

MINUTES
STATE TRANSPORTATION BOARD
SPECIAL MEETING
9:00 a.m., Tuesday, August 25, 2015
Human Resource Development Center (HRDC)
Grand Canyon Room
1130 N. 22nd Ave.
Phoenix, Arizona 85009

Pledge

The Pledge of Allegiance was led by ADOT Director John Halikowski.

Roll call by Board Secretary Mary Beckley

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

Absent: Kelly Anderson

Opening Remarks – Vice Chairman La Rue welcomed everyone to the meeting and mentioned Chairman Anderson has had a sports injury and will not be in attendance for today's meeting.

Call to the Audience

1. Bruce Bracker, Chairman Greater Nogales Santa Cruz County Port Authority, re: support for SR189/Mariposa Road in Nogales, Option D; requests Board stay committed to funding and place into the five year plan as soon as possible; improvements should address bottlenecks generated n/b traffic merging onto I-19, create grade separation at SR189 and Frank Reed Road, at entrance to high school and backups generated s/b on exiting I-19 merging onto SR 189 toward the port of entry.

STATE TRANSPORTATION BOARD SPECIAL MEETING –AUGUST 25, 2015

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1 (Beginning of excerpt.)

2

3 VICE CHAIR LA RUE: So I guess that takes us to
4 Item Number 1, the Maricopa Association of Governments
5 Reconciliation Agreement. Kristine.

6 MS. WARD: So I have a little bit of a
7 housekeeping issue here. About a year-and-a-half, MAG
8 approached me, and they said that the Regional Transportation
9 Freeway Program owed money to the Arterial Life Cycle Program to
10 the tune of \$16.1 million, and this agreement -- this agreement
11 was entered in -- they asserted this agreement was entered into
12 with the Department. However, I asked for documentation, and
13 there appears to be no documentation of this agreement.

14 The agreement dates back to 2006, and the reason
15 that I -- my understanding for the reason of this agreement is
16 that there were projects that would utilize federal dollars.
17 They were projects that within the ALCP, Arterial Life Cycle
18 Program, that were not yet ready to go. So they couldn't use
19 the money yet, and so they loaned them to -- what they're saying
20 is that they loaned those dollars to the Regional Transportation
21 System.

22 Well, I have a fondness for documentation. We
23 went back and started researching the living bejesus out of this
24 thing, and what we found is that we didn't -- FMS went back and
25 researched, and we came up with a number of \$12 million, give or

1 -- plus some change. (Inaudible.) I won't get into the
2 details.

3 And in that, what we found is that the 12 million
4 that was owed was comprised of two issues. One, we had some
5 accounting errors that we found, approximately 3 million worth
6 of accounting errors. If that had just been made up, if that
7 was the only part of this issue, I wouldn't be coming before
8 you. If we find accounting errors, we're going to make those
9 corrections, and that's not an issue I would bring before the
10 Board.

11 However, the second component was that there were
12 projects, ADOT projects, that were charged against the MAG
13 federal ledgers. So we found projects that were paid for from
14 MAG dollars, from MAG federal dollars for the RTP program, the
15 Regional Transportation Freeway Program. So when we found that
16 combined with the accounting errors, it came to \$12.1 million.

17 Both parties agree that we do not -- that these
18 things should be absolutely documented in the future. The
19 reason I am here is I do not -- those projects did not go
20 through an approval process. Accounting errors I won't bring to
21 you, but when projects don't go through the appropriate approval
22 process, that's why I'm here before you today. Those projects
23 did not go before regional council. They did not come to this
24 body, and therefore, what we're asking for is, given the
25 circumstances, I want to bring this before you. I want to make

1 you aware of it. I want to commit to you that we will not have
2 any undocumented agreements in the future. But I would like --
3 we would like your support in getting those dollars properly
4 transferred and accounted for.

5 I will be happy to take any questions.

6 VICE CHAIR LA RUE: Any questions of board
7 members?

8 MR. HAMMOND: Mr. Chairman, just a simple
9 question on kind of how it happened, you think. I mean, what's
10 the take home as far as learning?

11 MS. WARD: Well, the take home as far as learning
12 is you do not enter into agreements without getting them
13 properly documented. I think the things that we've really
14 learned, and the agency has evolved in since 2006, is there is a
15 much better accounting of and monitoring of the ledgers for each
16 of the COGs and the NPOs. We have a much better system for
17 that. But, you know, I -- we just have a much more formal
18 structure now than we once did, and when I brought this to the
19 leadership within ADOT, you know, this is just not something
20 that we feel comfortable not putting before you and letting you
21 know in the air of transparency.

