

MINUTES
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, September 21, 2012
Wickenburg Council Chambers
155 North Tegner Street
Wickenburg, Arizona 85390

Pledge

The Pledge of Allegiance was led by Chairwoman Bobbie Lundstrom.

Roll Call

Roll call by Board Secretary Lila Trimmer

In attendance: Joe La Rue, Steve Christy, Bobbie Lundstrom, Victor Flores, Kelly Anderson, Bill Feldmeier; and Hank Rogers (via telephone)

Opening Remarks

Chairwoman Bobbie Lundstrom thanked the Town of Wickenburg and the Wickenburg Chamber of Commerce for the mixer last night at the hospital. She said it is a beautiful hospital and it was a pleasure meeting all of you. The dinner was very good. Thank you for hosting us.

Board Member Steve Christy: requested to give acknowledgement and mention of appreciation to Floyd Roehrich for traveling last week to Tucson for participating on the panel discussion on border commerce in front of the Southern Arizona Leadership Council (SALC). He did a great job and made a very positive impact on the panel as well as the SALC organization. On behalf of SALC, he gives thanks to Floyd.

Call to the Audience

1. Scott Stewart, councilmember, Town of Wickenburg
2. John Mitchell, public works director, City of Eloy
3. Steve Stratton, Gila County
4. Court Rich, Rose Law Group
5. Tom Rankin, mayor, Town of Florence

ITEM 1: Director's Report — John S. Halikowski

Director Halikowski provided a brief summary of his recent trip to Hermosillo, Sonora, Mexico on August 30th and 31st. He traveled with Margie Emmerman, Governor's Policy Advisor and executive director of the Arizona Mexico Commission. He said it was interesting that he found Hermosillo to be a beautiful, prosperous city with thriving businesses. He said the purpose of the trip was to meet in person with his counterparts in Mexico. The group learned more about trade and business that goes back and forth between the two states and two nations. He said that if we are trying to provide the infrastructure that will enable us to do more business with Mexico over and above the billions of dollars that the import and export generate, we have to plan. There is now a Border Master Plan that we are going to be looking at as we plan these ports of entry, which will give you some idea of the greatest impact and cost. He met with Jose Ines Palafox, Mexico's State Secretary of Infrastructure and Urban Development. Secretary Palafox is interested in working together as two states to benefit the region in terms of infrastructure and development. Director Halikowski said he also met with Francisco Rodriguez, Ferrromex's director of operations, the railway has great separated crossings all the way though Nogales, Sonora. While on our (USA) side, we are still working with the train creeping through downtown Nogales, Arizona. FerroMex wants to be able to increase the freight traffic between our two states. FerroMex is planning for

much more rail traffic given the minerals that are being mined in southern Arizona that will be shipped south to the port of Guaymas, Sonora for distribution. The Director said that Ford's Motor Company's Hermosillo Stamping & Assembly plant is thriving. The copper mines there are ramping up as well with U.S. mining firms that have opened offices in Mexico, nearly all in Hermosillo. Our group also met with two Sonoran economic agencies Impulsor, and Copreson. Those agencies are very focused on manufacturing. One thing Sonora is gearing up on is an airbus manufacturing plant coming to Mobile, Alabama and Mexico wants to manufacture the airbus doors in Sonora. Arizona is a critical link in shipping those parts to Mobile. Arizona has to be able to move goods and services both finished and unfinished back and forth between the two states. The economy and the transportation systems are very linked. With the Border Master Plan, we need to begin to recognize and put more focus on what we are doing with our counterparts in Mexico. Some of the logistics issues that Arizona is facing and the biggest one is the border wait times. For their (Mexico) economic side, having to sit at the port of entry and wait for hours to clear customs, that profit margin cuts down to zero. He stated that in putting the plan together, we will need to have a unified stance with how we work with Arizona's Congressional Delegation to begin to put more resources there to move the traffic faster through the federal process. Otherwise, we cannot compete on a global scale with Texas and California, if we cannot move the traffic through the border. The bottom line is that utilizing the economic benefit in Mexico and working together with Arizona, we can improve our economy here, but we are going to have to get that infrastructure together to do it.

***ITEM 2: Consent Agenda**

Motion to approve Item 2: Consent Agenda was made by Steve Christy and seconded by Kelly Anderson, in a voice vote, the motion carries.

