and prior Boards have set us on that direction of policy.

23 So as we're looking forward to the future,
24 funding for Arizona's transportation needs will, of course,
25 remain a concern. As we work with our partners from the MPO,

1 Eric Anderson, our Executive Vice President of MAG, was in the
2 news yesterday on Channel 3 and, you know, he also stated we're
3 facing a statewide fairly serious issue on road maintenance.

4 MAG's own study for their region that they
5 released in 2019 identified more than 9 billion in total
6 maintenance costs over the next 25 years.

7 So, you know, I know Mr. Maxwell has his own
8 concerns with RTA and continued funding. So I think we all
9 recognize that we face a revenue problem for the future. The
10 issue is convincing the public and policymakers that it's
11 serious enough to warrant that investment.

12 So as we move into the future, you know, we're
13 committed to preserving the system we have, because it
14 represents quite an investment of Arizona citizens over the
15 years, but as we also face the problem of continued erosion in
16 revenues for various reasons.

17 So, you know, it comes down to the transportation
18 system that everybody wants, but it also -- it's versing the
19 transportation system people are willing to pay for that. So
20 with that intro, if there's questions, I'll be happy to answer
21 them, but we can go right into Greg's presentation.

22 CHAIRMAN STRATTON: Any questions
23 (indiscernible)?

24 Board Member Daniels.

25 MS. DANIELS: I just want to make probably one

1 caveat to just your final sentence, Director. I do think that
2 the public is willing to pay for high quality roads. I think
3 we've seen that over and over again with polling, particularly
4 in the MAG region. I'm absolutely positive that it exists in
5 other parts of the state as well.

6 Because maintenance is really a function of an
7 appropriation in the state budget, I don't know that the public
8 understands that that is being underfunded by the Legislature,
9 and so if there is a disconnect there, I mean, we -- as
10 citizens, we pay taxes and then we do expect that these actual
11 services of our state will be paid for with those dollars.

12 So I do think we, from our board perspective,
13 probably need to do a better job -- and I'm pointing at us, not
14 at staff -- to say here is what we need in order to fund proper
15 maintenance for the State, and here is where we are being
16 underfunded. And I don't know that we -- I haven't in the last
17 year, (indiscernible) communicated that to the public, but I do
18 think that's an important component, because I do know citizens
19 expect for us to maintain a certain (inaudible).

20 DIRECTOR HALIKOWSKI: Yeah. So one concern I
21 have, though, Board Member, is that certainly within the region
22 of Maricopa County, the voters have overwhelmingly spoken twice
23 now --

24 MS. DANIELS: Sure.

25 DIRECTOR HALIKOWSKI: -- to tax themselves for

1 transportation. Unfortunately, between your county and your
2 County, Pima and Maricopa, in the Sun Corridor, that's 80
3 percent of the State's voters. And once those increases go in,
4 the rest of the state just doesn't have significant enough
5 population to tax themselves or revenue basis.

6 So as we're moving forward, we really need to
7 look at how we do this as a state and how we convince voters in
8 the populous areas that the infrastructure, these Key Commerce
9 Corridors that connect them to these markets, are also
10 maintained and improved, because I think as you're pointing out,
11 we all just don't drive around in a circle. We go everywhere.

12 And the thing we face with the state budget is
13 that, yes, they do appropriate transportation revenues, but it's
14 in a finite circle, and without a new revenue source coming in,
15 we're left to deal with what we have in the pool, and
16 unfortunately, at this point, without that revenue source, we're
17 facing the shortfall.

18 MS. DANIELS: Which is why I will be a broken
19 record for the next five years about --

20 DIRECTOR HALIKOWSKI: Thank you.

21 MS. DANIELS: -- modernizing our gas tax, because
22 while MAG and PAG and other groups are actually appropriating
23 dollars for capital improvements, they are not, quote, unquote,
24 responsible for the maintenance of the system. That really
25 should be done through the state appropriation, and if that

1 needs to shift, we need to have a policy-level conversation
2 across the state about how we do that. So I just -- that will
3 be my last comment.

4 DIRECTOR HALIKOWSKI: Yeah. Well, it may be, but
5 let me just say that one of the things we're working on, hard to
6 define, matrix reconstruction and modernization.

7 MS. DANIELS: Yeah. Yeah. Uh-huh.

8 DIRECTOR HALIKOWSKI: And Dallas can show you the
9 definitions, and you're absolutely right. We have a policy
10 discussion because, you know, at some point replacing pavement
11 becomes a reconstruction and not necessarily --

12 MS. DANIELS: Exactly.

13 DIRECTOR HALIKOWSKI: -- a maintenance issue. So
14 thank you for your support.

15 MS. DANIELS: (Inaudible.)

16 DIRECTOR HALIKOWSKI: Thank you, Mr. Chair.

17 MR. MECK: Mr. Chairman, I have a question.

18 CHAIRMAN STRATTON: Board Member Meck.

19 MR. MECK: There's some -- we're 51 percent show
20 good, 48 percent shows poor, and that relates to, like, I-40,
21 I-10, and 93. Are those specifically what you're referring to?
22 When you say the corridors, you're referring to -- in my mind,
23 those are the main areas that (indiscernible) be in
24 (indiscernible).

25 DIRECTOR HALIKOWSKI: Right. If you look at --

1 two things, Mr. Chairman, Board Member Meck. One, the graph
2 that you're seeing is really designed to show you the increase
3 in the yellow on that page where --

4 MR. MECK: Yes.

5 DIRECTOR HALIKOWSKI: -- pavement is going from
6 good, fair and more into the poor condition.

7 MR. MECK: That's what I'm (indiscernible).

8 DIRECTOR HALIKOWSKI: And then the corridors, if
9 you look at this graph right here, you'll see we've outlined the
10 Key Commerce Corridors in these shaded arrows.

11 MR. MECK: Uh-huh.

12 DIRECTOR HALIKOWSKI: And certainly 93 is one of
13 those?

14 MR. MECK: Yes. I-40 (inaudible) 8 --

15 DIRECTOR HALIKOWSKI: Right.

16 MR. MECK: -- and 93, and all of those are the
17 main roads traveled in showing the fair and poor, but does
18 ADOT -- are you looking at the yellow -- and I'm again referring
19 to pavement condition -- are those -- can those be fixed first?

20 DIRECTOR HALIKOWSKI: So this is a question I'd
21 like to bring in Mr. Byres on, because in the five-year program,
22 we can talk more about how we set priorities, because frankly,
23 we're trying to keep up, and as you can see by the graph, we
24 have more pavement going into poor condition. So if I could,
25 I'd like to bring on Greg, and we can talk about pavement

1 priorities.

2 CHAIRMAN STRATTON: Absolutely.

3 UNIDENTIFIED SPEAKER: -- discussion.

4 DIRECTOR HALIKOWSKI: Greg.

5 Dallas, did you have a question?

6 MR. HAMMIT: Mr. Chair, should we wait until we
7 get to that point in the five-year program or do you want to do
8 it now? Because it will come up as one of the slides in the
9 five-year program.

10 CHAIRMAN STRATTON: Let's look through the five-
11 year program, and then if there are additional questions, we can
12 address them at that time.

13 Greg.

14 MR. BYRES: So thank you very much, Mr. Chairman.
15 Good morning, board members. Can you hear me okay?

16 CHAIRMAN STRATTON: Yes.

17 MR. BYRES: So I'll go ahead and get going.

18 If you could go to the next slide. Thank you.

19 So we're going to go through several items.

20 This -- we're going to go through the background of the program,
21 how it's come about, the whole review of asset conditions, our
22 tentative program, as you've seen it in the past, coming up to
23 the final program. The MAG program, the PAG program, our
24 airport program, and then hopefully with today will be the last
25 step before we have approval.

1 Next slide, please.

2 So as far as the background goes, the tentative
3 program was presented back in February. It was approved for
4 public comment. We had public hearings in March, April and May.
5 We did have a study session earlier this month, on June 3rd, and
6 today we're going to ask for approval of the five-year program.
7 It will go into effect on July 1st, and again, every single year
8 in the program must be fiscally constrained.

9 Next program or next slide.

10 So just a quick overview of assets. The system
11 itself right now, the value of it is set at \$23.5 billion. That
12 includes all of our asphalt, the roadways, the pavement and all
13 of infrastructure associated with it. However, if we ever had
14 to replace it, the actual replacement cost is somewhere in the
15 -- in excess of \$300 billion. So it's a -- it's a huge
16 investment that the State has made.

17 Next slide.

18 So as far as the different assets, looking at
19 bridges to start with, we go through good, fair and poor to rate
20 those bridges. Good is, of course, primary structure is --
21 components have no problems. Fair, primary structural
22 components are sound but have some concrete deterioration and
23 erosion and so forth. For poor bridges, we have advanced
24 construction -- or concrete deterioration, some scour, some
25 seriously affected primary structures, but one thing to note

1 here that a bridge that is rated in poor condition is not
2 unsafe. Any unsafe bridges are closed.

3 Next slide.

4 So this gives you an idea of where the
5 infrastructure for bridges has gone from 2010 to 2019. Our 2020
6 data is still being updated at this point. But you can see a
7 trend going in the good condition. Back in 2010 we had 78
8 percent in good condition. Here in -- or this slide, 2019, we
9 had dropped to 59 percent. So that trend is fairly steady going
10 through.

11 We did have a couple years with a little bit of
12 increase where we had substantial increases in funding for
13 bridges, and it was reflected in those conditions. So the trend
14 is going in the wrong direction.

15 Next slide.

16 So as far as pavements go, again, they're rated
17 in good, fair and condition. Good roadways are smooth road
18 surface with little cracking, no ruts, potholes. Fair is
19 moderate amounts of cracking that lead to increased roughness on
20 the road surface with some shallow ruts in the wheel paths.
21 Poor is numerous cracks, rough road surface, ruts in the wheel
22 path, potholes and disintegration of the road surface itself.

23 Next slide.

24 So this shows you where we're at with interstates
25 as far as pavement condition goes. Again, you can see the trend

1 that we've seen from 2010 through 2019, where in 2010 we had 72
2 percent of our pavements were in good condition. In 2019, we've
3 dropped to 48 percent. So that trend is, again, going in the
4 wrong direction.

5 Next slide.

6 This gives us our non-interstate national highway
7 system pavement conditions. This again shows that same trend
8 line where we -- we had, back in 2010, 68 percent in good
9 condition, and in 2019 we're down to 32 percent in good
10 condition. Almost more than half reduction there.

11 So next slide.

12 This shows our non-national highway system
13 pavements. And again, that trend line is still occurring, the
14 exact same direction. We went from 44.3 percent back in 2010
15 down to 18.8 percent in good condition. So these are -- most of
16 these roads are -- there's some low volume roads. There's also
17 some substantial roads that are non-NHS roads across the state.
18 So this isn't just the low volume. It also includes several
19 major routes that we have. They're just not on the national
20 highway system.

21 Next slide.

22 So as we go further into this program, there's
23 three items that we have the way that we take and derive our
24 invest -- invested dollars, and this comes out of our Long Range
25 Transportation Plan. So we have preservation, which is the

1 investment to keep pavement smooth and maintain our bridges.
2 Modernization, which is non-capacity improvements, which are
3 basically safety and operations. And then we have expansion,
4 which is investment on -- that adds capacity to our highway
5 system. New roads, added lanes, new interchanges and so forth.

