

**MINUTES**  
**STATE TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, July 11, 2014**  
**Cottonwood Recreation Center**  
**Cottonwood/Mingus/Verde Rooms**  
**150 S. 6<sup>th</sup> Street**  
**Cottonwood, AZ 85326**

**Roll call by Board Secretary Mary Beckley**

**In attendance:** Steve Christy, Kelly Anderson, Deanna Beaver, William Cuthbertson and Jack Sellers.

**Absent:** Joe La Rue

**Pledge**

The Pledge of Allegiance was led by Board Member Deanna Beaver.

**Opening Remarks**

Chairman Christy welcomed everyone in attendance and thanked the Blazin' M Ranch for a wonderful dinner and show with many talented musicians. He thanked the hosts of the event, Mayor and City of Cottonwood for their hospitality.

Floyd Roehrich indicated that Mr. Hank Rogers has rendered his resignation from the Board. Mr. Rogers relayed his sincere thanks and appreciation to all Board members, Director Halikowski and ADOT staff for working with him to address transportation issues. Chairman Christy added the Board appreciates the leadership and service that Mr. Rogers has given to District 5, the State Transportation Board, the Department of Transportation and the State.

**Call to the Audience**

The following member of the public addressed the Board:

1. Diane Joens, Cottonwood Mayor, re: Welcome and appreciation for Board. ADOT has improved the quality of life with completed projects in the area which help with the quality of life for the residents of Cottonwood.
2. Casey Rooney, City of Cottonwood Economic Development Manager, re: Very appreciate of Board's continued support of SR 260 and very important from an economic development standpoint. New branding process/tagline is Cottonwood Arizona, the Heart of Arizona Wine Country.
3. Chris Kuknyo, Councilman of City of Prescott and CYMPO Chair, and Mary Mallory, Prescott Valley Councilwoman and CYMPO Vice Chair, re: appreciation for the putting the second part of the SR 89 program back into five-year plan, which will help economic development in the area; cities worked together to get SR 89 in the five year plan; unity is a better way to move forward to build a great state.
4. Christian Price, Mayor, City of Maricopa, re: thanked Board and ADOT staff for taking the time and listening to needs of the City and for adding the SR 347 overpass in the five year plan.
5. Andy Groseta, Groseta Ranch, re: thank you for efforts for the paving projects in north central Arizona, esp. the added lane going up to Copper Canyon; passing lane between 260 and General Crook Trail; pleased that you will be finishing both ends of the highway and supporting the needs of rural AZ.

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1 (Beginning of excerpt.)

2 CHAIRMAN CHRISTY: Moving into our agenda,  
3 we'll begin with Item Number 1 from the Prescott District  
4 Engineer, who will give his report, Alvin Stump.

5 Engineer Stump.

6 UNIDENTIFIED SPEAKER: While we're waiting,  
7 Alvin, I just want to say you look very nice today. Instead  
8 of the orange shirt, you actually have a tie on, so...

9 UNIDENTIFIED SPEAKER: And it's not a clip-on  
10 tie, either.

11 (Unintelligible conversation)

12 MR. STUMP: Good morning. Thank you,  
13 Mr. Chairman, Board.

14 Go ahead and go to the next slide. Go right  
15 into it.

16 As far as under construction right now, we have  
17 the two projects. The Copper Canyon climbing lane is  
18 essentially done. We just got to do the final striking on  
19 it. (Inaudible) have it done. And then also between the  
20 (inaudible) interchange to the 169 interchange, we got  
21 (inaudible) underway right at the moment.

22 And then in development for fiscal year '15, we  
23 have the following: We've got the 260 Industrial Drive  
24 roundabout underway as well as another pavement preservation  
25 from 169 to the Middle Verde interchange, and then we have two

1 sidewalk projects, Town of Camp Verde. All of these projects  
2 should advertise sometime around January, give or take.

3 And then, of course, then fiscal year '16, we  
4 have our Thousand Trails (inaudible) 17 project coming out.

5 Go ahead to the next slide.

6 This is just a picture of the climbing lane.  
7 This is very nice, especially with the number of trucks that  
8 overheat coming up the hill there. So very glad to have that  
9 about done.

10 Next slide.

11 What you see there is design for the Industrial  
12 Drive roundabout. This is a joint project between ADOT and  
13 Camp Verde. We've had operational issues here since that  
14 section of road was widened just -- the issue is freeway  
15 traffic coming in and out to gas up and get something to eat.  
16 So (inaudible) that construction of the roundabout here will  
17 alleviate those issues.

18 Next slide.

19 And it's hard to tell, but the high line  
20 towards the middle of the picture, that is a sidewalk project  
21 on 260. It's between Pleasant Parkway and Main Street, and  
22 then the other one up at the top is on Penny Flat Road  
23 (phonetic) between the same two streets (inaudible) Parkway  
24 and Main Street. So those are a couple of good sidewalk  
25 projects that will be coming up.

1 Next slide.

2 Then as far as an update of where we're at on  
3 the 260 project.

4 Go ahead and go to the next slide.

5 We're at 30 percent design right now, and we  
6 have advertised for a designer to do the final design work.  
7 We'll have them selected in September, and then in August  
8 we're going to be advertising for a CMAR contractor, and then  
9 we'll have them on board a little bit later, but by the end of  
10 the year, we'll have our whole team together, and I expect  
11 we'll be under construction early 2016. It is possible we  
12 could start a little bit earlier than that, but it's too early  
13 to tell at this point whether things will fall in place for  
14 that to happen, but that's kind of what I expect there.

15 Next slide.

16 Over on 89, with this project in the program,  
17 we're going to proceed onward to finishing our design. The  
18 City and the County are underway with the design of their  
19 realignment project, and they're hoping to have their project  
20 complete by the time ours starts, so -- and that's going to  
21 make their life easier, because then we can detour some  
22 traffic as needed onto their route during construction. So  
23 that will be a little less impact to the public.

24 And lastly, the next slide, on 93 we have our  
25 safety project, which will widen approximately five miles of

1 93 South into the 71 interchange. That's set to advertise in  
2 August, and then also sometime around that standpoint, the  
3 Wickenburg Ranch development is going to start construction of  
4 the roundabout at the main entrance on 93, which if you're not  
5 familiar with the area, it's about a mile south of the 89  
6 interchange junction.

7 So that is -- that's all I have. I'll take any  
8 questions.

9 CHAIRMAN CHRISTY: Board Member Beaver, this is  
10 your district that you represent. Do you have any questions  
11 of District Engineer Stump?

12 MS. BEAVER: No, but you look very nice all  
13 ready for the next election or something.

14 MR. STUMP: I've got to wear a tie once in  
15 awhile.

16 CHAIRMAN CHRISTY: Any of the board members  
17 have a question of the district engineer?

18 Hearing none, thank you very much. Appreciate  
19 your presentation.

20 We'll move on to the director's report from our  
21 ADOT director, Mr. Halikowski.

22 DIRECTOR HALIKOWSKI: Thank you, Mr. Chairman.

23 As you noted, several speakers have come up and  
24 focused on the importance of the infrastructure of the  
25 transportation system and its effect it's having on the

1 economy here. So I'd like to update the Board on where the  
 2 Transportation and Trade Corridor Alliance Advisory Group is.  
 3 At your places, you all have a report that was recently  
 4 released by the TTCA at the Arizona Mexico Commission meeting  
 5 in -- here in the valley, and the report really focuses on the  
 6 idea of in Arizona we need to make it here and sell it there,  
 7 thereby generating cash that we bring into the state for goods  
 8 and services, and bring that wealth back to our economy to  
 9 create new jobs.

10 On page 7 and 8 of the report, you'll see  
 11 Arizona's advantage, as we've talked about with the Board  
 12 before that we said in a location between some pretty  
 13 significant markets, to the west of us, the San Diego, L.A.  
 14 basin, and to the east of us, the Dallas, Houston, Fort Worth  
 15 area. To the south we have Mexico, our number one trading  
 16 partner, and to the north of us, we have Canada, our number  
 17 two trading partner.

18 So if you turn to page 21, you'll see what we  
 19 have been talking about with a number of you. It's our key  
 20 commerce corridors initiative. And these are the trade routes  
 21 that we believe will connect us to these markets nearby and  
 22 through the ports in L.A. and San Diego, to the rest of the  
 23 world. So the routes are important to us, because they're  
 24 going to require future investment, and as you're aware, we  
 25 just simply don't have those funds right now.

1 But the TTCA roadmap does suggest a number of  
 2 strategies to move Arizona forward to generate more trade and  
 3 future generation of wealth. So we are out there working the  
 4 key conference corridors issue. This report will not wind up  
 5 on the shelf. The TTCA is going to continue its work to  
 6 focus on trade and transportation, and along those lines, I  
 7 have a trip scheduled to Mexico City August the 5th and 6th  
 8 where we'll be meeting with a number of officials who  
 9 approached us at the recent Arizona Mexico Commission about  
 10 making improvements on the Mexican side of our ports of entry  
 11 at Douglas, Nogales and San Luis. So the work of the TTCA's  
 12 going to continue, and ADOT staff will be working with a  
 13 number of business leaders out there, as we have been, to talk  
 14 about the investment and the needs of transportation to move  
 15 our economy forward.

16 The other thing I just want to touch on very  
 17 briefly is the federal transportation funding issue, and  
 18 Kristie will be talking more about FY '14 and FY '15, but  
 19 briefly, just to note, seems to be two proposals moving  
 20 through Congress right now, one in the House and one in the  
 21 Senate. The one in the House will basically give us a  
 22 Band-Aid or a patch on the Federal Highway Trust Fund until  
 23 July of 2015. The one in the Senate that Senator Boxer is  
 24 proposing could give us a patch to December of this year. And  
 25 the idea is that somehow that report's (inaudible) on Congress

1 to take some real action on the Highway Trust Fund and fix it  
2 for longer term.

3 Both of those bills have been through markup at  
4 this point, which means they are moving forward, but obviously  
5 the houses will have to go to Conference Committee and iron  
6 out their differences, which seem to be how those funds, that  
7 \$10 billion, is going to be generated for deposit into the  
8 Highway Trust Fund. So we're watching the action closely, but  
9 it seems, and I don't want to get too crystal ball here, but  
10 it seems that Congress is moving forward to at least give us  
11 some sort of Band-Aid to get us through at least the end of  
12 this year, if not into next fiscal year.

