

STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, January 18, 2019
Mohave County Administration Building Auditorium
700 E. Beale Street
Kingman, AZ 86401

Call to Order

Chairman Sellers called the State Transportation Board meeting to order at 9:00 a.m.

Pledge

The Pledge of Allegiance was led by Board Member Knight.

Roll Call by Executive Officer, Floyd Roehrich, Jr.

A quorum of the State Transportation Board was present. **In attendance:** Chairman Jack Sellers, Vice Chair Mike Hammond, Board Member Stratton, Board Member Elters and Board Member Knight. Board Member Thompson tried to participate by telephone conference but was unable, due to technical difficulties. There were approximately 50 members of the public in the audience.

Opening Remarks

Chairman Sellers thanked the Mayor of Kingman and City Manager for an outstanding and informative tour and reception on Thursday. He added he was very impressed with the leadership and vision of the area. Vice Chair Hammond noted that the tour was a great overview of the projects and thanked the city for their hospitality.

Title VI of the Civil Rights Act

Floyd Roehrich, Jr., reminded all attendees to fill out the optional survey cards to assist our Civil Rights Department.

Call to the Audience

An opportunity was provided to members of the public to address the State Transportation Board. Members of the public were requested not to exceed a three minute time period for their comments.

ARIZONA STATE TRANSPORTATION BOARD
STATE TRANSPORTATION BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Mohave County Administration Building
700 West Beale Street
Kingman, Arizona 86401

January 18, 2019

PREPARED FOR:
ADOT - STATE TRANSPORTATION BOARD

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CALL TO THE AUDIENCE

SPEAKER:	PAGE:
Jean Bishop.....	5
David Lane.....	6
Kee Allen Begay, Junior.....	9
Travis Lingenfelter.....	11
Brady Harris.....	12
LeAnne Roy.....	12
Cathy Rosengrant.....	14
Kara Harris.....	14
Barbara Pape.....	16
Charlie Odegaard.....	17
Bill Lenhart.....	19
Eva Corbett.....	19
Vincent Gallegos.....	20
Jen Miles.....	22
Steven Robinson.....	24
Keith Kintner.....	26
Tom Carter.....	27
Regina Cobb.....	81

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2
3
4
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6
7
8
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11
12
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14
15
16
17
18
19
20
21
22
23
24
25

AGENDA ITEMS

Item 1 - Director's Report, John Halikowski, ADOT
Director..... 28

Item 2 - District Engineer's Report, Alvin Stump, Northwest
District Engineer..... 33

Item 3 - Consent Agenda..... 36

Item 4 - Adoption of Authorizing Resolution Grant
Anticipation Notes 2019A, Kristine Ward..... 37

Item 5 - Financial Report, Kristine Ward..... 40

Item 6 - Multimodal Planning Division Report, Clemenc
Ligocki..... 44

Item 7 - Priority Planning Advisory Committee (PPAC),
Clemenc Ligocki..... 47

Item 8 - State Engineer's Report, Dallas Hammit..... 50

Item 9 - Construction Projects, Dallas Hammit..... 56

Item 10 - I-15 Update, Floyd Roehrich, Junior and Gail
Lewis..... 62

Item 12 - Suggestions..... 82

1 (Beginning of excerpt.)

2 CHAIRMAN SELLERS: Okay. Moving to the call to
3 the audience. This is an opportunity for members of the public
4 to discuss items of interest with the Board. If you haven't
5 already, please fill out a request for public input form and
6 give it to Mr. Roehrich if you wish to address the Board. In
7 the interest of time, we will impose a three minute time limit.

8 So we will start with Jean Bishop, County
9 Supervisor.

10 MS. BISHOP: Thank you, Mr. Chairman and board
11 members. I'm pleased to be here speaking to you this morning.
12 I'm Mohave County supervisor Jean Bishop, and I wanted take a
13 moment to just thank you for choosing Kingman to be your first
14 meeting of 2019. I'd like to encourage you to keep Kingman on
15 the top of your list when you make your project funding
16 recommendations for this year.

17 You know, the I-11, Rancho Santa Fe traffic
18 interchange project deserves your support and funding on the
19 ADOT five-year plan for several reasons. As a county
20 supervisor, I'm always supportive of promoting economic
21 development in our county, and this project will provide access
22 to over 4,000 acres of raw land and has the potential to become
23 the greatest jobs producing catalyst for the County in the next
24 decade. The sales tax revenue for the County and the State from
25 this construction enabled by this project will be measured in

1 tens of millions, not to mention the state income tax and all
2 these new jobs.

3 And additional benefit will be to improve the
4 safety of travel on old Route 66, which will see less truck
5 traffic due to improved access to the airport industrial park.
6 This reduced heavy traffic will also have a benefit --
7 beneficial impact on ADOT's road maintenance costs for the old
8 Route 66 and Andy Devine traffic interchange. With all of these
9 benefits, we hope that you will find a way to include the Rancho
10 Santa Fe traffic interchange in your funding program.

11 And then since I have a little time left, I also
12 wanted to give a plug in for the Highway 93/Pierce Ferry
13 interchange intersection and plead that the Board will consider
14 maybe placing that on the five-year plan for a flyover
15 interchange that our director, Steve Latoski of Public Works,
16 has recommended that might alleviate some of the numerous
17 traffic accidents on that intersection.

18 I appreciate your time, and please enjoy the rest
19 of your visit with Kingman. Thank you.

20 CHAIRMAN SELLERS: Thank you.

21 Next up, David Lane, the Vice Mayor of Lake
22 Havasu City. And on deck will be Kee Allen Begay, Junior.

23 MR. LANE: Good morning, Mr. Chairman, board
24 members. My name is David Lane. I am the vice mayor of Lake
25 Havasu City and a board member of the Metropolitan Planning

1 Organization. It was a pleasure to meet with you during the
2 Rural Transportation Summit in October in Lake Havasu City, and
3 it's great to see you here again in Mohave County. It's always
4 nice when our state boards make the trip to our part of the
5 state. We hope you enjoy your time here.

6 I'd like to start off by telling you how much we
7 appreciate our local -- I'm sorry -- Arizona Department of
8 Transportation members and the job they're doing on behalf of
9 our citizens. Most notable and the project that has garnered
10 the most positive attention is the rock beautification on State
11 Route 95 between Palo Verde North and Industrial Boulevard in
12 Lake Havasu City. The weights that were removed and the gravel
13 placed adjacent to roadway has lessened the amount of debris and
14 litter which accumulates in that area. It shows what can be
15 accomplished when state and local agencies work together to
16 complete a project.

17 As you may recall, I spoke to you three months
18 ago when you were in Lake Havasu City. At that time I discussed
19 the two phase safety project on State Route 95 in the vicinity
20 of Kiowa Boulevard. The initial project called for safety
21 improvements at the intersection, which included new signals,
22 widening the roadway, and new median and turning lane.

23 The project was scheduled to start in September
24 and be concluded by now. That project has yet to begin. From
25 what we've been told, there was a problem in the bid process in

1 which someone from ADOT failed to put in the language who refers
2 to disadvantage business enterprise, or DBE, when putting the
3 project out for bid. I believe that language is required by
4 statute in any bid package of this type of project. So someone
5 dropped the ball, and we've yet to see any movement on this
6 project.

7 The second phase of the project is an additional
8 signal light north of the location, which will allow vehicle
9 traffic to safely turn into and out of the commercial shopping
10 center located on the northwest side of the roadway. The Lake
11 Havasu MPO has identified funding we can use for this part of
12 the project. However, this is on a state route and should be
13 paid for with state funds, not the funds we used for city
14 projects.

15 You've heard me say this before. If it's
16 predictable, it's preventable. When you all are driving around
17 the state, you guys are professionals. You notice whenever
18 there's something that doesn't look right. I have 30 years of
19 experience in traffic safety, and I predict a serious or fatal
20 traffic collision occurring here. Since I last spoke with you
21 three months ago, there have been five collisions here. A
22 motorcyclist was hit. There's been two other injury collisions,
23 and there's been a hit and run.

24 In addition, another commercial building is being
25 constructed in that area, and this is just added to the traffic.

1 So let's work together on the project, use some of the funds
2 we've identified through the MPO. If you can identify half of
3 the funds, that would be great. Let's share it. We'll do it --
4 work together, and we could prevent somebody from losing their
5 life.

6 Thank you again for coming here, and we look
7 forward to working as teammates in the future. Thank you.

8 (Inaudible.)

9 MR. ROEHRICH: Mr. Chair. Mr. Chair, if I could,
10 just a quick update. It looks as if we're having phone
11 difficulties with connecting Mr. Thompson, and I don't believe
12 he'll be able to join the meeting.

13 CHAIRMAN SELLERS: Okay. Thank you.

14 Okay. Next is Kee Allen Begay, Junior, Navajo
15 Nation Council, and on deck is Travis Lingenfelter, Vice Mayor
16 of Kingman.

17 MR. BEGAY: Good morning, community members,
18 board members. I appreciate the opportunity to provide
19 additional and updated information. My name is Kee Alan Begay,
20 Junior, with the Navajo Nation, a tribal member, a council
21 member.

22 I've been going before the Board numerous times.
23 This is my second time coming over to Kingman. Last month I was
24 over at Morenci as well. I've been all over following and
25 expressing my -- the issue and concern about the right of way

1 between Many Farms and Chinle, Arizona on Highway 191.

2 As of yesterday, the local community chapter
3 officials, they had a meeting with the district manager and
4 other staff from the Arizona Department of Transportation, and
5 it seems that no progress, nothing has been done, and the last
6 that we were told by the community was that none of these --
7 progress is probably at the back burner, that nothing may not
8 even happen in the near future. And I don't know what that
9 means, but I know the Board the administration had gone to the
10 community numerous times, and the -- the Navajo Nation had
11 submitted several position statements, and I made a visit to the
12 Arizona Department of Transportation administration.

13 I provided as much information as we could to the
14 administration, but as of yesterday, I don't know how else I can
15 express my disappointment and how I can further request if the
16 administration and even a board member could come back to the
17 Navajo Nation to resolve this particular issue, and with the
18 inclement weather as such, the majority, about 90 percent of the
19 reservation is unpaved, and so you can just imagine how the
20 access to each of these right of way is nothing but dirt and
21 muddy area.

22 So I request for the board members to seriously
23 consider and directly verbally ask if this particular issue is
24 addressed again, and if we could have a follow-up with the
25 administration, could be with the district manager. As of

1 yesterday, as I indicated, that they're new. I don't know how
2 much time they had been in the position as a district manager.
3 So it is troubling for us as -- we're on the northeastern part
4 of the state of Arizona.

5 So I appreciate the time and hope that I could
6 get a response, and hopefully that we -- I could -- that the
7 Navajo Nation would work appropriately with the administration,
8 Arizona Department of Transportation. I appreciate the time.
9 Thank you.

10 CHAIRMAN SELLERS: Thank you.

11 Okay. Vice mayor, I think I messed up your last
12 name.

13 MR. LINGENFELTER: You're not the first one.

14 Good morning, Mr. Chairman, board members, staff.
15 Thank you for being here in Kingman this morning as you start
16 out your year. Hope you enjoyed the tour yesterday. I'm here
17 obviously in support of a partnership between ADOT and the City
18 of Kingman for the I-11/east Kingman project.

19 Kingman is a regional hub in the making, and as
20 you probably certainly saw on the tour yesterday, we have a lot
21 of opportunity here. A partnership with ADOT on this project is
22 going to lead to increased mobility, increased safety on
23 interstate -- or excuse me -- the Route 66 and Andy Devine.
24 Currently, we have over 5,000 trips out of our industrial park a
25 day. Half of those are commercial traffic. So we're looking to

1 increase safety, increase mobility, and the economic and fiscal
2 impacts both for Kingman, for the region and for the state of
3 Arizona, in northwest Arizona, are substantial over a 30-year
4 period.

5 So hopefully you'll keep us in mind as you
6 prioritize funding. Thank you again, and hope you have a good
7 day.

8 CHAIRMAN SELLERS: Thank you.

9 Next up, Brady Harris, Vice Mayor of Tusayan, and
10 on deck we have LeAnne Roy.

11 MR. HARRIS: Good morning, Mr. Chairman. I'm
12 here on behalf of the Town of Tusayan as the vice mayor, and
13 just to show appreciation for the staff and for the council and
14 for particularly Director Halikowski and that his staff and the
15 response to our inquiries. We just appreciate the response,
16 them coming out and reaching out to us in multiple meetings, and
17 we look forward to working with them in the future so that we
18 can develop this highway to the Grand Canyon, and the response
19 has been tremendous and we appreciate it. Thank you.