22 MR. HAMMOND: But there was no accounting of it.
23 We found on it the federal side, or where did we find the
24 mistake?

25 MS. WARD: We found the mistake on their ledgers.

1 MR. HAMMOND: Okay. On their ledgers. So there
2 was an accounting, just not in our system.

3 MS. WARD: It's our ledgers that we account for
4 their dollars.

5 MR. HAMMOND: Okay. All right.

6 MR. ROEHRICH: And Mr. Chair, Mr. Hammond, that's
7 what I was going to say. This wasn't internal to the agency as
8 far as how we are managing not just the federal dollars, but the
9 moneys that get collected. No -- we work with the MAG, PAG and
10 then the local governments, the COGs, NPOs who get money
11 distributed. We maintain ledgers, but we work with them on
12 this. So this is (inaudible) problem with our ledgers.

13 And to go back with that, if you -- a little bit
14 more history, back in 2006 was probably the -- we were a
15 full-blown program constructing freeways, the local program, the
16 transit program, all the different funding programs that the
17 PROP 400 funded within MAG. We had a very robust, a
18 billion-and-a-half program at that time. A lot of things were
19 going on.

20 So it wasn't that the money was used
21 inappropriately or it wasn't that we didn't have good control of
22 the money, and it did go into appropriate projects, it's things
23 were going very fast. Usually at the end of the fed -- state
24 and federal fiscal year, Kristine's group or the finance group
25 at that time -- though we had a different CFO obviously -- doing

1 some things. You know, were they a little lax in making sure
2 that every balance was corrected? They had all agreed that they
3 were doing things properly. They just didn't have the
4 documentation, because things were just moving much quicker.

5 Well, we can't take that as an excuse moving
6 forward, as Kristine said. She's putting them -- the mechanisms
7 that -- that no matter how fast we're moving, no matter how much
8 is coming, we're still getting the stuff done, just to get it
9 corrected. And all this thing does is make sure that between
10 our balancing of our books, along with MAG's balancing of the
11 books, we're all starting at the same baseline moving forward,
12 and everybody knows we're reconciling it under one agreement,
13 and then from there we're able to move forward, and jointly,
14 because we do -- as we've always done, jointly, fully
15 understanding what the balances are and where the funding is
16 going.

17 MR. SELLERS: Vice Chairman.

18 VICE CHAIR LA RUE: Board Member Sellers.

19 MR. SELLERS: Yeah. From what I've learned
20 through this with the discussions we've had with you, I'm very
21 impressed with the way the two agencies have worked together to
22 clean this up and to made sure that we don't allow this to
23 happen in the future. That being said, I move for approval.

24 MS. BEAVER: I would like to -- I do have a
25 question.

1 VICE CHAIR LA RUE: (Inaudible.)

2 MR. ROEHRICH: Mr. Chair, we've had a motion
3 identified. Could we either --

4 MR. HAMMOND: I'll second.

5 MR. ROEHRICH: Get a second to it or --

6 (Speaking simultaneously.)

7 VICE CHAIR LA RUE: Well, and so let's clarify
8 the motion. I mean, the motion is to accept and approve, you
9 know, the -- this reconciliation agreement --

10 MR. SELLERS: Correct.

11 VICE CHAIR LA RUE: -- and authorize ADOT's
12 director to execute it on behalf. Okay. We have a motion. We
13 have a second by Mr. Hammond. Let's take further discussion.

14 MS. BEAVER: The question I would like to ask is
15 because this is just, like, one figure, and if, in fact, MAG and
16 ADOT has recognized what the projects were, I would like to see
17 actually the projects identified, because that way there will be
18 no question about did we or didn't we. We will know that if we
19 were to approve this, that these projects were the ones that
20 were identified. So there won't be any coming back later type
21 of thing. So I would like somehow to have those projects
22 identified.

23 And the other thing is, is this the type of
24 document that would need to be approved through the AG's office?
25 I know usually contracts we get approved through the AG's, and I

1 don't see that it's gone that route yet.