13 A couple other items I just want to update the  
14 Board on is we had a freight roundtable, US Department of  
15 Transportation and the Greater Phoenix Chamber of Congress --  
16 Greater Phoenix Chamber of Commerce hosted on brief policy  
17 roundtable discussion, and Greg Nadeau, who's the acting  
18 administrator for FHWA, was here in town. And I facilitated  
19 this discussion with stakeholders from Union Pacific, Arizona  
20 Truck (inaudible) Association, the City of Phoenix, City of  
21 Tucson, (inaudible) and others, and we had a very good  
22 discussion about insights and experiences in what's happening  
23 nationally to begin moving freight more through our region and  
24 how we connect to the global markets.

25 State Route 189, as you know, has been a topic

1 in front of this board on numerous times. Our director's  
2 office staff has met with leaders in Nogales (inaudible) PAG  
3 and (inaudible) County to discuss financing State Route 189.  
4 As you know, the idea was what we call an HN option or a  
5 Highway Project Advancement Note. And that's a mechanism in  
6 state law that would allow you to use local funds, much like  
7 the City of Mesa has done, to advance state transportation  
8 projects.

9 The City really came back and said that this  
10 option is not going to work for them because it's going to  
11 overburden their budget for obligation and risk. The option  
12 approaching the Resource Allocation Advisory Council, the  
13 RAAC, to fund this project prior to the distribution of the  
14 discretionary funds under Casa Grande (inaudible), they didn't  
15 really get much farther with that, but (inaudible) and the  
16 City of Nogales is going to pursue this option at the next COG  
17 and NPO meeting.

18 So essentially what they're doing is saying,  
19 let's take the funds for 189 off of the top before we go  
20 through the Resource Allocation or the RAAC distribution. Not  
21 sure where that one's going to go but (inaudible).

22 And the last thing, Mr. Chairman, is the League  
23 of Cities and Town Conference, ADOT's going to be presenting  
24 at the League conference. We're going to be talking to them  
25 about key commerce corridors and about the TTCA report, and

1 we're going to share the Agency's process for planning and  
2 programming projects in the five-year program to educate folks  
3 and get better understanding.

4 So those are some of the immediate things,  
5 Mr. Chairman. Thank you.

6 CHAIRMAN CHRISTY: Thank you, Director  
7 Halikowski.

8 We'll move on to the consent agenda. Are there  
9 any items on the consent agenda that any board member would  
10 like to pull out for discussion?

11 Hearing no requests of that nature, the Chair  
12 would approve a motion to approve the consent agenda items as  
13 presented.

14 VICE CHAIR ANDERSON: So moved.

15 CHAIRMAN CHRISTY: There's a motion by Vice  
16 Chair Anderson.

17 MS. BEAVER: Second.

18 CHAIRMAN CHRISTY: And a second by Board Member  
19 Beaver. Any discussion?

20 All those in favor of the motion as presented  
21 signify by saying aye. Opposed? Hearing no opposition, the  
22 motion carries.

23 We'll move on to the legislative report from  
24 our deputy director for policy, Mr. Floyd Roehrich.

25 MR. ROEHRICH: Mr. Chair, Board Members, I was

1 going to do a quick update on -- at the federal funding level  
2 that the director addressed in his report, so there's nothing  
3 else that Mr. Bestie (phonetic) or I have had prepared other  
4 than that.

5 CHAIRMAN CHRISTY: Any questions of  
6 Mr. Roehrich?

7 Hearing none, we'll move on to the financial  
8 report from our chief financial officer, Kristine Ward.

9 Good morning, Ms. Ward.

10 MS. WARD: Good morning.

11 UNIDENTIFIED SPEAKER: She seems happy today.  
12 That's a good sign, Mr. Chairman.

13 MS. WARD: I'm happy to be back. I've been  
14 gone for a couple of months from you guys.

15 UNIDENTIFIED SPEAKER: Engineer Stump in a suit  
16 and you're happy, so...

17 MS. WARD: Well, good morning. And you can --  
18 don't have to worry about taking any more insomnia medication.  
19 Your financial report is back.

20 Lynn, hit it. Let's start with her, Lynn.

21 All right. So we got the closeout perk for the  
22 year, and I am happy to report for the first time since I have  
23 been with ADOT, we actually had positive growth (inaudible) to  
24 a whopping 2.6 percent. We collected a little over 1.2  
25 billion dollars, and we were about -- I don't know -- about 17

1 million above forecast, which just being above forecast is a  
2 happy thing.

3 Gas tax continues to be rather weak, very weak  
4 growth. Diesel was absolutely stagnant. Went actually  
5 negative .5 percent growth, and then -- but BLT continues to  
6 be our bright light, our strong spot, with 6.7 percent growth  
7 over last year and 3.8 percent above forecast.

8 New car growth really is what's important in  
9 there, as well as growth in the renewals. We bought about  
10 306,000 new cars last year in Arizona. The new -- the thing  
11 that kind of hampered some of our glee at MMS was the fact  
12 that our new cars to Arizona, those people moving to Arizona,  
13 we saw negative growth in that area, so that -- that's a  
14 little concerning.

15 Most are seeing as we move on (inaudible) we're  
16 seeing about -- we've been seeing really good growth in  
17 contracting until these last few months. And so the permits  
18 being issued have really diminished over the last year, the  
19 last few months we were seeing at the beginning of the year  
20 like 19 percent growth in permits being issued, and now these  
21 last few months we've seen a decline. Overall, we have not  
22 closed out and gotten final numbers for Roarke (phonetic), but  
23 we are ahead of forecast as you can see, with strong growth  
24 and retain sales for that eight percent year to date.

25 Let's move on to the next slide.

1 The federal aid program, I'm going to touch on  
2 at the very end here.

3 As far as our debt financing program, I'm happy  
4 to say I don't have bad news, but 20 -- Moody's actually went  
5 through and reviewed 26 -- reviewed the states that have  
6 GARVEE credits, and 26 of those states they downgraded because  
7 of the highway trust fund issues. I am happy to report that  
8 Arizona was not downgraded, and in fact, I don't think I  
9 mentioned it to you guys a few months ago -- actually, I think  
10 about eight months ago, Moody's had done an evaluation, and  
11 Arizona was the only state that not only didn't get  
12 downgraded, but we got upgraded to a stable outlook. Our  
13 outlook got upgraded. So our -- we're very happy about that.

14 DIRECTOR HALIKOWSKI: Mr. Chairman.

15 CHAIRMAN CHRISTY: Director Halikowski.

16 DIRECTOR HALIKOWSKI: I would just ask, I don't  
17 know if everyone understands GARVEE credits.

18 MS. WARD: All right. They are debt that we  
19 issue against future federal revenues.

20 DIRECTOR HALIKOWSKI: Thank you.

21 MS. WARD: Did that cover it?

22 DIRECTOR HALIKOWSKI: I think so.

23 MS. WARD: All right. Moving on to the Federal  
24 Highway Trust Fund status. Hopefully by the time I end this  
25 presentation, Congress will have resolved this issue and we'll

1 be all done. So if you would please turn to the last -- yeah,  
 2 Board Member Christie, you've got page -- you guys could turn  
 3 to the latter half of your packet, you'll see the slides for  
 4 this case against (inaudible). So we'll go to the status of  
 5 the trust fund, what the latest we've heard from FHWA and then  
 6 the issues and impacts.

7 Next slide.

8 All right. This is the latest update from FHWA  
 9 as of the end of May, so May 30th. I provided this chart to  
 10 you guys, to the Board before, and it hasn't changed much.  
 11 FHWA's projections have helped, and they anticipate that the  
 12 trust fund will go into the negative towards the end of  
 13 August.

14 Next slide.

15 So last week there was a conference call with  
 16 FHWA, and what they are proposing is that if Congress does not  
 17 act by August 1st, that they will implement cash management --  
 18 cash management (inaudible). You get the gist of it. And  
 19 what they are going to do is they are going to align  
 20 reimbursements to states with the revenues deposited into the  
 21 highway trust fund, and they will distribute those revenues  
 22 proportionally to each state.

23 That proportion will be based on the  
 24 relationship between a state's apportionment, an individual  
 25 state's apportionment, compared to the national apportionment

1 that a state receives. In Arizona's case, that's 1.8  
 2 percent -- 86 percent that Arizona receives of the overall  
 3 apportionments for the country.

4 Reimburse -- so we will get aligned with  
 5 (inaudible). When (inaudible) revenues are deposited into the  
 6 fund, they will do a calculation on how much Arizona's portion  
 7 is, and then we will be able to file for reimbursements up to  
 8 that cap. If we have -- if we need reimbursements that are  
 9 over that cap, well, guess what? You wait. If we have -- if  
 10 our -- the reimbursements we need are under that cap, then we  
 11 build that -- that remains available to the State to file for  
 12 additional reimbursements.

13 Any questions?

14 CHAIRMAN CHRISTY: Ms. Ward.

15 MS. WARD: Yes, sir.

16 CHAIRMAN CHRISTY: Two questions. Since this  
 17 is -- you've been monitoring this and the Department's been  
 18 monitoring this whole process for sometime now and has been  
 19 aware of this pending issue, what kind of directives or  
 20 notices have you conveyed to ADOT vendors and suppliers as far  
 21 as a potential issue with payment to them? Are they aware of  
 22 a new policy that FHWA is going to be conducting, and are they  
 23 going to be able to adapt to it? And that's my first  
 24 question.

25 The second question is from the time that FHWA

1 gets the income and then ADOT files for at least 8.1 percent  
2 of it, what's the time lag there between when you file for it  
3 and when you actually receive it?

4 MS. WARD: I'll answer your -- Board Member  
5 Christy, I'll answer your second question first, if I may. It  
6 takes about three days.

7 CHAIRMAN CHRISTY: Oh, that's not (inaudible).

8 MS. WARD: Three to five days. So we get  
9 reimbursed very, very quickly.

10 CHAIRMAN CHRISTY: Okay.

11 MS. WARD: Back to your first question,  
12 which --

13 DIRECTOR HALIKOWSKI: If I could, Mr. Christy,  
14 we have been having a number of discussions with stakeholders  
15 to let them know and explain to them as soon as we understand  
16 what FHWA is doing through the webinars and things they've  
17 been holding how this process is going to work. Essentially  
18 our message has been to them, I think Kristie will go to this,  
19 is that through our own cash management practices for projects  
20 we have on the books for '14, we're able to reimburse folks at  
21 the same rate we have been, but when federal fiscal 2015  
22 starts, that's when we begin to see where we may have to take  
23 action if Congress doesn't do something.

24 So in addition to briefing you today, what  
25 we're planning for over the next week are webinars and

1 meetings and this presentation to COGs, NPO, AGC, ACEC  
2 (phonetic) and other stakeholders, that they understand how  
3 Arizona will be positioned to deal with this issue.

