

MINUTES
STATE TRANSPORTATION BOARD PUBLIC HEARING AND BOARD MEETING
9:00 a.m., Friday, May 15, 2015
Chino Valley Town Hall
202 N. State Route 89
Chino Valley, AZ 86323

Pledge

The Pledge of Allegiance was led by Chino Valley Vice Mayor Darrell Croft.

Roll call by ADOT Staff Member Lynn Sugiyama

In attendance: Kelly Anderson, Joe La Rue, Deanna Beaver, William Cuthbertson (via telephone), Jack Sellers and Michael Hammond and Pliny Draper (via telephone).

Absent: None.

Opening Remarks

Chairman Anderson welcomed the new State Transportation Board member Pliny Draper, from District 5, Apache County, appointed yesterday. Chairman Anderson thanked the Granite Creek Vineyards for the dinner, as well as the hosts of the dinner, City of Prescott, Yavapai County, Towns of Prescott Valley, Chino Valley and Dewey-Humboldt.

Call to the Audience (Public Hearing)

The following member of the public addressed the Board:

1. Chris Marley, Chino Valley Mayor, re: welcome to the Board.
2. Christian Price, City of Maricopa Mayor, re: appreciates 347 overpass plan included in the five year program; welcomed new Board members; met with Ak-Chin members and working to get an IGA to ADOT soon.
3. Terry Nolan, Town of Dewey-Humboldt Mayor, re: cooperation of quad cities and appreciation for funding for Hwy 89 to improve transportation between Prescott, Chino Valley and I-40.
4. Mary Mallory, CYMPO Chair and Prescott Valley Councilmember, re: all communities in the state should communicate and work together; recognizes the lack of funding, thanks Board for their work.
5. Steve Stratton, Gila County, re: Hwy 260 between Payson and Heber; Hwy 93 between Wickenburg and Kingman, bottlenecks on both of these corridors; urge to get the designs done and when funds become available, requests these projects can be moved up in the program; staff does a great job.
6. Dr. John Moffitt, Pima County, re: SR 189 and ports of entry; appreciate moving design money into next year, but need final design, so Pima County can go for a Tiger Grant, asks for preliminary design in 2016, and requests final design be completed in 2016.
7. Norm Davis, Public Works Director, Prescott Valley, re: transportation is vital for rural areas; appreciative of AZ Commerce Authority grant to fund an Enterprise Parkway signal on Hwy 69 in less than 1.5 years with ribbon cutting on May 28; thank you to DE Alvin Stump for streamlining process to capture grant/state money; received transportation enhancement grants for multi-use path which runs between Hwy 69 and SR89A; used local SHIP funds to fund CYMPO and replace stop signs; Prescott Valley working on challenges with current federal funding.
8. Alan Abare, Chairman of Wickenburg Chamber of Commerce Transportation Committee, re: thank you Joe La Rue and Deanna Beaver for visit on US 93; requests Board take a strategic look at US 93 and choke points, from south to north; local developer to donate \$10 million and working to get funding from MDOT/MAG, hope to move up the project in the five year plan.

9. JD Greenberg, citizen, re: appreciates CYMPO and District Engineer Alvin Stump; need to eliminate accidents on US93; 105 out of 120 of CYMPO public comments to support providing wildlife corridors and mitigation; please include environmental assessments for any project along Hwy 89; needs I-17 mitigation from Phoenix.
10. Alicyn Gitlin, Sierra Club Grand Canyon Chapter, re: Grand Canyon Airport expansions, \$25M upgrades proposed, concerned with subsidizing harm to springs, animal wildlife, dark skies; concern with large commercial jets to Grand Canyon and install new field lighting; ground water is linked to the springs and ADOT plans to drill a well to take more water to support expansion.
11. Homer Vela, Asst. County Manager, Navajo County, re: thank you Board; SR260 Lion Springs an important safety improvement in 2019; PARR grants for transportation studies, important for the future of rural areas; appreciates ADOT sharing millings with Navajo County, they are shared with other entities and are used in best possible way.

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1 (Beginning of excerpt.)

2 CHAIRMAN ANDERSON: That is the conclusion of the
3 call to the audience. We'll move into the public hearing
4 description of the plan, and we'll start with Mr. Kies. Before
5 we start, Mr. Kies, congratulations to you on your promotion to
6 assistant director of the ABD division. I'm glad to have you on
7 board.

8 MR. KIES: Thank you very much, Mr. Chair. I'm
9 happy to be in the new role.

10 Great. Well, thank you, Mr. Chair and members of
11 the board. What I'd like to do this morning is give an overview
12 of the tentative program that is currently out for public
13 comment and also give the members of the audience an
14 understanding of what is proposed in that program.

15 Does this click?

16 UNIDENTIFIED SPEAKER: No, this is (inaudible).

17 MR. KIES: Great.

18 So what I was going to cover this morning is
19 first a little background of what the five-year program entails,
20 the process that we follow to identify projects and prioritize
21 them for funding in program, called our Planning to Programming
22 process; an overview of our asset conditions, and then there are
23 actually five sections of the program that I want to highlight
24 today. There is our five-year construction program, which looks
25 at the next five years of projects that we intend to fund and

1 deliver.

2 Then we have what we call is our development
3 program, which is the next five years, so our six through ten
4 year program. So that gives us a ten-year look ahead of all the
5 projects that we intend to develop and implement within ADOT.

6 Then there's two sections of the state that are
7 separated out, the Pima Association of Governments, or the
8 Tucson metropolitan area, and the Maricopa Association of
9 Governments program, or the Phoenix metropolitan area.

10 And then the last section of the program is the
11 airport program, which represents how we intend to prioritize
12 funding for the aviation fund that the state has.

13 So first a little information about the
14 background of the program. It's developed collaboratively
15 within ADOT. We partner with the State Transportation Board and
16 then various parts of ADOT ITD, which is our engineering part of
17 the department, the financial section, and then the planning
18 section, which I'm a part of. And then we reach out to our
19 regional partners. I mentioned PAG and MAG have a separate
20 section of the program, and that's a key collaboration that we
21 do each year.

22 And then as I said earlier, the last two bullet
23 points on this slide is that we have two distinct programs for
24 the ADOT part of the program, the five-year construction
25 program, which we call fiscally constrained, meaning that we

1 limit the amount of funding that we put in that program to the
2 revenues that we have predicted that we would get over the next
3 five years, and then our development program, which looks at the
4 next five years, and that's what we call financially
5 constrained, meaning we have a reasonable expectation of
6 receiving those amount of revenues, but since it's a little
7 further out, we're not as specific as in the five-year program.

8 So how do we select projects that we prioritize
9 and then place in the program? Well, the first element is our
10 federal legislation that we're operating under, which is called
11 MAP-21. This was passed in October of 2012. It informs us to
12 look at certain goals that the nation has for highway funding,
13 including safety, the condition of our infrastructure, the
14 mobility of freight around the state and environmental
15 sustainability. So we have a process that looks at those items
16 and actually has criteria that we look to to projects to put
17 into the program, and that's what that final bullet on this
18 slide describes our Planning to Programming linkage process
19 where we identify projects. We compare them to criteria and
20 then nominate the highest priority projects for the program.

21 So a little information about the Planning to
22 Programming process. It really is identified in our long-range
23 plan, which is the 20-year vision that the state has for how we
24 fund transportation projects. This graphic represents the
25 process that the long-range plan instructs us to follow as we

1 identify projects and put them into the construction program.
2 On the far left, you can see all of the ideas that people can
3 provide us for projects, the needs around the state for
4 transportation improvements. Each dot represents a single
5 project. We then divide those into different categories that
6 the long-range plan has instructed us to do. Those categories
7 are first modernization, expansion and then preservation and
8 other non-highway projects.

9 Modernization is the category that really focuses
10 on a lot of safety improvements to our facilities and also
11 improving the facilities without expanding the capacity. Some
12 examples on this slide are about adding shoulders or
13 straightening curves on a highway without adding more lanes.

14 The expansion category is truly that, projects
15 that expand the facility by adding lanes or new facilities along
16 -- around the state.

17 And then the preservation program is to preserve
18 the system that we have, improve the conditions of our assets.

19 We then take those projects and those categories,
20 do some performance scoring to determine which are the highest
21 priority for the state, and then we prioritize the funding for
22 those projects that are the highest priority around the state.

23 So the goal with the P to P link process is to
24 provide a performance-based process that links the planning of
25 the transportation system for the state to the funding that we

1 have available and funding those projects that are of the
2 highest priority.

3 In concept, this process looks like this, where
4 at the bottom of this screen is system performance. We first
5 look at how is our system performing and what type of projects
6 could help us improve that performance of the system. And then
7 on a yearly basis, as we are doing today, we evaluate those
8 projects and put those of highest priority into our delivery
9 program, which is the first five years, and then those longer
10 range vision projects into our development program, which is the
11 second five years, or our six through ten program.