20 CHAIRMAN SELLERS: Thank you.

21 LeAnne Roy, and on deck is Cathy Rosengrant.

22 MS. ROY: Good morning. Thank you Board and
23 board members. Thank you for the opportunity to speak before
24 you. My name is LeAnne Roy, GIS Supervisor from the Planning
25 Department of Navajo Division of Transportation, Navajo DOT.

1 Navajo DOT understands that Arizona Department of
2 Transportation is the governing agency over all transportation
3 infrastructures in Arizona. Navajo DOT would like to encourage
4 and the emphasize the continuation and partnership and
5 collaboration with the Navajo Nation and Navajo DOT with the
6 Arizona Tribal Transportation Program, the 5311 rule public
7 transportation program, and their traffic safety sections.

8 Again, Navajo DOT would like to continue
9 collaboration with ADOT regarding all issues pertaining to the
10 state highway system and those that impact tribal and BIA roads.
11 This will also include the Multimodal Planning Division that's
12 responsible for data and analysis, studies and programs,
13 transportation programs, transit programs, grants, airport
14 developments and statewide research.

15 So with Navajo DOT's/Navajo Nation long range
16 transportation plan, LRTP, Navajo DOT would like to re-emphasize
17 that our LRTP is multi-year planning process to research, draft
18 and develop a path forward for multimodal transportation
19 investments into the Navajo Nation.

20 The LRTP helps us to identify short and
21 long-range transportation plans, improvements, strategies, and
22 address the current and future transportation needs, including
23 -- according to tribal, federal and state government -- state
24 government policies.

25 We would also like to include our support with

1 Mr. Kee Allen Begay's follow-up for State Route 191 on the
2 current status of their concerns between Many Farms and Chinle.

3 So thank you again for this opportunity.

4 CHAIRMAN SELLERS: Thank you.

5 Okay. Cathy Rosengrant, Citizen of Flagstaff. I
6 mean of -- pardon me -- of Kingman. I'll get it right here in a
7 minute.

8 MS. ROSENGRANT: Okay. That's good.

9 CHAIRMAN SELLERS: So many notes in front of me.

10 MS. ROSENGRANT: Well, good morning, Chairman and
11 board members. I'm here speaking on behalf of the 93/I-40 tier
12 one interchange. Excuse me. I live on the property that's
13 directly affected by that. I know that you have it on your
14 plan. I just want to see that it stays a priority as far as
15 funding goes.

16 On Sunday afternoons, you can see traffic backed
17 up all the way to 68, and the -- off of Coyote Pass to the
18 inspection station. It's very frustrating. You have traffic
19 cutting over on roads that are less than built to handle that
20 kind of traffic. So again, I'd like to see you keep it as a
21 priority when it comes to funding. Thank you.

22 CHAIRMAN SELLERS: Thank you. Next, Kara Harris.

23 MS. HARRIS: I'm back. Hi, guys.

24 I want you to know first of all nobody pays for
25 my gas. Nobody pays for my transportation. I don't work for an

1 engineering firm. I don't work for a road company. I'm just an
2 old lady who rides a bike.

3 Next month you will be at our end of the world.
4 You're planning on coming to Douglas for your meeting. And
5 first of all, I dressed up to invite you as an ambassador, to
6 please get off at the Sonoita exit, drive down to 82, and then
7 connect to 90. I would like you to see from just my end of the
8 world what we have to deal with.

9 We have to deal with increased traffic since
10 NAFTA of 18-wheel vehicles that are coming from Nogales and
11 coming over to Highway 90. In fact, on Wednesday night, when I
12 came home -- it was around 8:30 at night. I'm not usually out
13 at night -- I noticed 18-wheelers. There was four of them on
14 Highway 82. My DPS officers -- who I have a relationship with,
15 not because they stop me, but I take them pie -- have told me
16 that the damage to the road is done by the increased 18-wheel
17 traffic, not to mention all the guardrails that have been taken
18 out and all the people that have been killed on that road. We
19 had a motorcyclist who lost his leg when a man hit him and ran.
20 We've had a motorcyclist killed out there, because it's a -- I
21 guess you'd say the scenic route to get to Sierra Vista.

22 So whether you're going to go to Douglas that way
23 or you come back that way, please take at least one way and take
24 90 to 82 to Sonoita or vice versa, and see what the traffic is
25 on that road and how it has increased exponentially since the

1 NAFTA and whatever it's called now has changed industry from
2 Mexico.

3 And I will see you in Douglas, because that's an
4 hour drive for me. This is a three-hour drive. It's a
5 600-mile-plus round trip for me and my car. And I'm thankful my
6 friends live off that road, Round Valley Road, as you get on
7 I-40. And the lady was talking about that, and they're right.
8 It's kind of crazy. You come up there, and people are on your
9 tail. And I've appreciated the widening of 93, because I've
10 been traveling that road to visit them for over 10 years and so
11 I'm appreciative of everywhere it's four lanes and hope you
12 continue this I-11 corridor. I just hope you get a paver that
13 paves it better. Because if you came up 93, I noticed an awful
14 lot of patches that are no good.

15 Thank you and see you next month in Douglas.

16 CHAIRMAN SELLERS: Thank you.

17 Next we have Barbara Pape. I'm not sure I
18 pronounced that right.

19 MS. PAPE: Perfect.

20 CHAIRMAN SELLERS: Okay.

21 MS. PAPE: Good morning, members, board members.

22 I'm here to ask you not to approve the roundabout
23 at Aztec Road and Highway 95. I'm one of those persons who've
24 been -- who has given you over 300 petition signatures from our
25 community against the -- this plan, a community questionnaire

1 with ADOT's choices, plan A and B. Also given this board --
2 evide to an ADOT study finding stating that Aztec Road and
3 Highway 95 intersection has a sight direction problem.

4 I am here asking this board not to implement this
5 roundabout. Highway 95 is a thoroughfare and not a connector, a
6 connector street connecting with another street. Which I have
7 seen roundabouts in California. As you know, our Mohave County
8 is a tourist county with RVs, boats, trailers, towed,
9 agriculture, mining vehicles and 18-wheelers in this regional
10 area. A roundabout design is to slow down and keep a flow of
11 traffic to a limit of 35 miles an hour. You can't get this --
12 you can't get this in -- this engineer design to work with our
13 people who don't even stop for red lights. So how about please
14 give our community plan B, the fully upgraded intersection,
15 signal with medians, that will be suitable for our community
16 wants and needs. Thank you.

17 CHAIRMAN SELLERS: Thank you.

18 Next up, Charlie Odegaard, Flagstaff council
19 member.

20 MR. ODEGAARD: Good morning and happy new year,
21 and I bring greetings from the City of Flagstaff mayor and my
22 fellow colleagues on the city council.

23 I just want to bring you some good news that's
24 happening in the City of Flagstaff. We just hired a new
25 executive director in the name of Jeff Meilbeck. You might have

1 heard that name. He was our NAIPTA director there at the City
2 of Flagstaff for nearly 20 years. With the hiring of Jeff
3 Meilbeck as our new executive director on the FMPO, I look for
4 that FMPO to be a robust organization.

5 I was just chosen by my colleagues to serve on
6 that FMPO board, and so I'm looking forward to that. New
7 opportunities in the new year.

8 I just also wanted to tell you that we just
9 approved in our second reading this past Tuesday an IGA with
10 ADOT concerning McConnell Drive and the bridge leading into
11 Flagstaff off of I-17, and so I'm real excited about that
12 opportunity. One is helping with traffic into Flagstaff, and
13 also, the pedestrian traffic that we see on McConnell, leading
14 onto the on ramp and off ramps of I-17, and so I'm looking
15 forward to alleviating some of the issues that we see there.

16 And then the third thing is the City of Flagstaff
17 is working with Audra Merrick of -- partnership opportunities
18 for the next coming year, and maybe the two, three years' plans,
19 of what we can do with the City of Flagstaff dollars that we're
20 going to be bringing to the table. As I mentioned before, we
21 met with you last time. The City of Flagstaff voters approved
22 \$200 million of new dollars for the next decades of
23 infrastructure projects concerning transportation, and so I'm
24 excited that the City of Flagstaff can bring dollars to the
25 table to partnership with ADOT on future projects. I'm looking

1 forward to those.

2 So enjoy your week. Thank you very much.

3 CHAIRMAN SELLERS: Thank you.

4 Next up, Bill Lenhart.

5 MR. LENHART: Good morning, Board. I don't want
6 to fatigue -- I'm Bill Lenhart, Sunbelt Development. I'm not
7 going to fatigue you with the conversations that we've had over
8 the last several days or months regarding Rancho Santa Fe
9 Parkway, but I do want to express our thanks for you investing
10 this extra time to spend in our market, touring the community,
11 meeting with our stakeholders, and we look forward to your
12 support. Thank you.

13 CHAIRMAN SELLERS: Thank you.

14 Eva Corbett.

15 MS. CORBETT: Good morning and happy new year,
16 I've Eva Corbett. I live in Bullhead City, Arizona.

17 As you know, we're a very rural community, but we
18 have a lot of visitors that come to visit the Colorado River.
19 We are on the border of Nevada and California. So we have
20 drivers from all over, different ages, young, old and middle
21 aged. A few middle-aged people to come to our area.

22 Anyway, the reason I'm here is to read your words
23 from a report on December 7th. It says: I'm not a big fan of
24 roundabouts -- it's page 33 -- but the problem that I've been
25 hearing is there are a lot of drivers out there that just don't

1 like them. Primarily because they don't understand them. And I
2 think ADOT could usually do a really good job of taking a look
3 at some of the roundabouts that have been constructed and giving
4 the numbers and doing the studies, and the analysis of what sort
5 of accident rates are out there. I'm talking about accidents.

6 Sorry about that. One second.

7 As you know, roundabouts do slow down traffic,
8 but our drivers don't know how to drive. So they don't know how
9 to manage a roundabout. If you're toting a trailer that's 30
10 feet long, getting through a roundabout, and you have an
11 18-wheeler right beside you, you're going to panic and just
12 stop. And therefore, it's going to cause an accident and tie up
13 traffic for miles and miles and miles, and we don't have a way
14 around it where we live. So please consider not putting
15 roundabouts on Highway 95 in Mohave County. Please, we ask you.
16 Me, as a senior citizen, and most of our community are senior
17 citizens.

18 Thank you so much. And again, I appreciate you
19 giving me this time.

20 CHAIRMAN SELLERS: Thank you.

21 MS. CORBETT: Uh-huh.

22 CHAIRMAN SELLERS: Next up, Vincent Gallegos,
23 Lake Havasu MPO Director.

24 MR. GALLEGOS: Good morning, Mr. Chairman,
25 members of the Board. Thank you for the opportunity to speak.

1 I would like to especially acknowledge the
2 continued work with local ADOT staff. Really appreciate just
3 the continuous efforts locally through our district engineer,
4 Alvin Stump and his staff, really continue to take on some
5 issues that arise immediately, and we appreciate that.

6 I want to follow up on some of the comments that
7 Vice Mayor David Lane from Lake Havasu City, who also sits on
8 the MPO board, expressed, and I think we've had some incredible
9 partnerships with some landscaping along SR-95 and through Lake
10 Havasu City, through the region.

11 What I would like to add to Vice Mayor Lane's
12 request for some -- for greater attention on SR-95 is -- excuse
13 me -- there was a corridor study that was performed by ADOT a
14 little over a year ago, and it covered about 169 miles that ran
15 all of SR-95, from the I-40 all the way down to the I-8 in Yuma.
16 And of that 169 study, 169-mile study, it was the three-mile
17 segment that was identified number one in Lake Havasu City for
18 safety improvements. And that's what Vice Mayor Lane was
19 highlighting was you'll be, on your agenda, I saw, approving
20 hopefully a contract for improvements at SR-95 and Kiowa, and we
21 appreciate all the work that, again, Alvin has helped us with
22 that to get it to this point. We're sorry some of the more
23 recent mistakes that have happened. However, moving forward, we
24 would like to continue that partnership and be able to do safety
25 improvements in this three-mile section.

1 We understand the needs are great. We understand
2 the resources are small. So we're realistic. You know, we are
3 doing the best we can to be partners, and we're looking at this
4 point of being able to partner with ADOT to add a traffic signal
5 in this three-mile segment. So the MPO would like to work with
6 ADOT to -- on these safety improvements.

7 In that study, the safety improvements were
8 estimated around \$60 million. So we realize, again, the
9 resources just aren't out there. But we will like -- we would
10 like to take really a bite out of the elephant at a time. So
11 that's why we're going to start with this traffic signal, and we
12 would ask for any help that you're able to do in that
13 partnership. Thank you very much.