4 CHAIRMAN CHRISTY: So you're making sure that  
5 there's adequate warning.

6 DIRECTOR HALIKOWSKI: Absolutely.

7 CHAIRMAN CHRISTY: And say, you know, heads up  
8 everybody, we've got a --

9 DIRECTOR HALIKOWSKI: Yes.

10 CHAIRMAN CHRISTY: -- loose cannon coming down  
11 the highway here.

12 DIRECTOR HALIKOWSKI: And their own national  
13 organizations, whether it be UGC or ABTRA (phonetic) or the  
14 Highway Users Alliance Group, a lot of the national  
15 organizations have been, you know, sending this to their  
16 members.

17 CHAIRMAN CHRISTY: I'm just concerned about a  
18 ripple effect.

19 DIRECTOR HALIKOWSKI: Yeah.

20 CHAIRMAN CHRISTY: Negative.

21 DIRECTOR HALIKOWSKI: I understand.

22 CHAIRMAN CHRISTY: You know, no money here,  
23 then down there and then down there, and before you know it,  
24 the whole chain is --

25 DIRECTOR HALIKOWSKI: And that is a concern,

1 but I think as you go through your presentation, you'll see  
2 that we've done some planning ahead to make sure that for '14  
3 we are not going to feel that impact.

4 MS. WARD: Director Halikowski, that's why I'm  
5 grinning, because for such a miserable situation, we are in a  
6 good position due to that. So you kind of stole my punch  
7 line.

8 DIRECTOR HALIKOWSKI: Sorry.

9 MS. WARD: There's only so much excitement with  
10 financial stuff you can get.

11 So in terms of -- Lynn, I need the next slide.  
12 Thank you.

13 So in terms of what Arizona actually files for  
14 in terms of reimbursements during the August and September  
15 time frame, we average about 63 million, requesting about 63  
16 million monthly in federal reimbursements. Between what we  
17 forecast will be available to us for reimbursements and what  
18 we actually -- what we want on average request for  
19 reimbursements, we anticipate there to be about an 18.4  
20 million dollar monthly gap. So over the August to September  
21 time frame, double that, 36.8.

22 There are three funds that are impacted by  
23 these delayed reimbursements. The State Highway Fund,  
24 Regional Area Road Fund and the Local Agency Deposit Fund.  
25 Because Regional Area Road Fund has got a significant ending

1 balance, we ended the year, the last time I checked, which was  
2 the end of May time frame, we had about a \$480 million  
3 balance. So we're not going to have cash flow problems in  
4 Regional Area Road Fund at all. But it does get a little  
5 touchier when you get to the State Highway Fund and the LAD  
6 Fund.

7 So you can turn to (inaudible).

8 So I might have showed you this slide before.  
9 The slide depicts the first analysis we did was on the State  
10 Highway Fund. This slide depicts the fund, the cash balance  
11 history of the fund. It should be in your packets, because  
12 that's going to be tough to see there. Oh, and that red line  
13 depicts the low balances that we have had in the fund, and  
14 anything that falls below zero will kind of speak for itself.  
15 And in those cases, what we've had to do is dip into  
16 restricted funds.

17 Note, if you would, that in FY '13 and '14,  
18 those average -- the average balance is slowly increasing. So  
19 you see in '12 we had a 13.6 average balance, '13, 15.9, '14,  
20 23. That is not an accident. We have intentionally been  
21 trying to build an operating cash balance. Going in the  
22 negative is not a pleasant, pleasant thing in our role. So we  
23 have been slowly building that cash balance, and we ended the  
24 fiscal year with a \$50 million cash balance in the State  
25 Highway Fund. Ultimately, to be safe, we need to get that

1 fund to about an \$150 million operating cash balance. We've  
2 got a little ways to go, but fortunately what we've planned  
3 for thus far is putting us in a good position.

4 If you would go to the next slide.

5 So this is our first run of looking at what  
6 would happen in the State Highway Fund if we started to get  
7 delayed reimbursements, according to FHWA's August 1st time  
8 frame. And what this depicts is the cash projections for July  
9 through September, if Congress does not act, the way the  
10 payments begin in August, and for this period we estimate  
11 contractor payments of about 38.2 million in August, about 31  
12 million in September, and given the balance, we think the low  
13 balance -- lowest balance we will hit will be about \$26  
14 million. Our average balance will be about 28, 29 million.

15 And when all is said and done at the end of  
16 September, we anticipate that they will still owe us \$25  
17 million. With that being said, because of that cash balance  
18 that we have maintained, that we have built, the Department  
19 believes it has adequate cash reserves to maintain current  
20 project schedules and associated payments through September  
21 30th.

22 Questions?

23 CHAIRMAN CHRISTY: Again, when does my  
24 chairmanship end?

25 MS. WARD: If we can go to the next slide, I

1 would appreciate it. Thank you, sir.

2 So the LAD Fund, the Local Agency Deposit Fund  
3 is a clearing account. So when ADOT administered --  
4 administers local projects, the local agency provides us their  
5 match moneys up front, and those match moneys are deposited  
6 into this fund. As the project is built and expenses are  
7 incurred, they are paid for from this fund, and then the feds  
8 are billed and the fund is reimbursed.

9 We did -- we expect the lowest balance that the  
10 fund will hit will be 13.6 million, with an average balance of  
11 about 15, and at the end of September, we anticipate that we  
12 will still be due \$4.5 million in this fund. Based on these  
13 assumptions, we do not anticipate having to delay  
14 reimbursements to contractors or local governments.  
15 (Inaudible.)

16 CHAIRMAN CHRISTY: So do any board members have  
17 any questions of Ms. Ward?

18 Hearing no requests for questions, thank you,  
19 Ms. Ward, and we'll move on to the next agenda item, and that  
20 is report on the Multimodal Planning Division from our  
21 assistant director, Mr. Scott Omer.

22 MR. OMER: (Inaudible) Mr. Chairman. So this  
23 -- I'm sure you're very disappointed, but my presentation this  
24 month is going to be extremely more brief than the last couple  
25 of (inaudible) hours at a time, so...

1           The (inaudible) report, I do have a little bit  
 2 on (inaudible.) I didn't prepare a presentation just because  
 3 we're wrapping the study up. Where we're at is final comments  
 4 for the (inaudible) study are due next Friday. So I talked to  
 5 the Nevada DOT last -- I think it was yesterday or Wednesday,  
 6 and asked them where we're at in the process. They're going  
 7 to receive final comments next week. After that, they'll be  
 8 working to incorporate -- review and incorporate the final  
 9 comments. They'll take it to their transportation board. I  
 10 think the date is August 6th. It's the last Friday in  
 11 August -- the first Friday in August. I don't remember the  
 12 exact date.

13           I did ask them if we could get a draft final  
 14 copy, you know, sooner than that, and they assured me they  
 15 think they can still get something towards the end of July.  
 16 So what I propose is bringing back a full report either in the  
 17 August or September time frame. I'll work with Mr. Roehrich  
 18 and the chairman to figure out the exact date (inaudible), but  
 19 I don't want to rush the final report to you -- to the board  
 20 until we get, you know, we get it back. So...

21           CHAIRMAN CHRISTY: Mr. Omer, a quick question.  
 22 Will you release the results of that report prior to any board  
 23 meeting to anyone else, or will the Board be the first one you  
 24 will be presenting the report to, or who will you be  
 25 presenting the report to first?

1           MR. OMER: It -- that's a great question,  
 2 Mr. Chairman. I think it will probably end up being on the  
 3 I11.com web page.

4           CHAIRMAN CHRISTY: So we really don't have it  
 5 presented to us as fresh right off the press, hot off the  
 6 press at a board meeting then.

7           MR. OMER: I will try to get it, you know, for  
 8 the August meeting if it's possible. I just don't know if it  
 9 will be (inaudible). I'll ask them and see if they actually  
 10 can hold off opening it.

11           CHAIRMAN CHRISTY: The reason I'm asking it is  
 12 because if it's posted on the internet prior to a board  
 13 meeting, prior to the Board receiving the presentation, it's  
 14 -- it might put us as board members in an awkward position  
 15 when we get a call saying, did you see what this report said  
 16 on the internet and that type of thing.

17           MR. OMER: Yes, sir. And I think what I could  
 18 do in the interim is provide an interim -- in the interim,  
 19 provide the Board a (inaudible), a one-pager or something like  
 20 (inaudible).

21           (Speaking simultaneously.)

22           CHAIRMAN CHRISTY: An executive summary or  
 23 something of that nature? Okay.

24           Mr. Roehrich.

25           MR. ROEHRICH: Mr. Christy, (inaudible), you

1 just hit on what I was going to say, is that we can give the  
2 Board something prior to that. Unfortunately, my concern is  
3 because the report, it sounds like Nevada is going to post it  
4 first. I can't control what Nevada does. It's going to be  
5 out there.

6 DIRECTOR HALIKOWSKI: Yeah.

7 MR. ROEHRICH: And once it's out there, it's  
8 going to start. So I think, Scott, what you just said is what  
9 -- when the report's ready, when Nevada completes it, because  
10 it looks like they're going to be presenting it first, we'll  
11 get something to the board members, and then we'll get it  
12 scheduled for the more comprehensive report, but I'm afraid  
13 it's going to be public.

14 MR. OMER: Yeah. Okay.

15 DIRECTOR HALIKOWSKI: So I'm sorry,  
16 Mr. Chairman. Let me ask, is this Nevada DOT that's in charge  
17 of publishing it?

18 MR. OMER: Yes, sir.

19 DIRECTOR HALIKOWSKI: So I will see Nevada  
20 Director Rudy Malfabon next week at WASHTO. Let me discuss  
21 this issue with him, see if we can do a joint posting and not  
22 have one go ahead of the other and get you an executive  
23 summary before that happens.

24 CHAIRMAN CHRISTY: That would be terrific.

25 DIRECTOR HALIKOWSKI: Thank you.

1 CHAIRMAN CHRISTY: Thank you, Director. Thank  
2 you.

3 Go ahead, Mr. Omer.

4 MR. OMER: To wrap up the other thing, I will  
5 say that the public involvement on this study, as you know,  
6 has been fantastic. It's -- just some quick things. When we  
7 started this study a couple years ago, the very first meeting  
8 that was attended in the Phoenix metro area, there were 193  
9 people that attended for the (inaudible) workshop. When we  
10 started moving through the (inaudible) analysis, between the  
11 three cities of Phoenix -- or Tucson, Kingman and Vegas area,  
12 there were 275 people that attended. And when we did the  
13 local two analysis, there were over 2,000 people that  
14 participated in the virtual public meetings.