6 Next slide.

7 So before we get into the program, I kind of
8 wanted to go through a couple things to give you a little better
9 idea of just where we're at with some of our pavements -- with
10 all of our pavements and bridges.

11 We did a scenario to check to see just what it
12 would take to maintain where our pavement and bridge conditions
13 are today, and you saw that they have decreased substantially.
14 But just to stop that decay and level out the -- that trend,
15 what would it take? And so what you see here is the results of
16 that scenario, where it would take a substantial amount of money
17 over several years to be able to just maintain those roadways.

18 And so this ran from 2020 through 2025, and you
19 can see that just for preservation, basically, we're looking
20 at -- you know, we started off in 2020 with 219 million. In
21 actuality, we had a little less than that in 2020. In '21, 354
22 million. We just about matched that. We were a little bit less
23 than that in '21. '22, 454 million. '23, it drops a little
24 bit, because at that point in time we would have stopped the
25 regression and started flattening out that curve. '24, it drops

1 to 193. Again, it's just maintaining. In '25, it starts back
2 up. It becomes cyclical as we go through the years just to
3 maintain that pavement.

4 So you can see it's a substantial amount of
5 money, but one of the big things to take a look at is in yellow,
6 at the very bottom, to bring all of our system roadways into
7 good condition, would take and cost about \$4.2 billion, and
8 that's based on 2020 construction costs, and we've seen some
9 substantial increases since that time.

10 Next slide.

11 CHAIRMAN STRATTON: Hey, Greg.

12 MR. BYRES: YES.

13 CHAIRMAN STRATTON: What's the time frame of the
14 4.2 billion? Is that over the five-year program or over the
15 long range or?

16 MR. BYRES: That 4.2 billion would be across that
17 same time frame, from 2020 to 2025 in the scenario we ran.

18 CHAIRMAN STRATTON: Okay. Thank you.

19 MR. BYRES: yeah.

20 So with this one, what this shows is basically a
21 little different look at it, and this is basically the pavement
22 that's on the ground. Our lane miles of pavement, and as you
23 can see, we've got -- this represents the -- the upper chart,
24 bar chart that we have, shows interstates, non-interstate and
25 our non-national highway system pavements. We have a total of

1 22,431 lane miles. This was based on our 2019 submittal to the
2 federal highway.

3 So with that, if you take that -- a look at the
4 lower chart, in '21, we took and we only addressed 378 lane
5 miles. That's 1.69 percent of our entire system. In '22 it was
6 320, and actually, in '22 it's going to be a little bit more
7 than that from the program that you're addressing today. It's
8 actually going to be closer to about a little over 500 lane
9 miles. In '23, it's 532 lane miles. That was based on our '21
10 to -- '21 to '25 program, the current program that's in place
11 today, and that affects 2.37 percent of our entire system.

12 To maintain the existing conditions, we would
13 have had to touch a minimum of 5 percent of our pavement every
14 year. So you can see that's -- we're nowhere near that with the
15 dollars that we have that we can put towards preservation.
16 We're -- we've got a long way to go. So that just kind of gives
17 you a little bit different perspective of what we're looking at.

18 Next slide.

19 CHAIRMAN STRATTON: Dallas, do you have --

20 MR. HAMMIT: Mr. Chair, Greg, I'm going to jump
21 in.

22 One -- a little different way to look at that, if
23 we got 5 percent a year, that means we've got to touch that
24 pavement once every 20 years. As you can see, we haven't got up
25 to 2.5. At that, we touch that pavement once every 40 years.

1 Now, I think our contractors, our designers do a great job, but
2 we don't build 40-year pavements. We're fortunate to get the 20
3 years. We feel that's a very good opportunity to what we can
4 afford, but if we're only getting to it with this funding once
5 every 40 years, we're going to lose ground.

6 CHAIRMAN STRATTON: Board Member Searle.

7 MR. SEARLE: Just for my own edification, does
8 ADOT maintain any roads that are not paved?

9 MR. HAMMIT: Mr. Chairman, Mr. Searle, we do,
10 especially in Mr. Chairman's area, in the Globe area. We do
11 have some non-paved roads, not many, and I would have to look up
12 the number of miles, but we do have a few non-paved roads.

13 CHAIRMAN STRATTON: Greg, you can continue.

14 MR. BYRES: So I'll go ahead and continue on.
15 Since the tentative program came out that was introduced in
16 February, we have had some changes that are going into the final
17 program. The first one is the budgeted funding increase due to
18 better-than-expected revenues and the COVID relief funds that
19 were received by the State. Kristine had addressed those --
20 that \$80 million that had come in due to the better-
21 than-expected revenues, and we had an additional -- I believe it
22 was 115 million that came in through the COVID relief funds.

23 A number of life extension pavement projects were
24 added to the program with the additional COVID relief funds.
25 They were programmed in in actually '21. The Board had approved

1 those, but the construction is scheduled for FY '22.

2 The I-10 Gila River Bridge project was fully
3 budgeted with additional revenue and programmed for FY '23.

4 US-93, the Tegner to Wickenburg Ranch, is added
5 to the -- back into the program in FY '22, utilizing the
6 additional revenues.

7 DIRECTOR HALIKOWSKI: Greg.

8 MR. BYRES: Yes.

9 DIRECTOR HALIKOWSKI: I'm sorry. Can you explain
10 what a life extension pavement project is? Is that where it's
11 crumbling and it presses a button and says I can't come back
12 together or what? What does that look like?

13 MR. BYRES: So a life extension project,
14 actually, our pavement management group came up with that term,
15 but what it is is it's a project that pavements that are in fair
16 condition, we can take and do a minimal improvement to those
17 which is usually a thin mill and fill project, and take and
18 extend the entire life cycle of that pavement. So, you know, if
19 we've got a -- when we design a pavement, it has a 20-year life
20 cycle. That's what we design it for. If somewhere in that
21 probably first ten years of that pavement we can go in and do a
22 minor improvement on it, such as this -- these life extension
23 pavements, we can basically restart the clock of that 20 years
24 and get an additional 20 years out of that life -- the life of
25 that pavement.

1 At the same point in time, we're also taking and
2 moving that pavement from fair condition back to good. So it's
3 a win-win. Not only are we improving the ride of that section
4 of roadway, but we're also extending the life for probably at
5 least another ten years. So that's why we call it life
6 extension projects.

7 DIRECTOR HALIKOWSKI: In all fairness to the
8 Legislature and our Governor, we did get some money from the
9 General Fund to keep good pavement in good condition, special
10 line item.

11 MR. HAMMIT: Mr. Chairman, Director, in -- and I
12 was going to hit it in my part of the state engineer's talk. As
13 we maintain our system versus rehabilitate it, we did get some
14 money to take care of our good pavements, and those treatments
15 would be like a -- what we call a flush. We put oil on it to
16 rejuvenate the pavement. We seal the cracks. But those are
17 more maintenance activities.

18 What Greg's talking about with these -- extending
19 the life, we've gone a little bit beyond maintenance. It's a
20 rehabilitation of these. So we're going to take -- remove part
21 of that pavement and replace it, but we're getting there early
22 enough. So it's like we changed the oil in the car. We didn't
23 wait until it seized up and had to rebuild the engine. We're
24 doing something a little earlier, and now we've extended that
25 life of that engine. We're doing the same thing with our

1 pavements.

2 DIRECTOR HALIKOWSKI: Sorry, Mr. Chairman. I
3 just wanted to make sure everybody understood because --

4 CHAIRMAN STRATTON: (Indiscernible.)

5 DIRECTOR HALIKOWSKI: -- sometimes we tend to
6 speak in a little jargon now and then.

7 CHAIRMAN STRATTON: Thank you, Greg.
8 Board Member Searle.

9 MR. SEARLE: Yes. One these changes made to the
10 tentative program, these are the same changes that we talked of
11 in the work session on June 3rd, correct?

12 MR. BYRES: That is correct.

13 MR. SEARLE: Have there been any changes since
14 the work session?

15 DIRECTOR HALIKOWSKI: Any changes since work?

16 MR. BYRES: Mr. Chairman, board member, no, there
17 hasn't. The only -- the only thing that I'm -- I've got, I've
18 got two other items on here. One is that we're -- we've added a
19 subprogram, which is called the Smart Highway Technology
20 Investments subprogram, and that's a new subprogram that we
21 haven't had in the program before. This program's intended to
22 support our information technology systems, as well as potential
23 broadband efforts across the state.

24 Other than that, the other thing that we have,
25 and this was addressed in the study session, was that we did

1 take and go through all of the project budgets, and their
2 delivery dates were adjusted in some cases, and again, those
3 were all accounted for due to the latest cost estimates and
4 construction cost increases while maintaining -- we had to move
5 some of those projects around in order to maintain fiscal
6 constraint in each year of the program. So all of that was done
7 and included into the final program.

8 MR. HAMMIT: Mr. Chair and Greg, that smart
9 highway subprogram, we had talked about it before, but it was
10 there day one of our tentative program; is that correct?

11 MR. BYRES: That's correct.

12 CHAIRMAN STRATTON: Greg, you said with the
13 additional revenue, the Gila Bridge, I-10 Gila River Bridge, was
14 fully funded. Which additional revenue was that? Was that
15 COVID funds or was it legislative funds? I know at the time the
16 Legislature was looking at 50 million, and I know, Director, you
17 and Congressman Stanton looked at the bridge, and then I had a
18 subsequent conversation with him about that.

19 DIRECTOR HALIKOWSKI: So I think, Mr. Chairman,
20 that what completed the bridge was COVID funds for the 83
21 million, but the Legislature -- if white smoke ever does pop out
22 of the chimney -- there has been discussion of 50 million
23 additional to I-10.

24 CHAIRMAN STRATTON: So would that then replace
25 part of that 83 million or be an additional project?

1 DIRECTOR HALIKOWSKI: I believe it would be
2 additional money. We can't use it right away, but we're working
3 with the Legislature to keep it from lapsing at the new fiscal
4 year. So I think -- I don't want to speak for you. I know you
5 guys are talking about environmental work and design.

6 MR. HAMMIT: Mr. Chairman, on that we're -- right
7 now in our environmental study, we look to be complete with that
8 in the next year. At the same time, the Legislature had
9 appropriated State funds on the corridor. That allowed us to do
10 design before we get our NEPA. When you use federal funds, you
11 can't start design until you complete your NEPA work. Using
12 State funds, we can do it at risk. So we're under design. We
13 had two projects south of the Gila River Bridge. So when funds
14 are available and we get final environmental approval, we can do
15 that work immediately instead of waiting until we get NEPA done
16 and then starting design.

17 CHAIRMAN STRATTON: Very good. Thank you.

18 Board Member Knight.

19 MR. KNIGHT: Is slurry seal part of the life
20 extension or the pavement maintenance?

21 MR. HAMMIT: Mr. Chairman, Mr. Knight, I would --
22 that is a maintenance activity that we do with our maintenance
23 forces, and that additional funds that the Director talked
24 about, it was about \$35 million that was added to the -- our
25 maintenance program. That's where we do a lot of those.