12 So with this process being -- the foundation of
13 this process being system performance, one of the key parts of
14 that performance is what is the condition of our assets? And so
15 I do want to give a little overview of the condition of our
16 assets and how we track that and the type of data that we use to
17 select projects for the five-year program.

18 Each year we identify the value of the
19 transportation system that currently sits out there in the state
20 and how much value we are providing the public with this
21 transportation system. The system this year has been valued at
22 19.7 billion, or nearly \$20 billion worth of investments that we
23 put our for the public's use. However, we need to really focus
24 on preserving these assets. If we don't preserve these assets
25 and keep them in good state of prepare, we predict that to come

1 back out and replace them once they have lost their condition,
2 it would cost over \$200 billion to replace these existing assets
3 that we have out there today.

4 So preservation of the system is a very high
5 priority for the staff here at ADOT, and you'll see that we have
6 a lot of focus in our five-year program on preservation, and
7 really, it makes sense. If you think about your car and you
8 don't ever maintain your car and change the oil and tune up the
9 engine, then ultimately it's going to cost you more money in the
10 long range, and that's the same thing with preservation of our
11 transportation system. If we don't pay attention to
12 preservation, at the end of the day it will cost us more to come
13 back and do major improvements to the system instead of minor
14 preservation projects that's -- to keep it in a state of good
15 repair.

16 So this is an example of some of the data we look
17 at when we think about how is our system performing and what
18 condition is the system in. This is the bridge conditions of --
19 around the state. These are all the bridges that we have on the
20 state highway system. This is only the state highway system.
21 It doesn't include local roadways. And you can see that we
22 prioritize them in good, fair and poor condition, and we're
23 happy to say that only 5 percent of the system is what we --
24 bridges are what we consider poor condition. And that's really
25 where we can focus on our -- our attention on preservation of

1 the bridges around the state and put those bridges into the
2 five-year program, those ones that are on the poor list or on
3 the fair list that need some attention.

4 Here's some examples of some of the projects that
5 the board has approved in the past, and we finished this last
6 fiscal year. This is a bridge on State Route 186 that was in
7 poor condition because of a drainage issue, and you can see the
8 before -- the before pictures and then the improvement that's
9 been made, and now it's considered in good condition.

10 Here's another example of a project that we just
11 recently finished on State Route 77. You can see the condition
12 of the deck before, and then there was a deck replacement done.
13 One thing do I like to highlight on this project is you can see
14 that even though the focus of the project was a deck
15 replacement, there were also some improvements made to the
16 roadway at the same time. You see shoulders added and up-to-
17 date bridge rails put on the bridge.

18 And here's a last example of a bridge project
19 that's in -- was in our preservation where actually, in this
20 case, the entire bridge was removed and a brand-new bridge was
21 put in its place on State Route 87.

22 Another way we look at our asset conditions is we
23 look at trends, and this happens to be the condition of our
24 pavement around the state from 2003 to 2014, and on the left you
25 see the interstate highway system around the state and the

1 condition, with green being good, yellow being fair, and red
2 being poor again. And you see that we've put a lot of attention
3 to keeping the condition of our interstate system at a -- in the
4 good range. Over 90 percent of the interstate system is what we
5 consider good -- excuse me -- good pavement condition. However,
6 with the limited funds that we've had, we've had to -- and the
7 focus that we put on the interstate system, we see that the
8 non-interstate pavement condition, we're losing ground, and the
9 trend is that more and more of the non-interstate system is in
10 the poor pavement condition, and that really sets the stage for
11 us focusing more on preservation in our five-year construction
12 program.

13 Here's an example of what we mean by pavement
14 preservation. You can see this project on State Route 85 that
15 was recently completed. The condition of the pavement before
16 the project was done, and then the condition of the pavement now
17 that it's been preserved.

18 So in this five-year and ten-year program that
19 we're presenting today, this is the left of preservation that's
20 being proposed in the program that's out for comment. And every
21 once in awhile we get together with our internal staff to
22 determine what is the optimum amount of funding that we should
23 be spending each year to continue to maintain our transportation
24 system in the same overall condition that we have it today. And
25 that number, according to our internal staff, is -- today is

1 \$260 million per year should be spent on our existing
2 transportation system to keep it at the same state of condition
3 that it is in today.

4 And as you see with the program that we're
5 proposing over the next 10 years, we don't attain that amount of
6 spending until 2024, and there's an effort in this five-year
7 program and then the six through ten-year development program to
8 continuously increase that spending on preservation so we get to
9 that level and hopefully maintain that level at -- into the
10 future.

11 So with that, I will highlight specifically the
12 five-year highway delivery program, which is the state highway
13 program outside of Maricopa and Pima Counties and the funding
14 that is earmarked for that.

15 So another piece of information that we get from
16 our long-range plan is how much we should be spending in each of
17 these investment categories that I mentioned before,
18 preservation, modernization, expansion and non-highway modes.
19 And you can see there that the long-range plan recommends that
20 in preservation, we should be spending in the range of about a
21 third of our program in that category, another third or so in
22 modernization, and the rest in expansion and non-highway modes.

23 This ten-year -- this five-year program that
24 we're presenting today is actually divided up, as you see on the
25 right side of the screen, with 29 percent of the program being

1 dedicated to preservation, 12 percent in the modernization
2 category, and 59 percent in expansion. And you can see some
3 difference between what this program proposes and the
4 recommended investment choice from the long-range plan.

5 I did highlight preservation, that we are
6 consistently increasing the amount of spending we spend on
7 preservation, and you can see we're a little behind the
8 recommendation, but we are trying to catch up with the increased
9 spending that we're proposing. The expansion element of this
10 five-year program, much of that -- those projects are located in
11 the Maricopa County and Pima County areas where they have
12 dedicated funding sources that are dedicated to certain
13 projects, and most of those projects are in the expansion
14 category.

15 So with that -- those voter-initiated funding
16 sources, we have to keep that commitment and continue to put
17 that funding towards expansion projects in those areas. And
18 that's what -- excuse the pie chart a little bit -- with 59
19 percent to expansion.

20 So now if we just talk about Greater Arizona,
21 this is outside of the Maricopa and Pima County areas, the rest
22 of the state, and you see the funding that is proposed in the
23 different categories in Greater Arizona. There's a lot more --
24 there's a lot of mileage of highways out in Greater Arizona that
25 need to be maintained, and a lot of that increased spending that

1 we're proposing on preservation happens in Greater Arizona.

2 So you see 68 percent of the program in Greater
3 Arizona is dedicated to preservation, 24 percent modernization.
4 Again, that modernization category really focuses on safety
5 improvements and minor improvements to highways around the
6 state, and then that leaves us with limited funding in that
7 expansion category where the ability to do major expansion
8 projects around the Greater Arizona part of the state is limited
9 because of the large focus on preservation and the safety
10 program.

11 This is a graph a bar graph that shows it in a
12 different format. Here on this graph, you can see the green
13 part of the funding is what's dedicated towards preservation
14 each year from 2016 to 2020. The red part of the graph is that
15 modernization program or a lot of focus on safety improvements,
16 and then the blue part -- the light blue part of the graph is
17 the expansion program. That's the amount of money that's left
18 over after preservation and modernization that's available for
19 these expansion projects around the state. The other colors you
20 see at the bottom of the graphs are the amount of funding that
21 ADOT needs to develop these projects such as design and
22 environmental review and the planning activities that go into
23 identify the scope of these projects.

24 With that said, this is a map that shows all the
25 preservation projects that are proposed over the next five years

1 around the state. Not expecting people to see every -- the
2 detail of every project, but the intent here is to show that we
3 are focus on preservation throughout the state in different
4 areas. There's preservation along the interstate system and
5 also a preservation project proposed on the non-interstate
6 system. On the left of this slide you do see examples of what
7 those type of projects are, mostly pavement preservation and
8 bridge preservation projects. And then this is an example list.
9 It's not every list that's included in the five-year program.

10 The second part of the five-year program is the
11 modernization program. Again, the map on the right is intended
12 to show that we are focusing on safety improvements and
13 modernization improvements throughout the state on interstate
14 highways as well as non-interstate highways, and then the graph
15 or the table on the left shows examples of what some of those
16 projects are. And you can see the type of work that we include
17 in the modernization program such as construct shoulder
18 widening, safety improvements, constructing roundabouts. One
19 project to highlight there installs DMS signs or those variable
20 message signs that give you information about accidents ahead or
21 weather conditions.

22 And then the last part is our expansion program,
23 and you can see the dots on the map show that very few -- there
24 are a very few number of expansion projects that we're proposing
25 in the five-year program. You can see that the State Route 260

1 project is that light blue dot near Camp Verde, which is a
2 project that widens State Route 260 from a two-lane road for a
3 section to a four-lane divided road.