15 The final quarter concept reports, which we're  
16 laughing at now, there were 200 people that attended between  
17 Tucson, Phoenix and Las Vegas. On our web site, we received  
18 literally thousands of comments, and 500 people signed up for  
19 e-mail blasts to be (inaudible) something happened, they would  
20 get like an e-mail blast. And the media itself reported over  
21 100 stories on the corridor, whether it be in print,  
22 television or in social media.

23 CHAIRMAN CHRISTY: Mr. Omer, regarding that  
24 whole issue, so we have a progression of studies, could you  
25 please reiterate what this study represents as far as all the,

1 quote, studies? Is this it as far as the studies are  
2 concerned for this project?

3 MR. OMER: So Mr. Chair, (inaudible) this  
4 was -- the first part of the study was building the business  
5 case to identify if -- there really was a business, not only a  
6 transportation need, but a business need for the corridor that  
7 -- to extend from our southern part, the corridor of Mexico,  
8 on to the northern border of Nevada, and then to start  
9 identifying the individual alignments where the -- where that  
10 made the most sense.

11 And we've accomplished that, and I think the  
12 business case will say that there is a business need for it as  
13 well as a transportation benefit. We have done that. At this  
14 time, we do not have any further funding available to continue  
15 on any additional studies. As you know, we've requested, you  
16 know, funding through the TIGER grants and some other  
17 opportunities, but at this date, we don't have any funding  
18 identified for any future studies.

19 CHAIRMAN CHRISTY: So realistically, you'll  
20 still have to do some studies on the actual focusing of the  
21 actual alignments, where the alignments are going to go  
22 actually?

23 MR. OMER: Yes, sir. That's true.

24 CHAIRMAN CHRISTY: And at that point -- well,  
25 before we can get to that point, we have to have funding to do

1 that, and there is no funding at this point available for  
2 that.

3 MR. OMER: Yes, sir.

4 CHAIRMAN CHRISTY: So this potentially could  
5 halt the whole process if the funding doesn't come through?

6 MR. OMER: Yes, sir. That's all I have on I-11  
7 if you've got any questions.

8 CHAIRMAN CHRISTY: Any board members have any  
9 questions of Mr. Omer?

10 Hearing no questions, go ahead, Mr. Omer.

11 MR. OMER: Moving on to the (inaudible) item,  
12 we have (inaudible) two items this month (inaudible) airport  
13 projects Item 7A and 7B. Item 7A was for the  
14 Laughlin-Bullhead International Airport, and item 7B was for  
15 the Ernest Love Field Airport in Prescott. The first project  
16 we take notes together (inaudible).

17 CHAIRMAN CHRISTY: Does the Board have any  
18 objection to taking Airport Projects Item 7A and 7B as one  
19 motion in toto?

20 Hearing no objections, can we do that,  
21 Mr. Omer? Mr. Roehrich?

22 UNIDENTIFIED SPEAKER: Yes, sir.

23 CHAIRMAN CHRISTY: We'll go ahead and have both  
24 projects as one. Any further comments on the projects  
25 themselves?

1 MR. OMER: I can explain (inaudible) or --

2 CHAIRMAN CHRISTY: Any requests for explanation  
3 of the projects other than what we have before us?  
4 Mr. Roehrich?

5 MR. ROEHRICH: Mr. Chair, we should have a  
6 motion to approve the (inaudible).

7 CHAIRMAN CHRISTY: Okay. Seeing that the --  
8 there's a motion that's needed to accept both the projects 7A  
9 and 7B in one item, the Chair would entertain a motion to  
10 accept and approve them.

11 MS. BEAVER: So moved.

12 VICE CHAIR ANDERSON: Second.

13 CHAIRMAN CHRISTY: There is a motion by Board  
14 Member Beaver and vice -- seconded by Vice Chairman Anderson  
15 to approve Airport Project 7A and 7B. Any questions regarding  
16 the motion?

17 Hearing no questions, all those in favor of the  
18 motion as presented signify by saying aye. Aye? Opposed?  
19 Hearing no opposition, both Airport Projects Items 7A and B  
20 pass.

21 Anything further, Mr. Omer?

22 MR. OMER: No, sir.

23 CHAIRMAN CHRISTY: Thank you for your  
24 presentation. We'll move on to the state engineer's report.  
25 We'll hear from our state engineer, Jennifer Toth.

1 MS. TOTH: Good morning, Mr. Chairman, members  
2 of the Board.

3 The state engineer's report, we have 115  
4 projects under construction totaling about \$700 million, and  
5 fiscal year To date, we have closed out 160 projects. And I  
6 just want to give a big appreciation to the staff, to the  
7 resident engineers and to our field reports group who has  
8 continued.

9 As you know, we've brought the project  
10 finalization process (inaudible) been extremely important over  
11 the last two years. It helps us free up tied-up money to  
12 reenergize it and put back into other projects. So that  
13 concludes the state engineer's report. I'd be happy to take  
14 any questions at this time.

15 CHAIRMAN CHRISTY: Are there any board members  
16 who have questions of the state engineer regarding her  
17 report?

18 Hearing no questions, we'll move on to  
19 construction contracts, who will also be presenting this is  
20 our deputy director of transportation, state engineer,  
21 Jennifer Toth.

22 MS. TOTH: In terms of the construction  
23 contracts, I do want to say thank you for the seven projects  
24 that were on the consent agenda. I just wanted to highlight  
25 that one of those projects is the US-89 landslide project, and

1 we'll be moving forward with that. That does include an  
2 incentive in order to complete early. So thank you for that.

3 I have two items to justify. If you'll move  
4 forward, Lynn.

5 So Item 9A is a bridge (inaudible) retrofit  
6 project, and during review of the bids, the Department did  
7 note the following irregularities. Carson was read as the low  
8 bidder, and with -- when we were analyzing the bids, we  
9 noticed that they failed to show that they made a good faith  
10 effort to meet the DVD goal prior to the bid opening. In  
11 addition, they used the bid bond format that differs from the  
12 one provided by ADOT.

13 And then thirdly, they submitted proposal  
14 documents signed by a person who did not have the proper  
15 authority. So any one of those three items are reason to  
16 reject the bid, and we do recommend rejecting the bid of  
17 Carson and awarding to Technology Construction as the lowest  
18 responsible and responsive bidder.

19 CHAIRMAN CHRISTY: Mr. Sellers, this is in your  
20 district. Do you have any questions or comments of the state  
21 engineer?

22 MR. SELLERS: No questions. Thank you.

23 CHAIRMAN CHRISTY: Hearing no questions from  
24 Mr. Sellers, the Chair would entertain a motion to approve the  
25 recommendation as presented by the state engineer.

1 MR. SELLERS: So moved.

2 CHAIRMAN CHRISTY: There's a motion by  
3 Mr. Sellers.

4 MR. CUTHBERTSON: Second.

5 CHAIRMAN CHRISTY: A second by Mr. -- Board  
6 Member Cuthbertson to approve the motion as presented by  
7 staff. All those in favor of the motion signify by saying  
8 aye. Aye? Opposed? Hearing no opposition, the motion  
9 carries as presented.

10 We'll move on to the next system, which is Item  
11 9B. Ms. Toth.

12 MS. TOTH: So item 9B is with the City of  
13 Somerton. It's a pedestrian flatland landscape project. Upon  
14 bid opening, KAZ Construction was the only bidder on the  
15 project and was the apparent low bidder; however, the project  
16 does exceed the amount of federal and local match fund program  
17 for the project. In addition, the City of Somerton does not  
18 have the extra \$50,000 that it would take to award at this bid  
19 amount. Therefore, we recommend rejection of the bid of KAZ  
20 Construction to allow us to work with the City to rescope the  
21 project.

22 CHAIRMAN CHRISTY: Board Member Beaver, this is  
23 in your district. Do you have any questions or comments  
24 regarding this to the state engineer?

25 MS. BEAVER: The only question I'd ask is that

1 you have been presently over this, in contact with the Mayor?

2 MS. TOTH: Correct.

3 MS. BEAVER: Okay.

4 CHAIRMAN CHRISTY: Any other questions?

5 Hearing none, the Chair would entertain a  
6 motion to accept and approve staff's recommendation for Item  
7 9B.

8 VICE CHAIR ANDERSON: So moved.

9 CHAIRMAN CHRISTY: There's a motion by Vice  
10 Chair Anderson to accept the motion.

11 MR. CUTHBERTSON: Second.

12 CHAIRMAN CHRISTY: It's seconded by  
13 Mr. Cuthbertson to accept the motion and approve staff's  
14 recommendation for 9 -- Item 9B to reject the bid of KAZ  
15 Construction, Incorporated. Any questions? Comments? All  
16 those in favor of the motion signify by saying aye. Aye?  
17 Opposed? Hearing none, the motion carries as presented.

18 MS. TOTH: Thank you.

19 CHAIRMAN CHRISTY: Thank you, Ms. Toth.

20 We'll move on to Agenda Item 10, which is an  
21 overview of the Grand Canyon National Park Airport Development  
22 Plan, and we'll hear a presentation from ADOT's deputy  
23 director of operations, Mr. John Nichols.

24 MR. NICHOLS: Thank you, Chairman Christy, and  
25 good morning, members of the Board.

1 My name is John Nichols, Deputy Director for  
2 Business Operations. I'll be briefing you on the Grand Canyon  
3 Airport, and I'll be working with the -- my -- Sonya Herrera,  
4 who is the director of the Administrative Services Division.  
5 The airport falls underneath our level of responsibility.

6 First I'd like to introduce -- first what I'd  
7 like to do for you very quickly is just introduce you to the  
8 airport and what it is -- what it does out there at the Grand  
9 Canyon.

10 Next slide, please.

11 The Grand Canyon Airport is a public commercial  
12 airport certified by the FAA on Part 139. What that basically  
13 means, it's an airport that's certified to deal with  
14 commercial air traffic. It is the fourth busiest commercial  
15 airport in the state of Arizona.

16 Next slide, please.

17 We have a runway that's a 9,000-foot runway,  
18 capable of handling up to a Boeing 747. As you see right here  
19 in the pictures, this is the President's Air Force One, which  
20 is a 747. The plane -- the picture all the way to the right  
21 is a 757 belonging to the vice president. Both of those  
22 aircraft have visited the Grand Canyon Airport. But just as a  
23 note, the runway was designed for 737 service. It can take  
24 about nine to -- between nine to 10 hits annually of a 747  
25 without destroying the infrastructure.

