

**MINUTES**  
**OF THE ARIZONA TRANSPORTATION BOARD MEETING**  
**9:00 a.m., Friday, November 14, 2008**  
**Cocopah Resort and Conference Center**  
**15268 S. Avenue B**  
**Somerton, Arizona 85350**

CHAIRMAN SCHORR: Welcome.

[The Pledge of Allegiance is led by Board Member Bill Feldmeier]

CHAIRMAN SCHORR: Mary, would you please take roll?

MARY CURRIE: Si Schorr, Delbert Householder, Bob Montoya (telephonic), Bill Feldmeier, Felipe Zubia, Victor Flores, Bobbie Lundstrom (telephonic).

**OPENING REMARKS**

CHAIRMAN SCHORR: Let the record show that all the members are here, and Board members Montoya and Lundstrom are joining us by telephone, pursuant to the rules of our Board.

Let me start by saying how pleased we are to be in Yuma. We really enjoyed the visitation we had yesterday at the Port Authority facilities, and all the Board members are impressed by the efforts you have put forth to make this a reality. It took a lot of work, and a lot of it came from people in the private sector who put together your organization. We wish you the best of luck. You're doing a world-class job on it, and we really appreciate it. We also appreciate the fine dinner we had last evening. It was gracious, and we thank you. Yuma is a wonderful place to be, and you folks seem to be doing a lot of the right things.

I'd like to first allow some of our local dignitaries to address the Board. Let me start with Sherry Cordova, Tribal Chair.

TRIBAL CHAIR CORDOVA: Good morning. I'm Sherry Cordova, and I've been the Tribal Chair for the Cocopah Tribe going on seven terms now. I've been involved with my tribe since 1980.

If you'll allow me a few minutes, I'd like to talk about the Cocopah Tribe. We are just over 1000 members strong and have over 6000 acres, about 4000 of which are agricultural lands. When we look back in our history, back in the 1970s, we were listed in a national magazine as the poorest tribe in the nation, and we were. But we were also a proud people: poor, small, but proud.

We have evolved since then, and grown. Most recently, we have just built this facility, and I'm very proud to have been a part of it. We have various business ventures. I know many times you hear "tribe" and the first thing you think about is gaming; while that might be true, that's just to get us started. We have ventured out to different areas.

I'd like to also thank the Yuma Metropolitan Planning Organization here for the great work they've done, working with the tribe. As I said, many years ago I grew up on a canal bank that was our main road. We had to walk over a mile on gravel roads because the school buses would not come out to our homes to pick us up. So when I look around now and see all the great strides that have been made, I'm very proud to be a part of it.

I want to thank the planning organization for working with the Cocopah Tribe. I've known many of these people for several years. The tribe is very big on community involvement. We know, and I have seen personally in various travels and listening to tribes in other Counties of Arizona, that they don't always have the good relationship that Cocopah has. I'm very grateful for that, because we work well together. We are committed and dedicated, just as the organization is committed and dedicated to doing what they can for the people of this County and for the State.

I welcome you all here this morning, and thank you for selecting this location for your meeting. I know you have a busy schedule, but I wanted again to say thank you and welcome to our home, our reservation. We're very proud to have you here this morning. Thank you very much.

CHAIRMAN SCHORR: Thank you, Madame Chair. We also want to acknowledge the hospitality shown by this very, very fine hotel.

Our next speaker is Mayor Larry Nelson. Mayor Nelson?

MAYOR NELSON: Thank you very much, and on behalf of the Greater Yuma community, we too want to welcome you here. I think you've had a chance to see something a little different in Yuma County than you'll see in the rest of the State. I don't know anywhere else in the State you can go and find a police organization like the one that exists here; it includes virtually everyone, from federal all the way down to the Cocopah Nation, and is solidly integrated, everyone working closely together. There are no animosities from one organization to the next.

I would also say our cities work the same way with the County. We have a unique organization here. We're down in the corner of the State, where, for many years, we've been ignored, because people don't know what's down here. You don't come down from Phoenix to Yuma because it's the same temperature: you go from Phoenix to Prescott.

But truly, this is a community that works closely together, and we're grateful for you being here today and for the programs that you bring forward. It's an honor to be with you and to be able to go through the process and show you what our needs are. Believe me, we have set together as an organization, the Yuma Planning Organization, and have looked at what our real needs are.

We work closely with our farmers. Farming is a huge, huge entity here, not only in this State but for the nation. We supply 82% of the nation's table crop for six months out of the year, and it's almost 50% of our gross income in this community. So it's a huge entity for us, and we're very supportive of that. More importantly, we want to thank you for being here with us to hear and see what we need, and we're grateful that you took the tour yesterday. Thank you very much for being with us.

CHAIRMAN SCHORR: Thank you, Mr. Mayor, and the Board really learned a lot yesterday. We appreciate talking to you.

Our next speaker is Gary Megrino. Gary?

GARY MEGRINO: I'm Gary Megrino, Chairman of the Yuma Port Authority, and on behalf of our four member entities – the city of San Luis, Cocopah Indian Nation, the County of Yuma, and the City of Yuma – I'd like to thank you for your encouragement and support for the development of the ADOT facility at San Luis, and also State Route 195 from Interstate 8 South. I want to invite all of you back here, hopefully in September 2009, and we can have ribbon cuttings and get the whole complex going. So again, thank you for coming to Yuma, and thank you for your help and encouragement.

CHAIRMAN SCHORR: Thank you, Gary, and again, let me express our appreciation and admiration for the great work you and your Board members have done at the Port Authority. Good job.

Our next speaker is Russell McCloud, County Supervisor.

SUPERVISOR MCCLOUD: Welcome to Yuma County. It's great that you folks come down here and give us the privilege of addressing you today. I just echo the comments of Mr. Megrino and the Mayor, and would appreciate being able to give you my comments later during Call to the Public. Thank you.

CHAIRMAN SCHORR: Our next speaker is Paul Johnson, City Councilmember.

COUNCILMEMBER JOHNSON: Mr. Chairman, I had signed up to speak at Call to the Public. I would like to welcome you all to our community, and to thank you for the terrific job that you've done with the design and construction of State Route 195. I signed up to speak on another subject that will be during Call to the Public. Thank you.

CHAIRMAN SCHORR: Thank you. District Engineer Paul Patane, if you're still here, come on back.

### **DISTRICT ENGINEER'S REPORT**

DISTRICT ENGINEER PATANE: Good day, Board members and members of the audience and ADOT staff. My name is Paul Patane, and I'm the ADOT Yuma District Engineer. Today I'll give you an update in our District. Today's update will cover the four areas the District takes care of: conceptual projects, design, construction projects, and maintenance.

First I'll get into some of the projects on which we're still in the conceptual stage. The first design concept is what's referred to as SR-195, connecting from I-8 to US-95 North. Currently SR-195 terminates on I-8, at the interchange. The purpose of this study is to find the best alternative to reach points to the North, up on US-95.

Currently we're in a traffic modeling stage. The anticipated completion date of this DCR is October 2009.

The next design concept report is North of Yuma, starting approximately in the Dome Valley area and extending north along US-95 up to La Paz County. The purpose of this study is to construct a divided highway through this area; based on volumes projected through 2035, a divided highway would be justified up to that County's line.

The third study we're working on is in the Gila Bend area, on SR-95. This project would add a connection from 85 all the way to I-8. There would be a directional interchange, followed with a controlled-access freeway traversing from Gila Bend to existing SR-85. DCR is expected to be completed in July 2009, and things are going very well on this project.

I'll move on to some projects in the design phase now. Our biggest project in this phase is 95 North, going from 90 to Aberdeen Road, which is in the military range. We're getting to the 30% stage. This project will consist of a five-range section along with a divided highway. The plan is to take it to 30% design, then break the project into smaller pieces to make it a little less expensive. It's a 14-mile corridor that's currently under design.

The next project under design is in the Parker Dam area. It is a drainage and spot improvement project. Some of the challenges we're facing with this project are, on the left side of the screen, the Colorado River, with some quite expensive homes in this area. A major challenge is widening this highway, because the right-of-way is very narrow through this area. Compounding the issue is a mountain range to the east, so we have severe flooding issues during the "monsoon seasons" and other rainy times.

This is another project we're working on, a roundabout that will serve both the Federal and State Ports, along with the Greater Yuma Port Authority area here. The County is the lead agency. It's a government project with Federal funds, so ADOT staff will administer the project. We have all these other projects going on, but this one is critical, as it needs to be constructed by September 2009. Things are progressing, and we should be under construction by June 2009.

Yuma District has over \$125 M under contract in construction. Outlying fiscal years look pretty good as well, so we're extremely fortunate to have all this activity in this area, and we thank you for your support. Some other projects under construction at this time: this project here on SR-85, just north of Lewis Prison, completes another portion of widening SR-85 to the highway. F&F Construction is the contractor, and we expect this to be completed by December 2008.

We have another project on SR-85 that just started construction a couple weeks ago. This is south of Lewis Prison, and will complete the divided highway section all the way to just north of Gila Bend almost up to I-10. F&F Contracting was awarded this contract and are looking to complete it in October 2009. The project is seven miles of divided highway for \$28 M.

This is another local government project that most of the Board members saw yesterday. This is in San Luis, and it's referred to as U Street. A local contracting firm got this project, and it came out very smoothly. The City of San Luis contributed to this project as well, and was a major stakeholder throughout the process. I'll move on to construction of SR-195. This is looking

South from I-8, in the vicinity. This first piece of highway was built by Desert Road Builders, a local firm. The project is complete except for one sign left to install. The job has been accepted by ADOT.

The next project is going from County 12<sup>th</sup> Street to County 14<sup>th</sup> Street, along SR-195. From County 14<sup>th</sup> North to I-8 is open to traffic. The contractor, Southwest Asphalt Paving is working on the Northern piece. There's another Southern piece out near Avenue B that's under construction.

The 14 mile project that goes from County 14<sup>th</sup> north to the prison and will tie in and finish up the completion of SR-195 is currently under construction. Again, F&F was the low bidder on this project and is the prime contractor. Contractors started three shifts of work beginning yesterday.

Contract time expires September 2009. The contract was for 365 calendar days, so things are on schedule. This is another contract the District is administering, construction of the MBD portion the San Luis Port. You can see again the whole facility layout – federal land, ADOT. The picture on the top here is an artist's rendering, looking to the Northeast, of what the finished project will look like. Austin Road & Bridge is the prime contractor, a firm out of Texas. The fixed date for completion of this contract is September 18, 2009. Gary Magrino wants you all to come back in September to see all the projects that will be complete.

As you know, pavement preservation is one of ADOT's major capital investments, and our 5-year program is steady throughout. With the prices of asphalt, it's still hard to do as much as we used to do, but I believe each area is getting its share of funding. It's a very important program that I hope we can continue to support, and to increase funding for it if possible.

Really special thanks on the 113 funds – these are the pavement system preservation funds that the Board allowed us to go through with procurement contracts. We're saving a lot of money there and we're able to deliver projects more efficiently. The pavement is one of our primary capital investments, and if we don't preserve it and maximize the use of it, I think we'd be hurting ourselves. It's proven that if you have a long-term preventive maintenance program, you'll see financial savings and better quality pavements as well. There are many States that have an advanced program like this, and I hope ADOT can develop a strategic plan in the future to help us become more efficient with our pavement dollars.