2 MR. ROEHRICH: Mr. Chair, Ms. Beaver, it's been
3 reviewed by the AG's office, both the Board's attorney and the
4 ADOT's attorney as to form and function, and they've finalized it.
5 But they would not -- this isn't (inaudible) of agreement that
6 necessarily needs (inaudible) to sign off on it, because it's an
7 administrative between the agencies. But we had a review and
8 went through the steps to make sure that we felt comfortable.

9 MS. BEAVER: Well, I -- Vice Chair --

10 MR. ROEHRICH: Now, as far as the request to have
11 individual items, I think -- Kristine, I guess, I don't want to
12 assume, you tell me -- you have that information.

13 MS. WARD: I do.

14 MR. ROEHRICH: Without making it all lengthy
15 within the agreement, it wasn't included within the agreement,
16 but that could be provided, one, if you want to see it, or if
17 any -- from the public, whoever asks, we have that information.

18 MS. BEAVER: Well, Vice Chair La Rue, I -- my
19 question has to do with if we're going to approve this and
20 recognize this figure as specific projects, then we need to
21 identify what those projects were that make up this total
22 amount, where five or ten years down the road there won't be
23 this thing about, well, such and such project, it was never
24 taken care of. We will have those projects identified so that
25 we know that it was resolved.

1 VICE CHAIR LA RUE: So Ms. Ward, could you
2 address that, because that's also my concern is, is this
3 document strong enough, as Ms. Beaver is pointing out, that this
4 is finality and those issues can't be raised again. I mean...

5 MS. WARD: So two things. We are aware of the
6 projects. There are five projects in question. And with
7 regards to the finality of it, the way the agreement is
8 documented is we -- both MAG -- and they've already signed and
9 agreed on this -- both MAG and the Department agree that as of
10 the end of fiscal year '14, these are the agreed-upon lender
11 balances, and they're not to be revisited. They are -- we agree
12 that these are the beginning balances as of this point. So
13 going back, they've now said, okay, we agree that this is --
14 these are the correct balance.

15 VICE CHAIR LA RUE: And Ms. Ward, I think that's
16 in paragraph three of the agreement, and I guess I would point
17 out that is it -- based on that language, isn't it really a
18 stronger document than maybe what Ms. Beaver's looking for,
19 because it basically stops MAG and ADOT from going back all
20 projects, not just the five in question? I mean, is that -- is
21 that the way we should read the document?

22 MS. WARD: Mr. Chair, you are correct, and we
23 discussed this with the AG. This was a very -- this was a very
24 pointed part of the discussion. We do not want to find
25 ourselves trying to dig through records back to, in this case,

1 2006. We don't want to go through this again. It took a long
2 time.

3 MR. HAMMOND: I read it the same way as you did,
4 Joe, Mr. Chairman. So this is a broader (inaudible) really puts
5 everything to rest, but to Ms. Beaver's point, maybe we should
6 just get an e-mail list or something or even attach --

7 MS. BEAVER: Well, in an attachment, it would be
8 sufficient for me that there's an attachment to this identifying
9 the projects.

10 VICE CHAIR LA RUE: Yeah. What I would suggest
11 is a board communique to the members of -- identification of
12 the projects, just says FYI. But, you know, we have a motion
13 pending and stuff that really brings us --

14 UNIDENTIFIED SPEAKER: (Inaudible.)

15 VICE CHAIR LA RUE: -- (inaudible), and it's
16 broader than those five projects. So I would ask you,
17 Ms. Beaver, are you wanting that information before you would
18 vote on this matter, or can it come post-vote?

19 MS. BEAVER: No. I have trust in the process --

20 VICE CHAIR LA RUE: Okay.

21 MS. BEAVER: -- that's happened so far. I would
22 just like to see it added as an attachment where there's no --
23 there's no confusion about what the projects are.

24 VICE CHAIR LA RUE: But I think your request by
25 adding it as an attachment is actually amending the agreement,

1 and it would have to go back to MAG.

2 MS. WARD: Yeah.

3 VICE CHAIR LA RUE: Then that means this is
4 probably carried over -- I think -- I'm at least -- I'm
5 comfortable enough to say or look to the Board in the motion to
6 say that this brings finality, but we would have a distribution
7 post -- post --

8 MS. WARD: Vice Chair, if I may, this is public
9 record. I could read those projections off. I know the names
10 of them right now. I could read them in the public record.

