MINUTES
OF THE
STATE TRANSPORTATION BOARD
STUDY SESSION
9:30 A.M., Thursday, December 4, 2003
Arizona Department of Transportation
Board Room
206 South 17th Avenue
Phoenix, Arizona 85007

The State Transportation Board met in official session for a study session at 9:30 a.m., Thursday, December 4, 2003, with Chairperson Radicke presiding. Other Board members present included: Vice Chairperson Bill Jeffers, Rusty Gant, Dick Hileman, Joe Lane, Jim Martin, and Si Schorr. Also present were Director Victor Mendez, Debra Brisk, Deputy Director; John McGee, Chief Financial Officer, Administrative Services Division; Dale Buskirk, Director, Planning Division; and Bill Higgins, State Engineer. There were approximately 20 people in the audience.

PLEDGE

Chairperson Radicke led those present in the Pledge of Allegiance.

SR 260 (Cottonwood to Camp Verde)

Chip Davis presented funding options for financing the construction of SR 260 from Camp Verde to Cottonwood. He explained the $60 million SR 260 project was in the state Five Year Plan seven years ago, but pulled out due to funding issues. He said the project is completely designed and ready to go and represents an important link to that part of Yavapai County. He said they have considered various funding options, including breaking the project down into six $10 million projects and using HELP loans. He explained, however, they were unable to find funding for the smaller projects and the percentage requirements set by the Legislature prohibited the use of HELP loan funds. He said they have since worked with their District Engineer, Tom Foster, to find an alternative solution. He stated there appears to be statutory ability for Yavapai County to borrow the funds and front them to ADOT to get the projects underway. He said they have essentially broken the project down into two $13 million projects and one $15 million project. He explained their intent is to borrow the necessary funding, front it to ADOT in three consecutive terms and, in return, ADOT places the projects into the Five Year Plan for repayment. He pointed out delaying the project would cost an additional $12 million, assuming a six percent construction inflation factor.

Mr. Martin asked if ADOT, in fact, has the authority to borrow funds from the County. Mr. McGee responded yes.

Chairperson Radicke asked Mr. Davis when they believe they will have the funding to start the project. Mr. Davis stated they are currently working with a bond attorney. He assured Mr. Martin they are aware of the fact that ADOT cannot guarantee the loan.

Mr. Schorr asked ADOT staff what impact the proposal has on the state's Five Year Plan. Mr. Buskirk said there will be limited funds in 2009 for major construction projects in the thirteen other counties and it will be difficult to add another $9 million. He said the impact to 2010 and 2011 could be minimal if there are significant new revenues as a result of reauthorization. Mr. Schorr expressed his opinion ADOT staff has to perform a thorough analysis of the proposal before the Board makes a decision. He said, at this point, the Board does not have enough information or an adequate understanding of the proposal to make an informed decision.

In response to Chairperson Radicke's question, Mr. Foster said design work is essentially completed, however, some modifications to tie-ins might be necessary.

Mr. Jeffers asked if the county would be flexible with regard to the 2010 and 2011 payoff. Mr. Davis responded yes, stating, however, they would still prefer to borrow the money in three large increments to allow the project to be adequately funded.

Chairperson Radicke stated the department will take the proposal under consideration and, if found to be a feasible option, the issue will be brought back to the Board for further discussion. Mr. McGee noted they have already had discussions with Yavapai County on the proposed funding option and believe the concept, as structured, is legal and protects the department from financial risk. He expressed his opinion the larger issue is the structuring of an agreement as to how much the Board and future Boards will to commit in future program years for the repayment of the money. Chairperson Radicke asked if any consideration will be given to the project if the HELP program becomes a viable option at some future point. Mr. McGee pointed out the project would require a very large HELP loan, noting all projects made to the Thirteen Other Counties to date have a combined totaled $125 million. He stated language in the tentative IGA indicates Yavapai County could potentially accelerate the project without having to borrow additional funds if future HELP funding or other resources become available.

Mr. Lane stated the bottom line is ADOT has to find a way to address SR 260. Chairperson Radicke agreed, stating Yavapai County has worked on the project for a long time and it is now time that something begins to happen. He questioned whether any other counties have come to the table, offering the kind of money Yavapai County is offering. He asked staff to complete there analysis in time to put the item on the Board's next study session agenda.

Mr. Mendez asked if the Board believes SR 260 is a high priority corridor in the state, explaining future Boards will look at those priorities when making decisions about future funding allocations.

Mr. Gant stated SR 260 is a high priority, reiterating the corridor was previously in the Five Year Program. He expressed concern, however, that other entities will see this as a means of getting their projects into the plan. He asked if approval of the proposal could ultimately result in other entities circumventing the planning process. Mr. Mendez stated the planning process identifies priorities, which can then be used to determine if similar agreements should be considered in the future. Mr. Buskirk agreed SR 260 is a high priority, pointing out, however, ADOT is already spending significant amounts of money on other high priority corridors, including Highway 93

and I-10. He said the Board will have to make choices with regard to how quickly projects are completed given the significant needs on many of the corridors.

Mr. Schorr agreed the project is worthy of the Board's assistance and that the Board should be open to innovative solutions. He said, however, the Board has to understand all of the ramifications of the proposal. He pointed out entering an IGA impacts the discretion of the Board and future Boards.

Mr. Martin explained his concern is that the Board will be making a commitment for future Boards. Mr. Mendez said the rationale behind the priorities identified in the 20-year plan should justify to future Boards why the Board made the decision it made.

Mr. Davis suggested the Board look at whether a project was ever in the Five Year Plan and whether it is at 95 percent plans when considering similar agreements in the future. Mr. Radicke agreed, stating the project never would have made it into the Five Year Plan if the Board did not believe it was necessary. He stated the Board has a responsibility to look beyond the next five years and to have vision for the future.

Chairperson Radicke directed staff to continue working with Yavapai County on the issue and to return to the Board with a full assessment.

Transportation Enhancement Program Overview and Financial Debriefing

Mr. Duarte reviewed a brief history of the Transportation Enhancement Program, which begin with ISTEA in 1991. He explained 10 percent of each state's STP funding is set aside for the Enhancement Program, which is then used to enhance surface transportation above and beyond what is typical in a roadway project. He said ADOT established the Transportation Enhancement Review Committee (TERC), a 12-member committee which reviews program applications and recommends projects for funding to the State Transportation Board. He explained Transportation Enhancement Funding is a 50/50 split between the state and local projects, however, approximately $1 million comes off the top and an additional $1 million comes out of the state portion for State Projects of Opportunity. He reported $15.6 million in projects have been completed and the program is currently funding almost $52 million in projects. He said they have approximately $53 million not programmed, which represents $35 million in local projects and $17.5 million in state projects. He compared funding authorized through ISTEA and TEA-21 and total dollars, pointing out there was a $6.5 million shortfall between 1992 and 2003. He explained the shortfall is due to projects that have been on hold and whose costs have increased due to inflation as well as projects that have exceeded their estimated budget.

Mr. McGee reviewed the financial aspects of the Transportation Enhancement Program, stating there are a significant number of projects that have not yet been programmed. He said the program currently has about $15.7 million in FY04-08 State Transportation Enhancement projects and about $8.5 million in Projects of Opportunities, pointing out the local 50 percent does not show up in the state program because it is funded through federal allocations. He said it is difficult to quantify the shortage at this time because they do not yet know what the next

authorization will look like and some projects scheduled to close in the near future could result in gains. He estimated needing an additional $25 to $30 million through the Five Year Program. He identified FY 05-09 programming issues, including cash expenditures and balances, rest area funding, and programming costs and scoping increases. He said, aside from the programming issues, they are also faced with a possible reversion of the VLT and DPS funding issues. He said, in order to address some of the programming issues, they have the option of deferring projects or reducing subprogram amounts. He stated it is not yet known if the VLT reversion will occur, but improvements in the national economy could preclude it from ever happening. Mr. McGee reported the HURF Forecast Update has been completed and additional funds will be added over the next five years. He stated there is some uncertainty with regard to the federal fund forecast, however, the funding estimate assumes the lowest of the three proposals. He said there is currently about $29 million in future year contingency funds which could be utilized to mitigate some of the issues and the funding estimate has a built in inflation factor. He said, as a last resort, the Board maintains some level of GAN capacity reserve. He expressed his opinion the shortfall should be addressed as part of the overall program update process and a plan should be developed that will address not only the shortfall, but the other issues he mentioned.

