

**MINUTES**  
**STATE TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, November 18, 2016**  
**Graham County**  
**Board of Supervisors Meeting Room**  
**921 Thatcher Blvd., (US 70)**  
**Safford, AZ 85546**

**Pledge**

The Pledge of Allegiance was led by Board member Stratton.

**Roll call by Board Secretary Mary Beckley**

**In attendance:** Joe La Rue, Deanna Beaver, William Cuthbertson, Jack Sellers, Michael Hammond, Steve Stratton and Arlando Teller.

**Absent:** None.

There were approximately 60 people in the audience.

**Opening Remarks**

Chairman La Rue deferred to Board member Stratton for the opening remarks. Mr. Stratton thanked Graham County and the cities and towns for the hospitality shown to the board on Thursday night and to hear area concerns. Chairman La Rue added a thank you to Supervisor Palmer, all the other supervisors in attendance and Town Manager Cooper.

**Remarks regarding ADOT policy regarding Title VI of the Civil Rights Act of 1964, as amended.**

Floyd Roehrich read the audience the ADOT policy of Title VI of Civil Rights Act of 1964, and compliance of same. All attendees in the audience will now be asked to sign in on the roster at each meeting and fill out a survey to comply with Title VI federal standards. More information may be found at <https://adotnet.az.gov/our-agency/human-resources-and-equal-opportunity/civil-rights/title-vi-nondiscrimination-program>.

**Call to the Audience:**

The following members of the public addressed the Board:

1. Jim Palmer, Chairman Graham County Board of Supervisors, re: welcome to board and room full of people; enjoy Graham County in the fall; appreciation of board and ADOT staff in working together, especially gratitude for relationship with Board member Stratton and DE Bill Harmon; long term look at expanding Hwy 70 moving east out of county and improvements to Hwy 191, which have stalled; two federally funding projects ADOT is administering on shelf for quite some time, roundabout and design near mine for build in 2018, and other project is Ray Lane across river – these two projects are now moving and improve safety in area.
2. Danny Smith, Graham County Supervisor, re: two ongoing issues in Graham County, not maintenance or new build, help with funds – two drainage issues continue to be an issue in ADOT right of way, east of town on Hwy 70 at Nelson Drive, Nelson Place and Shannon Road a culvert box that will not drain fast enough; an issue on Hwy 191 south of town on Hwy 191 at Lebanon Loop Road and another one on Thunderbird Valley, when it rains, water crosses over the road and ADOT will have to come and direct traffic, this is another culvert box issue; hope to find funding for resolution of flooding issues.
3. Kay Gale, Greenlee County Administrator, re: appreciate cooperation and collaboration with Safford District office DE Bill Harmon and his staff; issue on SR75, Safford district helped during fair and traffic was not impeded; were able to take millings on a small project; HURF swap and conversation is moving forward, look forward to

hear about progress on low volume road study which Hwy 191 at Grenada Trail is part of; also appreciate ADOT team in Greenlee County; would like to host a board meeting in Greenlee County.

4. Al Gamos, Globe Mayor, re: public safety need in City of Globe at Cedar and Pine street Fire Station, two blocks east of US 60, 17,000 vehicles pass daily; 90% of emergency response requires entering US 60, 108 calls a month; has a stop sign, but no signal; coming from west is blind curve and many accidents in that area; requests board consider installation of traffic signal at Cedar Street and US60, especially for fire truck response and public safety.
5. Bob Rivera, Thatcher Mayor, re: continuation of construction of Hwy 191 north, off I-10 into Safford, 16 miles of divided highway; consider finishing the 17 miles of Hwy 191 for safety purposes; find funding to finish Hwy 191.
6. Paul Jebson, Globe City Manager, re: Renaissance Festival traffic in spring, ¼ million people travel into the Gold Canyon area for this festival; 10 weeks of bumper to bumper traffic for five miles; urge board and ADOT staff to take a look at this area and help regional and event traffic.
7. Jeff McCormick, Pima Town Manager, re: gratitude for board approving funding for bicycle and pedestrian bridge over Cottonwood wash and walkway along south side of Hwy US 70; critical link between efficient transportation and regional economic development; Safford prime commercial hub in SE AZ, movement of products to Graham and Greenlee Counties is important and freight of materials to the mining facilities in Safford and Morenci, 16 miles south of US 60, US 191 narrows from four lanes to two and advantages of two extra lanes between Routes 266 and 366 would be measureable to economy when copper prices are on rise; permits are approved for third mining project at Safford, traffic volumes in that area will increase; please look at value of Hwy 191 in Graham and Greenlee Counties in freight movement and traffic safety.
8. Karen Riggs, Cochise County Engineer, re: project on consent agenda; county transportation planner and project manager will be available to answer questions, ongoing project for over 10 years and happy to get it to edge of construction and low bidder is a county company, an additional bonus; 24 mile segment of Davis Road which connects Hwy 191 to Hwy 80, which was a wagon road and now is a freight corridor; road closes during monsoons; alignment, widening and draining projects needed; urge to get HURF swaps back, federal process adds too much extra cost.
9. Dr. John Moffatt, Economic Development Director Pima County, re: continue to focus on SR 189, need to get the DCR; meeting with ADOT (Carlos Lopez) on Tier 1 EIS for Sonoran Corridor, growth starting in that area; spaceport Tucson, Raytheon announced 2,000 job expansion in Tucson international airport; new tenants and growth; appreciate cooperation to move these projects forward.
10. Guillermo Valencia, Chairman Greater Nogales Santa Cruz Port Authority, re: stakeholders thank you for advancing SR 189 to 2019 and continue to find alternatives to phase II; public hearing for December to present DCR and not until January; pushes back again, many delays when we are trying to present a package to board; thank you for patiently waiting.
11. Randy Heiss, SEAGO Executive Director, re: welcome back to the SEAGO area; thank you for advancing the SR 189; support efforts to return the HURF exchange program, which was suspended in 2008 and HURF revenues fell, local governments exchange for federal program dollars for the state generated HURF funds, not subject to federal requirements; increased project costs and prevent local control of projects.
12. Gladys Wiggins, Yuma Airport Director, re: read from letter on payment of deferrals and prioritize repayments of grant reimbursement requests currently outstanding in system; airports in state use grants for necessary improvements to accommodate users but also wire ports, aviation and aerospace; reliable aviation system is critical element of AZ's overall transportation system and economy; AZ has 83 public use airports, 14 Native American airports, five military airports, five of the nation's largest flight schools and 11 privately owned airports which serve 18,000 licensed pilots in over 6500 general aviation based in AZ; \$58 billion annual impact on state; over next 20 years passengers in state will double and aviation aircraft based in AZ will increase by 30%; airport operators state has significant interest in aviation area; relationship and communications with transportation system, funding system problem for aviation; challenge to explain to authority board the status explanation and anticipated payment reimbursement; interest on any funding will not be reimbursed; today five grant reimbursements over 100 days \$1.6 million grant over 147 days ago; Yuma airport and Raleigh airfield have grant reimbursements outstanding \$1.75 million; remember rural community non hub commercial airport and partners with two military facilities have 30% unpaid award within your system; paid \$18,000 fees paid so far in interest; past year \$15 million sweep of the funds did not help our airports and reflect the situation today.

13. Jeremy Keating, Airport Director Laughlin/Bullhead City airport, re: requests consideration of approval of runway extension project on the agenda today; airport grant reimbursement deferrals are killing us.
14. Jim Rubio, CEO, Southeast AZ Behavioral Health Services, re: agencies throughout Arizona and one in Globe, several suicides on the Pinto Valley Bridge west of Globe Miami area; noticed one in Chandler, now there are crisis numbers posted on that bridge and others and on behalf of my organization and all health agencies, wanted to thank board members and thank ADOT for that special move (to add signage).

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1 (Beginning of excerpt.)

2 CHAIRMAN LA RUE: We will move on to Agenda Item  
3 No. 1, which is the district engineer's report. Mr. Harmon.

4 MR. HARMON: Good morning, Chairman La Rue,  
5 members of the State Transportation Board, Director Halikowski,  
6 and fellow ADOT staff, and ladies and gentlemen of the public.  
7 Good to be here with you. It's great to be here surrounded by  
8 willing partners and champions of excellence on a pretty day in  
9 a pretty corner of the state. So it's nice to be here with you.

10 CHAIRMAN LA RUE: You know, Bill, I do have a  
11 burning question. I hate to butt in, but since you are the  
12 local expert, you know, is it Graham County, Greenlee County or  
13 Cochise County (inaudible)?

14 MR. HARMON: Oh, no. We'll talk about that  
15 afterwards.

16 CHAIRMAN LA RUE: All right. Good answer.

17 MR. HARMON: But I would like to thank Graham  
18 County and our other hosts last night. Enjoyed that very much,  
19 the opportunity to mingle and talk. Welcome to Graham County  
20 and the Southeast District, the City of Safford. And yes,  
21 cotton harvest has been pretty good, I think. The biggest  
22 benefit was I think the cottonseed prices are good right now,  
23 and that was pleasing to a lot of the farmers.

24 All right. Just highlighting some key projects.  
25 Just recently completed the State Route 75 pavement preservation

1 project out by Duncan that Greenlee County mentioned, the two  
2 US-60 projects, the tunnel and the Oak Flat passing lanes, the  
3 tunnel widening. If you've gone through there recently, realize  
4 that it is a little bit brighter, and that is a nice change.  
5 And honestly, there's a big relief to a lot of people who  
6 finally don't have to deal with construction in that part of the  
7 world, because it's been a long haul for a lot of people.

8 Local agency projects, BIA 6 on U.S. 70 by the  
9 San Carlos Reservation. Six Shooter Canyon, Gila County, that  
10 we're wrapping up, and Winkelman signs renewal.

11 Next one.

12 Okay. Winkelman is the smallest community --  
13 incorporated community in the state. Population 304 based on  
14 the last census. Just awhile back, Board Member Stratton and I  
15 were invited to a party on top of the old Gila River Bridge, on  
16 old 77. And Board Member Stratton is way in the back. He's not  
17 the one dancing. But it's a reflection of how nice it is to  
18 work with communities who care and, you know, appreciate the  
19 cooperation, and that sentiment is likewise, the opportunity to  
20 do neat things with other people.