11 MS. BEAVER: That would be sufficient.

12 VICE CHAIR LA RUE: Okay. Thank you.

13 MS. WARD: They're in small font, so give me a
14 second.

15 UNIDENTIFIED SPEAKER: (Inaudible.)

16 MS. WARD: Okay. The projects in question, that
17 would be being resolved are: Ray Road TI improvements, Project
18 Number H662701C; project Higley to Gilbert, H529901C; Power to
19 University, H578201C; University to Southern, H58301C; and 64th
20 Street TI, H624001C. Does that address your needs?

21 VICE CHAIR LA RUE: We have a motion and a
22 second.

23 Bill Cuthbertson, do you have any comments,
24 questions, concerns?

25 MR. CUTHBERTSON: No, I don't.

1 VICE CHAIR LA RUE: All right. Would -- if
2 there's no further discussion, all those in favor signify by
3 saying aye.

4 BOARD MEMBERS: Aye.

5 VICE CHAIR LA RUE: Any opposed? It's
6 unanimously passed.

7 Thank you, Kristine.

8 UNIDENTIFIED SPEAKER: Thank you, board members.

9 VICE CHAIR LA RUE: Let's go on to Item Number 2
10 is the consent agenda. Is there any board member wishing to
11 pull any item off the consent agenda? Seeing none, I would
12 entertain a motion.

13 MR. HAMMOND: So moved.

14 VICE CHAIR LA RUE: We have a motion to approve
15 the consent agenda as presented by Board Member Hammond.

16 MR. SELLERS: Second.

17 VICE CHAIR LA RUE: Seconded by Board Member
18 Sellers. Any discussion?

19 Seeing none, all in those favor signify by aye.

20 BOARD MEMBERS: Aye.

21 VICE CHAIR LA RUE: Any opposed? It passes.

22 That takes us to Item 3.

23 MR. HAMMIT: Mr. Chairman, I'm sitting in for
24 Mr. Kies. As we've done in the past, if it be the Board's
25 pleasure, I'd like to take Items 3A through 3I as one motion.

1 These are project modifications. 3J. Thank you. I can't read
2 my own writing.

3 VICE CHAIR LA RUE: Okay. Do any board members
4 want to pull any Items 3A through 3J? If not, we would
5 entertain a motion.

6 MR. SELLERS: Move for approval.

7 VICE CHAIR LA RUE: We have a motion to accept
8 the project modifications 3A through 3J by Board Member Sellers.

9 MS. BEAVER: Second.

10 VICE CHAIR LA RUE: Seconded by Board Member
11 Beaver. Any discussion?

12 All those in favor signify by saying aye.

13 BOARD MEMBERS: Aye.

14 VICE CHAIR LA RUE: Any opposed?

15 MR. HAMMIT: Mr. Chairman, (inaudible) Board, I'd
16 like to take items 3K through 3N (inaudible) projects as one
17 item.

18 VICE CHAIR LA RUE: Would any board member wish
19 to pull any of the items 3K through 3N? No? We'd entertain a
20 motion then.

21 MS. BEAVER: I make a motion to approve items 3K
22 through 3N.

23 VICE CHAIR LA RUE: We have a motion.

24 MR. SELLERS: Second.

25 VICE CHAIR LA RUE: Second by Board Member

1 Sellers. Any discussion?

2 All those in favor signify by saying aye.

3 BOARD MEMBERS: Aye.

4 VICE CHAIR LA RUE: Any opposed? Nope.

5 MR. HAMMIT: Mr. Chairman, and there is one Item
6 30 (inaudible).

7 VICE CHAIR LA RUE: All right. What is the
8 Board's pleasure on 30?

9 MS. BEAVER: I make a motion to approve Item 30.

10 VICE CHAIR LA RUE: We have a motion. Do we have
11 a second?

12 MR. HAMMOND: Second.

13 UNIDENTIFIED SPEAKER: Second.

14 VICE CHAIR LA RUE: We have a second by Board
15 Member Hammond. All those in favor signify by saying aye.

16 BOARD MEMBERS: Aye.

17 VICE CHAIR LA RUE: Any opposed? Thank you.

18 That takes us to Item Number 4. I guess you're
19 still up.

20 MR. HAMMIT: Mr. Chairman, (inaudible) the state
21 engineer's report, ADOT has 124 projects under construction
22 totaling \$332.8 million. We've finalized 17 projects in July
23 totaling \$17.4 million. And since July was our first month in
24 this fiscal year, we total 17 projects (inaudible).