In response to a member's question, Mr. Duarte stated they have and will continue to evaluate all projects to determine their viability, noting, to date, 10 projects have been pulled by the applicants.

Chairperson Radicke expressed his opinion ADOT needs to make good on its commitments.

Mr. Jeffers asked at what point do project changes affect the viability of a project. Chairperson Radicke pointed out a recently adopted policy states any project that has not been acted upon in two years will fall out of the program. Mr. Duarte explained the Transportation Enhancement Program Handbook sets forth a three year cycle for project design and includes policies concerning project time delays and cost overruns.

Mr. Schorr asked what portion of the funds has to be met by a local match. Mr. Duarte responded $5.7 million, explaining local entities make commitments through a resolution.

Mr. Jeffers asked how the department handled cost overruns two years ago. Chairperson Radicke stated the projects come back to the TERC committee who then makes a recommendation to the Board to add more money, rework the project, or remove the project from the program. Mr. Jeffers asked how much does the TERC committee cost the department. Ms. Banta estimated the cost to be less than $10,000 per year, stating they hold two meetings per year, one at the department's facility and a second off-site meeting during which projects are selected.

Mr. Mendez expressed his opinion the broad makeup of the committee provides for good insights. Chairperson Radicke agreed, stating the Committee has done a great job and he sees no reason to make a change at this time.

In response to Mr. Jeffer's question, Chairperson Radicke stated the committee members are not subject to term limits, however the seats they hold within the various organizations they represent often change.

Mr. Schorr pointed out the TERC Committee's responsibilities extend beyond its advisory responsibilities to the Board because the Board does not program local projects.

The meeting recessed for a short break.

Transportation Enhancement Round 11 (Eleven), Selection and Overview

Ms. Banta gave an overview of the Transportation Enhancement applications received for Round 11 (eleven) and a summary of those projects selected from TERC for recommendation to the Board for approval at a future board meeting. She explained they based their allocation on the FY 03 federal allocation for enhancements, noting the state budget totaled approximately $3.6 million and the local budget totaled about $6.3 million. She said the projects were prioritized based on criteria that has been in place for the past 10 years and eight state and 23 local projects are being recommended for consideration by the State Board.

Ms. Brisk said, given the programming and funding issues discussed during the last presentation, she would recommend they go through the new program cycle and not consider Round 11 until late spring or early summer.

Chairperson Radicke asked if the Board is committed to funding the projects within the next few months. Ms. Brisk said the projects are not programmed until they are scoped and 30 percent design is completed.

In response to Mr. Hileman's question, Ms. Banta explained anyone, including community groups and private citizens, are eligible to apply for enhancements projects as long as they have a local government sponsor. Mr. Lane expressed his opinion the department should not use enhancement money on private properties.

Mr. Jeffers said, while he supports conservation easements, he does not believe they should be funded with enhancement funds. He asked if there is any guarantee the Youngs Farm Scenic Easement will continue to be a farm. Mr. Duarte stated the funds provided to purchase the easement will go into an endowment that is meant to continue the operation of the farm. Mr. Jeffers asked if there is anything particularly historical about the farm. Mr. Duarte said the farm was carved out of an old ranch, noting the historic ranch house is located adjacent to the parcel, but is not part of the easement. Mr. Jeffers asked if the Davidson Canyon Scenic Easement is a similar issue. Ms. Banta responded yes, stating the intent of the easement is to prevent development on an existing ranch. Mr. Jeffers suggested staff send information out concerning each of the projects prior to when the Board considers the projects in the spring. Ms. Banta offered to email abstracts for each of the projects to the Board members. She said she will also send the list of categories to help the Board interpret the abstracts.

Mr. Davis expressed concern about staff's recommendation to delay approval of the TERC recommendations, stating some of the projects have time sensitive constraints and the sponsors are expecting the Board to take action.

Dawn Cooper, Maricopa County, stated their applicants expect the Board to take action.

Chairperson Radicke agreed the Board should approve the list, but let the entities know funding is not available at this time. He expressed his opinion doing so will accomplish a lot of good will. He asked how soon after approval will the first project require funding. Ms. Banta said, typically, the Board gives its approval in November with a kick off meeting for all projects in January. She said it usually takes three years before the projects come to fruition and go to bid.

Mr. Hileman suggested the Board explain the Board's decision is being withheld until funding issues are resolved.

Chairperson Radicke reiterated his position that the Board should make its decision so the entities know which of the projects will be in the program.

Loop 303 Alignment Study

Dan Lance gave an overview of the Alignment Study for Loop 303 within Maricopa County. He said they are approaching a major milestone in the study in which a preferred alternative will be selected, explaining they hope to have strong, if not unanimous, consensus amongst the local governments and public agencies.

Jay Frank, URS, explained the project starts at Happy Valley Road at approximately 115th Avenue and extends northeasterly to I-17 along the Lone Mountain Corridor, with a connection to SR 74 and continuing up to the New River TI. He stated the purpose of the overall project is to create an important link in the planned transportation system for the greater Phoenix metropolitan area, to provide relief to I-17, to build a safe route to supplement the arterial system, and to accommodate development that is expected to occur in that area of the valley. He noted MAG projections call for about 300,000 people to occupy the area north of the existing urban limits. He stated securing the right-of-way now will enable development to occur in a manner that is compatible with the future freeway. He said they are currently completing their evaluation and alignment selection report and scoping meetings were held with the public in February and November. He stated they will move to the DCR process in January in preparation of the Environmental Assessment and a public hearing will be scheduled for later in the year.

Mr. Frank explained the roadway will be a six to eight lane urban freeway that is fully access controlled and grade separated. He said, according to the MAG draft plan, they propose to build an interim road in the first five years of the new plan assuming it is passed by the voters. He said the interim road will eventually become a portion of the ultimate road and will be fully access controlled. He stated the two corridors were divided into four segments: Segment 1, which starts at Happy Valley and extends northeasterly to the Agua Fria River; Segment 2, which runs from the Agua Fria River to 43rd Avenue; Segment 3 which goes from 43rd Avenue to I-17; and Segment 4 which runs from SR303L to SR74. He explained they selected the northern most

alignment because it provided better crossing of Deadman's Wash and a better location for the 67th Avenue interchange. On the north/south segment, they selected the easternmost alignment because of complications with the canal crossing, power line crossings and more rugged terrain. He noted direct access to Loan Mountain Road will not be possible from the Loop 303, stating vehicles will have to exit at 43rd Avenue and travel along the frontage road. He said they are looking at alternative ways of stacking the interchange. He explained Segment 5 proceeds towards the New River community, noting the existing New River Road starts at SR 74. He said they are looking at putting the alignment one-half to one mile west of the existing road. He stated Segment four is included in the draft MAG plan to be funded out of the extension of the half-cent sales tax, while the Segment 2 is assumed to occur after that.

Mr. Frank reviewed their schedule, stating they are in the process of selecting a preferred alignment and the initial Design Concept Report will be prepared in the spring of 2004. He said the draft environmental assessment will be done in the summer of 2004, with the hearing targeted for the fall and the final documents processed by early 2005.

Chairperson Radicke asked what are right-of-way costs anticipated to total. Mr. Frank stated they allocated $50,000 per acre, with about 1,000 acres of right-of-way in the corridor.

Mr. Frank noted the study is helping to drive the cooperative process they have with the Cities of Phoenix and Peoria on developing the future street system.

Mr. Jeffers asked about the impoundment area. Mr. Frank explained the area behind the dam could be inundated under a major flood condition, stating they are outside of that impoundment area.

Mr. Gant asked if the project will impact the timing of the SR 74/I-10 improvements. Mr. Lance responded no. Mr. Gant asked if there are any plans to extend the Loop 303 to the northeast side of the valley. Mr. Lance stated Scottsdale is not interested in another freeway at this time, however the interchanges and structures will be designed to allow for that possibility in the future.

Mr. Lance noted Maricopa County is constructing their second project from Grand Avenue to Happy Valley Road. He stated their first project from Grand Avenue to El Mirage Road is under construction and should be completed next spring.

The meeting recessed for a short break.