21 The Southeast District is distinctly rural. Our  
22 largest incorporated community is Douglas at a population of  
23 17,000. All of the other incorporated communities that we have  
24 in our district are 10,000 or less. So we have a lot of  
25 farming, ranching, mining, those kind of things. But it's not a

1 place for a big urban setting.

2 All right. So under contract right now, we have  
3 several projects that total up to about \$45 million. We have  
4 rock fall, pavement preservation, bridge work. You look at this  
5 and realize that of the \$45 million under contract, one of those  
6 projects, the US-60, Silver King to Superior, represents most of  
7 that \$32 million. The balance is spread out on those other  
8 projects.

9 All right. Yet to advertise or award this fiscal  
10 year, the US-70 Bylas improvements project that the officials  
11 and citizens in -- on the San Carlos Reservation have been  
12 carrying the torch for a long time on that, and we're -- we'll  
13 be able to launch that this spring.

14 And likewise, the passing lanes on US-70, by the  
15 San Carlos High School. US-191 in Clifton, those drainage and  
16 safety improvements will move forward this coming spring. And  
17 there's several other miscellaneous enhancement, pavement  
18 preservation, scour-type projects. Local agency projects.  
19 Calvin Bridge. And then, again, other projects, minor projects  
20 in the local agency side. And for Graham County, Board Member  
21 Danny (inaudible) -- okay. I'm going to toss one of those  
22 balls, softballs back to you.

23 UNIDENTIFIED SPEAKER: Oh, no.

24 MR. HARMON: And that's the -- by Thunderbird.  
25 That site's under design, and so that is moving forward. I'm

1 working on the others.

2 Okay. Go ahead.

3 Noteworthy. All right. We are just about ready  
4 to turn back US-191B, business route. It's called Pan American  
5 Avenue in Douglas. That route is about 1.2 miles long. It goes  
6 between the International Port of Entry and the junction, State  
7 Route 80. The City of Douglas was very interested in taking  
8 that back so they could have more local control over how traffic  
9 operations were managed. And we discussed it, and we dressed it  
10 up, some pavement preservation and lighting improvements, and  
11 we're getting ready to turn that back very soon. Probably  
12 consummate that in January.

13 All right. Freeport-McMoRan, the Morenci  
14 open-pit copper mine, they have two projects privately funded  
15 through Freeport. (Inaudible) grade separation, which will --  
16 is a site that will take out a lot of the switchbacks and  
17 separate mine traffic from highway traffic. That's a pretty  
18 neat project. We're looking at opening that up to traffic in  
19 2018. And then the American Mountain realignment is a larger  
20 project. That's a four-mile realignment in the mine. And --  
21 with the idea that that will open up to traffic in 2020, plus or  
22 minus, depending on the price of copper.

23 As was mentioned, the low-volume route study is  
24 ongoing. We are completing the technical review and input.  
25 That should be cleaned up and ready to publish early this coming

1 year, and it reflects the consideration of there are certain  
2 routes in the state system that, as the name implies, very low  
3 traffic. And, for example, as was mentioned the Coronado Trail,  
4 which is the 191 between Morenci and Alpine. The average  
5 traffic there is about 85 vehicles a day. And there are  
6 legitimate questions to ask about how those legacy routes are  
7 managed and, you know, what do we need to do with them in the  
8 future.

9           So as we conclude that study, we'll break those  
10 out in terms of priority and examine specific routes. US-191,  
11 Coronado Trail being one of those that's very high on the list  
12 to examine. So as we've worked with Greenlee County and have  
13 kept them abreast about what's happening, as well as the Forest  
14 Service and Freeport and others, that we'll walk into that  
15 slowly, gently. We'll start that conversation about, you know,  
16 how do we manage that route and in what context.

17           All right. And I-10 dust storms. My last slide.

18           All right. We were very fortunate that -- this  
19 past spring that no one was killed on the interstate. Came  
20 close to it. There were injuries, a lot of property damage, and  
21 we appreciate the help of a lot of people, Cochise County, the  
22 community at San Simon, the DPS, others. We all routed  
23 around -- it was interesting to me. We talked about improving  
24 and cooperating that. When we first go into this and trying to  
25 react to it, it would take two to three hours, muster all the

1 forces and get everyone together to do that detour and divert  
2 traffic off of I-10, through Safford and on to (inaudible) New  
3 Mexico. By the time we're through, we've got the dance steps  
4 down, and we could do that in 20 to 30 minutes. So there's a  
5 lot of people working hard together in Arizona, as well as in  
6 New Mexico. That was a big lift by a lot of people.

7 But with that, that concludes my presentation.  
8 Mr. Chair, any questions for me?

9 CHAIRMAN LA RUE: Thank you, Bill. Any questions  
10 by board members?

11 Let's go to Board Member Stratton, please.

12 MR. STRATTON: I don't have a question. I do  
13 have a comment on the Winkelman Bridge dedication, the 100-year  
14 anniversary of that bridge. There was also a young lady from  
15 Winkelman there celebrating her 100th birthday.

16 MR. HARMON: (Inaudible.) A lot of fun. Yeah.  
17 thank you very much.

18 CHAIRMAN LA RUE: Board Member Hammond.

19 MR. HAMMOND: Just a question. On these low  
20 volume routes, what kind of options are being considered for  
21 those?

22 MR. HARMON: Mr. -- Board Member Hammond, that  
23 would be a very lengthy discussion, but basically, we're talking  
24 about does the state retain ownership and maintain those legacy  
25 routes. I say "legacy routes." I'm not sure what else to call

1 them. You know, we inherited these routes one way or another.  
2 Or to turn back to another agency, a county, a forest service,  
3 et cetera, or maybe some sort of partnership to combine forces  
4 and manage them.

5 MR. HAMMOND: So closure is not an option being  
6 considered?

7 MR. HARMON: You know, I would think that in  
8 certain situations, very small -- there might be a consideration  
9 to close a portion of a route, but not the entire route.

10 MR. HAMMOND: Okay. Thank you.

11 CHAIRMAN LA RUE: So Bill, I heard a little bit  
12 of the discussion to the questions that were raised about  
13 drainage and stuff, that you're looking at least one of them.  
14 (Inaudible.) I asked, and I'm sure you are, looking at all  
15 those issues, because what grabs, I think, the Board's attention  
16 is, you know, middle of the night emergencies and those things  
17 to the residents and citizens, which is, you know, of concern  
18 for all of us. So to the -- you know, please, please, check  
19 into those and respond back and do those things.

20 MR. HARMON: Yes, sir.

21 CHAIRMAN LA RUE: Then also, you know, when we're  
22 down here, almost everywhere we travel in your district, we hear  
23 a lot of positive comments about you and your team and the  
24 district and all the workers. So pass along the Board's  
25 appreciation for all -- you know, the efforts that you do --

1 MR. HARMON: Thank you very much.

2 CHAIRMAN LA RUE: -- and we appreciate your  
3 leadership, and just keep up all the hard work.

4 MR. HARMON: Thank you. Thank you.

5 CHAIRMAN LA RUE: All right. Director's report.  
6 We've been waiting on this one for months.

7 MR. HALIKOWSKI: Thank you, Mr. --

8 CHAIRMAN LA RUE: (Inaudible) Floyd. Did you  
9 notice that?

10 MR. HALIKOWSKI: I just want to say I did better  
11 than Floyd's time.

12 CHAIRMAN LA RUE: (Inaudible.)

13 MR. HALIKOWSKI: I was trying to get a little  
14 competition going here.

15 MR. ROEHRICH: He's still a young man and spry.  
16 I'm just -- my body's breaking down fast.

17 MR. HALIKOWSKI: Well, thank you, Mr. Chairman,  
18 and folks who are here. I want to say that it is beautiful here  
19 in Cochise, Graham and Greenlee County this time of year as the  
20 colors turn. But having spent a lot of time with Floyd as we go  
21 to these meetings, no one is more beautiful in the fall than  
22 Floyd when his colors begin to turn. So I can see that gray  
23 starting in there now, so...

24 CHAIRMAN LA RUE: (Inaudible.) Fall foliage.

25 MR. ROEHRICH: (Inaudible.) Especially going

1 into the dead season of winter. That's my best look.

2 MR. HALIKOWSKI: So I was really fascinated  
3 driving through Pima myself. I don't know if everyone knows  
4 this about me, but earlier in my career, I was certified by the  
5 a state as a cottonseed sampler. So I spent a lot of time  
6 traveling around the state pulling cottonseed samples to check  
7 for aflatoxin and fungus. So I don't know how many people can  
8 claim certification as a cottonseed sampler, but maybe I have a  
9 few brethren out there.

10 All right, Mr. Chairman. On to business. The  
11 Board asked me to update on our Mexico activities, and what I'd  
12 like to do is quickly go through this, because it is a little  
13 bit lengthy -- we've got 19 projects with two more pending right  
14 now -- then open it up for questions.

15 So as you know, we've been involved in a number  
16 of border projects over the past eight years with the federal  
17 government, our Mexican partners, our local partners along the  
18 border on both sides, and we've played a fairly significant role  
19 in many ways in transforming this relationship with Mexico.

20 Lynn.

21 So as you can see here, the governor has been  
22 heavily involved in improving this relationship. This is  
23 Governor Ducey and Governor Pavlovich from Sonora, and they are  
24 signing and talking about border traffic infrastructure issues,  
25 and they're signing an MOU between Arizona and the two states of

1 Sonora and -- to collaborate on a bi-national corridor study  
2 that we've talked about before.

3 Lynn.

4 So the MOU that we have with the Mexican federal  
5 transportation agency and the State of Sonora is more than just  
6 lip service. Arizona and Mexico have committed to more than  
7 \$1 million for border region studies and even more for trade  
8 corridor improvements. We've improved communication and joint  
9 planning between Arizona and the State of Sonora for better and  
10 coordinated infrastructure for trade and mobility and opening up  
11 more opportunities for business and trade. So essentially,  
12 we're working to establish Arizona's footprint in western  
13 Mexico, along Mexico Highway 15.