ITEM 3: Financial Report — Kristine Ward

Kristine reported that August HURF revenues totaled \$101.2 million, an increase of 3.6% ahead of August last year and 1.9% ahead of forecast. We experienced a significant decline in Use Tax revenues of 16.6% under 2012. She said that 10% of the decline is due to a late payment of \$1 million but has since been received. YTD for FY2013, HURF collections amounted to \$198.7 million in revenues, a 0.1% above the same time period last year but 0.7% below the estimate. Vehicle License Tax (VLT) compensated for the use tax declines by posting 11.8% growth over last year. We continue to see growth in new car registrations, 11% for the month and 48.5% growth over August last year. 44K new cars registered YTD; FY2013 average value is \$23.4K (\$26K in 2012). We continue to see optimistic growth in new-to-Arizona registrations, a 10.2% growth for the month and 17.1% growth YTD. 18K new-to-Arizona cars have arrived YTD, average value is \$6,800K are also growing (116K cars), but again it is a long road back to 2008 levels of 116K cars. Kristine gave two explanations. She said one problem is the number of cars in the renewal fleet, a total of 5.6 million cars. Arizonans are driving the same vehicle. For the purpose of calculating the VLT, the value of those vehicles depreciates by 16.25% every year to reach VLT revenue levels of 2007. Arizonan's would need to purchase 570,000 new cars to compensate for the renewal fleet. That is 260% more cars than were purchased in FY2012 and we need people owning 270,000 cars would need to move into the State and register those vehicles, 240% more than last year. She said that the second problem is the gas taxes paid per capita in Arizona. It is the gallons sold divided by the population. Per capita gas tax costs experienced by Arizonans are back at 1986/1987 levels when the tax was .16 cents. People are buying less gas due to high prices and to the increased fuel efficiency. Those are two of the reasons that are curtailing the HURF revenue growth.

Kristine reported that RARF revenues amounted to \$26.2 million, an increase of 5.1% above August 2011, but 1.4% below the forecast. RARF collections totaled \$54.8 million, an increase of

6.1% growth for FY2012, but 0.1% below the estimate. As far as cash management, we are at \$1million for the month of August, average amount invested \$1.2 billion and the yield is .92% for the month.

Kristine asked to combine Items 4 and 5: Financing Program & Direction to Proceed: HURF Revenue Bonds. Kristine read the Resolution as follows:

RESOLUTION

**RESOLUTION OF THE STATE OF ARIZONA TRANSPORTATION BOARD
DIRECTING STAFF, ADVISORS AND BOND COUNSEL IN MATTERS
PERTAINING TO ITS PLANNED ISSUANCE OF HIGHWAY REVENUE
BONDS.**

The Board hereby directs Departmental staff, working with RBC Capital Markets, LLC as Financial Consultant and Squire Sanders (US) LLP as Bond Counsel to the Board, to take all actions necessary precedent to the Board's planned issuance of its Highway Revenue Bonds, in one or more series of senior or subordinated bonds and as new money or refunding bonds, to be designated, and on such other terms and conditions as determined and authorized by Resolution of the Board.

Dated this 21st day of September, 2012

State of Arizona Transportation Board


Chairwoman

ATTEST:


Director, Arizona Department of Transportation

A motion to approve and accept the Resolution as read, ITEM 5: Resolution Direction to Proceed: HURF Revenue Bonds was made by Joe La Rue and seconded by Victor Flores, in a voice vote, the motion carries.

ITEM 6: Multimodal Planning Division Report — Scott Omer

Scott gave a brief MPD report and distributed a couple of items, one is the I-11 corridor fact sheet and the other is the stakeholders' partner kick-off meeting flier. There is a Stakeholders' partners kick-off meeting on September 26th in which you can either attend in person or its webinar. You can rsvp and they'll send you the information on how to log in. There are four locations: Surprise,

Arizona; Kingman, Arizona; Las Vegas, Nevada; and Reno, Nevada for these meetings and are being held concurrently. He will be distributing a draft of the presentation at the Transportation Board's Study Session on October 2nd. We will make sure we can have all your questions answered.

Joe La Rue mentioned that he and Mr. Flores sit on the MAG Regional Council and should they have any other information. He stated is there anything we should be doing to push this connection north of Wickenburg that is still governed by MAG. Is there any direction you can give us?

Scott: That is a good item for the Study Session and we will be talking about the I-11 Corridor and the other agenda item, US 93 Corridor, and specific projects and the he can have that discussion at that time. The Study Session is a great avenue for that discussion.