1 DIRECTOR HALIKOWSKI: But I think it's important
2 to point out they put some actual General Fund money, not
3 transportation gas tax generated. So, you know, that trend is
4 continuing a little bit this year with the Legislature. As you
5 heard Anthony's report, depending on how the budget comes out,
6 there may be some more General Fund money for preservation and
7 maintaining.

8 MR. KNIGHT: Thank you, Mr. Chair.

9 CHAIRMAN STRATTON: Any more questions?

10 Greg -- oh, sorry. Vice Chairman.

11 VICE CHAIR THOMPSON: (Indiscernible) mention
12 that you do have a maintenance responsibility on dirt roads,
13 unpaved roads. How are you able to maintain those roads?

14 MR. HAMMIT: Mr. Chairman, Mr. Thompson,
15 unfortunately, it's not as well as we would like, and the
16 Chairman knows that in his area. A big example is SR-88. That
17 is a unpaved road, a large segment of it is, and it's very
18 difficult for us to maintain that. You know, we don't have the
19 manpower to maintain a dirt road, some of the resources. SR-288
20 is another one, going up to Young, is another dirt road in
21 places that we have to maintain. It takes more resources to
22 maintain those, much more receptive to weather events. Anymore,
23 all of our roads are receptive to weather events, it seems. If
24 we have fires, all of them are going to be that way. But it
25 does take additional resources. We have very few. Truthfully,

1 we looked for those, and working with our local partners, to
2 move those into local responsibilities, but that isn't the case
3 in all places.

4 VICE CHAIR THOMPSON: Thank you.

5 CHAIRMAN STRATTON: Okay, Greg.

6 MR. BYRES: Thank you, Mr. Chairman. If we could
7 go to the next slide.

8 So this is the five-year program that we're
9 looking at. Each of the columns represents a year in the five-
10 year program, going from '22 through 2026. You'll notice that
11 the first three years, 2022, 2023 and 2024, we have a blue
12 section that represents expansion within Greater Arizona.
13 Again, this is all Greater Arizona. So that's specifically what
14 we're talking about in this particular five-year program.

15 You'll also see in the green, that is the funding
16 that we have set for preservation, and if you can kind of
17 recall, some of the numbers that we were talking about in just
18 maintaining pavement, this kind of gives you an idea of where
19 we're at. So we're spanning from, in 2022, 355 million, and it
20 -- increasing all the way into 2026, where we have 421 million.

21 That black horizontal line that you see basically
22 represents a -- what we had as a minimum that was truly
23 necessary for pavement preservation. That was established in
24 our Long Range Transportation Plan, and so it's been a target
25 that we've been trying to hit every year. This is one of the --

1 the first times we've had this many years in a program that is
2 above that black line. We only have one year, which is in 2024,
3 with those -- with the current projections for funding that
4 falls below that line. So we're looking pretty good. In 2022
5 we have --

6 CHAIRMAN STRATTON: (Indiscernible.) Greg.

7 MR. BYRES: -- a total of 149.5 million in
8 expansion. In '23 it's 94 million, and in 2024 it's 70 million.
9 And you'll notice in '25 and '26 we do not have any expansion in
10 those two years, which falls in line with the recommendations
11 that came out of our Long Range Transportation Plan.

12 CHAIRMAN STRATTON: Greg, we have a question
13 here. Board Member Maxwell.

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

15 Question on that black line. You already
16 acknowledged earlier that 2 and a half percent is what we were
17 looking at, which would be touching the roads once every 40
18 years. Is that 320 million black line meeting that 2 and a half
19 percent or is it -- where does it sit in the percentage of roads
20 we can touch every year if we keep at 329?

21 MR. BYRES: So, Mr. Chairman, board members, the
22 320 million was established from our Long Range Transportation
23 Plan. It actually -- from the scenario that we ran, we ran the
24 scenario well after the Long Range Transportation Plan came out.
25 It actually is well above that 320. It's somewhere -- at this

1 point in time, with the current conditions, it's somewhere in
2 the neighborhood of about 360 to 380.

3 MR. MAXWELL: And that -- point for
4 clarification, 360/380 would just hit the 2 and a half percent.

5 MR. BYRES: That's correct. All that does is
6 maintain the conditions that we're currently at.

7 MR. MAXWELL: Thank you.

8 CHAIRMAN STRATTON: Dallas.

9 MR. HAMMIT: Greg, other than the blue, isn't it
10 correct that all of those -- all the rest of the items are --
11 not just Greater Arizona, but they are state -- we use that for
12 statewide projects? Preservation, these are -- the green is
13 statewide, as well as our modernization, our planning and
14 development.

15 MR. BYRES: That's correct.

16 CHAIRMAN STRATTON: Thank you for the
17 clarification.

18 Continue, Greg.

19 MR. BYRES: Thank you.

20 Next slide.

21 So this gives you a comparison of the program
22 that we're looking at right now, which is the '22 to '26 as
23 compared to the current program that we're running. You'll see
24 that our investment categories have pretty much stayed about the
25 same. There's a little more, a little higher increase in

1 preservation and a little less in expansion. So it's -- but
2 we're staying fairly consistent in the path that we're taking at
3 this point.

4 Next slide.

5 So that -- what you just saw there included our
6 MAG and PAG region. So it was the entire budget that we're
7 talking about. For this particular program, what we're talking
8 about in Greater Arizona is a little bit different. So we're
9 down to 24 percent expansion and 64 percent in their
10 preservation, with 12 percent in modernization. The map kind of
11 gives you an idea of where some of those are occurring.

12 Next slide.

13 So in 2022, we do have some expansion projects.
14 This gives you an idea of what we have for expansion. The total
15 that we have for expansion is a little over 149 million. We
16 have 41 million, that is the Tegner Street to Wickenburg Ranch
17 Road on US-93, and then we also have I-17, which is at 108, a
18 little over 108 million, and that runs from Anthem Way to Cordes
19 Junction.

20 Next slide.

21 In '23, we have a total of 94 million in
22 expansion projects. That includes the SR-69 project, which is
23 Prescott Lakes Parkway to Frontier Village. That's at \$10
24 million. We also have the West Kingman TI, which is \$1 million
25 that we have just for right-of-way in '23. And then, of course,

1 we have the 83 million that we were just speaking about earlier
2 for the I-10 Gila River Bridge.

3 Next slide.

4 For construction on the I-40/US-93 West Kingman
5 TI, that's occurring in '24, at a total of \$70 million.

6 Next slide.

7 So in '25, again, we -- as shown earlier, we do
8 not have any expansion. However, we do have multiple
9 preservation projects. This is just the sample of a couple of
10 them. These are both bridge projects. One of them, the Santa
11 Maria River Bridge on SR-96 at \$7 million, and the other one is
12 the San Pedro River Bridge, which is also on -- well, which is
13 on SR-82, at \$7 million as well.

14 Next slide.

15 In 2026, we don't show any projects here. That's
16 our fifth year of our program, which is generally too far out
17 for us to take and program specific projects into. But if
18 you'll look at the bar that's sitting over on that left side,
19 you'll see that we do have a substantial amount, 421 million,
20 for preservation. That will progress forward as the program
21 progresses through the years.

22 Next slide.

23 So as we get into our outer years of the program,
24 this is -- this is the six- to ten-year horizon years that we
25 look at. What we did here is basically use the financial

1 projections that Kristine and her group has put together in all
2 of their studies. We've projected those straight across the
3 board in those development years, from 2027 through 2031, and
4 again, you don't see any expansion, which falls in line with our
5 Long Range Transportation Plan that is currently in place.

6 Next slide.

7 So this is the MAG region that we're talking
8 about here. Again, MAG does its own planning and programming.
9 We do the oversight. We basically do the construction of
10 projects that come through, as well as the maintenance, but this
11 gives you an idea of the projects that are in their current
12 program or their current TIP. And so what you'll see here is
13 we've got projects all through the valley. The majority of all
14 these are either freeway projects or major arterial projects.
15 We have projects extending from I-10, as well as on the 101, the
16 202, the 303. We've got SR-30 that's represented, SR-85. So
17 there's a multitude of projects that are currently in MAG's TIP
18 that are progressing through from FY '22 through FY '26.

19 Next slide.

20 The same holds true for the PAG region, where
21 they do their own planning and programming with our oversight,
22 and this gives you an idea of the projects that they currently
23 have in their TIP. So they have projects on I-10 as well as
24 SR-77. They got the SR-210, I-10 project sitting out as a
25 portion of part of that. Also have projects on I-19. So they

1 have a multitude of projects that are coming up through their
2 five-year program as well.

3 Next slide.

4 So we also have the airport program, the Capital
5 Improvement Program. You'll see that for our
6 federal/state/local projects, we have zero in our programming.
7 The reason for that is FAA has taken all of their grants for
8 '21, '22 and gone to a zero match. So, consequently, they are
9 funding everything at 100 percent. Our F/S/L program is
10 intended to help out all of our 67 airports that receive federal
11 funds, the FAA funds. We match -- or we provide half of their
12 match through the program. Since they are now 100 percent
13 funded, we've took -- taken -- we originally had \$5 million in
14 that program. We took and moved it to our state/local program.
15 So it went from 10 million to 15 million. That will allow us to
16 take and go much further down the line in our priorities in
17 helping to fund those 67 airports.

18 We also have 8 million in our airport pavement
19 preservation program, as well as 4 million for Grand Canyon
20 Airport, a million for our state planning services that provides
21 our required studies and mapping that has to be done for FAA
22 requirements. So a total of 28 million in our Airport Capital
23 Improvement Program.

24 Next slide.

25 So with that, that goes through the five-year

1 program, and I stand for any questions anybody may have.

2 CHAIRMAN STRATTON: Questions from the board?

3 MS. DANIELS: Just one.

4 CHAIRMAN STRATTON: Board Member Daniels.

5 MS. DANIELS: Thank you.

6 Just one on the funding source. Do we have any
7 idea when the Pinal County ruling from the judge will come? Is
8 there any anticipated date that we can expect that?

9 DIRECTOR HALIKOWSKI: Not that I'm aware of,
10 Mr. Chairman. Dallas or Floyd? I haven't heard anything.

11 MR. ROEHRICH: No, Mr. Chairman. I haven't heard
12 a specific date either.

13 MS. DANIELS: A timeline or anything? Okay. I'm
14 just wondering, because I know that they're anxious to have
15 those funds released to be able to program items into
16 (inaudible) so I just wanted (inaudible).

17 DIRECTOR HALIKOWSKI: It's an interesting point,
18 because as you look I-10 between Maricopa and Pima County, it's
19 still in Greater Arizona, where it's very difficult to program
20 funds for. So it goes back to this argument of how do you lift
21 the whole state's infrastructure with such a concentrated
22 population area.

23 MS. DANIELS: Thank you.

24 CHAIRMAN STRATTON: Any other questions?

25 Vice Chairman.

1 VICE CHAIR THOMPSON: Chairman, members,
2 (inaudible), Greg, what can you tell me about the tribal
3 airports?

4 MR. BYRES: So, Mr. Chairman, Board Member
5 Thompson, the -- out of the 67 airports, I believe there's eight
6 or nine tribal airports. Those are included in all of the
7 airports that we take and provide funding to through the -- our
8 S/L program as well as our APMS program. So as they go through
9 on an annual basis, they come through and give us their --
10 basically their wish list, which is their CIP or ACIP, list of
11 projects that need to be funded. We take and route them through
12 our priority list, and we go as far down that priority list as
13 we have funds available.