4 You see the purple dot in the City of Maricopa,
5 the Union Pacific Railroad crossing project, which is included
6 in the five-year program and is phased over several years, where
7 right-of-way and design is part of the 2016 program. And then
8 in 2020 the full construction of that program.

9 The dark blue dot here near Prescott is the
10 further improvements along State Route 89A from Depot Ranch Road
11 to -- excuse me -- there are improvements along 89, from 89A to
12 Depot Ranch Road, and it would be the continuation of the
13 project that you see under construction today between Chino
14 valley and Prescott, and that will be the last phase, and that's
15 proposed in year 2017 as a construction project.

16 So the summary of the tentative -- the five-year
17 program in Great Arizona, some of the larger projects that you
18 see, State Route 260, as I mentioned, and 347 in the City of
19 Maricopa. Other projects that are highlighted here, State Route
20 189, which is that highway from the Mariposa port of entry in
21 Nogales to -- that connects to Interstate 19. We have design
22 funding for that project to continue its development. US-93 at
23 King Springs, the design of that project is proposed in 2019.

24 So with that I'll move on to the -- what we call
25 the development program or the next five years, years six

1 through ten. This would be year 2021 out to 2025. And again,
2 to keep that level of preservation to the point we believe we're
3 maintaining our system adequately, 67 percent of this part of
4 the program is dedicated to preservation, another 16 percent to
5 modernization or those safety focused projects, and then that
6 leaves a chunk of funding for expansion projects at 17 percent
7 from 2021 to 2025.

8 This is, again, a bar chart that highlights the
9 division of the funding that we anticipate over those five
10 years, which is in the range of \$400 to \$450 million a year that
11 we have to put on to the state highway system over those five
12 years. The green part is the amount that we intend to put
13 towards preservation. The red area for modernization, and then
14 the blue area are those expansion projects.

15 And you can see on the top of this chart those
16 expansion projects that we are thinking of implementing over
17 these five years. State Route 189 from the port of entry to
18 I-19 down in the Nogales area, we anticipate a \$64 million
19 construction project in the year 2021. And then the next two
20 years, in 2022 and 2023, there are a couple projects that we
21 propose along Interstate 10 between Phoenix and Tucson. SR-87
22 to Picacho, which is one of those sections that hasn't been
23 widened out to six lanes, an \$85 million project in the year
24 2022, and I-10 Earley to I-8, which is in the Casa Grande area,
25 a \$40 million project for construction in 2023.

1 And then the next two projects in this
2 development program are along US-93 in 2023 and 2024. US-93
3 Carrow Stephens, a \$31 million construction project, and then
4 US-93 King Springs, \$31 million projects. Each of those
5 projects are in the area between Wikieup and I-40 as you
6 approach Kingman. And then the last expansion project in the
7 10-year program is State Route 260 Lion Springs, which has been
8 mentioned earlier, a \$45 million construction project in the
9 year 2025.

10 Now I want to focus on the Tucson metro area or
11 the Pima Association of Governments program. Much of this
12 program is dedicated towards expansion projects. You see the
13 pie chart there on this chart. 94 percent of the projects in
14 the Tucson metro area are in the expansion category, and you see
15 some of the examples on the list on the left. Ina Road TI, it's
16 an interchange along Interstate 10, Houghton Road interchange,
17 Ruthrauff interchange, Country Club interchange, they're all
18 expansion improvements on interchanges on our interstate highway
19 system.

20 Some of these projects can't be completed in just
21 one year, so they're phased, and you see on this list that such
22 as the Houghton road TI, it's in 2016 and 2019, because certain
23 elements are in -- are proposed to be completed in one year, and
24 the rest of the project in a future year. And this table is an
25 example of the information you can find in the five-year program

1 about how some of these projects are proposed to be phased.

2 You see the first one on this table, Ina Road
3 interchange along Interstate 10, is proposed to be constructed
4 over the year 2016 and 2017. The five-year program also
5 highlights where the funding comes from, and in this case in the
6 Tucson area, there's local funding that is being contributed to
7 these projects. That first line on this table, you see listed
8 as RTA. That is local funding that the half cent sales tax in
9 the Tucson area is contributing to that project.

10 Next is the Phoenix metro area projects or the
11 Maricopa Association of Governments area. Again, a lot of focus
12 on the expansion of the highway system. 97 percent of the
13 funding that is proposed in the Phoenix metro area is to
14 expanding the highway system, and the largest project of note is
15 the first line on this slide, the South Mountain Freeway, SR
16 loop, 202 loop, which would connect I-10 in the Chandler area to
17 I-10 in the Tolleson area, and that's a \$1.48 billion project in
18 this five-year program.

19 Again, some of these projects are phased over
20 multiple fiscal years, and funding comes from local sources and
21 federal sources. So that first project that you see on the list
22 there, I-10, some improvements along the Broadway curve, part of
23 it is what we call MHPP funding. That's a federal funding
24 source. But then the other part of the project is from the
25 regional freeways program, which is the half cent sales tax in

1 Maricopa County.

2 The last part of the program that I want to
3 highlight is the aviation program. This is how the -- we are
4 intending to spend the aviation fund that comes to the DOT each
5 year. And the aviation fund is a fund that the board
6 distributes moneys appropriated to the department from the
7 state, state aviation fund, and then the board shall distribute
8 these moneys in accordance with the needs of the facilities, and
9 therefore we're making a recommendation on how the board divides
10 up those moneys over the next fiscal year.

11 So where does the revenue in the state aviation
12 fund come from? Well, these are all the different sources, but
13 the two large ones, you can see, is that light blue called
14 flight property tax, or the taxes that the individual airports
15 pay towards the fund; and then the other, the large red area, is
16 aviation registration fees. So when a person registers their
17 airplane, gets a license for it, they pay a fee, and that goes
18 into the state aviation fund.

19 Where did the funds that were deposited in the
20 aviation fund go last year? Well, that's what this pie chart
21 shows. Much of the funding is that first light blue area, which
22 is the Aviation Pavement Management System, or APMS, and again,
23 this is the preservation part of the airport system to keep the
24 runways up-to-date, in good repair, and you can see a lot of the
25 funding goes towards that.

1 That purple part of the pie is operating costs
2 that go to the Grand Canyon Airport, which is an airport that's
3 actually owned by ADOT, and you can see the proportion of the
4 funding that needs to go to operate that airport.

5 So over the next fiscal year, this is the
6 proposal for where the aviation program would be distributed to.
7 Much of the aviation improvement projects are done with federal
8 grants, so there's a state match for those grants, and that
9 first line is how much we intend to match federal grants with
10 state money. Then we have a state/local grant program for our
11 airports. The third line there is how much we intend to go to
12 preservation of our runways and taxiways, and then the last part
13 is how much is dedicated to planning the future improvements for
14 airport.

15 With that, I just want to go over the next steps
16 on the approval of this five-year program and all the other
17 elements that I highlighted. This is the last public hearing
18 meeting. We've have had one in March in Tucson. We had a
19 meeting in Phoenix in April, and now this is the last public
20 hearing on the five-year program. This will conclude with a
21 study session May 26th where the board will review all the
22 comments and proposed changes in the program, and that is also
23 the day that we conclude the public comment period. So if the
24 public would like to continue to give us comments on the
25 program, we will be taking those comments until May 26th.

1 Then we will present the final program to the
2 board in June at the meeting in Pinetop, and then the hope is
3 that the governor would sign the final program by June 30th so
4 we can start implementing those projects first thing next fiscal
5 year, which starts July 1st.

6 With that, that is all that I had about the
7 overview of the five-year program. I would be happy to answer
8 any questions.

9 CHAIRMAN ANDERSON: Any question for Mr. Kies?

10 MR. BOSCHEN: I do have a quick question. Is
11 this on?

12 CHAIRMAN ANDERSON: Yes.

13 MR. BOSCHEN: How do you avoid revenue
14 projections into the matrix of a five-year plan, and how are
15 they looked at?

16 MR. KIES: I would -- the question is how would
17 we determine the revenue that goes to the five-year and how are
18 we looking? Would you like to address that?

19 MS. WARD: I can address that.

20 MR. KIES: So our chief financial officer will be
21 giving a financial report as a future item on the agenda, and
22 she'll cover it at that time if that's okay.

23 MR. BOSCHEN: That's perfect.

24 CHAIRMAN ANDERSON: Any others? Bill? Pliny?
25 Any questions?

1 MR. DRAPER: No. (Inaudible).

2 MR. CUTHBERTSON: No questions from me.

3 CHAIRMAN ANDERSON: Motion to move out of the
4 executive session to the hearing process?

5 MS. BEAVER: So moved.

6 MR. LA RUE: Second.

7 CHAIRMAN ANDERSON: Moved by Ms. Beaver, second
8 by Mr. La Rue to adjourn from the public hearing on the
9 2016-2020 Tentative Five-Year Transportation Facilities
10 Construction Program.