***ITEM 7: Priority Planning Advisory Committee (PPAC) — Scott Omer**
Project Modifications – *Items 7a, 7b, 7c, and 7d

***ITEM 7a:** ROUTE NO: SR 101L @ MP 11.50 Page 78
COUNTY: Maricopa
DISTRICT: Phoenix Construction
SCHEDULE: FY 2016
SECTION: Grand Ave to I-17
TYPE OF WORK: Design FMS
PROGRAM AMOUNT: \$ 1,000,000
PROJECT MANAGER: Farzana Yasmin
PROJECT: 01D, Item # 40316
REQUESTED ACTION: Increase the design project by \$300,000 to \$1,300,000 in the Highway Construction Program. **Advance the design project from FY 2016 to FY 2013. Request to change the project location name to "I-10 to I-17." New project length will be 22 miles. Funds are available from the FY 2013 RTP Cash Flow.** Contingent upon MAG Regional Council approval on September 26, 2012.
NEW PROGRAM AMOUNT: \$ 1,300,000

***ITEM 7b:** ROUTE NO: I-17 @ MP 215.0 Page 80
COUNTY: Maricopa
DISTRICT: Phoenix Construction
SCHEDULE: FY 2013
SECTION: SR 101L (Agua Fria) to SR 74 (Carefree Highway)
TYPE OF WORK: Construct FMS
ADVERTISEMENT DATE: 05/17/2013
PROGRAM AMOUNT: \$ 8,100,000
PROJECT MANAGER: Lydia Warnick
PROJECT: H844501C, Item # 45313
REQUESTED ACTION: **Request to change the project location name to "SR 101L to Anthem Way."** **New project length will be 14 miles.** Contingent upon MAG Regional Council approval on September 26, 2012.
NEW PROGRAM AMOUNT: \$ 8,100,000

***ITEM 7c:** ROUTE NO: SR 303L @ MP 103.2 Page 82
COUNTY: Maricopa
DISTRICT: Phoenix Construction
SCHEDULE: FY 2013
SECTION: I-10 Reliever / MC 85 to I-10 Phase I
TYPE OF WORK: Design New Freeway
PROGRAM AMOUNT: \$ 4,500,000
PROJECT MANAGER: Eric Prosnier

PROJECT: H857701D, Item # 45813
 REQUESTED ACTION: Change the project location in the FY 2013 Highway Construction Program.
Request to change the project location name to "I-10 / 303L TI , Phase II."
 Project name change was approved as an administrative correction through a letter
 from MAG dated July 27, 2012.
NEW PROGRAM AMOUNT: \$ 4,500,000

*ITEM 7d: ROUTE NO: SR 303L @ MP 103.2 Page 83
 COUNTY: Maricopa
 DISTRICT: Phoenix Construction
 SCHEDULE: FY 2016
 SECTION: I-10 Reliever / MC 85 to I-10, Phase I
 TYPE OF WORK: Construct New Freeway
 PROGRAM AMOUNT: \$ 62,000,000
 PROJECT MANAGER: Eric Prosnier
 PROJECT: H857701C, Item # 40616
 REQUESTED ACTION: Change the project location in the FY 2016 Highway Construction Program.
Request to change the project location name to "I-10 / 303L TI, Phase II."
 MAG Regional Council approval not necessary because the scheduled FY 2016
 is outside of the current TIP cycle.
NEW PROGRAM AMOUNT: \$ 62,000,000

A motion to approve ITEMS 7a through 7d was made by Bill Feldmeier and seconded by Steve Christy, in a voice vote, the motion carries.

New Projects – *Items 7e and 7f

*ITEM 7e. ROUTE NO: SR 87 @ MP 177.8 Page 84
 COUNTY: Maricopa
 DISTRICT: Phoenix Construction
 SCHEDULE: New Project
 SECTION: At McDowell Road
 TYPE OF WORK: Design Signal Light Improvement
 PROGRAM AMOUNT: New Project Request
 PROJECT MANAGER: Tammy Mivshek
 PROJECT: HX24401D
 REQUESTED ACTION: Establish a new design project for \$205,000 in the Highway Construction
 Program. **Funds are available from the FY 2013 Traffic Engineering: Traffic
 Signal Fund #71213.** Contingent upon MAG Regional Council approval on
 September 26, 2012.
NEW PROGRAM AMOUNT: \$ 205,000