1 Next slide, please.

2 This shows the number of passenger enplanements  
3 that we see on an annual basis at the airport. If you look at  
4 2005, we were at 400,000 people going through the airport. We  
5 hit our low in 2009. That was a direct reflection of the  
6 economy.

7 One thing that's very important to note about  
8 the Grand Canyon Airport, that it is very much influenced by  
9 the world economy. The two areas that get the most passengers  
10 come from Europe and the Far East, and depending on the  
11 economies of those locations will depend on the type of  
12 traffic that we see at the airport.

13 Also, just as a note, our high point, our high  
14 watermark for the number of passengers going to the Grand  
15 Canyon Airport is 600,000. So that happened back in the '90s.

16 Next slide, please.

17 This shows the number of takeoffs and landings  
18 that we have at the Grand Canyon Airport. 2005, we had  
19 116,000. We normally run about 100,000 a year going through  
20 the airport on an average based on the last five or six  
21 years. Again, you can note the low watermark at 2009 when the  
22 economy had bottomed out. We are running somewhere in the  
23 neighborhood of 100,000 right now.

24 Next slide.

25 This shows an economic picture of the airport.

1 For the last 10 years, we've been losing money. We're at --  
2 we are at a point where we were losing about \$400,000 a year.  
3 And we're very happy. We've made a lot of changes in the  
4 airport operation, and we're very happy to note that the FY  
5 2014, we actually made money. We are at about 1.5 million in  
6 revenues, with expenditures of 1.2 million.

7 Next slide.

8 This is an economic impact of what the airport  
9 has on the region. We, again, connect ourselves to about  
10 1,276 jobs with about 104 million in revenue in the tourist  
11 industry as a direct result of airport operations.

12 Next slide, please.

13 The -- in 2011 was our introduction to 737 --  
14 our regular 737 service coming into the airport. The regular  
15 737 service comes from Vision Airlines, which kind of flies  
16 out of Las Vegas during the busy times of the year. At least  
17 one flight a day comes through there, but also, routinely,  
18 especially during the summer months and high tourist months,  
19 receive 737 service from various, different touring agencies  
20 that bring in their own aircraft for tourist flights.

21 Next slide, please.

22 The TSA began operations in June of 2011. This  
23 has been a challenge as a result of the larger aircraft, and  
24 you see the pictures there. In some cases we've had to do TSA  
25 activities outdoors because our current terminal/facility is

1 inadequate for larger aircraft or larger populations. We have  
 2 had as many as three 737s or MD-80s from Alliance Air come in  
 3 and land at the airport and unload all their packs. Moving  
 4 that many packs back into the aircraft requires outdoor  
 5 activities, because our current terminal facility is  
 6 inadequate to meet those needs.

7 Now I'd like to turn the rest of the -- or part  
 8 of the presentation over regarding the terminal facility to  
 9 Sonya Herrera.

10 MS. HERRERA: Next slide, please.

11 Our main terminal was built in nineteen-ninety  
 12 -- or excuse me, 1965, and since that time we have not had any  
 13 major renovations or updates. Part of our challenge is that  
 14 our infrastructure is aging, and so we need electrical  
 15 upgrades, some plumbing upgrades. The airport does not  
 16 currently offer any wireless technology, and that's something  
 17 that our passengers are really demanding of us these days.

18 We also are not currently, as John just touched  
 19 upon, meeting our TSA and FAA requirements with our existing  
 20 terminal. It limits our ability to support our passenger  
 21 requirements. We also have very limited tenant capability,  
 22 and then this impacts our opportunity to generate revenue. We  
 23 very much so want to be self-sufficient.

24 Now, I'm a very visual person, so we've  
 25 included some additional photos, just to kind of paint the

1 picture of our aging terminal.

2 Next slide, please.

3 This is coming in, approaching the terminal.

4 This is our north end of the terminal.

5 Go ahead to the next slide, please.

6 This is the south end of the terminal. If  
 7 you'll notice, on the left-hand side there of the building,  
 8 there are two bays, bay doors that actually roll up for  
 9 baggage, but the challenge is we cannot get a vehicle inside  
 10 of there to actually deliver the baggage and drop it off to  
 11 that existing area.

12 Next slide, please.

13 If you land in the airport, this is basically  
 14 what you see upon landing, and this is your entrance into the  
 15 terminal from the ramp.

16 Next slide, please.

17 Now, what you didn't see in that previous  
 18 picture is the condition of our retaining walls as well as our  
 19 steps. This is creating some unsafe conditions for our  
 20 passengers, and we are doing what we can to stabilize that  
 21 until we can do some improvements in that area.

22 Next slide, please.

23 Our terminal interior is very dated in design.  
 24 It also really limits our functionality. It does not work for  
 25 us any longer with the introduction of our 737 traffic on a

1 more continual basis. We also have an outdated water system.  
2 We currently do not have the ability to use greywater at the  
3 terminal, and because water is something that is very precious  
4 to us, that's something that going forward into the future we  
5 want to incorporate that into our terminal. It's also  
6 undersized for our passenger volume, as well as our restrooms  
7 are undersized.

8 We have very limited commercial retail space,  
9 and then we also do not have a secure holding area.  
10 Currently, whenever passengers are screened on the interior of  
11 the building, they have to exit the building and go inside of  
12 a fenced area outside of the terminal and wait for their  
13 aircraft to depart.

14 Next slide.

15 This is a bit hard to see in this picture, but  
16 let me just assure you that that is a lobby that's filled with  
17 passengers that have just exited the ramp and entered into the  
18 terminal. They're awaiting instructions from their tour guide  
19 there on the left.

20 Next slide, please.

21 This is a photo of our hallway, again, with  
22 passengers.

23 One more slide, please.

24 That's a better view of that. So it's very  
25 crowded whenever we have our 737s on the ground.

1 Next slide.

2 And that's just one additional picture there of  
3 our lobby.

4 Next slide, please.

5 Now, it's not something I really like to talk  
6 about publicly, but so let's talk about our restrooms. There  
7 are only four stalls in our restrooms currently, and there are  
8 over 100 passengers that travel on a 737. So you can imagine  
9 the challenge that that is whenever we have three 737s on the  
10 ground at one time. The other challenge with our restrooms  
11 here is they are not ADA compliant, and then they're also very  
12 outdated.

13 Next slide, please.

14 This is baggage handling for a charter flight.  
15 This is a 737 (inaudible) on the ground. Again, we are  
16 challenged in that area. A lot of opportunity for improvement  
17 there, and hopefully with our new terminal, all these things  
18 will be addressed.

19 Next slide.

20 One of the things that we have just recently  
21 undertaken in about the last 60 days is a master plan update.  
22 Basically, our master plan is the blueprint for what we need  
23 at the airport of the future. This is about an 18 to 24-month  
24 process.

25 Now, I want to assure the Board, also, that

1 there is a significant amount of community outreach that's a  
2 part of this master planning. In fact, if memory serves me,  
3 we are having three to four additional public meetings above  
4 and beyond what is typical when an airport does a master plan.  
5 These are typically done about every seven years, but this  
6 will be ongoing for the next few months.

7 So an internal building is going to allow us to  
8 be in compliance with our TSA regulations and also with the  
9 Americans With Disabilities Act. It's also going to allow us  
10 to better support our commercial airline operations. It gives  
11 us the opportunity to increase our airport revenue, and it's  
12 also going to give us the opportunity to be more energy and  
13 utility efficient.

14 MR. NICHOLS: Now, the terminal facility is a  
15 major challenge that we have at Grand Canyon Airport, and as  
16 Sonya pointed out, it's dated. It's very old, energy  
17 inefficient. When we have aircraft land on the ground, it's  
18 very crowded.

19 The other challenge we have at the airport and  
20 in that whole entire region is water. In 2011, the FAA  
21 instructed us to close our water source. The airport used to  
22 get its water from a catchment system that was located in  
23 between the taxiway and runway, and it would catch rainwater,  
24 snow, and then pump it up into the holding tanks, you see  
25 those holding tanks right there, and then later process

1 through a water treatment facility and then support --  
2 supporting the airport operations. FAA determined that that  
3 catchment system was a danger to flight operations and  
4 instructed us to close it, and it has now been closed.

5 Next slide, please.

6 As a result, we have had to purchase all of our  
7 water from the Tusayan Water District. We can only purchase  
8 water from them during the spring and the fall. They have  
9 basically the capacity of two wells in the town or the City of  
10 Tusayan. One well produces about 60 gallons per minute, and  
11 one is about 25 gallons per minute. And in their operations  
12 of their hotels and during the peak tourist season, 100  
13 percent of that water is being used for the town itself,  
14 allowing no water to be able to be used by the airport.

15 So one of the concerns that we have at the  
16 airport is a methodology for assuring that the airport has the  
17 water it needs to not only support operations at the airport,  
18 but also protect the aircraft, the flying aircraft and the  
19 flying public, in the event of an aircraft accident and/or any  
20 kind of forest fire activity.

21 Next slide, please.

22 Now, there -- this -- the well is a point of  
23 contention for a lot of different stakeholders. The -- there  
24 is the fear, there is the belief that the airport drilling its  
25 own well is going to add an impact on various, different water

1 sources in and around the Grand Canyon. The point that we  
2 would like to make is that we are currently using that water  
3 now. It's coming from the city. It's being pumped into our  
4 tanks, but the only issue that we have is that we do not have  
5 a reliable source that we can depend on in the event of an  
6 aircraft or a fire activity that would be at the airport.  
7 What we're proposing is to drill a well that is limited in  
8 scope and size that will be able to support airport operations  
9 in a reliable manner.

10 Next slide, please.

11 The -- so the two major issues that we have at  
12 the airport is a new terminal facility that's going to allow  
13 us to meet current passenger and air safety needs and a well,  
14 water well, that will meet the needs of the airport operations  
15 going forward.

16 Next slide, please.

17 The Grand Canyon Airport, and I think it's very  
18 important as a -- citizens of Arizona to understand that the  
19 Grand Canyon Airport is the gateway -- is a gateway to  
20 Arizona's crown jewel. As you looked at that very dated 1965  
21 facility, that's what hundreds of thousands of foreign  
22 passengers get to see that represents the State of Arizona.  
23 We wish that our airport facility would represent all of  
24 Arizona and not just a dated 1965 facility. The terminal  
25 needs to be replaced, and we require a reliable water source

1 to continue airport operations and tourism in northern  
2 Arizona.