It would be a disservice not to mention the Employee Appreciation Day we had last October. These folks are the ones that need public recognition, since they get everything done. All these projects you see here are because all these people are doing so much work. Thank you for your time.

CHAIRMAN SCHORR: Our next item is the Financial Report. John?

### **CONSENT AGENDA**

#### **ITEM 3: FINANCIAL REPORT – John McGee**

JOHN MCGEE: Good morning, Mr. Chairman and members of the Board. I'll be addressing Agenda Items 3 and 4 today.

Unfortunately, there is still no good news on the revenue front, and things actually seem to be getting somewhat worse. I have here the October HURF results -- it's a pretty dismal performance. Collections totaled \$1.367 M, which is down 6.5% from last year and 7.5% from our forecast. Year-to-date collections now stand at \$428 M, which is down 2.5% from last year and 7.5% from our forecast.

Without last month's \$10.1 M adjustment for prior use commercial registrations, which I briefed the Board on last month, HURF collections year-to-date would actually be down 4.8% compared to last year and 5.9% compared to the forecast. As has been the story all year long, the problem continues to be that Arizonans are buying less motor fuels and substantially fewer new cars. These two items impact the gasoline tax, the use fuel tax, and particularly the vehicle license tax.

While continuing lower prices could help gasoline receipts, the continued slowing of the economy will most likely offset any potential gas tax gains and continue to seriously impact our overall VLT collections.

Moving to the Regional Area Road Fund (RARF) results for the month of September, the news is also pretty grim here. RARF collections totaled \$28.617 M for September. That's down 7.6% from last year and 5.8% from the forecast. Year-to-date collections are now down 9.3% compared to last year and 5.7% below forecast.

Retail sales and particularly the sales of new cars are significantly impacted, as well as sales of other big-ticket items.

Unfortunately, as bad as these results are, the next few months have the potential of being even worse. The preliminary indications we're getting are that because of the near-meltdown in credit that occurred in October, economic activity is expected to be way off, and November isn't looking good right now either. My guess is we won't have anything more optimistic to report for probably several months.

I have also included in your packet a summary of ADOT's new official forecast for both HURF and RARF, and I would hasten to add that these results were derived through our normal risk analysis process. Most of the work done on deriving the new forecast took place during the months of August and September, and even though these are our new official planning forecasts that we'll be using for the next several months, I suspect that we'll be looking at, as we did last year, probably revising even these numbers downward through an interim forecast sometime after the first of the year, after we see how those revenues have come in.

But, as you can see, for the HURF forecast, we do a ten-year forecast, and that forecast is going down over the next ten years, almost \$1.9 B, of which about \$1 B would impact ADOT's funding. The good news here, if there is any, is that the revenue results for the period 2009-2013 that came out of the model update process were virtually identical to the interim forecast that my staff and I developed last spring, and that were included in and formed the basis of the 2009-2013 program. So the drop in revenues down to these levels ordinarily would not impact the

2009-2013 program, because we had anticipated it, and we built the program essentially around revenues at this level. However, as I stated previously, these revenue levels are probably even optimistic at this point. So as we move further into the process of developing the 2010-2014 program, we may very well be working with revenue forecasts even lower than what we're showing here.

Similarly, the Road Fund forecast through 2026 has been adjusted downward about \$1.1 B. The portion of that forecast that goes to ADOT is just over 56%, so that would adjust ADOT's share of that decrease by a little more than \$600 M. This adjustment will be reflected in the next life cycle certification for the RARF program that will be completed in January 2009. I'll be happy to answer any questions with respect to revenues or the new forecast.

CHAIRMAN SCHORR: Are there any questions for John, by any of the Board members here or on the phone? If not, we can proceed.

JOHN MCGEE: Thank you, Mr. Chairman.

With respect to the investment report, you'll notice that there is not one in your packet this month. Owing to the slightly earlier date of this Board meeting, we hadn't yet received some of the monthly update information we get from the Treasurer's Office in order to compile that report. At next month's meeting we should have both the October and November investment reports for the Board to review.

And finally, with respect to the HELP program, as of October 31 the HELP balance stood at \$89.7 M, up a little less than \$3 M from the previous month, due substantially to loan repayments on HELP loans. That completes my report for Agenda Item 3.

CHAIRMAN SCHORR: Are there any questions? Could you then proceed to Item 4, John?

#### **ITEM 4: FINANCING PROGRAM – John McGee**

JOHN MCGEE: Moving to Agenda Item 4, I have included in your packet a letter from the State Treasurer, Dean Martin, to Chairman Schorr and Director Mendez, informing the Board and the Department that, as required under Arizona revised statute 35323-D, that the State General Fund did fall under the threshold reporting level of \$400 M in October. This letter is the first step in the notification process that would, or could, eventually lead to the recall of some or all of the \$110 M of outstanding Board funding obligations currently held by the Department. The Treasurer's Office was forecasting that State General Fund cash balances might actually fall below the \$200 M level that would trigger the actual call of the Board Funding Obligations a couple of weeks ago – luckily it did not.

Based upon the more current information we have received from the Treasurer's Office, they now believe that the next critical date when the General Fund cash balance could fall under \$200 M would be sometime in December. We'll be working with the Treasurer's Office closely on that. As you know, once that balance falls under \$200 M, the Treasurer can recall the BFOs in \$25 M increments to keep the General Fund balance above \$200 M. Our plan would be, if those calls do come forward, to first pay back the \$50 M of BFOs that is in the HELP fund and then, as

a last resort, pay off the last \$60 M in the State Highway Fund. Those funds are more critical to ADOT in terms of our working capital balances. You will also notice in your packet a letter signed by Director Mendez to the State Treasurer, acknowledging receipt of his letter and stressing the importance of the \$60 M State Highway Fund BFO to the maintenance of ADOT's working capital balances.

And finally, in your packet, behind the two letters, I have included an updated copy of the Bond Buyer 25 Bond Revenue Index as discussed last month. This is a handy index to get a feel for how municipal interest rates are doing. As you can see, when we met last month the index stood at 5.97%. The week that we were actually discussing this, at the height of the credit freeze, this rate jumped almost 50 basis points in one week, up to 6.48%. It's the highest number you'll see on this entire chart, going all the way back to 1997.

Since then, we've had 3 weeks that rates have been down – they dropped to 6.06%, moved up a little to 6.09%, and last week were down to 6.02%. I'll have this week's results on Monday the 17<sup>th</sup>. You can see that while they spiked up that one week, they've come back down to about where they were a month ago when we talked.

However, even though the rates are back down, actual activity in the municipal markets has picked up quite considerably. Because of the level of interest rates, certain segments of the municipal bond-buying market have started increasing their purchases of municipal bonds, particularly the retail sector. Deals are starting to get done. Generally, though, only the higher-quality deals, AA- and AAA-rated, are getting done, but at least there's some movement in the market, which we hadn't seen for about six weeks. So that's somewhat hopeful, that eventually there will be enough thawing of the credit markets and enough confidence that ultimately not just retail but institutional buyers will come back into the market, and hopefully rates might tend to trend down a little in the future, barring any other significant economic event.

CHAIRMAN SCHORR: Are there any questions?

FELIPE ZUBIA: I have one. The letter that was sent to the Treasurer, by Victor Mendez – could you elaborate a little on that? The letter dated October 31, 2008?

JOHN MCGEE: Yes. Essentially, the response to Treasurer Martin indicates that we are in receipt of his letter, and lets him know that we're continuing to see declining HURF and other diversions that have significantly lowered the State Highway Fund balance that's important to our working capital balances. It also reiterates the \$60 M portion of the BFO to maintain our working capital balances, and goes on to say that nevertheless, if they are called, obviously we're required by law to make those payments. We do have the cash available to make them, although it would put a fairly significant burden on the State Highway Fund working capital balances, but we're looking at ways that could be mitigated if it does happen – things like spreading out expenditures instead of sending them out in larger lumps, coming up with ways to accelerate money coming back into the fund, and those sorts of things.

CHAIRMAN SCHORR: Are there any questions by the Board members?

JOHN MCGEE: Thank you.

CHAIRMAN SCHORR: Thank you. Could we go to the Director's Report?

**ITEM 2: DIRECTOR'S REPORT – Richard Travis, Deputy Director**

DEPUTY DIRECTOR TRAVIS: Mr. Chairman and members, the one item I'd like to report on is the ongoing discussions at the federal level regarding an economic stimulus package that would include transportation.

We are participating both through ASHTO, which is lobbying Congress and informing them of what state DOTs can do, as well as numerous discussions with Arizona's delegation, both Congressional members and their staff, about what can be accomplished with a transportation/infrastructure stimulus package.

As of right now, it's not clear whether Congress will take this up in a lame-duck session prior to the new Administration coming in, but it seems they are intent upon completing a package that, if it's not acted upon before Christmas, will be ready to go once the new Congress sits in January.

There is a lot of competition, philosophically, between a tax cut stimulus package, funding coming to the States for Medicaid and Medicare, and transportation infrastructure. Right now it's still a moving target. We're continuing to respond to the inquiries of our federal delegation, but it's not clear what, if anything, will happen yet.

CHAIRMAN SCHORR: Are there any questions for Mr. Travis from the Board members? Thank you, Richard. Our next item is Item 5.

**ITEM 5: DISCUSSION OF PUBLIC/PRIVATE PARTNERSHIPS (PPP) IN REST AREAS – Gail Lewis and Dornbusch & Associates)**

GAIL LEWIS: Thank you, Mr. Chairman and members of the Board. I'd like to introduce David Dornbusch of Dornbusch & Associates in Berkeley. They are the consultants that have been working with us on this project, and David is here with us today with a report he'd like to give.

DAVID DORNBUSCH: Thank you, Gail. Good morning. As Gail said, I'm going to brief you on the progress we've made in analyzing the financial feasibility of creating public/private partnerships to develop rest areas. The content of my presentation really has two main components – the first component is financial feasibility analysis, which makes up the first three items, and the second component is to discuss briefly where we stand legally with Arizona's ability to implement these programs.

To do that, I'd like to briefly go through our analytical process. It will culminate with a summary of my analysis, about 20 slides into this program. So I'm going to briefly go through my analytical process to acquaint you with how we did it, but really, the summary of our conclusions are about 20 slides in.

To begin with, we were asked by ADOT to consider two locations for the initial rest area development: the Juniper Mountain Sites on I-40, just East of Kingman, and the Arizona Vekol Wash Sites on I-8, East of Yuma.

Focusing on the Wash Sites, ADOT asked us to focus on initially on one interchange location, the Vekol Valley location; we also expanded our search East and West to include other interchange locations and open the possibilities in case Vekol Valley didn't turn out to be feasible. I have a brief description of the advantages and disadvantages of each of the sites. For example, in this site, the I-8 interchange with 84, there's some development, which does limit the potential for developing a site for a rest area, but there is considerable vacant land between the highways that could be developed.

The next one, Vekol Valley Road, also has advantages and disadvantages. The interchanges are already well-developed, and one main consideration is how easy it would be for traffic to access the sites.