14 VICE CHAIR THOMPSON: Thank you, Chairman.

15 CHAIRMAN STRATTON: Any other questions?

16 Dallas.

17 MR. HAMMIT: Mr. Chair, Member Meck, I wanted to
18 follow up on your earlier question to make sure it got answered.
19 If I understood it right, you know, why would we spend any funds
20 outside of our Key Commerce on preserving our system. We have a
21 lot of routes that are important for communities and other -- in
22 our P2P process, and we don't have time to go through that
23 today, but we'd be happy to go through that mechanism. They do
24 get high consideration, but not total consideration, if that
25 makes sense. You know, there's -- we look at trucking, volume,

1 and that brings a lot of those interstates up, but it doesn't
2 exclude those state routes and U.S. routes in our system. So we
3 try to look at the big picture. They do get high priority, but
4 not total on what we reserve.

5 DIRECTOR HALIKOWSKI: And to add to that, the
6 purpose behind the Key Commerce Corridors idea was that the
7 existing revenues, which total about a billion three, maybe a
8 billion five a year if our projections hold, those would keep
9 going to the existing roadways, and what we were asking for was
10 how much would it take to modernize Key Commerce Corridors to
11 keep Arizona's economy boosted for the future, and the estimate
12 back then that Mr. Maguire arrived at was that we would probably
13 need an additional billion dollars a year over a 20-year period.
14 And to put that into context, right now, an Arizona citizen pays
15 19 cents a gallon in gasoline tax. 18 goes to -- you know,
16 (inaudible) to the HURF and is distributed out between ADOT
17 cities and counties, one cent to the underground storage tank
18 fund.

19 But in order to accomplish what we were
20 envisioning for Key Commerce Corridors, that would have required
21 an additional 18 cents at that time to raise that additional
22 billion dollars a year. So we were talking about doubling the
23 gas tax for the State, which was just a non-starter. But we
24 thought we'd aim high and see maybe where it would settle out
25 at, but -- and these are dated documents. I mean, this has

1 probably been, you know, several years since we've looked at
2 these, but that's what we had estimated back then.

3 And to really be a competitor with the types of
4 industry that we have, you know, product coming in and finished
5 product going out, that we needed about another billion a year
6 over 20 years to modernize the entire system. Because you have
7 to understand we have 19- -- late '60s, early '70s freeways
8 connecting us to major markets, in California and in Texas, and
9 then south to Mexico, and, you know, those are trillion-dollar
10 markets to the east and west of us that -- you know, if we want
11 to get competitive, we sit right there in the hub between them,
12 so...

13 MR. MECK: Mr. Chairman, Mr. Director, how long
14 ago was the fuel tax of 18 cents?

15 DIRECTOR HALIKOWSKI: So it hasn't been raised,
16 Mr. Chairman, Board Member Meck , since 1991.

17 MR. MECK: So it has not been raised since 1991.

18 DIRECTOR HALIKOWSKI: Correct.

19 MR. MECK: Isn't that something we should
20 (indiscernible)?

21 DIRECTOR HALIKOWSKI: Well, I think that, you
22 know, depending upon the articles I read, it's been -- the
23 point's been made over and over that not only are we functioning
24 off 1991 revenues, but the gas tax is not subject to inflation.
25 So, you know, it's a flat tax.

1 MR. MECK: So, Mr. Chairman and Mr. Director,
2 the -- like MAG and PAG both of those represent the bulk, but
3 looking at your maps that Greg had presented, those freeways
4 where all of the revenues to the state come in, there's not --
5 it doesn't appear to be that much. I mean, a map is a map, so
6 it understates the size of the -- what, you know, miles, but it
7 looks like it would compare those now that are kind of in that
8 yellow, repair those, and those are the major corridors, like
9 93. What comes up there is unbelievable. That generates
10 money --

11 DIRECTOR HALIKOWSKI: Yeah.

12 MR. MECK: -- for the state. But when I was on
13 MAG -- this was about -- I was on MAG for (indiscernible) of
14 2021, but three years ago, four years ago (indiscernible) then
15 why we tell the public what the problem is, and we start
16 early --

17 DIRECTOR HALIKOWSKI: Yeah.

18 MR. MECK: -- and stand like Prop 400, you know,
19 (indiscernible) of getting tarred and feathered. Why not a one
20 cent tax? And that makes sense, and I would ask here what is --
21 what would one cent do revenue-wise with Prop 400 versus the
22 half cent that we've been with? Obviously, there's more
23 population.

24 DIRECTOR HALIKOWSKI: Right.

25 MR. MECK: And we're growing. You know, all of

1 the areas are growing so fast. What would that do -- and I'm
2 talking about the State, not Maricopa County -- but what would
3 that do for the State? Is that something that we should tell
4 the public before we come out with Prop 400?

5 DIRECTOR HALIKOWSKI: Well, I would say,
6 Mr. Chairman, Board Member Meck, you know, there's been a lot of
7 public discussion. I mean, through Key Commerce Corridors, we
8 spent a lot of time talking with people around the State. I
9 know that Chairman Campbell and other chairmen before him on
10 House and Senate Transportation upheld listening sessions around
11 the state.

12 You know, so I think that from perspective of
13 transportation, I kind of liken it to a utility like water or
14 electricity. You don't really think about it. It's just always
15 there, and so in the public's mind, until gas prices go up, they
16 don't really worry too much about how much they're paying at the
17 pump, but once prices do go up, and I see the line at Costco to
18 save two or three cents a gallon, it's amazing how closely
19 people watch that.

20 So my thought here is is that for most of the
21 part of the public, it's sort of out of sight, out of mind, and
22 I don't think they understand, you know, the revenue shortfalls
23 and projections we're facing, but then again, I'm not sure that
24 you can explain complicated problems in sound bytes. So there's
25 challenges to getting this across, and ADOT's not exactly set up

1 for marketing in that sense. This was probably the closest we
2 got to do it.

3 MS. MERRICK: (Indiscernible.)

4 DIRECTOR HALIKOWSKI: But as you know, the
5 Governor has also been very firm in his stance of no new taxes,
6 and so as an agency of his, I mean, we have (indiscernible).

7 MR. MECK: Thank you, Mr. Chairman.

8 DIRECTOR HALIKOWSKI: Before we leave 93, I just
9 wanted to pull the slide up, because there have been questions
10 about 93 and the investment in it, and unfortunately, we had a
11 fairly serious crash with -- (indiscernible) fatalities that it
12 involved. There were four fatalities just recently. And I
13 asked the staff to put this together to show the Board what your
14 investment has been in 93, and it's been substantial. Because
15 we often get questions about, you know, why don't you invest in
16 93 and turn it into I-11. But as you're seeing, you know, we've
17 put a significant amount of money into it over the years, so it
18 hasn't been (indiscernible). But it still has gaps where we
19 have two lanes in each direction and, you know, priority wise
20 for the future, Mr. Chairman, we'll have to see how those shake
21 out with the available revenues.

22 CHAIRMAN STRATTON: Absolutely.

23 Board Member Daniels.

24 MS. DANIELS: And the Tier I for I-11 is coming
25 soon.

1 DIRECTOR HALIKOWSKI: Yes.

2 MS. DANIELS: (Indiscernible) summer. So that
3 may indicate some --

4 DIRECTOR HALIKOWSKI: Yeah.

5 MS. DANIELS: -- other types of investment we may
6 need to make long term.

7 DIRECTOR HALIKOWSKI: Yeah. The Tier I will, I
8 think, probably be made public in October-ish time frame, after
9 we sign off and get the record of decision back --

10 MS. DANIELS: Uh-huh.

11 DIRECTOR HALIKOWSKI: -- from the federal
12 government. So it will be divided up, Greg, I believe into
13 seven segments under the Tier I study between Nogales and
14 Wickenburg. Seven segments of independent utility?

15 MS. DANIELS: The draft is coming out this
16 summer. (Indiscernible) summer, then public comment and then
17 final, October.

18 DIRECTOR HALIKOWSKI: Well, the draft -- go
19 ahead.

20 MR. HAMMIT: The draft has been out.

21 DIRECTOR HALIKOWSKI: Yeah.

22 MR. HAMMIT: Comments have been made. So I guess
23 is the draft final. You know, they have all of those.

24 So in this process on I-11, which will be
25 different than North-South, it will be two step. So there will

1 be the draft final on the -- the DCR will go out. People can
2 comment, but it's basically here's what we heard from your
3 comments, and then we will review those. It's unlike the
4 previous where we responded to all their comments. Unless
5 there's something completely new, there's not a formal response,
6 and then they will do a record of decision, where when we go on
7 the North-South, it's a one-step process.

8 MS. DANIELS: Okay.

9 MR. HAMMIT: We do the draft final and the record
10 of decision in one process.

11 MS. DANIELS: (Indiscernible.)

12 DIRECTOR HALIKOWSKI: (Indiscernible) for the
13 Tier I. Then you'll have your segments of independent utility
14 identified, like Wickenburg to Phoenix. That will require a
15 complete environmental study, which is the Tier II. We recently
16 met with the coalition, I-11 coalition about two weeks ago and
17 reiterated. The Tier II is going to cost between 25 and 30
18 million, we figure, for that segment. And so if you're looking
19 to Congress to bring in money for the study, that's roughly
20 where we estimate that would cost. That doesn't mean that
21 others couldn't come up with money for the Tier II in their
22 particular segment, but that's probably the most vocal group
23 that we've worked with.

24 MS. DANIELS: And then just to respond to Mayor
25 Meck's comment, and it was something that we just discussed at

1 MAG and TBC, TBC is -- it's my understanding that there is a
2 final draft that will be coming, that TBC will be voting on on
3 Tuesday. They 've called, like -- almost like an emergency
4 meeting for us. So we're supposed to do that on Tuesday morning
5 at 9:00 a.m., and the direction that that group has given to MAG
6 staff is half cent for 25 years, which is different than the
7 previous 20-year commitment.

8 But I did want to say, similar to what you just
9 mentioned, our expectations of what that half cent will do over
10 the next 25 years has to be very different than the five -- than
11 the half cent that we -- what we've been able to accomplish with
12 the half cent in the previous 20 years. We have right-of-way
13 acquisition that has in many cases tripled in cost, not to
14 mention the judgment that came down that required us to change
15 how we did right-of-way acquisitions. So everyone's subject to
16 that. And then just construction costs in general at least have
17 doubled in the last, you know, short period of time. So what
18 we're going to be able to accomplish with the half cent is much
19 different over the next 25 years than what we've been able to
20 accomplish in the previous 20. So expectations, if they're
21 here, they probably need to be somewhere down here.

22 DIRECTOR HALIKOWSKI: When I was on the
23 legislative staff, you know, during Prop 400, Mr. Chairman, and
24 worked on the bill to allow the county to hold the election, one
25 cent was discussed at that point, and there were folks within

1 MAG that were proponents of one cent, but the polling of the
2 public, I think, led them to just go with the half cent, because
3 they were worried the election might fail if it were one cent.