11 All in favor?

12 BOARD MEMBERS: Aye.

13 CHAIRMAN ANDERSON: Opposed?

14 UNIDENTIFIED SPEAKER: Aye.

15 CHAIRMAN ANDERSON: All right. Now we're into
16 the regular session, and I do have one call to the audience.
17 Gary Beverly.

18 MR. BEVERLY: Thank you for allowing me to speak
19 late.

20 My name's Gary Beverly. I'm a local resident
21 here for 40 years, and I'm speaking for the Sierra Club. The
22 Grand Canyon chapter of the Sierra Club was formed 50 years ago
23 for the express purpose of protecting the Grand Canyon. We are
24 deeply concerned of the addition of the airport upgrades for the
25 Grand Canyon Airport. In listening to these other people speak,

1 we -- obviously there's a money issue. You need more money.
2 Here's a spot where you can pick up \$2.3 million from an
3 unnecessary project and put it to worthy projects, to improving
4 traffic flow and other public facilities throughout the state.

5 We are -- by the way, I'm also the chair of the
6 local group of the Sierra Club here, and we have about 650
7 members. We're all very concerned about this. Protection of
8 the Grand Canyon is one of the top priorities for over 35,000
9 people that we communicate with in the state of Arizona. That's
10 a lot of people. This is a serious issue. We do not want
11 anything to (inaudible) the continued character of the Grand
12 Canyon, and this project does. Grand Canyon is trying to
13 preserve night skies, yet this ADOT plan, it's going to put
14 airport lights in there and contradict that. Here you've got
15 government, national park service trying to do one thing. We've
16 got ADOT working in the opposite direction. The right hand
17 doesn't know what the left hand is doing. This is not good
18 government.

19 How about air pollution? You've got the EPA
20 addressing regional haze issues in the Grand Canyon, imposing
21 air pollution controls on local coal-generated fire --
22 coal-fired power plants, big, expensive project, yet you're
23 going to put in jet commercial service in the south rim of the
24 Grand Canyon and increase air pollution. You got government
25 working, right hand, left hand, doesn't know what the other hand

1 is doing. That's not good government.

2 We've got commercial interests in Flagstaff and a
3 commercial airport there that provide visitor services to the
4 Grand Canyon. You're going to harm those by building up the
5 Grand Canyon Airport.

6 (Inaudible) the airport there will increase
7 development population in the south rim of the Grand Canyon.
8 The Grand Canyon National Park does not want that, doesn't have
9 the funds to handle the infrastructure and maintenance that will
10 be required from that. And so once again, right hand and the
11 left hand aren't communicating. This is not smart.

12 And finally, some of us look upon this airport
13 expansion as being basically a subsidy for a foreign developer
14 to come in and greatly increase commercial impacts on the south
15 rim of the Grand Canyon. There's a project there, the Canyon
16 forest village was -- been a controversial issue for over a
17 decade, and it's been turned down several times. Yet here you
18 go bringing in a large scale commercial jet service to this
19 area, which basically facilitates this developer's expansion
20 points. This is not good use of public money. It's not good
21 public policy.

22 And then there's the water issue. More wells,
23 more development on the south rim. The water's going to come
24 from someplace. There's no identified water source. Deep wells
25 that penetrate the Mauv aquifer will pull water from seeps and

1 streams on the Grand Canyon south rim. They will diminish the
2 flow to the Havasupai Nation, and there's, I think, some serious
3 potential legal issues that can be caused by this. So don't
4 rush -- don't do this. Take that money, do something useful for
5 it. Put in some wild life mitigation someplace. Put in some
6 bypass. Fix some roads that are dangerous to people.

7 Thank you.

8 CHAIRMAN ANDERSON: Thank you, Mr. Beverly.

9 District engineer's report, Mr. Stump. As
10 always, it's nice to be in your area, neck of the woods.

11 MR. STUMP: Well, good morning, Mr. Chair and
12 board. I'm going to do a quick run around the district starting
13 in 87.

14 UNIDENTIFIED SPEAKER: (Inaudible).

15 MR. STUMP: This is the 87 truck escape ramp
16 south of Payson about 25 miles. It's pointing down. It should
17 be complete here in the next -- well, by the middle of June.
18 Next week we'll have both or all four lanes opened back up, and
19 then the rest will be done by the middle of June. The
20 contractors had a little bit of a challenge finding a few
21 truckloads of marble to fill up the rest of the bed on the
22 escape ramp, but we're getting there.

23 So -- and moving on to the 260, we're moving
24 along. Next week we have a public information meeting on the
25 Thousand Trails/I-17. We're starting to have utility

1 coordination meetings, and also looking at right-of-way at this
2 issue.

3 On 93 you see the world's largest pair of spurs.
4 That's built in the new Wickenburg Ranch roundabout (inaudible)
5 spring here.

6 On our widening project, on 93 south of the SR-71
7 interchange, we're getting to the point where we're just about
8 done with all of the box structures, and then we'll be really
9 starting to take shape with that project. We expect that will
10 be done in November, with the exception of placing the friction
11 core. So that will probably have to be done in the spring.

12 And then a little update on the Wickenburg Ranch
13 development. Their next step is to build the roundabout on 89
14 at their entrance there. That's going to be happening this
15 year, and then we're also continuing discussion with them about
16 advancing the 10 million of contribution for mitigating their
17 impact on 93 to move that forward. Basically, it would cover
18 the 89/93 intersection and about a mile of 93 going south, be
19 the northern part of the GAP project. And then we're also
20 looking at still getting a minor project extended about another
21 six-tenths of a mile, which would get us close to Vulture Mine
22 Road, basically connecting -- having four lanes between Vulture
23 Mine and 89. And then we're also on the south end of the GAP
24 project, having some discussions with the Town about some
25 funding ideas to construct the roundabout at Rincon Road as well

1 as connecting, you know, four lanes between there and the
2 (inaudible) roundabout.

3 And then moving over here locally, obviously
4 we've got the 89 widening, and then we also on the north end of
5 town have the road 4 north roundabout. Both of these projects
6 will be completed in the summer, and then also as Norm mentioned
7 earlier on 69, the Town's project for the Enterprise Parkway,
8 which includes the signal on 69. That's going to be opening and
9 complete soon.

10 And then we expect to advertise the Perkinsville
11 roundabout here in the near future. And this is -- the
12 Perkinsville roundabout.

13 And then the upper right-hand corner is our
14 maintenance yard, which we're continuing to talk with the town
15 of Chino about a P3 project that would relocate our yard.

16 Yes, sir.

17 UNIDENTIFIED SPEAKER: This is foolishness, in
18 the building of the roundabout, the traffic circles are way too
19 small. They're -- you can go right down over here and watch the
20 -- look at the truck tracks. They come up over the curb. I
21 mean, I've got pictures here that I've taken. Somebody needs to
22 -- you know, to be really talked to about how to build traffic
23 circles. I've driven in traffic circles most of my life back in
24 New England, over in Scotland, over in Amsterdam, and these
25 things right here --

1 MR. SELLERS: Sir.

2 UNIDENTIFIED SPEAKER: -- I don't know who
3 designed this, but they really need to --

4 MR. SELLERS: Sir.

5 UNIDENTIFIED SPEAKER: -- sit down and have a
6 talking to.

7 MR. SELLERS: Let's (inaudible).

8 UNIDENTIFIED SPEAKER: I'm out of order, but --

9 MR. SELLERS: We need to let Mr. (Inaudible)
10 taken in consideration. Thank you.

11 MR. STUMP: Just to speak --

12 UNIDENTIFIED SPEAKER: Let me know when we can
13 bring comments up and -- us regular people.

14 MR. STUMP: Just to speak real quick to that
15 comment, though, the inside apron is designed for trucks to run
16 over it, and these are designed for semi trucks to be able to
17 stay in lanes while moving through it. But they do have to --
18 if they are on the inside lane, have to track over the apron,
19 but that is what it's designed for.

20 This is just a concept of the Enterprise Parkway
21 project that the Town of Prescott Valley has done, and see where
22 the signal is, which this is going to open up their development
23 there.

24 As far as what we've got in the works for
25 development in the near future, as Norm mentioned, we got the

1 multi-use path coming up this summer. We will also be
2 advertising two important intersection projects on 169, both at
3 Cherry Road and Old Cherry and Orme Road. These are
4 partnerships with Yavapai County to get them done. We're very
5 appreciative of them, because both of them are expensive
6 projects with the drainage work that's involved, and we couldn't
7 have get -- got them done without their help.

