

**MINUTES OF A SPECIAL MEETING OF THE
ARIZONA STATE TRANSPORTATION BOARD
10:00 a.m., Tuesday, March 3, 2009
Arizona Department of Transportation (ADOT) Auditorium
206 S. 17th Avenue
Phoenix, AZ 85007**

CHAIRMAN HOUSEHOLDER: We'd like to welcome everyone to our meeting today. We'll open with the Pledge, led by Victor Flores. [The Pledge of Allegiance is recited.]

CHAIRMAN HOUSEHOLDER: Thank you, Victor. It's good to see everyone out here. I guess we've raised some interest in how the Economic Recovery funds will be used, and we appreciate your attendance. I'd also like to thank the Staff who has worked overtime in preparation for today's meeting. We appreciate all their hard work. First we'll have the Call to the Audience. Larry Nelson, Mayor of Yuma?

LARRY NELSON: Chairman Householder, members of the Board, thank you very much for the opportunity to be here today. I've read a great deal recently regarding what you all have faced, and I think you're doing the right thing. I think it's important for the rest of the State to understand that there are some important projects that go on outside the Maricopa County area. I'd like to talk briefly about the three projects that were submitted from the City of Yuma.

Our number one project is actually a State Highway, and it's a turn back, in which an area service highway will be turned back to us in the proper operating condition. While it is not in the necessary condition, we have agreed to take it back. We're in the process now of widening that highway and the widening portion alone cost nearly \$20 M. The right-of-way was almost three times that amount.

The second one is another State Highway that was turned back to us. It happens to be the major roadway to the Marine Corps Air Station. It's where all the ammunition goes into that station, which is the busiest base in the U.S. Navy. I might add that 75% of the U.S. and Canada's table crop travels down that same two-lane road. The third project was to relocate the major traffic on that road half a mile farther east for the military. The Marine Corps requested that we do most of that, and it's in our plans.

I know the high unemployment rate has been discussed in the newspapers, but let me share with you that the City of Yuma has the highest unemployment rate not only in the State, but in the nation. When you consider all these factors, I think what you have done, as a Board, is admirable, and I applaud you for your decisions. I think it took a lot of backbone to do it. On behalf of rural Arizona, thank you.

CHAIRMAN HOUSEHOLDER: Thank you, Mayor Nelson. I've left one thing out – Mary, would you please call the roll?

MARY CURRIE: Chairman Householder, Bob Montoya, Bill Feldmeier, Felipe Zubia, Bobbie Lundstrom, Victor Flores, Si Schorr [all present].

CHAIRMAN HOUSEHOLDER: Thank you, Mary. Next is Manny Ruiz, County Supervisor of Nogales.

MANNY RUIZ: Good morning, Mr. Chairman and members of the Board. We thought this was a sufficiently important issue to get up early this morning to be here. With everything that's occurred in the State, the sweeping of HURF funds has made it almost impossible for us to have any type of long-term planning for infrastructure projects in our community.

I believe the recovery and stimulus package should be distributed according to the Casa Grande Accord. I believe all the communities throughout the State should benefit if we have these projects ready. We're not able to have any long-term planning because we don't know what will happen from one year to the next, and I'd like to thank this Board for listening to rural Arizona and making a very hard decision. While we understand that Maricopa is the center of attention for Arizona, it isn't the center of attention for rural Arizona.

We have two ports of entry, through which come several million dollars worth of produce and manufacturing. I believe some of the recovery and stimulus money should go to help us improve our infrastructure in our community. There are projects we're working on with Federal Staff as well, and I hope as they come online we can benefit from what the Federal government is going to send to the State of Arizona. I hope that as you deliberate today, you consider keeping the funding formula intact for rural Arizona. Thank you very much for your service to the State. We look forward to a positive decision toward rural Arizona.

CHAIRMAN HOUSEHOLDER: Thank you, Manny. Next is Mark Clark, Public Works Director.

