MINUTES
OF THE
STATE TRANSPORTATION BOARD
STUDY SESSION
9:30 A.M., Thursday, February 6, 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, February 6, 2003, with Chairman Radicke presiding. Other Board members present included: Vice Chairperson Bill Jeffers, Katie Dusenberry, Rusty Gant, Dick Hileman, Joe Lane and Jim Martin. Also present were Director Victor Mendez, Debra Brisk, Deputy Director; Dick Wright, State Engineer; John McGee, Chief Financial Officer, Administrative Services Division; Gary Adams, Assistant Director, Aeronautics Division; and Dale Buskirk, Acting Director, Planning Division. There were approximately 20 people in the audience.

PLEDGE

Chairman Radicke led the audience in the Pledge of Allegiance.

Five-Year Statewide Construction Tentative Program

Mr. Buskirk reviewed the program approval process, noting they received an updated revenue forecast on January 17. He said the program will be reviewed later today by the Priority Planning Advisory Committee and forwarded to the Board for its consideration at its February 21 meeting. He stated the PAG Regional Council approved the plan on December 18 and the MAG Regional Council is expected to approve the plan on February 26. He said a series of statewide public hearings will be held in Phoenix, Flagstaff and Tucson on March 6, April 11 and April 18, respectively. He stated the program will be finalized and reviewed by the PPAC on June 5 and forwarded to the Board for its approval on June 20.

Mr. Buskirk explained subprograms constitute approximately 50 percent of the program and total $253,564,000. He reviewed new subprograms being proposed: Port of Entry Rehabilitation, $5 million for 2008; Federal Tax Evasion Program, $375,000 for FY 2004-2006; Rest Area Preservation Program, $600,000 in FY 2006, $1.2 million in FY 2007 and $1.2 million in FY 2008. He stated there was a total of $312,502,000 in new projects, with $167,343,000 in the MAG Region, $53,003,000 in the PAG Region and $92,156,000 in the Thirteen Other Counties. He noted three projects, I-40 Walnut Canyon, US 191 Burnside Junction North and SR 260 Little Green Valley, were deferred out of the program, but will be returned to the program as funds become available. He identified new TOC projects in the northern area of the state as being the US 93 Hoover Dam Bridge, SR 260 Western Drive Urban Section, US 93 Tompkins Canyon and SR 77 MP 364-372. He said new TOC projects in the southern area of the state include US 60 Florence Junction to Gonzales Pass, US 60 MP 231.12-239.5, SR 195 Area Service Highway, I-10 Red Rock UP-Pinal Air Park Road and US 191 Segment III MP 95 4-97.8.

Mr. Buskirk stated a number of issues were brought up when he met with each Board member individually. He said a new passing lane project was proposed for US 60 at MP 238 for FY 2008 at a total cost of $1,260,000. He stated a member also asked to have SR 92 Carr Canyon Road-Hunter Canyon deferred from FY 04 to FY 06 and to advance the I-10 Fort Grant Road TI from FY 06 to FY 05. He said it was also suggested that SR 89A Airport Road TI be deferred to a future program and that the I-40 East Flagstaff TI be added as a new construction project in FY 05.

Mr. Buskirk reported the revised revenue forecasts were lower than originally anticipated, resulting in the need to reduce certain projects. He explained approximately $7 million was deferred on the I-10 project from FY 06 into FY 07, $3 million was deferred in the PAG area from FY 06 to FY 07 and $16.4 million was deferred in the TOC area from FY 07 to FY 08.

Five-Year PAG area Construction Tentative Program

John Pein reported the Tucson/PAG region took care of all its expenditures and overestimates with the money it was allocated. He said the money was spread across both rural and urban environments. He explained the PAG region is comprised of the City of Tucson and the City of South Tucson, the towns of Oro Valley, Marana and Sahuarita and the Tohono O'odham Nation and Pascua Yaqui Tribes. He said, within ADOT, the PAG Region has representation both at the District level and the planning level on every committee. He reviewed the PAG Committee process, explaining the District Engineer and TPD met first to discuss the process and decide how to move forward. He said the District Engineer then met with the TIP Subcommittee to prioritize projects for the next year. He said the program than went to the Transportation Planning Committee, Management Committee and, finally, the Regional Council where it was approved on December 18, 2002.

Mr. Pein identified seven major projects within the region, I-10 Cortaro TI to Marana TI; I-10 Marana TI to Pinal Air Park, I-10 Ina TI, SR 86 Valencia to Kinney, SR 86 Phase 2 East of Kitt Peak, I-10 Cortaro TI and SR 77 Tangerine to Pinal County Line. He said, by legislative formula, $3.235 million is allocated to the PAG region, which, when combined with the $53.002 million in ADOT funds, total $56.237 million. He explained $50 802 million was allocated to Projects 2 through 7 and $1.768 million was allocated to cover the additional cost estimate in Project 1. He stated $880,000 went into FY 07 design and $2.787 million went into FY 06 design. Mr. Pein reviewed a map of the region depicting the location of the various projects.

In response to Chairperson Radicke's question, Mr. Pein stated they are in the process of looking at grade separated intersections from Miracle Mile to the county line.

Mr. Mendez asked if the Indian community is in agreement with PAG's plans for SR 86. Mr. Pein responded yes.

Five-Year MAG area Construction Tentative Program

Mr. Eaton stated their process is developed in cooperation with the Maricopa Association of Governments and the RPTA in Maricopa County. He explained the process begins with a stakeholder's meeting in July, after which ADOT staff and MAG staff work together to develop a recommendation that is taken to the Area Transportation Committees and Regional Council. He said funding for the MAG Region was based on the RAAC allocation and currently totals $197 million. He said, from that amount, they have to take the $50 million previously dedicated to the acceleration of the Regional Freeway Program and $30 million for the subprogram portion, leaving a total of $117 million available for programming.

Mr. Eaton discussed projects in the region, including; the widening of I-17 north of the Loop 101, an extension of the widening on US 60, completion of the SR 51 plan for HOV lanes to Bell Road, and a bridge widening at New River on US 60/Grand Avenue

Mr. Eaton reviewed the Tentative Life Cycle Program, noting they are in the process of completing their certification documents. He reported 96 miles of the regional freeway are now open to traffic, while 10 miles are currently under construction and 32 miles are under design. He displayed a copy of their latest certification map, stating the projected completion date of 2007 has not changed. He reviewed program changes and updated project costs, noting the project costs have not risen and right-of-way has not been escalating. He said a new TI project was created at Bethany Home Road, explaining the City of Glendale offered to fund the south half of the TI and the design of the full interchange. He said, while they have been reluctant to add new TI's to the existing systems, they felt adding the Bethany Home TI was justified.

In response to a member's question, Mr. Eaton stated the project to be programmed in 2008 has not been scoped. Mr. Mendez explained the project will have to be done in phases because it is so large.

Chairperson Radicke asked if the $33 million for rubberized asphalt has been approved by MAG. Mr. Eaton said MAG has taken it through its committees and Council and has approved the funding. He noted they have had their first meeting for the design of the first phase, identifying which sections will be done first. He said they are targeting the start of the first project for late-August.

Five-Year Aeronautics Tentative Program

Mr. Adams updated the Board regarding the Five-Year Aeronautics Tentative Program. He stated the list of projects is based on a number of assumptions and is subject to change. He stated the Flight Property Tax is their primary funding source which, unfortunately, is dropping due to the declining airline industry. He said the preliminary draft program assumes the Governor's proposed budget, wherein the Governor has proposed a $3 million sweep to occur in FY 2003 and a continuation of the split of the Flight Property Tax with the General Fund for one additional year. He stated they have worked for the past six weeks to develop a cash flow model

that will track revenue and expenses on a monthly basis. He noted a minimum cash balance of $2 million, which equates to approximately one month's worth of cash, was built into the plan.

Mr. Adams reviewed how the fund has historically operated, explaining revenue comes in three large paychecks, but most of the bills are received in the summer. He said, therefore the fund's balance is highest in April and lowest in October. He stated the projected beginning balance for FY 2003/04 of approximately $14.5 million will be reduced to about $3.5 million by the end of the fiscal year due to the number of construction projects underway, the lawsuit, and the $3 million sweep He said they are assuming the fund sweep will occur in April. Mr. Mendez pointed out the governor's proposed $3 million fund sweep is subject to further negotiation, stating, during those negotiations, they will attempt to explain what the impact would be if the sweep were to exceed $3 million.

Mr. Jeffers pointed out the potential loss will exceed $3 million because Arizona will lose additional federal money if the sweep occurs and matching funds are not available. Mr. Adams agreed, stating, however, they use funds not used for federal matching first to keep adequate matching funds available.

With regard to the fund sweep, Mr. Adams stated they are recommending sponsors be given as much advance notice as possible, giving them the choice to continue with their own funding or wait until state funds are available. He said, however, they do not want to stop anyone who has already gone to construction, pointing out there could be the potential for litigation.

Mr. Adams explained the current five year program set aside $750,000 for the loan program, which will now be held in reserve. He stated, furthermore, the connection previously recommended has been taken out and all sponsor bills will now be held for 30 days, resulting in a $1.8 million savings. He said $4 million in programmed pavement preservation projects were pulled and will be put back into the program next year.

Mr. Jeffers asked if communities whose grants are withdrawn will be given any assurances of future funding. Mr. Adams was not sure if a guarantee could be legally given to a community.

Mr. Adams concluded his presentation stating the $3 million sweep will require $9 million in reductions to the program.

In response to Chairperson Radicke's question, Mr. Adams stated the Governor's proposal would restore all of the Flight Property Tax in FY 2005. He said, while their first priority will be to return projects that were delayed, it will ultimately be a matter of timing in terms of cash flow. Mr. Mendez reported the Legislative proposal on the Flight Property Tax extends the 50/50 split into 2006.

The meeting recessed for a short break.

Cyber Port

Mr. Buskirk explained Arizona sought to position itself as an economic development engine by defining a trade corridor that takes advantage of provisions of NAFTA. He stated the CANAMEX Corridor begins in Nogales, Arizona and goes to Sweetgrass, Montana, not including the Mexican and Canadian components to the corridor. He said two choke points and one major deficiency were identified, the Nogales International Port of Entry, Hoover Dam and US 93 from Wickenburg to the dam, respectively. In regard to the Nogales International Port of Entry, Arizona conducted an Arizona Port Efficiency study which concluded a prescreening area and a Super Booth would significantly improve throughput. He said those two innovations significantly reduced the percentage of trucks that had to enter the compound and be subjected to secondary inspections. He stated, however, the port of entry continues to be a bottleneck despite the improvements, therefore, the CyberPort project was established to address basic components of the tradeflow process. He explained the CyberPort project is based on nine guiding principals: 1) it has to be bi-national, 2) it has to be an inter-agency, 3) risk identification and management, 4) integration of safety, 5) security and efficiency concerns through the infrastructure design of a fourth complex, 6) secure shared information, 7) complete transparency and visibility of shipments from point of origin to point of destination, 8) the development of department performance standards and systems for measurement and 9) complete reconceptualization of the way trade works He stated a CyberPort was chosen because they believed it would allow them to achieve the goals of the Nogales Port of Entry through the application of new technology.

Mr. Buskirk said the first phase has three technical components, a tradeflow analysis, a logistics analysis and a legal analysis. He reported the Oversight Committee will meet later this month to finalize the first phase. He stated, as part of the second phase, feasibility studies will be performed on the actual redesign and implementation of major improvements using the Nogales/Mariposa Port of Entry as a pilot port of entry. He said they hope funding will be made available through reauthorization to do the necessary feasibility studies, noting the studies are expected to cost $5 million. He said phase three entails the physical design of the state of the art facilities to take advantage of all legal, technological, physical and processing improvements identified in the first two phases.

Mr. Buskirk pointed out they do not have to wait until Phase III to begin making changes to the Nogales Port of Entry. He said the following projects are fully consistent with the Nogales CyberPort concept and can begin immediately: 1) processing only commercial vehicles at the Nogales/Mariposa Port of Entry; 2) extending credential and safety inspections into Mexico, 3) enhance southbound inspections at the Nogales Port of Entry, and 4) development and implementation of a uniform bill of lading pilot program. He stated it would cost approximately $29.5 million to do the things they believe need to be done based upon the Phase I Nogales CyberPort Project. He acknowledged the state's current financial constraints, stating, however, they believe the investment is worthwhile given the potential for savings and economic development.

Mr. Buskirk reported that, while the CANAMEX Coalition was terminated with the Hull administration, there has been an effort to continue the coalition under the Napalitano

administration as well. He said, regardless of whether the Coalition continues, ADOT has made a commitment to the CyberPort project.

In response to Ms. Dusenberry's question, Mr. Buskirk stated money from the Borders and Corridors program would be used. Ms. Colleran said they have also been looking at High Priority Projects and Safety and Security as possible funding sources. She explained they will have to wait to see if all of the current TEA-21 categories remain or if new categories will be established once reauthorization occurs.

Mr. Buskirk stated the CyberPort project represents the only reconceptualization for Ports of Entry and will garner more interest than the typical Port of Entry projects being proposed in other border states. He said he will present the CyberPort project at the joint FHWA/GSA meeting next week and expects to receive their endorsement.

Ms. Dusenberry asked about STI Funds. Mr. Buskirk explained the STI Funds, which are available for use on transportation infrastructure or safety enforcement, were identified as a funding source by the Legislature and, consequently, diverted. He said the STI funds were also put on hold and the funds that were just made available were committed to San Luis for a master plan for the new Commercial Port of Entry. He acknowledged the projects could be eligible in subsequent years.

Chairperson Radicke asked if the Nogales Port of Entry operates on a 24-hour basis. Mr. Buskirk said they have discussed extending the hours of operation. He offered to find out how many people are currently employed at the Port of Entry. It was noted the Mariposa Port of Entry is closed between 12:00 p.m. and 6:00 a.m..

Mr. Mendez said his recommendation to the Governor was that they continue with the Coalition. He pointed out continuation of the Borders and Corridors Program is one of ADOT's reauthorization priorities.

It was noted $300,000 in STI Funds will be appropriated for a comprehensive scoping and engineering planning study for the new CyberPort in Nogales.

The meeting recessed for lunch.

ADOT Engineering and Maintenance District Boundary Review

Mr. Buskirk presented a series of maps showing ADOT's engineering district boundaries and how they overlap with other significant boundaries, including legislative and congressional districts. He said one of the major changes that has occurred is that ADOT more cooperatively plans with regional planning entities, noting the federal administration recently passed a rule requiring a formal and regularized process for consulting rural transportation officials. He stated their initial thought in meeting the mandate was to work through Rural Council's of Government. He asked the Board if they believe the boundary issue is of consequence and warrants additional in-depth review.

Mr. Jeffers asked if the District Engineers have made any comments or suggestions on the issue. Mr. Buskirk responded no.

Mr. Wright explained the districts were reorganized based on maintenance boundaries. He said they also looked at projected terms of the construction program.

Mr. Mendez said the overriding rationale behind the move to ten districts was the desire to better serve the public. He said, while there are occasional complaints, he is not aware of any real problems.

Chairperson Radicke asked if the department is working as efficiently as possible. Mr. Mendez pointed out the districts already share resources.

Mr. Wright stated maintenance boundaries have not been a big issue with District Engineers, although they have made some minor changes as they continue to widen and provide roadways.

A member said, although he believes corridors with some common boundaries would make more sense, he does not know how that could be accomplished without creating problems in other areas.

Ms. Brisk asked if it is the Board's consensus not to pursue the issue. The Board agreed the boundaries work and should be left alone.

Mr. Radicke complimented Tom Foster, Ron Casper, Dennis Alverez, John Hauskins and Rick Hobbs on their ability to meet their districts' needs.

Reauthorization

Ms. Colleran presented the final Recommendation Summary regarding Reauthorization, asking if the summary reflects the list of priorities and principals the Board identified at their January 9 study session.

Mr. Radicke said he would like the Board to support the "Two Cents Makes Sense" proposition proposed by Tucson. Ms. Dusenberry agreed they should spell out the amount by which the Federal Fuel Tax should be increased. Ms. Colleran stated they will change the recommendation to reflect an increase to the Federal Fuel Tax of two cents per year for five years. Mr. Mendez suggested the Board list the "Two Cents Makes Sense" proposition as one of the options, but not limit itself to a two cent per year increase.

Mr. Gant asked how Arizona's recommendations compare to those of other states. Chairperson Radicke said, rather than haggling with other states about proportional share increases, it was decided it would be better to increase the overall amount. Mr. Mendez said they are trying to gain consensus within the state, however it is unlikely there will be consensus among all 50 states. He pointed out some Governor's clearly will not support a gas tax increase. Mr. Gant suggested they indicate their support for addressing the gas tax issue, without locking themselves in by identifying a particular plan.

Mr. Mendez suggested they add "Increasing the federal fuel tax by options such as:" and naming the "Two Cents Makes Sense" as one of the available options.

Mr. Radicke pointed out the recent increase in gas prices will make a fuel tax increase more objectionable. He expressed his opinion Arizona should step up and be proactive as it will be the second fastest growing state in the nation.

Mr. McGee said, while there has been little emphasis on fuel efficiency over the past seven or eight years, there have been discussions about raising fuel efficiency standards.

The Board ultimately agreed to support increasing the federal fuel tax by two cents per year for five years, rather than specifically identify the "Two Cents Makes Sense" proposal.

Ms. Dusenberry suggested the bulleted item "Continue streamlining and expanding innovative funding and financing" be modified to read "Streamline and expand innovative funding and financing." Mr. Mendez recommended it read "Continue and expand innovative funding and financing", making it consistent with the language of the ADOT priorities. The Board agreed.

With regard to the transfer of CMAQ funding, Mr. Cupell pointed out outlying areas will have to deal with CMAQ qualified projects rather than the unrestricted funding that will be used to replace CMAQ funding in the MAG area. Mr. Mendez agreed CMAQ funding regulations are very restrictive and will be left unused if projects in the Thirteen Other Counties do not meet the criteria.

Mr. Mendez reported the Governor's perspective was that environmental "streamlining" has a bad connotation, suggesting another term be used. The Board agreed.

Mr. Jeffers expressed his opinion environmental stewardship deserves a higher priority. Mr. Cupell pointed out the premise behind the ranking was that those items ranked as higher priorities were ones where the Board wanted to see changes

Other minor grammatical changes were also noted.

Ms Colleran stated she will modify the summary as suggested and send a final version to the members for their review and comment prior to the next Board meeting.

Adjournment

No closing comments were made.

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

The meeting adjourned at 1:25 p.m.

Ingo Radicke, Chairperson
State Transportation Board

Victor Mendez, Director
Arizona Department of Transportation

MINUTES
OF THE
STATE TRANSPORTATION BOARD
BOARD MEETING
9:00 a.m., Friday, February 21, 2003
City of Tempe Council Chambers
31 East 5th Street
Tempe, Arizona 85281

The State Transportation Board met in official session for a regular meeting at 9:00 a.m., Friday, February 21, 2003, with Chairperson Radicke presiding. Other Board members present included Vice Chairperson Bill Jeffers, Rusty Gant, Dick Hileman, Joe Lane, Jim Martin and S.L. Schoor. Also present were Director Victor Mendez; Debra Brisk, Deputy Director; John McGee, Chief Financial Officer, Administrative Services Division; Bill Higgins; Dale Buskirk, Acting Director, Planning Division; and Gary Adams, Assistant Director, Aeronautics Division. There were approximately 85 people in the audience.

OPENING REMARKS AND PLEDGE

Chairperson Radicke acknowledged the Board's newest member, S.L. Schoor. Mr. Schoor will not be a voting member of the Board until he has received Senate confirmation.

Chairperson Radicke led the audience in the Pledge of Allegiance. He thanked the City of Tempe for hosting the Board's breakfast and introduced dignitaries present in the audience.

DISTRICT ENGINEER'S REPORT

John Hauskins updated the Board on the status of Design Build and District Minor Projects within the Phoenix District. He then reviewed the district's maintenance program, noting they have diluted their roadway and landscape efforts, resulting in a 52 percent and 46 percent increase in effort per full time employee, respectively. He stated budget increases have not been keeping pace and, in fact, maintenance funding has been declining for years. He attributed a majority of the decline to the lack of any portion of the half-cent sales tax. As a result of the decreased funding, he stated they have had to prioritize their efforts and have been pushed beyond their ability to compensate by making adjustments.

Mr. Hauskins identified the district's major expenditures as crashes, roadway operations and preventative maintenance. With regard to roadway operations, he stated activities, such as crack sealing, drainage, debris and litter control and sweeping, and graffiti removal have had to be deferred. He said landscaping activities, including plant replacement, trimming, erosion repair, litter removal, water management and system upgrades, fertilization and contracted service agreements have had to be deferred as well. He stated, additionally, new landscape construction is on hold until the budget allows. He said, unfortunately, the number of customer complaints

have increased. With regard to Electrical Operations, he listed signals and lighting, tunnel operations and bluestaking as their major expenditures. In response to the lack of funding, he said they are not changing out signal lamps and are reducing the frequency of routine lighting maintenance and tunnel cleanings. Mr. Hauskins listed traffic studies, plan review, traffic impact study review and traffic control plan review as major responsibilities for Traffic Engineering. He stated that, due to reduced funding, the stripe replacement program has been delayed, traffic studies take longer, accident analysis and fatal accident investigations are delayed and requests from the local governments and general public take longer to process. A printed copy of his slide presentation was submitted for the record.

CALL TO AUDIENCE

Mary Anne Moreno, Executive Director, Globe Miami Regional Chamber of Commerce and Economic Development Corporation, complimented ADOT on the new Superstition Freeway. She asked the Board not to remove one of the passing lanes on the U.S. 60 from Superior to Miami project. She encouraged the Board to keep the DeVore Wash/Sportman's Haven segment of SR 188 in the funding process for next year, stating a safety hazard still exists. She further suggested the Board consider putting the expansion of the railroad overpass on US 70 back into the program.

Chuck Busby, Vice Mayor, Town of Quartzsite, stated Highway 95, since its completion, has worked beautifully and the backup at Four Corners no longer exists. He said, unfortunately, little attention has been paid to B-10 which has since become a disaster. He reported the design of the B-10 project is essentially done and the right-of-way acquisition is complete. He said the Town of Quartzsite has agreed to do a turnback on B-10 and to accept a turnback on the completed section if ADOT agrees to phase the project in three phases.

Councilmember Leonard Kopowitz, Tempe, thanked the Board for what they have done for the City of Tempe. He said the work ADOT has done on U.S. 60 is very appreciated and has enhanced the lives of residents in the area.

Jay Howe, LaPaz County Supervisor, made a short PowerPoint presentation regarding the positive impacts road and bridge projects have had on the Town of Quartzsite. He thanked their District Engineer, stating his leadership and dedication to the needs of rural Arizona, along with his ability to work with both jurisdictions, is a credit to his character. He also thanked Director Mendez and Deputy Director Brisk for their time and effort and Chuck Busby for his 14 years of lobbying the ADOT Board. He commended past and present Board members for their understanding of the delicate balance between rural and metropolitan transportation needs and their wisdom to support both.

Gail Shaw, Vice President, Voice of Choice for 179, acknowledged the progress now being made toward finding a safer, more efficient and far less destructive design for Highway 179. She said a well engineered two and three lane plan was mandated by Sedona citizens in its last election. She stated, under Debra Brisk's guidance, they look forward to a fair and respectful design process. She said they are optimistic that ADOT and representatives from Sedona and the

Village of Oak Creek will be able to move forward with a design solution that is responsive to the special needs, economic health and small town character of their communities. She stated Voice of Choice supports the unanimous resolution adopted by the City of Sedona in June 2002, calling for a two or three lane highway. She asked ADOT to remove funds allocated for the acquisition of additional right-of-way from the proposed budget.

Rudy Campbell, citizen, welcomed the Board to Tempe and thanked ADOT for all of the work it has done throughout the state.

Steve Stratton addressed the Board concerning passing lanes between Miami and Superior. He suggested the Board ask itself how many lives could be saved with passing lanes. He commended ADOT staff and the Board for the work that has been done in the Gonzales Pass area.

CONSENT AGENDA

No items were taken off the Consent Agenda.

DIRECTOR'S REPORT

Ms. Brisk reported the Superior rest area and SR 68 Design Build projects have been recognized nationally with the "Marvin and Black Partnership Award". She said the National AGC awarded a "Build America Award" to the SR 68 Design Build project and the Arizona APWA Chapter announced one of the US 93 projects will be recognized for its success this summer. She reported local engineering groups also recognized the SR 68 Design Build project at their Engineer's Week meeting.

Ms. Brisk announced Victor Mendez will continue to serve as Director.

Legislative Report

Kevin Biesty distributed copies of the Legislative update, reporting the 03 Transportation Appropriations Bill has been passed and was signed by President Bush yesterday. He explained the bill will appropriate $31.8 billion for the highway program, including $11.5 million for the Hoover Dam Bypass bridge. He said there was a $12 million appropriation to Phoenix for light rail and $3 million for an Integrated Emergency and Transportation Communications Network. Mr. Biesty stated ADOT submitted to each Congressman in the House, high priority projects that could be considered for reauthorization. He said, to date, Congressman Franks has agreed to put forth the Hoover Dam Bypass project as his District's priority. He said they continue to provide necessary information to the delegation, noting the deadline to submit information on the projects has been moved to March 14. He stated Congress has not started the markup of the reauthorization bill and he continues to monitor the bill closely.

Mr. Biesty stated next week is the last week to hear bills in the Chamber of Origin. He said negotiations continue with regard to the FY 03 budget and they continue to work with Governor

Napalitano and her staff to address transportation needs. He stated they have been working with Senator Burns to resolve issues within the JOVC budget concerning the sale of the Department's property and assets. He said, however, the Governor has asked that those issues be put aside and that they deal with the state assets issue as part of the budget. He reported HJR2001 passed out of the House Transportation Committee and is on the February 24 agenda for the House Commerce and Military Affairs Committee. He said HB2248 passed out of the House on February 17 and was transmitted to the Senate and HB 2286 is awaiting hearing in the Senate Natural Resources and Transportation Committee. He stated HB2287 is awaiting the House Rules Committee, HB 2292 is awaiting a third reading in the House, SB 1094 is being held in Senate Rules and SB 1130 is being held in Senate Appropriations.

Mr. Biesty said a strike everything amendment will be offered next week on a bill that will allow for the use of a variable message form of billboard. He stated they continue to work with proponents of the bill and FHWA to address some of the issues. He said a lighting bill, being proposed by Dark Skies International, would have created a lot of problems with the way the department lights freeways. He stated, as a result of constant negotiations with Dark Skies and the sponsor of the bill, ADOT has been exempted out of the latest draft of the bill. With regard to litter, Mr. Biesty said two identical proposals are currently under consideration at the House and Senate that would establish an Anti-Litter Advisory Board. He said the department's position is that it does not need a committee to tell them how or when to pickup trash, but, rather, the issue is how to educate people so they do not litter in the first place.

In response to a member's question, Mr. Biesty explained the JOVC proposal does not look at ADOT as a whole and, in fact, excludes ADOT from looking at MVD or aeronautics for money for the General Fund. He said there is also some discussion over the amount of money that can be cut from the Administration. He explained the Governor's proposal calls for $10 million, while the JOVC's proposal asks for $12 million.

Mr. Lane asked Mr. Adams to address the Grand Canyon Airport situation. Mr. Adams said negotiations on the bill are ongoing. He stated initial attempts by business owners to incorporate the Town of Tusayan failed, however, they are now looking at taking over the airport. He expressed his opinion it will not happen. Mr. Biesty noted the bill was scheduled to be heard in the Appropriations Committee on Wednesday, however, the Chairman decided to hold it at the last minute.

Mr. Biesty provided members with a list of current Congressman and the Committees on which they serve.

Financial Report

John McGee reviewed the January 2003 Highway User Revenue Fund report, stating they collected $106.879 million. He noted $6.5 million was due to the late fuel distributor report. He said they have now collected $642.779 million to date, which is $12.5 million or approximately two percent over the forecast and 5.4 percent over last year. He stated Motor Carrier, Vehicle License Tax and Registration are showing the largest positive variances.

With regard to the Maricopa Transportation Excise Tax, Mr. McGee said December 2002 collections totaled $21.452 million, which was 2.8 percent below last year and 5 percent below the forecast. He said, however, the numbers rebounded in January 2003, with collections totaling $26.832 million which is 2.5 percent over last year and only .4 percent below the forecast. He attributed lower Retail Sales, at least in part, to the fact there was one less week during the Christmas sale season. He said their original projections for a fairly significant rebound in the economy during the second half of the year appear to be very optimistic and he expects to end up three to four percent under forecast for the year.

Mr. McGee reviewed the Cash Management/Investment Program report for December, 2002, stating they earned $1.436 million on an invested balance of $859 million, representing an average yield of 1.97 percent. For the month of January, he said collections totaled $1.443 million on an average invested balance of $832 million, representing a 2.4 percent yield. He stated, through January, they have earned a total of $12.493 million in interest earnings.

Mr. McGee stated the cash balance of the Highway Expansion and Extension Loan Program totaled $96,120,125 as of January 31, 2003. He said approximately $8.5 million in loan draws were disbursed and about $6.2 million in loan repayments and $500,000 in interest income was received.

Financing Program

Mr. McGee stated the Board previously approved a Resolution allowing the department to proceed with a HURF Bond Issue in an amount up to $200 million. He said a decision was made not to proceed with a forward agreement because of potential impacts on the Department's HURF revenues next year. He said they are now looking at moving forward with pricing within the 90 day window. He distributed copies of a revised financing timetable which shows pricing the week of April 14. He noted interest rates have remained relatively stable during the past two to three months, stating they are still looking at a $5 to $6 million net present value savings.

In response to Mr. Martin's question, Mr. McGee said they have had continuing discussions with the State Treasurer's Office regarding the current and projected status of operating funds within the General Fund. He explained a provision within the BFOs allows the Treasurer to begin calling BFOs once the fund drops as low as $200 million. He said the former Treasurer determined there was a real possibility that the level could drop below $200 million during the April/May/June timeframe, triggering the calls. He stated the new Treasurer also believes that possibility exists, therefore, they are looking at upsizing the HURF Bond Issue and using the bond proceeds to repay outstanding HELP loans, thereby, freeing up funds for the call. He said the next bond issue they will recommend to the Board will be a $200 to $250 million GAN issue. He explained the funds will be used exclusively for the MAG Freeway acceleration program. He said they anticipate bringing a Resolution to the Board next month, directing staff to proceed with that bond issue.

Mr. McGee stated they met with the HELP Advisory Committee earlier this month, reviewing the current status of the HELP fund, the potential BFO call and the potential inability to reborrow BFO funds in FY 2004. He said the HELP Advisory Committee concluded the moratorium on new HELP loans should continue until the situation improves.

Mr. McGee discussed a Declaration of Official Intent for improvements to U.S. 60, which he executed on January 23.

Resolution Authorizing Electronic Bidding on ADOT Highway Construction Contracts

Mr. Higgins presented and recommended approval of a Resolution to the Board, authorizing Electronic Bidding on Arizona Department of Transportation Highway Construction Contracts.

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

Adoption of TEA-21 Reauthorization Priorities

Ms. Colleran presented and recommended adoption of the final TEA-21 Reauthorization Priorities.

Board Action: A motion to modify the sixth sub-bullet item under the first Finance bullet item to read "Increase the federal fuel tax" was made by Mr. Martin, seconded by Mr. Jeffers and passed by a vote of 4 to 1 (Mr. Gant voted nay).

Board Action: A motion to approve the final TEA-21 Reauthorization Priorities as amended was made by Mr. Jeffers, seconded by Mr. Martin and passed by a vote of 4 to 1 (Mr. Gant voted nay).

The meeting recessed for a short break

<u>*BOARD MINUTES</u>

Board Meeting Minutes – October 18, 2002
Study Session Minutes – November 7, 2002
Board Meeting Minutes – November 15, 2002
Study Session Minutes – December 12, 2002
Board Meeting Minutes – December 20, 2002
Board Meeting Minutes – January 17, 2003
Study Session Minutes – January 17, 2003

***PLEASE NOTE THE CHANGE OF LOCATION FOR THE MARCH 6, 2003 MAG/ADOT JOINT MEETING LISTED BELOW. IT IS NOW GOING TO BE HELD AT MAG.**

***2003 BOARD MEETING DATES & LOCATIONS**

February 21, 2003	Tempe	9:00 a.m.
March 6, 2003	MAG/ADOT Joint Mtg.@MAG	1:00 p.m.
March 21, 2003	Casa Grande	9:00 a.m.
April 11, 2003	Public Hearing/Flagstaff	9:00 a.m.
April 18, 2003	Pub. Hearing & Bd. Mtg/Tucson	2:00 p.m.
May 9, 2003	Kingman	9:00 a.m.
June 20, 2003	Douglas	9:00 a.m.
July 18, 2003	Show Low	9:00 a.m.
August 15, 2003	Page	9:00 a.m.
September 19, 2003	Holbrook	9:00 a.m.
October 17, 2003	Wickenburg	9:00 a.m.
November 21, 2003	Parker	9:00 a.m.
December 19, 2003	Globe	9:00 a.m.

PRIORITY PLANNING ADVISORY COMMITTEE (PPAC)

Recommended FY 04-08 Draft Tentative
Statewide Transportation Facilities
Construction Program.

Mr. Buskirk presented the Tentative Statewide Transportation Facilities Construction Program. He briefly reviewed the program approval process, noting statewide public hearings will be held on March 6, April 11 and April 18. He stated the MAG portion of the tentative program was approved by the MAG Regional Council on February 26, 2003 and the PAG portion was approved by the PAG Regional Council on December 18, 2002. He stated, after the public hearings, the tentative program will be revised and reviewed by the Priority Planning Advisory Committee on June 5 and presented to the Board for approval on June 20. He reviewed changes to the subprogram, including $5 million for port of entry rehabilitation in FY 2008, a federal tax evasion program totaling $375,000 in FY 2004-2006 and a rest area preservation program in the amount of $600,000 in FY 2006 and $1.2 million in FY 2007 and 2008. He noted the Resource Allocation Advisory Committee identified a fair share split of funding, with Maricopa Association of Governments receiving $167 million for new construction, Pima Association of Governments receiving $53 million for new construction and the Thirteen Other Counties receiving $92 million for new construction. He pointed out the RAAC allocation takes both subprograms and new projects into account.

Mr. Buskirk stated all but one of the projects deferred from the FY 2003/04 program will be returned to the new program, including Walnut Canyon on I-40, US 191-Birdside Junction, and Little Green Valley on SR 260. He explained the remaining project was not returned to the program because of constructability issues. He reviewed new projects in the northern and southern parts of the state. He noted approximately $7 million will be deferred from FY 06 into FY 07 and about $16.4 million will be deferred from FY 07 into FY 08.

Board Action: A motion to adopt the Draft Tentative Statewide Transportation Facilities Construction Program was made by Mr. Lane, seconded by Mr. Gant and passed unanimously.

Recommended FY 04-08 Draft Tentative
PAG Area Transportation Facilities
Construction Program.

Mr. Buskirk reviewed the Pima Association of Governments' process with regard to its Tentative Transportation Facilities Construction Program. He said the projects in the PAG program were approved by the Regional Council on December 18, 2002. He stated the RAAC allocation for new construction in the PAG area totaled $53 million. He pointed out PAG has programmed projects in the amount of $56.237 million, explaining the discrepancy of $3.2 million is additional funding outside the RAAC allocation. He reviewed the projects included in the PAG Tentative Program and the estimated cost of each.

Board Action: A motion to adopt the Draft Tentative PAG Area Transportation Facilities Construction Program was made by Mr. Jeffers, seconded by Mr. Martin and passed unanimously.

Recommended FY 04-08 Draft Tentative
MAG Area Transportation Facilities
Construction Program; and Regional
Freeway System Certification.

Mr. Eaton presented the Tentative MAG Area Transportation Facilities Construction Program. He said, under Federal law, they are required to have a cooperatively developed estimate and a fully coordinated stakeholder public involvement process throughout the year. He explained the MAG portion of the RAAC allocation totaled $167 million, however $50 million in state dedicated funding was taken off the top, leaving approximately $117 million in the program for new projects in FY 2008. He reviewed the new projects scheduled for FY 2008. He said they also had a commitment to repay a loan to the City of Mesa with regard to the U.S. 60 widening project and have set aside a small amount of money to provide right-of-way protection on the Loop 303 corridor. He said additional monies have been set aside for park and ride lots, interchange improvements and future design. He stated they would also like to continue funding the Highway Service Patrol.

Mr. Eaton reviewed the Regional Freeway Life Cycle Program, stating 96 miles of freeway have been opened to traffic, 10 miles are currently under construction, 32 miles are under design and 7,660 acres of right-of-way have been purchased. He identified recently opened sections of the regional freeway system. He said they anticipate completing SR 51 from Bell Road to Union Hills in another two to three months and to complete the section of the Santan from I-10 to the Loop 101 by late-2003. He reported the 27th Avenue project on Grand Avenue is scheduled to open in a few months and the projects at Camelback and 43rd Avenue and 51st Avenue and Bethany Home Road have just started construction. Mr. Eaton reviewed program changes, stating all project costs have been updated. He explained that cash flow has tightened up over the past few years due to the economic slowdown, stating they are down approximately $67 million from previous revenue forecasts.

In response to Chairperson Radicke's question, Mr. Eaton said they have approved a plan that would place rubberized asphalt through a majority of the regional freeway system and along I-10 and I-17 in areas of residential development. He stated design of the first project will begin soon and will hopefully be advertised in May or June of this year. He reported a couple cities have expressed interest in advance funding some of their projects.

Board Action: A motion to adopt the Draft Tentative MAG Area Transportation Facilities Construction Program was made by Mr. Gant, seconded by Mr. Lane and passed unanimously.

Recommended FY 04-08 Draft Tentative
Airport Development Program.

Mr. Adams presented the Five Year Draft Tentative Airport Development Program. He explained the method used to develop the program involves soliciting federal and state projects from each airport. He said the requests were then evaluated and prioritized. He stated they have struggled to come up with a cash flow forecast, explaining there are several sources of revenue primarily dedicated to the State Aviation Fund. He explained the Tentative Program is based on a number of assumptions, such as the Governor's budget plan which recommends a $3 million sweep and a one year delay in the return of 50 percent of the Flight Property Tax. He noted the JOVC budget plan asks for $5 million and the delay of the Flight Property Tax for two years. He said they have also built in a minimum monthly balance of $2 million dollars. He reviewed the history of the Flight Property Tax, stating it has slowly declined as the airline industry has recessed. He stated they began the fiscal year with approximately $14.5 million and anticipate receiving $12 million from all revenue sources. He said, with expenditures totaling $___ and a $3 million fund sweep, they will be left with a balance of about $3.7 million at the end of June.

Mr. Adams explained the Aviation Fund receives funds three times per year, November, February and April, with peak expenditures occurring in the summer months. He stated there are approximately 250 ongoing projects at 55 different airports. He said federal projects average about four years and state projects average about three years. He displayed a graph depicting what would happen to the Aviation Fund if a $3 million sweep occurred and no actions were taken. He said they would realize negative funding by August, therefore, they have developed a

plan for managing a funds sweep, involving the delay of about $3 million in construction projects for six to 12 months. He said it would also require them to drop the loan program this year and delay some pavement preservation projects into next year.

Mr. Adams discussed the potential impacts of a delay in the return of the Flight Property Tax. He said they anticipated receiving those funds this fiscal year and, consequently, they will have to remove approximately $6 million in projects from the 2004 Tentative Program. He said, furthermore, they have recommended dropping the loan program for next year and delaying all airport pavement preservation projects for one year. Given the implementation of those steps, they anticipate achieving their goal of maintaining a $2 million balance in the Aviation Fund and meeting their obligations.

Mr. Adams stated, as a result of more federal money being put into airports, they are seeing more requests for federal dollars. He explained the number and scope of the projects have escalated astronomically due to security issues and travel demand. He said, consequently, they have recommended increasing the amount of state dollars to match federal grants. He reported approximately 194 project requests totaling $700 million were not funded.

Board Action: A motion to adopt the Draft Tentative Airport Development Program was made by Mr. Hileman, seconded by Mr. Gant and passed unanimously.

FY 2003 – 2007 Transportation Facilities Construction Program Requested Modifications

ROUTE NO:	SR 179 @ MP 304.50
COUNTY:	Yavapai
SCHEDULE:	FY 2006
SECTION:	Village of Oak Creek - North Forest Boundary
TYPE OF WORK:	Reconstruct roadway
PROGRAM AMOUNT:	$20,500,000 Funding Source: STP
PROJECT MANAGER:	Jennifer Livingston
PROJECT:	H341401C Item Number; 18500
REQUESTED ACTION:	Delete this project from the FY 2006 Highway Construction Program. **Fund to be used for repackaging of SR 179 Construction Projects.**

ROUTE NO:	SR 179 @ MP 310.10
COUNTY:	Coconino
SCHEDULE:	FY 2007
SECTION:	North Forest Boundary - Sedona
TYPE OF WORK:	Reconstruct roadway
PROGRAM AMOUNT:	$18,200,000 Funding Source: STP
PROJECT MANAGER:	Jennifer Livingston
PROJECT:	H341403C Item Number; 13902
REQUESTED ACTION:	Delete this project from the FY 2007 Highway

Construction Program. **Fund to be used for repackaging of SR 179 Construction Projects.**

ROUTE NO:	SR 179 @ MP 312.6
COUNTY:	Coconino
SCHEDULE:	New Project Request
SECTION:	The Y
TYPE OF WORK:	Reconstruct roadway
PROJECT MANAGER:	Jennifer Livingston
REQUESTED ACTION:	Add a new construction project in the amount of $10,865,000 to the FY 2006 Highway Construction Program. **Funds from the SR 179 construction project repackaging.**
NEW PROGRAM AMOUNT:	$10,865,000

ROUTE NO:	SR 179 @ MP 304.50
COUNTY:	Yavapai
SCHEDULE:	New Project Request
SECTION:	Village of Oak Creek
TYPE OF WORK:	Reconstruct roadway
PROJECT MANAGER:	Jennifer Livingston
REQUESTED ACTION:	Add a new construction project in the amount of $9,635,000 to the FY 2006 Highway Construction Program. **Funds from the SR 179 construction project repackaging.**
NEW PROGRAM AMOUNT:	$9,635,000

ROUTE NO:	SR 179 @ MP 307.13
COUNTY:	Yavapai
SCHEDULE:	New Project Request
SECTION:	Coconino National Forest
TYPE OF WORK:	Reconstruct roadway
PROJECT MANAGER:	Jennifer Livingston
REQUESTED ACTION:	Add a new construction project in the amount of $10,865,000 to the FY 2007 Highway Construction Program. **Funds from the SR 179 construction project repackaging.**
NEW PROGRAM AMOUNT:	$10,865,000

ROUTE NO:	SR 179 @ MP 310.08
COUNTY:	Coconino
SCHEDULE:	New Project Request
SECTION:	City of Sedona
TYPE OF WORK:	Reconstruct roadway
PROJECT MANAGER:	Jennifer Livingston

REQUESTED ACTION: Add a new construction project in the amount of $7,335,000 to the FY 2007 Highway Construction Program. **Funds from the SR 179 construction project repackaging.**

NEW PROGRAM AMOUNT: $7,335,000

Board Action: A motion to approve Items 13, 14, 15, 16, 17 and 18 was made by Mr. Hileman, seconded by Mr. Jeffers and passed unanimously.

ROUTE NO: SR 88
COUNTY: Pinal
SCHEDULE: FY 2004
SECTION: Lost Dutchman State Park
TYPE OF WORK: Construct campground and parking
PROGRAM AMOUNT: $1,050,000 Funding Source: State
PROJECT MANAGER: David Mellgren
PROJECT: H596001C Item Number; 11901
REQUESTED ACTION: Reduce program amount by $150,000 to $900,000 due to updated estimates. **Funds to the FY 2004 Highway Contingency #72304.**

PROGRAM AMOUNT: $1,050,000
DECREASE AMOUNT: $150,000
NEW PROGRAM AMOUNT: $900,000

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

ROUTE NO: SR 82
COUNTY: Santa Cruz
SCHEDULE: New Project Request
SECTION: San Rafael Ranch State Park
TYPE OF WORK: Design road improvements
PROJECT MANAGER: David Mellgren
PROJECT: H541501D
REQUESTED ACTION: Add a new design project for state park road improvements to the FY 2004 Highway Construction Program in the amount of $75,000. **See funding sources below.**

FY 2004 Highway Contingency Fund #72304 $50,000
FY 2004 State Park Fund # 77204 $25,000
NEW PROGRAM AMOUNT: $75,000

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

ROUTE NO:	SR 95
COUNTY:	La Paz
SCHEDULE:	FY 2004
SECTION:	Buckskin Mountain State Park
TYPE OF WORK:	Construct new park road & reconstruct exisitng roads, Phase II
PROGRAM AMOUNT:	$850,000 Funding Source: State
PROJECT MANAGER:	David Mellgren
PROJECT:	H534901C Item Number; 12401
REQUESTED ACTION:	Increase program amount by $100,000 to $950,000 due to updated estimates. **Funds from Hwy Contingency #72304.**
PROGRAM AMOUNT:	$850,000
INCREASE AMOUNT	$100,000
NEW PROGRAM AMOUNT:	$950,000

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

ROUTE NO:	I-10 @ MP 200.20
COUNTY:	Pinal
SCHEDULE:	FY 2003
SECTION:	Sunland Gin Road TI
TYPE OF WORK:	Rehab ramps and cross roads
PROGRAM AMOUNT:	$820,000 Funding Source: IM
PROJECT MANAGER:	Rich DeBoer / Scott Orrahood
PROJECT:	H524401C Item Number; 19702
REQUESTED ACTION:	Increase program amount by $172,000 to $992,000 due to addition of traffic signals at traffic interchange. **Funds available from Traffic Signal Fund #71203.**
PROGRAM AMOUNT:	$820,000
INCREASE AMOUNT:	$172,000
NEW PROGRAM AMOUNT:	$992,000

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

ROUTE NO:	SR 101L @ MP 16.30
COUNTY:	Maricopa
SCHEDULE:	New Project Request
SECTION:	Union Hills - 75th Ave
TYPE OF WORK:	Construct auxillary lane and dual left turn at Union Hills Drive
PROJECT MANAGER:	Ron McCally

PROJECT:	H619001C
REQUESTED ACTION:	Add a new district minor project to the FY 2003 Highway Construction Program in the amount of $810,000. **Funds available from District Minor Fund #73303.**
NEW PROGRAM AMOUNT:	$810,000

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

ROUTE NO:	SR 90 @ MP 323.90
COUNTY:	Cochise
SCHEDULE:	FY 2003
SECTION:	Sierra Vista - San Pedro River
TYPE OF WORK:	Pavement preservation
PROGRAM AMOUNT:	$1,097,364 Funding Source: NH
PROJECT MANAGER:	Haldun Guvenen
PROJECT:	H556701C Item Number; 20303
REQUESTED ACTION:	Increase program amount by $233,636 to $1,331,000 due to updated estimates and addition of smoothness incentives. There is also a reduction in scope of bridge work. **This action will return $38,364 to the FY 2003 Bridge Inspection Fund #71403. Funds in the amount of $272,000 are available from the FY 2003 Pavement Preservation Fund # 72503.**

PROGRAM AMOUNT:	$1,097,364
INCREASE AMOUNT:	$233,636
FY 2003 Bridge Inspection	($38,364)
FY 2003 Pavement Preservation Fund #72503	$272,000
NEW PROGRAM AMOUNT:	$1,331,000

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

* Priority Planning Advisory Committee (PPAC)

- Minutes – January 8, 2003
- Highway Program Monitoring Report.

* Priority Planning Advisory Committee (PPAC) Meeting Schedule
Transportation Board Room
206 S. 17th Ave
Phoenix, AZ 85007

- March 5, 2003 (Wednesday)

- April 3 , 2003
- April 24, 2003
- June 5, 2003
- July 3, 2003
- July 31, 2003
- September 4, 2003
- October 2, 2003
- November 6, 2003
- December 4, 2003

RIGHT OF WAY RESOLUTIONS

*	RES. NO:	2003-02-A-009
	PROJECT:	I-040-B-801 / 040MO065H592404R
	HIGHWAY:	KINGMAN – ASH FORK
	SECTION:	Blake Ranch Rd. – Jct. U.S. 93
	ROUTE NO.:	I-40
	ENG. DIST:	K
	COUNTY:	Mohave
	RECOMMENDATION:	Establish additional right of way for drainage improvements
*	RES. NO:	2003-02-A-010
	PROJECT:	U-060-D-800 / 060PN226H463901R
	HIGHWAY:	PHOENIX - GLOBE
	SECTION:	S.R. 177 T.I.
	ROUTE NO.:	U.S. Route 60
	ENG. DIST:	G
	COUNTY:	Pinal
	RECOMMENDATION:	Establish additional right of way for a noise barrier wall

STATE ENGINEER'S REPORT

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

* Right of Way Acquisition Report for January, 2003.

CONSTRUCTION CONTRACTS

Interstate, Non-Federal Aid

*	BIDS OPENED:	January 16
	HIGHWAY:	YUMA-CASA GRANDE HIGHWAY (I-8)

SECTION:	Milepost 17.00 – 21.00	
COUNTY:	Yuma	
ROUTE NO:	I-8	
PROJECT:	I-008-A-511 008 YU 017 H620601C	
FUNDING:	100% State	
LOW BIDDER:	Tanner Companies (Yuma) Inc.	
AMOUNT:	$	246,860.00
STATE ESTIMATE:	$	254,642.00
$ UNDER:	$	7,782.00
% UNDER:		3.1%
NO. BIDDERS:		12
RECOMMENDATION:	AWARD	

* BIDS OPENED:	January 31	
HIGHWAY:	TUCSON-BENSON HIGHWAY (I-10)	
SECTION:	Cornfield Canyon Bridge, WB (Str. #73)	
COUNTY:	Cochise	
ROUTE NO:	I-10	
PROJECT:	I-010-E-502 010 CH 299 H599301C	
FUNDING:	100% State	
LOW BIDDER:	SPE Systems, Inc.	
AMOUNT:	$	62,841.24
STATE ESTIMATE:	$	67,067.30
$ UNDER:	$	4,226.06
% UNDER:		6.3%
NO. BIDDERS:		14
RECOMMENDATION:	AWARD	

* BIDS OPENED:	January 31	
HIGHWAY:	PHOENIX-CORDES JUNCTION HIGHWAY (I-17)	
SECTION:	Thomas Road – McDowell Road, SB	
COUNTY:	Maricopa	
ROUTE NO:	I-17	
PROJECT:	I-017-A-505 017 MA 200 H600101C	
FUNDING:	100% State	
LOW BIDDER:	D B A Construction Inc.	
AMOUNT:	$	306,700.00
STATE ESTIMATE:	$	351,714.50
$ UNDER:	$	45,014.50
% UNDER:		12.8%
NO. BIDDERS:		9
RECOMMENDATION:	AWARD	

Interstate Federal Aid (projects do not need FHWA concurrence, but must comply with DBE regulations)

*	BIDS OPENED:	January 16
	HIGHWAY:	YUMA-CASA GRANDE HIGHWAY (I-8)
	SECTION:	Avenue 3E T.I.
	COUNTY:	Yuma
	ROUTE NO:	I-8
	PROJECT:	IM-008-A(014)B 008 YU 003 H468101C
	FUNDING:	88% Federal 8% State 4% City of Yuma
	LOW BIDDER:	Meadow Valley Contractors, Inc.
	AMOUNT:	$ 9,145,154.00
	STATE ESTIMATE:	$ 8,805,126.50
	$ OVER:	$ 340,027.50
	% OVER:	3.9%
	NO. BIDDERS:	7
	RECOMMENDATION:	AWARD

*	BIDS OPENED:	January 31
	HIGHWAY:	FLAGSTAFF-HOLBROOK HIGHWAY (I-40)
	SECTION:	Lone Tree Road Overpass
	COUNTY:	Coconino
	ROUTE NO:	I-40
	PROJECT:	BR-040-D(010)A 040 CN 196 H616501C
	FUNDING:	80% Federal 20% State
	LOW BIDDER:	Stronghold Contracting, Inc.
	AMOUNT:	$ 88,561.80
	STATE ESTIMATE:	$ 95,897.60
	$ UNDER:	$ 7,335.80
	% UNDER:	7.7%
	NO. BIDDERS:	11
	RECOMMENDATION:	AWARD

*	BIDS OPENED:	February 6
	HIGHWAY:	FLAGSTAFF – HOLBROOK HIGHWAY (I-40)
	SECTION:	Two Guns - Dennison
	COUNTY:	Coconino
	ROUTE NO:	I-40
	PROJECT:	IM-040-D(007)A 040 CN 229 H524601C
	FUNDING:	94% Federal 6% State
	LOW BIDDER:	FNF Construction, Inc.
	AMOUNT:	$ 7,565,881.09
	STATE ESTIMATE:	$ 7,896,531.00
	$ UNDER:	$ 330,649.91
	% UNDER:	4.2%
	NO. BIDDERS:	7
	RECOMMENDATION:	AWARD

BIDS OPENED:	January 31	
HIGHWAY:	KINGMAN-ASH FORK HIGHWAY I-40)	
SECTION:	I-40, Round Valley – Fort Rock, EB	
COUNTY:	Mohave	
ROUTE NO:	I-40	
PROJECT:	NH-040-B(002)A 040 MO 087 H458301C	
FUNDING:	94% Federal 6% State	
LOW BIDDER:	Fann Contracting, Inc.	
AMOUNT:	$	2,497,743.00
STATE ESTIMATE:	$	2,169,478.75
$ OVER:	$	328,264.25
% OVER:		15.1%
NO. BIDDERS:		5
RECOMMENDATION:	AWARD	

Non-Interstate, Non-Federal Aid

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

BIDS OPENED:	February 6	
HIGHWAY:	PHOENIX-GLOBE HIGHWAY (US 60)	
SECTION:	US 60 – Mountain View Intersection	
COUNTY:	Pinal	
ROUTE NO:	US 60	
PROJECT:	U-060-C-502 060 PN 199 HX13601C	
FUNDING:	100% State	
LOW BIDDER:	Miura Contracting, Inc.	
AMOUNT:	$	489,999.00
STATE ESTIMATE:	$	584,754.00
$ UNDER:	$	94,755.00
% UNDER:		16.2%
NO. BIDDERS:		9
RECOMMENDATION:	AWARD	

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

*	BIDS OPENED:	January 10
	HIGHWAY:	PRESCOTT-FLAGSTAFF HIGHWAY
	SECTION:	Cottonwood-Cornville Road
	COUNTY:	Yavapai
	ROUTE NO:	SR 89A
	PROJECT:	S-366-552 089A YV 355 H274106C

FUNDING:	100% State	
LOW BIDDER:	SPE Systems, Inc.	
AMOUNT:	$	59,895.25
STATE ESTIMATE:	$	55,580.25
$ OVER:	$	4,315.00
% OVER:		7.8%
NO. BIDDERS:		8
RECOMMENDATION:	AWARD	

(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:	January 16	
HIGHWAY:	CITY OF SIERRA VISTA	
SECTION:	Traffic Signal Preemption Devices	
COUNTY:	Cochise	
ROUTE NO:	N/A	
PROJECT:	HES-SVS-0(004)A 0000 CH SVS SH28001C	
FUNDING:	94% Federal 6% City of Sierra Vista	
LOW BIDDER:	C S Construction, Inc.	
AMOUNT:	$	290,053.00
STATE ESTIMATE:	$	395,492.00
$ UNDER:	$	105,439.00
% UNDER:		26.7%
NO. BIDDERS:		7
RECOMMENDATION:	AWARD	

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

BIDS OPENED:	January 10	
HIGHWAY:	WILIAMSON VALLEY ROAD	
SECTION:	Williamson Valley Road	
COUNTY:	Yavapai	
ROUTE NO:	N/A	
PROJECT:	BR-YYV-0(023)A 0000 YV YYV SB40701C	
FUNDING:	80% Federal 20% Yavapai County	
LOW BIDDER:	Stronghold Contracting, Inc.	
AMOUNT:	$	1,248,280.00
STATE ESTIMATE:	$	1,855,000.00
$ UNDER:	$	606,720.00
% UNDER:		32.7%
NO. BIDDERS:		9

RECOMMENDATION: AWARD

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

*	BIDS OPENED:	February 6
	HIGHWAY:	PHOENIX-GLOBE HIGHWAY (US 60)
	SECTION:	Pinto Valley - Miami
	COUNTY:	Gila
	ROUTE NO:	US 60
	PROJECT:	STP-060-D(008)A 060 GI 239 H555601C
	FUNDING:	94% Federal 6% State
	LOW BIDDER:	Meadow Valley Contractors, Inc.
	AMOUNT:	$ 1,408,331.00
	STATE ESTIMATE:	$ 1,375,212.40
	$ OVER:	$ 33,118.60
	% OVER:	2.4%
	NO. BIDDERS:	6
	RECOMMENDATION:	AWARD

*	BIDS OPENED:	January 10
	HIGHWAY:	PHOENIX-GLOBE HIGHWAY (US 60)
	SECTION:	Broad Street Railroad Overpass
	COUNTY:	Gila
	ROUTE NO:	US 60
	PROJECT:	TEA-060-D(005)A 060 GI 250 H569201C
	FUNDING:	94% Federal 6% State
	LOW BIDDER:	Utility Construction Company, Inc.
	AMOUNT:	$ 123,831.00
	STATE ESTIMATE:	$ 119,758.20
	$ OVER:	$ 4,072.80
	% OVER:	3.4%
	NO. BIDDERS:	2
	RECOMMENDATION:	AWARD

*	BIDS OPENED:	February 6
	HIGHWAY:	GLOBE-SHOW LOW HIGHWAY (US 60)
	SECTION:	Airplane Flat – Apache Peak
	COUNTY:	Gila
	ROUTE NO:	US 60
	PROJECT:	STP-060-E(005)A 060 GI 255 H555701C
	FUNDING:	100% State
	LOW BIDDER:	FNF Construction, Inc.
	AMOUNT:	$ 1,292,624.74
	STATE ESTIMATE:	$ 1,367,541.30

$ UNDER:	$	74,916.56
% UNDER:		5.5%
NO. BIDDERS:		7
RECOMMENDATION:	AWARD	

*

BIDS OPENED:	February 6	
HIGHWAY:	DOUGLAS-RODEO HIGHWAY (SR 80)	
SECTION:	Silver Creek-Bernardino	
COUNTY:	Cochise	
ROUTE NO:	SR 80	
PROJECT:	STP-080-B(002)A 080 CH 379 H556201C	
FUNDING:	94% Federal 6% State	
LOW BIDDER:	FNF Construction, Inc.	
AMOUNT:	$	2,176,562.60
STATE ESTIMATE:	$	2,286,550.00
$ UNDER:	$	109,987.40
% UNDER:		4.8
NO. BIDDERS:		5
RECOMMENDATION:	AWARD	

*

BIDS OPENED:	February 6	
HIGHWAY:	QUARTZSITE-PARKER-TOPOCK HIGHWAY (SR 95)	
SECTION:	McCulloch Boulevard South – London Bridge Road	
COUNTY:	Mohave	
ROUTE NO:	SR 95	
PROJECT:	NH-TEA-095-C(004)B 095 MO 176 H416001C	
FUNDING:	90.7% Federal 5.8% State 0.2% Mohave County 0.2% Lake Havasu City 3.1% Centre Development	
LOW BIDDER:	FNF Construction, Inc.	
AMOUNT:	$	18,979,938.45
STATE ESTIMATE:	$	19,577,000.00
$ UNDER:	$	597,061.55
% UNDER:		3.1%
NO. BIDDERS:		6
RECOMMENDATION:	AWARD	

*

BIDS OPENED:	January 16
HIGHWAY:	WINKELMAN-SUPERIOR HIGHWAY (SR 177)
SECTION:	Ray Mine Road – Tonto Forest
COUNTY:	Pinal
ROUTE NO:	SR 177
PROJECT:	STP-177-A(002)A 177 PN 152 H556901C
FUNDING:	94% Federal 6% State

LOW BIDDER:	FNF Construction, Inc.	
AMOUNT:	$	1,195,584.35
STATE ESTIMATE:	$	1,241,389.80
$ UNDER:	$	45,805.45
% UNDER:		3.7
NO. BIDDERS:		9
RECOMMENDATION:	AWARD	

BIDS OPENED:	January 31	
HIGHWAY:	CLAYPOOL-JAKES CORNER HIGHWAY	
HIGHWAY:	MESA-PAYSON HIGHWAY	
SECTION:	SR 188, Milepost 265 – 269.8	
SECTION:	Milepost 227.69 – 232.23	
COUNTY:	Yavapai	
ROUTE NO:	SR 188, SR 87	
PROJECT:	S-188-A-504 188 GI 265 H625501C	
PROJECT:	S-087-B-502 087 GI 227 H625301C	
FUNDING:	100% State	
LOW BIDDER:	Caitlin Construction, Inc.	
AMOUNT:	$	203,581.00
STATE ESTIMATE:	$	176,110.00
$ OVER:	$	27,471.00
% OVER:		15.6%
NO. BIDDERS:		6
RECOMMENDATION:	AWARD	

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

BIDS OPENED:	January 16	
HIGHWAY:	BOWIE JUNCTION-SAFFORD (US 191)	
SECTION:	Old Country Club Road – US 70	
COUNTY:	Graham	
ROUTE NO:	US 191	
PROJECT:	STP-191-B(002)A 191 GH 117 H557001C	
FUNDING:	94% Federal 6% State	
LOW BIDDER:	CKC Construction Company	
AMOUNT:	$	1,248,576.50
STATE ESTIMATE:	$	1,496,848.00
$ UNDER:	$	248,271.50
% UNDER:		16.6%
NO. BIDDERS:		7
RECOMMENDATION:	AWARD	

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

Non-Interstate Federal-Aid (required FHWA Concurrence and compliance with DBE regulations)

BIDS OPENED:	February 6
HIGHWAY:	CITY OF MESA
SECTION:	Traffic Management Center
COUNTY:	Maricopa
ROUTE NO:	N/A
PROJECT:	CM-MES-0(019)X 0000 MA MES SS47601C
FUNDING:	65% Federal 35% City of Mesa
LOW BIDDER:	SEE BELOW
AMOUNT:	$
STATE ESTIMATE:	$ 720,000.00
$ UNDER:	$
% UNDER:	
NO. BIDDERS:	
RECOMMENDATION:	REJECT ALL BIDS AND RE-ADVERTISE

COMMENTS: On February 6, 2003 bids were opened on the above referenced project. At the bid opening, the following bid amounts were read:

Avaz, Inc. DBA Audio Video Resources	$ 465,242.59
TransCore ITS, Inc.	$ 673,662.00
MCSi, Inc.	$ 689,166.44
Mauell Corporation	$ 881,811.00
Trans Tech Electric, L.	$ 931,000.00

Subsequent to the bid opening, several irregularities contained in the bidding documents were identified.

Avaz, Inc. DBA Audio Video Resources

The documents submitted by Avaz, Inc. DBA Audio Video Resources contained items on the bid schedule that were not itemized in the contract solicitation and make the submittal ambiguous as to its intent.

Subsection 102.10(A) of the Standard Specifications states that proposals may be considered irregular and may be rejected if there

is a submission of any kind which may tend to make the proposal indefinite or ambiguous as to its meaning. In addition, Subsection 102.10(B) provides that a bid will be rejected if the bidding schedule is on a form other than that furnished by the Department. The State Engineer considers the bid submitted by Avaz, Inc. DBA Audio Video Resources to be non-responsive because it is ambiguous as to price and the added items constitute a material change to the form of the bidding schedule.

MCSi, Inc.

The documents submitted by MCSi, Inc. contained two irregularities. One irregularity was the failure of the bidder to sign the surety bid bond. The other was an uncalled-for alternate bid.

Two bid schedules were submitted, one labeled "As Specified" while the other was labeled "Alt Display System." The bid was submitted on a form other than that furnished by the Department and therefore "will be rejected" under Subsection 102.10(B). In addition, the submittal of an alternate bid that was not requested in the advertisement for bids invites the Board and the Department to treat the bidder favorably on the basis of matters that were not requested in the advertisement, which would be unfair to the other bidders.

Subsection 102.10(B) of the Standard Specifications states that proposals will be considered irregular and will be rejected if the bidder fails to sign the bid bond.

MCSi, Inc. submitted two bid schedules which makes the submittal indefinite or ambiguous as to its meaning. The bid is considered non-responsive because it is ambiguous as to price and as to work to be performed and is on a form other than that furnished by the Department. The bid also includes matters not requested in the advertisement for bids.

TransCore ITS, Inc.

In its bid documents, TransCore ITS, Inc. notarized the non-collusion affidavit but failed to sign it.

Subsection 102.10(A) of the Standard Specifications states that proposals may be rejected if the bidder fails to sign the non-collusion affidavit form.

Because the non-collusion affidavit concerns the matter of responsibility (honesty and integrity) rather than responsiveness (compliance with requirements of the work), the Department has the discretion to allow the error to be corrected after the bid opening but prior to the award date. However, the Department may require the error to be corrected in a reasonable time so as to avoid delay in the award.

TransCore was directed to execute and notarize a new form to the Department by noon (MST) on Tuesday, February 18, 2003. Due to the short time, a facsimile was acceptable with the original hard copy to follow.

TransCore submitted a second affidavit on February 14, 2003. The Department originally accepted this second affidavit. However, subsequent investigation revealed that the document was signed in Virginia but the notary public was licensed in California and not in Virginia. The affidavit is therefore invalid.

TransCore has had two opportunities to submit a proper affidavit and failed to do so. Therefore, the State Engineer recommends that the Board reject TransCore's bid.

Other Bidders

The State Engineer recommends rejection of the three lowest bids. The remaining two bids are substantially higher in amount and the City of Mesa which has to pay for the project does not have sufficient funds to accept either of these higher bids. In addition, these two bids are more than 22 percent over the State's estimate of $720,000. Therefore, the State Engineer recommends that the Board reject all bids.

Mr. Higgins presented this item.

Tracy Marks, Vice President, TransCore, apologize for any inconvenience they have caused with regard to this matter. He stated TransCore was the second lowest bidder of the five bids submitted on February 6. He said they received a letter from ADOT stating the lowest and third-lowest bids were being rejected and that TransCore failed to sign their Non-Collusion Affidavit. He explained a blank copy of the affidavit was attached to the letter and TransCore was asked to sign, notarize and return the affidavit, via facsimile, by February 18. He said the document was signed, notarized and returned to ADOT approximately one hour later. He stated they received a second letter from ADOT on February 18, informing them that the language of the specifications

establishes failure to sign the affidavit as a waiveable technicality, that the State Engineer does not consider this irregularity to be a material defect and that they will recommend the State Transportation Board award the contract to TransCore. He said he spoke with Mr. Crocket the following morning to determine if any additional information was needed and was told a question had been raised by one of the other bidders concerning the validity of the notary's signature on the affidavit. He explained the question centered around the fact that the notary was located in the State of Virginia, however, the notary's seal indicated San Diego County, California. He said they immediately researched the allegation and found the notary had recently moved from San Diego to Virginia and had used her California notary stamp on the document. He characterized the incident as a mistake, stating it was not intentional. He said they completed a third affidavit that morning, had it notarized by a Maricopa County notary and faxed the completed document to Mr. Crocket within 30 minutes of their conversation. He reported receiving a letter on February 20, stating the State Engineer was recommending rejection of TransCore's bid since it had failed to submit a corrected affidavit.

Mr. Marks concluded his comments reiterating that ADOT's specifications state failure to sign the non-collusion affidavit does not require rejection of the bid. He said, from the State Engineer's assessment in his February 18 letter, a mistake on the non-collusion affidavit is a waiveable technicality and is not considered a material defect in the bid. He said they are the only bidder that submitted a compliant bid that is also within the state's estimate. He stated TransCore submitted what they thought was a corrected affidavit within one hour of receiving notice of the first error and submitted their final corrected affidavit within 30 minutes of receiving notice of the second error. He asked the Board to consider: 1) that the error was not a material defect in the bid; 2) that it was a mistake that, once notified, they corrected immediately; and 3) rejection of the bid is not required by standard specifications. He again apologized for the inconvenience, stating, however, he does not believe it should result in rejection of their bid.

Barry Crocket, Contract Specifications Manager, acknowledged TransCore submitted a third non-collusion affidavit on February 19. He said, however, the Department did not feel there was sufficient time to review and analyze the affidavit or to distribute the affidavit to the other bidders. He stated the City of Mesa concurs with the State Engineer's recommendation and is eager to move forward as soon as possible.

In response to a member's question, Mr. Crocket said the City of Mesa is anxious to move forward with the project. He explained the timeliness factor deals with giving all parties adequate time to review the submitted documents in order to respond and prepare for today's meeting.

Board Action: A motion to approve the State Engineer's recommendation to reject all bids was made by Mr. Lane and seconded by Mr. Hileman.

Mark Tennen, President, AVAZ, Inc., said it is their opinion that their bid was responsive and that the irregularity was discretionary. He said, however, they are willing to accept the Department's recommendation to rebid the project.

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

CONSENT AGENDA

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

ADJOURN

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

The meeting adjourned at 12:05 p.m.

Ingo Radicke, Chairperson
State Transportation Board

Victor Mendez, Director
Arizona Department of Transportation

*Denotes items approved in the consent agenda.

Arizona Department of Transportation

Office of the Director

206 South Seventeenth Avenue Phoenix, Arizona 85007-3713

Janet Napolitano
Governor

Victor M. Mendez
Director

Debra R. Brisk
Deputy Director

February 21, 2003

RESOLUTION

VICTOR M. MENDEZ, Director, Arizona Department of Transportation, on February 21, 2003, presented and filed with this Transportation Board his written report, recommending that this Board approve the use of electronic bidding on Arizona Department of Transportation highway construction contracts.

WHEREAS, the Department has made an investigation of the feasibility of using electronic bidding on Department highway construction contracts; and

WHEREAS the Board finds that electronic bidding can provide greater accuracy and efficiency in the bid process; and

WHEREAS, the Secretary of State has approved processes for electronic bidding for state agencies, including the Department of Transportation;

WHEREAS, the Board finds that it would be beneficial to the Department and the State to approve the use of electronic bidding on Department highway construction contracts; therefore be it

RESOLVED that the Board approves the use of electronic bidding on state highway contracts as the Department determines is appropriate.

Ingo Radicke

INGO RADICKE, Chairman
State Transportation Board

Arizona Governor's Award for Quality
2001 Award Recipient