

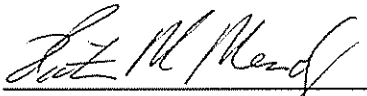
SPECIAL TELEPHONIC BOARD MEETING MINUTES
STATE TRANSPORTATION BOARD
9:00 a.m., Wednesday, January 11, 2006
Arizona Department of Transportation (ADOT)
Director's Office, Room 135
206 South 17th Avenue
Phoenix, Arizona 85007

The State Transportation Board met in official session for a "Telephonic" Board meeting at 9:00 a.m., Wednesday, January 11, 2006, with Chairman, Dallas Gant presiding via phone. Other Board Members participating via phone included: Dick Hileman, Jim Martin, Joe Lane, Si Schorr, Bob Montoya and Delbert Householder. Participating in person were, Victor Mendez, Director, David Jankofsky, Deputy Director, Ron Aschenbach, Attorney General's Office, John McGee, Chief Financial Officer and Dale Buskirk, Assistant Director, TPD. There was one person from the public. His name is: Grant Buma/Colorado River Indian Tribes.

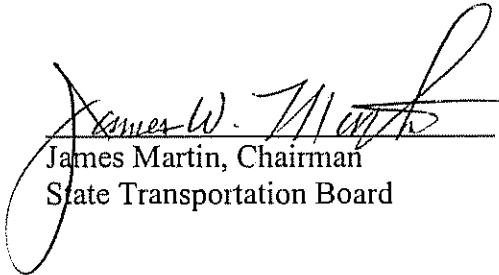
The Agenda consisted of the following for Discussion and Action:

- *ITEM 1: Reorganization**
Selection of Chairman and Vice Chairman (in accordance with A.R.S., Section 28 – 105H.)
- Board Action:** Si Schorr made the motion to elect James Martin as Chairman of the State Transportation Board. Bob Montoya seconded and the motion carried unanimously.
- Board Action:** Dick Hileman made the motion to elect Joe Lane as Vice Chairman of the State Transportation Board. Jim Martin seconded and the motion carried unanimously.
- Board Action:** A motion to adjourn was made by Si Schorr, seconded by Dick Hileman and passed unanimously.

The meeting adjourned at 9:15 a.m.



Victor M. Mendez, Director
Arizona Department of Transportation



James Martin, Chairman
State Transportation Board

**MINUTES OF THE
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, January 20, 2006
Esplendor Resort at Rio Rico
In the Santa Rita/Catalina Rooms
1069 Camino Caralampi
Rio Rico, Arizona 85648**

The State Transportation Board met in official session for a Board meeting at 9:00 a.m., Friday, January 20, 2006, with Chairman Jim Martin presiding. Other Board members present included: Vice Chairman Joe Lane, Rusty Gant, Dick Hileman, Delbert Householder, Bob Montoya and Si Schorr. Also present were Director Victor Mendez; David Jankofsky, Deputy Director; Sam Elters, State Engineer; Jim Dickey; Barclay Dick, Division Director, Aeronautics Division; John McGee, Chief Financial Officer, Administrative Services Division and Dale Buskirk, Director, Planning Division. There were approximately 60 people in the audience.

OPENING REMARKS AND PLEDGE

Outgoing Chairman Rusty Gant and Dick Hileman led the audience in the Pledge of Allegiance. Mr. Martin thanked Mr. Gant for his service and introduced the two incoming Board members. Chairman Martin thanked Rich Gaar/SEAGO for hosting the Rural Transportation Summit and dinner and dignitaries were recognized.

CALL TO AUDIENCE

John Maynard, Supervisor, Santa Cruz County, welcomed the Board to Santa Cruz County and is grateful for the work being done on the southern end of the I-19 corridor. They are looking at growth along the corridor and at places that have not been connected. The Board's assistance is appreciated. There is need for an additional river crossing on the Santa Cruz between Rio Rico and Tuba that is about a 20 mile stretch. They are issuing 50-60 new building permits for new houses every month; therefore, the crossing is needed. In the east county, Highway 82 is a very scenic highway and work is being done to keep it that way. Work is being done on a bridge repair. He thanked staff for work on Highway 82 and state-wide.

Bryan Smithson, Mayor, City of Holbrook, thanked the Board for work done in the community with widening of boulevard and streetscape. He thanked Rusty for his service and welcomed Felipe Zubia.

David Newlin, City Manager, City of Holbrook, expressed concern about the Transportation Enhancement Grant and the decreased funding. Because of limitations by statute and policy and procedure, they are put in a situation where they allocated \$275,000 from HURF funds from the city coffers last year to complete these two transportation enhancement grants. He needs to go to the city council next week and ask them to authorize another \$225,000 to complete these grants. There needs to be a way to mitigate some of the excess costs without taking HURF funds which are important for local roads and streets.