MARK CLARK: Thank you, and good morning, Board and Staff. I'd also like to congratulate new ADOT Director John Halikowski. My name is Mark Clark, and I'm representing Lake Havasu City, a community of 55,000 people in rural Arizona. I think eventually we'll come up with a better name for the part of the State outside the metropolitan Tucson and Phoenix areas, because we're really not rural anymore. "Rural Arizona" is made up of Yuma, Flagstaff, Prescott Valley, Lake Havasu City – Mojave County has a population of about 140,000 in its cities, not just the County itself. "Rural Arizona" really doesn't convey a proper tone.

I've been an informal observer of this Board for over 25 years. I hired on with ADOT in 1984, spent 10 years with ADOT, and then worked with Lake Havasu City for years. This Board has done a great job of balancing the transportation needs of all Arizona, and I hope that you will continue that effort, because it's a transportation system that really needs to function as a system.

Just as I left my home early to get down here today, the residents of Phoenix and Tucson will leave their cities on the weekends and drive to the Grand Canyon, Las Vegas, Los Angeles – it's a transportation network, and really needs to function that way.

We've been affected, as everyone else has, by sweeps of HURF funds and exchanges with ADOT programs, so the stimulus package is an important aspect of the development of the entire State. Again, I urge you to use the Casa Grande Accord as your basis to start, and then listen to your transportation professionals. They'll let you know, in conjunction with your own expertise, how to balance the system needs. If you start with that and make choices based on project availability, scheduling, and needs as a system, I think you'll make the best decisions for the State of Arizona, and those of us in the outlying areas appreciate it. Thank you.

CHAIRMAN HOUSEHOLDER: Thank you, Mark. Next is Steve Stratton, Director of Public Works for Gila County.

STEVE STRATTON: Thank you, Mr. Chairman and members of the Board. I'm here representing Gila County. I've followed the Transportation Board's work for many years, and lobbied this and previous Boards, individually, for projects in Gila County. I've also deferred projects in Gila County and recommended projects outside it.

At this time we're not asking for any of the STAN money, and I'm not here to lobby for any particular project. I'm here to ask that you do what's right: follow the Casa Grande Accord, and let rural Arizona have its share. If you follow that Accord the money will be distributed equally and fairly. Thank you for your time.

CHAIRMAN HOUSEHOLDER: Thank you, Steve. Margie Beach, Communications Director?

MARGIE BEACH: Mr. Chairman, and members of the Board, I'm Margie Beach, with the Salt River Materials Group. I'm here representing the company, and especially the Phoenix Cement Plant in Clarkdale, Arizona. We're planning an expansion of the plant, which will cost around \$400 M, sometime in the next five to ten years, and in order to expand the plant, which now has a production capacity of 1.2 M pounds annually, we have to have a reliable way to get our product out to market. Right now our road system doesn't give us the capacity to add more trucks. We really need you to stand up for keeping money in rural Arizona. Thank you.

CHAIRMAN HOUSEHOLDER: Thank you, Margie. Gayle Mabery, from the Town of Clarkdale?

GAYLE MABERY: Good morning, Mr. Chairman and members of the Board. I'm the Town Manager for the Town of Clarkdale, and here representing our Town Council today. They were unable to attend, but wanted to be sure Clarkdale was represented at this morning's meeting.

For those of you who don't know, Clarkdale is a small community of about 4000 people in Yavapai County. We're at the Northern tip of the Sun Corridor. As much as we may consider ourselves rural, we know that the impacts of our area are a concern for the whole State. I wanted to encourage you all that the money we're talking about is ARRA money. It's money that recognizes that all of America is hurting. It's not urban or rural money – it's meant to spur the economy all over this country. I can tell you that no matter whether it's a rural or an urban area, this means a lot to our communities.

As a small example, the Clarkdale community is not anticipating receiving any funds from this, although of course we're hopeful that we might. But I can give you a very specific example of a project going on in Clarkdale and the direct benefit it has for small communities.

We're just finishing up a project this month, the 80-90 Improvement Project. It's relatively small in comparison to a lot of the projects that go on in the State – it's about a \$12 M project. I can tell you that Clarkdale will see \$80,000 in sales tax revenue. That seems like a small amount of money, but in a town like Clarkdale, where we cut our staffing levels by 10% effective this January 1, that \$80,000 has made a huge difference in our budget this year. I know the direct effects it can have for small communities all over the State.