3 Next slide, please.

4 And that concludes our briefing. Are there any  
5 questions?

6 CHAIRMAN CHRISTY: Mr. Nichols, we might as  
7 well cut right to the chase with a couple of questions here.  
8 Then I'll open it up for comment from the director, too, if  
9 he's so inclined.

10 Over the course of several meetings, we've  
11 heard some comments from citizens regarding the efficacy of  
12 the airport itself. They've been on environmental and  
13 economic issues mostly. So how do you respond to those who --  
14 you already addressed the water issues, I think, pretty --  
15 fairly adequately. How do you respond to those who talk about  
16 the economic impact that the airport has negatively on  
17 businesses that line the highways leading into the Grand  
18 Canyon, siphoning off potential business? If there was no  
19 airport, they'd be forced to take the highways, and that would  
20 allow those businesses to survive.

21 Secondly, they like to point out that the  
22 airport has been a money loser for some years, and in light of  
23 all of our current economic situations, why is the airport  
24 losing money, and that kind of has a further fantail on it  
25 that why would ADOT be in the airport business? Would it not

1 be more fruitious to maybe privatize it or put it to the  
2 jurisdiction there that's closest or something along those  
3 natures.

4 Those are questions that I've been hearing, and  
5 I can't adequately answer them. I see the airport value, but  
6 I think we all need to be aware of the -- those who are  
7 against it and how we can respond to them.

8 MR. NICHOLS: Thank you, Mr. Chairman. I'll  
9 try to --

10 DIRECTOR HALIKOWSKI: Before you start,  
11 Mr. Nichols, Mr. Christy, those are excellent questions, and  
12 just going back in history, which predates Mr. Nichols'  
13 tenure, I've been involved with this airport for probably over  
14 20 years. And at one point the Legislature did enact laws to  
15 allow the Department to lease the airport to a private entity  
16 to run, because as you said, it never really has generated  
17 enough money based on the way that the contracts and other  
18 issues were led in the past to break even.

19 And so the question from a legislative  
20 standpoint for years was why is ADOT in the airport business?  
21 Wouldn't it be better to have a private entity to run it?

22 And so after those laws were enacted in the  
23 1990s, as I recall, a private entity did take over for awhile  
24 to run the airport. They, themselves, gave up the lease,  
25 because under the way the contracts and other issues were

1 structured, they could not turn a profit and wound up giving  
2 it back to the State.

3 So during my time, I have asked the very same  
4 question: Why are we in the airport business? And from a  
5 lessee's perspective, until you can bring the facility up to  
6 par, both in its firefighting capabilities, which we've done,  
7 but also in its terminal capabilities to generate the profit  
8 and work the contracts with the users of the airport, they  
9 don't have any interest, why would I lease a losing  
10 proposition?

11 So we're kind of in this chicken and egg or  
12 Hobson's choice situation that unless we bring the facilities  
13 up to standard, you don't have a private entity who's  
14 interested in it.

15 We've thought about giving the airport back or  
16 turning it over to someone, but there are FAA easement or  
17 lease restrictions that we cannot just simply walk away from  
18 this without doing something to ensure it either continues at  
19 an -- as an airport or closes down.

20 And closing it down, as we looked into it when  
21 the FAA was running into problems with providing us money  
22 several years ago, is what I will call politely another  
23 bureaucratic nightmare. I didn't realize how difficult it was  
24 to close an airport that the pilots have had for years and  
25 expect to be there in case of an emergency. So just let me

1 start there, and then I'll let Mr. Nichols talk about the  
2 economic issues. But certainly we share your thoughts that we  
3 don't necessarily want to be in the airport business. It's  
4 just that it's not as easy to walk out of it as we would like  
5 to be.

6 CHAIRMAN CHRISTY: Thank you. Before --

7 MR. NICHOLS: (Inaudible.)

8 CHAIRMAN CHRISTY: Mr. Nichols, before you  
9 proceed, because of the water issues, I kind of forgot some  
10 other environmental issues. You hear a lot of talk about the  
11 additional noise factors of the airport, as well as the air --  
12 air quality and air pollution factors. So if you could throw  
13 that into the mix of your responses to that, too.

14 MR. NICHOLS: Chairman Christy, I will try to  
15 -- you gave me about six questions there, and if I miss one,  
16 please re-address them.

17 On the air quality issue -- I'd like to hit  
18 that because of the last thing you said -- one of the things  
19 that we are seeing in the aircraft operations at the airport,  
20 because they are starting to go with the -- some -- like  
21 Vision Air, for instance, which is one of our more frequent  
22 carriers, is going to larger aircraft. It's actually less  
23 pollution, because they were using three aircraft to do what  
24 they're doing with one right now. So there -- that does  
25 impact.

1 As far as noise pollution, the airport in its  
2 normal operations doesn't even approach the park. That was a  
3 big concern to park services, some of your environmental  
4 community, that if you have 737 service, is it going to impact  
5 the park? The answer is no, because we turn off -- we're  
6 nautical miles off center of the airport as we either go east  
7 or west and head toward the next destination, which is at  
8 least one nautical mile before the edge of the park -- park.  
9 And it's another five miles from the edge of the park to the  
10 edge of the canyon. So they don't even see the aircraft.

11 The only time people really notice aircraft  
12 operations is when they're in the Town of Tusayan itself,  
13 because they are in the flight path, and you will see the  
14 aircraft going over the top of the town.

15 CHAIRMAN CHRISTY: And to that, let me just  
16 interrupt you. Aren't there helicopter flight companies that  
17 are permeating all through that area?

18 MR. NICHOLS: Yes, there are, sir. There --  
19 they have a couple of routes. There's only two authorized  
20 routes that the Park Service gives.

21 I'm going to say 98 percent, 99 percent of all  
22 the visitors of the park will never see a helicopter. You  
23 have to go to the far edges of the park to see the helicopter  
24 and get in that pathway. If you're in the center of the park,  
25 which you typically go to the visitor center, they're at least

1 10 nautical miles, five nautical miles away from that area.

2 So you don't see the helicopters.

3 Now, if you go down into the canyon and hike 12  
4 miles from it, you might see a helicopter go over the top, but  
5 it's on the far edges, and they've done that on purpose,  
6 because the Park Service wanted to instill quiet in the park.

7 The helicopters that are flying out of the  
8 Grand Canyon Airport now, almost 60 percent of them using --  
9 are using quiet technology. So you're not seeing those noisy  
10 (indicating) helicopters like you used to see. There are  
11 incentives for the tourist industry to transition from the  
12 noisier helicopters to the more quiet technology. And right  
13 now, I want to say over half the helicopters that are leaving  
14 the Grand Canyon right now are the Eurocopter, which is a  
15 quiet technology.

16 I would like to address the economic issues.

17 DIRECTOR HALIKOWSKI: Mr. Nichols, hang on a  
18 second. I just want to point out, we're talking about two  
19 issues here. One is 737 service.

20 MR. NICHOLS: Right.

21 DIRECTOR HALIKOWSKI: The other is the tour  
22 industry, which is the helicopters and airplanes.

23 So the 737 service, I think you've addressed in  
24 the fact that it's on the south edge, and it's not going to  
25 approach the park, but the tourism industry of the

1 helicopters, Mr. Chairman, the noise regulations are really  
2 regulated by the federal government, correct? Those flyovers  
3 are regulated by Congress and not us.

4 So we have to ensure, you know, that the  
5 helicopter industry and the aircraft industry that's flying  
6 over the canyon out of our airport is doing so appropriately,  
7 but the noise regulations, they're not within our control, nor  
8 are the routes, as I understand it.

9 MR. NICHOLS: No, the routes are all controlled  
10 by the federal government, the FAA, and the number of flights  
11 that are allowed over the canyon is also controlled by the  
12 FAA.

13 DIRECTOR HALIKOWSKI: And one more point,  
14 Mr. Chairman. I believe one of the tribes is considering  
15 tourist service on the north end. Is that (inaudible)?

16 MR. NICHOLS: Actually, there is a tribe that  
17 is on the west side, what they call Grand Canyon West, and  
18 they are flying tourists -- tour flights out of that. Matter  
19 of fact, they've exceeded the number of flights that are  
20 currently going out of Grand Canyon National Park, the  
21 airport, by the tune of almost five to 6,000 flights. They  
22 don't have the restrictions that we have. We are very  
23 controlled because of the operations, but that airport that's  
24 on tribal property, they can actually brick the edge of the  
25 canyon. They actually land down in the canyon (inaudible).

1 DIRECTOR HALIKOWSKI: So my point is,  
2 Mr. Chairman, regardless of whether the new terminal is built,  
3 those flights are going to continue as far as the tourist  
4 flights, correct, Mr. Nichols?

5 MR. NICHOLS: Let me address the economic  
6 impact.

7 CHAIRMAN CHRISTY: The director did have a  
8 question.

9 MR. NICHOLS: I'm sorry.

10 DIRECTOR HALIKOWSKI: So the question is  
11 regardless of the new terminal being built, the flights over  
12 the canyon, that tourism industry is going to continue?

13 MR. NICHOLS: That's correct.

14 CHAIRMAN CHRISTY: I only --

15 MR. NICHOLS: That will not stop, and that will  
16 not slow down.

17 CHAIRMAN CHRISTY: I only bring up the  
18 helicopter issue for two superficial reasons. One, there's  
19 already a noise factor with them.

20 DIRECTOR HALIKOWSKI: Two.

21 CHAIRMAN CHRISTY: And secondly, however,  
22 though, those air -- helicopter flights do originate out of  
23 the airport.

24 DIRECTOR HALIKOWSKI: That's true.

25 CHAIRMAN CHRISTY: So that was my only

1 connection to that, but please go ahead on the economic  
2 issues.

3 MR. NICHOLS: The economic issues, now one of  
4 the -- where we're getting a lot of criticism is, was mainly  
5 from two sources, the City of Flagstaff and the business  
6 community in the City of Flagstaff and the City of  
7 (inaudible).

8 The City of Flagstaff is very concerned that if  
9 we develop the airport that people will bypass Pullman Airport  
10 and go directly -- fly directly into the Grand Canyon and have  
11 an economic impact as a result of that.

12 There's also the belief that people, if they  
13 can fly directly into the Grand Canyon Airport, that they  
14 won't drive, and by not driving, they won't go through the  
15 City of Flagstaff.

16 The -- I think what's very important, and I've  
17 talked to both the City and talked to the business community  
18 and tried to explain that the airport is never going to be  
19 developed to a point where you're going to be able to see the  
20 significant commercial air traffic into that airport for  
21 several reasons. One of the biggest reasons is there's no way  
22 -- there's no ability of the airport to support a normal  
23 airline operation. There's no place for the air crews to  
24 spend the night. There's no place for the ground crews to  
25 live.