Tom Hessler, Mayor, Sierra Vista, thanked the Board and congratulated the new chair. He thanked the Board in advance for the widening of Highway 92 in the Sierra Vista area.

Jim Palmer, County Supervisor, Graham County, thanked the chair and Board for the completion of projects in the area, the newly completed highway between Safford and Pima. There is a rezoning effort to establish a 7,000 home planned development south of Safford on Highway 191. The copper mine has gone from concept to reality. There is a bill in the legislature that would change Eastern Arizona College from a community college to a four year liberal arts school bringing growth and people. Infrastructure is needed in Graham County. The work done on Highway 191 is appreciated. Two segments are now completed and they desperately need to complete the project. Phelps Dodge opened a lab along Highway 70 and that Highway is inadequate to handle that traffic. They are working to get that programmed. For several years, they have been trying to get the hazard tree removal program going on the Swift Trail on Mt. Graham and extending the pavement on the Highway. Through the successful efforts of Congressman Renzi and Senator Kyl, they got the funding to replace the 8th Avenue Bridge over the Gila River that will be the main artery to the new Phelps Dodge Mine. The current facility is inadequate. He expressed appreciation to ADOT and encouraged their continued support and cooperation. He thanked his outgoing district engineer and welcomed his new district engineer.

Sandie Smith, County Supervisor, Pinal County, discussed an organization called the Pinal Partnership comprised of developers, elected officials and land owners. They have come forward and said they would supply the match. One-third of Pinal County is state land and if we don't reserve those corridors now, the prices will sky rocket. An initiative being worked on for the '06 ballot would restructure state land and would allow use right away. She is working with others to get signatures to get this on the ballot. She thanked the Board for their work and leadership.

(Note: the February meeting has been moved from Florence to Casa Grande.)

Casey Prochaska, Supervisor, Yuma County and Chair, YMPO, thanked Rusty Gant and Dick Hileman for their service and the Board for their efforts to the State. She thanked the Board for their continued efforts on construction in Yuma. A new Port of Entry and connectively on Interstate 8 is in progress.

John Hudson, Greater Yuma Port Authority, congratulated Dick Hileman and Rusty Gant and commented on the great work of the Board and their support for the Port of Entry.

Brent Billingsley, Transportation Manager, City of Maricopa, thanked the Board and recognized Mr. Gant and Mr. Hileman. Maricopa is growing in excess of 2.6 people an hour, 1,500 a month and 500-900 building permits a month. They could reach 40,000 people next year. He recognized Ron Casper and discussed their cooperation on a needed study for project assessment.

Pamela Coates, Rio Rico, lived there for 4 ½ years and discussed the condition of the roads. She expressed concern with the train and if there were an emergency. She asked for help getting access to the east side, help with the roads and help for the County that needs money.

Ingo Radicke, Gila County Consultant, congratulated Dick and Rusty; Jim Martin and Joe Lane as the new Chairman and Vice Chairman and to Victor and ADOT for the challenges. In Gila and Pinal County, they are able to start on Nogales Pass. One project still needs funded for the final part of the Corridor, the last phase going into Superior. He hopes there is money in the 2011 budget to finalize that project. He thanked the Board for the funding for the Corridor on 188.

Charles Fisher, Executive Director, Catholic Community Services, discussed when the Board met in Benson he asked that they reconsider a policy regarding applications for 5311 funding. At the time, only government agencies could apply for those. He thanked the Board for reconsideration and allowing other agencies to apply for 5311 funds. Catholic Community Services in Southeastern Arizona wants to continue the Cochise Commuter and will be applying for the funds.

Annie McGreevy, President, Friends of Scenic Highway 82, requested they not delay the funding for the Marsh Station construction. There was talk about moving it to '08. They hope the project will start in '07. The huge loads that come down the narrow, winding scenic highway are really dangerous to the communities and drivers.

Richard Lunt, Supervisor, Greenlee County, thanked the Board for paving the road to Duncan. The Coronado Trail is designated a national scenic highway and efforts are appreciated. Because of funding, the Guthrie Bridge was postponed and he is hoping it's on the spectrum for next year. There is a world class mine there and a lot of trucks come through Graham and Greenlee County and that narrow bridge is a safety issue.

Manuel Tapia, Public Works Director, Nogales, thanked ADOT for the Port of Entry, the widening of the Santa Cruz Bridge and other projects. He discussed what is in the future for the City of Nogales. The projects in Tucson will bring more traffic to their city. In 2005, the Mayor and Council members approved \$1 million to start construction of a bridge downtown. They are working with Santa Cruz County on a case study. The City currently has one bridge over the railroad and needs at least two more.