14 CHAIRMAN SELLERS: Thank you, Vincent.

15 Next up, Kingman mayor, Jen Miles.

16 MS. MILES: Good morning, Chairman Sellers,
17 members of the Board and staff. Thank you so much for being
18 here today and definitely for taking the time yesterday to tour
19 our city and visit the interchange sites for west Kingman,
20 Kingman Crossing and Rancho Santa Fe. Also, thank you for
21 taking the time to meet some of our industrial leaders who are
22 among the many who would like to expand or locate their
23 businesses here.

24 The Kingman Airport and Industrial Park
25 represents the largest concentration of industries outside of

1 Maricopa, and the thousands of jobs created there forge a
2 backbone of our economy. Our good fortune is that there is
3 increasing demand for industrial growth here because of our
4 strategic assets that support development as a regional
5 transportation and logistics hub. We are at the crossroads of
6 major highways, including the I-11 corridor, existing rail and
7 air, support transloading capability, and we have plentiful land
8 that is available for industrial development.

9 But as you heard yesterday and before, the
10 limiting factor for our industrial development is the need for a
11 second road in and out of the airport and industrial park, the
12 Rancho Santa Fe interchange and parkway. This direct link
13 between I-40 and the industrial park will open up over 2,400
14 acres for development immediately, and which we can provide an
15 inventory of shovel-ready industrial sites and modern spec shell
16 buildings for our targeted sector industries. The projections
17 for job and revenue growth are striking with economic benefit to
18 the entire state.

19 Importantly, Rancho Santa Fe Parkway will provide
20 a second ingress and egress for the truck and vehicles going in
21 and out of the park. We have over 5,000 trips per day in and
22 out of the park now, and all of these vehicles are entering and
23 exiting through one road, off of Andy Devine, or Route 66, our
24 major tourism route. That safety hazard has been represented in
25 accident statistics that exceed state averages, including

1 turnover of trucks exiting the park. So getting an alternative
2 road will reduce the hazards associated with the accidents and
3 then decrease maintenance costs on Andy Devine associated with
4 heavy truck traffic.

5 So as you're aware, the City of Kingman and our
6 partners are asking you to join us in building this critically
7 needed infrastructure of Rancho Santa Fe interchange and
8 parkway. We ask that the Transportation Board put the Rancho
9 Santa Fe project back on the five-year plan and for you to
10 become a fiscal partner with a contribution of \$20 million there
11 toward the interchange. Together with matching funds and
12 contributions that our partners provide, we can build the
13 interchange and parkway and advance a vibrant northwest Arizona
14 transportation and logistics hub that will benefit the entire
15 state.

16 Thank you very much. Have a beautiful time the
17 rest of the day in Kingman.

18 CHAIRMAN SELLERS: Thank you, Mayor.

19 Next up, Steven Robinson. On deck is Keith
20 Kintner.

21 MR. ROBINSON: Good morning, Board.

22 I've driven numerous times throughout Maricopa
23 County, and I'm constantly impressed by the quality of the
24 highways and roads, especially the beautiful concrete murals
25 along the highways, you know, along Loops 101, 202 and 303. And

1 I've been on the roads and highways throughout rural Arizona,
2 but the qualities of these roads are not so impressive, to say
3 the least. In fact, many of them -- too many of them are in
4 poor to terrible condition.

5 But while many, many Maricopa citizens drive down
6 throughout the rural parts of the county or state enjoying the
7 beauty on our roads, very few people from the rural parts make
8 it into Maricopa County and appreciate those roads. The issue
9 is that the funding formula for distributions of HURF funds is
10 based upon population, not on the areas of the counties. So
11 while Maricopa grows in more population and more funds are
12 directed there, it's done to the detriment of the rural Arizona
13 counties, including Mohave. In fact, I can only imagine that
14 the future loops 404, 505 or 606 may become double decker or
15 other even tripper decker freeways, because there's just not as
16 much land as you would like to think in Maricopa County.

17 My recommendation and suggestion -- and it has to
18 go through the Legislature -- is that you consider some kind of
19 a split formula where part of it is based upon population, but
20 another part would be based upon the -- either the areas of the
21 counties or the number of -- the miles of roads in those
22 counties so that more money can be equitably distributed to the
23 rural areas, because you can only have so much growth in
24 Maricopa County before you're like New York City, Philadelphia,
25 or L.A.

1 So I hope you will consider looking at this issue
2 because like everybody else has said, we need more funding out
3 here in the rural parts, especially here. In the 2000 Census,
4 they did a projection of where Mohave County would be in the
5 year 2050, which is only about 32 years away now. They
6 projected at that time that there would be a 1.2 million
7 population. Well, with the I-11 corridor and the I-40, that
8 makes that a distinct possibility. So we need to be forward
9 looking on it and figure out a way how to be in advance of that
10 growth so that we can be ready and also meet the needs of the
11 citizens of all Arizona and our neighbors that come and visit
12 this state so that we can have quality roads, both county, city
13 and the highways.

14 Thank you very much.

15 CHAIRMAN SELLERS: Thank you.

16 Keith Kintner, and on deck is Tom Carter.

17 MR. KINTNER: Welcome to Kingman, Chairman and
18 members of the Board. Glad to see you guys back here again.

19 As some previous speakers have talked about, our
20 mayor and what Steve just said, I'll add to that. I've been a
21 resident here of Kingman just for about two and a half years,
22 but enjoy living here. I want to see the -- some of the
23 congestion relieved with the I-11, I-40 interchange project.
24 That's -- needs to be done as soon as possible. If you could
25 move that up on the calendar, and the other two projects dealing

1 with our industrial park, that access needs to be improved
2 desperately. It will help the growth of -- and development of
3 the city, county, and also be good for the state of Arizona if
4 we can do that.

5 So thank you very much.

6 CHAIRMAN SELLERS: Thank you.

7 Tom Carter.

8 MR. CARTER: I'm Tom Carter, a 25-year resident
9 of Kingman, and I want to thank you folks for coming to listen
10 to us today and to visit our area, and welcome to Route 66.

11 Kingman has enjoyed an average growth of about
12 two and a half percent a year since I have been in this area,
13 and if you extrapolate that, that's quite a bit of growth since
14 I was first here. And we were very excited for quite some time
15 about what was known as Rattlesnake Wash, which was on the five
16 year ADOT plan. Unfortunately, at the time that it would come
17 to fruition, we were unable to fund it, as I understand.

18 Now we have a new opportunity. It's a new time.
19 The economy is better. The outlook is still pretty strong, and
20 we have a developer who is ready, willing and able and is
21 investing and making Rancho Santa Fe happen to help his land and
22 to help the airport industrial park and airport to be able to
23 grow, and I think the opportunity is now, folks. I hope you
24 will seriously consider looking at funding this interchange and
25 making Kingman grow and enrich the state at the same time.

1 Thank you.

2 CHAIRMAN SELLERS: Thank you.

3 That's all the cards I had. Anything else,
4 Mr. Roehrich?

5 MR. ROEHRICH: Mr. Chair, I do not have any other
6 cards either. So I would say we can end call to the audience
7 and move on.

8 CHAIRMAN SELLERS: Thank you.

9 We'll now move to Item No. 1, the director's
10 report, for information and discussion only.

11 DIRECTOR HALIKOWSKI: Thank you. Thank you,
12 Mr. Chairman.

13 I have to apologize for being late to the dias as
14 you started the meeting, but I was involved in an intense
15 conversation with Mr. Husted who had many important things to
16 convey. So my apologies, sir.

17 Mr. Chairman, I want to go ahead combine, if I
18 could, my report with the legislative report, and if you're okay
19 with that, we can knock both of them out at once.

20 CHAIRMAN SELLERS: Very good. Thank you.

21 DIRECTOR HALIKOWSKI: That seems to be mostly
22 what's happening right now.

23 I just want to make everyone aware the Governor's
24 errs budget will be released tomorrow, and that will be released
25 for legislative consideration. So we're looking forward to

1 seeing if there was will be some things in there to enhance
2 transportation.

3 As you know, there has been a \$32 public safety
4 fee established, which I was ordered to calculate by the
5 Legislature and establish that fee. That fee was established
6 due to the long history of complaints about sweeping HURF money
7 out for the Department of Public Safety. So the \$32 fee, based
8 on our calculations of 5.8 million vehicles that are eligible to
9 pay the fee, will generate -- with the 10 percent increase that
10 was put into the bill -- \$185 million for the Highway Patrol
11 budget. This will free up some money, we believe, for road
12 projects in the future, and hopefully this will put an end to
13 any HURF highway fund sweeps to fund the DPS highway patrol,
14 thus making those dollars eligible, not only to the Board, but
15 also to the cities and counties through the distribution formula
16 for transportation purposes.

17 On some other notes, there are some bills to
18 repeal that fee. There are some bills to modify it and move it
19 back down to \$18. If those are approved, then I think we're
20 going to be facing the same dilemma we have, which is shifts out
21 of the highway fund for DPS since no other solutions have been
22 offered at this point.

23 There's also a bill to charge snowbirds a
24 registration fee when they come into Arizona, but I have to tell
25 you I don't really see a logistical way that this would even be

1 possible, plus there's implications to our reciprocity with
2 Arizona registrations when we travel to other states.

3 So those are some of the things that are moving
4 around the Legislature right now. We did give a presentation to
5 the Senate Transportation and Public Safety Committee on Tuesday
6 of this week where we presented the state of our finances,
7 projects that we are looking forward to in the future, and
8 improvements at the Motor Vehicle Division. If the Board's
9 interested, we'll be happy to share that presentation with you.
10 There are a number of excellent questions. We spent probably
11 about two hours with the committee going over transportation
12 issues.

13 From the federal perspective, today marks the
14 28th day now of the federal government shutdown, beating our old
15 record by seven days. As far as I can tell, we really don't
16 have an end in sight, as I'm following the news and what's
17 happening in D.C. 37 percent of the United States Department of
18 Transportation workforce is on furlough, although we do have 100
19 percent of FHWA and Federal Motor Carrier Safety Administration
20 are at work and are being paid, and this is because these
21 agencies are funded out of the Highway Trust Fund, not the
22 federal general fund.

23 We'll provide some more detail about the shutdown
24 during Kristine Ward's presentation. I don't think we're in any
25 near or immediate trouble, but sooner or later a solution has to

1 be reached or there will be some impacts. I think she will
2 probably point out we're already seeing some impacts from the
3 transit side, for which ADOT is a pass through. The good news
4 is the House has passed and sent to the Senate a full year
5 appropriation for U.S. DOT that includes 300 million in
6 additional highway funding, but the Senate will not take up the
7 bill until the President agrees to sign it.

8 On the elected front, our Arizona Congressmen
9 have gotten some prime committee assignments. We've got some
10 coveted spots on some of the most exclusive committees.
11 Congressman Lesko was named to the Rules Committee. Congressman
12 Schweikert to Ways and Means. Congressman O'Halleran to Energy
13 and Commerce. And Congressman Kirkpatrick to Appropriations.
14 These are the four top committees in Congress, and we're looking
15 to communicate and work with them well to give Arizona some more
16 clout.

17 The new House transportation chairman in
18 Washington, Peter DeFazio, is supportive of a gas tax and
19 highway infrastructure funding, and he's announced
20 reauthorization of the FAST Act, which is Fixing America's
21 Surface Transportation Act. This is being looked at as a
22 stabilization of the Highway Trust Fund, the federal Highway
23 Trust Fund, and reinvestment in infrastructure to be among the
24 top priorities for the upcoming Congress.

25 The FAST Act expires in 2020, and the Highway

1 Trust Fund is expected to dip into insolvency at about the same
2 time. So Congress has its work cut out for it since these dual
3 issues are likely to take up a lot of the Transportation
4 Committee's time this year.

5 Chairman DeFazio is expected to pursue an
6 infrastructure plan using modest increases in the gas tax to
7 bond for highway construction projects.

8 There's some driverless car legislation that's
9 moving around the House of Representatives. We look that if
10 they are going to produce a bill, it will likely be more
11 restrictive than we have seen in the past for this industry. So
12 we're keeping an eye on that.

13 With that, Mr. Chairman, I really -- that
14 concludes my report. Be happy to answer any questions if there
15 are some.

16 CHAIRMAN SELLERS: Any questions for Director
17 Halikowski? Yeah. Board Member Hammond.

18 MR. HAMMOND: Director, I think you mentioned
19 \$170- or 80 million from the VLT tax. How much of that -- how's
20 that going to be divvied up and how -- where does it end up
21 ultimately in our budget?