1           The other big issue that we have is fuel.  
 2   There's no place to fuel a heavy aircraft at the airport. So  
 3   when you see those heavy aircraft that are at the Grand  
 4   Canyon, it's important to know they come in heavy, which means  
 5   for those folks that don't understand the aeronautic term,  
 6   they're coming in with their own fuel, and that's not a very  
 7   economic -- it's not a good economic prospect for an airline  
 8   operation. The more fuel you have to carry, the more  
 9   expensive it is to fly the aircraft, because you're carrying  
 10   gas and not people.

11           So what we see is a very limited amount of  
 12   commercial aircraft. If we get -- now, Vision Airlines is  
 13   flying tour flights from Las Vegas. If we get a single other  
 14   tour industry type of commercial air into the airport, we will  
 15   consider it a major victory. But that has been a major, major  
 16   problem. Even if you talk to the airlines, they'll tell you,  
 17   how am I going to fuel up? Where am I going to keep my ground  
 18   crews? What are we going to do? And we can't answer those  
 19   questions because of restriction.

20           Just like the nature of where the airport sits,  
 21   located in the middle of an area that cannot be developed,  
 22   it's going to restrict what that airport becomes, and it will  
 23   always become, and I believe, it will always be a tour  
 24   industry, air tour industry airport that has the ability to  
 25   bring packs in for -- on a limited basis from Las Vegas for

1   the sole purpose of going to look over the edge of the  
 2   canyon. It's not going to be the impact that some people  
 3   fear.

4           As I pointed out in the past, in the 1990s, we  
 5   were up to 600,000 people moving through there. However,  
 6   most, if not all of them, from air traffic came from Las  
 7   Vegas, and these are our tourists that are -- we are the  
 8   sideline. We are not the destination.

9           DIRECTOR HALIKOWSKI: So --

10          MR. NICHOLS: The Grand Canyon, unfortunately,  
 11   if most people have visited the Grand Canyon, it's not a  
 12   destination. It's merely a bucket list item people go there  
 13   for. The average time people spend at the Grand Canyon is two  
 14   hours.

15          DIRECTOR HALIKOWSKI: To that point,  
 16   Mr. Chairman, I think it's important to note we're talking --  
 17   I think Flagstaff's within roughly a 50-mile radius of the  
 18   canyon.

19          As Mr. Nichols points out, the canyon is a  
 20   visiting spot, but it's not necessarily the destination point,  
 21   and certainly the city and -- the City of Flagstaff and  
 22   Tusayan would partner together, because within that 50-mile  
 23   radius, if you're looking to travel and see other things,  
 24   Flagstaff's pretty close, and so coming into the canyon  
 25   doesn't necessarily mean you're going to spend your entire

1 time in Tusayan. There are other destinations that are  
2 attractive in northern Arizona that people may want to visit.

3 CHAIRMAN CHRISTY: And to that point, regarding  
4 the cost of the upgrades that we need to make, where are we  
5 going to get that money?

6 DIRECTOR HALIKOWSKI: Mr. Nichols?

7 MR. NICHOLS: Most -- where we're going to be  
8 getting the money is from the FAA. Now, we are authorized --  
9 for every passenger that comes into that airport, they are  
10 assessed a fee, a tax.

11 CHAIRMAN CHRISTY: Landing fee?

12 MR. NICHOLS: A landing fee or there's  
13 passenger taxes that are assessed to them. We get a part of  
14 that, just like we get a part of the federal road tax when  
15 people buy gasoline in Arizona. We get a piece of it, and  
16 that belongs to the airport, and it's for airport's use only.  
17 That's one of the rules the FAA has. That's our plan, is to  
18 use that funding for the well site and use that funding to  
19 build a new terminal facility. And so there's not going to be  
20 any money that's being stripped from anybody to support that  
21 operation. It's due to the airport. It's for airport  
22 operations. If we, the State of Arizona, don't use that  
23 money, it goes to other states, which is a -- not a good  
24 thing, to allow tax dollars to flow out of Arizona into some  
25 other state.

1 I would like to address the issues regarding  
2 the economic viability of the airport. The airport has been  
3 in the past -- has not met its own -- has not paid its own  
4 way. This year we have. Now, you may -- I would ask the  
5 question, why? How did this happen? Two several -- there's  
6 two major issues that have happened over the last couple of  
7 years. When I took over the airport in '10, '09 and '10, that  
8 we hadn't had a rate increase in over -- I want to say it was  
9 almost 12, 13 years, and we did get passed a modest rate  
10 increase and user fees of those airlines and companies using  
11 the airport. That's one thing.

12 We've also cut our operating costs. We've  
13 looked wherever we can to find savings in how we operate.  
14 There's another area that we've reduced our operating cost.

15 Also, we've been working with our customers and  
16 tenants. And we were letting revenue get by, and we were not  
17 chasing it down. We're chasing it down. And that's why over  
18 the last year, FY '13, we've been chasing every nickel that's  
19 owed to us, based on bus companies coming in, taxicab coming  
20 in, aircraft services. People would fly in -- commercial air  
21 companies would fly into the airport, and we -- now we're  
22 getting the fees they owe us. And that's one of the reasons,  
23 if you look at, we went from \$800,000 in revenue to 1.5 in FY  
24 '14.

25 DIRECTOR HALIKOWSKI: There were some other

1 issues I want to point out, Mr. Chairman. I believe in '88, a  
2 30-year contract was signed with the airport users, setting  
3 fees --

4 MR. NICHOLS: It was actually in the '70s.

5 DIRECTOR HALIKOWSKI: In the '70s. A contract  
6 was signed setting fees flat for 30 years. I think that was  
7 up in 2008.

8 MR. NICHOLS: The one old contract is up in  
9 actually 2017.

10 DIRECTOR HALIKOWSKI: Okay. Because these  
11 contracts were let for these 30-year periods before we came on  
12 board, and one of the issues we faced is that costs are going  
13 up, but whomever signed those contracts for the Department  
14 kept the fees flat for 30 years. That's not a good way to do  
15 business.

16 And so Mr. Nichols has negotiated with the  
17 industry users of the airport and said, look, we're both in  
18 this together. If you want upgrades and improvements, we're  
19 going to have to adjust these contracts, even though they're  
20 not up yet. We've successfully done that in some cases, and  
21 that's brought more revenue in. But our strict instructions,  
22 at least from me, is no more 30-year contracts. That's not a  
23 good way to do business.

24 MR. NICHOLS: Did I answer all the questions?

25 CHAIRMAN CHRISTY: I think you did, and I think

1 you did a very good job of doing so.

2 MR. NICHOLS: Okay. Thank you. Is there any  
3 other questions?

4 CHAIRMAN CHRISTY: Any other questions of the  
5 board members?

6 MS. BEAVER: Yes.

7 CHAIRMAN CHRISTY: Board Member Beaver.

8 MS. BEAVER: Yes. I have just a couple. My  
9 concern is based on the visual that you were talking, I was  
10 like -- that airport does not represent a good image of our  
11 state, I would say, based on those pictures. I mean, it looks  
12 really run down.

13 MR. NICHOLS: It is.

14 MS. BEAVER: And I noticed lots of steps. In  
15 addition to the bathrooms not being ADA compliant, is the rest  
16 of the airport compliant?

17 MR. NICHOLS: The rest of -- the rest of the  
18 airport's flying operations is compliant. Once we moved that  
19 water system, we became compliant.

20 I would like to address that issue, because  
21 when we went -- when I first went to the airport, one of the  
22 things that I noticed is literally hundreds of thousands of  
23 foreign visitors going through that terminal facility, getting  
24 on buses, going to look over the edge of the Grand Canyon.  
25 And the thing that concerned me the most is, are they getting

1 introduced to Arizona? Arizona's a wonderful state. There's  
2 a lot to see here.

3 A few years back, I ran into a Chinese visitor,  
4 and I asked them, did you ever go to Arizona? They replied,  
5 yes, I went to the Grand Canyon from Las Vegas. And I said,  
6 did you see any of the rest of Arizona? They said, I didn't  
7 know there was anything else to see.

8 Our vision in a new terminal facility is to  
9 introduce all of Arizona to the hundreds of thousands of  
10 visitors. We're not going to try and introduce the Grand  
11 Canyon to them. They're already going to get to see that  
12 marvel, but we want to introduce Flagstaff. We want to  
13 introduce Sedona. We want to introduce all the different  
14 businesses and the different locations, the White Mountains,  
15 Tucson. We want to show those hundreds of thousands of  
16 foreign visitors there's a lot to see in Arizona and to come  
17 visit. What they see now is what you saw in those pictures,  
18 and that is a very old, dated, 1960s facility that doesn't  
19 represent Arizona well.

20 DIRECTOR HALIKOWSKI: With no wifi, no  
21 interactive maps, no destinations that we show to people.

22 MS. BEAVER: Well, and I would also ask, those  
23 lines for the TSA and the inspections and that, I mean, from a  
24 safety standpoint, I would -- that seems a bit alarming.

25 MR. NICHOLS: Yes.

1 MS. BEAVER: I don't know (inaudible)  
2 controlled pretty well, but if -- you know, that was something  
3 that --

4 MR. NICHOLS: It's -- we can get -- we can  
5 screen people safely, but what's really a very negative aspect  
6 is the fact that we have got to put them in holding areas  
7 that's literally outside. We put them -- for lack of a better  
8 word, we put them in a cage in the weather because there's no  
9 other place for them and -- but that's what we have to do.  
10 We've dealt with it. We worked with it. We don't hear too  
11 many complaints, but it's not appropriate, and it doesn't do  
12 -- it doesn't do the State of Arizona or the Grand Canyon  
13 National Park Airport any justice at all.

14 CHAIRMAN CHRISTY: Vice Chairman Anderson, you  
15 had a question?

16 VICE CHAIR ANDERSON: I've got basically two  
17 comments. The first one, the one deals with the canyon itself  
18 and the experience. The second one deals with water.

19 I've been on the board long enough to remember  
20 Chairman Feldmeier. In fact, I'm wearing shorts in his honor  
21 today, but we think we have our board meeting in canyon --  
22 August of '11.

23 UNIDENTIFIED SPEAKER: Yeah.

24 VICE CHAIR ANDERSON: Something like that, and  
25 he had this wild idea, hey, let's go from rim to rim before

1 the board meeting, and I signed up. But you didn't hear a  
 2 helicopter. You didn't hear a plane. It was totally serene.  
 3 And we were also the guests of Scorpion Tour, I think, the  
 4 next day. And they're spending millions and millions of  
 5 dollars on the quiet technology to make those motors quiet.  
 6 There's nothing like being in a helicopter, and you go over  
 7 that ledge, and all of a sudden it drops out from under you,  
 8 so...