Desert Springs Crossing – Interstate 15

Mr. Higgins pointed out the location of the box culvert underpass, stating it is a one-way, low clearance structure that is prone to flooding. He noted a new pumping station project was recently completed. He explained their directive was to study the situation and they initially thought they would put in an additional box culvert crossing that would provide a separate crossing for each direction of traffic as well as a pedestrian crossing. He said, however, they determined the crossing would cost approximately $2.5 million and would be subject to similar

clearance and flooding problems. He said they then considered constructing frontage roads from the Littlefield TI to the Farm Road Equipment Pass, which was anticipated to cost $20 million. He said the frontage roads would result in a rather long turn around to go from one side to the other. He said the other three options they considered were replacing the current Desert Springs TI at an anticipated cost of $25 million, construction of a new TI on BLM land which is expected to cost $15 million, and construction of a new TI on private property at an anticipated cost of $20 million. He said, while it would not cost them any money to utilize BLM land, it is further away from the developed area and the existing frontage roads would have to be extended. He stated the option to place the TI on private property would also require extension of the frontage roads.

Mr. Higgins said growth and development in the area are driving the need for the TI.

Mr. Martin stated they need to find an appropriate solution, rather than throwing more money into a substandard situation.

Chairperson Radicke asked Mr. Higgins his opinion as to the best location for the TI. Mr. Higgins expressed his opinion the BLM option is the best.

A member asked if the existing underpass will be closed if one of the other options is ultimately constructed. Mr. Higgins said the underpass would likely be closed to vehicular traffic, but remain open to pedestrian traffic.

Mr. Jeffers asked if Option 2 is located within the department's right-of-way. Mr. Higgins said he does not believe so, however the right-of-way cost issue occurs at the existing TI.

Priority Listing of Projects To Be Scoped

Mr. Buskirk presented the draft ranking of 2004 scoping submittals, stating performance factors were applied to all project scoping requests submitted by all of the Departments of Transportation. A copy of the draft ranking was submitted for the record.

Mr. Burnham explained a total of 59 scoping requests were submitted, however, two of the requests could not be included in the ranking because they represent new alignments with no associated data items and therefore were not comparable to the other projects. He stated the rating system compared basic performance data about each project, including current and future levels of service, accident rates, and strategic criteria such as Level of Development, Functional Class and National Highway System. He explained a Z-score was calculated for each data category and the projects were ranked based on their overall score. In order to avoid controversy over small differences in final project scores, a three-tier system was applied. He stated, ultimately, there were 14 Tier 1 projects, 26 Tier 2 projects and 17 Tier 3 projects. He pointed out the Tier 1 projects are not spread evenly throughout the district, with the majority located in the Flagstaff and Prescott districts. Mr. Buskirk explained the Board has historically given consideration to geographic equity, however, the same consideration is not given when using a performance based system.

Mr. Jeffers asked if any of the criteria was weighted. Mr. Burnham responded no.

Mr. Martin pointed out two projects on the list are contained within the scoping of the first project.

Mr. Schorr expressed concern that nine of the fourteen projects were located in the Prescott and Flagstaff area.

Mr. Buskirk said the ranking is a tool to help the Board make its decision, however, there could be situations in which other considerations might require the Board to move a project from one tier to another.

Mr. Schorr asked if the ranking criteria are the same for all districts. Mr. Burnham said probably not, explaining local considerations come into play. Mr. Schorr stated they should not operate under the assumption, then, that the system is totally objective.

In response to a member's question, Mr. Burnham stated there is a $1 million line item for scoping, however, costs typically exceed that amount. He said there is also a lump sum of $1 to $2 million for scoping other, non-major projects.

Mr. Buskirk pointed out District Engineers did not realize that the projects would be prioritized by a performance based system when they submitted their priorities. He said, had they known, they might have submitted a different set of project requests.

Listing of Projects that are already Designed or are scheduled to be Designed, but not part of the Five Year Construction Program for Construction.

Mr. Miller reviewed a list of projects that are already designed or are scheduled to be designed in future years, but do not have construction dollars allotted to them within the Five Year Construction Program. A copy of the list was submitted for the record.

Chairperson Radicke asked if Hoover Dam is still ADOT's highest funding priority. Mr. Mendez said, on a federal level, Hoover Dam bypass funding is their highest priority in terms of individual projects. With respect to statewide projects, he said highways and transit funding is the highest priority.

Chairperson Radicke asked about the status of the scoping project on 191. Mr. Miller reported none of the 191 projects have moved forward at this time. Mr. Buskirk said, as yet, the Board has made no determination of specific projects to be considered for scoping. He said there is some question whether additional projects should be scoped given the significant number of projects already in the pool of programmable projects. Chairperson Radicke expressed his opinion the scoping on 191 should be funded because it will allow for completion of the corridor.

"Draft" Resolution Regarding Seat Belt Law

Mr. Mendez presented a "Draft" Resolution by the Board in support of a Primary Seat Belt Law. He reported 18 states as well as the District of Columbia and Puerto Rico have primary seat belt

laws, with all but one of the remaining states having secondary laws. He said they have worked with ASHTO to initiate a lot of research through the Transportation Research Board and to develop the "Blue Print for Saving Thousands of Lives". He stated research shows seat belts reduce the number of deaths and serious injuries. He said ADOT is looking for support at the state level for a primary seat belt law, noting the Governor's Office on Highway Safety will sponsor a primary seat belt bill during the upcoming session. He said the draft resolution will be forwarded through the Governors Office on Highway Safety to the Legislature.

In response to Chairperson Radicke's question, Mr. Mendez stated at least one of the three TEA-21 proposals provides potential incentives for states that have a primary seat belt law.

Mr. Schorr expressed his opinion the resolution needs to more clearly define the meaning of a primary seat belt law. He stated people simply have to look in their paper any given day of the week to hear about the number of children that are victims of fatalities and serious injuries because they were not wearing seatbelts.

Northern Pinal County Transportation Issues

Mr. Mendez asked the Board to give direction on the proposed Williams Gateway Freeway. He said the freeway ends at the county line and the state would have to find a way to fund the freeway from the county line to where it ties back to the system. He reported the City of Mesa has already issued an RFP for consultants to come in and study the freeway system in the Mesa area. He said ADOT has asked Mesa to place the RFP on hold until direction is given by the Board. He stated it is staff's position that one study should be done on the entire corridor rather than terminating the study at the county line.

Mr. Lane agreed the study should include the entire corridor, stating, however, Pinal County should share in the cost of the study.

Chairperson Radicke asked what will the study cost. Mr. Mendez said a planning level study to identify potential alignments is anticipated to cost $400,000 to $500,000. He stressed that the information contained in the study will be incorporated into more specific studies at a later date.

Mr. Schorr agreed Pinal County should make an investment in the study. Mr. Mendez said it is his intention to return to the Board for formal action on the Pinal County side of the study.

Chairperson Radicke expressed his opinion they should proceed with the study as recommended by staff.

Adjournment

No closing comments were made.

Board Action: A motion to adjourn was made, seconded and passed unanimously.

The meeting adjourned at 2:30 p.m.

Bill Jeffers, Chairperson
State Transportation Board

Victor Mendez, Director
Arizona Department of Transportation

MINUTES
OF THE
STATE TRANSPORTATION BOARD MEETING

9:00 A.M., Friday, December 19, 2003
The City of Globe Council Chambers
150 North Pine Street
Globe, Arizona 85501

The State Transportation Board met in official session for a regular meeting at 9:00 a.m., Friday, December 19, 2003, with Chairperson Radicke presiding. Other Board members present included: Vice Chairperson Bill Jeffers, Joe Lane, and Jim Martin. Also present were Director Victor Mendez; Debra Brisk, Deputy Director; John McGee, Chief Financial Officer, Administrative Services Division; Bill Higgins, State Engineer; and Dale Buskirk, Director, Planning Division. There were approximately 60 people in the audience.

OPENING REMARKS AND PLEDGE

Chairperson Radicke led the audience in the Pledge of Allegiance and paused for a moment of silence in honor of Lance McCormick. He thanked the City of Globe for their hospitality and introduced dignitaries in the audience.

DISTRICT ENGINEER REPORT

Rick Powers, District Engineer, reviewed a brief history of the Board's membership, specifically identifying past and present representatives from the Globe/Miami and Safford areas. He commented on significant accomplishments made during Chairperson Radicke's term on the Board, including completion of the Loop 101 and near completion of the Loop 202. He reviewed a map depicting local projects on SR 188, noting Wheatfield Stages I and II were completed and open to traffic in September 2000 and the Tonto Monument to Resort Road segment was completed in early 2003. He stated a $25 million project from Resort to DeVore Wash is currently under construction and scheduled for completion in July 2005. He said the last segment of the corridor, Wheatfields at Junction 60, is scheduled to go to bid later this fiscal year. He stated the Florence Junction TI on Highway 60 is a very nice facility, noting prior to the improvements the area had the highest accident rate along the corridor. He stated the Gonzales Pass segment is scheduled for FY 2006, however they still need to fund the segment from the Arboretum to Superior. He said they are scoping the route into Globe, noting two passing lanes are currently scheduled in the five year program. He reported the overlay on US 60 by the fairgrounds has been completed and a new wall has been constructed in the Salt River Canyon. With regard to SR 77, Mr. Powers stated they are looking at a rock fall project between mile markers 145 and 147, noting there have been a number of accidents in the area. He stated the BLM is working with the district on turning lane projects in the Gila River area.