4 But I will say, along with Board Member Daniels,
5 that vote still has to come through the Legislature to hold that
6 election, and just based on my experience, and I'm sure on
7 yours, the Legislature likes to tinker with what can be put onto
8 the ballot. So, you know, I agree with you. It's just hard to
9 tell how that's going to go.

10 MS. DANIELS: And to that point, we actually have
11 done enough polling to understand that the public would likely
12 vote for one cent.

13 DIRECTOR HALIKOWSKI: Yeah.

14 MS. DANIELS: But the political reality is we
15 don't think that we could get that through the Legislature --

16 DIRECTOR HALIKOWSKI: Right.

17 MS. DANIELS: -- and the Governor.

18 DIRECTOR HALIKOWSKI: Yeah.

19 MS. DANIELS: And so if that's the case,
20 adjustments need to be made. First priority is still -- the
21 first desire, I should say, is still to get the Legislature to
22 allow Maricopa County to refer to the ballot without having to
23 go through them. That is still the first -- they're the only
24 county in the state that can't do that. So we would like the
25 county to be able to have the same authority as the other 14

1 counties have. But backup plan A1 is to -- is at a half cent
2 (inaudible). So we'll see what happens. Long road. No pun
3 intended.

4 CHAIRMAN STRATTON: John, you mentioned the one
5 cent UST tax (indiscernible) per year (indiscernible). My
6 understanding is that program is coming to an end.

7 DIRECTOR HALIKOWSKI: Yes.

8 CHAIRMAN STRATTON: Pretty quick. Is there any
9 language or would it take Legislative action for moneys that are
10 left in that fund to be switched over to the road since it was a
11 gas tax?

12 DIRECTOR HALIKOWSKI: Yeah. Mr. Chairman, I
13 believe it would take legislative action. That fund generates
14 probably between 30, 33 million a year off that penny. I don't
15 know how much cleanup may still be left there or not, you know,
16 after that expires. I will say I think the DEQ director is
17 probably somewhat protective of that money.

18 CHAIRMAN STRATTON: I'm sure he is.

19 DIRECTOR HALIKOWSKI: So I haven't really
20 discussed any switching of that (inaudible) --

21 MS. DANIELS: When does it expire?

22 DIRECTOR HALIKOWSKI: You know, I don't know,
23 Mr. Chairman, board member. Dallas --

24 MS. DANIELS: It's a trivia question.

25 DIRECTOR HALIKOWSKI: -- do you know? We can

1 send you out an email.

2 CHAIRMAN STRATTON: Just curious. I know quite a
3 few people that are getting tanks removed at this point because
4 they -- the deadline is in the near future.

5 DIRECTOR HALIKOWSKI: Right. We'll get you some
6 information (inaudible).

7 CHAIRMAN STRATTON: It's something that's already
8 there. It's not a new tax (inaudible).

9 DIRECTOR HALIKOWSKI: Yeah.

10 CHAIRMAN STRATTON: 30 million is better than
11 (inaudible) getting now, right?

12 DIRECTOR HALIKOWSKI: It's just that we use 18
13 cents so much, I was filling up the other day, reading the
14 little sticker on the gas pump, and it said, you know, your 1
15 cent is going to (indiscernible).

16 CHAIRMAN STRATTON: Very good.

17 Any other questions concerning the five-year
18 plan? If not, do I have a motion to approve FY 2022 to 2026
19 Five-Year Transportation Facilities Construction Program as
20 presented?

21 MR. KNIGHT: So moved.

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

24 MR. SEARLE: I'll second. Searle.

25 CHAIRMAN STRATTON: A second by Board Member

1 Searle.

2 All in favor say aye.

3 BOARD MEMBERS: Aye.

4 MR. MAXWELL: (Indiscernible) further discussion?

5 Sorry.

6 CHAIRMAN STRATTON: Pardon me?

7 MR. MAXWELL: I thought we'd have an opportunity
8 for further discussion.

9 CHAIRMAN STRATTON: There is.

10 MR. MAXWELL: I just had, Mr. Chair (inaudible).

11 MR. ROEHRICH: But for the record, that vote now
12 has not passed. We are going to have the discussion. Then
13 we're going to vote again.

14 CHAIRMAN STRATTON: Yes.

15 MR. ROEHRICH: Okay. Thank you.

16 THE WITNESS: I'm sorry if I was out
17 (indiscernible).

18 DIRECTOR HALIKOWSKI: Well, I did not ask
19 (indiscernible).

20 MR. MAXWELL: Mr. Chair, members of the Board,
21 I'd like to just make a couple comments. One, I'd like to thank
22 the Director for the Key Commerce Corridors. These are the two
23 handouts. If you haven't had a chance to read the full reports,
24 it's worthwhile the read.

25 The premise behind the Key Commerce Corridors was

1 just that, the investment into infrastructure of our state's
2 going to help us, not only with growth, but expansion, but also
3 achieving ROI that could then result in things like more funding
4 coming back into not only ADOT for us to do our job here, but
5 also to the economy as a whole.

6 So it's -- it was very popular for about a year,
7 year-and-a-half, and then it kind of just went to the side like
8 a lot of things are going to the side for point. My biggest
9 concern on the five-year plan and is the fact that three years
10 from now, we're -- we have no -- or four years from now we have
11 no more investment in future infrastructure and expansion.

12 So that expansion's not just new roadways. It's
13 also new lane miles. It really is -- the state continues to
14 grow. One of the fastest growing states on the nation.
15 Maricopa, I believe, is the fastest growing county in the
16 nation, and we're facing a situation where we're going to be
17 funding all of our expansion through local countywide
18 initiatives. If MAG RTA runs into any problems, again,
19 through -- that's going to put a halt to our expansion. Same
20 thing with us down in PAG, and obviously, we know now it's
21 already back in court.

22 So it's -- it troubles me that we're already at a
23 point where our road maintenance and our preservation is going
24 to take almost the entire priority of all the fundings we --
25 funding we have in ADOT. So I think it's something that we need

1 to continue to discuss going forward and figure out how we're
2 going to address that, because the fact of the matter is the
3 public right now is way more wrapped up on the concerns with
4 preservation and the road conditions, as they should be, but if
5 we cannot continue to have that -- those funds available to
6 expand.

7 So I'd encourage everybody to read the premise
8 behind the Key Commerce Corridors, because it does provide more
9 justification why investment in expansion will lead to some more
10 investment and capability for preservation. The challenge is so
11 far I know in Pima County it's going to be a big argument going
12 forward with our RTA, as the first RTA had no preservation money
13 in it. So we're building -- first RTA built a lot more
14 concrete, but we didn't have any money to make sure we
15 maintained that concrete. I think that's a concern going
16 forward.

17 But I appreciate all the insight, and as I said
18 at the last, I'm looking forward to many more talking to each of
19 you about the importance of this, and I do think the continued
20 growth of infrastructure is going to determine the future of
21 Arizona.

22 And when it comes specifically to the I-11 issue,
23 the challenge is going to be -- Tier I's just the first step.
24 The -- really, Tier II, NEPA studies don't even occur until we
25 have funding identified. The last thing I just looked at said

1 we don't have any funding for future expansion. So that's kind
2 of just a plan on the shelf right now, which I think it would
3 have a huge impact on the economy and the quality of life in the
4 state of Arizona.

5 So appreciate the opportunity.

6 CHAIRMAN STRATTON: Appreciate your comments, and
7 I will tell you that those of us that were on the board when
8 that Long Range Plan was adopted have -- share that same
9 concern, and we voiced that concern at the time, and hopefully
10 this board will address that concern when it comes before them
11 again, which I believe is next year; is that correct? So...

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

13 CHAIRMAN STRATTON: Any other discussion
14 concerning the five-year plan?

15 Hearing none, we'll take a vote.

16 All those in favor of passing the plan say aye.

17 BOARD MEMBERS: Aye.

18 CHAIRMAN STRATTON: Nays?

19 Ayes have it. The plan passes. Thank you.

20 Move on to Agenda Item 6 with Greg Byres for
21 information or discussion only, the Multimodal Planning --
22 Multimodal --

23 MS. DANIELS: I feel like staff should do
24 cartwheels or something every time we approve the five-year
25 plan.

1 MR. HAMMIT: Greg did. You just missed it.

2 MS. DANIELS: It's such an undertaking. Nice
3 job.

4 (Unintelligible crosstalk.)

5 DIRECTOR HALIKOWSKI: Like the North Pole on the
6 26th. We just start making toys again.

7 MR. ROEHRICH: Yeah. It's like, okay. Although,
8 Mr. Chairman, I'm worried about Greg.

9 Greg, is this your last day or are you making
10 room for cartwheels? But it looks look there's nothing in your
11 office? Did Dallas tell you to clean it out in case this
12 failed?

13 MS. DANIELS: (Indiscernible.)

14 MR. ROEHRICH: Well, I thought Dallas probably
15 told him if that doesn't get approved tomorrow, you're gone,
16 buddy. So is that that why your office is cleared out?

17 DIRECTOR HALIKOWSKI: I think he just moved in
18 there.

19 MR. BYRES: This is a brand-new office.

20 MR. ROEHRICH: Okay.

21 MR. BYRES: It's my brand-new office.

22 DIRECTOR HALIKOWSKI: Oh, you can afford a new
23 office, huh?

24 (Indiscernible crosstalk.)

25 MR. BYRES: I got to move out to the modulars.

1 UNIDENTIFIED SPEAKER: (Indiscernible.)

2 MR. HAMMIT: You got to move to the modulars.

3 Sorry about the mobile (indiscernible) --

4 DIRECTOR HALIKOWSKI: I was worried you were
5 given an ultimatum, so good. Thank you. Sorry, Mr. Chairman.

6 UNIDENTIFIED SPEAKER: Who moved out? Who did we
7 take out of the modular?

8 MR. HAMMIT: Our environmental planning group.

9 DIRECTOR HALIKOWSKI: Yeah. They got new digs.
10 Well, not new, but refurbished.

11 MR. BYRES: So thank you, Mr. Chairman, board
12 members. I just had a couple of things I want to go through
13 that we've got going on. One is our tribal transportation
14 update, as well as some upcoming studies that are coming out of
15 MPD.

16 Next slide.

17 So in -- on the tribal side, we've got the Navajo
18 Nation and the Hopi Tribe will begin conveying -- or -- yeah,
19 convening partnering meetings. Since early 2020, these meetings
20 have been on hold due to the tribal government closures and
21 travel restrictions due to the pandemic. Those have now been
22 lifted. So that's a good thing. So it's been a while since
23 those have occurred, and so we're looking forward to
24 participating in those.

25 There is a planned release of the final Tier I

1 environmental impact studies for both I-11 and the North-South
2 corridor, as Dallas has stated a little bit earlier. This is to
3 occur over the next several months, and there's -- tribal
4 outreach is currently underway to inform the tribes in Arizona
5 on the status of the upcoming release of -- so that they are
6 very informed on both of those studies as they come out.

7 So next slide.

8 As far as our upcoming studies go, we've got the
9 freight plan update that is just kicking off. So that's a good
10 thing. We finally got it procured. We got our consultant on
11 board. The last freight plan was completed in 2017, and so this
12 is an update to that freight plan.

13 The Long Range Transportation Plan is currently
14 going through our consultant procurement. That is scheduled for
15 completion at the end of next fiscal year. And again, that
16 freight plan was -- or not the freight plan. The Long Range
17 Transportation Plan was completed in 2017, and we're using the
18 recommendations out of that plan currently.