22 DIRECTOR HALIKOWSKI: So Mr. Chairman,
23 Mr. Hammond, Kristine can explain the distribution with far more
24 percentage accuracy than I can. But essentially, the 185
25 million that will fund the DPS Highway Patrol will stop the

1 shifts of -- we were seeing shifts of 80 to 130 million from the
2 HURF highway fund, and the distribution formula splits it not
3 quite in half. I think it's 45 percent comes to the State, and
4 the other 55 percent flows out to the cities and counties. So
5 whatever is remaining in the funds, since we're not shifting out
6 to DPS, will be available for local governments and the State.
7 Thank you.

8 CHAIRMAN SELLERS: Thank you, Director.

9 Next up, Item No. 2, the district engineer's
10 report. Mr. Stump.

11 MR. STUMP: Well, good morning, Mr. Chairman,
12 Board and Director. Just a quick little update on our current
13 projects.

14 On 93 we're going to be doing some crack seal
15 work, and also we're just getting started on a pavement
16 preservation and shoulder widening project up north on 93, the
17 White Hills to 11th Street area. We're also starting the
18 Carrow-Stephens segment on 93, just north of Wikieup. So that's
19 great to get that one going. We're still working on the
20 Haviland rest area, and we're just wrapping up a project in Lake
21 Havasu, a local project.

22 And then as far as other projects coming up this
23 year, the Kiowa safety project, we'll be doing that this year.
24 We have two more projects on 93 to do more pavement
25 preservations and shoulder widening, and then we have a local

1 government project for Mohave County on Pierce Ferry Road, as
2 well as another one on Swanson to Acoma -- or sorry -- Acoma
3 Boulevard to Smoketree for Lake Havasu.

4 And one of our maintenance projects here in town
5 that we're -- we've been looking to get done is there at
6 Stockton Hill crossroad there, doing a spot repair job there.

7 And just a little update on the west Kingman TI,
8 on the enhanced ECR. We do have a consultant on board and told
9 we're going to have notice to proceed any day. Could be today.
10 So we're looking forward to getting that going. Some of the
11 purposes of the enhanced ECR is we got a lot of good feedback
12 from the consultant communities on ideas to make our concept
13 better. One of them is how Beale Street accesses 93 on the west
14 side. They also presented an opportunity to possibly eliminate
15 300,000 cubic yards of waste, which translates to a little over
16 \$3 million, and then the other part's just looking at, you know,
17 how do we -- how can we accommodate the phase two, which is
18 the -- kind of the California to 93 connection in the future.

19 So you can see the -- the original plan for Beale
20 Street to access 93 was -- and as well as Fort Beale was the
21 half diamond interchange. One of the problems with that is the
22 6 percent grade on the crossroad. So instead of doing that,
23 we're going to be looking at keeping Beale Street and Fort Beale
24 Street separate, each having an underpass under 93, and that
25 would allow for the Beale Street to 93 traffic to merge kind of

1 in a free flow, as well as 93 traffic going to Beale Street
2 having a little more of a free flow. So I think that will be a
3 big plus. Also helping on construction phasing, too.

4 And then as far as if we change the configuration
5 of the westbound I-40 to 93 flyover, we can again eliminate
6 quite a bit of waste material, as well as not leaving a big scar
7 on the side of the mountain there. And the way it would happen
8 would be changing the configuration such that the 93 ramp would
9 be on the left side of I-40 versus being on the right side. And
10 then last is just, again, someday we'll build the phase two.
11 What's -- serve some opportunities to waste material and take
12 advantage of that, possibly look at a -- some kind of an interim
13 ramp to Beale Street.

14 So those are some of the key elements that we're
15 looking forward to. The plan is still to, once this is done,
16 finish the design in house. But with that, that's all I have
17 for today. I'll take any questions.

18 CHAIRMAN SELLERS: Any questions for -- yeah.
19 Board Member Stratton.

20 MR. STRATTON: Alvin, I noticed every community
21 that we visit that you represent, you're very well received and
22 very highly spoke of, and that says a lot for you as a person
23 and a district engineer, and I would like to thank you for that.

24 However, I do have to ask you a question. With
25 the tentative five-year plan coming out and you being a veteran

1 DE, I have to ask were the potholes on 93 and I-40 intentionally
2 left until your bosses and the Board had to drive that coming
3 up? Posturing for maybe some more money.

4 MR. STUMP: Yeah. Yeah. Make a point. No.
5 Yeah, the storms kind of did some damage this past week there.
6 But thank you.

7 CHAIRMAN SELLERS: Any other questions for
8 Mr. Stump? Okay.

9 MR. ROEHRICH: Mr. Chair, I just have a concern
10 about Mr. Stratton trying to educate the rest of the district
11 engineers around the state. So I'm going to see if I can strike
12 his comment from the record.

13 CHAIRMAN SELLERS: Okay. Thank you, Alvin.

14 Okay. We'll move now to the consent agenda.
15 There was an amendment for Items 3F and 3G. These items
16 originally reported as under estimate, and the amendment shows
17 they were over estimate.

18 MR. ROEHRICH: And Mr. Chair, on Item 3G, I'll
19 also point out that there is an administrative correction as
20 well. On the bidders, disadvantaged business enterprise, DBE
21 pledge, it's 5.52, which is within the conditions of the
22 contract. The Board is -- the Item 3G does meet the conditions
23 to be part of the consent agenda, and the Board can action it as
24 part of that item. Thank you.

25 CHAIRMAN SELLERS: Thank you.

1 Does any member want any item removed from the
2 consent agenda?

3 Do I have a motion to approve the consent agenda
4 as presented?

5 MR. STRATTON: So moved.

6 CHAIRMAN SELLERS: We have a motion by Board
7 Member Stratton.

8 MR. KNIGHT: Second.

9 CHAIRMAN SELLERS: Second by Board Member Knight.
10 Any discussion? All in favor say aye.

11 BOARD MEMBERS: Aye.

12 CHAIRMAN SELLERS: Any opposed? The motion
13 carries. Okay. Thank you.

14 Next we will move to the exciting part of the
15 agenda. Kristine Ward will give us some financial information.

16 MS. WARD: No. My agenda had shown that -- are
17 we starting with the GAN reservation?

18 CHAIRMAN SELLERS: You're starting with a
19 resolution for a grant anticipation note authorization.

20 MS. WARD: That's correct.

21 All right. Well, there are no slides for that
22 portion of the presentation. So if you will recall when you
23 approved the five-year program and I presented it to you, there
24 were a number of bond issues that were assumed as financially
25 supporting that program, and what I'm coming to you with is to

1 ask for your authorization to proceed with one of those issues.

2 So the Department is proposing to issue, right
3 along with the plan that we submitted and you approved, to
4 proposed \$75 million in grant anticipation notes. Now, if
5 you'll recall, grant anticipation notes are leveraging future
6 federal dollars. So we're issuing bonds against future federal
7 revenues.

8 We're planning to issue those with a 15-year
9 term, and we're anticipating interest rates -- albeit one has to
10 be subject to the market -- we're anticipating interest rates
11 between about two and a half and three and a half percent on
12 those bonds. We expect to go to the market on March 25th, which
13 I will give you a little caveat about here in a second.

14 And -- but that exact timing -- actually, I will
15 tell you right now -- that exact timing is subject to change,
16 particularly given the federal shutdown that we find ourselves
17 in the midst of. And so we'll base it on where we are with the
18 fed shutdown as well as where we are with overall market and
19 timing conditions. So that might get adjusted somewhat.

20 In the interim, between now and March 25th, if
21 you -- Mr. Chairman, you will soon discover that there are quite
22 a few documents that have to be prepared for a bond sale that
23 you will then be required to sign.

24 CHAIRMAN SELLERS: I get paid by the signature,
25 right?

1 MS. WARD: I should hope.

2 So in the interim, that's what we'll be doing, is
3 we'll be spending quite a bit of time preparing those documents,
4 the preliminary official statements, going through the
5 underwriter selection process, meeting and discussing with the
6 rating agencies and doing our presentations there, so forth, and
7 that's what will be taking place between now and the actual
8 sale.

9 As we get closer and we see what market
10 conditions look like, as we feel out more what's happening with
11 the federal shutdown, we may have to adjust our plans, but
12 that's where we are at this moment, and I would ask for the
13 Board's authorization to proceed with the issue.

14 CHAIRMAN SELLERS: Board Member Hammond?

15 MR. HAMMOND: You know, I may have even asked
16 this question before, but if for some reason, you know, the feds
17 don't come through with the money, is this -- do they -- do the
18 bondholders take the risk? Is it insured, or does the State
19 ultimately take the risk?

20 MS. WARD: The State -- Arizona's in a very
21 preferred position in that we have a backstop. We have -- if
22 the fed dollars, if we ever run into a situation where fed
23 dollars are not available, then they will be -- we will utilize
24 HURF dollars to actually pay those -- pay those debt service
25 costs.

1 MR. HAMMOND: I guess ultimately, then, we're
2 guaranteeing the bonds.

3 MS. WARD: We are.

4 MR. HAMMOND: Okay.

5 MS. WARD: And that is one of the reasons we
6 enjoy a significantly high rating with the credit -- with the
7 rating agencies.

8 CHAIRMAN SELLERS: Any other questions?

9 Is there a motion to approve the adoption of
10 authorizing the resolution grant application notes 2019A as
11 presented?

12 MR. ELTERS: I so move.

13 MR. HAMMOND: Second.

14 CHAIRMAN SELLERS: Moved by Board Member Elters,
15 seconded by Board Member Hammond. Any discussion?

16 All in favor, aye.

17 BOARD MEMBERS: Aye.

18 CHAIRMAN SELLERS: Any opposed? The motion
19 carries.

20 MS. WARD: Thank you.

21 CHAIRMAN SELLERS: Okay. Now we can have a
22 financial report.

23 MS. WARD: That's right. That's right.

24 All right. Let's move on here.

25 So reporting on the Highway User Revenue Funds,

1 we are actually running a little outside of our forecast target
2 zone, and well, if you have to run outside of your target zone,
3 running above -- running above it is preferable. What we've got
4 is year to date, we're about 3.2 percent above forecast, with a
5 little over \$750 million in revenues. The primary drivers
6 behind that over forecast are we are seeing diesel, our use fuel
7 revenues running above forecast, as well as VLT revenues.

8 Moving on to the Regional Area Road Fund, we are
9 right on target there. We've got about 187 million collected
10 thus far, with the -- that is about 7.5 percent growth year to
11 date. Just a little -- as you can see, just a titch over --
12 over forecast.

13 So let's talk about the federal shutdown just a
14 bit. We've had some interesting developments over the last
15 couple of weeks as the -- as FHWA put out a notice with regards
16 to the shutdown and the funding of the program. Basically,
17 because there is not a continuing resolution in place or a
18 budget bill in place, the funding for the highway program
19 defaults to the authorize -- the long-term authorization from
20 the FAST Act.

21 So what occurred is that we actually have
22 received our full funding for 2019. However, along with that
23 notice that the -- that FHWA provided, they provided some
24 guidelines or I should say some cautionary notes. If Congress
25 then chooses to come in and provide a continuing resolution that

1 would essentially override the FAST Act figures, they could
2 actually appropriate us less funding than is incorporated into
3 the FAST Act. So let's say we get \$750 million for a full year
4 from the FAST Act. They could actually authorize a continuing
5 resolution that only gives us money through a particular period
6 of time, thus not giving us the full 750. So what this requires
7 of us is to behave very prudently, and while there will not be
8 any slow down in our project delivery, what we are doing is we
9 are just maintaining the current project delivery schedule that
10 we have in place, and we are maintaining very close
11 communications with FHWA as we move through this federal
12 shutdown situation.

13 So while the fed shutdown is concerning, and we
14 are paying close attention, the program is not in any jeopardy
15 at this point. With that, I'll take any questions.

16 CHAIRMAN SELLERS: Yeah. Board Member Stratton.

17 MR. STRATTON: Kristine, does this have -- the
18 shutdown have any effect on the airport revenues through the FAA
19 and the grants that we have approved?

20 MS. WARD: I do not know the immediate answer to
21 that. We have -- you know, Board Member Stratton, let me get
22 back to you on -- on impacts on the airport program. If there
23 are, they're probably de minimis.

24 MR. STRATTON: My concern being that I believe
25 the FAA's 95 percent of the grants, where we're five and the

1 local matches five.

2 MS. WARD: That's correct.

3 MR. STRATTON: I'm wondering if we need to put a
4 hold on any future grants until the shutdown's over so we can
5 make sure we can complete what we have already approved.

6 MS. WARD: Yeah. I -- yes, I will check on the
7 status of those grants. I believe we have another -- enough
8 grants already underway that it is not impacting us at this
9 point, but let me get back to you with more detail on that.