Shannon Ortiz, Town Clerk, Town of Mammoth, thanked the Board for their recently awarded enhancement project.

Bonnie Grosvenor, Marketing Manager, Rio Rico Properties, asked about the status of converting the I-19 Highway signs from kilometers to miles and the possibility of adding Rio Rico to highway signs with miles/distance.

CONSENT AGENDA

Mr. Martin removed Item 30 from the Consent Agenda.

Mr. Schorr recused himself from Item 30.

Director's Report

Victor Mendez, Director thanked those who hosted the Rural Transportation Summit. ADOT participated in two different budget hearings in the House and the Senate. Successes and challenges were presented along with the budget proposal. During the testimony, questions were raised by legislators about litter. Mr. Mendez posed back a question about how much tax payer money should be spent on litter when there are other priorities such as guardrail repairs, pavement and maintenance. Litter is a real problem. There is a lot of concern about MVD wait time. There are recommendations being worked on internally. Two or three years ago, during a major budget deficit, \$118 million

HURF VLT was diverted to the budget deficit and this year the Governor is paying it back. In support of the transportation initiative, the Governor is reducing the amount of funding support from transportation to the Department of Public Safety by \$40 million. This will be paid from the general fund rather than VLT. He asks that people keep close tabs on the State Land Reform ballot initiative that is important for Arizona and if passed it would benefit transportation to a major degree. He thanked Dick and Rusty for their leadership on the Board.

I-10 Prince to 29th Street Project

Victor Mendez gave a status report on the I-10 Prince to 29th Street Project. The current project, widening of I-10, was scheduled to be bid in fiscal 2006. It was programmed for the amount of approximately \$125 million. ADOT staff was approached by the city manager in the fall of 2005 with a concept description. Several meetings were held. In December, ADOT received a copy of a letter that was not addressed to ADOT, not from PAG, but from two of the largest members of PAG, the City of Tucson and Pima County. The letter was signed by the Mayor and Chair of the Board of Supervisors and a Councilmember and Board Supervisor. The letter asked for a slight delay in advertising the project while the City and County explore the feasibility of a different concept. Trying to be responsive to elected officials and the public, they are working to resolve as quickly as possible from a technical and financial standpoint. Mr. Mendez asks that the original date for the project originally planned for the December/January timeframe be put on hold to get those involved time to tell what they wanted so it can be determined if it is feasible. A meeting was held with County representatives and it was agreed that they would co-manage a feasibility study of the project and that a formal request of this study come from the PAG Regional Council. They further agreed that any feasibility study would be fast tracked. A scope of work was sent to the consultant in late December, early January. A meeting was held in January with ADOT and City staff. The study was broken down into two phases, a 30-day portion that would evaluate certain make or break items and an evaluation if the entire project is feasible. Moving advertisement dates happens frequently with ADOT. This is a major project within the PAG region and working with local official and within board constraints, there is an attempt to handle the project like any other. Mr. Schorr and Mr. Mendez continued the discussion when Mr. Schorr asked about an inclusion of a projected estimated incremental cost of the project and asked if the plans, if implemented, would essentially bipartite the project into two projects, one going from Prince Road down to roughly Speedway and the second project from Speedway south to 29th Street. Mr. Mendez mentioned that until the study is finalized, there has not been agreement with any set concept. It is an option. Mr. Schorr believes that if the project, originally projected to be a 44 month project is taken out to 84 months it's important to consider either as part of the phase one project or as complementary or supplementary to the phase one project, the construction implication to the remaining portion of I-10 and to other traffic north, south, east and west. Mr. Mendez stated that the timeframe has not been confirmed and that they will look at all the other cross streets and make some estimates. Mr. Schorr asked for a cost benefit study. Mr. Mendez stated his expectation that at the PAG Regional Council, they will take formal action based on the information that they have available to either continue with the current scope or take a different approach. He mentioned a third option could be that maybe the Regional Council cannot for whatever reason, take action or fail to agree to take action.

Legislative Report

Dan Jankofsky provided an update on legislative issues. At the federal level, Kevin Biesty will be in Washington DC in early February for the Washington briefing. At the state level, bills are still being introduced. To date there are 681 House Bills and 248 Senate Bills. The deadline to introduce bills is January 23. Mr. Biesty and the Government Relations Office are reviewing the bills as quickly as possible. There are a few bills being watched closely, HB2003 – appropriation, border road; HB2206 – state highway fund bonds sponsored by Representative Biggs would remove the \$1.3 billion cap on HURF bonds. That is expected to move through the process. Additional information and bills were included in the handout.