This is the Butterfield Trail interchange, and I want to point out one very important thing: this is the Holtz Truck Stop, and truck stops can be very advantageous potential partners for a number of reasons. One is that they have the full support of the National Association of Truck Stop Operators (NATSO), but perhaps as important as that, they have an existing development, and in order to accommodate a rest area these developments might only need expansion: purchase of additional land, expansion of the pavement. They already have the infrastructure, services, and a current operation. It would be of great advantage to existing truck stops, where you can find them, to possibly partner with them. That's one particular advantage of the Vekol Valley area.

The Juniper Mountain sites – we were initially asked to look at one of the interchanges at Jolly Road, and expanded our search by looking West at three other interchanges. Here is Jolly Road, and its advantages and disadvantages; moving West, here is the interchange at Cross Mountain; Fort Rock; and Silver Springs. None of these interchanges have truck stops immediately adjacent to the interchange. However, to the West of Silver Springs, as you head toward Kingman, there are two truck stops. They weren't necessarily in the location ADOT was particularly interested in, but they are available as potential partners, and they might be willing either to develop their truck stops or add stops in the sites that were particularly favored by ADOT.

Our analytical process now proceeds toward the financial feasibility analysis, and what I did was try to develop an analysis that would help you understand what the potential capital costs would be to develop a partnership rest area, and also to compare it to the costs you would incur if you were to develop a non-commercial rest area at those locations.

It begins this way: I estimated the capture rate for stopping traffic, from which I estimated revenues according to the three major revenue components; subtracted operating costs; then compared the net cash flow to the capital costs.

For the capture rate, we looked at experience wherever we could find it: through online commercial service plazas throughout the country, looking at their capture rates, and looking at the non-commercial capture rates available in Arizona. Then we got very particular for each of

the sites, looking at their visual and physical access from the interchanges, a very important controller of the capture rate. Local competition, which might draw off visitation to the rest area, and the relative remoteness of the site, which is really a measure of how badly people needed the opportunity to stop, since they hadn't been able to stop East or West before that.

Then I broke down the operating revenues: we looked at the food and beverage convenience store and fuel service, which are the primary revenue generations. There are others that are secondary, such as advertising potential, but these are the main revenue generation potentials. Those are the sources we examined. We also have a fair amount of experience looking at other states, so we developed a revenue forecast. A private partner financial contribution was the target, and to develop an estimate of what the private partner might contribute to the project, we estimated their annual cash flow and then conservatively estimated what they might be willing to invest, based upon the justification of that cash flow. In other words, looking at their potential return, how much would they be willing to invest to yield that return? And those are the estimates we had for the Vekol Wash sites, which you can see range from about \$2.7 M to about \$3.6 M. Those are our best estimates. Then, looking at some more optimistic stopping percentages and revenue generation potentials, we estimate that you could probably get as much as 18-20% or more for that.

We did the same thing for Juniper Mountain. As you see, because of the much higher Annual Average Daily Traffic (AADT) and reasonable capture rates, the revenues are much higher, and therefore a partner's investment can be significantly higher at Juniper Mountain than Vekol Wash.

Then we developed an estimate of the capital costs, which we wanted to compare to the partner's contribution. We estimated land acquisition costs, the offsite services which were primarily low-service and very indefinite, so we really weren't able to get too good estimates of offsite services beyond just stating whether they would be available or not. But the main costs are going to be the interchange and ramp improvements, and I want to call your attention to these because they're very, very high-cost, relative to everything else.

The conservative estimate we made on ADOT's direction was that all the ramp and interchange improvements would be allocatable to this rest area. Of course, other traffic uses the interchange, so at some point in the future, the traffic itself not even going to the rest area will require some level of interchange improvement. So I repeat, we allocated all the interchange improvement costs to the rest area, but in the future I would say some reasonable amount of the improvement, at some point, would be necessary anyway.

We estimated the on-site improvements, the roadways, parking, buildings, facilities, furniture, fixtures, and equipment, and included ADOT's administrative costs, and here is the breakdown for the Vekol Wash sites. According to each of those components, these are the capital costs for the offline commercial SSRA, and we compared the capital costs' bottom line to the non-commercial SSRA to enable a comparison of what you would have to spend anyway if you developed a non-commercial rest area.

Here is the same comparison for Juniper Mountain, and I call your attention to the interchange and ramp improvements relative to the total commercial capital costs, they are relatively quite high. Here are the costs for the non-commercial Juniper Mountain rest area.

These are the tables I referred to earlier that summarize the comparison. Let me call your attention to the Vekol Wash sites: the lines I think are of the most interest are your capital costs between commercial and non-commercial rest areas, but then I added in the net present value of your maintenance costs. This is a very important consideration, because with a commercial enterprise, they will be maintaining your rest area, and you will avoid future maintenance costs, while if you were to have a purely public rest area, you would incur these costs. I capitalized those at a net present value, your state cost of capital. As you can see, that's a significant portion of the total burden.

The commercial enterprise doesn't enable you to avoid your costs entirely; you still have these costs after subtracting the operator's capital cost contribution from the total. You still have an incurred cost, but you also have savings. Optimistically, these savings could be much higher.

At Juniper Mountain, the numbers are larger and somewhat more compelling. Here are your development costs, the operator's contribution, and your net capital costs for the commercial rest area, compared to the non-commercial. Again, you avoid the annual maintenance costs you would otherwise incur. So your potential savings are down here, optimistically anywhere from \$10.6 M to \$11 M. The differences are largely attributable to the interchange improvement costs.

So it depends on how you look at it. If you had to or wanted to develop the rest area anyway, the potential savings are the most important numbers. If you feel you really have the option and may not want to develop the rest areas, the amount of your contribution would be the most important consideration.

Before I move on to the next section, let me ask if there are any questions about the financial analysis. The next section deals with legal issues.

CHAIRMAN SCHORR: Are there any questions by Board members?

DAVID DORNBUSCH: I'm not going to give you an analysis of your legal status at this time because it's still a work in process. We've been trying to work with the Attorney General's office, and I think all the issues are solvable, but there are some key issues that need to be addressed.

This is your law as it stands, recently enacted, that gives you the power to do what I've just been describing. I think there are some aspects you would need to consider, but I think they're small things that can be worked out, to my understanding, with a discussion or communications with the Attorney General's office. This gives you the power you need, but there's also consideration of the State Randolph Shepherd Act, which will need to be addressed. This is the requirement of the State to give the benefit of the kinds of services we're talking about at the rest areas to blind operators. The Federal law has a lot of points, but it boils down to essentially this: you can do these commercial rest areas, but if they're along the interstates, they must be outside the Federal right-of-way.

They should conform with the newly enacted Federal Oasis program, which has been supported very energetically by NATSO, who is the most formidable opponent that any State has had for these types of developments. There is nothing particularly special about that program, except that it does everything you would want it to do: you would want the rest area to be operated 24/7, and it must be attended by the presence of on-site operators. Similarly, it has to meet the Federal Randolph-Shepherd requirements, but my reading is that the State of Arizona's Randolph-Shepherd Act complement is a little stricter and needs greater attention.

I've outlined the things I believe your program should accomplish. Your State Attorney General's Office believes the program, as enacted under your recent legislation, will accomplish these: develop previously undeveloped land, add existing rest area sites, and on private land, such as on travel plazas and truck stops, as mentioned before.

In addition, I think it would be useful if you were to state where you think you'd like your projects to be located. Offering a blanket power to locate them anywhere in the State may generate unnecessary opposition. By that I mean if someone is operating a commercial enterprise at a site where they fear another commercial development is going to be put in, they may object, but if you name the locations that might be candidates, that will allay the fears of people who might be concerned. It does run the risk that it may generate these concerns, but if you hasten to tell them that they could be partners themselves because they qualify under the legislation, I think that would go a long way.

I believe you should find a way to enable contracting in response to unsolicited proposals. It may be necessary to say "You've given us an unsolicited proposal and we have to go out to find competitive bids – we like your location but we have to invite competitive bids." I think it's important to recognize that there may be just one truck stop operator in an area where you want to build the project and it might be terrific if you could contract with them.

Allowing particular services opens the possibility for long-term contracts. I conservatively estimated in my figures a 30-year contract. Obviously, if that was longer you would get even greater financial benefits, as someone with a 50-year or longer contract would give you even greater financial consideration.

This point at the bottom, where I talk about new vending machines – what I'm getting at here is when you go to solve the problem of your State Randolph-Shepherd Act, it's desirable to enable the competition to be even wider than just from blind vendors, so it might be desirable to develop simultaneous programs, where you gave some consideration to greater enterprises that are accessible to the blind vendors. One possibility is just adding vending machines to some sites and identifying those sites and the size of the program, but that would be part of a larger implementation plan that would enable a broader set of partners in the rest areas.

I conclude with this – if you wanted to proceed on a "fishing expedition," to see if you might even get better deals than what I've estimated here, these are the tasks I'd recommend. The first two aren't terribly difficult. We could develop a request for qualifications and proposals and identify prospective bidders, to see what happens.

CHAIRMAN SCHORR: Thank you very much. Are there any questions from the Board? Counsel, do you have a question or a comment?

JOE ACOSTA: Comment, please. Mr. Chairman and members of the Board, I'm Joe Acosta, Jr., from the Attorney General's Office. I just want to make sure that the Board understands that there are still some substantial legal questions about what you can and cannot do. Obviously I don't have a presentation, but just so you understand there are some issues that have to be covered. As this program becomes more clearly defined, so do the legal issues around it, and perhaps we can help you out with an Executive Session at some point in the future.

CHAIRMAN SCHORR: Thank you. Are there any insuperable barriers, however, to the implementation of what Mr. Dornbusch described, should the Board decide to do so?

JOE ACOSTA: When you use the term "insuperable," no. There may be some questions that could limit what could be done, and I'm not saying it would take everything off the table.

CHAIRMAN SCHORR: Would there be the necessity of any legislative action, or are the statutes Mr. Dornbusch has outlined sufficient to allow this to occur?

JOE ACOSTA: I'd like to talk to you in Executive Session about that. I will say that there are some legal issues at this time.

CHAIRMAN SCHORR: As we all know, lawyer to lawyer, the legal issues have a wide terrain, but thank you very much. Any further questions? Bill?

BILL FELDMEIERS: Just a comment, Mr. Chairman. I just want to make sure that we're going to stay on target with this, so we're prepared to ask the Legislature for modifications or corrections that we may need from them in order to keep this moving. In that respect, I'd like to know who from ADOT will be our point person to make sure that occurs.

GAIL LEWIS: Mr. Chairman, Mr. Feldmeier, we've already started the process. We have an initial analysis from a staff member in the Attorney General's office, and we need to continue those discussions. We've had a very long discussion with Procurement about this. Our interim Procurement Director has been instrumental with a series of issues and questions that she sent to the State Procurement Office, so the Department of Administration is looking at this right now as well. So we've already started that process of analyzing what might need to be changed, either legislatively or through rule-making, in order to make this a viable option.

Let me just say that initially, probably the closest thing we have anywhere in State government to something like this are the private prisons that the Department of Corrections has engaged in. So we do have at least some experience in putting out a broad RFQ and then soliciting private responses to that. But obviously a prison is very different from a rest area, so we still have a long way to go. We're really breaking new ground here for State government if we were to go anywhere with this, so there are a lot of questions still to be answered. I think we've started the process of asking them and getting some good advice on how to resolve them.

RICHARD TRAVIS: Mr. Feldmeier, I'm taking your question to be specifically about rest areas, because to that extent Gail has done a lot of excellent work and we plan to follow up with that. With regard to public/private partnerships in general, however, there is a lot of work going on at the Department, specifically on the financial end, through Mr. McGee, and that will continue, as well as through the State Engineer's Office, about other public/private partnership projects. So with regard to rest areas, Gail will be available to update the Board, and with regard to these partnerships in general, those may have different people responding.

GAIL LEWIS: For your information, Mr. Feldmeier, there's a lot of interest in a broader PPP bill for other transportation projects, highway and transit projects, that may be introduced in the Legislature. I know that (inaudible) and consulting engineers are working together, trying to put together a possible bill right now. Obviously, we'll have the opportunity to take a look at that soon. There may be a lot more public/private partnerships discussed in the next couple of months.

CHAIRMAN SCHORR: Thank you, Richard, could you share the initial AG's overview with the Board, to see where we are?

Are there any further questions by the Board?

VICTOR FLORES: I guess my question is about the potential savings you mentioned, based on a 30-year partnership. My understanding is -- and excuse me for my lack of understanding why we initially thought about these commercial interchanges -- but I thought one of the reasons was for additional revenue for the State, and if it is because the commercial vendors will now have sales tax and sell gas and so forth, why is that not addressed in your report? What would generate the additional State revenues, aside from potential savings?

DAVID DORNBUSCH: That's simply because we weren't asked to do that yet. It wasn't part of the assignment. To the 30-year partnerships, yes, you're correct -- I believe that's somewhat conservative, and you might want to extend the contract for longer. Different capital components have different ages. If you make an improvement to the interchange, that's going to have a much longer life than the 30 years. I was just looking at the 30 years as the approximate life expectancy of the facilities at a commercial enterprise, so that's why I limited it to that term.

But even if they were to replace those commercial facilities after 30 years, there would still be the benefit that would occur at that point. In other words, if you had two sequential 30-year contracts, it would be a separate benefit at 30 years out. But as far as the sales and gasoline taxes, we weren't asked to estimate that.

VICTOR FLORES: Mr. Chairman, I guess I wish someone would explain this more clearly. Right now it's like a sale where you buy two things because you might potentially need a second, but you don't really need the first item to begin with. I don't quite understand why we don't have an analysis on what the State would generate aside from the fact that there's now a commercial enterprise on one of our interchanges. If someone, maybe Bob Montoya, who's been in favor of this project, could address why this was asked for initially I would appreciate it.

BOB MONTROYA: Mr. Chairman, Mr. Flores – when we were given the costs for maintenance and construction of new rest stops, it occurred to me to find out if there was a model out there, or some way to do a joint venture, on existing rest stops and/or new ones, then we could partner with commercial vendors like truck stops and fast-food type restaurants. This would help offset the maintenance costs of those rest stops. That’s why I asked the Department to go down this road and think about this to find out its potential.

I would have to go back and ask the Department to remind me of what our annual maintenance costs are for those rest stops, but more importantly, what it cost us to build two new rest stops. I think that was another thing that precipitated my interest in this: it costs us millions of dollars to reconstruct old and build new rest stops. I don’t know what it costs us to rebuild and I forgot what we approved for the Sunset Point rest stop, but I think it was close to \$10 M, if someone could refresh my memory. But that was the whole idea. If we are going to provide rest stops, is there a better and more cost-effective way to do it. And it appears that there may be. Whether these rest stops generate enough revenue or traffic – and I think that may be the key – to make them financially viable is the question.

I hope that helps. It’s not a complete answer, but I think that’s why we’re going down this road, to see if this is a feasible model, or what kind of model can we develop to help reduce the cost for these rest stops.

CHAIRMAN SCHORR: Thank you, Bob.

Any further questions or comments? Felipe?

FELIPE ZUBIA: Is the Board going to get a copy of that report?

DAVID DORNBUSCH: I haven’t done a copy beyond the PowerPoint presentation.

FELIPE ZUBIA: There’s no other backup data to support that presentation?

DAVID DORNBUSCH: I have some backup tables, but I haven’t written this into a detailed report explaining how I derived all of the analyses in these slides.

FELIPE ZUBIA: Could we get a better copy of the presentation, then, other than just the slides? A full-sized copy? And just to follow up on Victor’s comment – I thought he had a very good comment, and we should keep in mind, as this moves forward, that what we ask for further consideration of is the pro forma, essentially, for State revenues generated. We could look at how the private prisons are run. For one thing, are they actually located on private property, or is it State property and State facilities, in which case there’s a big benefit from a tax savings perspective. It could be calculated into the pro forma to find out whether a facility is meeting a certain revenue stream.

GAIL LEWIS: We can provide all that for you, or we can at least take a preliminary look. It’s my understanding that the prison facilities are primarily cost avoidances and not revenue generators, so it’s more of a savings endeavor than one for profit.

FELIPE ZUBIA: Do you know the answers to whether or not they're private facilities, or public?

GAIL LEWIS: I don't. I don't know how they're classified, and I'm not sure that they're all the same. Just for future reference, we think that the Sunset Point Rest Area rehab was about a \$9 M contract.

CHAIRMAN SCHORR: Thank you. Are there any further questions or comments on this matter?

I'll just offer one aside: sometimes trying to reason by analogy or example can be very helpful, but sometimes it can be a smokescreen that prevents you from getting at the truth. I'm not sure there's a real analogy – and I'm not an economist – but intuitively, I can't see the real analogy between State prisons and rest stops. I know they're both attempts at cost-avoidance, but I'm not sure the analogy is accurate and complete.

Before too much effort or money is put into that, I suggest we take a look and see if the analogy is really appropriate.

GAIL LEWIS: Mr. Chairman, I think that's more of a model in terms of procurement and rule-making rather than a financial analogy.

CHAIRMAN SCHORR: Thank you. Next item is Item 6.

**ITEM 6: REVISIONS TO THE FY 2009-2013 FIVE YEAR DEVELOPMENT AIRPORT PROGRAM – Barclay Dick**

BARCLAY DICK: Thank you, Mr. Chairman and members of the Board. At September's meeting, you asked the Aeronautics division to meet with the Arizona Airports Association to refine an amended 2009 Airport Improvement Grant program for presentation at this month's meeting.

Since that meeting we've had a series of meetings, and other communications, with the Association, and we're very close to having a revised program for presentation to you. But the Association and the Aeronautics staff agree that we need a little more time to put the finishing touches on that program.

Therefore, I request that you allow us to present a Revised Fiscal Year 2009 Airport Improvement Grant program to you at the December Board meeting.

CHAIRMAN SCHORR: Are there any questions or comments for Mr. Dick?

I think that sounds like a worthwhile suggestion. I also received a copy of a letter from the Arizona Airports Association. I'm not sure if it was passed on to all the Board members. But in essence, it did reiterate what Mr. Dick has requested, and concludes by saying they would like this to be considered at the December meeting.

If there are no further questions or comments, let's move on to Item 7.

**ITEM 7: I-10 BYPASS UPDATE – Jennifer Toth**

JENNIFER TOTH: Mr. Chairman and members of the Board, I thank you for the opportunity to present to you today the follow-up to the I-10 Bypass Study.

In 2007, the Board requested ADOT MPD to study the need for, and feasibility of, a potential bypass for Interstate 10 through Central and Southeastern Arizona. The results of the study were presented to the Board in January, and also in March. In March the Board requested that an additional study be done to determine if I-10 could be built to its maximum potential within the existing right-of-way. What I'm presenting today are the results of that follow-up study.

This figure demonstrates what is currently programmed – the lane configuration, in red – and what is planned, with various studies. The I-10 main line is currently being constructed with four lanes in each direction from Prince Road to I-19 in the urban core of Tucson.

Several studies are ongoing to determine the ultimate number of lanes on I-10. What's interesting to note here is that within those studies, they do not recommend any greater lane capacity than what is currently shown, due to the constraints within the existing right-of-way.

The traffic forecasts were obtained from a variety of sources for comparison purposes. As you can see here, the 2030 forecast is approximately 225,000 vehicles per day at the Pima/Pinal County line. Within the urban core, you can see by 2015 the capacity reaches 20,000, which is really the capacity of the existing eight lanes in the urban core of the Tucson area.

When volume equals capacity, you have a severe reduction in speed, and this also results, obviously, in stop-and-go conditions. What also happens: rear-end collisions typically increase dramatically. Currently, the expected travel time for the 64 miles within Pima County is approximately one hour at 65 miles per hour. That increases by 50 minutes if the speeds are reduced to 35 miles per hour, based on that congestion. That's an 83% increase in travel time through the Pima County area.

We were also asked to look at what actions might reduce that travel demand. Obviously, parallel routes would help, but there are no parallel routes that are currently funded at this time.

The Phoenix-Tucson High Speed Rail Study that has been done projects 4100 passengers per day in 2030. If you equate that to vehicles per day, it's about 2000-4000 vehicles per day, only a 1-2% reduction in the projected traffic volumes.

In addition, we were asked whether rail freight might reduce some of the truck traffic on I-10. UP is currently double-tracking their line; however, that freight capacity will increase, but it would have a negative impact at crossings within the Tucson area. We really don't anticipate that truck traffic would decrease: it would only continue to increase.

There is also, of course, the speculation about the increase in gasoline costs, and the impact that would have. In reality, we see that although transit demand is increasing, there is still a high

demand for personal vehicle mobility within the State. We were asked what it would look like if you could increase the vehicle capacity within the existing right-of-way. Increasing capacity can only be done above or below the existing roadway at this time. Going below the roadway, we see issues there with the proximity to the Santa Cruz River, so the only option would be to go above and "double-deck" within the Metro area.

Although technically feasible, there are some trade-offs associated with that. It's extremely high-cost, approximately three times the cost per mile of a standard six-lane freeway. You would also have potential visual impacts, and increased air and noise pollution as well.

As currently planned, I-10 will be inadequate to meet the long-term needs of the interstate system and the Tucson Metro area. Again, double-decking I-10 is technically feasible but very expensive, and the long-term development of an alternative route to I-10 seems to be the only solution to the issues described in the area.

The conclusion of the report recommends a potential corridor. It's a little tough to see in this area, but it takes off East of I-19 on I-10, wraps around on the West side, and ties into the I-8/I-10 interchange. It would provide a route for the I-19 traffic to bypass the urbanized Tucson area to reach I-10, East or West of the Tucson area. It could also serve as an alternate route during critical times such as accidents, when some traffic needs to be rerouted. With that, I'll take any questions.

CHAIRMAN SCHORR: Are there any questions or comments by the Board?

I might add that within the last two or three weeks, there was indeed a shutdown of I-10 in the Tucson area that lasted a few hours, and there was no way for that traffic to be handled except to get onto local streets. Even that doesn't do much good, because there aren't that many parallel streets other than the Frontage Roads themselves. Thank you very much. Could you make copies of that slide presentation available to us?

JENNIFER TOTH: Most definitely.

CHAIRMAN SCHORR: I will be asking the Board to set this for further action at our next meeting. Any further questions or comments?

BOB MONTOYA: I have no questions at this time, but you mentioned we will address some of these items at the next Board meeting?

CHAIRMAN SCHORR: Yes, we will.

BOB MONTOYA: Then I will hold my comments until then. Mr. Chairman, if you'll please excuse me, I have to leave the conference at this point in order to attend another meeting. Thank you and good day.

CHAIRMAN SCHORR: Thank you.

Mr. Zubia has asked if we would pull Item 9 off the Consent Agenda so it can be addressed at this time, and it is an appropriate time to talk about Item 9, which is the Framework Study Update.

**ITEM 9: FRAMEWORK STUDY UPDATE – Jennifer Toth**

JENNIFER TOTH: Mr. Chairman, members of the Board, hello again. The Statewide Planning Framework Program consists of five key tasks, which include:

1. Project initiation;
2. Data collection, environmental scan, and issue identification, as well as development of a Statewide model;
3. Formulation of the valuation of regional multi-modal planning scenarios – I'll remind the Board that the Planning Framework is divided into four different regions across the State: Western, Northern, Eastern, and Central, with Central tying the two Metropolitan areas together;
4. Preparation – taking those four regional Framework studies along with the RTP program and combining them into a Statewide framework;
5. Implementation program from a Statewide Framework standpoint.

The Planning Framework Program incorporates other recently developed State policy in the areas of "Smart Growth," as identified by the Governor's Smart Growth Cabinet and the Smart Growth Scorecard. We are approximately 50% complete with the regional planning scenarios being presented at 22 community workshops throughout the State over the next few weeks. In the Yuma area, we have a workshop next Wednesday from 1:30-4:00 and also from 6:30-8:00 p.m.

Some of the key accomplishments to date include stakeholder interviews and workshops, which were done in February and March of this year; completion of a working paper on the existing conditions of the environmental scan; completion of the travel demand model baseline conditions; and the development of the evaluation framework and the regional scenarios that are out in the workshops this month.

Some upcoming outreach opportunities: we will be speaking at the Rural Transportation Summit, as well as at an Arizona State University payment and materials conference about the BQAZ Program.

What's really important about the BQAZ Planning Frameworks is that ADOT will begin to initiate the preparation of a legislatively mandated long-range transportation plan, which will use the frameworks as the major input into that long-range plan. It will use the 40-year vision that's being developed through the framework program, and then use the 20-year implementation program as the basis for the development of the cost-constrained long-range transportation plan, which will come to the Board in 2010 for adoption. That concludes my comments about the Framework Study at this time.

CHAIRMAN SCHORR: Are there any questions by the Board members, or any comments?

FELIPE ZUBIA: Jennifer, I appreciate the brief presentation. You mentioned the BQAZ Plan and the State-mandated plan – if you could clarify those two for me. The BQAZ is the 40-year? Is there something I could equate that with, like a City’s general plan, a planning document that’s not necessarily funded? Would that be a fair statement?

JENNIFER TOTH: That’s correct. The BQAZ and framework-planning processes are not cost-constrained. We will be developing costs for each of those regional scenarios, as well as the statewide one, but not necessarily saying where their funding comes from. That’s where the long-range transportation plan comes into play.

FELIPE ZUBIA: Okay, the long-range transportation plan is the 20-year plan you just referred to, that we’re going to begin in the spring of 2009?

JENNIFER TOTH: Correct.

FELIPE ZUBIA: So then that is going to be the cost constraint, the first 20 years of the BQAZ plan, correct?

JENNIFER TOTH: Correct.

FELIPE ZUBIA: So then if I’m sticking with the analogy here, the BQAZ plan is the general plan and the 20-year cost-constraint plan would be something like a City’s CIP, then? In this case, the TIP?

JENNIFER TOTH: Right.

FELIPE ZUBIA: With that in mind -- as I asked once before, I like these updates, and they can be very brief, as the one was just now. I’d like to have this as a monthly report, and maybe next month we could get an update on some of the comments you received throughout the State, if you think that’s appropriate.

JENNIFER TOTH: Very much so.

CHAIRMAN SCHORR: Are there any further questions or comments from any of the Board members? Thank you, Jennifer.

Let’s move on to Items 10 through 51, and we will be adding Item 46A.

#### **DISCUSSION OF ITEM 46A**

BARRY CROCKETT: Good morning, Mr. Chairman, members of the Board, Mr. Travis. By addendum, we added a right-of-way resolution that’s identified as 46A. There are a number of these resolutions on the consent agenda, but this one was added specifically. I’d like to briefly discuss this and ask for a Board resolution.

This right-of-way resolution is to take in approximately 2.2 miles of realignment of US-191 in the vicinity of Morenci. It’s about the sixth or seventh time we’ve done this type of resolution in

this area, in cooperation with the Morenci Mine. As they continue to expand mining operations and encroach into the US-191 route, they have gone forward with redesign and realignment construction, and a part of our project agreement, as well as a part of adoption by the Board, we have relocated segments of US-191 to continue to provide that alignment and allow the mine to continue its operation.

This is one of those instances that was brought to the Board quickly because they are on a schedule, and would like to switch traffic earlier than we had originally planned to bring this before the Board. In order to meet their schedule, they have to get traffic onto this new alignment. This is a US Route, although in the past the Federal Highway Administration has deferred the operation and maintenance, as well as the characteristics of control and right-of-way, to ADOT.

The mine is responsible for all construction costs, as well as all development costs. They reimburse ADOT for all associated costs. They also pay for the maintenance of these new segments when we take them into our system.

At this point I'd like to ask that the Board adopt this resolution, and I'm prepared to answer any questions.

CHAIRMAN SCHORR: Are there any questions or comments? If not, a motion will be in order.

[The motion, moved by VICE CHAIRMAN HOUSEHOLDER and seconded by BILL FELDMEIER, carries unanimously in a voice vote.]

### **PRIORITY PLANNING ADVISORY COMMITTEE (PPAC)**

CHAIRMAN SCHORR: Our next items are the Priority Planning Advisory Committee, Items 10 through 46. We can take them in one fell swoop; however, it has come to my attention that there are several items included pertaining to Pima County, and Mr. Householder is questioning the timing of so many items happening. Could you please explain?

DON MAULLER: Mr. Chairman, members of the Board, ADOT's Tucson District and Priority Planning Session have been working to synchronize their five-year construction program with their TIP program, and that's where a lot of the changes are made. You've probably seen a lot of them come through the Regional Council; they were just TIP changes that won't be included in these items, as they were non-highway issues.

CHAIRMAN SCHORR: Am I correct, then, in saying that you are doing these shifts at the request of the Pima Association of Governments, and that they have approved all of these? They are basically "washes" in the sense of their funding?

DON MAULLER: When these items came to PPAC, each presenter was asked if these had come through the Regional Council and had been approved.

CHAIRMAN SCHORR: Thank you. Are there any further questions of Mr. Mauller? Would the Board have any objection to considering Items 10 through 34 in one motion?

[The **motion**, moved by VICTOR FLORES and seconded by BILL FELDMEIER, carries unanimously in a voice vote.]

DON MAULLER: Thank you, Mr. Chairman.

CHAIRMAN SCHORR: Our next item is Item 47. Floyd?

### **STATE ENGINEER'S REPORT – Floyd Roehrich**

FLOYD ROEHRICH: Good morning. We currently have 102 projects under construction. The original contract value was \$1.5 B, roughly. Of that, we have just under \$500 M of work left to be performed. In October we finalized seven projects, which brings our year-to-date finalization of 28 projects finalized. As to the current status of the construction program, any questions?

CHAIRMAN SCHORR: Are there any questions? Hearing none, let's move on.

### **CONSTRUCTION CONTRACTS**

FLOYD ROEHRICH: Next are the current contracts. We have recently opened bids on four projects, and I'd like to address two of them specifically. Two of these will be on the consent agenda, and two we'll discuss here.

The first project we'll address is Item 49, on SR-186. It's a project that was brought to the Board last month for award, but was deferred, as there was an issue around a non-collusion affidavit regarding this project. To remind everyone, the projects were open-bid, and originally it was announced that Beco Construction Inc. was the low bidder. After analysis of the bids, there was a summation that made them the second low bidder, and allowed Agave Environmental Contracting to be the apparent low bidder.

Agave had an affidavit discrepancy where the notary public had signed the affidavit of non-collusion in the wrong place, thereby invalidating that document and requiring a new affidavit. As we've done on previous projects where this type of discrepancy has occurred, we've allowed the contractor to correct that error and have moved forward with award.

At the time it was presented last month, there were some questions from the Board that were unable to be answered at the time, which deferred the project. They are back and asking to award the project to Agave, and to ensure this time that we can answer any questions the Board may have on the issue of the affidavit, their President, Mr. Robert Brown, to answer any questions.

CHAIRMAN SCHORR: Does the Board have any questions of the Agave representative? Hearing none, you may move on.

FLOYD ROEHRICH: I would ask at this time that the Board pass a resolution to award that project.

CHAIRMAN SCHORR: There is a gentleman approaching the dais – while we do not ordinarily allow this, you may come forward.

DEAN ANDERSON: Mr. Chairman and members of the Board, it's good to see you again. I'm Dean Anderson of Idaho Falls, Idaho. Beco Construction Inc. seeks to validate an award for Wilcox SR-186, awarded October 20, 2008. At issue is the integrity of the bids under ADOT. The problem is ADOT's specification 102.10-IRR, an irregular proposal: "Proposals may be considered regular and may be rejected for any of the following reasons. 'May' does not always mean you can.

"An irregular bid in construction law is that a minor irregularity is one that is merely a matter of form and not substance, or involves some immaterial or inconsequential defect or variation in a bid from the exact requirements of the solicitation, the correction or waiver of which would not be prejudicial to the other bidders."

The subject at hand is whether Agave Environmental Contracting Inc. should be allowed to get a second bite of the apple when they submitted an improper non-collusion statement certified by a notary, from which several conclusions could be drawn, the least of which is where the owner was when the non-collusion affidavit was witnessed? This non-collusion affidavit was given back to Agave by ADOT and treated as a minor irregularity when in fact it is a major one.

Federal law subsection 112 of Title 23, US Code says Agave's bid should be held unresponsively. The correction of a minor irregularity is best demonstrated with Beco's summation of the unit price and the extension as corrected by ADOT. No unit price and extension was included, and the unit price rule was recognized. Beco's bid, as corrected by ADOT, did no damage to other bidders.

To allow Agave to construct this project would be prejudicial to Beco, who was the next lowest responsible bidder with a price \$5029 lower than the Department estimate. No other contractor's pricing was under the 10% above the department rule. What the Board needs to do is validate the award of October 20 to Beco on the above-referenced project, and allow Agave to show a civil court why the improper non-collusion statement is not in error. Agave's protest should be in the courts and not before this Board. Any questions?

CHAIRMAN SCHORR: Any questions from the Board? Floyd, I have some questions.

FLOYD ROEHRICH: Yes sir, I wanted to respond to a couple of things. Previously and last month, you've been given a packet of information that includes letters to Beco and Agave, as well as the actions we had taken. In this case, when the reference was made to a "second bite of the apple," that's not entirely accurate, in that all bidders have to sign a proposal page as well as the non-collusion affidavit. The proposal page has the same basic language in the conditions as the non-collusion page. Signing the proposal page does uphold the bond of the contractor, and if there is an issue with that and they ask later on to not be awarded the project, they lose that bond. So it isn't a "second bite of the apple" to do this.

As we have said and done previously with this Board, the actions taken on the non-collusion page have been considered a minor discrepancy, and we've allowed those to be corrected. In

conjunction with the discussion in October and this month, this non-collusion affidavit is a requirement by FHWA as part of federal contracting. We are in the process of coordinating with them to see if there's a way to eliminate this, given our proposal page language that covers it as well, or maybe we can expand one of the documents to eliminate this redundancy. Unfortunately, they needed time to prepare and discuss this with attorneys and we are not scheduled to meet until later this month. We're hoping we can correct this situation so it doesn't recur.

We don't feel that any one contractor is being given a "second bite of the apple," as they signed a proposal page which makes their bid a committed and responsive one. And as we've said, this page has, in the past, been viewed as a minor error. In fact, during last month's Board meeting, another project we discussed had the same situation, and was awarded and allowed to be corrected. We view this situation the same way.

CHAIRMAN SCHORR: Mr. Anderson, would you please be seated? We're not going to have a back-and-forth discussion on this issue. Thank you. Does the Board have any further questions or comments?

I have a few questions myself. I tried to analyze this and I'm not sure I'm getting it right: there are a number of discrepancies in the various bids, both the Beco and Agave bids. In the Beco bid, to look at the summary, their bid was determined to be \$383,778; however, when you look at the product and the quantity shown in the bidding schedule, the unit price specified for each item was shown correctly. However, when they summed it all up, it was shown as \$333,278 when it should have been \$383,778. Is that correct, Floyd?

FLOYD ROEHRICH: Yes, sir, that's correct.

CHAIRMAN SCHORR: The Agave bid came in as a higher bid, at \$352,000 –

FLOYD ROEHRICH: Yes, sir. It's higher than the stated bid of \$333,000, but lower than the corrected summation bid of Beco.

CHAIRMAN SCHORR: And the sole issue here is the impact of the improper notarization? And your position, I suppose, is that the non-collusion affidavit requirement – it seems as though the notary notarized the document without the principal being present, which raises issues of both civil and criminal law. But your position and I believe the Attorney General has said the same, is that it is immaterial to these proceedings because it's a redundant requirement and the non-collusion language is also part of the bid package?

FLOYD ROEHRICH: Yes, sir.

CHAIRMAN SCHORR: That is the issue. Does the Board have any further questions or comments? Is the Attorney General here again? Joe, I've tried to recap the issues as I understand them – have I stated them correctly?

JOE ACOSTA: Yes, you have. The proposal page, which is signed by the bidder, actually constitutes the bid, so to speak. It contains the same language as the non-collusion affidavit.

CHAIRMAN SCHORR: Thank you. Are there any questions or comments? Was a motion made?

[The motion, moved by VICE CHAIR HOUSEHOLDER and seconded by BILL FELDMER, carries 5-1 in a voice vote, FELIPE ZUBIA dissenting.]

CHAIRMAN SCHORR: I believe the next item is Item 50, from which the Chair will recuse himself.

FLOYD ROEHRICH: Item 50 is a design-build project on the 202 Red Mountain Freeway within Maricopa County. At the time we prepared this project, the decision was made, in order to accelerate and make the improvements as soon as possible, to use alternative delivery design-build in the delivery method. It was originally initiated early this spring, given our two-step process of short-listing firms and moving forward with the technical proposal and price proposal, and ultimately opening a bid with a hard dollar amount, A+B bidding with a time factor, considering technical score to be a best-of value.

We opened bids last month and determined the best value contractor, in this case the Kiewit/Sundt Joint Venture. At the time, the hard dollar bid we received of approximately \$188 M was over the Department's estimate of \$125 M to the amount of some \$63 M, or roughly 50%.

As we have analyzed those bids and looked at contributing factors, there are a number of areas I'd like to discuss briefly. Some of the issues around this have been the work that will take place within the Salt River itself. It's a large project that is adding capacity, general-purpose lanes in the East-West directions for various parts; in some areas, auxiliary lanes are needed as well, to try to improve the operation of the system TI around the 101 and 202 system interchange. It extends all the way back to the SR-51 interchange with the 202/I-10 area.

Within those limits, we have a number of projects, and we've analyzed the apparent low bidders, or best-value bids, to see where we had the discrepancies between their ultimate costs and our original estimate, and there are some things I'd like to quickly address.

Four major areas that stuck out were areas with bridges. In this area we have what's usually called the "Mile-Long Bridge," which expands paralleling the Salt River; it's one very long component of this project. Along with that, there are some bridges in the Indian Bend Wash area that are very long bridges, all of them over water. What happened between spring, when we started this process, until now is we got refined and updated release and discharge information from the Salt River project, which greatly increased the expected flows during the time this project would be under construction.

That has had a significant impact, not only on construction of the bridge but on some of the mitigation requirements, like issues related to a detour route that would be built through the river during the construction phase that required the mound embankment to more than double in order to handle the expected increase in discharges. It also caused further complications to the construction of the bridge at the time, as it would now be built under higher water conditions than expected, requiring significantly more effort.

In addition, we've looked at some of the other components, the lighting and freeway management system components within this in order to ensure adequate lighting during construction, as well as the existing fluid management system, which is greatly relied upon. This is a heavy commuter route during the work week, and we needed to ensure that stayed up with a redundant system to provide those improvements.

As I said, looking at some of the flood risks of working within the Salt River and over the Indian Bend Wash, as well as the increase in environmental mitigation efforts – with this new information, we've gone back and analyzed what impact those additional costs would have on our original engineer's estimate. We've also looked at another contributing factor, and that is it's an A+B project, B being the time value of completing the project. We originally had a contract that was more than 800 days in duration. The design-build team of Kiewit/Sundt has come in and said they will complete this within about 8 months' shorter duration, about 600 days as opposed to roughly 840. In order to accomplish this, there's a greater cost related not only to the design elements, but to the construction elements.

As I said, given the complications of some of the construction components, with acceleration added onto that, we've looked at what those costs would be in relation to our original estimate, and we feel that our engineer's estimate was short. We didn't consider all these elements fully, and we are probably looking at a cost closer to the \$168-170 M range, less than \$20 M different from what the apparent low bidder had provided us.

In consideration of this project, we looked at what would happen if we don't award this project because of the cost increase, and we're dealing with a cost slightly under \$20 M; realizing we have to add money to this project, if we rejected these bids and went back and tried to redesign the project and send it out for construction, using a different method to reprogram our estimate and close the \$20 M gap, we studied what impact that would have.

Given the accelerated time frame of approximately 600 days that we received, in order to take this project and reassess what we'd have to do to deliver these same improvements, we would be delaying the completion of the project by 18-24 months. Not only would additional funds still be needed, the delay would be significant.

In consultation with the leadership of Phoenix, Tempe, and Mesa, and given the high commuter rate on this specific corridor, delaying the project has a great impact on not only the regional elements, but to these communities as well. They are all in support of moving forward with the project. This is the last set of improvements planned for this corridor – if we make these improvements and “build out,” and in consideration of the current cash flow we have available within the Regional Transportation Plan and the RARF system, and given the fact that we believe we've closed the gap to within a reasonable dollar amount, we feel this is a competent bid and we are recommending award of this project.

VICE CHAIRMAN HOUSEHOLDER: Does the Board have any questions for Floyd?

VICTOR FLORES: I'm glad that you explained that reduction, and I would therefore move to accept his recommendation.

[The **motion**, moved by VICTOR FLORES and seconded by BOBBIE LUNDSTROM, carries unanimously in a voice vote.]

CHAIRMAN SCHORR: Mr. Householder has suggested that we take a 5-minute recess.

[Board takes brief recess.]

## **ITEM 52: COMMENTS AND SUGGESTIONS**

CHAIRMAN SCHORR: Our next item will address comments and suggestions by the Board. Are there any comments and suggestions with respect to items that have been held or items for future consideration?

BILL FELDMEIERS: Mr. Chairman, as relates to future agendas, I'd like to make sure we have, on a regular basis, updates on PPPs and rest area progress.

CHAIRMAN SCHORR: Do you have a particular month in mind?

BILL FELDMEIERS: Now through the next year.

CHAIRMAN SCHORR: I'll leave that for my successor to consider and implement.

Are there any further suggestions? I believe I indicated earlier that I'd like the I-10 Bypass Study to be on the agenda for December.

I'm going to move on now to the adoption of the Consent Agenda, and let the record show that I have recused myself on Item 50. Do I hear a motion to adopt?

[The **motion**, moved by VICE CHAIR HOUSEHOLDER and seconded by VICTOR FLORES, carries unanimously in a voice vote.]

CHAIRMAN SCHORR: I am now going to move to the last item, the Call to the Audience. We have received a number of requests for time to speak. Can we begin with Councilman Paul Johnson?

We would respectfully request that you all limit your remarks to three minutes or less. Mr. Johnson has asked for some additional time to make a presentation, and we have granted that time, but we do appreciate brevity. Thank you.

COUNCILMEMBER JOHNSON: Mr. Chairman and members of the Board, Deputy Director Travis, ADOT Staff – my name is Paul Johnson, from Yuma, and I'm here to speak about the SR-195 connection.

I'd like first to thank you all for the tremendous job you've done and the visionary work accomplished on the portion of SR-195 from near I-8 down to the Mexican border. In keeping with the leadership this Board has shown, in preparing for the future growth in this State, that

roadway has been designed and is being built with adequate right-of-way to convert it to a freeway. The intersections are designed so they can be upgraded to interchanges.

Unfortunately, there hasn't been much attention paid to how you get from SR-195 and I-8 to US-95. Going back to about 1988, the original corridor study recommended this road be built ten miles to the West, with a spur coming over to this side of town. On the lower map, you can see the routes being considered by ADOT as possible alternatives; only three of those routes exist.

When the community came to consensus and agreed on the location on the East side of town, it was only from the Interstate South, and there were no public hearings that I'm aware of on how it was to connect US-95 to the North. Between the time they first started considering how to connect to the Mexican border, and the time they decided on this route on the East side of town, several subdivisions were built along Araby Road, which is now referred to by ADOT as Alternate B. The only access to these subdivisions is off Araby Road, which is basically a two-lane road. There is a very narrow stretch between these subdivisions and it has very limited potential for expansion. We have safety turning lanes in there, and one lane in each direction.

Without tearing someone's house down, you might be able to expand this to a four-lane road, but if you're ever going to have any more traffic on it or have to widen it, it would mean tearing down M-dollar houses on both sides of the road. It also runs right through the middle of one of our irrigation districts. We've been informed that ultimately this road is to be transformed into a controlled-access road. It will go right through an irrigation district that would prevent farmers from irrigating adjacent fields.

When we first started receiving information on this, I was on the Planning & Zoning Commission for the City of Yuma, and we were doing our 1997 Major Roadway Plan. We got a lot of input from citizens, and they were adamantly opposed to using Araby Road/Alternate B to connect. At that time, the City Transportation Planner, the City Traffic Engineer, and I made a presentation to an ADOT Board member, who told us it was not being considered and had not been decided upon, and had not been discussed by the Board. He said no one had the authority to say a connection would go up Araby Road.

Nevertheless, the community was very upset by this, and when it came before City Council, the words "truck restricted" were placed on the map. That was by official action of the City Council passing a resolution in 1997. The same year, the City Council also approved an alternate route that we thought would be much better, as it crosses nothing but vacant sand. That land is owned by the State and the Bureau of Land Management. It doesn't abut any farms, private property, or privately owned buildings; it only touches one building, and that's owned by the State, the Fish & Game Building.

In 2002 we were required to go through the public hearing process again and redo this. Because of the State "Growing Smarter" law, we took a lot more public input. The Council reaffirmed that the road should not connect SR-195 to US-95 by Araby Road, but should use what's referred to as Alternate H, a diagonal road shown here on the upper map. This wasn't a package deal, but was done over roughly a six-month period, with a lot of public input. At the Council meeting, when the final proposal was adopted that would go before the voters, this was specifically addressed. The voters approved this by about a 60% margin.

In your packet, you will find two resolutions that were passed in January 2008 by the City Council, by overwhelming majority: one expresses no support for Alternate B and recommends that it be removed from consideration, and the second recommends that you choose Alternate H.

We are heavily dependent on agriculture in this community. It's what keeps our economy stable, and we try to do everything we can to support that. Our farm areas are spread out, and there is only one way to move farm equipment that doesn't go through heavily traveled areas: that's along this road. On this two-lane road, you'll see eight-wheel tractors mixed in with the other traffic, sometimes going both ways, and one proposal is to route traffic from SR-195 straight up this road.

Additionally, we have a brand-new high school, community center, fire station, middle school, two elementary schools, and a school consortium bus depot aligned with the first intersection North of the Interstate. About 500 school buses cross Alternate B every day.

There are three existing routes you could choose: Alternates A, B, or Fortuna Road. You can see Alternate A would require a seven-mile detour out of the traveler's way, and I think we all know what happens in that situation -- they take the path of least resistance, which is straight down the hill. I don't think Alternate A is a viable option because it simply won't work. Truckers aren't going to go seven miles out of their way.

Alternate B would destroy two subdivisions with probably 500 houses, who have no way of getting out of their own subdivisions without getting onto Araby Road. It would also adversely impact an extensive area of roughly 3000 homes to the East, plus the schools.

I understand the financial condition the State Transportation Board and ADOT are in. We know we don't have any money and won't in the near future. But we're not asking that you run out and build a freeway. We're asking that you don't adopt Alternate B, which would destroy these neighborhoods, and as an interim measure, you don't adopt Alternate A because it won't work. That leaves Fortuna Road as the only existing alternative, and ultimately, we're asking that you begin the design studies to gradually acquire the right-of-way and design Alternate H.

You have no less than 500 feet between the railroad right-of-way and the canal right-of-way and the nearest adjacent private property if you take Alternate H, with the exception of the Fish & Game Building. You can do that across completely vacant desert and not disturb anyone, and it will give you the potential of taking the same action you took on the Southern leg of it and having a controlled-access facility for long-range growth. I appreciate your letting me take the time to address this. Thank you.

CHAIRMAN SCHORR: Next speaker is Supervisor Russell McCloud.

SUPERVISOR MCCLOUD: Good morning, and again, we appreciate your being here in Yuma County today. I'm not going to insult your intelligence by trying to repeat anything Mr. Johnson said. He laid it out very well for you. As Supervisor in District 2, I represent several thousand people in this area, and all the things you've heard are true: they are very, very opposed to the Araby Road route. I would also urge you to move as quickly as possible to establish some other

route, so we in the County can do our planning so we don't encroach on any other route. We want to work with you on this, and we certainly hope you'll consider our request today. Thank you very much.

CHAIRMAN SCHORR: Tim Dunn?

TIM DUNN: Good morning. My name is Tim Dunn, and I live in one of the neighborhoods on Araby Road. I was also born and raised here in Yuma, and own a farming operation with my wife. We ship and export seed, so transportation is key to our business, using both the rail system and the freeways.

What I'm here to talk about today is the use of the roads to bring products not only from the fields to existing produce coolers and to our facilities, but getting our products out as well. I serve on the Arizona Department of Agriculture Advisory Board, appointed by the Governor, so I understand the role the Board plays and the important decisions you make, and I appreciate your service.

I'm here to talk about how I-95 connects to SR-95. As you heard on your tour yesterday, 93% of the country's lettuce comes from Yuma in the winter, so these roads are heavily used by not only trucks and tractors, but harvesting equipment and pipe trailers. Year-round, we use these roads to get from the valley West of here to the Gila Valley, which is North of I-10, to Dome Valley. This is how we get our equipment back and forth, not only farming equipment but field trucks and others.

In my opinion, Araby Road is already almost maxed out in the winter as far as traffic flow and safety concern. It's very important for agriculture because we move this equipment back and forth on a daily basis. If I'm growing produce for someone in the Gila Valley, that harvester has to be moved the next day to another farmer in the Yuma Valley. It's not just what's under our control, it's also equipment that has to be moved by outside companies. Hopefully that traffic study will show the speed, width, and type of vehicles that use Araby Road, because that's how we move our equipment around. If it's just the amount of traffic, it won't show the size and speed of the equipment going down those roads.

On a personal level, our family owns two and a half miles of the four frontage miles between Araby Road and Fortuna on one side, so we're heavily impacted by the traffic and patterns between these two roads. On a day to day basis, our equipment moves back and forth across the highway, and the traffic is already heavy from the trucks coming through Mexico. If they are coming up through I-10 it would be detrimental to our business. If you make that a limited-access highway at those points between Araby and Fortuna, it's going to be even harder to get our equipment back and forth. We really don't want that to happen.

You can't stop growth, but pushing I-95 through the Gila Valley would entice and encourage commercial building to meet the needs of those truck services that are now performed down at the Port, so we want to encourage that growth to be out on the mesa instead of the valley.

I'm not here to second-guess any decisions made by the ADOT Board in the past, but to try to assist you in developing a plan that is a win-win for local agriculture, residents, and users of I-95. Thank you.

CHAIRMAN SCHORR: Thank you. Mark Watson?

MARK WATSON: Mr. Chairman and Board, I'm going to change gears on you a bit. We're in a process of transition here in Yuma, and that process has to do with some of the roadways associated with SR-195.

Over 16 lane miles will be assumed by the City of Yuma in the coming months. However, the economy has hit us, so one part of the packets I'm passing out to you is a communication document. We're doing a lot of communication, and for the last two months, we've been in Washington, D.C., pushing a variety of projects, because we know that there will be a job stimulus package brought out by either the lame duck Congress or the new Congress under the Obama Administration, and as such, we've submitted several projects and backgrounds.

They are all in the packet, including the critical component of a project, the Interstate 8 Bridge over on 16<sup>th</sup> Street. It's the main entrance into our community, and although the State Highway designation will be taken off in another year, it will actually continue to function as a state highway, which will mean taking 45,000 cars a day through that particular junction in a small area.

I present these packets today so you know the City of Yuma will be working with the Department of Transportation in proposing that that particular project be considered a priority, and hopefully we can gain the support of that Department to assist with this critical need and element for this region. Thank you.

UNIDENTIFIED SPEAKER: I appreciate the information that Yuma has provided today. Is there a package that's coming from the MPO as part of the whole region?

MARK WATSON: We've discussed various projects with the MPO. One thing that happens in the Yuma area is our projects are very small on the five-year capital plan, and these projects are larger projects that have been assumed by the locality. We're looking at \$80 M over several years to do this project, and if there's an opportunity to defer \$20 M of that cost and use a Federal program that can assist us – it is an Interstate, a Federal highway, and there's an opportunity to engage some of those monies and free up the local government to continue to make improvements in land acquisition, widening, and design, further into the community.

CHAIRMAN SCHORR: Our next speaker is Mark Smith, and then Harold Roberts.

MARK SMITH: Good morning, Mr. Chairman and Board members. My name is Mark Smith and I'm the President of the Yuma Irrigation District. We're the irrigation district that has the responsibility and oversight of pretty much the entire agricultural area on your map here. One of our biggest concerns is the size and type of design of [the Araby Road route]. The map just indicates a line, but when new SR-195 was built, it shocked us, as it came through our valley and

we weren't sure how the operational control or logistics of our irrigation district or farming operations will continue to exist.

I realize you put roads through farmland all the time – its part of growth, and we understand that. As others have commented today, we have a very unique and dynamic agriculture in the products we provide for this country. It's a very complex industry, and timing is everything. To put in a limited-access road with access points every two miles would be very difficult for the irrigation district or the farming operations to negotiate. We're constantly getting increased food security regulations, and if a limited access highway was put through here, we would be required to build parallel roads both North and South of that highway to access all the agricultural area there.

That would cause a huge hardship for everyone, and those kinds of matters should be kept in mind. That's part of the perspective of the District and the landowners in the area, and as a farmer and landowner; I'd just like to pass on that I've been going to these meetings and hearings since this discussion started. If you had this in the evening, in a room twice the size of this one, it would be filled with people opposed to the Araby Road route.

There has been opposition since the inception of this plan, and it's been very dramatic, but it still remains on the plan. Most people are working today, but the people who are here represent the landowners, homeowners, City, and County, who have all been in opposition to it. The community is opposed to the Araby Road route for all the reasons previously stated. Thank you.

CHAIRMAN SCHORR: Thank you. Harold Roberts?

HAROLD ROBERTS: Mr. Chairman and members of the Board, I'm Harold Roberts, and I live just off Araby Road. The people of Yuma, in 2002, voiced objection to Araby Road becoming a major truck route, and I'm here once again to speak in opposition to using it as a connection between the area service highway and Highway 95. I've heard that several thousand trucks will be anticipated to use that road in the next few years. If that becomes anything like I-10 from Phoenix to Tucson, that will make it impossible for the people living on Araby Road to access their own houses and businesses.

Just in my neighborhood alone, there are five or more streets with no other outlet than Araby Road. It will be a serious safety problem for students, residents, and school buses coming from the schools, as well as AWC college students. To compound the problem of using Araby Road, there are eight stoplights between 32<sup>nd</sup> Street and 95 and Fortuna Road. There already exists a requirement for two more stoplights on that road. That'll be a total of ten stoplights. With a high volume of traffic and trucks that will be stopping at these lights, and the slow congestion, the diesel exhaust will fill up the Gila Valley. The EPA has designated diesel exhaust as carcinogenic to humans.

The area from North Araby Road East along 95 is all agricultural. Diesel exhaust contains elements that, when mixed with water, form acid rain. While we don't have a lot of rain, we do have a lot of irrigation water that would become acidic. If this kills trees, it will certainly affect our food crops. Farmers may lose production, and crops will be contaminated with fine particulate matter from the diesel exhaust that settles over the fields. Particulate matter is a nice name for carbon soot, carbon monoxide, and sulfur dioxide, just to name a few.

And that's not all. These 18-wheel trucks have 36 sets of asbestos brake shoes, and each time they stop at one of these stoplights, they're going to be grinding off asbestos fibers and asbestos dust that will be blowing through our neighborhoods and schools and across our food crops. How long do you think it will take before one of the normal food tests detects these toxic contaminants on the food? When the word gets out that Arizona's produce is contaminated with cancer-producing asbestos and diesel particulate, it will affect every farmer in the State of Arizona.

You can bet that every truck coming out of Mexico will be filled up with Mexican diesel fuel, which has a higher sulfur content, as they don't have the emissions standards that we do. This will also be polluting our area. I ask you to select a truck route with traffic-merging lanes, so they don't have to stop over and over, routed away from the residential, school, church, business, and farm areas. Alternate H meets this, along with others.

CHAIRMAN SCHORR: Thank you. Next is John Cane.

JOHN CANE: Mr. Chairman and members of the Board, thanks for the opportunity to speak. I'm John Cane, I live along Araby Road, and I'm here to voice my opposition to using Araby Road as a connection between SR-195 and US-95.

I'm going to submit a letter to my Congressmen, basically voicing my opposition. I have it hear and I'd like to read that:

"Dear Senator McCain, I am currently an active duty Lieutenant Colonel in the United States Marine Corps, who is currently the commanding officer of an Aviate-B Harrier Squad located at Marine Corps Air Station, Yuma, Arizona. During my 26-year career in the Marine Corps, I've fought for my country and served in combat on five separate occasions. Three weeks ago, I returned home to Yuma with my squadron from a seven-month combat deployment in Iraq. While I was in Iraq, fighting for the interests of my country, apparently few, if any, in the Arizona Department of Transportation or the Federal Highway Administration, were fighting for my family's interests, or the interests of thousands of other civilian and military families residing in my neighborhood.

"ADOT and the FHA are considering alignments for a proposed extension of SR-195 between I-8 and US-95, and one of the corridor alternatives being considered will direct SR-195 traffic onto Araby Road, passing directly through my residential neighborhood. I need your help removing Araby Road Corridor Alternative from the ADOT and FHA's consideration.

The Yuma Metropolitan Planning Organization estimates commercial truck traffic through the port of entry San Luis to increase to over 1200 trucks daily by the year 2015. Araby Road is currently utilized by six major residential communities, an elementary school, a junior high school, a high school, the Arizona Western College, a National Guard Armory and Community Center, a large church, and a volunteer firehouse, with multiple small businesses. Routing SR-195 to US-95 via Araby Road will subject thousands of residents and hundreds of school buses which utilize Araby Road daily to significantly greater traffic hazards.

The ADOT Engineering Environmental Study includes numerous alternatives, many of which avoid residential areas entirely. Please help the residents of my community fight for the safety of our families and the safety of our children. ADOT and FHA leadership must hear the voices of concerned Araby Road residents loud and clear: take the Araby Road Corridor Alternative off the table." Thank you.

CHAIRMAN SCHORR: Thank you.

Let me offer a parenthetical comment to all those in the audience who have like views: I'm sure that the Board is hearing you loud and clear, and I'm sure that the Board has not considered this with any degree of deafness. I was not even aware of this issue before today. So as you speak, please bear in mind that we are hearing you clearly, and we will be asking a lot of questions concerning this matter, especially Mr. Feldmeier.

I believe our next speaker was Robert Filbey?

ROBERT FILBEY: Mr. Chairman and Board members, my name is Robert Filbey, and I live just off Araby Road. I'm going to be positive for you from the standpoint of "Yes, everybody here has said they don't want this." What I'd like you to really, really consider is a look at Alternative F as the short-term solution. Look at Alternative H as the long-term solution. F could be done tomorrow if you really wanted it to. H would mean identifying a specific plan and acquiring the rights-of-way that would allow for planning and growth into that area. H does not go through farmland, as was mentioned; it only touches on State land and Federal land. That is the way to go, sir. Thank you.

CHAIRMAN SCHORR: Thank you very much. Harrison Stordahl?

HARRISON STORDAHL: Good morning, Mr. Chairman and Board members, and neighbors. I'm Harrison Stordahl and I live off Araby Road. My expertise is, I was a U.S. Customs Inspector at every cargo port on the Southern border between San Diego and San Luis, and I know the conditions of the trucks we're considering allowing to use our highways, and already do in many cases.

The chemical condition of most of them is poor. There are no restrictions that are overseen by ADOT; I don't see those trucks getting pulled over for having bad brakes, insurance, or drivers without commercial drivers' licenses like the ones the U.S. requires. I don't have anything to say here that hasn't already been said. I'd just like to reiterate that you adopt Alternative H. Thank you very much.

CHAIRMAN SCHORR: Thank you very much. Jeff Tripp?

JEFF TRIPP: Good morning, Chairman Schorr and members of the Board. My name is Jeff Tripp, and I'm representing the Arizona Airports Association. On behalf of our Board of Directors and our general membership, I'd like to express our sincere appreciation to the Transportation Board and the Aeronautics Department for allowing our organization to work with you on the Fiscal Year 2009 State Aviation Program.

Barclay Dick and staff have been extremely helpful as we've discussed potential alternatives to the funding and maintenance of the State aviation program. Although the current financial outlook is grim, we believe we may be able to maintain an aviation program that will yield maximum benefits to the State's aviation system and the communities we all serve.

We'd like to remind the Board that the monies that comprise the State Aviation Fund are generated solely by users of the aviation system: pilots, aircraft owners and operators, passengers, and airport users. It is incumbent upon all of us to continue to work together with the State Legislature to ensure that the aviation program remains solvent, that it maximizes its economic potential by providing matching funds to the Federal Aviation Grants, and finally that it is used for its intended purpose, that being the development, growth, and maintenance of the State airport system.

Arizona's airports not only provide transportation to Ms of people annually, but provide economic benefits measured in the billions of dollars to the State's economy. This includes the planning, design, and construction of aviation-related safety, security, and capital improvement projects. Thank you for the opportunity to address the Board and for your continued support of the State aviation program. We look forward to speaking with you at your December meeting.

CHAIRMAN SCHORR: Thank you. Suzi Israel?

SUZI ISRAEL: Hi, Chairman Schorr and members of the State Board, I'm Suzi Israel, and I'm pleased to be here today. I appreciate all you do as volunteers. I can't believe you do this once a month; you're to be congratulated. I'm a volunteer in my neighborhood. I live on Telegraph Street and I'm the secretary of the neighborhood association. I've lived in Yuma for 40 years and I'm passionate about Yuma and Arizona; I wouldn't live anywhere else.

Araby Road is very special, and the Gila Valley farmland is like nothing else. In 1996, Planning & Zoning Joint Land Use declared that there is a law protecting agriculture and farming. The Gila Valley is where lettuce is grown, and it cannot be grown on the mesa. Getting in and out of our neighborhood is a nightmare at times, especially in the winter. We love the farming vehicles, and they belong there, but as we're trying to get into our own neighborhoods and the big trucks come along, it's frightening. Thankfully, we now have some turning lanes.

Alternative H will be a gradual alignment along the railroad, and will connect with Fortuna beyond the college. We have 12 or more schools, from pre-K to grade 20, so we're an educational and residential area, and we need to have controlled traffic with these heavy trucks. To move them beyond Fortuna also saves 95 where AWC has to access left turns. Thank you so much.

CHAIRMAN SCHORR: Thank you. Jason Moyes?

JASON MOYES: Good morning, Councilmen and members of the Board, my name is Jason Moyes and I'm here as general counsel for the Yuma Irrigation District. You've already heard the concerns regarding irrigation, agriculture, schools, and residential safety, but I'd like to reiterate from the Irrigation District's perspective the importance of choosing, if necessary for a temporary route, Alternate F to Fortuna, and ultimately pursuing the long-term route of Alternate

H. For the District to have extensive maintenance and water delivery responsibilities, either of the Alternates, A or B, that go through the Irrigation District would absolutely be crippling to our operations, as well as all the other concerns that have been voiced by the various community members here today . Thank you.

CHAIRMAN SCHORR: Thank you. Cody Beeson?

COUNCILMEMBER CODY BEESON: Good morning, Mr. Chairman and members of the Board. Again, I'd like to thank you for holding your meeting in Yuma. It's great to be here and to have our community come out and voice their opinions to you. My reason for being here is to voice their opinion as a Councilmember. I was elected to the Yuma City Council just over a year ago, and since that time I've heard the outcry of the community about Araby Road and what was called Route 5 at the time. I represent constituents that live, work, and raise families in the area that could connect the area service highway to US-95.

The City Council passed Resolution 2008-04, which was nothing more than the City of Yuma voicing their position against Araby Road connecting to the service highway. If it is picked, it will impact those communities and neighborhoods, and I think you understand that and we all know what would happen. We also understand the relief the neighborhood would feel if Araby Road were removed from the list of options.

So today, as I said, I'd like to represent the community that elected me, and let you know that using Araby Road would seriously harm this community. Please look over it and talk about it at your upcoming meetings, and keep us in mind. We would appreciate that.

CHAIRMAN SCHORR: Thank you very much. Our last speaker is Matt Smith.

MATT SMITH: Mr. Chairman and members of the Board, thank you very much. My name is Matt Smith, and I'm Operations Director of the Yuma County Airport Authority. Despite the bad news that we've all had about the funding, we would like to voice our support of Barclay Dick and his staff for doing their best to come up with a solution.

We also have some very good news in the sense that the airport is still growing and we have plans to move on. Currently, we have out to bid a 15,000 square foot hangar project that we've financed through the First Bank of Yuma. That should be coming to fruition very soon. It's the first step in a large defense contracting complex we're building, which will hopefully provide many well-paying jobs to the community.

In 2012, the Marine Corps Air Station in Yuma is going to be the first installation in Arizona to receive the new Joint Strike Fighter. We've predicated most of our growth at the airport based on the Marines receiving this fighter, and we hope to attract those defense contractors working on the Joint Strike Fighter Project and others who are involved at Yuma proving grounds to set up shop down at the Yuma County Airport Authority on some of our vacant land.

Hopefully they will provide jobs that will benefit the community quite a bit. I think we're talking at least a couple hundred jobs, and jobs of this sort with defense contractors generally pay at a starting rate of roughly \$50,000 a year. As you can imagine, that would do wonders for the town.

Obviously we have some serious infrastructure needs, which generally come through FAA and ADOT funding. We understand the problems that exist, but we thank you for keeping us in mind, and we appreciate all your efforts. Thank you.

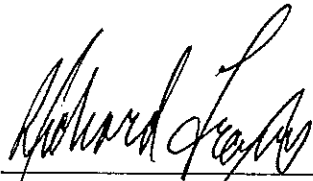
CHAIRMAN SCHORR: Thank you, that wraps up our Call to the Audience.

Before we have a motion to adjourn, let me again express our thanks for being here. I've been driving through Yuma for over 50 years now on my way from Tucson to San Diego, and I've really never understood what makes Yuma tick, but I think we've gotten a very good lesson in what goes on here. You've also made a very strong and compelling position about the proposal you've had to live with, and I know that the Board and staff will take all these comments into very serious consideration. If they don't, I will, believe me.

[Motion to adjourn, moved and duly seconded. Board is adjourned.]

A handwritten signature in black ink, appearing to read "SI SCHORR", written over a horizontal line.

SI SCHORR, Chairman  
State Transportation Board

A handwritten signature in black ink, appearing to read "Richard Travis", written over a horizontal line.

RICHARD TRAVIS, Deputy Director  
Arizona Department of Transportation