14 So establishing that footprint in Mexico for  
15 trade parallels the projected increase in freight traffic in the  
16 Southwest. As you can see by the maps, Arizona is the focus of  
17 freight traffic growth over the next 20 years. We sit in the  
18 nexus between the north/south, east/west traffic, and we need to  
19 be prepared for the economic opportunity that that presents.

20 On border region strengths, we're really poised  
21 to expand our connections with Mexico in both trade and  
22 tourism. We have engaged in four major studies  
23 collaboratively with Mexico that are helping to identify our  
24 joint infrastructure priorities. The Border Master Plan, the  
25 joint Arizona-Sonora Plan developed a list of priority projects

1 for informed decision making. The Bi-National Corridor Study I  
2 mentioned, which is a unique partnership between ADOT and the  
3 Mexican federal transportation agency, \$1.2 million effort, to  
4 study the corridor from I-10 to I-19, to Mexico Highway 15. We  
5 just selected TTI, based at Texas A & M University, to lead the  
6 Bi-National Study just last week.

7           The Border Business Case Study, this has been a  
8 collaboration between ADOT and Arizona Commerce Authority, the  
9 Office of Tourism and the Arizona-Mexico Commission. So these  
10 business case documents will give border communities the script  
11 on how to market their communities for investment and tourism.  
12 The business case is complete for San Luis and is now underway  
13 in Nogales.

14           The other one we're working on we just started  
15 this year is the Border Wait Time Study, and this project helped  
16 us to identify how to speed up the movement of trucks through  
17 our ports of entry. Commercial drivers can now plan their  
18 crossings with the help of some real time data on the ports.

19           In addition, we just were awarded a FAST grant  
20 last week to put fiber through our ports of entry, and our  
21 vision is that our ports on both sides will be completely linked  
22 with fiber, and we'll keep moving toward integrated technology  
23 to provide information to everyone who is interested in looking  
24 at port activities.

25           So I said as we've got 19 -- next slide, please

1 -- 19 projects that are going on. We've been busy working with  
2 our federal, local and Mexican partner agencies, and this slide  
3 shows our joint Arizona/Sonora border priorities. This is the  
4 first time we've ever been able to show our joint priorities on  
5 a single map.

6 Next, please.

7 So this photo shows how much Arizona has become  
8 more competitive and efficient. Mariposa Port of Entry in  
9 Nogales, thanks to \$250 million improvements by ADOT and the  
10 federal government.

11 So there's been more than 700 million investment  
12 in Arizona's ports of entry at six locations on the border.  
13 Mariposa now has the ability to handle 4,000 trucks per day, one  
14 of the busiest POEs on the Mexican border, which makes SR-189  
15 all the important -- more important that we move that project  
16 forward.

17 At San Luis, we've separated passenger vehicles  
18 from commercial trucks for efficient movement of tourists and  
19 freight. San Luis II commercial port of entry has expanded the  
20 freight flows in the booming agricultural trade sector. I guess  
21 most importantly, the public investment in ports of entry are  
22 now encouraging private investment. The announcement that John  
23 Moffatt made about Raytheon and 2,000 more employees is very  
24 important to us, because very often products pass up to four  
25 times, five times across the border before they're finished, and

1 worked on by companies on both sides. So the private sector in  
2 Nogales has stepped up to fund a new cold storage facility  
3 within the Mariposa Port of Entry. The new facility will be  
4 under construction in 2017.

5 So our three primary border communities have all  
6 seen substantial new private investment. In Nogales alone,  
7 we've seen \$52 million invested in new warehouse and  
8 distribution space, and about one-third of that investment came  
9 from Mexico.

10 Next one.

11 I talked about inspections a little bit  
12 earlier. This is a unified inspection photo you're seeing  
13 here, which is something we've really never seen before. These  
14 are U.S. and Mexican officials side by side performing an  
15 inspection of a truck cargo at an Arizona port of entry.

16 Next one.

17 This pilot program, these unified inspections  
18 for the first time ever, we're standing together now with  
19 Mexican officials on the U.S. side of the Mariposa POE to  
20 inspect northbound commercial traffic. Pre-cleared traffic now  
21 gets inspected just once instead of twice. So as you can figure  
22 out, this has slashed our wait times. Average wait times have  
23 been slashed by 95 percent, from four to eight hours to just 30  
24 minutes by federal officials. So one of our trucking firms  
25 alone achieved a \$700,000 time savings in only one month. So

1 this program we are looking now to expand to other ports on the  
2 Arizona border. We've received interest from Texas and  
3 California. Finally we did something they want to copy, and  
4 they've been coming to us and saying, "How did you do that? And  
5 can we get in on that program?"

6 Next one, please.

7 So the multimodal connectivity, we've got  
8 physical and process improvements at the POEs, but they're just  
9 part of the picture. There are significant improvements being  
10 made to increase efficiency to and from the ports. That  
11 includes a future resurfacing project for Interstate 19,  
12 pictured here between Tucson and Nogales. And as we've heard  
13 from stakeholders and been discussing, eventually we do have to  
14 address the TIs at Ruby Road and Rio Rico as we see this traffic  
15 increase.

16 Next one, please.

17 Overweight truck permits, ADOT's allowing trucks  
18 at higher weight to operate in the border region. This has been  
19 particularly successful for our produce industry because of the  
20 time sensitive cargo. They can now cross the border more  
21 efficiently. Higher weights mean Mariposa and other ports are  
22 more competitive, also, to other states.

23 Rail infrastructure, new rail yards and improved  
24 rail lines on both sides of the border gives shippers better  
25 multimodal logistics options. New inspection facilities in

1 Nogales have made it much easier now for customs and border  
2 protection to inspect rail cars. You know, again, our vision is  
3 eventually that we would be able to handle far more trains than  
4 we currently are. I think we're handling about eight trains a  
5 day or so. We really would like to up that in the future to 25.  
6 We've been meeting with Ferromex and Union Pacific on this.  
7 There's some logistical issues, but that continues to be the  
8 goal that we're striving for, is to make that area a rail hub,  
9 also.

10 Next, please.

11 This I talked about a little bit earlier on wait  
12 times. This is a project we engage a private consulting firm  
13 in. Honsha is the firm. Truck drivers that have been crossing  
14 at San Luis have expressed concern about the perceived overlap  
15 of truck safety inspections by ADOT and the Federal Motor  
16 Carrier Administration. We're now applying lane management  
17 tools in our philosophy to find process improvements.

18 The initial findings that we just released are  
19 that we can make sure trucks are safe without over-inspecting  
20 them. The technology and communications that we're implementing  
21 can reduce redundant inspections and result in more efficient  
22 port operations.

23 There were other findings of just do it now  
24 implementations, like truck (inaudible) to work with shippers  
25 and carriers and drivers about what to expect during the

1 inspection and what they can do to avoid that. We've still got  
2 a lot of work to do. So this is just the initial things that  
3 we're doing, but we will be working very closely with the motor  
4 -- Federal Motor Carrier Administration. We think that we can  
5 take the wait times down at least by another 50 percent through  
6 efficiencies. So we have a special liaison group now in our  
7 Enforcement and Compliance Division that's going to be working  
8 directly with these border teams on rolling these out.

9 And last slide.

10 So I think our relationship with Mexico really  
11 has never been better. We've had tremendous success and now  
12 need to focus on telling the story while we continue to make  
13 substantive progress. If I were to note the keys to our  
14 success, I think that mostly it is that we have been present.  
15 We have been in Mexico City. We had a meeting with folks along  
16 the border. We're staying part of this relationship. It's not  
17 just a one-time swing through to say, "Hi, we'd like to do  
18 business." And a lot of this goes to the importance of  
19 relationship building.

20 We're doing a lot in Washington, D.C. We've met  
21 with assistant commissioners for Customs and Border Patrol. We  
22 had a meeting yesterday that Governor Ducey's chief of staff  
23 hosted with some folks from Sonora and some of our other state  
24 agencies to focus on why we can't get more Customs and Border  
25 Patrol agents here. We talked with Senators McCain and Flake.

1 But that shortage, if we don't do something about it, will  
2 impact the hours that we're able to operate in the future. So  
3 bringing more of those folks here to operate is a great concern  
4 that we continue to work with D.C. on.

5           So, in essence, all the things that we're doing  
6 are geared toward improving the economy where we can get a build  
7 it here, sell it there economy going, and the governor's office  
8 is very focused on this mega region, as we call it, of Arizona  
9 and Sonora. And as we're looking at it from ADOT's perspective,  
10 we can't stop at the border of the state of Sonora. We need to  
11 keep looking south on the logistics issues, the shipping issues.  
12 But to me, most importantly, instead of locating all of the  
13 industrial parks on the northeastern side of Mexico, we should  
14 be also looking at how we build out the northwestern side of  
15 Mexico with our economy in southern Arizona. That's the key,  
16 which is why we've gone to TTI, which was how Texas had done it  
17 and become successful in a lot of their border commerce. So we  
18 hope to replicate that for Arizona and bridge ops here in the  
19 future.

20           I'll be happy to take questions, Mr. Chairman.

21           CHAIRMAN LA RUE: Substantial improvement. So  
22 Board Member Hammond.

23           MR. HAMMOND: Just a comment. I said some of  
24 this in your absence. I gave your report last (inaudible).

25           MR. HALIKOWSKI: Thank you.

1 CHAIRMAN LA RUE: That's why we asked you back.

2 MR. HAMMOND: But I think everybody probably here  
3 (inaudible), but there's a lot of good things going on in  
4 southern Arizona right now that we need to continue to build on.  
5 But this relationship with Mexico -- I've been doing business in  
6 Mexico now for 20 years -- is like I've never seen it before.  
7 And I don't think we need to underestimate the individual  
8 efforts. Pima County has been one of the leaders in kind of  
9 bringing to a high level the awareness with some of these  
10 important trade corridors. But Director Halikowski's personal  
11 involvement has really gone unnoticed. He's not delegating a  
12 lot of this. He's there. And a lot of the success that we're  
13 having in this year is due to his personal involvement, and I  
14 just -- I really --

15 MR. HALIKOWSKI: Thank you.

16 MR. HAMMOND: Again, I assume you'll be down at  
17 the plenary session?

18 MR. HALIKOWSKI: Absolutely. We'll be in  
19 Hermosillo.

20 MR. HAMMOND: Yeah.

21 MR. HALIKOWSKI: So we've got a lot of work to  
22 do there.

23 CHAIRMAN LA RUE: Any other questions? Board  
24 Member Stratton.

25 MR. STRATTON: Just a comment. I'm really

1 pleased to see the cooperation and collaboration between Arizona  
2 and Mexico and applaud your efforts and your continued strive to  
3 make things better.