I would encourage you to stand strong and use the Casa Grande Accord as a model for distribution of these funds. I think Arizona has a real leg up in the fact that this model was developed at a time when passions weren't very high, and was developed with broad stakeholder involvement. It's a process that is fair all across Arizona, and I'd encourage the Board to stay with that principle, which is important for the entire State. Thank you very much.

CHAIRMAN HOUSEHOLDER: Thank you. Chris Bridges, from Prescott?

CHRIS BRIDGES: Mr. Chairman and members of the Board, I'm Chris Bridges, Transportation Planner for Yavapai County. I'd like to thank the Board for taking the needs of rural Arizona into consideration.

There are two points I'd like to make prior to going into the arrangement of projects here. One is, in reading the stimulus bill, funds are prioritized [unintelligible] projects projected for completion within three years in or [unintelligible] economically distressed areas. From the information I've found on the FHWA website, the MAG and PAG regions are not economically distressed. That may not be true for everyone who lives in those areas, but the rest of Arizona meets that classification.

Two – from other information on the FHWA website, I've found 10,000 more rural land miles than urban land miles on the State system. To put that in perspective, you can drive from Phoenix to New York, round trip, twice, in that distance. These rural miles don't just serve rural Arizona, they serve the entire State. They're very important for our economic development, including the movement of people, goods, and services. It benefits everyone. We're not asking for anything unreasonable, we're just asking for our fair share. Thank you.

CHAIRMAN HOUSEHOLDER: Thank you, Chris. Next is Jack Husted.

JACK HUSTED: Thank you, Mr. Chairman. I just want to say that before 2000, I was a Board member. We traveled the State and learned a lot. Over the years, the Transportation Board has learned unlike almost any other group in the State. The legislators are elected to represent a particular area, and Staff has particular jobs, but you're unique – you're tasked with going around the State to listen to public testimony like this, and see the statewide need.

I was there when you voted, in Bullhead City, to use the Casa Grande Accords, although Staff had come up with something else, which was less palatable to some of us. Hang in there with your decision. You've learned to have a unique perspective. I think we need to redraft this – I read in the *Arizona Republic* that "the rest of it" is going to go to the rural areas. It goes to the State Transportation System outside the metro area to fill a statewide need. It's not going to particular towns, but to the statewide system that aids the goods and services and recreation of the State of Arizona. It needs to be in good shape.

We're not asking for new lane miles, we're asking for a serviceable statewide system. We can argue whether or not it's serviceable. I applaud your decision and let's reframe the argument so we take responsibility for a statewide system.

CHAIRMAN HOUSEHOLDER: Thank you, Jack. Jodi Rooney?

JODI ROONEY: Jodi Rooney, Administrator of the Central Yavapai Metropolitan Planning Organization in the Prescott urbanized area. Mr. Chairman and Board, Director Halikowski, thank you for giving us the opportunity to speak to you today.

I sat at the Board meeting last month in Bullhead City, and saw something occur through the lead of Board members that I appreciate for taking the charge. I also saw Board Member Montoya come forward, and Chairman Householder, to say, "this is what we need to do." I know that Board members have taken a lot of time to research these issues, and I appreciate that you're going to look at the network system.

I agree that there is not so much an issue of "rural" and "urban" anymore – it's like a sandwich here. There are emerging cities that are growing in population, and because of that, we're having to do business and look at things differently. This Board looked at doing business differently, and I thank you for doing the right thing at a time such as this.

CHAIRMAN HOUSEHOLDER: Thank you, Jodi. Bill Leister, from Globe?

BILL LEISTER: Thank you, Mr. Chairman. I'll be very brief. I wanted to thank you personally for the people of the CAAG region for your decision last month in Bullhead City. I totally agree with it, and I think we lose track, sometimes, of the fact that this isn't gas tax or sales tax funds, it's economic stimulus funds, and they're needed in rural Arizona as much as, if not more than, it's needed in urban Arizona. Again, thank you very much.

CHAIRMAN HOUSEHOLDER: Thank you, Bill. Russell Bowers, from Phoenix?