CALL TO AUDIENCE

Stanley Gibson, Mayor of Globe, welcomed the Board to Globe. He thanked the members, specifically Chairperson Radicke, for their efforts on behalf of the entire state.

Monoj Vyas, City Manager of Wilcox, thanked the Board for the highway safety and capacity projects as well as enhancement projects in the area.

Steve Besich, Deputy County Manager, Gila County Board of Supervisors, thanked Chairperson Radicke for his dedication and service to the county.

Lionel Ruiz, Chairman, Pinal County Board of Supervisors, thanked the Board members for their hard work, acknowledging it is sometimes a thankless job. He commented specifically on Chairperson Radicke's willingness to foster teamwork and partnerships and presented him with a coin of excellence in recognition of his professionalism and dedication to the State of Arizona. He asked the Board to keep in mind the growth occurring in the southern part of Pinal County.

Marlin Easthouse, Mayor of Wilcox, thanked the Board for its support of the 340 TI project and asked for its assistance in the enhancement grant process. He said enhancement projects beautify the areas in which they are located and can draw people to the areas.

Karl Foster, Mayor of Mammoth, thanked the Board for their support of enhancement projects, noting they are currently in the process of securing their enhancement program.

Mary Anne Moreno, Executive Director, Globe-Miami Regional Chamber of Commerce and Economic Development Corporation, asked the Board for additional passing lanes on US 60. She encouraged the Board to include the railroad overpass with the US 70 widening project. She also voiced her support of the enhancement grant for the depot in downtown Globe.

Jim Palmer, Chairman, Graham County Board of Supervisors, stated the Board of Supervisors has great respect and admiration for Chairperson Radicke. He expressed appreciation for all of the work the Board has done throughout the state, specifically improvements on Highway 70 and Highway 191 north. He said they also appreciate the use of enhancement funds on Mount Graham, stating the highway is an important link to a world-class telescope facility and recreation facilities. He encouraged the Board to continue programming the Highway 191 South improvements.

J.T. Cotter, resident of Safford, thanked the Board and Chairperson Radicke, in particular, for their efforts on behalf of Safford.

Philip Rumnerud, Greenlee Board of Supervisors, thanked the Board for its efforts, particularly with regard to enhancement projects.

Roy Chavez, Superior Town Manager, thanked the Board for projects in the Superior area.

Richard Wertz, B.O.O.T., said two studies are currently underway concerning the Wickenburg Bypass/CANAMEX Corridor area. He stated more focused energy and prioritized actions are needed to protect the Town of Wickenburg. He stated the interim bypass is a short-term solution and levels of service will return to their current substandard levels within three years. He said a recently completed feasibility report identified 2025 as the design year for the bypass, expressing his opinion Wickenburg will be a massive bottleneck long before then. He said, while they appreciate what has been done, the studies need to be done faster and actions need to be prioritized.

Ken Simpkins, Economic Development Office, Apache Junction, voiced support for utilization of TEA21 funds on the Ironwood Interchange on US 60. He explained Apache Junction is attempting to transition from a seasonal community to a full-time community, therefore, image is of utmost importance. He noted they are in the process of installing their first street light as part of the vision for developing their downtown area. He stated the Ironwood Interchange represents the front door to Apache Junction, with most of their traffic coming from the metropolitan area through that interchange. He thanked the Board for the artwork on the columns of the Red Mountain Interchange.

Mari Jackson, resident of Apache Junction, stated she represents the business community and Public Art Committee in Apache Junction. She asked for the Board's support of using TEA21 funds on the Ironwood Interchange enhancement project.

Norris Dodd, Wildlife Research Biologist, Arizona Game and Fish Department, addressed the Board concerning Agenda Item 8. He said he has been conducting a comprehensive research project in conjunction with the major upgrade of SR 260 east of Payson. He explained the goals of the research project are to evaluate the effectiveness of various measures taken by ADOT to reduce the incidence of collision between wildlife and vehicles, as well as to facilitate the movement of wildlife across the highway. He said ADOT has made a tremendous commitment to addressing both issues, including construction of up to twelve wildlife underpasses and five bridge crossings along a 17 mile section of the highway. He noted FHWA recently acknowledged the planning, construction and adaptive management process being fueled by their research and the cooperative effort between ADOT, the Forest Service and Game and Fish. He explained their research employs a mix of methodologies, including standardized tracking of wildlife/vehicle collisions, of which over 200 have been reported since 2001; video camera monitoring of wildlife passes through the underpasses; and global positioning satellite tracking of elk to determine highway crossing locations. He said, although they have recorded nearly 1,700 elk passing through the two underpasses, the crossings constitute a small portion of the total crossings determined from the GPS tracking along that section of the highway. He said since completion of the half-mile of fencing, wildlife/vehicle collisions have actually increased, with an average of 12 collisions recorded per mile since 2001. He stated ADOT has limited opportunity and funding to address the continuing highway safety issue since construction of the Creature Canyon section is complete. He said, however, they have prepared and submitted a TEA21 enhancement grant proposal to retrofit the Creature Canyon section to address the problem of wildlife/vehicle collisions. He stated the proposal calls for constructing additional

elk proof fencing and installing electronic motorist alert systems at the ends of the fence. He said retrofitting the Creature Canyon section will not only allow them to address the highway safety issue, but will serve to enhance the department's knowledge base for application elsewhere in the state.

Shellie Ginn, City of Tucson Bicycle Coordinator, expressed appreciation for the Board's diligent efforts in support of the transportation enhancement program. She said the projects that have been approved have helped integrate their transportation system into other communities and brought new perspectives and people into the transportation planning and project development processes. She urged the Board to move forward with approval of the funding recommendation developed by the Transportation Enhancement Review Committee for Round 11 of the Transportation Enhancements Program. Rather than delaying action, she suggested that future rounds of the Transportation Enhancement Program be adjusted, either in the amount of funding available or in terms of the timing of the next funding cycle. She said further ability to adjust and deal with funding needs may be possible in light of the fact that these and many other projects will continue to take time to reach the point where funding is actually obligated.

Carol McComony, Main Street Redevelopment Manager, Town of Payson, commented on the negative impacts her region has suffered over the past several years. She said they are truly excited about the enhancement program and the opportunity it provides to bring life back to their downtown area.

CONSENT AGENDA

No items were pulled from the Consent Agenda.

Director's Report

Mr. Mendez thanked Chairperson Radicke for his service during the past six years. He announced Bill Higgins has been appointed as the State Engineer, noting a press release announcing his appointment will be sent out within the next few days.

Resolution of Support for a Primary Seat Belt Law

Mr. Mendez presented and recommended approval of a Resolution by the Boards in support of a Primary Seat Belt Law.

Board Action: A motion to approve the above recommendation was made by Mr. Lane, seconded by Mr. Martin and passed unanimously.

Legislative Report

Mr. Biesty reported Congress has ended its first session and will not return until January 20. He said they do not yet have a reauthorization and continue to be under a five month extension which is set to expire at the end of February 2004. He stated the House has approved the 04

Appropriations Bill, however, the Senate declined to act on it. He said the Federal Aviation Reauthorization was sent to the President on December 2 and is awaiting his signature. He noted all of the FY 04 appropriation projects were subjected to a 5.9 percent reduction.

Mr. Biesty stated they have been actively working on the extension of the half-cent sales tax. He provided draft copies of the Legislature's and MAG/Business Coalition's proposals.

Mr. Mendez pointed out the Legislature's proposal proposes a change in the Board's powers and duties, requiring the Board to consider rather than approve, disapprove or modify CTOC recommendations. He said, unlike HB 2292, the Legislature's proposal removes the Board from its participant role in the plan, replacing it with CTOC. He stated it further requires that all Pinal County related studies and reviews be completed by December 2004 and that the department consider all projects that meet performance measures for inclusion in the five year program no later than December 31, 2010. He expressed his opinion the study deadline is not feasible and the proposal's wording is too prescriptive.