4 MR. HALIKOWSKI: Thank you.

5 I do have a concern, as Mr. Valencia raised,  
6 about SR-189. I'd like Mike to talk more about the DCR, because  
7 I want to make clear we're not setting back the schedule, but  
8 this is more of a normal process. So I just want to be --  
9 everyone to be aware that we are still striving to get 189  
10 completed, and not only the first phase, but how we can also do  
11 phase two. So Mike will talk more about that when he comes up.

12 Thank you, Mr. Chair.

13 CHAIRMAN LA RUE: So, you know, John, what I  
14 would say is the Board thanks you for your leadership in this  
15 area. I think it's the Board's consensus this is very critical  
16 for not only the highway system in our state, but for the state  
17 of Arizona and for the United States, so...

18 MR. HALIKOWSKI: Thank you.

19 CHAIRMAN LA RUE: To the extent that we can be  
20 a help or, you know, support or effort behind you...

21 MR. HALIKOWSKI: I have to say we've never  
22 worked, I think, with a board who has been as supportive as this  
23 one. So I thank you for -- all of you for your leadership in  
24 that area.

25 MR. SELLERS: Mr. Chairman, just a quick comment.

1 You know, I think some of the federal campaign dialogue created  
2 some apprehension. But in meetings I've been -- I've attended  
3 recently listening to both, Senators Flake and McCain, I'm  
4 encouraged --

5 MR. HALIKOWSKI: Uh-huh.

6 MR. SELLERS: -- by the comments that they're  
7 making --

8 MR. HALIKOWSKI: Yeah.

9 MR. SELLERS: -- about how we are going to move  
10 forward.

11 MR. HALIKOWSKI: Our mission from Governor Ducey  
12 is very clear, that we will continue to promote and expand our  
13 relationships with Sonora and greater Mexico. Thank you.

14 CHAIRMAN LA RUE: Good. Thank you.

15 Let's move on to the consent agenda, Item No. 3.  
16 The consent agenda was distributed to you in your packets. Does  
17 any Board member wish to pull an item from the consent agenda?  
18 I have had a request to pull Item 3D that we'll deal with  
19 separately. So other than 3D, anything else?

20 Hearing nothing else, I would entertain -- the  
21 Board would entertain a motion to approve the consent agenda as  
22 presented except for Item 3D. Do I have a motion?

23 VICE CHAIR BEAVER: So moved.

24 CHAIRMAN LA RUE: I have the Vice Chair with the  
25 motion.

1 MR. TELLER: Second.

2 CHAIRMAN LA RUE: Board Member Teller with the  
3 second. All those in favor, signify by saying aye.

4 BOARD MEMBERS: Aye.

5 CHAIRMAN LA RUE: Any opposed? It is passed.

6 Item 3D. I don't know if Dallas wants to talk to  
7 it, but something just came up just recently that it needs to be  
8 postponed.

9 MR. HAMMIT: You want me to do it now or with my  
10 report? I'm ready now if you (inaudible).

11 CHAIRMAN LA RUE: We probably should go ahead  
12 and do it right now. The item -- this item needs to be  
13 postponed because of a particular issue, and Dallas, you can  
14 just keep it brief. Just the high points. And because of the  
15 timing, timing issue, we'll have to address it sooner versus  
16 later.

17 MR. HAMMIT: Yes. Thanks, Mr. Chairman.

18 Item 3D is a project that was spoke of earlier in  
19 Cochise County. It's a local project on Davis Road. The bids  
20 were opened earlier last month. The low bid came in at  
21 \$2,953,000. The State's estimate was \$3,380,210.83. It was  
22 under the State's estimate by 227,210.83. As we -- or actually,  
23 Cochise County was doing their environmental review, the  
24 archeological review, they have found some information that  
25 could delay the projects. In talking with the County this

1 morning, they feel comfortable that they will be able to recover  
2 the site and move forward, but as a precaution, we would -- or I  
3 would request that the Board postpone action until a later date.

4 Now, the project does need to be awarded. We  
5 have 60 days once it's opened to keep those bids, by December  
6 5th. So we may -- if we're going to keep this going, we will  
7 need a telephonic board meeting to award it. But the request  
8 would be to delay to a future meeting before December 5th for  
9 action.

10 VICE CHAIR BEAVER: I would like to make a motion  
11 that we delay this until -- no later than December 5th; is  
12 that --

13 MR. HAMMIT: We need to take action by then.  
14 Yes, ma'am.

15 VICE CHAIR BEAVER: Okay. Delay that we bring it  
16 before us again prior to the December 5th deadline.

17 CHAIRMAN LA RUE: I have a motion. Do I have a  
18 second.

19 MR. STRATTON: Second.

20 CHAIRMAN LA RUE: Second from Board Member  
21 Stratton. Any further questions?

22 All those in favor, signify by saying aye.

23 BOARD MEMBERS: Aye.

24 CHAIRMAN LA RUE: Any opposed? Postponed. Thank  
25 you.

1                   Agenda Item No. 4, legislative report. I'll  
2 remind the Board (inaudible) moving forward, the last time Kevin  
3 Biesty decided to skip, we assigned him a pretty big project.  
4 So keep that in mind.

5                   MR. HALIKOWSKI: Keep him busy, Mr. Chairman.  
6 Idle hands.

7                   CHAIRMAN LA RUE: He's probably in a -- back in  
8 the office doing our assignment right now.

9                   MR. HALIKOWSKI: One can hope and dream.

10                  MR. FATHAUER: Chairman La Rue, members of the  
11 Board, thank you very much. My name's Bill Fathauer. I'm the  
12 legislative liaison for the Arizona Department of  
13 Transportation. I just wanted to give you a quick update on the  
14 impacts both locally and federally with the recent election  
15 for transportation issues and some other legislative updates.

16                  Some of you may know, President-Elect Donald  
17 Trump has committed to making sure a \$1 trillion of investment  
18 into broader infrastructure is made during his presidency.  
19 That's part of his 100-day plan that he issued shortly before  
20 the election. It's going to cover what he wants to have that  
21 cover, both transportation, infrastructure, electric  
22 infrastructure, maritime port infrastructure. So it's not just  
23 all highway infrastructure. But his clear implication is that  
24 he wants to increase the investment in our highway system, and  
25 he has identified various tax incentives and public-private

1 partnerships as potential avenues for that type of investment to  
2 be made.

3           We've seen a positive reaction at the federal  
4 level from transportation analysts on aspects of this plan,  
5 although I believe they are a bit skeptical as to whether his  
6 proposed ways to raise the revenue will generate enough to  
7 handle all of the problems that the transportation facilities  
8 nationwide face. There's also possible roadblocks in Congress  
9 who are pretty adamant about any raising of revenue being  
10 deficit neutral. So we could run into some issues there.

11           We've also, as of now, lost the only member of  
12 the Arizona delegation, I believe, that's on the House  
13 Transportation Committee, with Representative Ann Kirkpatrick  
14 not coming back. We have yet to see the new committee makeup.  
15 So hopefully we'll continue to see representation from the State  
16 of Arizona on transportation issues at the federal level.

17           NTSA held their first public meeting recently on  
18 the automated vehicle guidelines, which is centered around a  
19 15-point safety assessment that would allow autonomous vehicles  
20 to operate on public roadways. This is also an issue that's  
21 been a very large -- a very significant priority for Governor  
22 Ducey here in Arizona, and we are continuing to work with his  
23 office and other stakeholders to make sure that this burgeoning  
24 industry is not -- that Arizona is able to take advantage of  
25 this burgeoning industry and that we are able to test this type

1 of technology in Arizona.

2 At the state level, we are in the latter stages  
3 of our legislative proposals being approved by the governor. So  
4 in the interest of not giving you information that I have to  
5 come back and revise next time, I won't go too deeply into what  
6 we've proposed, but hopefully within the next several weeks, we  
7 should have something to provide for you, and I'd be happy to  
8 send that out to the entire board when we get final approval on  
9 it from the ninth floor.

10 We have new leadership at both Senate and House  
11 at the State level. Senator Steve Yarbrough from Chandler, and  
12 Senator Kimberly Yee from north Phoenix have been elected to the  
13 top two positions in the Republican leadership in the Senate,  
14 and Senator Gail Griffin is retaining her spot as the majority  
15 whip. So we look forward to working with her and with  
16 Representative-Elect John and Becky Nutt as well at the  
17 Legislature this session.

18 On the House side, J.D. Mesnard from Chandler and  
19 -- has been elected the new speaker of the House. Got a good  
20 relationship with him and look forward to working with him on  
21 some of our transportation priorities.

22 That is about all I have. I think -- like I  
23 said, I will make sure to get you guys a copy of all of our  
24 final legislative proposals when they are in written form and  
25 approved by the governor. And I'm happy to answer any questions

1 about broader transportation activities down at the Capital as  
2 well.

3 CHAIRMAN LA RUE: Thank you.

4 Any questions by Board members?

5 Doesn't appear to be any. Thank you very much.

6 MR. FATHAUER: Thank you.

7 CHAIRMAN LA RUE: Kristine, financial report.

8 VICE CHAIR BEAVER: She's smiling.

9 CHAIRMAN LA RUE: Yeah.

10 UNIDENTIFIED SPEAKER: That's always a good sign.

11 MS. WARD: You can never quite tell if the smile  
12 is from, oh, just overwhelmed with --

13 UNIDENTIFIED SPEAKER: A grimace.

14 MS. WARD: -- lack of -- yes. Hiding the  
15 grimace.

16 CHAIRMAN LA RUE: (Inaudible.)

17 MS. WARD: Well, good morning. I'm Kristine  
18 Ward. I'm the CFO at ADOT. And let's start off discussing HURF  
19 revenues.