*ITEM 7f: COUNTY: Coconino Page 85
 DISTRICT: Flagstaff
 SCHEDULE: New Project
 SECTION: Sitgreaves St, Milton to Santa Fe
 TYPE OF WORK: Construct ADA Ramps
 ADVERTISEMENT DATE: To be Determined
 PROGRAM AMOUNT: New Project Request
 PROJECT MANAGER: Jeffrey Davidson
 PROJECT: SZ01901C
 JPA: 11-196 with the City of Flagstaff
 REQUESTED ACTION: Establish a new construction project for \$122,000 in the Highway Construction
 Program. **Funds are available from the FY 2013 District Minor Fund
 #73313.**
NEW PROGRAM AMOUNT: \$ 122,000

***ITEM 9: Construction Contracts—Dallas Hammit**

*ITEM 9a : BIDS OPENED: August 10, 2012 Page 136
HIGHWAY: EHRENBURG – PHOENIX HIGHWAY (I-10)
SECTION: Wintersburg Road & Sun Valley Parkway,
West of Buckeye
COUNTY: Maricopa
ROUTE NO.: I-10
PROJECT: IM-010-A(215)T 010 MA 098 H800101C
FUNDING: 94% Federal 6% State
LOW BIDDER: Combs Construction Company, Inc.
LOW BID AMOUNT: \$ 1,284,664.50
STATE ESTIMATE: \$ 1,515,799.95
\$ UNDER ESTIMATE: \$ 231,135.45
% UNDER ESTIMATE: 15.2%
PROJECT DBE GOAL: 3.08%
BIDDER COMMITMENT: 4.11%
NO. BIDDERS: 6
RECOMMENDATION: AWARD

Motion to approve ITEM 9a was made by Joe La Rue and seconded by Kelly Anderson, in a voice vote, the motion carries.

*ITEM 9b: BIDS OPENED: August 10, 2012 Page 140
HIGHWAY: CORDES JUNCTION – FLAGSTAFF HIGHWAY (I-17)
SECTION: Agua Fria River Bridges (STR #1807 and #1808)
COUNTY: Yavapai
ROUTE NO.: I-17
PROJECT: IM-017-A(225)T 017 YV 243 H799101C
FUNDING: 94% Federal 6% State
LOW BIDDER: Rocky Construction, Inc.
LOW BID AMOUNT: \$ 269,219.57
STATE ESTIMATE: \$ 325,001.00
\$ UNDER ESTIMATE: \$ 55,781.43
% UNDER ESTIMATE: 17.2%
PROJECT DBE GOAL: 6.02%
BIDDER COMMITMENT: 10.28%
NO. BIDDERS: 10
RECOMMENDATION: AWARD

Motion to approve ITEM 9b was made Bill Feldmeier and seconded by Joe La Rue, in a voice vote, the motion carries.

*ITEM 9c: BIDS OPENED: August 24, 2012 Page 144
HIGHWAY: CITY OF LITCHFIELD PARK
SECTION: Litchfield Road and Wigwam Boulevard
COUNTY: Maricopa
ROUTE NO.: N/A
PROJECT: CM-LPK-0(004)A 0000 MA LPK SS60701C

NO. BIDDERS:
RECOMMENDATION: AWARD

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Motion to approve ITEM 9e was made Steve Christy and seconded by Bill Feldmeier, in a voice vote, the motion carries.

*ITEM 9f: BIDS OPENED: August 10, 2012 Page 156
HIGHWAY: SPRINGERVILLE – ALPINE – STATE LINE HIGHWAY (US 180)
SECTION: US 180 @ Milepost 415.9 North of Nutrioso
COUNTY: Apache
ROUTE NO.: US 180
PROJECT: STP-180-C(200)T 180 AP 415 H773101C
FUNDING: 94% Federal 6% State
LOW BIDDER: K.A.Z. Construction, Inc.
LOW BID AMOUNT: \$ 320,000.00
STATE ESTIMATE: \$ 236,996.00
\$ OVER ESTIMATE: \$ 83,004.00
% OVER ESTMATE: 35.0%
PROJECT DBE GOAL: 3.15%
BIDDER COMMITMENT: 71.44%
NO. BIDDERS: 4
RECOMMENDATION: AWARD

Motion to approve ITEM 9f was made Kelly Anderson and seconded by Victor Flores, in a voice vote, the motion carries.