25 Any questions? (Inaudible.) Construction

1 contracts (inaudible).

2 (Speaking simultaneously.)

3 VICE CHAIR LA RUE: Hey, you were throwing us a
4 curve to see if we were awake, so at least Floyd is. The rest
5 of us were befuddled saying where are we at?

6 MR. HAMMIT: They gave me a report, so I had
7 (inaudible).

8 We're looking for approval of Items 2A through
9 2F, and the consent agenda, we do have ten items, A -- 4A
10 through 4J (inaudible). 4A, this is a pavement preservation
11 project in the (inaudible). The local bid was \$406,146. The
12 State's estimate was 368,994 (inaudible) being over the State's
13 estimate by \$41,150 (inaudible) cents or 11.2 percent.

14 What we saw was we saw higher-than-expected
15 prices in mobilization, in the concrete items and the aggregate
16 base. We have reviewed the bids and find them responsible and
17 would recommend approval to Gray Mountain Construction, LLC.

18 VICE CHAIR LA RUE: Do we have any questions of
19 our Board members? What's the Board's pleasure?

20 MS. BEAVER: I make a motion that we approve Item
21 4A.

22 VICE CHAIR LA RUE: We have a motion by Board
23 Member Beaver.

24 MR. SELLERS: Second.

25 VICE CHAIR LA RUE: Second by Jack Sellers.

1 UNIDENTIFIED SPEAKER: (Inaudible.)

2 VICE CHAIR LA RUE: Oh, thank you. Yeah. So the
3 motion that we have and a second is a motion to accept and
4 approve staff's recommendation to award the contract for Item 4A
5 to Gray Mountain Construction.

6 Any further discussion?

7 All those in favor signify by saying aye.

8 BOARD MEMBERS: Aye.

9 VICE CHAIR LA RUE: Any opposed? Passes.
10 4B.

11 MR. HAMMIT: Thank you, Mr. Chairman.

12 Item 4B is a project in (inaudible) Show Low.
13 It's the sidewalk and lighting under our enhancement program.
14 The low bid was \$775,000. The State's estimate was 516,507.50,
15 being over the State's estimate by \$258,492.50, basically 50
16 percent.

17 Where we found some differences on here is mainly
18 in the lighting items and in the unique area. We have talked to
19 City of Show Low, because they are responsible for this -- the
20 difference. They think they have some funding through NACOG,
21 and they would like us to postpone this -- the action on this.
22 I believe your agenda said that we would reject all bids with
23 the new information from the Town, that they think they have the
24 funding through NACOG. They need a little bit of time to
25 arrange that, but our anticipation is to bring it back with the

1 additional funding. So our request is to postpone this item.

2 VICE CHAIR LA RUE: Thank you. Board's pleasure
3 on this one?

4 MS. BEAVER: I make a motion that we postpone
5 Item 4B.

6 VICE CHAIR LA RUE: All right. We have a motion
7 to accept and approve staff's recommendation to postpone 4B to a
8 future meeting. Do we have a second?

9 MR. SELLERS: Second.

10 VICE CHAIR LA RUE: We have a second by Board
11 Member Sellers. Any further discussion?

12 All those in favor signify by saying aye.0

13 BOARD MEMBERS: Aye.

14 VICE CHAIR LA RUE: Any opposed? It passed.

15 4C.

16 MR. HAMMIT: Mr. Chairman, 4C is a restructuring
17 project to add five lanes and ADA improvements along the
18 frontage of I-19. The low bid was \$263,362, and the State's
19 estimate was 312,371, which is under the State's estimate
20 (inaudible) by \$49,009 or 15.7 percent.

21 We saw better prices in both the removal and in
22 the concrete items. The contractor's close and gave us better-
23 than-expected bids. We do believe that the bids are responsible
24 and reasonable and would recommend award to KE&G Construction,
25 Inc.

1 VICE CHAIR LA RUE: Thank you, Dallas.

2 Board's pleasure?

3 MR. HAMMOND: I'll move approval of Item 4C.

4 VICE CHAIR LA RUE: We have a motion by Board
5 Member Hammond to accept and approve staff's recommendation to
6 award the contract for Items 4C to KE&G Construction.