20 And thank you, Lynn.

21 So what we're seeing thus far in the year is some  
22 stable growth in HURF. We are seeing continued stable growth.  
23 And I want to take a moment, given what I've heard in listening  
24 to some of the speakers from the audience and hearing some of  
25 the financial needs that they have expressed, that HURF, in

1 terms of this -- our stabilization, we're running at around 4  
2 percent -- 4.4 percent growth year to date.

3           From a historical perspective, however, the HURF  
4 fund has tended to run anywhere from 4 percent to 6-and-a-half  
5 percent historically. So we are at the very low end of those  
6 growth rates. To put that into perspective, what that has meant  
7 since 2006 is that those low growth rates have taken about \$18  
8 billion out -- out of our transportation system funding that is  
9 available. So the things that you're hearing today that really  
10 drive home our funding situation, that's the overall context.  
11 So when I'm coming and telling you, oh, I'm seeing some  
12 stability, the difficulty is we are trying to make up for a  
13 number of years of lost revenue topping around the \$18 billion  
14 amount.

15           I also heard quite a bit from the speakers with  
16 regards to HURF swap. Now, if you recall, as I have presented  
17 to you over the years, the last four years, you have seen me  
18 either reduce the size of the construction program or you have  
19 seen dollars that have been held back to restore our operating  
20 cash balances. The goal has to get -- has been continuously to  
21 get the department back into a safe position where we can  
22 guarantee and be reliable in our payments to our contractors and  
23 our payments to -- our just normal operating -- operating --  
24 day-to-day operating.

25           This -- to give you a preview of what's to come

1 as we move into the development of the next five-year program,  
2 as we move into that, that development, this will be the first  
3 year that I will not be -- you will not see any further dollars  
4 being held back, because we estimate that we will reach the  
5 operating cash thresholds that we need to meet going into this  
6 next five-year development program.

7 A key goal in reaching those thresholds has been  
8 to restore the HURF swap. It has been the goal for a number of  
9 years to get us back into that safe position so we can reinstate  
10 that program. And presently, the department is in discussions  
11 and working with the governor's office to iron out the details  
12 of trying to get that program reinstated. It's just taken some  
13 time, because we have not been in a cash position where we could  
14 support reinstating the program.

15 Before we move on to RARF, I'd also like to just  
16 touch on the Aviation Fund. The sweeps from the program, from  
17 the Aviation Fund itself had been tremendous, and thus it has  
18 had -- naturally, if you sweep dollars from the program, thus  
19 it's going to have -- the fund, thus it's going to have an  
20 impact on the program. I want to let you know Mike will be  
21 doing a detailed presentation on the program and the actions  
22 we're taking. But I want to let you know that we have set this  
23 as a top priority. We have assigned our most skilled resources  
24 at working on the cash flow to develop the plan that will --  
25 where we can show this is when we will be able to make up for

1 those deferred payments. So he will give you a more complete  
2 presentation on that, but I can assure you it is a top priority,  
3 as is trying to get HURF swap reinstated.

4 So -- that's enough on HURF. Let's go on to  
5 RARF.

6 We are again seeing moderate growth in the fund.  
7 Our year to date actuals, we've collected about 100 million year  
8 to date, and we're experiencing about 5.4 percent growth.  
9 Retail continues to be the stabilizing factor there. We're  
10 seeing -- we're running ahead of forecast on retail sales, and  
11 overall in retail, we're about 4.4 percent above forecast. So  
12 this is very good news. Restaurant and bar also continues to be  
13 a stabilizing force.

14 With that, I have nothing further to report. I'd  
15 be happy to take any questions.

16 CHAIRMAN LA RUE: Vice Chair.

17 VICE CHAIR BEAVER: Yes. With regard to working  
18 towards HURF reinstatement, is there anything that this board  
19 can do? Are we limited in what we can do, or is there something  
20 we can do in our function as the board?

21 MS. WARD: Well, the reason that the HURF swap  
22 was originally discontinued was because the fund did not have  
23 adequate cash to facilitate the swap. The reason the fund did  
24 not have adequate cash was multi-fold -- multi-faceted. First  
25 and foremost, we hit the great recession, and the revenue levels

1 dropped tremendously. Likewise, when those -- when we  
2 experienced that economic downturn in HURF, the state as a whole  
3 experienced that economic downturn and looked to all resources  
4 available to support our overall state economic picture, our  
5 state budget. And so as a result of that, there were sweeps and  
6 diversions from the fund.

7           The combination of that economic downturn and  
8 those diversions from the fund led to a situation where we could  
9 not facilitate the swap. So you can drive more miles and you  
10 can buy a more expensive car, and you can lend your voice to the  
11 impacts of what happens when dollars have to be diverted. It's  
12 just a result of...

13           MR. HALIKOWSKI: So this is something we've been  
14 working on for several years now, and what Kristine says is  
15 correct. It's not just simply a matter of cash flow. It's a  
16 matter of cash stability. And so as we work toward reinstating  
17 the HURF swap, believe me, ADOT wants to as much as anyone,  
18 because we realize the difficulty of administering federal  
19 projects and local compliance with federal requirements. It was  
20 a very successful program that we want to bring back.

21           Our goal is to work with the governor's budget  
22 staff and look at our stability in the coming year to see if  
23 that all will come together to reinstate that important program.  
24 So this is not something that just suddenly popped up. She's  
25 been working diligently, watching the trends over the past

1 several years. This has been one of our top priorities. We  
2 would like nothing better.

3 So hopefully we will see progress and be able to  
4 do something, but as far as your question, board member, there  
5 really isn't, you know, the Board -- it really depends on the  
6 revenue and stability. So I think that we're starting to see  
7 some of that take off, and this is something that we hope to  
8 have success in in the next year.

9 VICE CHAIR BEAVER: Well, it just -- Chairman, it  
10 seems that if those years that were given to us earlier, if it  
11 started in '97 and then it ended in, I think, 2008, it was  
12 extended, that there was ten years of where people kind of  
13 really grew accustomed --

14 MR. HALIKOWSKI: Sure.

15 VICE CHAIR BEAVER: So I'm sure it was a...

16 MR. HALIKOWSKI: It has not been easy to get  
17 through the recession when it comes to the state revenues,  
18 because there was a lot of education that we had to do to  
19 explain why the HURF swap was no longer available, and since we  
20 were using federal dollars, that all these federal requirements  
21 now had to be met by local governments. It was not a happy  
22 talk, because they felt we were imposing new requirements on  
23 them, that we had a choice of whether or not to do that, and  
24 unfortunately, and no disrespect to our federal partners, but  
25 when you accept the money, you have to dance the tune.

1                   And so we work a lot on educating, and we've  
2 gotten to a point now where I think our local program's probably  
3 better than ever. But is it as good or is -- being able to do  
4 the HURF swap? No. We'd like to bring that back. So the  
5 financial staff's been diligently working on that, you know,  
6 trying to squirrel away and see how we can work our revenues to  
7 get that stability back in. I think it takes about 35 million a  
8 year to do a statewide swap.

9                   MS. WARD: A little less than that. Yeah. It  
10 can range anywhere from 15 to 25. And so we're looking at the  
11 revenues to see at what level we can reinstitute it.

12                   MR. HALIKOWSKI: We don't want to -- I mean,  
13 folks have said, "Well, what if we gave you an infusion of 35  
14 million to do it?" And that's great for a year.

15                   MS. WARD: A year.

16                   MR. HALIKOWSKI: But this is a program, once we  
17 get started, we want to ensure our finances can now keep it  
18 going.

19                   CHAIRMAN LA RUE: Any other questions?

20                   MS. WARD: Thank you.

21                   CHAIRMAN LA RUE: Thank you, Kristine.  
22 We're up to Item 6, Multimodal Planning,  
23 Mr. Kies.

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

25                   There's a couple things that I want to cover on

1 the Multimodal Planning update. First, as Director Halikowski  
2 asked me to make a couple comments on the State Route 189  
3 project. So recently we've made the decision that the --  
4 instead of a public hearing being -- happening in December, that  
5 that -- it's most prudent to delay that public hearing until the  
6 end of January. The date that's been scheduled is January 31st.

7           Where we are in the process, a design concept  
8 report and an environmental assessment are pretty comprehensive  
9 documents, and there's a lot of reviews that go on to look at  
10 all the engineering details and all the environmental  
11 consequences or considerations that are involved in the  
12 projects, and we've been doing a lot of reviews and back and  
13 forth on comments over the last six months or so. And we're  
14 ready to give a second draft of those documents to the federal  
15 highways for their review. They've asked, as is appropriate, a  
16 full 30 days to review those documents. That puts us well into  
17 December, which gets us into the holidays and a lot of  
18 complications with scheduling a public event. So they -- the  
19 decision was made to schedule the -- delay the public hearing  
20 until the end of January.

21           I do just want to remind the Board that when we  
22 look at the entire project development process, from planning to  
23 design to construction to project closeout, planning is usually  
24 considered to be about 1 percent of that time frame and effort  
25 to plan the project. And if we do our due diligence at this

1 phase, we can catch and make decisions about things that are --  
2 can affect the project into design and construction, and it's  
3 very prudent for us to take the time and make sure that these  
4 reviews are comprehensive at the planning stage so that we don't  
5 see longer delays in the design or construction process as we  
6 come up -- as we discover issues. So with that, that --

7 MR. HALIKOWSKI: One other thing, Mr. Chairman,  
8 Mike. And I'm sorry. You mentioned it. Your public hearing is  
9 the 31st or the end of January, I think, but we're going to get  
10 the DCR out a couple of weeks early for review.

11 MR. KIES: Yes. Yeah. Thank you, Mr. Director.

12 Typically, there's a 30-day public comment period  
13 when we have comments out for public comment, and we usually  
14 schedule the public hearing in the middle of that comment period  
15 so that the public has the opportunity to review the documents  
16 ahead of time and make comments at the public hearing, and then,  
17 also, if they learn something in the public hearing and then  
18 want to review the documents and comment after, they have a  
19 couple weeks after. So we envision that the documents will be  
20 available for public review probably two weeks ahead of that  
21 January 31st date.