8 Later this year, we'll be advertising the Main
9 Street signal in Dewey, and so get that one done. And then
10 we're also continuing on with the development of the Deep Well
11 Ranch Road, SR-89A project. That's the last segment on 89, in
12 partnership with the City and County on the Willow Creek Road
13 re-alignment project.

14 In the orange, that's the City and County's part,
15 which they're getting close to completing the design and expect
16 to be going to construction this fall. Our project in blue,
17 which will be continuing in design, and it will be in fiscal
18 year 17. So it will -- about the time they're done with their
19 project, we'll be about ready to start up ours, so that will
20 help with the just -- concept of the Prescott Valley multi-use
21 path. You can see what it does for connecting the community
22 from the southern part all the way up to 89A.

23 There's also -- when we built the Viewpoint
24 interchange, we put a box there so this could in the future be
25 extended beyond, up north into the (inaudible) and Viewpoint

1 developments, too.

2 Lastly, we're completing the Black Canyon City to
3 I -- or 69 widening study. The preferred alternative, which is
4 to do the entire project, is about \$500 million. And so looking
5 at the price tag of that, we -- before we completed the study,
6 we wanted to look at some more viable options, something that we
7 could do in the near term that could provide some benefits, and
8 what we came up with was a two-lane reversible facility built
9 adjacent to the existing southbound lanes that could be used for
10 either directions. For example, on Friday afternoons, it could
11 be used for the northbound traffic. Sundays, it could be used
12 for the southbound. And then when we do have our incidents
13 where we have to either close one or two lanes for a certain
14 period of time, we can keep traffic moving. And that's about
15 \$120 million.

16 This is a simulation that -- a couple pictures
17 that we'll have posted on our web site at some point, but you
18 can see the upper left one is a view from what it would look
19 like from about Sunset Point heading south, and then the lower
20 right is from Black Canyon City heading north.

21 So that's just another option. We'd also looked
22 at just a climbing lane going northbound, but that doesn't serve
23 southbound, doesn't help with the incident management. So we
24 felt this is a viable alternative that could be done over a
25 couple of years.

1 So with that, that's all I have. Take any
2 questions.

3 CHAIRMAN ANDERSON: Questions for Mr. Stump?

4 UNIDENTIFIED SPEAKER: Yeah, we do. Let me talk
5 to later.

6 CHAIRMAN ANDERSON: Mr. Stump, on behalf of the
7 board, please relay on to your staff and crew that we appreciate
8 all the hard work you do up in your district.

9 MR. STUMP: Thank you. I will.

10 CHAIRMAN ANDERSON: Before we move on, I just
11 wanted to entertain the gentleman's comments. In our agenda, we
12 have a specific order of items, and first off is the call to the
13 public, and you'll have to at a future meeting fill out a
14 speaker card and, you know, have the opportunity to talk on any
15 subject. Mr. Stump --

16 UNIDENTIFIED SPEAKER: (Inaudible) a comment
17 card.

18 CHAIRMAN ANDERSON: That's okay. Mr. Stump,
19 could you meet with the gentleman after the meeting to talk with
20 him and --

21 MR. STUMP: Sure.

22 CHAIRMAN ANDERSON: Great. Thank you.
23 Moving on, director's report. Floyd.

24 MR. BIESTY: I was going to say something but I
25 won't.

1 Mr. Chairman, members of the board, a few of the
2 items I was going to discuss have already been covered. The
3 announcement of Michael Kies as the new MPB assistant director.
4 And also on behalf of Director Halikowski, I want to welcome
5 Mr. Draper to the board and relay that Director Halikowski and
6 his staff look forward to working with you. But other than
7 that, sir, I don't have anything to report.

8 CHAIRMAN ANDERSON: Okay. Move on to the consent
9 agenda. We do have an Item 3L, which staff would like to pull.
10 Are there other items from consent which anybody would like to
11 have set aside for individual discussion?

12 Ms. Beaver?

13 MS. BEAVER: Chairman, it's not because I'm in
14 disagreement or agreement on it. It's just I would like to have
15 a little better understanding of it, and it's Item 3I. I would
16 just like to kind of understand the CMAR contractor and...

17 CHAIRMAN ANDERSON: We'll pull that discussion
18 individually.

19 MS. BEAVER: Okay.

20 CHAIRMAN ANDERSON: Any others?

21 Board's pleasure on the item -- our consent
22 agenda item, less 3L and 3I?

23 MR. LA RUE: So moved.

24 MR. SELLERS: Second.

25 CHAIRMAN ANDERSON: Moved (inaudible) by Mr. La

1 Rue, seconded by Mr. Sellers to approve consent agenda, less 3L
2 and 3I. Discussion?

3 All in favor?

4 BOARD MEMBERS: Aye.

5 CHAIRMAN ANDERSON: 3L, Commissioner Boschen.

6 MR. BOSCHEN: Mr. Chair, Ms. Beaver, Black
7 Mountain Parkway, this is the second project that we're doing.
8 The first phase has already been completed. That was completed
9 last year. It goes right by Pinnacle High School, and for the
10 most part, it was an arterial street improvement. So that was
11 the first phase. Same contractor through the CMAR process.

12 What we're looking at awarding today is the ramps
13 that go over 101 from SR-51. So there's two ramps, both the
14 northbound ramp and a southbound ramp that will come from Black
15 Mountain Parkway. And one of Alvin's favorites, we're going to
16 have a roundabout right at the terminus with Black Mountain
17 Parkway. So that's the scope of what the project involved. It
18 is in the MAG region.

19 Be happy to answer any other questions.

20 MS. BEAVER: And this is for 3I, not for
21 (inaudible).

22 CHAIRMAN ANDERSON: Yeah.

23 MS. BEAVER: Chair, I kind of -- could you just
24 for my benefit where I could better understand what the CMAR
25 contractor, what exactly that is and then also the bidder DBE

1 pledge, that that was where the amendment came from?

2 MR. BOSCHEN: Sure. So from a CMAR contractor,
3 that's one of our alternative delivery methods. So we either
4 have a design build or a contract manager and risk. So it is an
5 alternative delivery method compared to low bid or how we
6 usually bid our projects. What it allows us to do is have both
7 the designer and a contractor on board to co-develop the project
8 so that we can get what's kind a GMP, a guaranteed maximum
9 price.

10 On this project, we got to close enough, within
11 10 percent of the estimate, so we felt comfortable moving
12 forward with this contractor. In terms of the DBE pledge -- and
13 Lynn, I don't have the amendment, because I know that we do have
14 the DBE pledge. I have TVV on there.

15 UNIDENTIFIED SPEAKER: It's 15.25.

16 MR. BOSCHEN: Okay. So they went over their DB
17 -- or the DB requirements that you're required.

18 CHAIRMAN ANDERSON: Mr. La Rue.

19 MR. LA RUE: If I could follow up, help you.

20 So a CMAR, where -- there's some design that's
21 happened before you actually enter into the CMAR. How far along
22 is the design before that contract is put in place?

23 MR. BOSCHEN: Mr. Chair, Mr. La Rue, we get to
24 about 15 or 30 percent design. Then we bring the contractor on
25 board. So again, it's a very co-developed design. So there's

1 no arguments about quantities later. It really helps reduce our
2 change orders going through the CMAR process.

3 MR. LA RUE: Versus a design build, that's where
4 there's, like, very little design, and you're starting that with
5 the team up front, just trying to explain the differences in the
6 contracts.

7 MR. BOSCHEN: Mr. Chair, Mr. La Rue, that is
8 correct. The design build, you're starting from scratch with a
9 design build team, and we kind of have a two-legged stool where
10 we have the owner, if it's a ADOT or a municipality, and we have
11 a design build team. Where we have a CMAR, we have actually
12 have the owner, us as ADOT, we have our own designer, and then
13 we also have the contractor all working together. CMAR is one
14 of the -- again, alternative (inaudible) methods that we use.

15 MR. LA RUE: And Mr. Chair, if I may, then if you
16 contrast that with a hard bid, that's where the design is
17 completely done, you put it out for bid, but then if you have
18 construction pickups with the design, you interchange orders and
19 end up pointing fingers. So these are just different ways to
20 deliver projects and try to do it more efficiently.

21 MR. BOSCHEN: So Mr. Chair, Mr. La Rue, let me
22 add one more thing. From a design build perspective, that's
23 where we really have all the scope nailed. We will want to go
24 down the CMAR path when there is some complexity to the project,
25 if there's some unknowns. And that's where getting the two

1 together to work on it is really a benefit.