7 MS. BEAVER: Second.

8 VICE CHAIR LA RUE: And we have a second by Board
9 Member Beaver. Any further discussion?

10 All those in favor signify by saying aye.

11 BOARD MEMBERS: Aye.

12 VICE CHAIR LA RUE: Any opposed? No.

13 Go on to 4D.

14 MR. HAMMIT: Mr. Chairman, Item 4D is (inaudible)
15 upgrade on State Route 69 between Prescott and Prescott Valley.
16 The low bid \$298,555.15. The State's estimate was \$271,242.30.
17 The low bid was over the State's estimate by \$27,312.85 or
18 10.1 percent.

19 This job is signal -- or upgrades at four
20 locations would require quite a bit of flagging, uniformed
21 flaggers, so basically police officers. We had estimated a
22 lower than expected -- lower than what they bid. Pretty much
23 all of that difference is in the police officer flagging.
24 27,000. So we have reviewed it and believe it is a reasonable
25 and responsible bid and would recommend approval to Runway

1 Electric, LLC.

2 VICE CHAIR LA RUE: Thank you, Dallas.

3 Board's pleasure?

4 MS. BEAVER: I make a motion that we approve Item
5 4D to Roadway Electric, LLC.

6 VICE CHAIR LA RUE: All right. We got a motion
7 by Board Member Beaver.

8 MR. SELLERS: Second.

9 VICE CHAIR LA RUE: Second by Board Member
10 Sellers. Any further discussion?

11 All those in favor signify by saying aye.

12 BOARD MEMBERS: Aye.

13 VICE CHAIR LA RUE: Any opposed? Passed.

14 4E.

15 MR. HAMMIT: Thank you, Mr. Chairman.

16 Item 4E, it's an intersection improvement along
17 US-93. The low bid was \$457,457. The State's estimate is
18 390,640, or over the State's estimate by 600 -- 66,817 or 17.1
19 percent.

20 On this project we did receive a protest, and so
21 staff is recommending it -- being -- requesting that the Board
22 postpone action on this so that we can review the protest and
23 the response (inaudible).

24 MR. SELLERS: Question.

25 VICE CHAIR LA RUE: Yeah.

1 MR. SELLERS: Whose district is number nine?

2 VICE CHAIR LA RUE: Yeah. I think it's inverted,
3 I would expect. It's probably Ms. Beaver's.

4 UNIDENTIFIED SPEAKER: (Inaudible) district six.

5 VICE CHAIR LA RUE: Yeah. I think in Ms. Beaver,
6 she's got district six and all others as assigned.

7 UNIDENTIFIED SPEAKER: (Inaudible.)

8 VICE CHAIR LA RUE: Board's pleasure?

9 MS. BEAVER: I make a motion that we postpone
10 Item 4E.

11 VICE CHAIR LA RUE: To a future meeting.

12 MS. BEAVER: To a future meeting.

13 VICE CHAIR LA RUE: We have a motion to accept
14 staff's recommendation to postpone to a future meeting.

15 MR. SELLERS: Second.

16 VICE CHAIR LA RUE: We have a second by Board
17 Member Sellers. All those -- any further discussion?

18 All those in favor signify by saying aye.

19 BOARD MEMBERS: Aye.

20 VICE CHAIR LA RUE: Any opposed? Passed.

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

22 Item 4F, and you'll see on the next one, too,
23 both of these are cattle guard and fencing projects on US-191.
24 (Inaudible) low bid of \$741,031, and the State's estimate was
25 596,317 or over the State estimate by 144,714 or 24.3 percent.

1 What we found is (inaudible) we got
2 higher-than-expected pricing on cattle guard and the
3 mobilization. It's a very remote area, much higher expenses for
4 lodging to put up your crews and that sort of thing. We have
5 reviewed that and believe the bids are responsible and
6 reasonable and would recommend award to Show Low Construction,
7 Inc.

8 VICE CHAIR LA RUE: Board's pleasure?

9 MS. BEAVER: I make a motion that we approve Item
10 4F to Show Low Construction.

11 VICE CHAIR LA RUE: We have a motion to accept
12 and approve staff's recommendation of 4F. Do we have a second?

13 MR. HAMMOND: Second.

14 VICE CHAIR LA RUE: We have a second by Board
15 Member Hammond. Any further discussion?

16 All those in favor signify by saying aye.

17 BOARD MEMBERS: Aye.

18 VICE CHAIR LA RUE: Any opposed? Carried.

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

20 Item 4G, another fencing and guard rail project
21 on US-191. (Inaudible.) The project low bid was \$2,584,444.18.
22 The State's estimate, \$1,872,077, the low being over the State's
23 estimate by \$712,367.18 or 38 percent.