19 The 2023 through 2027 P2P process is currently
20 progressing. It is -- those projects that are in that program
21 are currently going through our technical group reviews. So
22 they've got several months that they'll be going through those,
23 taking and scoring projects that are set up for expansion as
24 well as modernization and preservation. So they'll be going
25 through those projects over the next several months.

1 So that's pretty much all I had. I just wanted
2 to let everybody know or let the Board know where we're
3 currently at and what we've got going on. So thank you very
4 much, and if anyone has questions, I stand for questions.

5 CHAIRMAN STRATTON: Vice Chairman Thompson.

6 VICE CHAIR THOMPSON: Chairman, members,
7 (inaudible), Greg, who will be facilitating these meetings? And
8 also, will Don or Ermalinda be available for these meetings?

9 MR. BYRES: So, Mr. Chairman, Board Member
10 Thompson, yes, they -- both Don and Ermalinda will be
11 facilitating the meetings on the -- both the I-11 and the
12 North-South corridor. The other tribal outreach that we're
13 doing, of course, both Don and Ermalinda are parts of that. So
14 depending on where it's located. If it's in the northern part
15 of the state, it's Ermalinda. The southern part of the state,
16 it's Don Sneed, so...

17 VICE CHAIR THOMPSON: Thank you very much.

18 CHAIRMAN STRATTON: Any other questions for Greg?

19 DIRECTOR HALIKOWSKI: I just want to point out,
20 Mr. Chairman, the reason we're moving people around is we're
21 starting to shrink our leased footprint, and so, you know, given
22 what's happened after COVID, we're looking at hoteling and
23 remote work, and so we'll be exiting a lease on 28th Street and
24 Washington here by the end of this month, and we'll be saving
25 nearly a million dollars in lease costs for operations. And we

1 have plans to get out of another leased facility that costs a
2 little over a million a year and move folks back here to the
3 campus using hoteling and remote work. So our goal is to
4 completely, as much as we can, get rid of leased space and bring
5 some money back into (inaudible).

6 CHAIRMAN STRATTON: Very good.

7 Okay. We'll move on to Item 7, PPAC items, with
8 Greg, for discussion and possible action.

9 Greg.

10 MR. BYRES: Thank you, Mr. Chairman, board
11 members. The Priority Planning Advisory Committee brings forth
12 a total of 16 different projects. The first three projects that
13 we have are project modifications. These are Items 7A through
14 7C, and we bring these forward with a recommendation for
15 approval.

16 MR. KNIGHT: Mr. Chair, this is Board Member
17 Knight. I have a question on 7B. You're showing a program
18 amount of 11,795,000 and a new program amount of 9,536,000, and
19 then you're asking an increase in budget. How is that an
20 increase in budget if we've -- decreasing the amount you're -- I
21 don't -- I missed something somewhere.

22 MR. BYRES: Mr. Chairman, Board Member Knight,
23 that -- there's a typo. Instead of it saying "increase," it
24 should say "decrease."

25 MR. KNIGHT: Kind of what I thought. Okay.

1 Thank you.

2 DIRECTOR HALIKOWSKI: We could just switch it
3 around real quick every time that (indiscernible)... Oops.
4 We'll change that word.

5 CHAIRMAN STRATTON: Couple million here, couple
6 million (indiscernible).

7 MR. HAMMIT: That's MAG's anyway, so...

8 CHAIRMAN STRATTON: Any other questions?

9 Is there a motion to approve PPAC project
10 modification Items 7A through 7C?

11 MR. KNIGHT: So moved.

12 VICE CHAIR THOMPSON: Second. Thompson.

13 CHAIRMAN STRATTON: I have a motion by Board
14 Member Knight, a second by Vice Chairman Thompson. Is there any
15 discussion?

16 Hearing none, I'll ask for a vote. All in favor
17 say aye.

18 BOARD MEMBERS: Aye.

19 CHAIRMAN STRATTON: Any opposed?

20 The motion carries.

21 Greg.

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

23 The next items we have are new projects that are
24 coming into the program. These are Items 7D through 7P, and
25 again, PPAC brings these forward with a recommendation for

1 approval.

2 MR. KNIGHT: Mr. Chair, I have a question on 7D.

3 CHAIRMAN STRATTON: Board Member Knight.

4 MR. KNIGHT: Thank you.

5 So you -- can you tell me what projects are being
6 submitted for RAISE grants?

7 MR. BYRES: Mr. Chairman, Board Member Knight, we
8 have a total of two projects that we're putting forward. One of
9 them is the -- I'm trying to remember and my mind went blank
10 just a minute ago, but we have the US-95 that we're working with
11 YMPO on. That would be for the next phase of the project that
12 is running all the way through to the Yuma Proving Grounds.

13 The next one we have is -- and I'm -- like I
14 said, my mind just went blank on this. We have -- I can't
15 remember.

16 Dallas, can you -- can you recall which ones we
17 have?

18 MR. HAMMIT: That's what I rely on you for.

19 UNIDENTIFIED SPEAKER: Your backup just didn't
20 back you up.

21 DIRECTOR HALIKOWSKI: Keep trying harder, Greg.

22 MR. BYRES: I --

23 MR. HAMMIT: (Inaudible) Mr. Chair, Mr. Knight.
24 (Inaudible) information.

25 (Indiscernible crosstalk.)

1 MR. BYRES: We have -- yeah. We had another
2 project that we were going for on I-10. In trying to put that
3 together -- it was going to actually be for I-10 and three --
4 the 347, SR-347. In trying to put that together with a couple
5 of other stakeholders, we really couldn't get everything
6 together in time for the RAISE grant. So we actually pulled
7 that that project back.

8 So those are the two that we were looking at.
9 There is one more we're considering, but at this point in time I
10 wish I could remember what it is, but I can't, and I can
11 certainly get you that information later on today.

12 MR. KNIGHT: That's fine. That's fine, Greg.
13 Thank you.

14 UNIDENTIFIED SPEAKER: Mr. Chair.

15 CHAIRMAN STRATTON: Okay. Are there any other
16 questions?

17 VICE CHAIR THOMPSON: Chairman.

18 CHAIRMAN STRATTON: Vice Chairman.

19 VICE CHAIR THOMPSON: Members, Greg, it was
20 mentioned earlier on the status of 191. Does that fall into
21 this category?

22 MR. BYRES: So, Mr. Chairman, Board Member
23 Thompson, 191 is not -- we are not going after the RAISE grant
24 for 191 this round. The projects that we have are in the
25 program, and they are fully funded. So the funding that we were

1 going for in previous grants, those -- that -- those projects
2 are funded at this point in time and in the program.

3 VICE CHAIR THOMPSON: Thank you, Chair.

4 CHAIRMAN STRATTON: Any other questions?

5 Hearing none, is there a motion to approve PPAC
6 new projects Items 7D through 7P?

7 MS. DANIELS: Board Member Daniels. So moved.

8 MR. KNIGHT: Second.

9 CHAIRMAN STRATTON: Motion by Board --

10 MR. BYRES: Mr. Chairman, if I could, I did just
11 remember the last RAISE grant item that we're going for. We
12 had --

13 DIRECTOR HALIKOWSKI: Hey, Greg --

14 UNIDENTIFIED SPEAKER: (Indiscernible) fill in
15 the blank.

16 DIRECTOR HALIKOWSKI: Greg, stop. Let's finish
17 the vote here and then we can come back to that.

18 MR. BYRES: Yes, sir.

19 DIRECTOR HALIKOWSKI: They're in the middle a
20 vote.

21 MS. DANIELS: We believe in you.

22 CHAIRMAN STRATTON: Hold that thought, Greg.
23 Don't forget it.

24 DIRECTOR HALIKOWSKI: Write the down. Write it
25 down.

1 CHAIRMAN STRATTON: I have a motion by Board
2 Member Daniels and a second by Board Member Knight. Is there
3 any discussion?

4 Hearing none, I'll call for the vote. All in
5 favor say aye.

6 BOARD MEMBERS: Aye.

7 CHAIRMAN STRATTON: Anyway opposed? The motion
8 carries.

9 Greg, you're on. Now that his gear is kicked in.
10 (Inaudible) fill in the blank.

11 MR. BYRES: I apologize. It took a little bit
12 for the synapses to hit, but it finally did.

13 We have another project that we're looking at,
14 and it's a total of six different ports of entries that we're
15 looking at trying to upgrade. We will be submitting for
16 upgrading the scales at those ports of entry as well as some
17 other improvements for inspection at each of those different
18 ports.

19 DIRECTOR HALIKOWSKI: Mr. Chairman, just a little
20 more explanation why. Some of our ports have non-functioning
21 scales, and as we talked about, pavement degradation and damage,
22 overweight trucks are a major concern.

23 CHAIRMAN STRATTON: (Indiscernible.)

24 DIRECTOR HALIKOWSKI: So our ports are directly
25 connected to the health of infrastructure by keeping those

1 trucks at tolerable weights.

2 CHAIRMAN STRATTON: (Indiscernible.)

3 We'll move on to Agenda Item 8, state engineer's
4 report with Dallas Hammit.

5 Greg, you can finish moving now. You're done.

6 DIRECTOR HALIKOWSKI: Just don't forget where you
7 are.

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

9 Members of the Board, currently we have 74
10 projects under construction totaling \$1.523 billion. In May we
11 finalized six projects totaling 51.6 million.

12 And for some of the board members, the reason I
13 give these numbers when we finalize these projects, if there's
14 leftover money, as soon as we get them finalized, we can
15 reprogram those. So that's something we track and want to
16 report back to you. That's why they come out.

17 Year to date, we have finalized 67 projects.

18 Real quick, a couple of updates --

19 MR. MAXWELL: Dallas.

20 MR. HAMMIT: Yes, sir.

21 MR. SEARLE: That was a great point. It would be
22 nice to see that number on there. When you say we finalized
23 51.6 million, if there is any savings, where do we see that?

24 MR. HAMMIT: Mr. Chairman, Member Searle, that's
25 something we can add to that. We can say this is how much money

1 was released back to the program.

2 MR. SEARLE: I think that would be a great point.

3 MR. HAMMIT: Okay. I can add that.

4 UNIDENTIFIED SPEAKER: Don't be surprised if it's
5 a negative number.

6 MR. SEARLE: I mean, if that's what we're
7 (indiscernible) to see.

8 MR. HAMMIT: A couple other updates. We talked a
9 little bit about the fire on -- the fire in the Globe area. One
10 of the things that I was really proud of our team, it was not a
11 one district support. We actually had four districts combining
12 support for that. Crews came out of the Central District from
13 the Mesa unit, out of Payson, out of Oro Valley, and then, of
14 course, the Southeast District to support that fire. So it
15 was -- we talked a lot about one ADOT. We came together and
16 supported that area.

17 We -- at different times we had four routes
18 closed, and there will be damage on three of those for sure. I
19 I think we may be off the hook on US-70. When I toured that
20 last week, there was -- I thought the back burn was done fairly
21 well, that they took off from the roadway, and I didn't see any
22 guardrail damage on US-70. 77, there's quite a bit of damage.
23 177, there's quite a bit of damage. And then on US-60, there
24 was damage.