22 CHAIRMAN LA RUE: Questions, comments from the  
23 Board on that?

24 MR. KIES: All right. Thank you, Mr. Chair.

25 The other item that I did want to talk about is

1 the aeronautics -- the aviation -- State Aviation Fund. And  
2 forgive me. I'm trying to simplify a very complicated subject  
3 with a lot of moving parts.

4           First, the slide that you see in front of you is  
5 the historical revenue that came into the State Aviation Fund in  
6 fiscal year '26. And I just wanted to show -- remind the Board  
7 of the percentages of revenue that comes into the fund. And as  
8 we heard with some of the comments earlier in the meeting,  
9 everybody here is excited about that it's cotton season, and the  
10 cotton harvest is happening. I'm excited that it's flight  
11 property tax season, and we're seeing the revenue come in from  
12 flight property tax, and that's because that is the largest  
13 proportion of funds that come in to the State Aviation Fund.

14           Next slide, please.

15           So what I did want to show you is the last six  
16 months of fund balances of the State Aviation Fund. As you  
17 recall, and Kristine mentioned, there was a \$15 million sweep  
18 earlier in the year, which is ahead of this -- the schedule. So  
19 I wanted to show you after the sweep what -- how the funding is  
20 performing. And in June is the -- when we made the decision to  
21 defer grant reimbursements until we were able to see some health  
22 in the State Aviation Fund.

23           So in June, you might ask, "Well, why when we had  
24 a balance of \$8 million in the fund did we decide to do  
25 deferrals?" Because it seems like that's the time when there

1 was a lot of money there to continue payments. But as you can  
2 see, in July, August and into October, we knew the projection of  
3 the fund was going to continue to be drained as we paid off  
4 commitments that were in the stream. And so you see -- and you  
5 can see that some months, we do make a million or two million  
6 dollars worth of payments for pavement reservation and  
7 operations at our Grand Canyon Airport. So having a balance of  
8 1.9 million is a very low amount compared to historically where  
9 we've seen outflows from the fund. So we're hoping that we've  
10 reached the bottom, and it's all uphill from here. And that's  
11 why the flight property tax is so important to us at this time  
12 of the year.

13                   Next slide, please.

14                   So this is now the revenue side. And I  
15 apologize. The title here says Historical Revenue. Actually,  
16 this is just flight property tax revenue, because I wanted to  
17 highlight the largest element of our revenue. Flight property  
18 tax happens twice a year. There's bills that are sent out in  
19 the fall, which happen to be in September, and then in the  
20 spring. And then you can see that as the flight property tax  
21 bills are paid, we get deposits into the fund. And you see a  
22 small deposit in October. We just -- just a couple days ago got  
23 -- were informed of the deposit for November, which was 2.6  
24 million. And so we typically expect \$4 to 5 million from flight  
25 property tax. So we are anticipating or projecting a

1 \$1.4 million or more payment in December.

2           This flight property tax is hard to predict how  
3 much it comes in each year. It's an assessment on the  
4 commercial airline fleet that operates in the state of Arizona.  
5 And so it's an assessment on the value of aircraft that American  
6 Airlines, United Airlines, those type of people, are using in  
7 the state. And if they -- just like automobiles, when you buy a  
8 new automobile, you're assessed at a higher amount. If you have  
9 an older automobile, the depreciation lowers the amount. We  
10 don't have -- we aren't in the business of understanding what  
11 the age of American Airlines aircraft are and what they're going  
12 to be using next year. So it's difficult for us to project this  
13 revenue. So we're holding our breath for December to see what  
14 the flight revenue -- the flight tax comes in.

15           But then you can see, as with the other sources  
16 of revenue, we then have a dry period. January, February,  
17 March, April, no expectation of revenue coming into the fund,  
18 which makes this a cash flow exercise, I guess you'd say, to  
19 make sure that -- because the outflows from the fund continue on  
20 a monthly basis, and the revenue doesn't come in as regular.

21           Next slide, please.

22           So what's the plan? What is our plan forward?  
23 So first I wanted to remind you of what you, the Board, did  
24 approve for this fiscal year, fiscal year '17. These are the  
25 programs that the Aviation Fund supports. The match on federal

1 grants, our state funded grants, which are the ones that we have  
2 been deferring since June, our pavement preservation program,  
3 airport loans, which has not been very active this year, and  
4 then all the planning activities that we need to do around the  
5 state or support our sponsors on planning activities, which was  
6 anticipated to be about a \$29 million program for fiscal year  
7 '17.

8                   Next slide, please.

9                   So what is the plan? Well, so the decision that  
10 we are recommending is the first action plan is that we do not  
11 make any changes to that federal match support program. The  
12 ability to take funds from the State Aviation Fund and match  
13 federal funds maximizes the amount of improvements that our  
14 aviation sponsors can do around the state, and we believe that  
15 that is a very important program. In fact, the 17 projects that  
16 are on the agenda at the next agenda item, the PPAC items, are  
17 all projects where the State Aviation Fund is anticipated to  
18 match federal funds, and we ask for the Board to consider  
19 approving all of those projects this month.

20                   As was alluded to in one of the public comments  
21 earlier today, we have been working diligently with our aviation  
22 sponsors to look for opportunities to rescind or reduce grants  
23 that have already been put into the pipeline, and we have found  
24 many opportunities where our sponsors understand our situation,  
25 and we see opportunities to rescind or reduce the state grants

1 that are in the pipeline that will free up cash flow in the  
2 future. And so we are going to be recommending that 21 of our  
3 state grants that have already been put into the pipeline either  
4 be rescinded or reduced to help the cash flow.

5 And then on the airport pavement management  
6 system, or the pavement preservation part of the program, we see  
7 an opportunity to reduce 11 of those grants from the project  
8 that was envisioned when the grant was initiated to something  
9 less of a project than was currently thought of.

10 And that's the -- those are some short-term -- I  
11 know that some of our sponsors would rather us not take these  
12 actions, but they -- all of these actions have been in  
13 communication with our sponsors, and we do have an understanding  
14 that it is for the best of the State Aviation Fund.

15 So that will be a short-term action for -- to  
16 modify the fiscal year '17 program, which will allow some  
17 immediate reductions in the obligations of the fund to allow the  
18 balance to continue in an upward fashion.

19 Then the long-term actions are to not propose a  
20 -- as such of a robust plan in fiscal year '18. So when the  
21 five-year program comes up for discussion, we intend to not  
22 continue with a state grant program in fiscal year '18. So that  
23 would have -- not -- you would not be seeing any projects come  
24 to you for approval in fiscal year '18 for that program, and we  
25 intend to request that the pavement management system program be

1 reduced by about 50 percent. And that would -- that will lessen  
2 the burden of future years on the Aviation Fund so that the cash  
3 management can be -- for lack of better terms, loosened up a bit  
4 so that there's more flexibility in the amount of cash that the  
5 fund has.

6 The last long-term action is all the great work  
7 that Kristine Ward's group does on the cash management of the  
8 MAG system and the HURF system -- she's laughing. I thought  
9 that was going to sound good.

10 MS. WARD: (Inaudible.)

11 MR. KIES: We've asked for the same oversight on  
12 -- from FMS on the Aviation Fund, which is different than has  
13 been done in the past, and I'm happy to see Kristine's group  
14 involved in having another set of eyes on how the fund is  
15 managed.

16 Next slide, please.

17 VICE CHAIR BEAVER: Could I ask a question with  
18 regard to this (inaudible)?

19 CHAIRMAN LA RUE: (Inaudible.)

20 MR. KIES: Yes. Sure. Can you go back, Lynn?

21 VICE CHAIR BEAVER: Mike, those 21 -- if we're to  
22 go that way, to rescind or reduce the 21 state grants --

23 MR. KIES: Yes.

24 VICE CHAIR BEAVER: -- and then reduce the 11  
25 airport pavement management, if we -- and you've been in contact

1 with these different agencies.

2 MR. KIES: Yes.

3 VICE CHAIR BEAVER: If we're to reduce those, is  
4 there a way that at a point in time we would ever reinstate that  
5 -- those would get some kind of preferential consideration? Is  
6 there a way to do that?

7 MR. KIES: Mr. Chair and Board Member Beaver, I  
8 would believe that there would be a way to do that. We haven't  
9 talked about that at this time, because those sponsors would be  
10 able -- once the state grant program was refunded and -- or  
11 funding was re-established, which we would assume would be in  
12 fiscal year '19, they would be welcome to apply. But I think we  
13 could talk about maybe that there should be some bonus points or  
14 whatever you want to call it given to those that had applied,  
15 were awarded, and then for the best of the team, let's say,  
16 helped us with our situation and rescinded or reduced their  
17 grant. So that's a great suggestion, and I'll take it back to  
18 our aviation group.

19 CHAIRMAN LA RUE: Board Member Teller.

20 MR. TELLER: Yes. Thank you, Chair.

21 Actually, I really liked that suggestion by Vice  
22 Chair Beaver. Suggestion by -- from me would be a leadership  
23 meeting between DOT and the sponsors. There may be another  
24 recommendation out there to address this issue. That's  
25 something that I would recommend, is if we could have a -- you

1 know, a leadership meeting between ADOT and the sponsors, Yuma  
2 and, you know, the -- so forth. So it could be a really good  
3 opportunity for us to sit down and dialogue with the community  
4 and the aviation industry.

5 I'm seeing a HURF exchange situation here where  
6 this program goes away and, you know, airports are going to be  
7 asking when is this going to come back into the system again,  
8 because as a small airport sponsor for five airports in Arizona,  
9 New Mexico, we had to fight and champion for amending state  
10 statute so that tribal airports can receive this opportunity.

11 This reduction or rescinding of the program is  
12 going to hurt the opportunities for airports such as Chinle,  
13 Tuba City, Window Rock, to catch up with the other airports,  
14 because it is -- it's going to be detrimental to our opportunity  
15 to have an open, safe operating airport. And it's just not the  
16 tribal airports. It's the airports in rural Arizona. You've  
17 heard community members here talk about rural -- you know,  
18 addressing the rural transportation infrastructure, and it's  
19 just not roads. It's airports.