10 MR. STRATTON: Thank you.

11 CHAIRMAN SELLERS: Any other questions for
12 Kristine?

13 DIRECTOR HALIKOWSKI: Mr. Chairman, could I ask
14 Kristine to touch on any transit issues that we've noticed from
15 the shutdown?

16 MS. WARD: Mr. Chair, Director Halikowski, yes,
17 we have most certainly had to make some transitions with regards
18 to the transit program. We have approximately 12 to 14 folks
19 within ADOT that are staff that are funded out of that program,
20 and we have basically had to transition them. Fortunate -- to
21 other duties, and fortunately, we don't -- our people typically
22 don't do just one thing. So we are able to transition them to
23 other duties. Now, as far as the program itself, yes, we're --
24 we have a program that is largely on hold.

25 CHAIRMAN SELLERS: Okay. Thank you very much.

1 MS. WARD: Thank you, and have a wonderful day.

2 CHAIRMAN SELLERS: Next, Agenda Item 6,
3 Multimodal Planning Division report, Greg Byres.

4 MR. LIGOCKI: Mr. Chairman, members of the Board,
5 unfortunately Greg Byres isn't feeling well. I'm Clem Ligocki,
6 and I'm happy to come off the bench and help out today and
7 provide information on it.

8 CHAIRMAN SELLERS: Didn't think you looked like
9 Greg.

10 MR. LIGOCKI: Pardon?

11 CHAIRMAN SELLERS: Go ahead.

12 MR. LIGOCKI: It would probably be better if I
13 did look more like Greg, but...

14 DIRECTOR HALIKOWSKI: Mr. Chairman, I just have
15 to say that Clem's been around a long time. When I started with
16 ADOT in 1990, he was already a veteran there. So he's not as
17 young as he looks.

18 MR. LIGOCKI: Well, we try. Thank you, sir.

19 I have a couple of things that I'd like to add in
20 terms of MPD and a little bit of the planning impacts from the
21 government shutdown to build a little bit on that -- the transit
22 information.

23 So there are a number of areas that are affected,
24 and one of those is processing reimbursements to providers. So
25 I will say that, you know, I'd like to compliment our really

1 strong team on the transit side, especially Joel Dusenberry, who
2 leads that team. You know, knowing what's coming, their look
3 ahead and prepared and really worked very hard to get things set
4 up so that when this is all done that they can get right back
5 in. But still there are significant delays in terms of
6 processing reimbursements, training and et cetera that goes
7 along with the program that's delayed. Particularly, in regard
8 to the application cycle for the Section 5310 program, which is
9 the elderly and disabled program. So there's a lot of work
10 that's been done to get ready, but a lot that's been delayed.
11 So we have significant delays there.

12 And then there are also vehicle orders that are
13 being delayed. So that's also a significant thing. So those
14 are just a few of the things on the transit side.

15 And, of course, we've been saying what we can to
16 the providers out there and the MPOs and COGs so that they know
17 what's going on. And, you know, outside of the tangible fiscal
18 and, you know, things you can get your hands on, those types of
19 impacts, you know, there's the whole stress and emotional side
20 of it. And there's a lot of people out there that are very
21 concerned, and we know they are. So we're all, you know, trying
22 to stick together and hang in there through this. So we'll say
23 that.

24 And then the other thing that is being affected
25 is studies that we have going on. And, of course, I-11, the

1 draft EIS is one of those things, because we have various
2 cooperating federal agencies involved that are not actively
3 engaged right now. And, you know, so other statewide studies
4 that we have are also being delayed for those types of reasons.
5 So we're hanging in there on those. So -- but we're in pretty
6 good shape and, you know, we're just prepared for this, and we
7 should be fine.

8 And then the other thing that I'd like to talk
9 about is just the status of the five-year program. We know that
10 on the 29th of January, we have the study session coming up to
11 present the tentative five-year program to you. And we've been
12 working hard on that, meeting regularly with leadership to get
13 guidance and processing our planning to programming results,
14 which are being checked and make sure everything's in order to
15 get you information that you need very soon for that study
16 session that will be on the 29th. So we're working very hard on
17 that.

18 And I'd like to publicly recognize Dan Gabiou,
19 who's doing a lot of that work, and Bret Anderson, and also
20 Ermalinda Gene, who is doing a lot of tribal coordination part,
21 which is also very important to us. And all those things are
22 coming together, and we expect to be ready for you and for this
23 study session on the 29th. So with that, that's all I have for
24 the MPD report, unless if you have any questions.

25 CHAIRMAN SELLERS: Okay. We'll then move to Item

1 No. 7, PPAC Items for discussion and possible action. You're
2 still up.

3 MR. LIGOCKI: Yes. Mr. Chairman, board members,
4 today we have seven project modifications, six new projects and
5 two airport projects, and unless there are any specific
6 questions that we could move to the project modifications, which
7 are Items 7A through 7H, I would like to request approval of
8 those items.

9 CHAIRMAN SELLERS: Is there a motion to approve
10 PPAC project modification Items 7A through 7G?

11 MR. KNIGHT: So moved.

12 MR. HAMMOND: Second.

13 CHAIRMAN SELLERS: Motion by Board Member Knight,
14 second by Board Member Hammond.

15 MR. ROEHRICH: Mr. Chair, could I clarify? You
16 said 7G, but Clem, you said 7H. Is there -- do we need
17 clarification on what are the modification items?

18 MR. LIGOCKI: Well, let me double-check. I think
19 it is 7A through 7G, but let me double-check one other thing.

20 CHAIRMAN SELLERS: I'd be amazed if I made a
21 mistake.

22 MR. ROEHRICH: Mr. Chair, I don't think you did.
23 I was trying to be --

24 MR. LIGOCKI: (Inaudible), Mr. Chair.

25 MR. ROEHRICH: -- considerate to Clem, but --

1 because I had 7G as well in my notes that Linda said -- oh,
2 that's it. Linda's not here. She made a mistake.

3 MR. LIGOCKI: Okay. I think you're right, that
4 7H begins the new projects. So I apologize. It is 7A through
5 7G.

6 MR. ROEHRICH: 7A through 7G.

7 MR. LIGOCKI: Thank you.

8 DIRECTOR HALIKOWSKI: Right again, Mr. Chairman.
9 Your record stands intact.

10 CHAIRMAN SELLERS: Okay. Any discussion? All in
11 favor, please say aye.

12 BOARD MEMBERS: Aye.

13 CHAIRMAN SELLERS: Any opposed? The motion
14 carries.

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

16 So then for the new projects, Floyd got up real
17 early this morning. I know that, because I was there and I saw
18 him having breakfast. So I'm glad that he caught that. And so
19 then moving forward then, the new projects would be 7H through
20 7M. I'd like to request approval of those.

21 CHAIRMAN SELLERS: Okay. Is there a motion to
22 approve PPAC items -- new Items 7H through 7M?

23 MR. ELTERS: I so move.

24 MR. STRATTON: Second.

25 CHAIRMAN SELLERS: Motion by Board Member Elters,

1 second by Board Member Stratton. Any discussion?

2 All in favor, aye.

3 BOARD MEMBERS: Aye.

4 CHAIRMAN SELLERS: Any opposed? The motion
5 carries.

6 MR. LIGOCKI: Thank you, Mr. Chairman.

7 Then we have the two airport projects, 7N and 7O.
8 And I introduced a little confusion here this morning, but you
9 might recall at the previous meeting we had a little bit of
10 confusion on Items 7U and 7V, and the board agenda showed that
11 we only went up to 7U, but we thought there was a V. And so the
12 project that you have today, which is 7O, the Phoenix Sky Harbor
13 project, is the one that was left over from the last time, and
14 we're catching that today. Just to answer that question. So I
15 would ask approval of those if you so deem it appropriate.

16 CHAIRMAN SELLERS: Is there a motion to approve
17 PPAC airport projects Items 7N and 7O.

18 MR. ELTERS: So moved.

19 MR. KNIGHT: Second.

20 CHAIRMAN SELLERS: Motion by Board Member Elters,
21 second by Board Member Knight. Any discussion?

22 All in favor, aye.

23 BOARD MEMBERS: Aye.

24 CHAIRMAN SELLERS: Any opposed? The motion
25 carries.

1 MR. LIGOCKI: Thank you.

2 CHAIRMAN SELLERS: Thank you.

3 All right. Moving on to Agenda Item No. 8, state
4 engineer's report. Mr. Hammond -- or Mr. Hammit.

5 MR. HAMMIT: Yes. We had our rooms mixed up,
6 Mr. Hammond and Mr. Hammit, at the motel.

7 Thank you, Mr. Chairman.

8 Currently, ADOT, we have 95 projects under
9 construction totaling about \$1.6 billion. Nine projects were
10 finalized in November total 55 million, and year to date, we
11 have finalized 53 projects.

12 During the state engineer's report, I did want to
13 update the Board on two items. One is in the last few meetings,
14 we've had a -- conversations on one of our projects. This was
15 the I-10 Fairway Drive project. If you remember, it came to the
16 Board in October. I asked the Board to postpone so I could hold
17 a hearing in November. We brought the project up. The Board
18 wanted to look at more. So there was a special meeting, and
19 then in December, the Board awarded to the apparent low bidder.

20 As we were preparing for that, one of the things
21 we thought was a possibility was we could go to court, and so
22 before that meeting, we talked to both bidders and agreed that
23 we would not sign a contract until January 11th. That way in
24 case they wanted to sue, there was time for them to make their
25 filings.

1 The second bidder did choose to file a suit. It
2 was filed on December 31st, and there was the first hearing on
3 January 8th, which at that point the Court did put a hold on
4 signing the contract. But at the same time, the Court saw the
5 need to expedite it, and we held a hearing, an evidentiary
6 hearing, this week on the 15th and 16th.

7 At that point, at the end of the hearing, the
8 judge ruled from the bench and ruled in front of -- in favor of
9 ADOT and Sunland. And in that process, they were looking at two
10 issues. One, did ADOT have the authority to do the job-by-job
11 prequalification, and if so, was the decision of the
12 prequalification board the right decision.

13 And in hearing that, the judge basically said
14 that the time period to challenge the job-by-job was before the
15 bid. The contractor was well aware of ADOT's process. They had
16 used it in the past. So they knew if they felt it was not a
17 proper thing to do, they could have challenged before. So they
18 lost their standing there.

19 And in the evidence, they went through our
20 chairman -- interviewed our chairman of our prequalification
21 board. The judge found that our process was proper. We have
22 experts on the panel and saw no problem with what we were doing.
23 So he lifted the stay, and in fact, we signed a contract with
24 Sunland yesterday. So that project is under contract.

25 Fisher Industries does have an opportunity to

1 appeal, and in my last correspondence, they were still weighing
2 that option, but we are moving forward and have signed a
3 contract with Sunland.

4 CHAIRMAN SELLERS: Thank you.

5 MR. HAMMIT: The second thing I wanted to brief
6 the Board is as we've gone through this year, we've seen a lot
7 of cost increases. And so as staff, we've be looking at how do
8 we get ahead of that. And we've developed a construction
9 cost -- or we've -- we're in the process of developing a
10 construction cost index. And where we're at to date, we've
11 looked at, well, what are the major items of construction that
12 we're seeing higher than expected pricing, and then how can we
13 get some trends and predict those.

14 And overall, what we've seen is with using those
15 major items, we're seeing an increase of about 20 percent on
16 those major type items. Asphaltic concrete, just the oil, it
17 hasn't changed a lot in what we're seeing. It's about 3
18 percent. Reinforcing steel, 47 percent increase. The flat
19 work, concrete, our curb and gutter, our sidewalks, that sort of
20 thing, about a 10 percent increase. Bridges, 31 percent
21 increase.

22 What we don't have yet and that we're still
23 working on is how can I -- and I've asked can we separate the
24 material and the labor? So we can really see because what we're
25 hearing from the industry, labor is very expensive and hard to

1 get. I want to get that information as well. So we'll be
2 continuing that index, and it will help us in our estimating for
3 the future. And that's all I had for the state engineer's
4 report, Mr. Chairman.

5 CHAIRMAN SELLERS: Okay. Thank you.

6 I guess I'll make a comment, and this probably
7 will make our attorney nervous, but perhaps when the South
8 Mountain Freeway's done, it might bring some of these things
9 back into some better perspective from a labor standpoint and
10 some of the cost increases because the labor shortages
11 associated with the magnitude of that job.

12 MR. HAMMIT: If I may, Mr. Chairman, one thing to
13 be aware, that is definitely a huge thing, but we have a
14 \$500 million job on the books that will follow it right away
15 with the I-10/Broadway curve. So we see some relief, but we
16 still have some big work coming up in the MAG region that will
17 have a lot of labor needs as well.

18 CHAIRMAN SELLERS: Okay. Thank you.

19 DIRECTOR HALIKOWSKI: Mr. Chairman.

20 CHAIRMAN SELLERS: Yes.

21 DIRECTOR HALIKOWSKI: Could I just touch on a
22 subject? Because I think the picture gets a little fuzzy. You
23 know, the economy's doing well. Our revenues seem to be above
24 projection. I think we had a banner year this year in
25 recovering from the recession in that we had one of our best

1 revenue years ever, yet we're still facing a lot of needs out in
2 the state.

3 One of the things I wanted to touch on is I-10 in
4 Tucson. I know we've got some pavement unraveling there and the
5 plans to go back to concrete on a certain area of I-10, which
6 we're seeing around some other places in this state. So I just
7 want to be clear that although the revenue picture is looking
8 better, we still have a lot of unmet needs out there. An I also
9 want to be clear that some of these things the Board may hear
10 about. And Dallas, I don't know if you want to touch a little
11 bit on going back to concrete instead of putting rubberized
12 asphalt back on certain sections.

13 MR. HAMMIT: Yes. Mr. Chairman, Director, as you
14 know, on many of our areas where we've -- or pavement section is
15 concrete, we overlay it with a rubberized asphalt. That does
16 two things. It seals the concrete, but also, it helps us with
17 noise. We do not account -- when we do noise mitigation, we
18 don't get credit for that, but we know it does diminish some
19 noise effects, especially for the automobiles. You can hear
20 that when you drive it.

21 In Tucson, in one area, and we have similar
22 things in the Phoenix metropolitan area, where that friction
23 course has been down beyond its life, and there's not a program
24 in place to update it as fast as it's falling apart. So we are
25 going to, in the case in Tucson, mill up the asphalt. The

1 concrete is, you know, a pavement section definitely able to
2 handle the traffic, but it will be a concrete section that the
3 wearing course for the drivers will be driving on versus a
4 rubberized asphalt.

5 So there may be some folks that come in and say,
6 Why don't we have the asphalt? And we're looking at when we can
7 put that back, but immediately we need to stop the windshields
8 from being broke and get that repaired. There's some areas in
9 the Phoenix valley that we're going to be doing the same thing.
10 At the same time, we do have some friction course overlays in
11 the program that you will see and hopefully award in the future.

12 DIRECTOR HALIKOWSKI: So I just want to be clear,
13 Mr. Chairman. Although it may seem that revenues are improving,
14 given all the other factors eating away at it, it doesn't mean
15 we're awash in cash.

16 CHAIRMAN SELLERS: Okay. Thank you.

17 MR. ELTERS: Mr. Chairman, also, one comment, and
18 that is given the recent bids that we're seeing on the cost
19 increases and the impact that has had on the program, have the
20 size of the program going forward and the impact of
21 understanding what the cost increases will be, I -- I know we've
22 asked questions. The Board has tried to understand it, and I do
23 want to compliment you and the Department for taking the
24 initiative to analyze and break it down and get an understanding
25 of what's happening.

1 We all have intuitive thoughts, and we think we
2 understand it, but the fact that you've taken the steps
3 necessary to break it down between materials and labors and to
4 understand not only what it's doing today, but how it can be
5 integrated into the programming of projects in the program so we
6 don't continue to experience what we've experienced.

7 So to that end, on my behalf, and I think the
8 Board, I just want to commend you for what you're doing and
9 encourage you to stay with it and make it a living document so
10 we can better understand and anticipate its impact going
11 forward. Thank you.

12 MR. HAMMIT: Mr. Chairman, Mr. Elters, thank you.

13 CHAIRMAN SELLERS: Okay. Moving on to Agenda
14 Item 9, construction contracts, for discussion and possible
15 action.

16 MR. HAMMIT: Thank you, Mr. Chairman, and thank
17 you, Board, for the approval of the two items that were in the
18 consent agenda.

19 And as you can see, on the projects to date, we
20 -- the State's estimate's been 195,930,000 plus. The low bids
21 are bid over 213,000 -- 213,250,000. It shows 8.8. Well,
22 where's the difference between your 20 percent? That -- we were
23 looking at the major items when we were figuring that. So there
24 are some items that didn't reach that, but we are using those
25 factors to help us estimate better in the future.

1 This also is the bid amount. So if we've
2 adjusted our bids and made it better, we're still seeing those
3 increases. We just did a better job of estimating it. So our
4 -- my anticipation, we will never see that 20 percent in the
5 difference between the state -- the engineer's estimate and the
6 bid is because we got better estimating. So that's why there's
7 somewhat of a difference there.

8 CHAIRMAN SELLERS: Thank you.

9 MR. HAMMIT: All right. The first project we
10 need to justify is Item 9A. This is a project on Interstate 15,
11 and it's to do some rehabilitation work on three bridges.
12 Bridge number two, four will get a silica flume overlay, and
13 then on bridge number five, we're going to replace the complete
14 deck. On that project, the low bid was 6,375,000. The State's
15 estimate was \$5,779,086. It was over the State's estimate by
16 \$595,914, or 10.3 percent. We saw higher than expected pricing
17 in the silica flume concrete and the removals of that concrete.
18 We have reviewed the bids.

19 Oh, before I go to that, on this project, as well
20 as some on the consent agenda, we had left off the DBE goals on
21 the project. The DBE goal was 2.54 percent. The pledge is
22 2.67, so it did meet the DBE goal. The Department has reviewed
23 the bid and believes it is a responsive and responsible bid, and
24 would recommend award to Fisher Sand and Gravel, doing business
25 as Southwest Asphalt Paving.

1 CHAIRMAN SELLERS: Okay. I lost my sheet here.

2 Is there a motion to award Item 9A to Fisher Sand
3 and Gravel Company, doing business as Southwest Asphalt Paving
4 as presented?

5 MR. KNIGHT: So moved.

6 MR. HAMMOND: Second.

7 CHAIRMAN SELLERS: Motion by Board Member Knight,
8 second by Board Member Hammond. Is there any discussion?

9 All those in favor say aye.

10 BOARD MEMBERS: Aye.

11 CHAIRMAN SELLERS: Any opposed? The motion
12 carries.

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

14 Item 8B is a traffic signal and median
15 modification on State Route 87. On the project the low bid was
16 \$545,000. The State's estimate was \$395,346. It was over the
17 State's estimate by \$149,654, or 37.9 percent. We had higher
18 than expected pricing in their aggregate base. We had a control
19 cabinet with the signal and higher than expected pricing in the
20 mobilization. The Department has reviewed the bids. In this
21 case there was only one bidder, but we did review the bid and
22 believe it is a reasonable and responsive bid, and we would
23 recommend award to KAZ Construction, Inc.

24 CHAIRMAN SELLERS: Is there a motion to award
25 Item 8B to KAZ Construction, Incorporated, as presented?

1 MR. KNIGHT: Mr. Chair, I do have a question.

2 CHAIRMAN SELLERS: Okay. Board Member Knight.

3 MR. KNIGHT: Thank you.

4 Dallas, is there some reason -- I mean, the
5 location of this is not rural really, but is there some reason
6 that there was only one -- one bidder?

7 MR. HAMMIT: Mr. Chairman, Mr. Knight, I
8 believe -- you know, it's a specialty item. It's an electrical,
9 and the only thing that we could come up with is there's lots of
10 that type of work going on in other areas, and as the
11 contractors looked at the project, only one chose to bid. I
12 think it's more so the specialty, you know, signals versus the
13 location. It was the type of work.

14 MR. KNIGHT: Okay. Thank you.

15 MR. STRATTON: Move to approve, Mr. Chairman.

16 CHAIRMAN SELLERS: Motion by Board Member
17 Stratton.

18 MR. ELTERS: Second.

19 CHAIRMAN SELLERS: Second by Board Member Elters.

20 Any discussion?

21 All those in favor say aye.

22 BOARD MEMBERS: Aye.

23 CHAIRMAN SELLERS: Any opposed? The motion
24 carries.

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

1 The next item is Item 9C. It is a bridge
2 replacement project on State Route 163 up by Kayenta. The -- on
3 this project, the low bid was \$9,508,304. The State's estimate
4 was \$7,051,398. It was over the State's estimate by \$2,456,906,
5 or 34.8 percent. We saw much higher than expected prices in our
6 structural concrete, reinforcing steel, the girders -- they're
7 precast girders -- and then our foundation work for our drilled
8 shafts. Part of that is location on this project.

9 Another thing, this one also left out the DBE
10 goals for -- in your packet. The goal on the project was 2.77
11 percent. The pledge goal is 9. -- or excuse me -- 5.91 percent.
12 It did meet the goal. The Department has reviewed the bids and
13 believe they are responsive and reasonable and would recommend
14 award to FNF Construction, Inc.

15 CHAIRMAN SELLERS: Is there a motion to award
16 Item 9C to FNF Construction, Inc., as presented?

17 MR. ELTERS: In the absence of Member Thompson, I
18 so move.

19 MR. STRATTON: Second.

20 CHAIRMAN SELLERS: Okay. We have a motion by
21 Board Member Elters, second by Board Member Stratton. Any
22 discussion?

23 All those in favor say aye.

24 BOARD MEMBERS: Aye.

25 CHAIRMAN SELLERS: Opposed? The motion carries.

1 Thank you.

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

3 Our last item is 9 -- Item 9D. This is a
4 pavement preservation or a chip -- and a chip seal project on
5 State Route 96. The low bid was \$2,269,602. The State's
6 estimate was \$2,759,740. This one -- I didn't get to say this
7 at all today -- it was under the State's estimate by \$490,138,
8 or 17.8 percent. We did see -- we overestimated the cost of the
9 asphalt binder and the pavement markings.

10 On this one, there was no DBE goal. So it --
11 that is correct. There is no goal on this project. The
12 Department has reviewed the bid and believes it is a responsive
13 and a reasonable bid, and would recommend award to Earth
14 Resources Corporation.

15 CHAIRMAN SELLERS: Okay. Is there a motion to
16 award Item 9D to Earth Resources Corporation as presented?

17 MR. KNIGHT: So moved.

18 CHAIRMAN SELLERS: Board by Board Member Knight.

19 MR. ELTERS: Second.

20 CHAIRMAN SELLERS: Second by Board Member Elters.

21 Any discussion?

22 All those in favor say aye.

23 BOARD MEMBERS: Aye.

24 CHAIRMAN SELLERS: Any opposed? The motion
25 carries. Thank you.

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

2 CHAIRMAN SELLERS: Okay. Moving on now to Item
3 No. 10 for information and discussion only, an I-15 update.

4 MR. ROEHRICH: Thank you, Mr. Chair, members of
5 the Board. We're going to kind of do this as a partnership
6 here. I'm going to start with maybe just a general overview of
7 I-15 again and some of the improvements, and then Gail Lewis,
8 the director of our P3 public-private partnership office and
9 senior advisor on international affairs is going to come up, and
10 she's going to talk about some of the P3 discussions we've had
11 and tolling options and things that we've looked at for this
12 project.

13 So to start with, if you remember, I-15 is that
14 short stretch up in northeastern -- excuse me -- northwestern
15 Arizona that basically connects Nevada to Utah, basically 29
16 miles long. We've had it on the books for over -- nearly 50
17 years. Geez, it's occurred to me I'm older than I-15. What the
18 hell, man? I need some rehabilitation. So anyway, as we've
19 discussed over the years on the improvements on that, it's a
20 heavily used route. Obviously it's a major as well a key truck
21 route and a commerce corridor route for our neighbors, but for
22 Arizona, it has very limited impact economically, because it's
23 just kind of a pass through.

24 As we've discussed over the years, there have
25 been eight bridges along that stretch in seven different

1 locations that need major rehabilitation. Again, due to the
2 ages of the structure as well as the traffic up there. Over the
3 years, we've done multiple pavement preservation projects as
4 well as some of the bridge improvement projects that we've been
5 able to put in here. So far, as we've identified, probably 50
6 million or more has been put up into that corridor. Just today
7 you -- the Board had already awarded another \$6.3 million for,
8 again, some more bridge work and rehabilitation work through
9 those corridors.

10 So it's a corridor that we have kind of put
11 emphasis in as well, understanding that although it's limited
12 value, it is our corridor and it does need to be improved. And
13 so our strategy has been to take pieces at a time that we've
14 been able to move forward with.

15 So here's a recent pavement preservation project
16 we've done over the last three or four years, \$32 million.
17 Right now, as we identified some of the current projects, the
18 bridges two, three and four that were part of the project today
19 -- or two, four and five, \$74 million. Overall, since 2007,
20 we've put in -- or currently have programmed about \$155 million
21 on that corridor, but we still have about a total of 160 million
22 left to put within that corridor as we look at the major bridge
23 rehabilitation improvements that are needed along those
24 structures.

25 And again, as this is such a -- if you will

1 somewhat isolated route in Arizona, for us to detour or for --
2 if there's incidents along this route for the traffic to detour,
3 it's well over a 100-mile detour to get around this location.
4 So through this route, it is a major corridor, and one that has
5 significant impact to the locals.

6 So as we said, we've put about \$155 million in so
7 far. We need about 160 that, again, incrementally we'd be
8 looking at working with the Board as we go through each of the
9 tentative five-year program year after year, find investment
10 opportunities and opportunities to move forward with that.

11 I would also like to point out along this
12 corridor we have received a TIGER grant in the past on one of
13 the bridges. We've applied on some others and haven't been so
14 successful. Our strategy as we continue to develop these
15 projects will be looking for those grant opportunities or
16 opportunities to go after funding sources that would bring in
17 the additional revenues to help cover these expenses, and then
18 that, again, obviously would then free up any of those revenues
19 that we would dedicate to this to be used for other parts of the
20 rural greater Arizona community.

21 So that's an overview of the route itself, and I
22 know we've -- I went through that very quickly, because we've
23 had this in front of the Board multiple times. I just wanted to
24 remind everybody what we had been talking about and the
25 magnitude of the issue.

1 I would ask to ask Gail to come up and talk about
2 some of the issues we talked about, either tolling or
3 opportunities to fund some of those improvements. Gail.

4 MS. LEWIS: Thank you, Floyd.

5 Chairman Sellers, members of the Board, I'm glad
6 to get the chance to come back up and talk to you a little bit
7 about a subject that we have discussed in the past. And just to
8 give you an update, because federal law has changed a little
9 bit, so just to give you an update on what's going on.

10 So I think the real -- how do I -- there we go.

11 I think the real question is whether -- and I
12 believe Board Member Stratton started this conversation again --
13 and whether tolling might be an option for I-15 given the large
14 investment that's needed up there and the critical nature of
15 that highway, but the fact that it only covers a tiny, little
16 portion of Arizona.

17 There we go.

18 So first of all, just a quick overview of P3s
19 versus tolls. Public-private partnerships, or P3s, really --
20 that term really refers to any type of alternative delivery that
21 shifts more risk away from the public owner -- ADOT in this
22 case -- and toward the private partner. So that can include an
23 enhanced-design-build, design-build-operate and maintain,
24 design-build-finance-operate and maintain. Those are all P3
25 delivery options, and we have used a number of those, those

1 approaches at ADOT.

2 Now, our old design-build law is quite
3 prescriptive for a design build approach, and so many of the
4 design-builds that ADOT has done in the last few years have been
5 done under the P3 law that provides a lot more flexibility in
6 how the P3 is designed and bid and what the private partner can
7 do in responding to that type of procurement. But we've used
8 more extensive P3s for highways. The South Mountain Freeway, as
9 you'll recall, is done as a design-build-operate and maintain.
10 That has a maintenance component attached to that contract.

11 We've used it for asset maintenance. We now
12 manage our rest areas under the P3 law, and we've just -- this
13 month re-upped that contract or rebid that contract and had it
14 awarded for another five-year period to do all of our rest areas
15 under a single contract. And we've also used for vertical
16 facilities, for buildings. For example, we just signed a
17 contract to redo our Flagstaff district headquarters by doing a
18 land swap between the City, the State and the private developer
19 who's going to redevelop an old movie theater that will become
20 our new district headquarters in Flagstaff, and that's a project
21 we'd like to talk to you some more about. So we are using this
22 delivery mechanism, and quite successfully.

23 Now, sometimes tolls are used as a repayment,
24 especially for highway-oriented P3s, but not always. You can
25 use regular state revenues or bond proceed funds or any other

1 type of funds that we can use for regular highway projects,
2 design-bid-build projects. We can use that as a repayment
3 source for P3s. So the benefit of tolls really is that it
4 brings additional revenue into the system, not that you
5 necessarily have to use this approach to deliver a project as a
6 P3.

7 So let me talk quickly about federal options for
8 tolling interstate highways. This is an interstate. So as a
9 blanket statement, tolling is generally not allowed on
10 interstate highways, and now I'm about to give you all of the
11 exceptions in which it actually can be used for interstate
12 highways now. And the feds have gotten a bit looser about that
13 over the last several years.

14 So it can be -- tolls can be used under certain
15 circumstances. There is a series of narrowly defined pilot
16 projects, the value pricing pilot projects. That's a lot of Ps.
17 That is a program under federal law. It used to be limited to
18 just three pilot spots. Now it is open to anyone to apply for,
19 but no one has applied for it. So I think that tells you how
20 restrictive the federal limitations are. So even though it's
21 available, quite narrowly defined.

22 Then there's Section 166 in federal law, which is
23 an HOV to HOT lane conversion. That's an instance where HOV
24 lanes that are high occupancy vehicle, or carpool lanes, can be
25 used by single occupancy vehicles for a fee, and you basically

1 add tolling infrastructure to those lanes. That's generally for
2 either the conversion of HOV lanes or when you add an additional
3 lane that can be used for HOV or HOT lane purposes. And if any
4 of you have driven to Los Angeles on I-10 lately, you'll see
5 that that's been imposed on I-10 in Los Angeles County and that
6 they're continuing to add a lane and moving it further eastward
7 all the time. It will eventually hit the San Bernardino County
8 line and will go all the way on I-10 through L.A. County. And
9 that -- again, HOV lane that allows single occupancy vehicles if
10 they pay a toll.

11 And then there's Section 129, which is sort of
12 the general tolling section. It allows entities to toll newly
13 reconstructed lanes on existing interstate highways. So new
14 capacity. And then it also has another provision that allows --
15 it says initial construction, but that really also includes
16 reconstruction of highways, bridges and tunnels on interstate
17 highways.

18 State law is even a bit more restrictive.
19 Arizona State Statute does allow for tolls, and it gives ADOT
20 the authority to collect the tolls or to give that authority to
21 a private partner through a contractual arrangement, and that
22 would be permissible on federal highways consistent with federal
23 law. However, State law does not permit tolling on existing
24 highways of any kind. So it would need to be new construction,
25 additional capacity. And state law also does not permit tolling

1 without a free option, in quote, "reasonable" proximity. That
2 is defined anything more than reasonable, but I think you can
3 imagine what kinds of things might go into an assessment of a
4 "reasonable" free alternative.

5 We have gone down this road in the past with I-15
6 in thinking about whether it's possible to toll that highway.
7 So in 2013, ADOT actually applied for one of those value pricing
8 toll slots that were available at the time for only three --
9 three locations around the country, and we actually went through
10 the process of applying for that with federal law, and caused a
11 political maelstrom of rather enormous proportions. So it was
12 quickly withdrawn. There was strenuous opposition. Of course,
13 from the few hundred thousand people who live up in that corner
14 of the state, but really, far more vocal where the states of
15 Nevada and Utah that were really objecting to the idea of
16 putting a toll on this.

17 So because the uproar was quick and severe, we
18 withdrew our application and never really took the additional
19 steps of working with Nevada and Utah to seeing if it could be
20 possible to expand the toll into their states, share the
21 revenues, and it's certainly possible today with modern tolling
22 technology to provide exemptions for residents who live in the
23 area. But again, the response was so quick that we just
24 withdrew the proposal and went ahead, as Floyd mentioned, to
25 apply for a TIGER grant and look for some other options for

1 reconstructing those bridges.

2 So in conclusion, ADOT could seek federal
3 approval under Section 129 for tolling reconstructed bridges,
4 but the response we would get from Federal Highways is
5 uncertain. As I said, the limitations are quite restrictive,
6 and it is unclear whether this would qualify.

7 State law, on the other hand, is pretty clear
8 that it can really only be new highways or lanes. The type of
9 work that is being done on those bridges, basically deck
10 reconstruction, it's very unclear whether that would really
11 qualify for new constructions. All the rest of the bridges of
12 the structures are being held over. It's not a complete tear
13 down and rebuild. So it seems like that would be questionable,
14 I think, under state law to move ahead with that.

15 However, P3 procurement and delivery options
16 could be used on the I-15 bridges regardless of the funding
17 source, and we're always looking for opportunities to use these
18 P3 procurement and development processes.

19 So that's my update on the possibility of
20 tolling, and very happy to answer any questions that anyone may
21 have.

22 CHAIRMAN SELLERS: Okay. Well, I don't want to
23 labor this, because there's probably not a whole lot that we can
24 do. But I think you do understand that the frustration that we
25 feel is with such limited statewide funds to do things that are

1 important for our state's economy, and when Interstate 15 is
2 doing virtually nothing for our state's economy, it's really a
3 problem for us to see that as a priority. And so it still seems
4 like the solution would be to try to find some way for that to
5 be user funded, and I don't know whether tolling is even a
6 viable solution anywhere down the road, but you know, I think
7 that finding some way to have the people that are actually using
8 that road paying for it would be of great benefit to our state.

9 Board Member Stratton.

10 MR. STRATTON: Thank you, Mr. Chairman, and I
11 appreciate your comments.

12 I am the one that asked for this to be put on the
13 agenda, and as Floyd said earlier, we did approve today another
14 6.2 million or 3 million to go on that project, on that road. I
15 believe in the past -- and please correct me if I'm wrong,
16 John -- but I believe we were exempted from adding a lane on
17 that due to the environmental sensitivity of the gorge by the
18 feds the last time you looked at this, or it was at least
19 discussed, I believe.

20 DIRECTOR HALIKOWSKI: So Mr. Chairman, Board
21 Member Stratton, I don't know if we were denied. I think the
22 geography is very difficult to go in and add lanes. It is an
23 extremely environmentally sensitive area, and so that would be,
24 I think, a huge cost, but I'd ask Dallas, who studied that, or
25 Gail to comment on adding an extra lane. I just don't know that

1 we'll be able to physically do that. Dallas.

2 MR. HAMMIT: We're engineers. We can do lots of
3 stuff.

4 DIRECTOR HALIKOWSKI: Oh, I forgot. You can do
5 anything.

6 MR. HAMMIT: But it would be extremely expensive
7 and quite a bit of environmental concerns. So we were never
8 told no, but financially to add lanes and the environmental
9 impacts would take a long time. So it wasn't a hard no, but it
10 was -- it's very unlikely that you could do it with the
11 geography.

12 MR. STRATTON: Absolutely. I don't believe we
13 could do it with the current state of affairs. I do -- what I'm
14 asking is did the federal or FHWA exempt us from adding an
15 additional lane.

16 DIRECTOR HALIKOWSKI: Oh, I see.

17 MR. STRATTON: And I'm sorry I didn't explain
18 that well, but I thought we had talked about that being exempted
19 from that at one time due to that environmental concern.

20 DIRECTOR HALIKOWSKI: Yes. It is a unique
21 structure in a very unique place. I think we were looking more
22 towards Section 129 and the ability of using the tolling of
23 bridges instead of the lane or an exemption from tolling
24 existing interstates.

25 So as Gail had said, the feds have loosened up

1 over the years, and I think there are some states that have
2 successfully tolled their bridges without adding capacity.

3 MS. LEWIS: Yeah. That's correct. That's the
4 Section 129, which does allow -- so the kind of reconstruction
5 that we're doing, the bridge deck, federal law probably would
6 allow us to toll that. State law is more restrictive, and it's
7 a very -- state law is unclear. I think that would need to be
8 clarified if we were going to pursue that.

9 MR. STRATTON: Okay. Thank you for that
10 clarification.

11 DIRECTOR HALIKOWSKI: The other thing I'd point
12 out is that I think it was mentioned by the chairman, is it
13 viable? And I think the traffic counts per day, Gail, probably
14 would make it a viable --

15 MS. LEWIS: From a straight traffic and revenue
16 perspective, these are very expensive projects. It's hard to
17 generate those kind of revenues no matter how high the tolls
18 are, but from a traffic and revenue perspective, we could
19 certainly get contributions, substantial contributions toward
20 those costs with a toll, with a reasonable toll.

21 DIRECTOR HALIKOWSKI: So the last time I checked,
22 this was when Mr. McGee was still with us before he passed on.
23 I think the traffic count for trucks was 21,000 per day roughly.

24 MS. LEWIS: And it's definitely increased since
25 then.

1 DIRECTOR HALIKOWSKI: Right.

2 MS. LEWIS: Those were the 2012 numbers. So it's
3 definitely gone up.

4 DIRECTOR HALIKOWSKI: And it will likely continue
5 to increase as we see more and more freight movements per the
6 federal calculations for the future.

7 MR. STRATTON: My largest concern over this
8 stretch of road, as the chairman mentioned, it doesn't really
9 serve Arizona to any degree. My biggest concern is that rural
10 Arizona burdens their shoulders, the whole burden of the cost of
11 this particular freeway. And out of the potential -- I believe
12 Floyd said another \$160 million worth of work, that money could
13 do well for Kingman and their projects or a multitude of other
14 cities, towns and counties across our state, Greater Arizona or
15 the TOC, as we call it, 13 other counties. We don't have the
16 money that MAG and PAG have and can get the help.

17 So it's the only solution I can see at this point
18 in time to free up money for projects in the rest of rural
19 Arizona. And in saying that, I would appreciate any help. I
20 know that we've -- ADOT has received a multitude of resolutions
21 from cities, towns, MPOs, counties across the state. I believe
22 as we talked the last time this was brought up in '13, I think
23 Mohave County had some objections to it, and it was probably
24 because of the -- their citizens in Littlefield and well
25 understood, but I think that's been addressed by state law now,

1 by people in the near proximity that would -- they would get a
2 free pass somehow through that.

3 The other interesting thing I find is having
4 traveled through Utah this past summer, they toll. They toll
5 their fast lanes and their HOT lanes, but yet they object to us
6 tolling anything. And as I -- and I said two years ago, I
7 really don't care what Nevada and Utah think as long as they're
8 not putting any money into this thing. If they want to pony up
9 some money, then I think they have a say. But until that point
10 in time, my job and the rest of this board's job is to represent
11 Arizona. All of Arizona.

12 And there's a multitude of projects we're asked
13 for every month that we're in session and not in session, and
14 it's hard to tell you people no. They're viable projects.
15 They're needed projects, but we just don't have the money. But
16 yet we are forced by federal law to spend the kind of money
17 we're spending on I-15, which does no good for Arizona.

18 So thank you for my stage. I got my spiel out.
19 But I would really like for us to go through this as far as we
20 can and look into it and see if there's anything we can do to
21 provide and alleviate the burden on rural Arizona.

22 MR. ELTERS: Mr. Chairman, not to belabor the
23 point, but I do have a couple of thoughts myself.

24 First and foremost, I want to echo with what my
25 fellow board members are saying. The degree of challenge and

1 the frustration with this, and if you -- my -- this was a very
2 informative presentation. Thank you, Gail.

3 The fact that we had opposition the first time we
4 tried it and it was strong in nature that we withdrew our
5 application should not prevent us from reconsidering, I suppose.
6 At least that's where I'm coming from. Indeed -- and I
7 understand the nature of this. This is an interstate. It's
8 part of the grid that connects the country together and ties us.
9 So we have -- as a state, we have an obligation, and it's not
10 just from the goodness of our heart, but we are expected when
11 you have federal dollars to maintain the interstate within.

12 However, having said all that, the impact of this
13 on funding is real and genuine, and there's got to be a
14 solution. And you know, it seems like that our constraints from
15 the system, from the laws, federal laws and such, but those are
16 getting more flexible, loosening up perhaps, and political
17 opposition, one can perhaps work through. I can't help but echo
18 what I heard from Board Member Stratton, and that is it's easy
19 to oppose something when it's -- you know, when it's away from
20 you, yet when somebody else is bearing the burden for it.

21 As far as the local acquisition, I think
22 technology has advanced to a point where you can exempt and find
23 a way to do it. So with that said, I think it's truly worth the
24 effort to consider it again. Where we get with it, I would like
25 to think there is some relief somewhere down the road, and if

1 tolling is indeed an option, whether it generates enough funds
2 to cover all the cost or provides some of the cost, some real
3 funding, then that would be, I would think, worthwhile.

4 You know, so to that end I'm just throwing my
5 voice along with other board members to say we need to do
6 something. What that is, I think we can discuss and debate, but
7 take another shot at it. And before I-15 through the gorge --
8 through the gorge and river canyon was constructed, there were
9 other means to get up from Arizona into Utah, and that was
10 through State Route 91, which is still there today, but it's a
11 county highway. So not tolling in the canyon itself, but
12 tolling somewhere on either side of it within the state, if that
13 is an option. Again, I'm just saying I believe it's worth the
14 effort. Thank you.

15 MR. KNIGHT: Mr. Chair.

16 CHAIRMAN SELLERS: Yes.

17 MR. KNIGHT: Just to echo my fellow board
18 members, but I think some -- we should try the toll again. I
19 think that would make the P3 far more viable with the tolling
20 added.

21 DIRECTOR HALIKOWSKI: So Mr. Chairman, if I
22 could, this is a heavy lift, and we're going to need help from
23 the Board, I think, in talking to local communities and leaders,
24 because when we tried this the last time, you know, and history
25 is always a great teacher, perhaps we could have done more prep

1 work prior to announcing the letter of intent that we sent to
2 the federal government, because as Gail said, the blow back was
3 pretty quick, and I think a large part of that was a lack of
4 education on how such a structure, a P3 might work.

5 But the governor of Utah was pretty, I would say,
6 outspoken in his criticism, saying that Arizona gets federal
7 bridge funds just like we do -- and I'm paraphrasing -- if they
8 can't manage their money properly, that's not Utah's problem.

9 The Interstate 15 is largely used by cross-state
10 traffic, and we've looked into whether or not, you know, some
11 sort of fuel taxes or something might pay for that, but in a
12 30-mile stretch, the amount of gallonage burned is de minimis.
13 So you're really looking at, you know, how you can work a P3
14 with some sort of viable toll option.

15 But I think you're also going to need probably
16 some work at the Legislature, because the trucking association
17 in Arizona, and actually, I think their position nationwide is
18 they do not want and they very strongly oppose tolls. So you've
19 got some very heavy lobbies out there who are going to be
20 working against any state law change if we were to go in and
21 say, look, this is a very unique area of the state, very unique
22 infrastructure, very unique environmentally, and perhaps there
23 needs to be an exemption in the state law about tolling existing
24 facilities.

25 So there are a number of things that I just want

1 to make you aware of as we move forward that it's not a question
2 of traffic count or whether a P3 could work up there. It's
3 educating the policy makers and the public that this is a viable
4 option, because right now, as things stand, I think we'd have a
5 very tough time moving forward without that taking place.

6 CHAIRMAN SELLERS: We have a state representative
7 here that would like to speak on this issue. Is that
8 permissible? No?

9 (Inaudible conversation.)

10 MR. ROEHRICH: Mr. Chair, I don't know if you
11 heard that, but Ms. Kunzman had said that she does not think
12 that that's an option.

13 CHAIRMAN SELLERS: Pardon? I didn't...

14 MR. ROEHRICH: The Board's attorney said that she
15 does not think that's an option.

16 CHAIRMAN SELLERS: Okay. Thank you.

17 MR. ROEHRICH: Have them speak on this topic.

18 CHAIRMAN SELLERS: Since it was agendaed, I
19 thought perhaps it would be acceptable to do that, but...

20 DIRECTOR HALIKOWSKI: Well, Mr. Chair, might I
21 suggest is let's go back and continue to look into this some
22 more, and maybe perhaps if, you know, you're inclined, we could
23 schedule a future agenda item for an update and then have folks
24 come in and speak to it if they wish.

25 MR. ROEHRICH: Mr. Chair, I do have one

1 suggestion. You could open the call to the audience for any
2 last minute items. Somebody may want to fill out a form and ask
3 for, but they will get three minutes to talk on the subject of
4 their choice.

5 CHAIRMAN SELLERS: Okay. Would that be something
6 that the representative could do for us?

7 (Inaudible.)

8 CHAIRMAN SELLERS: I'd like to reopen the call to
9 the audience.

10 MR. STRATTON: Mr. Chairman, while we're waiting
11 on that, I do have another comment, if you would allow.

12 CHAIRMAN SELLERS: Okay.

13 MR. STRATTON: Having been in the past positions
14 I've been in in local governments, the city manager and acting
15 county manager, I will very gladly volunteer my time to work
16 with the League of Cities and Towns and CSA, as I have in the
17 past, to help promote this if the administration would need the
18 help or want it.

19 DIRECTOR HALIKOWSKI: Thank you. I appreciate
20 that, Board Member Stratton.

21 Mr. Chairman, I guess while we're waiting, the
22 other thing I'd point out is we do have some folks in Congress,
23 and if there are federal issues that we need tackled, that might
24 be another area for us to approach.

25 CHAIRMAN SELLERS: All right. My next speaker is

1 Representative Cobb.

2 REPRESENTATIVE COBB: Thank you, Mr. Chairman and
3 board members and Director, and thank you for allowing me to
4 speak on this today.

5 I actually was not supposed to be working in
6 Kingman today and was supposed to be in Phoenix, and I thought
7 that the I-11 project that we were looking at today was
8 important enough for me to sit in and listen on today. So I
9 came in for that. This is just in addition to that.

10 I am willing to work with you guys on this, and I
11 can be the conduit between the federal and what you guys are
12 going to be doing on the state level. And I understand that
13 this has been a major financial implication on ADOT for many
14 years, and I think that we have changed leadership in Nevada and
15 in Utah, and I think that there's some capacity for them to look
16 at this, and if we -- I know there's all kinds of options we can
17 do. But I think that we need to start looking at it and
18 possibly working on a solution for this next year. It might not
19 be something we can introduce or get bills passed this year, but
20 at least if we start looking and working towards that, that
21 might be something that we can modify state statute in the
22 future.

23 DIRECTOR HALIKOWSKI: So Mr. Chairman, thank you,
24 Representative Cobb. With your permission, I'll contact with
25 your office and set up a meeting. Perhaps we can come over and

1 visit and talk about some of the issues and directions we might
2 go in.

3 REPRESENTATIVE COBB: Thank you.

4 DIRECTOR HALIKOWSKI: I really would appreciate
5 the help. Thank you.

6 REPRESENTATIVE COBB: Thank you, Director. And
7 Mr. Dorn said he would do the same thing. Thank you.

8 CHAIRMAN SELLERS: Thank you, Representative
9 Cobb. And by the way, she is the chair of the Appropriations
10 Committee in the House. Thank you.

11 DIRECTOR HALIKOWSKI: I will have to say Mr. Dorn
12 is not allowed. Just kidding, Tom.

13 CHAIRMAN SELLERS: Okay. Any suggestions from
14 board members for future agenda items?

15 MR. ROEHRICH: Mr. Chairman, if I could just
16 cover a couple real quick topics just to remind the Board that
17 we do have study session on January 29th, Tuesday the 29th, and
18 we are tracking a few items for that I would just want to make
19 the Board aware of. And, of course, Mr. Chair, next week you
20 and I will discuss with Ms. Priano, we'll finalize the agenda
21 and get it distributed.

22 But we do have an overview of the tentative five-
23 year program, and at that time, we'd ask -- Board Member
24 Thompson had asked that we specifically provide more detail on
25 kind of the project evaluation and prioritization process. So

1 that will be included in the discussion on the tentative
2 program.

3 Mr. Hammond had asked that we overview the
4 contractor prequalification process. So we're going to delve
5 back into that a little bit just to make sure that we've
6 answered any final questions from the Board given what
7 transpired.

8 I thought that it might be a good time to also
9 kind of see what happened with the shutdown, if there's any
10 impact on the Highway, Aviation or Transit program. We can give
11 an update by the 29th. Don't know what will change, but I do
12 know the farther this gets in, the more impact will have, and we
13 just want to keep track of that and make sure the Board's aware
14 of it.

15 We've asked to include a discussion on kind of
16 the process we use for call to the audience, kind of overview of
17 that, talk to the Board on that process a little bit.

18 And then the last item was kind of just a quick
19 overview from the Department on -- with the Renaissance Festival
20 coming up. I know that was a big issue in past years.

21 Mr. Stratton, we will go ahead and kind of update on how we're
22 strategist approaching now that the Renaissance Festival is
23 getting ready to start.

24 So I figured those will be our study topics.
25 We'll fill up the two, two plus hours with that, the highlight

1 obviously being the tentative program.

2 And then finally, the next board meeting is
3 Friday, February 15th, and we are going to the city of Douglas.
4 So just remind the board members on that. We'll obviously be
5 planning the activities and the -- coordinating the lodging and
6 other events. You'll hear from Ms. Priano on that.

7 CHAIRMAN SELLERS: Okay. Thank you very much.

8 Anything else from any other board members?

9 (End of requested excerpt.)

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Adjournment

A motion to adjourn the January 18, 2019 State Transportation Board meeting was made by Vice Chair Hammond and seconded by Board Member Knight. In a voice vote, the motion carried.

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



Jack Sellers, Chairman
State Transportation Board



John S. Halikowski, Director
Arizona Department of Transportation