RUSSELL BOWERS: Mr. Chairman and members of the Board, I'm Rusty Bowers from the Arizona Rock Products Association. We have members all across the State in the aggregates industry, cement production, asphalt, and other associated industries, and we would like to thank you for your view of a statewide system.

We represent people who specialize more in resurfacing than total road reconstruction. Of course, that's about bringing people into a breadth of new jobs and continuing jobs, but having lived here all my life, I've been all over these roads, as my family was before me. I'm grateful for the Board's exercising an amount of independence. Our members live everywhere and recreate everywhere. We're not just a Phoenix and Maricopa County group – they may be the central powerhouse of the State, but they are not the State alone. We appreciate the breadth of your concerns across the State.

I'd also like to thank you specifically for the work on 60. You do good work, and the companies that you hire and that our products go into do good work. Thank you.

CHAIRMAN HOUSEHOLDER: Thank you, we appreciate that.

ANDY GUNNING: Thank you, Mr. Chairman and members of the Board. I appreciate the opportunity, and the really difficult job you all have in the face of the State's tremendous needs.

There are two issues in particular I wanted to bring up about PAG and [unintelligible] Pima County. One deals specifically with a project on the State list of projects being discussed today – I-10 Marsh Station Road. I think there's a slight disconnect between what our regional council has prioritized as a high-priority need in Pima County and what we're seeing as far as recommendations outside. I spoke with Mr. Schorr this morning. This project on I-10 is one that

PAG has supported in the past, even when it was technically outside our District. It's on our list of recommended stimulus projects. It's also on the State system, with a cost of about \$2 M. As I understand it this morning, the recommendation may be that it's more of an \$18 M project, and I think there's a disconnect or lack of communication there.

The second issue I wanted to mention has to do with the suballocation portion of funding that goes to local jurisdictions. I want to make sure it's understood that within Pima County, we have a large area that's within the urbanized area, and that's where funds allocated to the recovery plan can go to projects. But we also have a huge population and land area outside the urbanized area, which includes some of the fastest-growing parts of the State. As we understand it, these areas would be completely ineligible for any projects that might be considered, although they have tremendous infrastructure needs.

I know in the past you've had a long-standing agreement of how the money is distributed, and I recognize that within Pima and Maricopa Counties, we've got large areas outside the urbanized areas. I just want to make sure that in some ways we'll be able to [unintelligible] in that situation. I heard mention of distressed areas in Arizona. The tribal areas that we take care of within the PAG region, again, are outside the urbanized area and would be completely ineligible for any support, although they're listed in the projects we've submitted for potential support. We appreciate any potential consideration you could provide for us. Thank you.

CHAIRMAN HOUSEHOLDER: Thank you, Andy. I have a letter here from Mayor John Salem of Kingman. Mary, would you read it, please?

MARY CURRIE: Mr. Chairman, the letter reads as follows:

"On behalf of the Tri-City Council of Mojave County, I'd like to thank each of you for keeping rural Arizona at the table during your discussion, at the February 20 meeting, of how to distribute the \$350 M for much-needed highway projects across our great State. I urge you to distribute stimulus funds impartially between Metro- and rural area Arizona, using the Casa Grande resolves.

"While the metropolitan areas may have a greater population, rural Arizona has a large land mass and the majority of highway and Interstate miles to maintain. Rural areas, such as Kingman, are tremendously impacted by traffic. This was a result of the NAFTA Corridor for the movement of goods and produce throughout the State. The roadways in rural Arizona act as the main thoroughfare for business and recreational travel between Arizona and the surrounding States.

"Arizona metropolitan areas depend heavily on rural roads and highways, as virtually everything is either trucked or railed into the Metro region. Additionally, many Arizona metropolitan workers live and enjoy recreation in rural Arizona, contributing to the deterioration of rural infrastructure.

"Relying purely on population to distribute discretionary funding, as directed by the STAN formula, will not address system-wide needs, and will ultimately result in statewide infrastructure deficiencies that will impact rural and metro areas alike. For instance, virtually no one lives near Interstate 10, between Buckeye and Quartzsite (almost the entire distance between the Phoenix Metro area and the California border) yet funding to improve and maintain that length of Interstate 10 counts against the rural population's allocation of highway funding. All the population along Interstate 40 is considered rural, yet rural residents seldom use the Interstate

for transportation within their area. However, funding to improve and maintain Interstate 40 counts against the rural population allocation of highway funding.