20 My other concern is if ADOT has had a dialogue  
21 with the Federal Aviation Administration, because these funds  
22 come directly from aviation-related revenue sources. And when  
23 it swept, does the sweeping violate -- you know, address revenue  
24 diversions, and what do we need to do to communicate to our  
25 legislators that this is a potential violation to our federal

1 grant assurances?

2           Each of us, as far as sponsors, when we do an  
3 FSL, federal, state, local grant match, we ensure to the federal  
4 government and to the state we are signing a contract in  
5 exchange of funds. So those contracts or those grants have  
6 assurances, and one of them is if the money is collected on the  
7 airport, it stays on the airport. That includes the federal tax  
8 -- I mean, there's the aviation tax, the fuel and such. So we  
9 need to ensure that the dialogue between ADOT, FAA -- we're not  
10 going to be violating any federal assurances.

11           Again, I find this an issue with small rural  
12 communities, as far as those that have airports. I hear HURF  
13 exchange elimination program or, you know, putting back to --  
14 until we get more funding. But I think the main thing is  
15 communicating with FAA and the sponsors how we can find a better  
16 way to skin this cat, if it's a cat. Could be a lion. You  
17 know, I don't know, so...

18           CHAIRMAN LA RUE: Before I go to Board Member  
19 Sellers, let's take a comment from (inaudible).

20           MR. HALIKOWSKI: I just want to clarify. I don't  
21 believe these are federal funds. The match is, but all of the  
22 revenues we're talking about are generated from state dollars.

23           MR. KIES: Correct.

24           MR. HALIKOWSKI: And so what's happened over the  
25 years is that ADOT needs to do a better job of managing the

1 fund, not allowing balances to build. And it's very astute that  
2 you mentioned HURF, because as we've seen sweeps of the HURF to  
3 balance the State General Fund -- I think we had a \$15 million  
4 balance in here that was swept by the legislature in their  
5 budget balancing efforts for the General Fund.

6 So I want to be clear there are some elements  
7 here of HURF, but when you ask what you could do, I would urge  
8 everyone to be able to work with the Legislature to protect the  
9 Aviation Fund, because unlike gas tax, it's not protected solely  
10 for airport issues. They can take Aviation Fund dollars, since  
11 they're state generated, and put them anywhere.

12 So this is an issue, I think, that is much  
13 broader than just a cash balance issue. It's also ensuring that  
14 we have some sort of protection to say that what's in the  
15 Aviation Fund goes back to aviation-related issues, and there  
16 really isn't anything that prohibits the Legislature at this  
17 point from pulling out of here. So I wanted to make -- be sure  
18 we're clear on those points. So if there's a question.

19 CHAIRMAN LA RUE: I was going to say, I think  
20 that cash tactic was a good one, because I don't carry a lot of  
21 cash, because it gets swept by my wife and kids, but --

22 MR. HALIKOWSKI: Yeah.

23 CHAIRMAN LA RUE: I could see how the Legislature  
24 (inaudible).

25 MR. HALIKOWSKI: And we take full responsibility

1 for -- because you know, they give them a big, fat target, and  
2 they're going to take it (inaudible).

3 CHAIRMAN LA RUE: Right. Follow-up (inaudible).

4 MR. TELLER: I just wanted to stress that  
5 opportunity to have a leadership session with sponsors within  
6 the state. I think that would be a very poignant discussion  
7 between the sponsors and ADOT, and it would establish a dialogue  
8 that is already there, but just reinforce the partnership and  
9 cooperation. That could happen beginning of the year so that  
10 the leadership and the legislation could see that we're trying  
11 to address this cooperatively, because it is really important to  
12 the industry, and also, the state of Arizona's economy.

13 MR. KIES: Thank you.

14 MR. HALIKOWSKI: Excellent suggestion. It may be  
15 good for us to have a leadership summit, and perhaps we can  
16 invite some of our transportation committee legislators to join  
17 us to hear about the concerns from the aviation side.

18 MR. TELLER: That's a great idea. Great idea.

19 CHAIRMAN LA RUE: Board Member Sellers.

20 MR. SELLERS: Yeah. Mike. I'm trying to  
21 understand how we arrive at a reducing pavement maintenance by  
22 50 percent. Is that a number that we feel we can do without  
23 significantly impacting the quality of our airports, or is that  
24 just a budget constraint?

25 MR. KIES: Mr. Chair and Board Member Sellers,

1 right now it's a budget constraint. It's based on looking at  
2 the cash flow into the next fiscal year. And I appreciate Board  
3 Member Teller's comments, is that -- I guess I'm saying here  
4 long-term actions, maybe this should be mid-term actions into  
5 next fiscal year, because I think it would be --

6 MR. SELLERS: Well, that's what bothered me about  
7 it is long-term (inaudible) --

8 MR. KIES: Yeah. Right.

9 UNIDENTIFIED SPEAKER: Right.

10 MR. KIES: Because I think once we sort of do the  
11 triage and get the cash flow healthy again, then a dialogue or a  
12 workshop with our sponsors would be an excellent opportunity  
13 just say, "Okay, how do we look at improving the process so that  
14 we don't get in this situation again?" Because it's kind of a  
15 two-edge sword, is if we build the value of the fund up too high  
16 again, the Legislature could have their eye on it. If the cash  
17 flow is too low, we could get into deferrals again. And I think  
18 having that dialogue with our customers, who are the aviation  
19 sponsors, is the best way to approach that. So I think, yeah,  
20 let's call that a mid-term action, and that the long-term action  
21 is how do we improve the process itself.

22 CHAIRMAN LA RUE: Do you have more?

23 MR. KIES: Yeah. Next slide, please.

24 So with the deposit of the flight tax just a few  
25 days ago into the fund, and working closely with FMS on how the

1 cash flow goes, because now I showed in October the fund level  
2 was at about 2 million -- with that cash infusion, it's up over  
3 4 million -- we are going to start payments on the deferrals  
4 next week. And the process that FMS has recommended and we  
5 concur with is the first deferred is the first paid, and we're  
6 just going to start down the list.

7           And based on -- you know, expecting the revenues  
8 in the spring -- because our next spike in revenues is the  
9 spring, when flight tax again gets assessed, and that's when the  
10 other big portion of our revenue, the license tax, you know, on  
11 planes gets collected. We expect that we'll be out of the  
12 deferral -- or we'll have all those deferrals paid off by summer  
13 or fall of 2017. Unfortunately, that's as fast as we think we  
14 can get our way out of the hole.

15           MR. HALIKOWSKI: I just want to throw out another  
16 word of caution. Springtime is budget time for the State.  
17 That's when the Legislature's winding up and getting ready to  
18 close down in late April or early May with the State budget,  
19 just when the revenues start to spike up. So I think we all  
20 want to be cognizant of that, that, you know, we need to somehow  
21 manage that cash so that we're at a level where we don't see a  
22 big sweep out of the fund.

23           MR. KIES: And then the last slide, please.

24           MR. STRATTON: Mr. Chairman.

25           MR. KIES: Oh, I'm sorry. Was there a question?

1 MR. STRATTON: Mr. Chairman, you said first  
2 deferred, first paid. Do you intend to go down the list and pay  
3 them in full, or you're going to pay a percentage of each of  
4 those as you go down the list?

5 MR. KIES: My understanding, and I'll look for  
6 Kristine, is that we would pay in full down the list.

7 MS. WARD: We would pay each one off. The first  
8 one that applied in, the first payment deferred is the first  
9 full payment that we would make out. (Inaudible.)

10 MR. STRATTON: (Inaudible) would be paid in full  
11 (inaudible)?

12 MS. WARD: Yes, sir.

13 MR. STRATTON: Thank you.

14 MR. KIES: So there are some Transportation Board  
15 actions that would -- we would be asking for to support this  
16 plan. First, there are 17 federal matching grants that were  
17 tabled last month at the October board meeting that are on the  
18 agenda this month, and I would ask you to consider approving  
19 those. It furthers the federal program.

20 However, at the December board meeting, we will  
21 be coming to you with as many as 18 grants that need to be  
22 rescinded, and our understanding is that since the Board  
23 approved those grants previously, the proper action is to have  
24 the Board rescind those grants. So I would alert you to look  
25 for that in December.

1                   And then we'll be -- we won't be addressing that  
2 mid-term strategy until we come to you with the next five-year  
3 program, which we'll start those discussions in January.

4                   So with that, Mr. Chair, that's all I had on the  
5 status of the airport fund.

6                   CHAIRMAN LA RUE: Any further questions?

7                   So with this suggested action, the accrual of the  
8 '17, when would those grants then get paid if that -- they're  
9 the last in, right?

10                  MR. KIES: Right. So that's the other aspect of  
11 this Aviation Fund, which, again, there's a lot of moving parts.  
12 When you approve a grant today, that starts a process that can  
13 take multiple years, and so some of those reimbursements may not  
14 come for a couple of years out. So that's where this is all,  
15 you know, sort of planning for the future, and making  
16 assumptions on revenue, assumptions on how much outfall,  
17 assumptions when these grants will actually hit the books. And  
18 you know, sometimes plans don't go as planned, and that's where  
19 we are right now.

20                  CHAIRMAN LA RUE: Okay. Board Member Teller.

21                  MR. TELLER: Thank you, Chair.

22                  What are the criteria for rescinding or  
23 recommending rescinding of the 18 SL grants?

24                  MR. KIES: So Mr. Chair and Board Member Teller,  
25 I don't have the details of them all in front of me, but what I

1 was told is that several of -- and I don't know the number of  
2 those 18 -- are situations where the sponsor is having trouble  
3 coming up with their matching funds to the state grant, because  
4 they have to come up -- I think it was 9 percent of the grant is  
5 matching funds. And they have admitted that it's going to take  
6 some time for them to pull together those funds. And typically,  
7 in the past, we've said, "Well, we'll just let you work that out  
8 and we'll just keep on it the books until you" -- we've decided  
9 that with our situation, it's best to let's say, "Okay, let's  
10 cut bait and rescind those grants that are having a difficult  
11 time raising."