25 At one point we were very concerned. We have a

1 small little bridge over there that the Chairman knows well that
2 we're working on, though it's a very big bridge. I saw some
3 photos of the fire coming right at it. It did stop before it
4 got to the bridge. There's no damage either to the current
5 structure where we have traffic today, but definitely no damage
6 to the new structure that we hope to open later this summer.

7 DIRECTOR HALIKOWSKI: Dallas, are you worried
8 about flooding at all for the future.

9 MR. HAMMIT: That is a big concern right now.
10 The Chairman talked about that moonscape, that that damage, you
11 know, once the rains come, they start moving that burnt ash and
12 stuff that clogs their pipes. We have a number of challenges,
13 but -- because until that ash is gone, you can't rehabilitate
14 and start replanting. You can't just go plant -- reseed it
15 until we get that ash removed. That's a challenge on SR-88
16 right now. There's a lot of talk, Well, why don't you just go
17 reseed it now? That ash is there, and nothing's going to grow
18 for some time.

19 So not only do we have this year's fires that
20 could -- that are creating risk, we have last year's fires. We
21 didn't have much of a monsoon last year. And so on SR-87, 188,
22 we definitely have some areas that we're watching. We're
23 getting down brush out as soon as we can. We're putting in some
24 rock mitigation in front of our pipes so that we can do all we
25 can so they don't clog up, and then causing the water to overtop

1 a road and wash it away. So we're doing everything we can
2 early.

3 CHAIRMAN STRATTON: A couple questions, Dallas.
4 The first one is are BAER funds still available from the Forest
5 Service after the fire?

6 MR. HAMMIT: Mr. Chairman, yes, they are, and
7 right now they are doing the BAER review, and I should know what
8 it is. I don't know what it stands for, but I do know what it
9 does. It does go out and do an environmental look, waters and
10 things we can do to help prevent this flooding. Is it cutting
11 down damaged trees that could fall on the roadway or other
12 features, replanting, but a lot of those things are -- they look
13 for the proper time to do that reseeded not immediately, but
14 when vegetation would take off.

15 CHAIRMAN STRATTON: One of my concerns after the
16 fire, whether we have monsoons or we don't have a monsoon is
17 going to be rock fall in those areas if nothing is holding it
18 now. Would we be eligible for rock fall mitigation funds for --
19 out on 60 and 77 in particular?

20 MR. HAMMIT: We'll look into that, but one thing
21 I do know, because I was on the call this week, we have -- we
22 call them "boulder busters." Basically, we drill a hole and
23 have a very light charge break up the rock. We are bringing two
24 of those apparatuses out there, and we're going to bring down
25 some of those rocks, because if you drive that -- you probably

1 have -- there's nothing holding these boulders in place right
2 now because all the vegetation's gone. So we're taking it on --
3 on 77 especially before they open it to traffic, what can we
4 bring down today, get it out of the way before we turn traffic
5 loose back on that route.

6 CHAIRMAN STRATTON: Okay. Glad to hear that.
7 Thank you.

8 Any questions for Dallas?

9 MR. HAMMIT: One more if I could, and this is
10 responding to smart highway corridors. You probably read the
11 Governor's office has an initiative to add broadband to I-17 and
12 I-19. That was stalled. They -- they were using COVID relief
13 funds (indiscernible) one area. We're going to move it to
14 another. So those projects will resume, and what that will do
15 is give -- for the department, we will have fiber optics, 144
16 strands, that we can use for smart highway technology such as
17 message boards, variable speed limits, communication on our
18 corridors.

19 At the same time, there's additional conduit
20 ducts that we can use for education. It hooks up to three
21 universities, and then potentially a consortium that we're
22 working with (indiscernible) state government that will market
23 that available so we can expand broadband to rural communities.

24 The Governor's office is looking at different
25 opportunities on I-40. That has not been programmed at this

1 time. It could be another one like this, but it could be a
2 partnership with a private entity. So we're looking at those
3 different options, but as we get the fiber in, we wanted the
4 ability (inaudible) program to then put in state highway
5 features that we can communicate with the public and, you know,
6 improve that experience for people as they go through. Alert
7 them when there's a fire on I-17 so they can divert
8 (indiscernible) in other areas.

9 CHAIRMAN STRATTON: (Inaudible.)

10 In a previous meeting I voiced my concern about
11 the bridge approaches on I-10 near Benson. I have driven that
12 road recently and the detours because of the fire, and they have
13 been fixed, and they're good and I appreciate it. Thank you.

14 Board Member Daniels?

15 MS. DANIELS: Is that effort being led by Jeff
16 Sobotka of the Arizona Commerce Authority?

17 MR. HAMMIT: He is a part of our consortium.
18 (Indiscernible) from the Governor's office. We've created a
19 broadband office here, but Jeff is definitely a part of that.

20 MS. DANIELS: Okay.

21 CHAIRMAN STRATTON: Any other questions for
22 Dallas?

23 Hearing none, we'll move on to Agenda Item 9,
24 construction contracts, for discussion and possible action.

25 Dallas.

1 MR. HAMMIT: Mr. Chair, Board, thank you for
2 approving that first item. I notice Mr. Knight didn't hesitate
3 to approve that.

4 One note on that. Almost 20 years ago I was at
5 the public hearing when we were approving the environmental
6 document for that as staff at the Yuma district at that time.
7 It's been a long time in coming, and I'm excited to see that one
8 get started.

9 Item 9A -- we just talked about rock fall
10 mitigation -- is a rock fall mitigation project on SR-80. On
11 that project, the low bid was 2,767,000. The State's estimate
12 was \$2,076,020. It was over the State's estimate by \$690,980
13 dollars or 33.3 percent. As we reviewed the bids, the total
14 difference was in the roadway excavation. We overestimated the
15 production that the contractor was going to get after we talked
16 to them. They -- it's going to take them a little longer with a
17 little bigger crew. We did review the bid and believe it is a
18 responsible and responsible bid and recommend award to Fisher
19 Sand & Gravel, doing business as Southwest Asphalt Paving.

20 CHAIRMAN STRATTON: Is there a motion to award
21 Item 9A to Fisher Sand & Gravel Company?

22 MR. SEARLE: I'll make it. Searle.

23 MR. KNIGHT: Second.

24 CHAIRMAN STRATTON: I have a motion from Board
25 Member Searle, a second from Board Member Knight. Is there any

1 discussion?

2 Hearing none, I'll call for the vote.

3 MR. MECK: Excuse me. Mr. Chairman, Board Member
4 Meck. I may have a conflict there, so I will abstain.

5 CHAIRMAN STRATTON: Duly noted in the minutes.

6 MR. MECK: Thank you.

7 CHAIRMAN STRATTON: I'll call for the vote. All
8 those in favor say aye.

9 BOARD MEMBERS: Aye.

10 CHAIRMAN STRATTON: Opposed?

11 Unanimous with one board member abstaining. The
12 motion passes.

13 Dallas.

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

15 Item 9B is a microsurfacing project. It's in --
16 up between Chino Valley and the Hell Canyon Bridge. On this
17 project the low bid was \$983,000. The State's estimate was
18 \$1,279,169. It was under the State's estimate by \$296,169, or
19 23.2 percent. We saw better-than-expected pricing in our
20 asphalt oil, our mineral aggregates, and we got a good price on
21 mobilization. In review of the bid, the department believes it
22 is a responsive and responsible bid -- responsive and
23 responsible bid and recommends award to VSS International, Inc.

24 CHAIRMAN STRATTON: Is there a motion to award
25 Item 9B VSS International, Inc., as presented so moved?

1 MR. MAXWELL: So moved.

2 MR. KNIGHT: Second.

3 CHAIRMAN STRATTON: I have a motion by Board
4 Member Maxwell and a second by Board Member Searle. Have any
5 discussion?

6 MR. KNIGHT: Second was by me.

7 CHAIRMAN STRATTON: I'm sorry. Make that second
8 by Board Member Knight. My apologies.

9 Any discussion?

10 Call for the vote. All those in favor say aye.

11 BOARD MEMBERS: Aye.

12 CHAIRMAN STRATTON: Opposed? The motion passes.
13 Thank you, Dallas.

14 MR. HAMMIT: Thank you, sir.

15 CHAIRMAN STRATTON: Moving on to Item 10. Are
16 there any suggestions for future meetings? Anything you'd like
17 to see on the agenda?

18 MS. DANIELS: I have four. We don't have to do
19 them all at once.

20 CHAIRMAN STRATTON: You only get one.

21 MS. DANIELS: (Indiscernible.) It's my allotment
22 for the entire last year that we weren't able to be in person.

23 One of the things I would like, and we've
24 received several emails as board members about some of our
25 procurement practices. The most recent one was really

1 indicating that we were using a brand specific rather than a
2 generic specification on a type of asphalt. I just think it
3 warrants a discussion and probably an education for us as a
4 board, especially that there's three new board members, on some
5 of our procurement practices. I don't know if that means we
6 need Director Tobin to be part of that conversation, but I think
7 it would be helpful to sort of understand what our best
8 practices are and when we get those, know how to respond.

9 CHAIRMAN STRATTON: Dallas. I'm sorry. Board
10 member.

11 MR. HAMMIT: Mr. Chair, Member Daniels, I think
12 that a good -- couple things here. Part of our procurement
13 practices and then also what's a part of the Board's
14 responsibility, what's a part of the department's. This one is
15 not in -- please, I'm not saying, hey, it's none of your
16 business. I'm not saying that at all. It is a part of what's
17 delegated to the department under (inaudible) type, but we
18 definitely can explain the difference between those, and a lot
19 of the projects that you approve is -- the procurement is
20 delegated to the department outside of what DOA does. So we
21 have an exception. And so just real quick on that one, we are
22 going to bid, not a sole source, and we've responded to that
23 bidder.

24 DIRECTOR HALIKOWSKI: But understand this,
25 please, board members. Just because ADOT has an exemption from

1 ADOA does not mean we're not subject to the procurement law. So
2 we're independent of them, which means we don't have to go
3 through their procurement shop, but it doesn't give us, you
4 know, carte blanche to just do whatever we want. So in the
5 interest of transparency, we'd be more than happy to
6 (indiscernible).

7 CHAIRMAN STRATTON: Would that be an item that
8 can be discussed at a work session at some point?

9 DIRECTOR HALIKOWSKI: Mr. Chairman --

10 CHAIRMAN STRATTON: Since we do have several new
11 members.

12 MS. DANIELS: Maybe I'll just say any of these
13 between now and the end of the calendar year. Like, let's give
14 us a big window, because I do think there's probably multiple
15 things.

16 The other one is a strategy white board session
17 on some of our revenue sources, our projections and our future
18 needs. I love to hear that we are considering how we can add an
19 additional revenue source through. Access to fiber along our
20 highways. I would love to hear more about what that means for
21 projects and capacity and maybe do some brainstorming amongst us
22 about other opportunities that may require future pieces of
23 legislation for us to be looking at to be able to -- to be
24 allowed to access some of those types of P3s, if you will.