“At your February 20 meeting, you voted unanimously to use the Casa Grande Resolves. I thank you for your vote. Unlike the development of the STAN formula, the Casa Grande Resolves was a collaborative agreement. It is the most equitable way to distribute stimulus funds for the numerous transportation needs of Arizona’s three major regions.

“Thank you for your consideration. Respectfully, John Salem, Mayor, City of Kingman, and member, Tri-City Council.”

CHAIRMAN HOUSEHOLDER: Thank you, Mary. Would anyone else like to address the Board at this time?

DENNIS SMITH: Mr. Chairman, I’m the Executive Director of the Maricopa Association of Governments.

I’d like to start off with what I believe has been a very positive relationship with this Board since 1985, building one of the best freeway systems in the U.S. That happened because the citizens of Maricopa County taxed themselves in 1985 and then renewed that tax. What’s very interesting about the tax is when we first did it in 1985, it was only on new routes, not on any Federal Interstate System. That system is so lacking in this area that when we did our new regional transportation plan, we changed that with ADOT and are now investing a half-cent sales tax, paid for by Maricopa County, on the Federal system. That’s pretty unique in the U.S.

I’ve heard many comments here today about the Casa Grande Accord. I was actually in Casa Grande, and that resolve never set a formula. It said there would be a process and we’ll all work together and drive the planning process from the regions to the State. It then set a Resource Allocation Advisory Committee, called RAAC, of which I’m a member. I can tell you the decision that’s being talked about here today never came to that RAAC. The RAAC formula has never been used, since its establishment, for a single source of funds. So it’s actually an inappropriate use of the RAAC formula. That had a mixture of funds in order for people to get their fair share. So following the Casa Grande Accord resolves is a departure from any practice ADOT has done in the past.

You may be asking why your Staff made the recommendation that was different from what you follow. One of the issues that came up here was STAN money. I realize this is controversial. Here’s the rub: we had two projects, I-17 North and I-10 West that were a benefit to this entire State. I-10 is a major transcontinental freight route, and I-17 North connects I-40 and I-10. Those projects were ready to bid at ADOT this past October. MAG was not informed that those projects weren’t proceeding until January. Had we been told, we could have come back to the Board to make those projects ready, but we weren’t told in time.

We ended up being a donor to help the State budget. That’s a good thing, because the State is in deep financial trouble. Our understanding was we weren’t going to be penalized by [unintelligible], but would be made whole when the Federal funding came. If we follow what you’re talking about here today, \$131 M less \$74 M out for those two projects, I think this gets down to fundamental unfairness. We’ve been playing ball by the RAAC formula that everyone’s talked about here for a long time, and we think it’s a good formula, but that’s not the issue. We just believe it’s inappropriate to use funds this way, and funds have never been used this way before.

Regardless of what happens here today, we have a freeway program that still needs to be constructed in Maricopa County. It's going to take our work and yours. We now have, in Maricopa County, a \$6 B hole in that freeway, which is a combination of Federal funds and sales tax funds. So when people look at Maricopa County and believe we're flush with cash, that's not the case. We're putting our sales tax on the Federal Interstate System to help the entire State. We're looking for fundamental fairness from this Board today.

CHAIRMAN HOUSEHOLDER: Would anybody else like to address the Board? I'll entertain a motion to have an Executive Session.

JOE ACOSTA: Let there be a brief note of the subject of the Executive Session – I believe its Item 1 on the agenda, but it's unclear what the subject is. Also, my understanding is that you may feel it's appropriate to have the Secretary for the Board, and the Director, present at that meeting, so amending that **motion** might be helpful.

SI SCHORR: I'd like to include, within the scope of that discussion in the Executive Session, a discussion of what transpired at our last Board meeting.