Mr. Biesty reported the Primary Seat Belt law has been dropped, however another bill will be coming into the Senate.

The meeting recessed for a short break.

Financial Report

Mr. McGee reviewed the November 2003 HURF report, noting collections of $82,682,000 were almost 10 percent below last year and 12 percent under the estimate. He explained, however, November's results were understated by approximately $11 million, because two fuel distributors did not get their money in before the books were closed for the month. He said the payments have since been received and will be reflected in December's report. He stated every category, except Other, continue to show positive variances compared to last year and the estimate. With regard to the October 2003 RARF report, Mr. McGee stated collections totaled $23,384 million, representing 7.2 percent growth over last year. He said, year-to-date, collections are 5.3 percent over last year and 3.3 percent over the estimate. He reviewed the November 2003 Official Forecast for HURF and RARF, stating HURF collections are projected to increase $35.1 million over the ten year period, but RARF collection projections were decreased by about $15.4 million as a direct result of last year's low totals.

Mr. McGee reported the HELP Fund Cash Balance as of November 30, 2003 totaled $78,961,439, reflecting $7.1 million in loan draws, $6.1 million in loan repayments and $300,000 in interest income.

Financing Program

Mr. McGee provided members with an updated Debt Financing Program book for the State Transportation Board. He said they are working on a potential issuance of approximately $120 million to refund $114,7245,000 of outstanding subordinate lien HURF bonds. He explained

proceeding with the issuance will likely save $4 million in debt service costs. He said they are tentatively scheduled to price the bond issue the week of March 1, however, they are working with the underwriting team and financial advisor on other options that would allow them to price the issue as early as the end of January.

Appointment of Underwriters, Highway Revenue Bonds

Mr. McGee presented and recommended a Resolution recommending appointment of Underwriters for the Board's anticipated issuance of Highway Revenue Refunding Bonds, Series 2004A and/or Subordinated Highway Revenue Refunding Bonds, Series 2004A.

Board Action: A motion to approve the following Resolution was made by Mr. Martin and seconded by Mr. Lane:

RESOLUTION

RESOLUTION OF THE STATE OF ARIZONA TRANSPORTATION BOARD APPOINTING MANAGING UNDERWRITERS FOR ITS PLANNED ISSUANCE OF HIGHWAY REVENUE BONDS, SERIES 2004A AND/OR SUBORDINATED HIGHWAY REVENUE BONDS SERIES 2004A.

The Board hereby appoints the following firms to act as managing underwriters in connection with its planned issuance of Highway Revenue Bonds, Series 2004A and/or Subordinated Highway Revenue Bonds, Series 2004A.

Citigroup Global Markets, Inc.	Senior Manager	40%
Bear, Stearns & Co., Inc.	Co-Manager	25%
JP Morgan Securities, Inc.	Co-Manager	15%
George K. Baum & Company	Co-Manager	10%
Morgan Stanley & Co., Inc.	Co-Manager	10%

The Board reserves the right to make changes in the management team designated above, if it is deemed to be in the best interests of the state.

Dated this 19th day of December, 2003.

The motion passed unanimously.

Round 11 TERC (Transportation Enhancement Review Committee)

(NOREEN – I WAS NOT SURE HOW TO WORD MR. LANE'S AMENDMENT…I WASN'T SURE IF HIS REQUEST SHOULD BE PART OF THE MOTION OR JUST MENTIONED AFTER THE FACT)

Board Action: A motion to table Item 8 was made by Mr. Jeffers and seconded by Mr. Lane.

Mr. Lane asked staff to draw up an alternative funding plan.

Chairperson Radicke asked that the item be placed on the agenda for the Board's January 8, 2004 study session.

Upon a call for the question, the motion passed unanimously.

PRIORITY PLANNING ADVISORY COMMITTEE (PPAC)

FY 2004 - 2008 Transportation Facilities Construction Program

Approved Changes to the FY 04 – 08
Highway Construction Program
Fiscal Year Summary

Mr. Buskirk reviewed changes to the FY 04-08 Highway Construction Program previously approved by the Board. He stated 11 requests presented during the Board's November meeting were approved, noting three added major projects, two deleted major projects and one was a $2.7 million project from Subprograms. He said cost increases totaled $20,421,000 and decreases totaled $8,618,000, leaving a net increase of $11,807,000. He reported that 83 project requests have been brought to the Board since it approved the FY 04-08 program, 82 of which were approved. He stated cost increases totaled $50,610,000, offset by cost decreases of 10,657,000 for a net increase of $39,953,000.

On behalf of the Priority Planning Advisory Committee, Mr. Buskirk recommended approval of the following changes to the FY 04-08 Transportation Facilities Construction Program:

ROUTE NO:	SR 98 @ MP 340.00
COUNTY:	Coconino
SCHEDULE:	FY 2004
SECTION:	Square Butte - Navajo County Line
TYPE OF WORK:	Pavement Preservation
PROGRAM AMOUNT:	$791,000 Funding Source: STP
PROJECT MANAGER:	James Reeves
PROJECT:	H527301C Item #; 22702
REQUESTED ACTION:	Reduce program amount by $90,000 to $701,000 due to updated estimates. **Funds return to the FY 2004 Pavement Preservation Fund #72504.**
PROGRAM AMOUNT:	$791,000
DECREASE AMOUNT:	$90,000
NEW PROGRAM AMOUNT:	$701,000

Board Action: A motion to approve the above recommendation was made by Mr. Jeffers, seconded by Mr. Lane and passed unanimously.

ROUTE NO:	SR 98 @ MP 348.40
COUNTY:	Navajo
SCHEDULE:	FY 2004
SECTION:	Inscription House - Jct. US 160
TYPE OF WORK:	Pavement Preservation
PROGRAM AMOUNT:	$2,177,000 Funding Source: STP
PROJECT MANAGER:	James Reeves
PROJECT:	H567601C Item #; 20403
REQUESTED ACTION:	Increase program amount by $360,000 to $2,537,000 due to updated cost and expanding the friction course to full width. **Funds available from the FY 2004 Pavement Preservation Fund #72504.**
PROGRAM AMOUNT:	$2,177,000
INCREASE AMOUNT:	$360,000
NEW PROGRAM AMOUNT:	$2,537,000

Board Action: A motion to approve the above recommendation was made by Mr. Martin, seconded by Mr. Lane and passed unanimously.

ROUTE NO:	US 191 @ MP 318.00
COUNTY:	Apache
SCHEDULE:	FY 2004
SECTION:	Landfill Road - Standard Parallel
TYPE OF WORK:	Pavement Preservation
PROGRAM AMOUNT:	$2,342,000 Funding Source: STP
PROJECT MANAGER:	James Reeves
PROJECT:	H557101C Item #; 21003
REQUESTED ACTION:	Increase program amount by $231,000 to $2,573,000 due to related structural pavement changes. **Funds available from the FY 2004 Pavement Preservation Fund #72504.**
PROGRAM AMOUNT:	$2,342,000
INCREASE AMOUNT:	$231,000
NEW PROGRAM AMOUNT:	$2,573,000

Board Action: A motion to approve the above recommendation was made by Mr. Jeffers, seconded by Mr. Lane and passed unanimously.

ROUTE NO:	US 160 @ MP 341.00
COUNTY:	Coconino

SCHEDULE:	FY 2004
SECTION:	E. Tuba City - Navajo County Line
TYPE OF WORK:	Pavement Preservation
PROGRAM AMOUNT:	$4,840,000 Funding Source: NH
PROJECT MANAGER:	Mazen Muradvich
PROJECT:	H584201C Item #; 19104
REQUESTED ACTION:	Increase program amount by $1,573,000 to $6,413,000 due to the addition of a passing lane to project. **Funds available from the FY 2004 District Minor Fund #73304.**
PROGRAM AMOUNT:	$4,840,000
INCREASE AMOUNT:	$1,573,000
NEW PROGRAM AMOUNT:	$6,413,000

Board Action: A motion to approve the above recommendation was made by Mr. Jeffers, seconded by Mr. Lane and passed unanimously.

ROUTE NO:	SR 202 L @ MP 36.50
COUNTY:	Maricopa
SCHEDULE:	FY 2005
SECTION:	Higley Road - Power Road
TYPE OF WORK:	Construct roadway
PROGRAM AMOUNT:	$29,504,000 Funding Source: RARF
PROJECT MANAGER:	Paul Waung
PROJECT:	H591101C Item #; 80005
REQUESTED ACTION:	Reduce program amount by $6,000,000 to $23,504,000 due to reduction in scope of work. **Funds return to the RARF Cashflow.**
PROGRAM AMOUNT:	$29,504,000
DECREASE AMOUNT:	$6,000,000
NEW PROGRAM AMOUNT:	$23,504,000

ROUTE NO:	SR 202 L @ MP 33.00
COUNTY:	Maricopa
SCHEDULE:	FY 2004
SECTION:	Power Road - Elliot Road
TYPE OF WORK:	Construct roadway
PROGRAM AMOUNT:	$60,800,000 Funding Source: RARF
PROJECT MANAGER:	Paul Waung
PROJECT:	H591301C Item #; 80304
REQUESTED ACTION:	Increase program amount by $6,000,000 to $66,800,000 due to increase in scope of work. **Funds available from the RARF Cashflow.**
PROGRAM AMOUNT:	$60,800,000
INCREASE AMOUNT:	$6,000,000

NEW PROGRAM AMOUNT: $66,800,000

Board Action: A motion to approve Items 14 and 15 was made by Mr. Lane, seconded by Mr. Martin and passed unanimously.

ROUTE NO:	SR 179 @ MP 306.37	
COUNTY:	Yavapai	
SCHEDULE:	FY 2004 - New Project Request	
SECTION:	Cortez Drive	
TYPE OF WORK:	Construct new signal	
PROJECT MANAGER:	Talal Kamal	
PROJECT:	HX14901C	JPA # 03-65
REQUESTED ACTION:	Add a new traffic signal project in the amount of $302,000 to the FY 2004 Highway Construction Program. **See funding sources below.**	

FY 2004 Traffic Engineering Fund #71204	$151,000
Yavapai County JPA # 03-65	$151,000
NEW PROGRAM AMOUNT:	$302,000

Board Action: A motion to approve the above recommendation was made by Mr. Martin, seconded by Mr. Jeffers and passed unanimously.

ROUTE NO:	US 191 @ MP 87.40	
COUNTY:	Cochise	
SCHEDULE:	FY 2004	
SECTION:	MP 87.4 - MP 91.6 (Segment I)	
TYPE OF WORK:	Construct parallel roadway	
PROGRAM AMOUNT:	$13,039,700	Funding Source: STP
PROJECT MANAGER:	Bob Mickelson	
PROJECT:	H503703C Item #; 18703	
REQUESTED ACTION:	Reduce program amount by $2,125,000 to $10,914,700 due to updated cost estimates, and increase project length 0.2 miles to allow for extension of crossover roadway. **Funds return to the FY 2004 Program Cost Adjustment Fund #72304.**	

PROGRAM AMOUNT:	$13,039,700
DECREASE AMOUNT:	$2,125,000
NEW PROGRAM AMOUNT:	$10,914,700

Mr. Buskirk explained the requested action is to reduce the program amount by $2,125,000 to a total of $10,914,700 due to updated cost estimates and increased project length of .2 miles to allow for extension of the crossover roadway. He said the funds are to be returned to the FY 2004 Program Cost Adjustment Fund. He stated, in order to keep the funds on the same corridor, another US 191 project will be brought through PRD, PPAC and the Board to update the project

costs and preserve the corridor funding. He pointed out that the final vote of the PPAC was split, with four votes in favor and three against.

Board Action: A motion to approve the above recommendation was made by Mr. Martin and seconded by Mr. Lane.

Mr. Jeffers asked Mr. Buskirk to explain the controversy surrounding where the funds will go. Mr. Buskirk explained the issue was whether the cost increase should go to the Program Cost Adjustment Fund or the Contingency Fund where it would then be reprogrammed. Mr. Jeffers said, given the department's cash flow situation, his recommendation would be to put the money in the Contingency Fund.

Mr. Buskirk confirmed for Mr. Martin that the funds, should they be placed in the Contingency Fund, could be returned to US 191 in the future if there was sufficient justification.

Mr. Martin withdrew his motion.

Board Action: A motion to reduce the program amount by $2,125,000 to a total of $10,914,700 and place the funds in the Contingency Fund was made by Mr. Martin, seconded by Mr. Lane and passed unanimously. The motion passed unanimously.

ROUTE NO:	I-10 @ MP 259.80
COUNTY:	Pima
SCHEDULE:	FY 2004
SECTION:	29th Street Gateway
TYPE OF WORK:	Construct a gateway feature in the detention/multi-use facility
PROGRAM AMOUNT:	$59,000 Funding Source: STP
PROJECT MANAGER:	Bruce Cannon
PROJECT:	H429101C Item #; 11298
REQUESTED ACTION:	Delete project from the FY 2004 Highway Construction Program. Right of way planned for this project has now been used by the City of South Tucson. **Funds return to the FY 2004 Statewide Enhancemnet Fund # 75304.**

Board Action: A motion to approve the above recommendation was made by Mr. Lane, seconded by Mr. Jeffers and passed unanimously.

ROUTE NO:	I-10 @ MP 144.7
COUNTY:	Maricopa
SCHEDULE:	FY 2004
SECTION:	7th Street – 16th Street, WB
TYPE OF WORK:	Construct auxillary lane and widen off ramp

PROGRAM AMOUNT:	$125,000	Funding Source: CMAQ
PROJECT MANAGER:	Steve Beasley	
PROJECT:	H626401C Item #; 26803	
REQUESTED ACTION:	Increase program amount by $700,000 to $825,000 due to modification of scope of work. **See funding sources below**	

PROGRAM AMOUNT:	$125,000
INCREASE AMOUNT:	$700,000
FY 2004 Program Cost Adjustment Fund #72304	$300,000
FY 2004 District Minor Fund #73304	$400,000
NEW PROGRAM AMOUNT:	$825,000

Board Action: A motion to approve the above recommendation was made by Mr. Lane, seconded by Mr. Jeffers and passed unanimously.

* Next regular scheduled meetings of the Priority Planning Advisory Committee (PPAC). Times and dates of meetings could vary and will be announced at time of agenda distribution. (Information Only)

- December 30, 2003 9:00 AM

* Priority Planning Advisory Committee (PPAC)

- Minutes – November 6, 2003 Regular Meeting
- Highway Program Monitoring Report.

RIGHT OF WAY RESOLUTIONS

*

RES. NO:	2003-12-A-072
PROJECT:	S-251-702 / 287PN116H088801R
HIGHWAY:	CASA GRANDE – LA PALMA
SECTION:	Weaver Road – Eleven Mile Corner Road Unit 1
ROUTE NO.:	State Route 287
ENG. DIST:	T
COUNTY:	Pinal
PARCEL:	11-0636
RECOMMENDATION:	Establish donated right of way as a state route and state highway for a right turn lane recently constructed by the Developer

*

RES. NO:	2003-12-A-073
PROJECT:	S-082-A-701 / 082SC037H598701R
HIGHWAY:	NOGALES - TOMBSTONE
SECTION:	South Road – Upper Elgin Road
ROUTE NO.:	State Route 82
ENG. DIST:	T
COUNTY:	Santa Cruz
RECOMMENDATION:	Establish as a state route to improve safety for the traveling public

*	RES. NO:	2003-12-A-074
	PROJECT:	U-060-C-808 / 060MA182H601501R
	HIGHWAY:	SUPERSTITION FREEWAY
	SECTION:	Stapley, Gilbert & Val Vista T.I.'s
	ROUTE NO.:	U.S. Route 60
	ENG. DIST:	M
	COUNTY:	Maricopa
	RECOMMENDATION:	Establish as a state route for traffic interchange improvements
*	RES. NO:	2003-12-A-075
	PROJECT:	600-7-806 / 202LMA000H538401R 202-B-700 / 202LMA030H578301R
	HIGHWAY:	SANTAN FREEWAY RED MOUNTAIN FREEWAY
	SECTION:	Warner Road - U.S. 60, U.S. 60 T.I.
	ROUTE NO.:	State Route 202 Loop
	ENG. DIST:	M
	COUNTY:	Maricopa
	RECOMMENDATION:	Amendment of Resolution 2003-04-A-020 due to design changes
*	RES. NO:	2003-12-A-079
	PROJECT:	S-179-A700 / 179YV306HX14901R
	HIGHWAY:	RIMROCK-SEDONA
	SECTION:	Cortez Drive Intersection
	ROUTE NO:	State Route 179
	ENG. DIST.	F
	COUTNY:	Yavapai
	RECOMMENDATION:	Establish additional right of way as a State route and state highway for traffic Intersection improvements.
*	RES. NO:	2003-12-A-076
	PROJECT:	600-8-804 / 202LMA000H540101R
	HIGHWAY:	RED MOUNTAIN FREEWAY
	SECTION:	Higley Road – U.S. 60
	ROUTE NO.:	State Route 202 Loop
	ENG. DIST:	M
	COUNTY:	Maricopa
	RECOMMENDATION:	Amendment of Resolution 2003-05-A-025 due to design change

*	RES. NO:	2003-12-A-077
	PROJECT:	600-7-804 / 202LMA000H538201R 600-7-805 / 202LMA000H538301R
	HIGHWAY:	SANTAN FREEWAY
	SECTION:	Gilbert Road – Higley Road Higley Road – Warner Road
	ROUTE NO.:	State Route 202 Loop
	ENG. DIST:	M
	COUNTY:	Maricopa
	RECOMMENDATION:	Amendment of Resolution 2002-10-A-050 due to design changes

*	RES. NO:	2003-12-A-078
	PROJECT:	U-060-E-702 / 060GI316H596401R
	HIGHWAY:	GLOBE – SHOW LOW
	SECTION:	Carrizo Driveway
	ROUTE NO.:	U.S. Route 60
	ENG. DIST:	G
	COUNTY:	Gila
	PARCEL:	4-0712
	RECOMMENDATION:	Establish additional right of way as a state route and state highway for improvements

STATE ENGINEER'S REPORT

* Report on construction and projects completed in November, 2003.

* Right of Way Acquisition Report for November, 2003.

CONSTRUCTION CONTRACTS

Interstate Federal-Aid ("A" "B" projects do not need FHWA concurrence, but must comply with DBE regulations; other projects are subject to FHWA and/or local government concurrence and compliance with DBE regulations)

BIDS OPENED:	November 21
HIGHWAY:	ASH FORK-FLAGSTAFF-HOLBROOK HIGHWAY
SECTION:	Bellemont-Winslow
COUNTY:	Coconino
ROUTE NO:	I-40
PROJECT:	IM-040-C(005)A 040 CN 185 H578001C
FUNDING:	94% Federal 6% State
LOW BIDDER:	Warning Lites & Equipment, Inc.

AMOUNT:	$	1,452,523.50
STATE ESTIMATE:	$	1,713,870.00
$ UNDER:	$	261,346.50
% UNDER:		15.3%
NO. BIDDERS:		7

RECOMMENDATION: AWARD contingent upon Warning Lites & Equipment, Inc. possessing the appropriate license within 60 calendar days of the date of the bid opening. In the event they don't have the appropriate license within the specified time, award the project to C S Construction, Inc.

Mr. Higgins reported that, as of printing of the agenda, staff has obtained additional information from the Registrar of Contractors confirming Warning Lites & Equipment, Inc. has the proper licensing. He said, therefore, staff recommends awarding the contract to Warning Lites & Equipment, Inc.

Board Action: A motion to approve the above recommendation was made by Mr. Jeffers, seconded by Mr. Lane and passed unanimously.

(Non-Interstate Federal-Aid ("A" "B" projects do not need FHWA concurrence, but must comply with DBE regulations; other projects are subject to FHWA and/or local government concurrence and compliance with DBE regulations)

*

BIDS OPENED:	November 21	
HIGHWAY:	SANTAN FREEWAY (SR 202L)	
SECTION:	Arizona Avenue – Gilbert Road	
COUNTY:	Maricopa	
ROUTE NO:	SR 202L	
PROJECT:	STP-202-C(001)B 202 MA 044 H538101C	
FUNDING:	Federal 79% RARF 16% City of Chandler 5%	
LOW BIDDER:	Pulice Construction, Inc.	
AMOUNT:	$	47,704,946.00
STATE ESTIMATE:	$	50,320,000.00
$ UNDER:	$	2,615,054.00
% UNDER:		5.2%
NO. BIDDERS:		5
RECOMMENDATION:	AWARD	

BIDS OPENED:	November 21
HIGHWAY:	CITY OF SCOTTSDALE
SECTION:	Scottsdale – Fiber Optic Cable Installation
COUNTY:	Maricopa
ROUTE NO:	N/A
PROJECT:	CM-SCT-0(013)A 0000 MA SCT SS52901C

FUNDING:	65% Federal 35% City of Scottsdale	
LOW BIDDER:	Trans Tech Electric, L.P.	
AMOUNT:	$	411,638.00
STATE ESTIMATE:	$	552,166.00
$ UNDER:	$	140,528.00
% UNDER:		25.5%
NO. BIDDERS:		11
RECOMMENDATION:	AWARD	

Board Action: A motion to approve the above recommendation was made by Mr. Lane, seconded by Mr. Martin and passed unanimously.

(Non-Interstate Federal-Aid ("A" "B" projects do not need FHWA concurrence, but must comply with DBE regulations; other projects are subject to FHWA and/or local government concurrence and compliance with DBE regulations)

BIDS OPENED:	October 10	
HIGHWAY:	WICKENBURG-KINGMAN HIGHWAY (US 93)	
SECTION:	Burro Creek Section	
COUNTY:	Mohave	
ROUTE NO:	US 93	
PROJECT:	NH-093-B(001)B 093 MO 138 H549401C	
FUNDING:	94% Federal 6% State	
LOW BIDDER:	R.E. Monks Construction Company, LLC Traylor Bros., Inc. a joint venture	
AMOUNT:	$	25,934,219.70
STATE ESTIMATE:	$	23,495,805.42
$ OVER:	$	2,438,414.28
% OVER:		10.4%
NO. BIDDERS:		5
RECOMMENDATION:	Confirm the award to R.E. Monks Construction Company, LLC/Traylor Bros., Inc. a joint venture.	

On October 10, 2003, bids were opened on the above referenced project. At the bid opening, R.E. Monks Construction Company, LLC/Traylor Bros., Inc. joint venture was read as the apparent low bidder with a bid of $25,934,219.70. The second low bidder, Fann Contracting, Inc., bid $26,762,684.70.

Subsequent to the bid opening, the Department became aware that one of the parties in the joint venture, R.E. Monks Construction Company, LLC, did not possess a

license to perform work in Arizona. Subsection 102.16 of the specifications states that on Federal-aid funded projects, the bidder is not required to have the proper license at the time of bidding, but it must procure the proper license before award can be made, and no later than 60 calendar days after the date bids were opened. Since the project is Federal-aid funded, the low bidder had until close of business on December 9, 2003 to obtain an appropriate license.

On November 21, 2003, the Transportation Board awarded the project to the joint venture contingent upon R.E. Monks Construction Company, LLC obtaining the licensing as required in the specifications.

Since the last Board Meeting the Department requested an opinion from the Registrar of Contractors concerning the license requirement for a joint venture. The Registrar of Contractors stated that a joint venture need only have one party fully licensed to perform the work as of the date of bid submission and award, even under a State-funded contract. The second party in the joint venture would only have to have a license before that party started construction work.

R. E. Monks Construction Company, LLC did not have to possess the license at the time of Bid or Award, because Traylor Bros., Inc. did have a license. Therefore, the State Engineer recommends that the Board confirm the award of the contract to R.E. Monks Construction Company, LLC/Traylor Bros., Inc. joint venture without conditions.

Mr. Higgins stated R.E. Monks Construction Company , LLC, in joint venture with the Traylor Bros., Inc., was the apparent low bidder. He said a recommendation of approval was presented to the Board at last month's meeting with the contingency that R.E. Monks Construction Company, LLC possess a license within 60 days from the bid opening. He said staff has since requested additional information from the Registrar of Contractors concerning licensing requirements for a joint venture and was told that a joint venture need only have one party fully licensed to perform the work as of the date of bid submission and award. The second party in the joint venture only has to have a license prior to their beginning work. He said, therefore, R.E. Monks Construction Company, LLC did not have to possess a license at the time of the bid or award because Traylor Bros., Inc., the joint venture, had a license. He recommended the Board confirm the award of the contract to R.E. Monks Construction Company, LLC/Traylor Bros., Inc., a joint venture, without condition.

Kim Lough, Attorney for Fann Contracting, Inc., distributed packets of information they prepared. He said they believe the issues to be broader than simply a question of licensing. He said they hope their information will show that the entity that submitted the bid was not qualified or even organized in the state to do business. He stated the entity that was pre-qualified for the job was not the entity which submitted the bid and to which the Board made a conditional award on November 24, 2003. He referred to a copy of the Articles of Organization for R.E. Monks Construction Co.^{2}, LLC, filed with the Arizona Corporation Commission on November 12, 2003. He then referred to a letter from the attorney for R.E. Monks to the Arizona Corporation Commission, encouraging the Corporation Commission to approve the Articles of Organization of R.E. Monks Construction Co.^{2}, LLC because of its status as apparent low bidder on a job before the Board. Mr. Lough referred to a copy of an Articles of Amendment, wherein R.E. Monks Construction Co.^{2}, LLC changed its name to R.E. Monks Construction Company, LLC, the bidder on the subject project. He pointed out the Articles of Amendment was filed on November 24, 2003, three days after the conditional award made by the Board.

Mr. Lough said it is there position that the documents evidence that the entity which submitted a bid and received conditional award did not exist in the state until November 14, 2003 or thereafter and changed its name into the entity with which the Board seeks to contract after award of the bid. To support their position, he referred to a printout from the Arizona Corporation Commission dated December 18, 2003 confirming R.E. Monks Construction Company, LLC, a domestic LLC, was incorporated as of November 12, 2003 and changed its name on November 24, 2003 from R.E. Monks Construction Co.^{2}, LLC to R.E. Monks Construction Co., LLC.

Mr. Lough displayed a second printout from the Arizona Corporation Commission dated December 18, 2003, indicating R.E. Monks Construction Company changed its name to M.C. Southwest, Inc. on December 5, 2003. He referred to a letter from the attorney for R.E. Monks to Mr. Felber, Chief of Licensing at the Arizona Registrar of Contractors. He explained the letter was submitted in response to a concern raised that R.E. Monks Construction Co., LLC had been contracting in the State of Arizona and bidding projects without a license. He said Mr. Bluff's response was that the project referenced in the allegation was bid under the corporate legal entity, R.E. Monks Construction Co., License #072943. He pointed out that R.E. Monks Construction Company's letterhead indicates it is a limited liability company, not a corporation, and that the license the company purports to act under is the license for a similarly named corporation. Mr. Lough presented copies of contracts performed by R.E. Monks Construction Company, LLC at various times over the past several years, despite evidence that indicates the company did not exist in that form and was not licensed by the Registrar of Contractors to perform work. He referred to information from the Arizona Registrar of Contractors dated December 18, 2003, indicating R.E. Monks Construction Co LLC was licensed and qualified for the first time as of December 5, 2003. He said, however, M.C. Southwest, Inc. has been licensed under License #072943 since 1987.

Mr. Lough stated R.E. Monks Construction Company, LLC was prequalified for grading, drainage, pipeline and underground by the Arizona Department of Transportation, despite the fact the company did not exist. He provided excerpts from Arizona Revised Statutes they feel

are pertinent and support their position. He asked that the Board rescind the award based on the information provided.

Mr. Lough advised the Board that Montgomery Lee with the Attorney Generals Office said the information he provided was more than he had been provided by the Registrar when discussing the issues and was of some concern to him. He said Mr. Lee has not had the opportunity to discuss the matter further with the Registrar of Contractors, but indicated he would discuss the matter when he returns from his vacation.

Jim Sienicki, Snell & Wilmer, on behalf of R.E. Monks Construction Co., LLC, said the Traylor Bros., Inc. had a license at the time of the bid and the Registrar of Contractors acknowledged that fact in signing off on the letter from ADOT on December 17, 2003. He stated Fann Construction is a competitor attempting to wrestle a job away from R.E. Monks. He explained that while R.E. Monks Construction Company, an Arizona LLC, was licensed on December 5, 2003, R.E. Monks Construction Co., LLC, a Colorado LLC, is the company that was prequalified by ADOT. He said the two companies merged on December 12, 2003 and, under Arizona law, successor entities have every right of predecessor entities. He emphasized that at no time during the process was R.E. Monks afforded a competitive advantage. He pointed out Fann Construction has contacted R.E. Monks asking to subcontract on the project. He stated R.E. Monks was a responsible bidder and urged the Board to exercise its fiduciary duty to the tax payers of Arizona by awarding the contract to R.E. Monks.

Joe Acosta, Attorney General's Office, explained there are three firms involved in the issue: 1) R.E. Monks Construction Company, Inc., a Colorado corporation that has existed since 1965 (Corporation); 2) R.E. Monks Construction Company, LLC, a Colorado limited liability company (Colorado LLC); and 3) R.E. Monks Construction Co.^{2}, LLC, an Arizona limited liability company that later changed its name to R.E. Monks Construction Co., LLC. (Arizona LLC). He said the Colorado LLC has done several large projects with ADOT over the past six years and performed in a satisfactory manner. He said, unfortunately, R.E. Monks failed to confirm the Arizona Contractor's License in the Colorado LLC in 1997. He said the bids opened on October 10 and staff noticed a discrepancy in the license on November 10, 2003. He said R.E. Monks was contacted about the discrepancy and they proceeded to hire an attorney.

Mr. Acosta said both parties in the joint venture are currently licensed and the Corporation Commission has confirmed the license is valid as applied to the new successor firm. He stated the Registrar confirmed that only one party in a joint venture has to have a license at the time of bid and award. He said, while there may be some risk that the Registrar could later decide to suspend or revoke R.E. Monk's license, that possibility exists in every contract the Board awards. He clarified the Colorado LLC was the pre-qualified entity, pointing out a license is not required to be pre-qualified. He concluded his remarks, stating both entities in the joint venture are fully licensed and capable of performing the work.

For the record, Mr. Acosta disagreed with Mr. Sienicki's comment in his letter dated December 17, 2003 characterizing the department's 60 day requirement as "an unenforceable attempt to convert a responsibility issue into a responsiveness issue."

Mr. Higgins confirmed for Mr. Lane that work has not yet started on the project.

Mr. Jeffers asked if R.E. Monks had to obtain any special licensing. Mr. Higgins responded no. He confirmed Traylor Bros., Inc. had the necessary license at the time the bid was submitted.

A member asked if the company on the bid documents existed at that time the bid was submitted. Mr. Sienicki responded yes, explaining the Colorado LLC submitted the bid. Harry Crocket, Contract and Specifications, stated R.E. Monks Construction Company, LLC was the name of the entity in the joint venture. He confirmed R.E. Monks Construction Company, LLC, a Colorado company, was prequalified with the department. He said, while the documentation did not specifically indicate R.E. Monks Construction Company, LLC, a Colorado company, they believe the company that submitted the bid was the company that was prequalified.

Mr. Lough stated the entity that bid the project did not distinguish between the Colorado LLC and the anticipated organized Arizona LLC. He said, however, the letter to the Arizona Corporation Commission dated November 14, 2003 from the attorney for R.E. Monks states the Arizona LLC entity bid the project.

Mr. Acosta suggested the attorney for R.E. Monks mistakenly set up an Arizona LLC rather than properly registering the Colorado LLC in Arizona. He said, regardless, the Colorado LLC now has an Arizona license as a result of its merger with the Arizona LLC. He reiterated the Board has no control over what the Registrar might do in response to allegations that work was performed without a license in the past.

Board Action: A motion to confirm the award to R.E. Monks Construction Company, LLC/Traylor Bros., Inc. a joint venture without condition was made by Mr. Lane, seconded by Mr. Jeffers and passed unanimously.

Non-Interstate, Non-Federal Aid

*	BIDS OPENED:	November 21	
	HIGHWAY:	PRESCOTT-FLAGSTAFF HIGHWAY (SR 89A)	
	SECTION:	SR 89A @ Zalesky Road	
	COUNTY:	Yavapai	
	ROUTE NO:	SR 89A	
	PROJECT:	S-A89-B-500 089A YV 356 HX11701C	
	FUNDING:	100% State	
	LOW BIDDER:	EME West Construction, Inc.	
	AMOUNT:	$	229,495.00
	STATE ESTIMATE:	$	242,967.00
	$ UNDER:	$	13,472.00
	% UNDER:		5.5%
	NO. BIDDERS:		7
	RECOMMENDATION:	AWARD	

CONSENT AGENDA

Board Action: A motion to approve the Consent Agenda was made by Mr. Jeffers, seconded by Mr. Lane and passed unanimously.

ADJOURN

Board Action: A motion to adjourn was made by Mr. Jeffers, seconded by Mr. Martin and passed unanimously.

The meeting adjourned at 11:35 p.m.

Bill Jeffers, Chairperson
State Transportation Board

Victor Mendez, Director
Arizona Department of Transportation

*Denotes items approved in the consent agenda.