2 CHAIRMAN ANDERSON: Questions?

3 For the record, the discussion was on 3I, not 3L.

4 So any further discussion on 3I? Somebody move for approval?

5 MR. LA RUE: I'll motion.

6 MR. HAMMOND: Second.

7 CHAIRMAN ANDERSON: Moved by Mr. La Rue, seconded
8 by Mr. Hammond to approve 3I. Further discussion?

9 All in favor?

10 BOARD MEMBERS: Aye.

11 CHAIRMAN ANDERSON: Opposed?

12 3L, Mr. Boschen.

13 MR. BOSCHEN: 3L. Mr. Chair and board members,
14 we're asking to postpone this project. It is at the port of
15 entry in Parker, and it's a truck screening-type project. We
16 have a additional project or procurement contract that has not
17 moved as far as we needed it to move, and basically what it was
18 was changing a bathroom in the existing port of entry building
19 into a facility so that we can have a rack of servers. That's
20 not moved forward far enough. We do anticipate that we could
21 award this at the June board meeting. So we're comfortable with
22 the bids. We just don't want to get into a situation where we
23 have two contractors not cooperating.

24 CHAIRMAN ANDERSON: So you're looking to postpone
25 until the June meeting?

1 MR. BOSCHEN: Postpone, we recommend postponing
2 until the June board.

3 CHAIRMAN ANDERSON: Ms. Beaver?

4 MS. BEAVER: So moved.

5 CHAIRMAN ANDERSON: (Inaudible).

6 MR. LA RUE: Second.

7 CHAIRMAN ANDERSON: Seconded by Mr. La Rue to
8 postpone the consent agenda Item 3L to the June meeting.
9 Discussion?

10 All in favor?

11 BOARD MEMBERS: Aye.

12 CHAIRMAN ANDERSON: Opposed?

13 Thank you, Steve. Legislative report.
14 Mr. Biesty.

15 MR. BIESTY: Mr. Chairman, members of the board,
16 on the state, state side of the report, there's really nothing
17 to report at this time. As was reported in last month's board
18 meeting, the legislature has adjourned (inaudible). The
19 department is in the process of implementing legislation that
20 was passed that impacts the department, and that's well
21 underway, and we're also looking at options for running bills
22 next year as well. So that's the process we're -- that's
23 underway right now.

24 On the federal level, as has been reported,
25 MAP-21 expires -- is funded through 6/1/15. So June 1st.

1 According to the CBO, about 5 billion is needed to fund through
2 the federal fiscal year, and 11 billion needed through the end
3 of the calendar year. At this point, neither chamber has
4 introduced a bill to extend the June 1st deadline. There's a
5 lot of talk, there's a lot of -- you'll hear a lot of saber
6 rattling. You'll hear a lot of chatter upcoming, but we're
7 pretty confident, as in the -- I think we're up to 27 now
8 extensions, that we'll get at least a short-term extension.

9 The senate, environmental -- the EPW Committee
10 plans to markup a six-year re-authorization bill in June, but
11 that will just lay out policy framework for the next
12 re-authorization. It's up to the Senate Finance Committee to
13 lay out how that would be funded. And you're going to hear lots
14 of ideas thrown out on how to fund transportation, and so we
15 hope that Senate Finance will start entertaining some of those
16 in the near future.

17 Other than that, I have nothing else to report.
18 If you have any questions, I'd be happy to try to answer them.

19 CHAIRMAN ANDERSON: Questions of Mr. Biesty?

20 MR. SELLERS: Mr. Chairman.

21 CHAIRMAN ANDERSON: Mr. Sellers.

22 MR. SELLERS: I'll just comment that Mayor Price
23 and I were part of the Greater Phoenix Economic Council trip to
24 D.C. this week, and one of the things that that group really
25 tried to emphasize is that transportation needs long-range

1 funding to do planning, and hopefully, hopefully we made that
2 message clear.

3 CHAIRMAN ANDERSON: Thank you for your work back
4 there, Mr. Sellers.

5 Any others?

6 Thank you Mr. Biesty.

7 Ms. Ward, you're up.

8 MS. WARD: Good morning.

9 UNIDENTIFIED SPEAKER: Morning.

10 MS. WARD: All right. I have a question that I'm
11 supposed to be addressing in this process. I think we'll get
12 there pretty quick.

13 CHAIRMAN ANDERSON: I will follow and remind you
14 kind of guy.

15 MS. WARD: That's great. I'm allowed to have
16 somebody that doesn't pass out when I get up to come up to the
17 podium.

18 All right. Let's -- have I got the right one?

19 UNIDENTIFIED SPEAKER: No.

20 MS. WARD: No.

21 UNIDENTIFIED SPEAKER: It's the --

22 MS. WARD: It's the mouse?

23 UNIDENTIFIED SPEAKER: Mouse here.

24 MS. WARD: (Inaudible) but when you can, get a
25 multiple choice or you just will fail every time, even if it's

1 50/50.

2 All right. So Mr. Chair and Mr. Hammond, you
3 asked how we are doing compared to the projections that the
4 current program is based on. Well, in FY -- for FY '15, this
5 depicts where we are with our HURF revenue against our
6 projections, and at this point in time, we are 1.2 percent ahead
7 of forecast. So what we consider a reasonable target range is
8 we do not want to be any further than negative 1 percent or
9 greater than 2 percent. So at -- those red lines depict the
10 range that we try to keep our forecasts within. All right?

11 March was a very strong month. We are definitely
12 enjoying the low gas prices year over year. Gas was 3.1 percent
13 above last year -- excuse me -- and is 2.3 percent above
14 forecast. Diesel is also doing quite well, 4.2 percent above
15 last year, and 4.1 percent above forecast.

16 VLT is doing all right, but because of slow
17 growth in the beginning of the year, we're just kind of -- we're
18 still just a little behind forecast.

19 Moving on to RARF, the Regional Area Road Fund is
20 doing well. Again, we are on forecast, just 1 percent above our
21 overall forecast. We had a strong month, 8.6 above last month,
22 with about 32 mil in -- million in revenues. Year-to-date,
23 we've got about 282 million collected, and 4 percent growth
24 year-to-date.

25 Retail is doing quite well, as is restaurant and

1 bar.

2 Contracting continues to be -- continues to be a
3 little weak, although we saw -- you -- one data point does not a
4 trend make, but we had one little -- we've had some little
5 uptick in housing permits and -- in the last month, as well as
6 jobs. We've seen an uptick in jobs.

7 In your packet you'll see in the economic
8 highlights section some references there to and depictions on
9 housing permits.

10 Moving on, Kevin covered the federal aid program.
11 We are awaiting congressional action. And --

12 CHAIRMAN ANDERSON: He's chomping at the bit, so
13 I need to let him ask a question.

14 MR. HAMMOND: I'm just curious. How much in hard
15 dollars does that mean might be available (inaudible)?

16 MS. WARD: Okay. In the -- on -- have to go
17 back.

18 MR. HAMMOND: Just in general.

19 MS. WARD: Okay. Not a lot, sir. So -- because
20 HURF goes through a number of distributions, it's shared with a
21 number of beneficiaries, so even if we get say 1 percent on 1.2
22 billion, that gets spread through a number of beneficiaries.
23 You might get 5 to 10 million out of that that can roll into the
24 program that will then -- we'll program in the subsequent years.

25 MR. HAMMOND: I heard for a couple of communities

1 that's real money.

2 MS. WARD: Yeah. Mr. Chair, Mr. Hammond, point
3 well taken. Sometimes I think I get too caught up in the
4 overall high-level numbers, but yes, I wouldn't be upset if
5 somebody put that in my bank account.

6 Where did we go here? Okay. In terms of our
7 debt -- our financing program, we have capacity in both our HURF
8 credits and our RARF credit. However, those -- we have planned
9 bond issuances that we utilize that capacity, and in particular,
10 the Regional Area Road Fund capacity is forecasted for -- to be
11 used for the South Mountain project.

12 In terms of cash management, what we're doing in
13 terms of getting -- what dollars are we earning on our
14 investment? Well, it's the same sad things that you're earning
15 on your investments. We've got a yield of .71 percent. We've
16 earned \$7.4 million year-to-date.

17 With that, that concludes my presentation. If
18 you have any questions, I'd be happy to answer.

19 CHAIRMAN ANDERSON: Mr. La Rue?

20 MR. LA RUE: Christine, I think one of the
21 questions I heard Board Member Hammond ask, I don't think
22 necessarily be a time to -- to explain today, but maybe at the
23 study session. I think, Mr. Hammond, if I may, I think you
24 asked how do you go about and really formulate an estimate in
25 the program. I know you explained that before. It's really

1 cool blue magic. But I think we probably -- I don't know if you
2 want to hear the information today or wait until the study
3 session, because there is a lot that goes into how they come up
4 with the estimates that are baked into the program, and it's not
5 (inaudible). But I just wanted to remind her that question was
6 on the table.