Financial Report

John McGee provided summary reports on revenue collections for Highway User Revenues and Maricopa Transportation Excise Tax Revenues, comparing fiscal year results to last year's actuals and forecasts, and reported on interest earnings, HELP Fund status, and other financial information relative to the Board and Department. HURF collections for December totaled \$114.9 million, an increase of 12.2 percent over last year and 3.0 percent over the estimate. Year-to-date collections total \$647.4 million, an increase of 8.1 percent over last year and 3.1 percent above the estimate. For the first six months of the year, every revenue category posted revenue gains compared to last year. Some gains included 14.8 percent increase in VLT, 13.3 percent increase in the Other category and 12.2 percent increase in Use Fuel Funds. November RARF collections totaled \$28.8 million, an increase of 14.6 percent over last year and 4.3 percent above the estimate. Year-to-date collections total \$146.4 million, an increase of 17.0 percent over last year and 7.2 percent over the estimate. While there is still amazing strong growth compared to last year, it's beginning to slow a bit. Every revenue category is up over last year being led by Rental of Real Property and 22.1 percent growth, Contracting at 21.8 percent growth and Retail Sales at 16.9 percent. In addition, every category is ahead of the estimate. For the investment report, interest income for November totaled \$2.273 million, representing an average rate of return of 3.68 percent. Year-to-date interest income totals \$10.191 million, representing an average rate of return of 3.32 percent. We are in one of the best interest rate environments with relatively short term interest rates which help with investment earnings and relatively low long term interest rates, representing the best of all worlds. The HELP fund ending balance for the month of December is \$71.2 million, down approximately \$13.7 million over the previous month as a result of approximately \$15.4 million in loan draws that was off set by approximately \$800,000 in loan repayments and \$900,000 in interest income. The loan draws included the funding for the final \$10.5 million on the MAG \$80.5 million acceleration loan. It also funded the entire \$4.8 million loan to Pima County. The HELP program has existed for six or seven years and over that period of time, there have been fifty-three loans made for a total of \$582 million. The number of loans made and fully repaid total twenty six. The number of loans fully funded and not repaid total eighteen. One loan is partially funded and seven loans are not yet funded. There is roughly \$50.7 million in loan commitments.

Financing Program

John McGee provided an update on financing issues affecting the Board and the Department, including HURF and RARF Bonding, GAN issuances and Board Funding Obligations. He commented on HB 2206, a bill that would remove the HURF cap. It was introduced by Representative Biggs. It was

heard in the House Transportation Committee and passed easily with a vote of 8-0 and is now assigned to House Appropriations. The interim funding update is completed for the 2007-2011 program. There will be a preliminary look in August and an interim update once the Governor's budget is released and a final look just before the Board approves the five-year program to ensure nothing has changed. The interim update does reflect the Governor's budget proposal and the restructuring of debt service on the GAN Issue was reviewed.

***MINUTES – APPROVAL**

November 18, 2005 – Board Meeting Minutes

2006 BOARD MEETING & STUDY SESSION DATES AND LOCATIONS

January 20, 2006 – Board Meeting – Rio Rico
February 7, 2006 – Study Session – Phoenix
February 17, 2006 – Board Meeting – Florence – changed to Casa Grande
March 7, 2006 – Study Session (if necessary) – Phoenix
March 17, 2006 – Board Meeting – Yuma
April 7, 2006 – MAG/ADOT Joint Public Hearing – MAG Office
April 21, 2006 – Board Meeting & Public Hearing – Tucson
May 5, 2006 – Public Hearing – Flagstaff
May 19, 2006 – Board meeting – Graham County
June 6, 2006 – Study Session (if necessary) – Phoenix
June 23, 2006 – Board Meeting – Prescott (**Please note this meeting will be held on the 4th Friday of the month, instead of the third Friday.**)
July 21, 2006 – Board Meeting – Show Low
August 1, 2006 – Study Session (if necessary) – Phoenix
August 18, 2006 – Board Meeting – Holbrook
September 15, 2006 – Board Meeting – Glendale
October 3, 2006 – Study Session (if necessary) – Phoenix
October 20, 2006 – Board Meeting – East Valley
November 7, 2006 – Study Session (if necessary) – Phoenix
November 17, 2006 – Board Meeting – Willcox
December 5, 2006 – Study Session (if necessary) – Phoenix
December 15, 2006 – Board Meeting - Tucson

Board Action: A motion to move the February 17, 2006, Board Meeting to Casa Grande was made by Mr. Lane, seconded by Mr. Schorr and passed unanimously.

PRIORITY PLANNING ADVISORY COMMITTEE (PPAC) – DALE BUSKIRK

FY 2006 - 2010 Transportation Facilities Construction Program Requested Modifications

ROUTE NO:	SR 101 L @ MP 11.20
COUNTY:	Maricopa
SCHEDULE:	FY 2007
SECTION:	Grand Ave - I-17
TYPE OF WORK:	Construct partial FMS