24 Very similar to the last project, it's just
25 bigger quantities like we saw differences in fencing, cattle

1 guard and (inaudible) what we're told because it's a remote
2 area, just their prices went up because of that. (Inaudible)
3 lodging to put up their crews. After reviewing the bids, the
4 department believes that it is a responsible and responsive bid
5 and would recommend approval to Show Low Construction.

6 VICE CHAIR LA RUE: Board's pleasure?

7 MS. BEAVER: I make the motion that we approve
8 Item 4G to Show Low Construction, Inc.

9 VICE CHAIR LA RUE: We have a motion. Do we have
10 a second?

11 MR. HAMMOND: Second.

12 VICE CHAIR LA RUE: Second by Board Member
13 Hammond to accept and approve staff's recommendation to award
14 the contract for -- to Show Low Construction for Item 4G. Any
15 further discussion?

16 All those in favor signify by saying aye.

17 BOARD MEMBERS: Aye.

18 VICE CHAIR LA RUE: Any opposed? It passed.

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

20 Item 4H is a (inaudible) project on State Route
21 195. The low bid was \$544,205. The State's estimate was
22 \$448,008.70, being over State's estimate by \$96,124.30 or 21.5
23 percent.

24 This project is putting a (inaudible), 17
25 different types of (inaudible) they're test sections along this

1 corridor. Because of the different test sections, the pavement
2 marking will be -- require multiple mobilizations. That's where
3 we saw the difference in pricing, the paving marking, the
4 mobilization for that. After talking to the contractors, we
5 believe this is a reasonable and responsive bid with would
6 recommend award to Gray Mountain Construction, LLC.

7 VICE CHAIR LA RUE: Board's pleasure?

8 MS. BEAVER: I make a motion that we approve Item
9 4H to Gray Mountain Construction, LLC as recommended.

10 VICE CHAIR LA RUE: We have a motion.

11 MR. HAMMOND: Second.

12 VICE CHAIR LA RUE: We have a second by Board
13 Member Hammond. Any further discussion?

14 All those in favor signify by saying aye.

15 BOARD MEMBERS: Aye.

16 VICE CHAIR LA RUE: Any opposed? Passed.

17 Okay, guys. We're -- we've go to keep up the
18 energy for two more.

19 MR. HAMMIT: Two more (inaudible).

20 VICE CHAIR LA RUE: Two more.

21 MR. HAMMIT: The next project (inaudible) is on
22 State Route 260. It's a multi-use path sponsored by the Town of
23 (inaudible). The low bid was \$257,716.75. The State's estimate
24 was 204,721.50, being over the State's estimate by \$52,995.25 or
25 25.9 percent.

1 We saw the differences in the excavation of
2 concrete (inaudible) and in talking to the contractor, really
3 it's a very confined area, and that's why their prices were
4 higher. In reviewing that, we do believe it's a reasonable and
5 responsible bid, and we would recommend award to Intermountain
6 West Civil Contractors, Inc.

7 VICE CHAIR LA RUE: Board's pleasure?

8 MS. BEAVER: I make a motion that we approve Item
9 4 -- it's 4J, right?

10 UNIDENTIFIED SPEAKER: I.

11 MS. BEAVER: Okay. 4I -- put my glasses on -- to
12 Intermountain West Civil Contractors, Inc. as recommended.

13 VICE CHAIR LA RUE: We have a motion.

14 MR. SELLERS: Second.

15 VICE CHAIR LA RUE: And a second by Mr. Sellers.
16 Any further discussion?

17 All those in favor signify by saying aye.

18 BOARD MEMBERS: Aye.

19 VICE CHAIR LA RUE: Any opposed? We've
20 unanimously passed.

21 MR. HAMMIT: Thank you, Mr. Chairman.

22 And the last one. This is Item 4J, (inaudible)
23 reflective marking, it's the little markings on the raised
24 pavement or recessed pavement markers. The low bid was
25 \$853,850.63. The State's estimate was \$1,093,209.65 or under

1 the State's estimate by 239,394.02 or 21.9 percent under.

2 On this one there was a protest, and we would
3 request that the Board postpone action so we can fully evaluate
4 the protest and respond.