7 MR. HAMMOND: It's probably complex. It can
8 wait, from my perspective.

9 MS. WARD: (Inaudible).

10 CHAIRMAN ANDERSON: Thank you.

11 MS. WARD: Thank you.

12 CHAIRMAN ANDERSON: Multimodal Planning Division
13 report, Mr. Kies.

14 MR. KIES: Mr. Chair, with all the activities
15 that have been going on with the program and all of the PPAC
16 activities, we didn't prepare a specific multimodal report, but
17 I'd be happy to answer any questions that the board has about
18 any of our activities.

19 CHAIRMAN ANDERSON: Any questions on the NPD
20 activities?

21 Mr. Biesty.

22 MR. BIESTY: Mr. Chairman, I have -- if I may ask
23 the folks who are on the phone, I think we may have a phone
24 that's not muted, because we're getting some beeping, and if
25 your phone's not muted, please mute it.

1 CHAIRMAN ANDERSON: Mr. Cuthbertson, Mr. Draper,
2 the phone (inaudible) on mute.

3 Okay. Moving on to PPAC, Ms. Kunzman, I needed
4 to ask Mr. Kies and Ms. Ward to come up prior to, and we had to
5 make a large PPAC agenda. Some to do with the transfer of money
6 to contingency and deferment of programs, rather than just
7 picking apart individual items on the agenda, we would just hit
8 a broad overview of what's happening at the end of the year.

9 MS. KUNZMAN: That should be fine.

10 CHAIRMAN ANDERSON: Okay. Thank you.

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

12 Yes, there is a lot of activity that our -- the
13 end of our state fiscal year is June 30th, and the May board
14 meeting and then the June board meeting are the opportunities
15 where we make sure that we're in alignment with spending all of
16 our funding that we have available by the end of the fiscal
17 year. So I think Kristine will give an update on how -- what
18 that means from the big picture of rolling money into the
19 contingency, and then I'll cover the PPAC items.

20 MS. WARD: Well, glancing over the PPAC agenda
21 you no doubt noticed that there is a whole bunch of movement
22 coming in and out, and what you are seeing is exactly what Mike
23 referenced, which is we are coming to the end of our state
24 fiscal year, and if you will recall, because we are primarily
25 funded by federal aid, moneys are use or lose. We -- if they do

1 not get expended, they will be turned back over, and I was told
2 at my interview that that is really not a good thing.

3 So what you're seeing is at the end of the year,
4 we kind of get a project shakeout. So major projects that are
5 not yet ready to go will be deferred to a future year, and a
6 major project or some other non-major project from a future year
7 will be advanced into the current year. So you basically are
8 swapping out your projects, but it's all based on project
9 readiness.

10 A second factor that feeds in there is the
11 subprograms. Projects are being developed or evaluated
12 throughout the year, so -- and tend to, unfortunately, they
13 don't deliver and get -- seek authorization evenly throughout
14 the year. So let me see if I can get this. So you guys
15 authorize -- the State Transportation Board authorizes the
16 program, and then ideally, we get a twelfth of that program
17 delivered every month. That's not exactly how it works however.

18 So what happens is you'll see a whole bunch of
19 projects coming in at the end of the year. They're usually out
20 of the subprograms, and those subprogram projects are getting
21 established. That's why you'll see a lot of PPAC activity.
22 They'll call them new projects. They're not new projects in the
23 sense that the board has already approved those amounts. When
24 projects come in over or come in under, you'll also see dollars
25 released, and they flow into the contingency program. And what

1 happens is those projects, as the projects come in over, you'll
2 see activity that says, okay, we're drawing from the contingency
3 program or we're putting dollars into the contingency program.

4 Let me see if I've got -- is that making sense?
5 Did I -- do you have any questions?

6 CHAIRMAN ANDERSON: I think that the -- Kristine,
7 that the bottom line is that whether you move projects in or out
8 or move contingency from those subprograms (inaudible) moving to
9 contingency, you've got to maintain that year fiscally
10 constrained, and you're going to watch or (inaudible) at that
11 last very moment and make sure we're there, right? It keeps
12 that five-year plan whole and the integrity of that plan where
13 it needs to be.

14 MS. WARD: Mr. Anderson, thank you very much for
15 mentioning that fiscally constrained word. Yes, that is exactly
16 what's going on. We are constantly monitoring to, one, make
17 sure that we utilize all the money, but also make sure that we
18 don't over expend.

19 CHAIRMAN ANDERSON: Mr. La Rue?

20 MR. LA RUE: Mr. Chair, what I would ask, and I
21 don't know if we did this last year or not, but at the study
22 session that's coming up, and we're going to talk about the
23 plan, is if we could kind of just get a highlight, because
24 there's a lot of movement. Again, this year there -- I know
25 there's a lot of contracts throughout the year. There was

1 actually a lot of savings.

2 MS. WARD: Uh-huh.

3 MR. LA RUE: There were some overages. I think
4 the savings is really a testament to the different delivery
5 model that, you know, we're doing. But I'd like to just, you
6 know, see how we're using that to advance, because we heard
7 speakers like John Moffatt talk about 189, Steve Stratton back
8 there talking about the -- a couple 93 and 260 and (inaudible)
9 here talking about Wickenburg 93. It's just -- this is really
10 to see how we're using any of that savings, if there's any, how
11 we're advancing and pulling projects and putting it in --

12 MS. WARD: Yeah.

13 MR. LA RUE: -- new locations. So it's probably
14 best at the study session. We're trying to write that up, but
15 I'd like to hear or at least dive into this a little bit deeper
16 at that time.

17 MS. WARD: Very good.

18 Mr. Anderson, Mr. La Rue, just to let you know,
19 Mr. Anderson has requested -- had already requested that I do a
20 full presentation on the contingency subprogram and how that
21 works and how these moneys flow, just exactly what you
22 requested, and so I'm -- it's already on the schedule.

23 CHAIRMAN ANDERSON: Great minds think alike.

24 (Speaking simultaneously).

25 MR. SELLERS: Mr. Chairman.

1 CHAIRMAN ANDERSON: Mr. Sellers.

2 MR. SELLERS: Yeah, another comment in that same
3 vein. One of the things that was talked a lot about in D.C. is
4 how -- if they are successful in repatriating money back to the
5 United States, how those funds would be used, and there was a
6 lot of talk about some of that going to infrastructure, and if
7 that's the case, we want to make sure we have our project, our
8 critical projects ready to go to take advantage of that.

9 CHAIRMAN ANDERSON: Good point.

10 MS. WARD: Thank you.

11 CHAIRMAN ANDERSON: Thank you, Ms. Ward.

12 Mr. Kies, you're up. Ready for PPAC.

13 MR. KIES: Yeah. To follow up with Kristine's
14 points, I just wanted to highlight a few of the PPAC items that
15 represent examples of what Kristine explained was going on
16 towards the end of the fiscal year.

17 Item 7A of the PPAC agenda is actually that item
18 where after all of the subprogram managers have been, to use
19 Kristine's words, the projects have been shaped out. Sometimes
20 there's some money left, the subprogram manager says, well,
21 that's all I've got. You know, I can't fully utilize my entire
22 subprogram. So what we do at this time of the year is we -- we
23 call it we sweep all those subprograms and zero their balances
24 out, because at the end of the year, we have to account for
25 every dollar that has been spent. So 7A is actually -- it's a

1 \$25 million action that is taking all that leftover subprogram
2 money and moving it to contingency. So that's an example of
3 what Kristine was talking about.

4 Item 7D is a pavement preservation project, and
5 as Kristine said, sometimes at this time of the year, we realize
6 that projects are not ready to go as we originally planned it at
7 the beginning of the fiscal year. This happens to be a pavement
8 preservation project that has a very tight paving window.

9 There's only a few months of the year that the paving can happen
10 because of the part of the state that it's in, and the project
11 managers realized I'm not going to make it this year, and we're
12 going to have to do it next year. So that project's being
13 deferred to a future year, and then that money rolls into
14 contingency for this year that has to be used up on another
15 project.

16 7N is a -- another example. It's a project that
17 the funding is being increased, because the project is very
18 close to being released to go for construction, and now we know
19 everything about the project, and the project manager has
20 identified that there needs to be more money for this project in
21 order for the State's estimate to be a fully accounting for all
22 the items. And on this project, the project manager identified
23 that there needed to be more money for safe traffic control,
24 that more striping was needed, more guard rail quantities were
25 needed. So now that project draws from the contingency to take

1 money away from the contingency that's been deposited and fully
2 funds that project.

3 Another project, Item 7AG, as in alpha giraffe,
4 if that --

5 UNIDENTIFIED SPEAKER: (Inaudible).

6 MR. KIES: -- is another project that's
7 increasing the budget. In this case, as the project gets very
8 close to advertisement, the environmental studies have been
9 done, and this project identified a lot of -- a lot more
10 cultural items that need to be investigated as the construction
11 goes on. So the project manager has asked for more funding to
12 cover those additional data recovery activities. Again, this
13 project then draws money from the contingency fund.