25 I mentioned it last -- at our last board meeting

1 about the potential for us as board members meeting with
2 legislators that fall into our individual jurisdictions so that
3 we can have collaborative conversations about what I will
4 affectionately call earmarking that's being done at the state
5 level. Just -- I -- there are some blatant misconceptions about
6 ADOT's practices amongst our legislators that I have been
7 fielding over the last couple of months, and I just think it
8 merits additional education for our legislators (indiscernible)
9 to sit down and have a conversation about the importance of
10 transportation. But I do think as board members it would
11 behoove us to be involved in those conversations so that we
12 continue to build the relationships that we'll need in the
13 future as additional projects come up. So I just...

14 DIRECTOR HALIKOWSKI: So, Mr. Chairman, I've
15 heard two things. One is the director has too much power, and
16 then two, that ADOT builds what it wants, not what the
17 Legislature wants.

18 MS. DANIELS: Yes.

19 DIRECTOR HALIKOWSKI: And I think some that
20 misconception comes out of what happened with I-17 and the
21 appropriation for that versus the financial crisis we faced
22 under COVID shifting money around to keep the state open and
23 solvent. So be more than happy to talk about that.

24 MS. DANIELS: I also don't think legislators
25 really understand the planning process that goes on regionally

1 as to how different things are funded, and I just -- it would
2 just help --

3 DIRECTOR HALIKOWSKI: I --

4 MS. DANIELS: -- if we could --

5 DIRECTOR HALIKOWSKI: I couldn't agree more.

6 MS. DANIELS: (Indiscernible.) And then --

7 DIRECTOR HALIKOWSKI: Some legislators think I
8 run DPS, also, so...

9 UNIDENTIFIED SPEAKER: You know, it's
10 interesting, because (indiscernible) we have the same
11 conversation, no matter which group you are with in the
12 Legislature.

13 MS. DANIELS: Just let's make friends and then
14 let's --

15 UNIDENTIFIED SPEAKER: Okay.

16 MS. DANIELS: -- you know, keep channels open and
17 communicate. I think that goes a long way.

18 And then the last one is sort of a longer-ish
19 one, but I -- we mentioned it a little bit earlier. Having that
20 policy-level discussion about -- and clear definitions around
21 planning, maintenance, preservation, modernization,
22 optimization, rate construction, repair or replacement,
23 expansion, and what true new construction is. I can give you
24 that list so you don't have to write them down, but the
25 appropriate or allowable or responsible funding source. I think

1 this is probably a multi-year conversation that we'll end up
2 having with hopefully our planning agencies and others who
3 are -- you know, counties that are allocating a transportation
4 tax. We've got to have that comprehensive conversation if we're
5 going to look long term and overall improve the system.

6 So those are my four things I've apparently been
7 holding on to for, like, 18 months. Sorry.

8 CHAIRMAN STRATTON: Very good. Any other board
9 members?

10 UNIDENTIFIED SPEAKER: Mr. Chair, we talked --

11 CHAIRMAN STRATTON: Board Member (indiscernible).

12 UNIDENTIFIED SPEAKER: -- momentarily about it
13 before the meeting as well. I think it's important that we look
14 aggressively at getting back into those public meetings. I
15 think it's -- so far, my only experience on this side of the
16 table has been during, you know, the last two months. I know
17 being on the other side of the table that having the opportunity
18 to come actually testify at the board or to participate in some
19 of the events the day prior, some of the gatherings, provides a
20 whole different avenue for the community to have engagement with
21 us as members of the State Transportation Board. So I would
22 encourage us as board members as well as the staff to look at
23 trying to make that happen. I know we're moving in that
24 direction.

25 CHAIRMAN STRATTON: I agree with you, and that's

1 why my discussions with the Director and Floyd have been that
2 we'll take it a month at a time rather than set a hard schedule
3 in the future, because I, too, believe we need to get back to
4 the public as soon as we can, as soon as it's safe for the Board
5 and staff.

6 UNIDENTIFIED SPEAKER: Thank you, Mr. Chairman.

7 DIRECTOR HALIKOWSKI: If I just could to that
8 point, Mr. Chair, what's interesting is that if you look at the
9 attendance of board meetings, when we were doing them and
10 traveling around from place to place, I don't know, we'd
11 probably get, what, maybe 40 people or so on a good board
12 meeting, sometimes less. Then as you've noted, Mr. Chairman,
13 everybody pretty much takes off after public comment, and they
14 don't hear the real meat of the discussion. It's interesting
15 that these virtual meetings, the attendance is probably three
16 times that. So if there's a way to give a balance, and the
17 problem we've run into is that some of these remote areas, we
18 just don't have this kind of connectivity to do a virtual
19 meeting, but if you could do the in-person plus offer the
20 virtual to those that want to tune in, your attendance is much
21 better.

22 CHAIRMAN STRATTON: And I agree with that,
23 everywhere we can that we go, I think we should offer that.

24 DIRECTOR HALIKOWSKI: Yeah. But there is
25 something that we miss in meeting face-to-face, I will say.

1 CHAIRMAN STRATTON: For (inaudible) of board
2 members that have not been involved in the public hearings,
3 especially, that's exactly what happens, is they'll come in and
4 tell you what you want -- what they want and then leave before
5 the financial report, and that's one of the things that has
6 bothered me over my tenure here is they have no idea that
7 we've -- what the money situation is, and I have suggested at
8 times that we move public comment to the end so that they have
9 to hear the financial report and other things and engineer's
10 report, and then maybe that would help them understand why we
11 can't do all the things, but...

12 DIRECTOR HALIKOWSKI: Well, Floyd's been nothing
13 but a roadblock to that idea.

14 CHAIRMAN STRATTON: I think that's worthy of
15 discussion, though. But once you -- once we get out there again
16 and you see these comments, I think you'll understand more.

17 UNIDENTIFIED SPEAKER: And, Mr. Chairman, I want
18 to make sure that -- don't misconstrue the idea that we need to
19 get back out and meet -- give the public an opportunity to be
20 present, but I do believe that one thing that's going to come
21 out of COVID is that I know in our -- my organization, the
22 private sector, is we will do hybrid for almost every in-person
23 meeting, and I think we do need to look at that, and that may
24 mean some of the locations we get out to may have to be very
25 specific for a while, because I think the public is going to

1 kind of demand that.

2 MS. DANIELS: Another alternative, do some field
3 trips amongst the Board so that we can physically see and meet
4 and then do the business of the board here so that there is the
5 option.

6 DIRECTOR HALIKOWSKI: We could help facilitate
7 that. I know Dallas loves to drive the 15-passenger bus, so...

8 MS. DANIELS: If you get car sick, you can sit up
9 front, right?

10 DIRECTOR HALIKOWSKI: Yeah. On another note,
11 Mr. Chair, the USC -- Anthony was listening -- it repeals
12 January 1st, 2024.

13 CHAIRMAN STRATTON: Thank you.

14 DIRECTOR HALIKOWSKI: Thank you, Anthony.

15 (Inaudible.)

16 CHAIRMAN STRATTON: Vice Chairman.

17 VICE CHAIR THOMPSON: Just for the new members
18 (inaudible) at issue, the Arizona state -- the Arizona state has
19 an interest in transportation on the reservation, but we're not
20 being part of maintaining some of those roads. There are
21 several school districts out there, and their kids have to
22 travel on dirt roads every day, and (indiscernible) a recent
23 study, it really does impact their academic performance.

24 So that's one thing that -- hopefully that we'll
25 be able to get some kind of support to do it steady, to really

1 look at the situation from our point of view. The federal
2 government already done that (inaudible) we're in discussion on
3 that right now, but how many -- how many comments have we
4 received? I think I saw that in an email on this five-year
5 project. How many comments, public comments have we received?

6 MR. HAMMIT: Over a thousand.

7 UNIDENTIFIED SPEAKER: And we've got it an Excel
8 sheet.

9 UNIDENTIFIED SPEAKER: Right.

10 UNIDENTIFIED SPEAKER: It was a lot.

11 VICE CHAIR THOMPSON: Uh-huh.

12 UNIDENTIFIED SPEAKER: It was broken down by
13 (inaudible).

14 VICE CHAIR THOMPSON: Well, whatever we're doing,
15 I think it shows the number, what we're looking at is other ways
16 maybe we can increase number. Thank you, Chairman.

17 CHAIRMAN STRATTON: Very good. I think we're
18 stretching the limits of this agenda item a little bit.

19 UNIDENTIFIED SPEAKER: I agree.

20 CHAIRMAN STRATTON: If Michelle was here, she'd
21 be slapping our hands.

22 MR. ROEHRICH: She's at the doctor, so that's why
23 I haven't said anything.

24 CHAIRMAN STRATTON: I was kind of waiting for
25 Floyd to jump up and down over there or something.

1 But are there any other items you'd like to see
2 on future board meetings?

3 MR. ROEHRICH: So, Mr. Chairman, I do have one
4 comment on the next meeting real quickly. Obviously, we're
5 scheduled next for the meeting July 16. We are scheduled to go
6 to the City of Sedona, and we've been coordinating with their
7 mayor's office and their staff, and they're prepared for us, but
8 there was a concern still wide opening for the full public. So
9 as the director said, and Member Maxwell and yourself have
10 talked about, a hybrid meeting.

11 So we are going to be working with them. In
12 fact, next Tuesday we are going up to do a test run. Can we do
13 a combined remote meeting and have everybody in place like we're
14 doing here? So we're going to do that test run on Tuesday. If
15 everything's successful, Mr. Chairman, I will send you a note,
16 We're moving forward. Let's go to Sedona. If that doesn't look
17 like we can remote -- conduct the hybrid remote meeting out of
18 there, then I'll call you and we need to talk about do you still
19 want to go there, but it will probably have to have some limited
20 public participation.

21 If not, we can come back and here do this, this
22 type of a scenario, but we want to get to Sedona next month. So
23 we are going to move forward with that, and I will know by
24 Tuesday if everything will work in place for us to do that. And
25 their staff has been really great to work with. Sedona's been

1 very welcoming -- except for me, that is -- but everybody else
2 has been welcomed up there with open arms. So we're moving
3 forward with that. So we'll see if that works.

4 DIRECTOR HALIKOWSKI: They remember Floyd from
5 the West Sedona Street (indiscernible).

6 CHAIRMAN STRATTON: (Indiscernible.)

7 Very good. Do I have a motion to adjourn this
8 meeting?

9 MR. KNIGHT: So moved.

10 MR. MECK: Second.

11 CHAIRMAN STRATTON: I have motion by Board Member
12 Knight, second by Vice Chairman Thompson -- or I'm sorry.

13 UNIDENTIFIED SPEAKER: (Indiscernible.)

14 CHAIRMAN STRATTON: I'm sorry. Meck. I'm
15 hearing it and I'm not looking.

16 Any discussion?

17 Call for the vote. All those in favor say aye.

18 BOARD MEMBERS: Aye.

19 CHAIRMAN STRATTON: Opposed?

20 Motion carries. The meeting is adjourned. Thank
21 you.

22 (Meeting adjourned at 11:24 a.m.)
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1 STATE OF ARIZONA)
)
 2 COUNTY OF MARICOPA) ss.

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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 98 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 July 2021.

 /s Teresa A. Watson

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

Adjournment

A motion to adjourn the June 18, 2021, State Transportation Study Session Meeting was made by Board Member Gary Knight and seconded by Board Member Jackie Meck. In a voice vote, the motion carried.

Meeting adjourned at 11:24 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