5 VICE CHAIR LA RUE: Thank you.

6 Board's pleasure?

7 MR. SELLERS: I'll move to postpone Item 4J as
8 recommended by staff.

9 MR. HAMMOND: Second.

10 VICE CHAIR LA RUE: We have a motion by Board
11 Member Sellers, a second by Board Member Hammond. Any further
12 discussion?

13 Then all those in favor signify by saying aye.

14 BOARD MEMBERS: Aye.

15 VICE CHAIR LA RUE: Any opposed?

16 MR. HAMMOND: I'm not opposed I have a general
17 question.

18 VICE CHAIR LA RUE: Okay.

19 MR. HAMMOND: Mr. Chairman, just a general
20 question. The contractors seem to be looking for work, and you
21 -- when you only get two bidders and there's a huge discrepancy,
22 I'm just curious how staff mitigates or investigates to their
23 satisfaction when there's so few bidders on, like, a \$2 million
24 contract. (Inaudible.) You would think you would get
25 (inaudible.) Is there a better job we can do to get more, more

1 bidders?

2 MR. HAMMIT: Mr. Chairman, Mr. Hammond, this
3 project is a unique (inaudible) traffic control project,
4 basically adding traffic devices. There's basically three
5 people in the state that do that type of work. Most of the time
6 they're subs. So the primes, since they have to self-perform 40
7 percent of the work, couldn't have bid this. Our normal primes
8 wouldn't have the opportunity to bid it because it would be all
9 sub work for them. So that's why (inaudible) there's only two
10 bidders.

11 MR. HAMMOND: Well, this was a general question
12 on getting the maximum number of bidders.

13 MR. SELLERS: You know, Mr. Chairman, if I could
14 follow up on that, you know, going back to Item 4G even, almost
15 40 percent over -- over the estimate, and we had two bidders.
16 Is that because it's a remote area? I guess those kinds of
17 things bother me as well.

18 MR. HAMMIT: Again, that 4G as well was a
19 specialty item with the fencing, and I'm sure our main highway
20 contractors aren't going to bid on a fencing job in (inaudible),
21 mainly because it's sub work. So it would be just those
22 specialty subcontractors to do that type of work, but we can
23 also look at on these types of jobs, can we get the word out,
24 though the one challenge that we would have is being a federally
25 funded -- they do have to be pre-qualified. So your normal

1 contractors that don't do work with ADOT are with --
2 understanding that the federal process don't usually bid these
3 type of projection for a state project.

4 We have worked with -- pursuant to our DBE
5 program to educate these smaller contractors. They don't enter
6 into this field, but it is a lot more work than a normal
7 (inaudible) doing the developer's fencing job, putting in cattle
8 guards (inaudible) extra requirements federal aid project.

9 MR. ROEHRICH: And Mr. Chair, members of the
10 board, the DBE, as Dallas said, Disadvantaged Business
11 Enterprise, as well as SBE, Small Business Enterprise, those are
12 programs that are run out of our Civil Rights office, business
13 engagement (inaudible) that, and they hold workshops that go out
14 and meet with small companies trying to get them prepared to go
15 through our pre-qualification process and understand how the bid
16 and work (inaudible) federal aid, and sometimes it doesn't --
17 these smaller companies don't bid on their own. They want to
18 sub to a big company to do smaller work as they get familiar
19 with the process.

20 So I think that does limit on some of these
21 specialty projects when we're doing specific to fencing
22 projects, specific to cattle guards, specific to, you know,
23 traffic technology, things like the signals, lightings or
24 specialty striping, things like that. It's all the unique
25 glitch that certain people provide on their own and will only

1 bid that, as Dallas said. Usually if it's in a bigger highway
2 project, they're going to do some component of some of that
3 work, and then you usually don't see that on a much larger
4 project where a (inaudible) contractor has bid and done the
5 work.

6 So it's our program as we try to develop a
7 program that has big projects, smaller projects, specialty
8 projects that give the greater opportunity for people to bid on
9 it, and if you will, open it up to as many companies as
10 possible, you'll see various levels of people responding
11 depending upon the type of work.

12 VICE CHAIR LA RUE: Good questions. Any other
13 discussion?

14 (End of excerpt.)

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A motion to adjourn was made by Jack Sellers and seconded by Deanna Beaver. In a voice vote, the motion carries.

Meeting adjourned at 9:45 a.m. MST



John S. Halikowski, Director
Arizona Department of Transportation



Joseph E. La Rue, Vice Chairman
State Transportation Board