14 So at the -- with all these actions that happen
15 this month and probably a few actions next month, all of these
16 ins and outs of the contingency will fully utilize all the
17 funding that we have available and have it on individual
18 projects that are all going to be delivered.

19 I hope that answers your question.

20 CHAIRMAN ANDERSON: It does. I think as we talk,
21 kind of side bar, made the narrative in the cut sheet may go a
22 little more in terms of the -- of a project where it's at
23 from --

24 MR. KIES: Thank you, Mr. Chair. Yes, there's a
25 cut sheet for each, and sometimes it says, you know, project

1 needs more money, but there isn't a full description, and I
2 think that's a great comment that we'll make sure the project
3 managers add more detail.

4 CHAIRMAN ANDERSON: Move on to -- we've got
5 modifications first.

6 MR. KIES: Yes. Yeah. Thank you, Mr. Chair.

7 With that, project modifications is Items 7A
8 through 7AI. This is actually 35 projects that are proposed to
9 be modified by the PPAC committee. Unless there's any questions
10 or projects you want to take individually, I'd ask for approval
11 of the modifications for Items 7A through 7AI.

12 CHAIRMAN ANDERSON: Board's pleasure?

13 MR. SELLERS: So moved.

14 MR. LA RUE: Second.

15 CHAIRMAN ANDERSON: Moved by Mr. Sellers,
16 seconded by Mr. La Rue to accept and approve project
17 modifications Item 7A through 7I as presented. Further
18 discussion?

19 All in favor, say aye.

20 BOARD MEMBERS: Aye.

21 CHAIRMAN ANDERSON: New projects.

22 MR. KIES: Thank you, Mr. Chair.

23 Yes. Items 7AJ through 7CR. This is 61 total
24 projects that are identified as new projects. Again, as
25 Kristine mentioned, those are projects that have -- be

1 identified coming out of the subprograms and being funded as
2 projects. And so unless the board would -- has any questions or
3 would like to take any individually, I would ask for approval of
4 Items 7AJ through 7CR.

5 CHAIRMAN ANDERSON: Board's pleasure?

6 MR. SELLERS: So moved.

7 CHAIRMAN ANDERSON: Moved by Mr. Sellers.

8 MR. LA RUE: Second.

9 CHAIRMAN ANDERSON: Seconded by Mr. La Rue to
10 accept and approve new projects as 7AJ through 7CR as presented.
11 Any discussion?

12 All in favor?

13 BOARD MEMBERS: Aye.

14 CHAIRMAN ANDERSON: Airport projects.

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

16 The last projects from the PPAC committee are the
17 airport projects. These are Items 7CS through 7CU. This is
18 three projects. Unless there's any specific questions, I would
19 ask for approval of Items 7CS through 7CU.

20 CHAIRMAN ANDERSON: Board's pleasure?

21 MR. LA RUE: So moved.

22 MS. BEAVER: Second.

23 CHAIRMAN ANDERSON: Moved by Mr. La Rue, seconded
24 by Ms. Beaver to accept and approve airport projects Items 7CS
25 through 7CU as presented. Discussion?

1 All in favor?

2 BOARD MEMBERS: Aye.

3 CHAIRMAN ANDERSON: Thank you, Mr. Keys.

4 State engineering's report, Steve Boschen.

5 MR. BOSCHEN: Mr. Chair and board members, we
6 have 123 projects under construction at a cost of 806 million.
7 To reference, last month we talked about 125 and a little bit
8 less than 800. So we're tracking about the same. We did
9 finalize 12 projects in April for 25.8 million, and fiscal year
10 to date, we're working on 95 projects. And again, for
11 reference, last month we had 83 projects finalized.

12 CHAIRMAN ANDERSON: Questions or comments for
13 Mr. Boschen?

14 Move on to contracts.

15 MR. BOSCHEN: All right. Help me out with
16 (inaudible). You have the -- that one right there. That's
17 great.

18 Chair and board members, thank you for the eight
19 consent contracts that we've already looked at. We do have four
20 that we need to talk about. I'll start with 9A. This is a
21 project in Apache County, and it's a local pavement marking
22 project with epoxy striping, very small project. We're
23 recommending approval for the contract to go to PMI. Again, the
24 reason for it is very small project, and we do think that the
25 prices are reasonable given that we had a little bit additional

1 mobilization to get there. And again, these small projects are
2 always tough for us.

3 CHAIRMAN ANDERSON: The board's pleasure?

4 MR. HAMMOND: I'll move.

5 MR. LA RUE: Second.

6 CHAIRMAN ANDERSON: Moved by Mr. Hammond, second
7 by Mr. La Rue to accept and approve staff's recommendation for
8 award of the contract for Item 9A to Pavement Markings, Inc.
9 Further discussion?

10 Mr. Draper, this is in your district. You have
11 an opportunity to make comment in this area. If not, then
12 that's okay as well.

13 All right. All in favor?

14 BOARD MEMBERS: Aye.

15 CHAIRMAN ANDERSON: 9B.

16 MR. BOSCHEN: The next project is in the Town of
17 Queen Creek, and it is two multi-use paths, and we did have a
18 lot of competition on this. We did have ten bids, and we
19 actually came in under on this one. The reason for that was
20 removals was less, asphalt materials was less, and we had a
21 really good price on riprap. We are comfortable with the bid,
22 and we did get quite a bit of bid savings on this. We do
23 recommend awarding the contract to Hatch Construction & Paving.

24 MR. SELLERS: So moved.

25 MR. LA RUE: Second.

1 CHAIRMAN ANDERSON: Moved by Mr. Sellers,
2 seconded by Mr. La Rue to accept and approve staff's
3 recommendation to award the contract for Item B to Meadow Valley
4 Contractors. Further discussion?

5 All in favor?

6 BOARD MEMBERS: Aye.

7 CHAIRMAN ANDERSON: 9C.

8 MR. BOSCHEN: Item 9C is in the Town of
9 Snowflake, and we received five bids on this. It's a local
10 project along 7th Street. It's a roadway project, and again, we
11 did get very competitive bids on this. It is a little bit
12 under, 18 percent. Again, similar, asphalt, materials, grading,
13 aggregate base, and we do recommend award to Hatch Construction
14 & Paving.

15 CHAIRMAN ANDERSON: Board's pleasure?

16 MR. LA RUE: So moved.

17 MS. BEAVER: Second.

18 CHAIRMAN ANDERSON: Moved by Mr. La Rue, seconded
19 by Ms. Beaver to accept and approve staff's recommendation for
20 award the contract for Item 9C to Hatch Construction & Paving,
21 Inc. Further discussion?

22 Seeing none, all in favor?

23 BOARD MEMBERS: Aye.

24 CHAIRMAN ANDERSON: 9D.

25 MR. BOSCHEN: The last project I'm going to talk

1 about is in the area of -- where am I at (inaudible) -- down by
2 Claypool in that vicinity. It's on US-70. We did receive six
3 bids on this. It is a scour retrofit project, and it was a
4 little bit over. These are always tough projects for us out in
5 remote areas. We had additional costs for excavation. Looks
6 like we couldn't find a really close riprap source, and the
7 concrete was a little bit more. We do recommend award to KAS
8 Construction.

9 CHAIRMAN ANDERSON: Board's pleasure?

10 MR. LA RUE: So moved.

11 CHAIRMAN ANDERSON: Moved by Mr. La Rue.

12 MR. SELLERS: Second.

13 CHAIRMAN ANDERSON: Second by Mr. Sellers to
14 accept and approve staff's recommendation to award the contract
15 for Item 9D to KAZ Construction, Inc. Further discussion?

16 Seeing none, all in favor?

17 BOARD MEMBERS: Aye.

18 CHAIRMAN ANDERSON: Thank you, Mr. Boschen.

19 Before we move on to suggestions, I -- in my
20 summaries report, I failed to thank CYMPO. They were part of
21 the reception last night, so I want to shout out to Chris
22 Bridges and his staff at CYMPO for putting all that together.

23 Suggestions from the board that they would like
24 to see in the next board meeting, for our future board meetings?
25 Seeing none.

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Mr. Biesty.

MR. BIESTY: Mr. Chairman, just as a reminder about the study session. I just wanted to remind the board that there will be a study session May 26th at HRDC at 9:00 a.m.

(End of excerpt.)

Adjournment

A motion to adjourn the May 15, 2015 Board meeting was made by Deanna Beaver and seconded by Michael Hammond. In a voice vote, the motion carries.

Meeting adjourned at 11:00 a.m. MST.



Kelly Anderson, Chairman
State Transportation Board



Kevin Biesty, Deputy Director for Policy
Arizona Department of Transportation