12                   And then some other situations are that the  
13 project that was envisioned when the grant -- as they're  
14 learning more about the project, it's either growing in size or  
15 it needs some time to be redesigned or replanned, and then  
16 again, it seems like a prudent action to say, well, instead of  
17 having this grow to a larger amount, it's good to rescind at  
18 this point and move forward. So those are the two situations,  
19 but I'm not sure that applies to all 18 of those.

20                   MR. TELLER: Right. Okay.

21                   Another follow-up question. It sounds like the  
22 program needs to be revisited, as far as program description,  
23 program guidelines, because it's going to the point where the  
24 State needs to address physically constraints to the sponsors.  
25 That's something that Navajo is -- has been working with Federal

1 Highway when we have that Federal Highway direct agreement. We  
2 had a 40-year improvement plan, and when we signed that  
3 agreement, the feds said, "Navajo, we understand that you have a  
4 lot of projects, but we have to consider federal constraints  
5 to what is -- what you can do in five years and what you can't  
6 do in 20 years." So, I mean, this is -- it sounds like we have  
7 to review the program entirely and see how we need to address  
8 the situation.

9 MR. KIES: Mr. Chair, I appreciate those  
10 comments. I think your suggestion of having a workshop or a  
11 dialogue with the sponsors would be a great -- that would be a  
12 great agenda item to say, you know, how do we improve this  
13 process? How do we look at our guidelines? And then, again,  
14 secondly, our help from FMS will be to have a better view of  
15 that cash flow issue and (inaudible). So yeah. I appreciate  
16 your comments.

17 CHAIRMAN LA RUE: All right. Thank you, Michael.

18 MR. KIES: Great. That's all I had for Agenda  
19 Item No. 6. If there are no other questions or comments, we  
20 could move on to Agenda Item 7.

21 CHAIRMAN LA RUE: Okay.

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

23 On the PPAC items, there are six project  
24 modifications on this month's agenda. If there are no questions  
25 or comments, I would ask the Board to approve Items 7A through

1 7F.

2 CHAIRMAN LA RUE: So those items were  
3 distributed. Does any board member wish to pull an item?

4 Do I have a motion to accept and approve project  
5 modification Item 7A through 7F as presented?

6 MR. CUTHBERTSON: So moved.

7 VICE CHAIR BEAVER: Second.

8 CHAIRMAN LA RUE: We have a motion by Board  
9 Member Cuthbertson, a second by Board Member Beaver. Any  
10 further discussion?

11 Hearing none, all those in favor, signify by  
12 saying aye.

13 BOARD MEMBERS: Aye.

14 CHAIRMAN LA RUE: Any opposed? The ayes have it.  
15 Thank you.

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

17 Item 7G is one new project on the PPAC agenda,  
18 and unless there are any questions or comments, I would ask the  
19 Board to approve Item 7G.

20 CHAIRMAN LA RUE: Do I have a motion to accept  
21 and approve new project Item 7G?

22 VICE CHAIR BEAVER: So moved.

23 CHAIRMAN LA RUE: We have Vice Chair Beaver. Do  
24 I have a second?

25 MR. HAMMOND: Second.

1 CHAIRMAN LA RUE: Second from Board Member  
2 Hammond.

3 All those in favor, signify by saying aye.

4 BOARD MEMBERS: Aye.

5 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

7 Items 7H through 7X are the 17 airport projects  
8 that I mentioned in the previous agenda item that are approval  
9 for matches to federal funds, and if -- unless there are any  
10 questions or comments, I would ask the Board to approve Items 7H  
11 through 7X.

12 CHAIRMAN LA RUE: Any member --

13 VICE CHAIR BEAVER: I make a motion that we  
14 approve Items 7H through 7X as recommended.

15 CHAIRMAN LA RUE: As presented. I already have a  
16 motion.

17 MR. CUTHBERTSON: I second.

18 CHAIRMAN LA RUE: And a second by Board Member  
19 Cuthbertson. Any further discussion or anybody wish to pull an  
20 item?

21 Hearing none, all those in favor, signify by  
22 saying aye.

23 BOARD MEMBERS: Aye.

24 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

1 CHAIRMAN LA RUE: Mr. Hammit, you're up. Item  
2 No. 8.

3 MR. HALIKOWSKI: (Inaudible.)

4 CHAIRMAN LA RUE: (Inaudible.)

5 MR. HAMMIT: There we go.

6 Mr. Chair, on the state engineer's report,  
7 currently we have 114 projects under construction totaling 1.61  
8 -- approximately \$7 billion. In October, we finalized 12  
9 projects totaling 43.9 million, and year to date, we have  
10 finalized 38 projects.

11 Any questions from the state engineer's report?

12 CHAIRMAN LA RUE: Any questions from board  
13 members?

14 Nope. You're on a role.

15 MR. HAMMIT: Thank you for approving the seven  
16 projects in the consent agenda. We have three to talk about.

17 This month, we -- the bids came in, the State's  
18 estimate was approximately \$19.2 million. The low -- the low  
19 bids totaling 17.5, or about 1.7, 1.8 million under our  
20 estimate, or 9.2 percent. And if you look at year to date,  
21 we're averaging about 8 percent under the estimate. We're  
22 seeing good bids. We are tweaking them. You know, perfect for  
23 us is right even, and so we will be adjusting, but we are  
24 cautious as well.

25 The first project that needs justification is a

1 local project. It is in the area of Pine and Strawberry in Gila  
2 County. This project is to put in eight pedestrian rest  
3 shelters. The low bid came in at \$126,605.05. The State's  
4 estimate was \$197,622. The bid came in \$71,016.95 under the  
5 estimate, or 35.9 percent. As we looked at it, we got better-  
6 than-expected pricing for the pedestrian shelters and trash  
7 receptacles. We have reviewed the bids, believe they are  
8 responsive and responsible, and would recommend award to AJP  
9 Electric, Inc.

10 CHAIRMAN LA RUE: Excellent. Do I have -- the  
11 Board would entertain a motion to accept and approve staff's  
12 recommendation to award the contract for Item 9A to AJP  
13 Electric, Inc.

14 And I have a motion by Board Member Stratton.

15 VICE CHAIR BEAVER: Second.

16 CHAIRMAN LA RUE: Second by the Vice Chair. Any  
17 further discussion?

18 All those in favor, signify by saying aye.

19 BOARD MEMBERS: Aye.

20 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

22 Item 9B is a local project in Pinal County. It's  
23 basically paving two dirt roads. The low bid was 1,165,777.18.  
24 The State's estimate was \$1,431,273. It was under the State's  
25 estimate by \$265,495.82, or 18.5 percent. We saw the biggest

1 difference in the borrow -- the earthwork that we had to bring  
2 in and the aggregate base. The contractor found a supplier  
3 right next to the project and had very good mobilization. We  
4 reviewed these, and the department believes the bid is  
5 reasonable and responsive, and would recommend award to Buesing  
6 Corp.

7 CHAIRMAN LA RUE: The Board would entertain a  
8 motion to accept and approve staff's recommendation to award the  
9 contract for Item 9B to Buesing Corporation.

10 I have a motion by Board Member Stratton.

11 MR. CUTHBERTSON: Second.

12 CHAIRMAN LA RUE: Second by Board Member  
13 Cuthbertson. Any further discussion?

14 Hearing none, all those in favor, signify by  
15 saying aye.

16 BOARD MEMBERS: Aye.

17 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

19 Item No. 9C is on US-60. This is a bridge  
20 preservation repair project. The low bid was \$156,156. The  
21 State's estimate was \$322,386. It came in under \$166,230, or  
22 51.6 percent. The changes, we got better-than-expected pricing,  
23 and the time to install the bridge bearing pads and then the  
24 hangars and the pins. These are what connects it to the  
25 girders. We have reviewed the bids, and after that review, we

1 believe it is a reasonable and responsive bid, and would  
2 recommend award to J. Banicki Construction, Inc.

3 MR. SELLERS: Move for approval.

4 CHAIRMAN LA RUE: The Chair has got a motion from  
5 Board Member Sellers to accept and approve staff's  
6 recommendation to award the contract for Item 9C to Banicki  
7 Construction, Inc. Do I have a second?

8 VICE CHAIR BEAVER: Second.

9 CHAIRMAN LA RUE: A second from the Vice Chair.  
10 Any further discussion?

11 All those in favor, signify by saying aye.

12 BOARD MEMBERS: Aye.

13 CHAIRMAN LA RUE: Any opposed? The ayes have it.

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

15 CHAIRMAN LA RUE: Thank you.

16 Last agenda item, there's board member  
17 suggestions for future topics. Do we have any? I've heard of a  
18 couple, so I know we've got some.

19 VICE CHAIR BEAVER: Yes. Chairman La Rue.

20 CHAIRMAN LA RUE: Yes. Vice Chair.

21 VICE CHAIR BEAVER: I would like to ask that --  
22 I'm of the understanding that we've just had the third  
23 (inaudible) meeting for the draft to the master plan for the  
24 Grand Canyon Airport, which was on 10/27, and this master plan  
25 was last completed in 2006. But I'd ask if the staff could

1 bring it back before the Board, just an update of what's going  
2 on up there.

3 CHAIRMAN LA RUE: Okay. Perfect. Any other  
4 suggested items for follow-up?

5 MR. ROEHRICH: Just a reminder, Mr. La Rue and  
6 all board members. The next meeting is Friday, December 16th.  
7 With the exception of the possibly telephonic being before  
8 December 5th to address the Davis Road project as the state  
9 engineer and his staff work with the locals to resolve that.

10 That meeting will be down in Surprise, and  
11 additional information about the festivity and all the other  
12 Board actions at that time will come out, and Mary will be  
13 working to get that coordinated.

14 (End of excerpt.)

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**Adjournment**

***A motion to adjourn the November 18, 2016 Board meeting was made by Steve Stratton and seconded by William Cuthbertson. In a voice vote, the motion carries.***

**Meeting adjourned at 11:14 a.m. MST.**



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Joseph E. La Rue, Chairman  
State Transportation Board



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John S. Halikowski, Director  
Arizona Department of Transportation