CHAIRMAN HOUSEHOLDER: I think what you're referring to, Si, is the motion you made the motion to go ahead. It was a very close decision that we were going to use the Casa Grande Accord and put another \$80 M back in the STAN money that went to I-10 and I-17. Si made the motion that we would leave the \$80 M out and go with the Casa Grande Accord – is that right, Si?

SI SCHORR: That's correct. In addition, there was a larger amount of money being considered at the time, and some question has arisen as to what action the Board took with respect to the total amount of money that was under consideration. I want the Board to discuss that and I'd like to be advised of the ramifications of what took place at our last meeting.

BOBBIE LUNDSTROM: May we also have John McGee present, as Financial Director?

CHAIRMAN HOUSEHOLDER: Is that all right?

JOE ACOSTA: I'd like us to keep in mind that the purpose of an Executive Session is to obtain legal advice. So to the extent that the Board feels the presence of Mr. McGee is necessary for that purpose, the Board could so move.

CHAIRMAN HOUSEHOLDER: I believe one Board member said it would be necessary to keep him here.

Do I have a **motion** to that effect, Bob?

BOB MONTOYA: So moved.

CHAIRMAN HOUSEHOLDER: Second? Bobbie?

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

FOLLOWING the EXECUTIVE SESSION:

ITEM 1: Prioritizing highway projects for the use of funds allocated to the Board under the American Recover and Reinvestment Act – 2009.

CHAIRMAN HOUSEHOLDER: I'll call the meeting back to order. There were some questions about how the money should be split, and we all had different ideas. We finally came to a decision we all agree on: 50% will go to rural Arizona, 37% will go to MAG, and 13% will go to PAG. We'll now hear from Floyd Roehrich.

SI SCHORR: Mr. Chairman, before we move on, I'd like to readdress what you just said, as I had a slightly different take on it. In my thinking, we reaffirmed the action taken. I think we should state that for the record.

CHAIRMAN HOUSEHOLDER: Could you repeat that?

BOB MONTOYA: Mr. Chairman, Mr. Halikowski, before we go through the list, there is some very important information that should be disclosed or discussed so the public understands what the stimulus funds are intended to do, and what are some of the Federal guidelines we've been asked to adhere to. If you would please address those so it's clear, before we work through the list?

JOHN HALIKOWSKI: Mr. Chairman, Mr. Montoya, certainly, and that's the first part of the presentation that Mr. Roehrich can begin. If we could go ahead and open up presentation.

There are a couple of major issues happening with the ARRA. One is the apportionment from FHWA of sub funds that we talked about. We're expecting to get those numbers today, but as of last night we still did not see those. The other issue is economically distressed areas. The Federal Highway Administration showed Arizona in relation to all the States. As you can see by the FHWA map, Coconino, Maricopa, and Pima Counties are not in economically distressed areas, according to them. In essence, the Federal law charged us with speeding projects out the door, but also with prioritizing projects within economically distressed areas.

I want to avoid confusion: the bill doesn't require us to list projects solely from economically distressed areas, but it does require us to consider those areas for prioritization. The bill's definition of an "economically distressed area" refers back to public law, and we'll have more detail on that shortly. In our discussions previously with FHWA, it seemed that this was more of a question of an overriding issue; however, last Thursday, once they put the map up on their website, we began having discussions, as have other States, like Texas, on how we are going to prioritize those areas. I'd like to point out that the map has some relatively outdated economic information. We believe some of it, such as the three counties not considered distressed, is in error, as its two or three years old. But it's the only piece of information we've got as a starting point for the moment.

This means it will be somewhat difficult to prioritize projects in these areas when the website indicates that over half the projects we will show you are located in the three counties that do not qualify under the Federal rule as economically distressed. The projects in the other counties, shown in red, clearly meet the criteria. As a reminder, the ARRA criteria directed us to prioritize projects that can go out within two years. Obviously that will be an issue, along with

economically distressed areas, and these two goals will have to be worked out. So the ready-to-go criteria have been discussed, but the economically distressed criteria were received later on.

In general, Federal law says a project must be located in an area with one or more of the following: a low per capita income, unemployment rate average, and others economic adjustment problems. The boundaries of the area, as discussed, don't necessarily limit us to County lines. That's what the FHWA uses, but obviously you could use smaller areas that would be eligible for assistance.