*ITEM 9g: BIDS OPENED: August 17, 2012 Page 159
HIGHWAY: DOUGLAS – RODEO HIGHWAY (US 191B)
SECTION: 1st Street to 14th Street, Douglas
COUNTY: Cochise
ROUTE NO.: US 191B
PROJECT: STP-191-N(202)T 191B CH 000 HX23801C
FUNDING: 94% Federal 6% State
LOW BIDDER: K E & G Construction, Inc.
LOW BID AMOUNT: \$ 390,712.48
STATE ESTIMATE: \$ 321,510.96
\$ OVER ESTIMATE: \$ 69,201.52
% OVER ESTMATE: 21.5%
PROJECT DBE GOAL: 1.46%
BIDDER COMMITMENT: 5.48%
NO. BIDDERS: 2
RECOMMENDATION: AWARD

Motion to approve ITEM 9g was made Steve Christy and seconded by Joe La Rue, in a voice vote, the motion carries.

*ITEM 9h: BIDS OPENED: August 17, 2012 Page 162
HIGHWAY: PAYSON – SHOW LOW HIGHWAY (SR 260)
SECTION: Tonto Creek – Colcord

COUNTY: Gila
 ROUTE NO.: SR 260
 PROJECT: NH-TE-260-B(208)T 260 GI 268 H820201C
 FUNDING: 94% Federal 6% State
 LOW BIDDER: Show Low Construction, Inc.
 LOW BID AMOUNT: \$ 1,089,610.51
 STATE ESTIMATE: \$ 1,369,715.59
 \$ UNDER ESTIMATE: \$ 280, 105.08
 % UNDER ESTIMATE: 20.4%
 PROJECT DBE GOAL: 6.50%
 BIDDER COMMITMENT: 42.05%
 NO. BIDDERS: 5
 RECOMMENDATION: AWARD

Motion to approve ITEM 9h was made Victor Flores and seconded by Bill Feldmeier, in a voice vote, the motion carries.

*ITEM 9i: BIDS OPENED: August 24, 2012 Page 166
 HIGHWAY: TUBA CITY – WINDOW ROCK HIGHWAY (SR 264)
 SECTION: Kykotsmovi – Oraibi Wash Tributary
 COUNTY: Navajo
 ROUTE NO.: SR 264
 PROJECT: EB-STP-264-A(205)T 264 NA 374 H770401C
 FUNDING: 94% Federal 6% State
 LOW BIDDER: Show Low Construction, Inc.
 LOW BID AMOUNT: \$ 1,746,889.85
 STATE ESTIMATE: \$ 1,548,614.00
 \$ OVER ESTIMATE: \$ 198,275.85
 % OVER ESTIMATE: 12.8%
 PROJECT DBE GOAL: 4.20%
 BIDDER COMMITMENT: 8.53%
 NO. BIDDERS: 8
 RECOMMENDATION: AWARD

Motion to approve ITEM 9i was made Victor Flores and seconded by Kelly Anderson, in a voice vote, the motion carries.

*ITEM 9j: BIDS OPENED: August 24, 2012 Page 170
 HIGHWAY: STATEWIDE
 SECTION: I-10, I-17, I-40, SR 260
 COUNTY: Statewide
 ROUTE NO.: Various
 PROJECT: NH-STP-999-A(309)T 999 SW 000 H817201C
 FUNDING: 94% Federal 6% State
 LOW BIDDER: Roadway Electric, LLC
 LOW BID AMOUNT: \$ 1,088,894.45
 STATE ESTIMATE: \$ 904,528.95
 \$ OVER ESTIMATE: \$ 184,365.50
 % OVER ESTIMATE: 20.4%
 PROJECT DBE GOAL: 3.71%
 BIDDER COMMITMENT: 4.09%
 NO. BIDDERS: 4
 RECOMMENDATION: AWARD

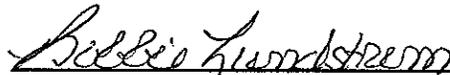
Motion to approve ITEM 9j was made Steve Christy and seconded by Bill Feldmeier, in a voice vote, the motion carries.

ITEM 10: Comments and Suggestions

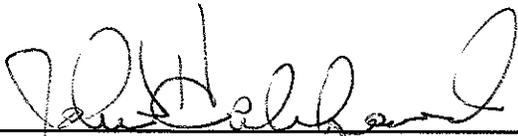
No comments or suggestions.

Motion to adjourn was made by Victor Flores and seconded by Steve Christy, in a voice vote, the motion carries.

Meeting adjourned at 9:50 A.M. MST



Bobbie Lundstrom, Chairwoman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation