

**STATE TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, January 17, 2020**  
**City of Yuma Council Chambers**  
**One City Plaza**  
**Yuma, AZ 85364**

**Call to Order**

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

**Pledge**

The Pledge of Allegiance was led by Board Member Knight

**Roll Call by Board Secretary**

A quorum of the State Transportation Board was present. **In attendance:** Chairman Sellers, Vice Chairman Hammond, Board Member Stratton , Board Member Thompson, Board Member Elters, and Board Member Knight. Board Attorney, Michelle Kunzman, participated by teleconference. There were approximately 20 members of the public in the audience.

**Opening Remarks**

Opening remarks were made by Chairman Sellers

**Title VI of the Civil Rights Act was done during the board meeting, prior to the study session**

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

**Call to the Audience for the Board Meeting**

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.

1. Richard Lunt, Greenlee County Supervisor
2. Kee Allen Begay, Jr.-Navajo Nation Council
3. Rick Barrett, City Engineer, Flagstaff
4. Tim Suan, Community Development Director, City of Page
5. Alton Joe Sheperd, Apache County Supervisor (Floyd Roehrich, Jr. spoke on his behalf)
6. Mayor Nicholls, Mayor of Yuma

ARIZONA STATE TRANSPORTATION BOARD  
STATE TRANSPORTATION BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

City of Yuma Council Chambers  
One City Plaza  
Yuma, Arizona 85364

January 17, 2020  
9:00 a.m.

PREPARED FOR:  
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

CALL TO THE AUDIENCE

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SPEAKER:	PAGE:
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Kee Allen Begay, Junior.....	8
Rick Barrett.....	10
Tim Suan.....	11
Alton Joe Sheperd (Comments Read by Mr. Roehrich).....	11
Mayor Douglas J. Nicholls.....	12

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AGENDA ITEMS

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Mike Hammond and Vice Chairman Steve Stratton.....5

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Engineer.....39

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Presentation of Gift to Jack Sellers

1 (Beginning of excerpt.)

2 CHAIRMAN SELLERS: Now we'll move on to Item No.  
3 1, Transportation Board organization, and I would entertain a  
4 motion for chair of the Board.

5 Board Member Stratton.

6 MR. STRATTON: Mr. Chairman, I'd like to make a  
7 motion that we elect Mike Hammond as the new chairman of the  
8 Board.

9 MR. KNIGHT: Second.

10 CHAIRMAN SELLERS: Okay. We have a motion from  
11 Board Member Stratton, a second from Board Member Knight. Any  
12 discussion?

13 All in favor say aye.

14 BOARD MEMBERS: Aye.

15 CHAIRMAN SELLERS: Any opposed?

16 CHAIRMAN HAMMOND: Do I have to abstain?

17 (Inaudible.)

18 CHAIRMAN SELLERS: Congratulations. Now you get  
19 to take over, sir.

20 CHAIRMAN HAMMOND: Okay. Well, thank you.

21 Okay. Now we move to the call to the audience.

22 MR. ROEHRICH: Excuse me. Mr. Chair, now we also  
23 designate the new vice chair as well.

24 CHAIRMAN HAMMOND: Okay.

25 MR. ROEHRICH: So we would ask if you could lead

1 in the motion to nominate a vice chair for this year.

2 MR. SELLERS: So I'm not done yet?

3 CHAIRMAN HAMMOND: Or do I do the nomination?

4 MR. ROEHRICH: Well, I think -- well, we've  
5 accepted you now as the board chair. I think you should do the  
6 nomination, Mr. Hammond. My mistake on that. I was thinking  
7 Mr. Sellers would conduct that, but that would be inappropriate.

8 CHAIRMAN HAMMOND: Well, to be nominated as vice  
9 chair, Board Member Steve Stratton.

10 MR. ELTERS: Second.

11 MR. ROEHRICH: So the nomination, it will be --  
12 you made the nomination yourself. Second by Mr. Elters.

13 Okay. Call for the question.

14 CHAIRMAN HAMMOND: More discussion?

15 All in favor?

16 BOARD MEMBERS: Aye.

17 CHAIRMAN HAMMOND: Opposed?

18 Okay. Glad I got you here, Floyd.

19 MS. PRIANO: (Inaudible.)

20 MR. ROEHRICH: And then we have you seated. We  
21 have you seated correctly.

22 CHAIRMAN HAMMOND: Okay.

23 MR. ROEHRICH: So what we would ask is, one,  
24 congratulations, Mr. Hammond and Mr. Stratton, in your new  
25 roles. We're really looking forward to this new year. As

1 always, Mr. Sellers, I know we talked last month as well, but  
2 thank you so much for not only your year as chair, but the six  
3 years you've spent here have just been fantastic for all of us.  
4 So thank all of you, gentlemen, in your new roles. And  
5 Mr. Hammond, we're ready to roll, buddy.

6 CHAIRMAN HAMMOND: Yeah. I will mention we have  
7 another -- something to say at the end of the meeting, Jack, so  
8 don't leave early.

9 MR. SELLERS: Okay.

10 CHAIRMAN HAMMOND: All right. Now are we ready  
11 to have the call to the audience?

12 MR. ROEHRICH: Yes, sir.

13 CHAIRMAN HAMMOND: This is the time for the  
14 audience to come forward and give us their thoughts on any  
15 issues. We do ask that you limit it to three minutes. We can  
16 listen. We cannot respond, but we look forward to your  
17 comments.

18 First we've got -- let's see here. Let's see.  
19 I've got a bunch more here that I got. Greenlee supervisor,  
20 Richard Lunt.

21 MR. LUNT: Thank you very much, and  
22 congratulations, Chairman Hammond.

23 CHAIRMAN HAMMOND: Thank you.

24 MR. LUNT: I'm here representing the Southeast  
25 District, Greenlee and Cochise and Santa Cruz. As you well

1 know, when Bill Cuthbertson termed out on the Board, we've been  
2 a year without representation. That concerns us, and I know  
3 there's -- there's plenty of blame to go around, but I  
4 understand that we all want to be represented, and this is a  
5 very important board. And I appreciate what this board does and  
6 the service that you gentlemen have done on behalf of all of the  
7 State of Arizona, but if you could expedite and I believe  
8 years -- plenty of time, the seating of a board member to  
9 represent us, and I realize it needs to come from Cochise  
10 County, and I understand that they have put forth and there has  
11 been someone selected. But that happened quite a while ago, and  
12 still we sit with no board member here. So that would just  
13 voice my concern, and thank you very much once again for your  
14 service.

15 CHAIRMAN HAMMOND: Thank you.

16 Okay. Now up is Kee Allen Begay.

17 MR. BEGAY: Good morning, board members.

18 Congratulations on your new appointments. Arizona Department of  
19 Transportation administration, Mr. Halikowski, good morning, and  
20 your staff.

21 I'm here on behalf of the Navajo Nation on the  
22 northern -- northeastern part of the state of Arizona. I am the  
23 Navajo Nation council member sitting on the Resource Development  
24 Committee, which is the oversight of the transportation on the  
25 Navajo Nation. I -- you know, I've been attending several --

1 the past several years, advocating for road improvement on  
2 Highway 191 between Many Farms and Chinle, Arizona.

3 Last year, and I appreciate the support, but we  
4 weren't successful in getting the fundings for the BUILD --  
5 BUILD application that was submitted to the Highway  
6 Administration. The Navajo Nation went to Washington, D.C. and  
7 sat directly with the Highway Administration, and we've  
8 requested for a debriefing. In follow-up, I'll be asking, and I  
9 guess a request of the Arizona board of transportation to help  
10 make recommendation to resubmit the 191 application, the second  
11 round of the BUILD application for the Highway 191. So I  
12 sincerely ask for support from the Board and the administration  
13 to do that, and how the Navajo Nation could continue to help and  
14 maybe summarize -- not summarize -- modify the application, what  
15 -- how and the reason why it wasn't really selected. So that's  
16 one area that I really am wanting to ask for the Board to  
17 support.

18 And the other area is that working with the  
19 Arizona state representative, Mr. Teller and Mr. Tsosie  
20 (phonetic) and the administration, we're submitting some street  
21 light projects as well along 191, stretching from the -- Chinle  
22 all the way up to Mexican Water. So that's another area that we  
23 continue to ask for your support and in how we can continue to  
24 collaborate and work with the Nation, but more as a whole as a  
25 -- as state of Arizona.

1                   So I appreciate the time, and I again thank you  
2 very much.

3                   CHAIRMAN HAMMOND: Thank you. The Board will  
4 be meeting in Chinle, I think, in June.

5                   MR. ROEHRICH: Mr. Chair, that is correct.

6                   CHAIRMAN HAMMOND: So maybe we can look at some  
7 of those projects at that time.

8                   Okay. Let's see who we got next up. Rick  
9 Barrett, City Engineer, Flagstaff.

10                  MR. BARRETT: Good morning, Chairman Hammond,  
11 members of the Board, staff. I am Rick Barrett, City Engineer  
12 of Flagstaff, and I'm here today regarding Item 9B that's  
13 coming up later in the agenda. This item is to award a  
14 construction contract for a capacity and bridge replacement  
15 project for Fourth Street over Interstate 40, and as a result  
16 of a partnership between the City of Flagstaff and ADOT that  
17 we very much appreciate.

18                  On behalf of our city council, we want to assure  
19 the Board that we will provide our share of the funds necessary  
20 to award the contract and to thank ADOT for being great  
21 partners. I'll be available to answer any questions the Board  
22 may have of the City of Flagstaff when this later -- when this  
23 item comes up later in the agenda, and again, I want to thank  
24 you.

25                  CHAIRMAN HAMMOND: Thank you.

1 All right. Next up is Tim Suan, Community  
2 Development Director.

3 MR. SUAN: Good morning. Mr. Chair, members of  
4 the Board, thank you for your partnership and support. I'm Tim  
5 Suan, Community Development Director with the City of Page.

6 I'm here to bring continued awareness to the  
7 Highway 89 and Lake Powell Boulevard intersection in our city.  
8 With our robust and expanding tourism traffic, there's been  
9 increasingly more and more non-incapacitating accidents, as  
10 well as incapacitating accidents. Working with our district  
11 engineer, we hope to secure funding and approval of a project  
12 that has been on the back burner for several years.

13 And again, thank you for your partnership and  
14 continued support.

15 CHAIRMAN HAMMOND: Thank you.

16 Next up, this gentleman's not here, but Floyd  
17 is going to bring the thoughts forward from Alton Joe Sheperd,  
18 who's an Apache County supervisor.

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

20 And on behalf of Supervisor Sheperd, who could  
21 not be here, he did ask that ADOT and the Transportation Board  
22 accept a proposal from the county for Ganado Bus Loop Road  
23 enhancement proposal. It's a multi-page proposal that looks  
24 at partnering on funding and construction of a bus loop.

25 What we will do, Mr. Chair, make copies for all

1 the Board, as well as staff, and then we will accept this in  
2 as part of public documentation for the tentative five-year  
3 program that is coming up. Thank you.

4 CHAIRMAN HAMMOND: Thank you.

5 I noticed Mayor Nicholls has showed up. Does  
6 he want to say a few words, or am I putting you on the spot  
7 and you're not -- you're at a loss for words?

8 MAYOR NICHOLLS: Thank you, Chairman Hammond.  
9 And yeah, every once in a while I do come at a loss for words.  
10 So I do appreciate the opportunity to speak before you,  
11 despite possibly being at a loss for words.

12 Thank you very much for coming to Yuma. I  
13 appreciate everyone's attendance here, and -- but really more  
14 important, I appreciate your involvement at the State  
15 Transportation Board. It's an extremely difficult job, I would  
16 think, trying to make sure that you're keeping everyone happy,  
17 which I'm sure doesn't happen. But the effort of trying to  
18 get that accomplished for the state, statewide, is important.

19 If I can just bring one item forward, and that  
20 is I did submit a letter to each one of you, as well as to the  
21 director, on a turn lane off of a project that's programmed, the  
22 US-95 project, that serves some industries here locally as well  
23 as some state and some federal land, and so if you'll consider  
24 that. It's Rifle Range Road off of US-95. Just getting some  
25 additional turning movement into that. It's a minor cost to a

1 project, but a big safety issue for our community and helps our  
2 industry interact on that road.

3           So that letter either has been given to you or  
4 will be provided to you shortly. So I won't belabor that point.  
5 But I, again, appreciate everyone's attendance here in Yuma.  
6 Come often. Come as frequently as you can. And thank you very  
7 much. Have a great day. Thanks.

8           CHAIRMAN HAMMOND: Thank you.

9           And that closes the call to the audience.

10           Item 2 is the director's report, for information  
11 and discussion only.

12           DIRECTOR HALIKOWSKI: Thank you, Mr. Chairman,  
13 and congratulations on your ascension into the upper realms,  
14 so...

15           CHAIRMAN HAMMOND: No comment.

16           DIRECTOR HALIKOWSKI: It's a little  
17 disconcerting to see yourself on TV here. I didn't realize  
18 how little hair was left on top.

19           CHAIRMAN HAMMOND: If you notice, there's about  
20 a two-second time delay, too, which is even more  
21 disconcerting.

22           DIRECTOR HALIKOWSKI: So Mr. Chairman, I'd like  
23 to start off with highlighting the Governor's state of the  
24 state, because transportation played a major role in his state  
25 of the state to the Legislature.

1                   He highlighted a number of different  
2 transportation-related initiatives. He acknowledged some past  
3 and present projects, such as completion of the South Mountain  
4 Loop 202, and he mentioned the widening of I-17. He also  
5 talked about SR-189 and US-95.

6                   Additionally, he discussed some plans for  
7 future projects, such as calling on the federal government to  
8 fund the Tonto Basin Bridge, an acceleration of the completion  
9 of widening I-10 between Phoenix and Tucson.

10                  He also mentioned constructing a new six-lane  
11 bridge over the Gila River, which is actually the first step,  
12 we believe, in widening that stretch of I-10 between Phoenix  
13 and Tucson, and we're working on that right now.

14                  And finally, he discussed tripling the state's  
15 investment in rural broadband grants. That would mean a  
16 \$10 million investment into grants and also an additional  
17 50 million into smart highway corridors to install rural  
18 broadband across rural interstates.

19                  And right now we're working with the  
20 department -- or I should say the Arizona Commerce Authority,  
21 and their office of broadband. The department's heavily  
22 involved in looking at I-40, SR-189 and I-17 for some future  
23 broadband installation. We look at it as, from our  
24 perspective, a public safety issue, and that will be able to  
25 install cameras, dynamic message signs and other technologies

1 for the traveling public and for our law enforcement partners.  
2 So we're actively working on broadband to not only better our  
3 communications, but also to provide those connectivities to  
4 rural communities. So more on that will be discussed during  
5 the legislative session.

6           And speaking of the Legislature, I just want to  
7 show you the tracking sheet. We're current tracking 20 bills  
8 that pertain to funding transportation projects. And I won't  
9 go through all 20 of these, but we can make the spreadsheet  
10 available to the Board. It contains the bill, number, the  
11 sponsor, and the project and where it's located at and the  
12 amount of the appropriation and what year it's slated for.  
13 All of these projects, the 20 so far, represent \$195 million  
14 plus of investment by the Legislature in one-time  
15 transportation projects. So if you desire additional  
16 information, members, our legislative team will be getting a  
17 monthly update as we meet with the Board to let you know  
18 what's happening at the Legislature.

19           And finally, Mr. Chairman, I'd just like to  
20 mention a couple things that are happening here along our  
21 border in southern Arizona. San Luis 1 port of entry, I just  
22 wanted to update the Board. On December 20 of 2019, as part  
23 of the spending bill signed into law by the President,  
24 \$152.4 million was included to pay for the modernization of San  
25 Luis 1 port of entry. As you know, this is a critical port

1 along our border. Major traffic, from pedestrians and motor  
2 vehicles, so this is much welcomed. And so we're working with  
3 the Mexican government right now to make the necessary  
4 improvements on the Mexican side of that port on entry.

5 And on January 31st, federal delegates from  
6 Mexico City will be meeting at San Luis Rio Colorado, Sonora,  
7 to discuss Mexico's commitment to this project, and as this  
8 develops more, we'll let you know what's going on with that.

9 And finally, the SR-189 groundbreaking event. As  
10 you'll recall, board members, many thanks to you for your  
11 commitment, funding and delivering this SR-189 project. It's  
12 a game changer for the entire state as far as the economy and  
13 trade with Mexico. And on March 4th, Governor Ducey will be  
14 celebrating a groundbreaking event for SR-189, the flyover  
15 project that we're currently working on in Nogales. Now, this  
16 will provide for a smooth flow of the northbound traffic from  
17 the Mariposa port of entry. We're anticipating about 150  
18 attendees, which will include local, federal and Mexican  
19 dignitaries. So thanks to you, that project will begin  
20 construction this year.

21 CHAIRMAN HAMMOND: Did I hear it came in under  
22 budget? Is that (inaudible)?

23 DIRECTOR HALIKOWSKI: I didn't hear that,  
24 Mr. Chairman.

25 CHAIRMAN HAMMOND: Okay. No, I (inaudible).

1                   DIRECTOR HALIKOWSKI: I don't believe  
2 (inaudible) --

3                   MR. ROEHRICH: Mr. Chair, Mr. Hammond, we're in  
4 negotiation right now with the contractor setting -- since it  
5 was a public-private partnership, a freeway design-build,  
6 agreement. We're negotiating the final best value. We intend  
7 to have that hopefully wrapped up by the end of the month or  
8 in early February so we can make the springtime start of  
9 construction.

10                  CHAIRMAN HAMMOND: Thank you.

11                  DIRECTOR HALIKOWSKI: Thank you, Mr. Chairman.

12                  CHAIRMAN HAMMOND: Any other questions of the  
13 director?

14                  DIRECTOR HALIKOWSKI: I don't think Michelle  
15 allows questions, even though she's not here, Mr. Chair.

16                  CHAIRMAN HAMMOND: Well, she didn't stop me.

17                  DIRECTOR HALIKOWSKI: But I'd be happy to give  
18 the Board legal advice in her absence.

19                  CHAIRMAN HAMMOND: Thank you.

20                  MS. KUNZMAN: That sounds good to me.

21                  CHAIRMAN HAMMOND: All right. Moving to the  
22 Item 3, district engineer's report. Paul Patane.

23                  MR. PATANE: Good morning, Mr. Chair, fellow  
24 board members. Welcome to Yuma. I'm Paul Patane, the Southwest  
25 district engineer. It's been a few years since our last update,

1 so I just want to run through some of our past accomplishments,  
2 current projects and upcoming projects.

3 Real quick, background of the district. We've  
4 got over 3,000 lane miles or close to 3,000 lane miles, 5 rest  
5 areas and almost 190 bridges. We serve parts of all of Yuma  
6 County, parts of La Paz and western Maricopa Counties. We have  
7 four Indian reservations that we -- with ongoing communication  
8 and partnering efforts within our district limits.

9 Start with some modernization projects that we  
10 just finished up over the past year. The scope of this  
11 project was some partial realignment of a local intersection  
12 on US-95 and Avenue 8E. The scope of work was a new traffic  
13 signal installation, along with some turn lane improvements.  
14 This project here serves the local community college, as far  
15 as the northern entrance, and it also serves to the local  
16 university extension. So quite a bit of traffic there. It  
17 was funding HSIP funds. Yuma County participated also. They  
18 kicked in approximately \$100,000 toward the project.

19 The next project is up in La Paz County on  
20 Mohave Road and State Route 95. This is just within the  
21 Colorado River Indian Tribe's reservation, and this is  
22 adjacent to the town of Parker. The scope of this job was an  
23 intersection improvement project. Mohave Road serves access to  
24 the local hospital, along with a lot of the CRIC facilities  
25 that -- as far as their headquarters. Also, the recreation

1 areas along Poston Road, but Poston Road also provides  
2 connectivity to Interstate 10.

3 This project here, another modernization, is  
4 within State Route 72 within in the town of Bouse. Again, the  
5 intersection improvement, adding left and right turn lanes to  
6 Joshua Drive. This road here serves access to the local  
7 elementary school, so it was an important project for the  
8 county. La Paz County kicked in \$200,000 towards the project,  
9 and this was funding using District Minor Funds.

10 We've been pretty busy with our preservation  
11 over the last three to four years. If you look at our map  
12 here, we've touched almost all areas within the district as  
13 far as routes. Substantial investment, close to a little over  
14 \$69 million being invested in the infrastructure for  
15 preserving and rehabilitating our highways.

16 Some current construction. This is a statewide  
17 project here. This is the port of entry truck screening  
18 system. This is upgrading some of the new technologies within  
19 the port. We're touching five different ports of entry. The  
20 project is 70 percent complete, and near completion, and the  
21 project cost of \$4.4 million.

22 A couple bridges we finished up just recently,  
23 within the past week. This one here is within Yuma County,  
24 within the town of Wellton. This was a pedestrian bridge, but  
25 it provided connectivity to two paths that cross the local wash

1 here. Pedestrian traffic was forced to go out on old US-80 to  
2 get around the wash, but this project here provided connectivity  
3 to both paths.

4 A couple other smaller bridges funded by the  
5 Bridge Rehabilitation Program within our budget. The Yuma  
6 County structures, we administer the projects on behalf of the  
7 locals here. So these were two bridges that were in need of  
8 rehab, and they serve the local agriculture community as far  
9 as providing access around the canal systems.

10 Ongoing projects, as far as current  
11 construction, we have two major pavement rehabilitation  
12 projects on Interstate 8. Combining both these projects,  
13 there will be over 300,000 tons of asphalt laid over the next  
14 seven months. So we anticipate beginning paving for seven  
15 months straight, five days a week along Interstate 8. There's  
16 two different projects. One within Yuma County. The other  
17 one is on the western part of Maricopa County. So it will be  
18 a lot of paving going on the next seven months along  
19 Interstate 8.

20 Upcoming construction. What's in the program?  
21 Our big expansion project is the 95 here within Yuma County,  
22 US-95. This is part of the 25 million that was part of the  
23 Governor's approval that we got last year for the additional  
24 funding toward this corridor. The scope of the project is we  
25 have a typical rural two-lane highway here. The scope will be

1 to widen it to five lanes. We'll have to remove and replace the  
2 bridge shown here, but our current schedule, as is shown, we  
3 anticipate to be breaking ground in May/April of 2021.

4           So this project is phase one of the old  
5 (inaudible) corridor that we would like to seek improvements on.  
6 This -- as you know, US-95 provides connectivity to three  
7 interstates all the way up to I-10 and I-40, along with  
8 Interstate 8. So we broke it -- a DCR was completed back in  
9 2007, which broke it into four phases, and currently we're  
10 still working on phase one. We did build the Fortuna Wash  
11 Bridge a couple years ago, and so this -- the first project  
12 will widen the first four miles of the corridor. To fund the  
13 whole corridor, you're looking in excess of \$80 million to  
14 complete all the way up to phase four.

15           Another upcoming spot improvement project.  
16 District Minor Funds. This is on the 95 corridor. Dome  
17 Valley roads. It serves the Dome Valley area, a high  
18 agriculture area within Yuma County. This is funded using  
19 District Minor Funds. Yuma County is also participating.  
20 They'll be kicking in \$400,000 toward the project, and this  
21 project is scheduled to advertise early in '21, with  
22 construction spring of '21.

23           Again, our preservation is still ongoing within  
24 the district. We have another project on Interstate 8 coming  
25 out later this year. Again, another ten miles that we'll

1 improve through rehab. Fiscal year '21, we just do a small  
2 chipseal, but then we pick back up with our rehabs back in  
3 fiscal year '22 with projects along Interstate 10 and State  
4 Route 85.

5 Any questions?

6 CHAIRMAN HAMMOND: Are there any questions?  
7 Thank you, Paul.

8 MR. PATANE: Okay. Thank you.

9 CHAIRMAN HAMMOND: All right. We'll now move on  
10 to the consent agenda. Does anybody have an item that they want  
11 removed from the consent agenda?

12 MR. THOMPSON: Chairman, before I go and make a  
13 motion to approve, Sam, are you happy with answering the  
14 question on the relocation of ADOT (inaudible)?

15 CHAIRMAN HAMMOND: I'd be happy to listen to your  
16 question. I'm not sure I'm happy about answering it.

17 MR. THOMPSON: Okay.

18 CHAIRMAN HAMMOND: No. Go ahead.

19 MR. ELTERS: I'm good with it. Yes.

20 MR. THOMPSON: With that, I'd like to move for  
21 the approval of the consent agenda as presented.

22 CHAIRMAN HAMMOND: Thank you. We have a motion.

23 MR. ELTERS: Second.

24 CHAIRMAN HAMMOND: We have a second. Motion from  
25 Board Member Thompson, second from Board Member Elters. More

1 discussion?

2 All in favor.

3 BOARD MEMBERS: Aye.

4 CHAIRMAN HAMMOND: Opposed? Okay. We have a  
5 consent agenda.

6 Moving on now to the financial report. I think  
7 Kristine is here for a change.

8 MS. WARD: For a change. That hurt.

9 MR. ROEHRICH: It is going to be an interesting  
10 year. I can see it already.

11 MS. WARD: Yeah.

12 MR. ROEHRICH: Yeah.

13 MS. WARD: Well, good morning and  
14 congratulations, Mr. Hammond. Let's see here.

15 All right. So you'll see we've come a little  
16 out of target range with regards to the status of the Highway  
17 User Revenue Funds. We're running at about 1.6 below  
18 forecast, and what that means in terms of actual dollars is  
19 that's around \$12 million, 6 million approximately to the  
20 State Highway Fund. That's largely associated with use diesel  
21 fuel has been coming in a little under forecast, but otherwise,  
22 we -- I don't have major concerns there. VLT is running right  
23 on schedule, and as is gas. So we're fine there.

24 Moving on to the Regional Area Road Fund, we are  
25 right within target range. Year to date, we have collected

1 about a little over \$200 million, and we're about 1.1 percent  
2 above forecast.

3 Now I actually get to present on something  
4 that's a little more fun here. Well, before I go into  
5 reporting to you on the bond issuance, the refunding that we  
6 did last week, let me tell you very quickly, and I think the  
7 director discussed it with regards to the executive budget.  
8 The Governor's budget will be released today at 2:00 p.m. So at  
9 our next -- at on our next get-together, I think the study  
10 session, I'll do a brief report out on what we found in the --  
11 what we -- what is included in the executive recommendation,  
12 as well as its impacts on the program, on the overall State  
13 Highway Fund.

14 So now something a little more amusing. We  
15 had a very successful refunding. So last week I think it was  
16 that I was very chilly in New York, we went and -- we had  
17 brought to this board and you had approved us going and  
18 refunding about \$510 million worth of Highway User Revenue  
19 bonds, fund bonds. The bonds were -- we offered them and sold  
20 them over a two-day period last week, and this was the largest  
21 -- actually, it might even have been our -- the Board's first  
22 taxable issue. So usually when we go to the market, we are  
23 issuing tax exempt bonds, but because of tax reform that  
24 occurred a couple of years ago, we are in a situation where to  
25 refund these bonds, to refinance these bonds, we had to issue

1 taxable bonds, because we -- the advanced refunding opportunity  
2 was removed and is no longer available to us as an organization.  
3 That was part of tax reform.

4           So we issued taxable bonds, and we had very  
5 good market conditions, albeit the morning of it was a little  
6 nerve-wracking because we didn't know how the market would  
7 respond to the retaliation -- Iran retaliation took place that  
8 morning, the airline crash that took place that morning, and  
9 then subsequently, at eleven o'clock, the President came to  
10 speak. And the markets react to all of those things.

11           So we watched cautiously, and fortunately, the  
12 markets responded well, and we ultimately were able to save  
13 beyond what we originally projected to you, which was  
14 \$40 million. We were actually able to save \$45.5 million.  
15 And understand that that's over the life of those bonds. So  
16 it's not like -- it's not like anyone is going to be writing  
17 us a check for \$45.5 million this year that I can then come  
18 and say to you, hey, you have an additional 45.5 that you can  
19 spend. Basically, it's like refinancing your house. Your  
20 mortgage payment goes down, because you are paying a lesser  
21 interest rate. So those savings come over time.

22           The overall interest rate savings, we were paying  
23 between 4 and 5 percent interest on those bonds. We have now  
24 got a -- due to the refinancing, a new interest cost of about  
25 2.49 percent. So it was quite, quite successful.

1           Lastly, I want you to know that when we do these  
2 bond issues, there are a lot of people involved, and there are a  
3 lot of people to thank: Our underwriters, JP Morgan, our  
4 financial advisor, RBC, Kurt Freund. There are a lot of very  
5 bright, talented people. My staff, Lisa Danko, that I owe a  
6 world of thanks to, and so I'd like to just -- I just wanted to  
7 mention them.

8           That -- that's it in totality. We would  
9 close -- we will close on this. In other words, you will be  
10 signing a lot of paperwork, Mr. Hammond, as will you, Director  
11 Halikowski, on February 12th when we go to close the deal.

12           All right. That concludes my report, and I'd be  
13 happy to take any questions.

14           CHAIRMAN HAMMOND: You know, Michelle, you've  
15 been very good about getting these bond issues refinanced. My  
16 guess is that that bottom's about here, though, now. We're  
17 probably not going to have that opportunity in the future, you  
18 think?

19           MS. WARD: You know, they -- generally, as we  
20 approach call dates, unless the interest rates -- unless we  
21 start seeing the interest rates tick up, which given that  
22 they're at historical lows and have been for some time, I don't  
23 imagine opportunity's completely going away. No, sir. So --  
24 but I would expect them to diminish, and this one was  
25 surprisingly successful.

1                   CHAIRMAN HAMMOND: Congratulations.

2                   MS. WARD: Congratulations to you. That's a heck  
3 of an intro for your first -- for chairing your first meeting.

4                   CHAIRMAN HAMMOND: And I'll take total credit for  
5 it.

6                   MS. WARD: Very good. All right. You have a  
7 wonderful weekend. Thank you.

8                   MR. ELTERS: Chairman, Kristine, I have a  
9 question.

10                  MS. WARD: Yes, sir.

11                  MR. ELTERS: But I'll start with  
12 congratulations. If I understand anything about financing,  
13 this is pretty significant, and I think the savings are  
14 remarkable, though over years. I didn't catch what you said  
15 earlier, if you said you sold up to the authorized amount or  
16 some amount short of it. Could you -- did you happen to  
17 explain or address that?

18                  MS. WARD: So Mr. Hammond, Mr. Elters, yes. We  
19 sold \$510 million worth of bonds. So back in 2011, 2013, we had  
20 issued a series of bonds, and we were steadily paying debt  
21 service on those bonds with an interest rate of -- between 4 and  
22 5 percent. It varied between maturities. What we did is we  
23 came -- now you advance, you know, fast forward into the future,  
24 and now we are able to refinance those old bonds, those 2011,  
25 2013 bonds, by issuing bonds, new bonds, at a lower interest

1 rate using the proceeds from these new bonds to pay off these  
2 prior bonds, these old bonds.

3 Does that answer your question?

4 MR. ELTERS: Sure. But for a total of the 510?  
5 510?

6 MS. WARD: Correct.

7 MR. ELTERS: Okay.

8 MS. WARD: That is correct.

9 MR. ELTERS: Thank you.

10 MS. WARD: Thank you.

11 MR. THOMPSON: Chairman, I'd just like to  
12 commend you and Dallas for providing a well thought out  
13 presentation to and answering questions, presented by the  
14 members of the House of Representatives Transportation  
15 Committee, and I was there when you were making that  
16 presentation. So thank you for doing a good job.

17 MS. WARD: Mr. Chair, Mr. Thompson, thank you  
18 very much. Yeah. We do a -- he's fun to tag team with.

19 MR. KNIGHT: Mr. Chair, Kristine, I know you  
20 mentioned the interest rate we had on the old bonds, and you may  
21 have in your presentation, but I might have missed it, but  
22 what's the interest rate on the new one? I know it's less.

23 MS. WARD: The essential interest rate is 2.49  
24 percent.

25 MR. KNIGHT: Great. Thank you.

1                   CHAIRMAN HAMMOND: Given inflation, that's free  
2 money, right? Close to it.

3                   MS. WARD: Yeah. The -- it's -- I'm quite  
4 tickled with the -- this new rate. Yes.

5                   DIRECTOR HALIKOWSKI: To that point,  
6 Mr. Chairman, why don't we go borrow more another this low  
7 interest rate?

8                   MS. WARD: Well, it's the darndest thing. You  
9 really like to have the cash to pay the debt service on the  
10 bonds.

11                  DIRECTOR HALIKOWSKI: So we need a revenue  
12 stream.

13                  MS. WARD: MR. Chair, Mr. Halikowski, yes.

14                  DIRECTOR HALIKOWSKI: So you're pretty much at  
15 the top level of landing of bonding out based on the streams  
16 we have coming in.

17                  MS. WARD: Mr. Chair, Mr. Halikowski, that's  
18 correct. Every time that we present a new program, I present a  
19 new program to you, a new -- the funds available for us to then  
20 do the five-year program, the process is is that we take all the  
21 available funds that we see in our revenue projections, and then  
22 we say, okay, what's the maximum bonding we can do against those  
23 revenue streams? Of course, as you get more revenue, if you  
24 have more revenue streams, a greater revenue stream, you're able  
25 to do additional bonding. So yes, every program that I provide

1 you, I max those -- that bonding out as it is -- as is prudent.

2 DIRECTOR HALIKOWSKI: So just one more point,  
3 Mr. Chairman. Kudos to Kristine and her team, because I  
4 believe our ratings, even through the Great Recession and  
5 beyond, we've retained those AAA ratings.

6 MS. WARD: We retained -- we are a AA plus.

7 DIRECTOR HALIKOWSKI: AA plus. Okay.

8 MS. WARD: There was a legislative -- Mr. Chair,  
9 Mr. Halikowski, we did at one point get a downgrade because of  
10 some legislative action where the -- they moved the Motor  
11 Vehicle Division's funding from --

12 DIRECTOR HALIKOWSKI: I remember.

13 MS. WARD: -- from the State Highway Fund up to  
14 HURF. When they did that, they diminished -- they diminished  
15 the pledge revenue. So think about somebody taking -- cutting  
16 your paycheck. So the investors -- the rating agency saw  
17 that. They said, hey, the Legislature just came in and cut your  
18 paycheck that I as an investor am dependent on to pay the debt  
19 service, and whenever that revenue stream is infringed upon, the  
20 rating agencies perk up to represent and communicate to the  
21 investors, look what they've done.

22 DIRECTOR HALIKOWSKI: So I'll just point out,  
23 Mr. Chairman, our credit rate is high. Interest rates are  
24 really low, but unfortunately, we can't take advantage of it at  
25 this time.

1                   CHAIRMAN HAMMOND: Well, it is interesting the  
2 unintended consequences. Maybe with the AAA we would have a  
3 couple basis points less, maybe not.

4                   MS. WARD: Maybe.

5                   CHAIRMAN HAMMOND: That's still pretty strong.  
6 BB plus?

7                   MS. WARD: No. We have --

8                   CHAIRMAN HAMMOND: AA plus?

9                   MS. WARD: I have our precise ratings by each  
10 -- by each credit here. Hold on one second.

11                   So we are a AA1 from Moody's, a AA plus for  
12 Standard & Poor's, and those are the only two rating agencies we  
13 go for for the HURF bonds.

14                   Fortunately, because we are in such a low  
15 interest rate environment, the spread between a AAA rating and  
16 a AA plus is very, very tight. So you're not gaining --  
17 you're not gaining much by having a AAA at this point. And keep  
18 in mind that the other thing we watch for is one -- you know, we  
19 -- I understand our mission is to get roads maintained and on  
20 the ground. So what is that gain that we get by maintaining a  
21 AAA versus maintaining a AA plus? Is it more important to issue  
22 more bonds and get more money into the system, or is it more  
23 important to maintain that AAA rating? That's a balance we're  
24 always examining to make sure that we're behaving prudently but  
25 not -- you know, what's that balance of conservative approach.

1 CHAIRMAN HAMMOND: And you do it very well.

2 Thank you.

3 MS. WARD: Thank you. Have a great day.

4 MR. ELTERS: Mr. Chairman.

5 CHAIRMAN HAMMOND: Yes.

6 MR. ELTERS: So the takeaway from the  
7 discussion is we're maxed out. It's a --

8 CHAIRMAN HAMMOND: As far as bonding capacity,  
9 yes.

10 MR. ELTERS: Yes. We're maxed out as far as  
11 bonding capacity. It's a great time to be maxed out, and it  
12 would be great if the revenue stream went up so the bonding  
13 capacity would be raised or increased, and we can bond even  
14 more and save more. So maybe that message will get carried  
15 out and others will hear it as well.

16 CHAIRMAN HAMMOND: I know --

17 MR. ELTERS: Thank you.

18 CHAIRMAN HAMMOND: I have no doubt the day I  
19 leave this board, you'll get more money to spend. You can  
20 see -- seriously, you can see the momentum building.

21 MR. SELLERS: Mr. Chairman.

22 CHAIRMAN HAMMOND: Yes.

23 MR. SELLERS: Yeah. The unfortunate thing is  
24 what we've been getting, which is nice, is one-time money, and  
25 that doesn't do anything for our revenue stream.

1 MS. WARD: Mr. Hammond, Mr. Sellers, you're  
2 correct. You know, we'll be presenting to the Board at the  
3 study session our planned bond issues for over the next five  
4 years. So you will be getting an additional bonding  
5 presentation at the next study session that will tell you what  
6 issues -- what bonds we plan to issue and how much we plan to  
7 issue in bonds over the next five-year period, so...

8 CHAIRMAN HAMMOND: I do have a question. Do  
9 you ever get asked or is there anything ADOT's ever done by  
10 saying, you know, what would a nickel a gallon mean in the  
11 revenue stream? Ten cents? Fifteen? Obviously we've got to  
12 figure out things for alt. fuel vehicles, but I'm just  
13 curious, you know, how far we are away from significantly  
14 addressing the funding shortfall, and does your department do  
15 any of those studies?

16 MS. WARD: Mr. Hammond --

17 CHAIRMAN HAMMOND: Or is that done by some  
18 legislative committee?

19 MS. WARD: Mr. Hammond, we are routinely asked,  
20 you know, if you raise the gas tax X, what will it produce in  
21 terms of Y. If you raise it one cent, how much will that  
22 produce in a revenue stream? Yeah, that's a pretty regular --  
23 pretty routine question.

24 CHAIRMAN HAMMOND: Is that information privileged  
25 or -- I mean, I think the board members --

1 MS. WARD: Mr. Hammond --

2 CHAIRMAN HAMMOND: -- would be interested to at  
3 least have that factoid.

4 MS. WARD: Not at all. I will get that for you  
5 and provide it to you, and we'll just make it so you can  
6 easily -- how do I say this -- so you can easily calculate it  
7 in your own heads that, you know, if we raise it one cent,  
8 this is how much it means -- more it means in revenue to HURF.  
9 This is how much more it means overall to the State Highway  
10 Fund. We can certainly provide that.

11 DIRECTOR HALIKOWSKI: Mr. Chairman, Kristine, a  
12 penny a gallon is going to raise maybe, what, about 32,  
13 33 million? Roughly?

14 MS. WARD: Yeah. I'm trying -- yeah. So we  
15 sell about 3 billion gallons of gas --

16 DIRECTOR HALIKOWSKI: Yeah.

17 MS. WARD: -- a year, so...

18 DIRECTOR HALIKOWSKI: So figure a penny a gallon,  
19 somewhere in the neighborhood between 30 to \$33 million. But if  
20 you --

21 MS. WARD: Uh-huh. Uh-huh.

22 DIRECTOR HALIKOWSKI: -- look at the need that we  
23 just presented to the Legislature this week over a long --  
24 20-year long range plan, it's about \$53 billion, as I recall.

25 CHAIRMAN HAMMOND: Uh-huh.

1 MS. WARD: Dallas, I remember the gap being about  
2 35, 38, something like that.

3 DIRECTOR HALIKOWSKI: 38 (inaudible).

4 MS. WARD: A gap between the revenue available  
5 and --

6 DIRECTOR HALIKOWSKI: So figure over a 20-year  
7 plan, you're probably looking somewhere in the neighborhood, I  
8 would say, of 700 million to a billion dollars a year  
9 additional to address what we call the gap over that 20 years.  
10 And to raise another billion dollars each year, you're roughly  
11 looking at taking the gas tax from 18 cents to 36 cents, and  
12 there are folks that are just going to dig in their heels at  
13 that kind of an increase.

14 So we heard it in committee very clearly.  
15 There are members that do not want to raise taxes, and the  
16 Governor said in his state of the state very clearly there's not  
17 going to be any tax raises on his watch. So we continue to try  
18 to keep the system at the level for which we're being funded,  
19 and these efforts to refund obviously are ways we're trying to  
20 save money. So that gives you a rough picture, Mr. Chairman, of  
21 the amounts needed.

22 CHAIRMAN HAMMOND: You know, I do hear more  
23 conversation going on at the Legislature level on both sides of  
24 the aisle, and I think when the people clearly give these guys  
25 an out (inaudible) an out on something that's an investment and

1 not a tax. We should get some movement, again, about the time I  
2 get off this board.

3 MR. SELLERS: Yeah. And the number -- excuse  
4 me -- the number I use all the time is 10 cents a gallon is  
5 \$350 million a year, and it costs the average motorist \$5 a  
6 month.

7 DIRECTOR HALIKOWSKI: Yeah. I just saw a  
8 study, Mr. Chairman. Nationally, motorists are paying about  
9 \$28 nationally on average per month for transportation  
10 infrastructure.

11 MR. SELLERS: And Representative Campbell is  
12 running another bill that -- I don't think there's a lot of  
13 optimism.

14 DIRECTOR HALIKOWSKI: At least he's trying. It's  
15 a start.

16 Thank you, Michelle.

17 MS. WARD: Thank you very much.

18 MR. ROEHRICH: Thank you, Kristine.

19 CHAIRMAN HAMMOND: Michelle? Thank you,  
20 Kristine.

21 MS. WARD: I was going to let that go.

22 DIRECTOR HALIKOWSKI: No. You should never let  
23 that go.

24 MS. KUNZMAN: I can take credit.

25 CHAIRMAN HAMMOND: I read somewhere that the most

1 pleasing sound to a person's ear is their own name. So I take  
2 it back Michelle and give it to you, Kristine.

3 MR. ROEHRICH: That's unless your wife's  
4 hollering it at you.

5 CHAIRMAN HAMMOND: All right. PPAC items.

6 MR. LIGOCKI: Mr. Chairman, members of the  
7 Board, I'm here for Greg Byres who couldn't be here, the MPD  
8 director.

9 So for the PPAC items, I believe we also have  
10 the MPD report. If you want to proceed to -- I do not need to  
11 present any more detail. I have a couple minor comments for  
12 Item 6 if you'd like to do that.

13 CHAIRMAN HAMMOND: So if there's no comments on  
14 Item 6, we'd be looking for a motion?

15 MR. LIGOCKI: So we can move to Item 7, if you  
16 like, and I'd do that.

17 MR. ROEHRICH: Yeah. Mr. Chair, the Item 6 was  
18 only if there are any planning updates or activities you wanted  
19 to present. I guess, Clem, you're saying there was nothing that  
20 Greg was prepared to present today. So you want to go back to  
21 the PPAC items, which are the project modifications, and those  
22 require action. That would be Item 7.

23 CHAIRMAN HAMMOND: Skip Item 6 and go to item 7.  
24 Go ahead.

25 MR. LIGOCKI: Thank you, sir.

1                   So we have just five items today for the Priority  
2 Planning Advisory Committee. 7A and 7B are project  
3 modifications. 7C and 7D are the new projects, and then we have  
4 one April project. So at this point, I'd like to ask approval  
5 for Items 7A and 7B, the product -- project modifications.

6                   CHAIRMAN HAMMOND: Okay. Does the Board have any  
7 questions on Items 7A and 7B? I will entertain a motion.

8                   MR. SELLERS: Move for approval.

9                   MR. KNIGHT: Second.

10                  CHAIRMAN HAMMOND: Motion by Board Member  
11 Sellers, second by Board Member Knight. Any more discussion?

12                  All in favor?

13                  BOARD MEMBERS: Aye.

14                  CHAIRMAN HAMMOND: Okay.

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

16                  CHAIRMAN HAMMOND: Items 7C and 7D.

17                  MR. LIGOCKI: So next, 7C and 7D are the new  
18 projects. I'd ask approval of those two items, please.

19                  CHAIRMAN HAMMOND: Discussion on those items?  
20 I'll entertain a motion.

21                  MR. KNIGHT: So moved.

22                  MR. THOMPSON: Second.

23                  CHAIRMAN HAMMOND: Okay. We have a motion from  
24 Board Member Knight, second from Board Member Thompson.

25                  All in favor?

1 BOARD MEMBERS: Aye.

2 CHAIRMAN HAMMOND: Opposed?

3 Okay. Where are we? Item 7E.

4 MR. LIGOCKI: Yeah. So 7E is the new airport  
5 project, and so we'd ask approval of 7E, please.

6 CHAIRMAN HAMMOND: I'll entertain a motion for  
7 Item 7E.

8 MR. SELLERS: So moved.

9 CHAIRMAN HAMMOND: I heard Jack Sellers say  
10 first. And the second?

11 MR. ELTERS: I second.

12 CHAIRMAN HAMMOND: Board Member Elters. We  
13 have a motion and a second. Any discussion?

14 All in favor?

15 BOARD MEMBERS: Aye.

16 CHAIRMAN HAMMOND: Opposed?

17 Okay. Moving on to Agenda Item 8, state  
18 engineer's report, for information and discussion.

19 MR. ROEHRICH: Thank you, Michelle.

20 CHAIRMAN HAMMOND: Dallas.

21 MR. ROEHRICH: We're going to change our names to  
22 Michelle, all of us.

23 CHAIRMAN HAMMOND: Michelle Hammit?

24 MR. HAMMIT: Yes. That's it. Thank you,  
25 Mr. Chairman.

1                   Currently at ADOT, we have 76 projects under  
2 construction totaling \$1.76 billion. In December we finalized  
3 four projects totaling 7.7 million, and year to date, we have  
4 finalized 54 projects.

5                   One of the things that I wanted to mention on  
6 the state engineer's report, there's been a lot of discussion on  
7 grants. There was a NOFO, a notice of funding opportunity sent  
8 out this week for an INFRA grant, and the INFRA grant different  
9 than BUILD, but if you -- the INFRA grant is what we want on  
10 Interstate 17. One of the challenges for us, but opportunity as  
11 well. It targets projects of over \$100 million, and the State  
12 has to match it with 40 percent, and of that 40 percent, 20  
13 percent of that has to be non-federal funds. So for 20 -- we  
14 can use our formula funds, but we have to have at least 20  
15 percent of non-federal funds, and that's just to meet the  
16 minimum. To be competitive, we found you have to have much more  
17 non-federal funds than that. We are evaluating what projects we  
18 should look at. I-10 is definitely one that -- with some  
19 interest that we are considering, but we have not made  
20 decisions. We're evaluating and scoring those out at this time.

21                   Other questions?

22                   MR. ROEHRICH: So on the -- if I could,  
23 Mr. Chair, so that was the INFRA grant. Is there a possibility  
24 of a second round or another round of BUILD coming up? Do we  
25 know if that's in the future? Because we've gone after BUILD

1 grants, which has a different criteria for other corridors, and  
2 if we want to go after BUILD again, we -- those grant  
3 opportunities might come up. We don't know right now when that  
4 opportunity would be, do we? (Inaudible.)

5 MR. HAMMIT: Mr. Chairman, Floyd, the -- we  
6 anticipate the notice of -- or later this summer. There is  
7 not an active recruitment for BUILD at this time, but we do  
8 anticipate one later this summer.

9 MR. ELTERS: Mr. Chairman, Dallas, if I  
10 understand it correctly, the INFRA grant must have a higher  
11 threshold, because it seems like the competition for it is not  
12 quite as severe as the BUILD. The BUILD, at least my  
13 recollection and my understanding, is more communities are  
14 competing for it and have been successful even right here in  
15 this state, because the dollar amount, it seems, is a lower  
16 threshold. That --

17 MR. HAMMIT: Mr. Chairman, Mr. Elters, you're  
18 right. The -- it's a lot more competition because the match is  
19 as high, and then there are smaller projects that local  
20 communities can put in for. If you remember from last month,  
21 ADOT did not receive any BUILD grants, but Arizona received two.  
22 I can't remember the second one, but one was -- Pinal County  
23 received one for an inland port. There was another one, and I'm  
24 drawing a blank at this time. But we submitted the 191 and the  
25 new US-95 project. We were not successful, but Arizona did get

1 a couple.

2 MR. ELTERS: Thank you.

3 MR. STRATTON: Thank you, Mr. Chairman.

4 Dallas, two things. And first I'd like to  
5 compliment staff on the excellent job you're doing on Highway  
6 60 improvements and keeping the public informed. It is very  
7 refreshing, and everyone is up-to-date on it.

8 Secondly, Highway 88, the information is not  
9 out there, and I have been receiving multiple questions about  
10 what's going on with it and who -- who's doing what. If you  
11 could update me on that.

12 MR. HAMMIT: Sure. Mr. Chairman,  
13 Mr. Stratton -- and Mr. Stratton, thank you for the heads up  
14 so I am prepared for your question.

15 A little background for those who don't know  
16 State Route 88. It is a low volume rural road. We have about  
17 200 vehicles a day on that roadway between Roosevelt Lake and  
18 then coming into Apache Junction. Last summer there was a fire  
19 known as the Woodward Fire, and it consumed in that area of  
20 State Route 88 -- 200 square miles was scarred with the fire.  
21 It was followed up by tropical storm Lorena on September 23rd,  
22 which dumped about six inches of rain in about six hours, and we  
23 lost sections of that roadway.

24 Part of those roadways as we've looked at it, we  
25 think we can repair and open again. On the far west end, we

1 have a project using emergency relief funds from the Federal  
2 Highway Administration -- or we're fronting those. We've been  
3 told we will be reimbursed, but on those emergency relief funds,  
4 the State spends the dollars first, and when there are  
5 additional funds, we get reimbursed at a later time.

6           We are doing some work that's starting this  
7 month on the west end that will go up to Vista Lookout. It's  
8 about, if I remember right, six miles into the closure. I may  
9 be off just a little bit, but -- and that is targeted to open in  
10 April. From that point, there's an eight-mile segment going  
11 north that will remain closed for an extended period of time as  
12 we review.

13           What -- in talking to the Tonto Forest and  
14 their biologist, until that ground revegetates, any work we do  
15 is at great risk. The next rainstorm is going to wash it away.  
16 Again, this is the non-paved roadway, and so we've have come to  
17 an agreement. Both sides are looking at improvements to do in  
18 the future, but right now we're looking for revegetation.

19           Moving on east from Roosevelt Lake to Apache  
20 Lake, that work is -- we have a project going on there that will  
21 upsize some pipes and make the roadway a little more resilient  
22 and keep access. So there will be access to the different  
23 areas, but it's not direct. Sometimes you have an eight-mile  
24 gap in the middle that you cannot use. So you can't go from  
25 Apache Junction to Roosevelt Lake or vice versa. We are

1 evaluating that.

2 In addition to those projects, the Federal  
3 Highway Administration through the Central Federal Lands  
4 Division is doing a project on the lower section or the west  
5 section of the Apache Trail.

6 I did prepare a page and a half, or staff did,  
7 report for the Board, and we will do better to get the word  
8 out to different areas. But we have a copy of that that you  
9 can take with you, and then we will get that out to the  
10 communities.

11 MR. STRATTON: I appreciate that.  
12 Specifically, there are several entities specifically, one  
13 being Salt River Project. They have a crew working on a dam, I  
14 believe, from Washington, divers, and they're having a hard time  
15 getting supplies and fuel and such. I would appreciate if they  
16 would be notified as to what's going on so they can work with  
17 their subcontractor.

18 And also, if you could let the papers in Payson,  
19 Globe, Miami, Apache Junction -- there's a lot of winter  
20 visitors there that usually migrate up that trail at points, and  
21 the chambers of commerce and such, just so we can get the word  
22 out and let people know what's going on. I would appreciate it.

23 MR. HAMMIT: Mr. Chairman, Mr. Stratton, we can  
24 do that.

25 DIRECTOR HALIKOWSKI: Mr. Chairman, Mr. Stratton,

1 I'll echo that. I will take this back and work with our  
2 communications teams. We will do better.

3 MR. STRATTON: Thank you.

4 MR. KNIGHT: Mr. Chair.

5 CHAIRMAN HAMMOND: (Inaudible.)

6 MR. KNIGHT: Thank you. Dallas, from your  
7 description for the requirements for an INFRA grant, it sounds  
8 like US -- the widening of US-95, the entire project, would come  
9 pretty close to meeting those parameters. We've already got the  
10 28 million from the State. There's probably a pretty good  
11 chance we could get some more, but that whole project is going  
12 to be right at 100 million. Have you looked at that at all for  
13 the entire project as opposed to since we didn't get the initial  
14 BUILD grant?

15 MR. HAMMIT: Mr. Chairman, Member Knight, we  
16 definitely can do that, and we have a scoring system that we can  
17 come back with to the Board and show how those pencil out.

18 One of the things that you have to show is a cost  
19 benefit above one. Because of the volumes of US-95, you know,  
20 it doesn't -- the volume of traffic doesn't tell the whole  
21 story, but in the grant, the scoring -- it's hard to tell that  
22 story. I-10, it's easy to tell it, because you have over  
23 100,000 vehicles a day, you have this much freight moving, and  
24 it scores really high. You have to use a narrative description  
25 on the US-95. I think in our BUILD grand, if I remember right,

1 our cost benefit was in the neighborhood of .6, and they like to  
2 see one above 1.0. But we can definitely score that and work  
3 with your staff to get more information.

4 MR. KNIGHT: Thank you.

5 MR. ELTERS: Mr. Chairman, one more question.

6 Back to State Route 88.

7 MR. HAMMIT: Yes, sir.

8 MR. ELTERS: Dallas, you mentioned some work on  
9 the west side that is being done under emergency funding.  
10 What would you say -- and to be reimbursed by a federal  
11 highway emergency fund. What's the order of magnitude on that  
12 project?

13 MR. HAMMIT: Mr. Chairman, Mr. Elters, I'll have  
14 to get back with you. It's three months' worth of work, so it's  
15 not a huge amount of work. I do not know the cost of that, but  
16 the contract was starting in January, and they expect to be done  
17 in April. But I can get you a scope and a cost of that very  
18 quickly.

19 MR. ELTERS: And the east side project, is that  
20 under emergency as well, or is that a -- is that a standalone  
21 project when the whole --

22 MR. HAMMIT: Mr. Chairman, Member Elters, yes, it  
23 is. We have been approved for ER funds for that, emergency  
24 relief funds for that as well.

25 MR. ELTERS: Thank you.

1                   DIRECTOR HALIKOWSKI: Mr. Chairman, if I could,  
2 just one more question for Dallas. When we put these grants  
3 together, what's roughly the cost to submit a grant to the  
4 federal government.

5                   MR. HAMMIT: On the -- Mr. Chairman, Director,  
6 on the first go around, we're between 80 and \$100,000 to get  
7 the information. You calculate that cost benefit. We hire a  
8 consultant to write it up for us. They're doing lots of  
9 different things to put that together. A re-eval. is  
10 definitely less, because you've done some background, but that  
11 first grant -- round is between 80 and \$100,000.

12                   DIRECTOR HALIKOWSKI: And the source of money to  
13 pay for those?

14                   MR. HAMMIT: Right. And we can't use our federal  
15 funds, so they have to be state funds.

16                   DIRECTOR HALIKOWSKI: So I just want to say,  
17 Mr. Chairman, I think that we try to be very judicious in the  
18 grants that we apply for, because it is a significant cost to do  
19 that. Just want to make that note to the Board. We look at  
20 whether or not that grant's going to have a pretty good chance  
21 of coming through, and that's why we look at those scores pretty  
22 hard, because that's money out of the State fund that we are  
23 very tight on.

24                   MR. STRATTON: Dallas, a follow-up on 88.  
25 Correct me if I'm wrong, but I believe due to the age of that

1 road and being Forest Service, we're restricted on some of the  
2 activities or the way we do things to repair that road, which  
3 makes it a little more difficult.

4 MR. HAMMIT: Mr. Chairman, Mr. Stratton, it is  
5 a historic road, and we do have quite a few limitations as we  
6 work on that.

7 MR. STRATTON: Thank you.

8 MR. THOMPSON: Chairman, with John's comment,  
9 I'm assuming that, for instance, 191, it should not cost that  
10 much to resubmit an application for a grant.

11 DIRECTOR HALIKOWSKI: I think, Mr. Chairman,  
12 Mr. Thompson, Dallas pointed out the re-evaluation costs less  
13 because we have put together a lot of information already. But  
14 I just want to note to the Board that grants are -- applying for  
15 them are not free, and that's why we're very judicious in  
16 looking at which grants we apply for and would welcome local  
17 participation in covering costs for those.

18 CHAIRMAN HAMMOND: Okay. Moving to Item  
19 9, construction contracts. Dallas.

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

21 And I think this is a first for me that there was  
22 not one of the contracts on the consent agenda, and this still  
23 shows a volatility in the market where we're having trouble  
24 keeping up with the estimation.

25 This month, we're -- we've looked at bids coming

1 in of around \$14.6 million. The low bid, \$19 million.  
2 4 million over -- 4.4 million over our estimate, or 30.4  
3 percent.

4 So as we go into the individual projects, if I  
5 can, Mr. Chair, the first project is on Interstate 40. This  
6 is on the west side of Flagstaff. The low bid in this case  
7 was \$8,452,403. The State's estimate was \$6,966,831. It was  
8 over the State's estimate by \$1,485,572. We looked at where  
9 we were different in the bids.

10 We saw much higher than expected pricing in our  
11 aggregate base, removal of structures and retaining walls. We  
12 did some -- we -- on this project we had two bidders is all on  
13 the project. We reviewed those bids, and as I said, the  
14 department saw a higher than expected, and really higher than we  
15 felt we could justify. So we dug into it further, and as we  
16 looked, we see that we may have been a little too conservative.  
17 Some in our geotech review. We didn't do as much geotech. So  
18 we had a lot more removals, creating a lot of additional work  
19 insuring and forming for our contractors. In talking to people  
20 who pulled bids, who didn't bid, that's why they did not bid.

21 So the department believes that if we do some of  
22 that redesign, additional geotech review, we can get a better  
23 bid. We could get more competition. So with that, the  
24 department recommends to reject all bids, allow the staff to  
25 redesign, re-advertise this fiscal year.

1 MR. THOMPSON: Mr. Chairman, just one question.  
2 When determining or deciding to make a decision, are you  
3 looking at other projects that are similar to the project that  
4 you're proposing and deciding whether you should go with the  
5 costs?

6 MR. HAMMIT: Mr. Chairman, Member Thompson, we  
7 look at that, but it is not a straight line. You're going to  
8 see another bridge in the Flagstaff area that was 34 percent  
9 over the estimate. As we reviewed those costs, we found where  
10 we made the mistake and the error, and we can justify those  
11 costs. So it's not, okay, we know if it's 20 percent, we'll  
12 accept it. If it's 30, we won't. We look at the individual bid  
13 items. Did we miss something or -- and where did we miss it?  
14 Is it in the design and we can get a better bid? That's where  
15 we believe it is in this case, that we can redesign and get some  
16 more competition on this project.

17 Does that answer your question, sir?

18 MR. THOMPSON: Yes. Chairman, I'd like to move  
19 that we approve Item 9A as recommend.

20 CHAIRMAN HAMMOND: Okay. Reject.

21 MR. THOMPSON: (Inaudible.)

22 MR. HAMMIT: Mr. Chairman, Mr. Thompson, yes. We  
23 will redesign and it will go back out to bidding.

24 MR. STRATTON: Second.

25 CHAIRMAN HAMMOND: Okay. The motion is to reject

1 all bids on Item 9A. We have a first and a second. Any more  
2 discussion?

3 All in favor?

4 BOARD MEMBERS: Aye.

5 CHAIRMAN HAMMOND: I'll note the first was  
6 Board Member Thompson, and the second was Board Member  
7 Stratton.

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

9 Item 9B, another broad -- project in the  
10 Flagstaff area, and you heard a comment in the call to public.  
11 This is a partnership between the department and the City of  
12 Flagstaff. On this project, it -- the low bid was \$14,431,825.  
13 The State's estimate was \$10,722,012. It was over the State's  
14 estimate by \$3,709,813.

15 The biggest differences in the pricing was we saw  
16 it in the unit price of structural concrete, sliding the bridge,  
17 some of the earthwork and a removal of a detour. This project  
18 has very tight time frames, and no matter what we do, we're not  
19 going to get away from those time frames. We have can't have  
20 this bridge for Flagstaff doing business closed for a long  
21 period of time. There's a 14-day period.

22 We underestimated what it would take for the  
23 bridge slide. This is the first time we've contracted this in  
24 over 20 years, a bridge slide. We will build the new bridges  
25 parallel. There's a bridge for each direction, westbound and

1 eastbound. Once it's there, complete, we demo the old bridge  
2 and slide it into place and open traffic in 14 days.

3 We just did one of these at Bellemont. We  
4 didn't contract it that way. The contractor proposed it. We  
5 allowed a change for that. For the price, he did some other  
6 work. But this definitely helps the community, but it comes  
7 at some cost.

8 We have reviewed the bid and believe it is a  
9 reasonable and responsible bid and recommend award to FNF  
10 Construction, Inc.

11 CHAIRMAN HAMMOND: I have a question. Is the  
12 overrun shared equally in the percentages represented here, or  
13 does one entity take more of the overrun than the other?

14 MR. HAMMIT: Mr. Chairman, it's -- we have an  
15 agreement on the percentages in the contract, and so the -- and  
16 it's real close to 50/50. So 50 percent City of Flagstaff's  
17 paying for it, 50 percent the department is.

18 CHAIRMAN HAMMOND: More -- other questions? If  
19 not, I'll entertain a motion to approve Item 9B.

20 MR. THOMPSON: Chairman, I would like to move  
21 that we award I-40 work in that amount as recommended and  
22 replacing and widening of Fourth Street under (inaudible) and  
23 replace guard rails (inaudible).

24 MR. STRATTON: Second.

25 CHAIRMAN HAMMOND: Okay. We have a motion to

1 approve by Board Member Thompson, a second by Board Member  
2 Stratton to award FNF Construction, Inc. the contract. Any  
3 other discussion?

4 All in favor?

5 BOARD MEMBERS: Aye.

6 CHAIRMAN HAMMOND: Opposed?

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

8 CHAIRMAN HAMMOND: Item 9C.

9 MR. HAMMIT: Item 9C, this is a bridge deck  
10 rehab on US-1- -- excuse me -- US-180. The State's estimate was  
11 \$3,293,381. Excuse me. That was the low bid. I'll start over.  
12 The low bid was \$3,293,381. The State's estimate was  
13 \$2,897,832, or \$395,549, or 13.6 percent. We saw higher than  
14 expected pricing in the sheet metal and concrete. We do believe  
15 in reviewing the bids it is a reasonable and responsive bid and  
16 would recommend award to J. Banicki Construction, Inc.

17 CHAIRMAN HAMMOND: Do I hear a motion?

18 MR. THOMPSON: Chairman, I would like to go ahead  
19 and again move that we award the contract for bridge deck rehab,  
20 the two bridges, milling and concrete work. I so recommend it.

21 MR. KNIGHT: Second.

22 CHAIRMAN HAMMOND: Okay. We have a motion from  
23 Board Member Thompson, a second from Board Member Knight to  
24 approve Item 9C, award to J. Banicki Construction as presented.  
25 Any more discussion?

1 All in favor?

2 BOARD MEMBERS: Aye.

3 CHAIRMAN HAMMOND: Opposed?

4 Okay. Item 9D.

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

6 This project is a bridge project on State Route  
7 264. On the project the low bid was 300 -- excuse me --  
8 \$3,358,908. The low -- the State's estimate was \$1,663,304. It  
9 was over the State's estimate by \$1,695,604, or a hundred and  
10 almost two percent over our estimate.

11 As we looked at the bids, we saw higher than  
12 expected prices in our structural concrete. That was the  
13 biggest, and then also in lead-based paint. There was only one  
14 bidder on this project, and if you looked at the four bridges  
15 that we've talked about -- or excuse me -- three of them this  
16 month and one last month, we had two projects that had one  
17 bidder, one with two bidders, and then the Flagstaff had --  
18 actually had four. The winner was the same group.

19 As we -- we've looked at those. Why are we not  
20 getting competition? So I did meet with the industry on Monday.  
21 In this case, we had very restrictive types of forming for the  
22 overhang, and in talking to them, they think if we can do more  
23 performance base, which I think is very reasonable, we can get  
24 more competition. So with that, the department requests to  
25 rebid, redesign this project -- excuse me. We request to reject

1 all bids to allow us to redesign and re-advertise the project  
2 this fiscal year.

3 CHAIRMAN HAMMOND: Board pleasure?

4 MR. THOMPSON: Chairman, members, again, I'd  
5 like to move forward with I recommend it, to reject all bid  
6 and redesign and re-advertise.

7 CHAIRMAN HAMMOND: Okay. We have a motion.

8 MR. ELTERS: Second.

9 CHAIRMAN HAMMOND: Okay. I'll give that second  
10 to Board Member Elters, first to Board Member Thompson to reject  
11 all bids on Item 9D as presented. More discussion?

12 All in favor?

13 BOARD MEMBERS: Aye.

14 CHAIRMAN HAMMOND: Opposed? Okay.

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

16 Item 9E is a bridge rehabilitation project in the  
17 town of Clifton, and this was postponed from the past board  
18 meeting. On the project the low bid was \$1,225,395. The  
19 State's estimate was \$889,772. It was over the State's estimate  
20 by \$335,623, a difference of 37.7 percent.

21 Some of the work enclosures and -- this is a  
22 timber bridge, where we saw our difference in pricing. This is  
23 a local project. We worked with the Town of Clifton. They can  
24 cover the difference. So with that, the department believes it  
25 is a responsive and responsible bid and recommends award to J.

1 Banicki Construction, Inc.

2 MR. STRATTON: Move to approve -- award.

3 MR. ELTERS: Second.

4 CHAIRMAN HAMMOND: Okay. We have a motion from  
5 Board Member Stratton and a second from Board Member Elters to  
6 award Item 9E to J. Banicki Construction as presented. Any  
7 more discussion?

8 All in favor?

9 BOARD MEMBERS: Aye.

10 CHAIRMAN HAMMOND: Opposed?

11 Okay. Item 9F.

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

13 Our last item for today is a safety project.

14 It's installing rumble strips in the town of Coolidge. On this  
15 project, the low bid was \$200,500. The State's estimate was  
16 \$176,854. It was over the State's estimate by \$23,646, or 13.4  
17 percent.

18 The biggest area where we had a difference is in  
19 the fog coat that was put on the project. In review of the  
20 bids, the department believes it is a responsive and responsible  
21 bid and recommends award to Sun Land -- Sunline -- excuse me --  
22 Sunline Construction, LLC.

23 MR. STRATTON: Moved to award.

24 MR. KNIGHT: Second.

25 CHAIRMAN HAMMOND: Okay. We have a motion from

1 Board Member Stratton, a second from Board Member Knight to  
2 approve Item 9F, to award it to Sunline Construction. Any  
3 discussion?

4 All in favor?

5 BOARD MEMBERS: Aye.

6 CHAIRMAN HAMMOND: Opposed? Thank you, Dallas.

7 MR. HAMMIT: That you, Mr. Chair.

8 CHAIRMAN HAMMOND: Okay. Okay. We have two  
9 agenda items left, but one -- first one is suggestions. Any  
10 discussions for the upcoming board meeting?

11 MR. ROEHRICH: Mr. Chair, if I could, just -- I  
12 just want to make a couple comments on that. A reminder that  
13 the next meeting is the board study session on January 28th,  
14 Tuesday, January 28th. It will be at the -- in our auditorium,  
15 and right now we're tracking three items for that study session:  
16 An overview of the executive budget that Ms. Kristine Ward had  
17 commented on; laying out the financials in the tentative project  
18 listing for the tentative program, so we can start coordinating  
19 with the Board to finalize the tentative program, so we can  
20 start the public hearing process; and then the third item was an  
21 overview of the Interstate 10 Broadway Curve project, which ADOT  
22 is in the process of soliciting for a design-build firm to come  
23 in and make that improvement. We'll provide that overview as  
24 well.

25 So those are the three items that we have the

1 study session on January 28th. And then as well, the next  
2 board meeting is scheduled for the 21st of February, which  
3 will be in Bisbee.

4 CHAIRMAN HAMMOND: Okay. Thank you, Floyd.

5 As most of you know, if you attended the  
6 meeting in Phoenix, we honored Jack for his six years of  
7 service, and you know, the board members passed the hat to  
8 come up with an nice gift for Jack, and we gave him a nice gift  
9 in February -- in December, but I asked the board members to dig  
10 a little deeper, because Jack had a wish list of, you know,  
11 things that he would like. And it took us a little while to  
12 figure it out, but I think we got his number one wish on that  
13 wish list. So we saved the best kind of for the last, for  
14 Jack's last official meeting, although I guess you may still  
15 show up until you get a replacement. He doesn't have to from  
16 this point on.

17 So Jack, I'd like to present you with this gift  
18 from the Board.

19 MR. SELLERS: Well, you know, that's really very  
20 nice, but I wanted a 2020.

21 CHAIRMAN HAMMOND: Not the '19?

22 MR. SELLERS: Yeah.

23 CHAIRMAN HAMMOND: We got him a '19 Corvette.  
24 Okay?

25 MR. SELLERS: You know (inaudible) --

1 MR. ROEHRICH: It's a new car.

2 MR. SELLERS: It's really very nice, and I  
3 can't really complain. Well, yeah, I did.

4 CHAIRMAN HAMMOND: We just can't win. I'll  
5 blame Linda. She did all the work on getting this done. So  
6 thank you though.

7 MR. SELLERS: Thank you.

8 CHAIRMAN HAMMOND: Thank you, Linda.

9 But anyway, Jack, it's been an absolute pleasure  
10 working with you for the past six years, and I know the rest of  
11 the board members feel the same.

12 And with that, do I hear a motion for  
13 adjournment?

14 MR. THOMPSON: So moved.

15 MR. KNIGHT: Second.

16 CHAIRMAN HAMMOND: All right. We're adjourned.

17 (Meeting adjourned at 10:26 a.m.)  
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**Adjournment**

***A motion to adjourn the January 17, 2020 Transportation Board meeting was made by Board Member Thompson and seconded by Board Member Knight. In a voice vote, the motion carried.***

**Meeting adjourned at 10:26 a.m. MST.**



**Michael Hammond, Chairman  
State Transportation Board**



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**John S. Hallikowski, ADOT Director  
Arizona Department of Transportation**