9 CHAIRMAN CHRISTY: I was in business. I knew  
 10 how that worked.

11 VICE CHAIR ANDERSON: So bringing the canyon  
 12 and the wonders of Arizona to a lot of different people.

13 Getting to water, you mentioned there's a  
 14 catchment basin that the FAA made us remove. With my  
 15 knowledge of water in Arizona, why not -- why throw away a  
 16 renewable source of water, in that area especially? Is there  
 17 a way to --

18 UNIDENTIFIED SPEAKER: Harness?

19 VICE CHAIR ANDERSON: -- harness that basin? I  
 20 mean, when you fly into San Diego, you fly right over the  
 21 ocean, right? Why can't you fly over a catchment basin? So I  
 22 think we need to maybe pressure whoever we need to pressure  
 23 and say, you know, there's a limited supply. This is a  
 24 renewable supply, which is really the best part about that --  
 25 that catchment basin. So I think, you know, whoever needs to

1 lead that charge, you know, we probably need to, you know,  
 2 ramp it up a little bit.

3 MR. NICHOLS: We -- you know, we did think,  
 4 okay, when they asked us to remove the catch basin, we said,  
 5 well, where else can we put it? Because that is -- you're  
 6 correct, that is a renewable water source. The problem is  
 7 there's no place in the airport. The areas where a catch  
 8 basin would be -- would work is in the flight safety area, and  
 9 it was just -- we beat our head against the wall on that one.

10 It was a good solution back when they built it,  
 11 but flight regulations changed, and now they -- it's very  
 12 important to the FAA that there's -- that the ground level in  
 13 and around aircraft, where they'll be landing and taxiing, is  
 14 very flat, and the catch basin creates an area that's  
 15 dangerous to aircraft.

16 And I apologize. We should have shown you how  
 17 small the property we have on the airport is. It's very  
 18 restricted on what space that we have available to put  
 19 something like that.

20 DIRECTOR HALIKOWSKI: Before we say the catch  
 21 basin idea wouldn't work, what I'd like to say, Mr. Chairman,  
 22 Mr. Anderson, is let us take it back and work with our  
 23 engineers and see if there is some way to retain both a flat  
 24 surface and a catch basin. I don't know the answer to that  
 25 today, but certainly worth exploring.

1 MS. HERRERA: Mr. Chairman and the Board, if I  
2 might interject, part of the master plan is looking at all of  
3 our utilities and what we need to do in the future. So it's  
4 not that we're only looking at the well as an option. We're  
5 looking at all of our various options that might be open to  
6 us.

7 So the master plan is going to be basically a  
8 guidance document for us, and it's simply not going to be done  
9 for the next 18 to 24 months, but it will be looking at some  
10 of those other alternatives, and I think that's an important  
11 point to make. We're not saying that that's our only  
12 solution, but right at this point, it's probably the preferred  
13 solution or the solution that's going to work best. But the  
14 master plan will help drive that decision making.

15 MS. BEAVER: Chairman Christy.

16 CHAIRMAN CHRISTY: Ms. Beaver.

17 MS. BEAVER: This is more a curious-type  
18 question. If the reclaiming water -- there isn't space for it  
19 at the airport, would there be the possibility of working with  
20 that community where it's located maybe in that community? I  
21 mean, if we've been buying water, you know, during two  
22 different times of the year from them, possibly that would  
23 provide another --

24 MR. NICHOLS: Actually, we are doing that. We  
25 have already got partnerships with the community. The only

1 thing we haven't been able to do is utilize the water  
2 ourselves, the greywater. That is one of our major objectives  
3 with a new terminal facility is to try to maximize greywater  
4 use throughout the airport facility.

5 We have partnered and we're helping to store  
6 water for the community, and also we're looking at -- we have  
7 a smaller, old tank that we want to help them store greywater.  
8 So we can partner with the local community and use as much  
9 greywater as you can.

10 The reason that there is an awful lot of  
11 greywater there, one, the Park Service, most of its water,  
12 they -- and they use, I think, 700,000 gallons a day that  
13 comes through there, that goes in a bit -- and currently goes  
14 into the treatment system that they have there, and that  
15 leaves a lot of greywater use for the local community and for  
16 the airports. We have not been able, because our  
17 infrastructure is not supportive, been able to maximize the  
18 use of that greywater. Our plan as we go forward with the  
19 airport is wherever we can, we're going to maximize the use of  
20 greywater to reduce our water consumption use on the airport.

21 CHAIRMAN CHRISTY: Well, Mr. Nichols, we want  
22 to thank both of you for your very detailed and informative  
23 presentation. You answered a lot of issues that come before  
24 the Board. I'm sure we haven't heard the end of the  
25 contention that probably exists out there, but at least I

1 think from the Board's standpoint, we're much more informed  
2 from the ADOT side as to the justification and what needs to  
3 be pursued as far as the airport at the Grand Canyon.

4 Do any board members have any further questions  
5 of either one?

6 MS. BEAVER: Just Chairman Christy, would we be  
7 able to get copies of their presentation?

8 MR. NICHOLS: Yes, ma'am.

9 MS. BEAVER: Okay. Either we're -- maybe it  
10 would go to Mary and she could e-mail it to us.

11 UNIDENTIFIED SPEAKER: Yeah.

12 MR. NICHOLS: The other thing I'd offer,  
13 Mr. Chairman, Board Member Beaver, is we are certainly  
14 available at any time if you'd like more in-depth discussion,  
15 want to take a tour of the airport and the surrounding area,  
16 we're available for that for you.

17 CHAIRMAN CHRISTY: Thank you both.

18 MR. NICHOLS: Thank you Chairman Christy,  
19 Board. Thank you.

20 CHAIRMAN CHRISTY: Moving on to our final item  
21 is suggestions for future board meeting items. Do -- the  
22 Chair would entertain any suggestions from board members for  
23 future board items.

24 Mr. Roehrich.

25 MR. ROEHRICH: Mr. Christy, I just want to call

1 attention again and remind everybody. Next meeting is August  
2 8th, and it's at the City of Page, and I know that Ms. Beckley  
3 this week talked to all of you so we can start arranging any  
4 transportation or any other coordination issues. Please  
5 respond back to her, because we're going to need more time to  
6 plan for that and get everybody coordinated for that as well.  
7 So be thinking about that next meeting and the coordinating  
8 with Mary on transportation, lodging and everything else in  
9 order to make that one function smoothly.

10 CHAIRMAN CHRISTY: Any suggestions from the  
11 board? Board Member Beaver.

12 MS. BEAVER: I have a question with regard to  
13 more recently we've been hearing about accidents on I-17, and  
14 I-17, how it's closed off. I would like to have some kind of  
15 a presentation explaining to us what the procedure is, because  
16 I know it -- law enforcement's involved in that when they  
17 close off, but it seems like they're closing off I-17 for  
18 periods of time, and because there is no access roads or  
19 frontage roads, it -- you know, they're being detoured around  
20 distances.

21 And I don't -- I mean, there's just not the  
22 extra money for I-17, but is there a way that maybe a lane  
23 could be opened? I'd like to know kind of how the law  
24 enforcement handle that and if they could make some kind of an  
25 adjustment for a lane opening rather than having everything

1 closed for hours on end.

2 UNIDENTIFIED SPEAKER: (Inaudible.)

3 UNIDENTIFIED SPEAKER: Mr. Christy, Ms. Beaver,  
4 I think that you've touched on something that for us is a  
5 long-standing issue we continue to coordinate with. You know,  
6 we send our maintenance folks out that respond to these  
7 incidences, alert team in the valley, maintenance folks and  
8 then other district folks out, and then the rural areas. But  
9 as you identified, the Department of Public Safety, when they  
10 come on site, they're the incident commander on that site, and  
11 because of their investigation and law enforcement activities  
12 with it, they determine what can and can't be open. We're  
13 always working with them to open it as soon as possible once  
14 it's safe to do that, but quite frankly, DPS will not open it  
15 until they've gathered enough for the investigation or its  
16 safe for us to do that.

17 UNIDENTIFIED SPEAKER: So along those lines,  
18 Mr. Chairman, I work a lot with the director of Department of  
19 Public Safety.

20 CHAIRMAN CHRISTY: I'm sorry.

21 UNIDENTIFIED SPEAKER: I think there needs to  
22 be a little bit of a limit to this, because this is a proposed  
23 agenda item, so we need to be careful that we're not having  
24 discussion related to something that hasn't been agendized.

25 (Inaudible.)

1 UNIDENTIFIED SPEAKER: I would just offer this,  
2 is let me ask the director of DPS. Perhaps they will come in  
3 and give the Board a presentation on incident --

4 CHAIRMAN CHRISTY: Control?

5 UNIDENTIFIED SPEAKER: -- control.

6 CHAIRMAN CHRISTY: That would be --

7 MS. BEAVER: Thank you.

8 CHAIRMAN CHRISTY: That would be a very good  
9 agenda item, because we have had several comments, both e-mail  
10 and on a personal level here in Cottonwood regarding that.

11 Any other suggestions?

12 I'm going to be dreaming of *Ghost Riders in the*  
13 *Sky* from last night's event. And again, our deepest and  
14 heartfelt thanks to the Cottonwood folks for a terrific time  
15 last night and for hosting this event. We look forward to  
16 come back soon if you'll have us. And with that, if there's  
17 no further suggestions for future board meetings, the Chair  
18 would entertain a motion to adjourn.

19 VICE CHAIR ANDERSON: So moved.

20 CHAIRMAN CHRISTY: There's a motion by Vice  
21 Chairman Anderson to adjourn. Is there a second?

22 MR. CUTHBERTSON: Second.

23 MS. BEAVER: Second.

24 CHAIRMAN CHRISTY: Second by Mr. Cuthbertson.  
25 All those in favor -- a discussion of the motion? Hearing no

1 discussion, all those in favor of the motion to adjourn  
2 signify by saying aye. Opposed?

3 We are adjourned. Thank you.

4 (End of recording.)  
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**Adjournment**

***A motion to adjourn the public hearing was made by Kelly Anderson and seconded by Bill Cuthbertson.  
In a voice vote, the motion carries.***

**Meeting adjourned 10:50 a.m. MST**



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Stephen W. Christy, Chairman  
State Transportation Board



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John S. Halikowski, Director  
Arizona Department of Transportation