I just want you to know that, as I met with Mr. Smith and Mr. Hayes from the Maricopa Association of Governments and Pima Association of Governments yesterday, we're committed to working this out. Everyone must understand that other than the map, we don't have a lot of guidance from FHWA as to what areas are economically distressed in those three counties. There are areas in there that qualify, but the law seems fairly clear that the project must be in that particular area. What we'll have to work out for prioritization purposes is exactly what those criteria are before we can certify projects as ready. Otherwise we might get those projects returned to us as not meeting certification requirements. Before we get into the actual projects, are there any questions on the economically distressed area issue?

VICTOR FLORES: With regard to projects being "bounced back," until you've used up, based on the dollar amount of projects that are within a particular region, they don't go anywhere else, right? If it's determined that there are projects in, for example, the MAG region, and we accept the priority list as submitted, and some of them "bounce off", we keep moving down the list, assuming that they meet the criteria of shovel-ready or other considerations.

JOHN HALIKOWSKI: We will work diligently with the people in those three counties to ensure that if, for some reason, a project on the list doesn't qualify; we'll work through the list. As I said, those projects do have to be in the areas Transportation approved for the plan to be considered ready-to-go.

CHAIRMAN HOUSEHOLDER: Any other questions for John?

FLOYD ROEHRICH: What I'd like to do is go through the project listing. Some background on the approaches as we did as staff and present the list as we have defined it to meet what we think is the original intent of the ARRA, and then I'll take any questions or direction from the Board.

I'd like to remind everyone that in previous Board action, the board did action that the funding that we identified of about \$350 M to be distributed. Between MAG, PAG, and the 13 additional counties, the percentage is what Chairman Householder has previously stated. These are the dollar amounts that we're working with between the three regions, and again, this is a baseline for moving forward.

The next thing I'd like to talk about is that we've approached, from Staff level, prioritization of this project. We took into account the guidance from the Board provided in their study session, and their comments. We did consultation with ADOT leaders, District Engineers, and group managers, as well as consultation with the in-field employees, to take in their input in prioritizing. We balanced that with our evaluation of the project, and continued to look at these factors. I'd like to point out that geographically, the new, relatively little-discussed issue of economically distressed areas – we took some measure of looking at a distribution dependent

upon everyone having the same number of projects that meet shovel-ready standards, but that wasn't the case. But to look at an equitable distribution geographically, it identifies project needs around the state, specifically targeting those rural counties as identified in the preliminary map that was presented, and will be discussed further as we work with the FHWA themselves to address the MAG, PAG, and 13 county regions to ensure that we're in compliance with the law.

In the meantime, I've looked at a project list that shows distribution around the state, and I'll get to that shortly as well. Another thing I'd like to point out is we looked at a system to give a project balance, not only to new construction, especially in the urban areas, where we've got the greater congestion need and bottleneck areas, but system preservation and rehabilitation around the state, where we look at existing infrastructure that's deteriorating and get some priority to reinvest back into Arizona. So you see the percentages there. You get a good balance of these types of projects, and again, we balanced this off with consideration for projects that will add a safety element to the system as well.

With that, I'd like to start with the 13 other counties. This is a graphic representation of the distribution of projects around the state, so you can get a feel for the types of projects and where they're distributed. I want to quickly run through the projects. I don't want to through the whole list, but I'd like to point out that with the funding available to the 13 other counties, 50% or \$172 M, we identified 27 projects, with a number of these being pavement preservation, road widening, congestion relief, or safety, such as bringing in shoulders or additional capacity. You'll see some issues listed with strip seals and slurry seals, to try to preserve the existing infrastructure and extend the pavement life.

The entire list of 27 projects shows a distribution of about \$175 M through these 27 projects. Here's a County distribution. Specifically in Coconino County, there's one project that may not count as economically depressed; it accounts for about \$20 M.

What we're asking is, when we get to the point of adopting these projects, the rest of the projects we've identified as shovel-ready have been prioritized as well. I'll ask that, for the Board's consideration, we prioritize the projects not just to match the current funding we have, but to prioritize the entire list. There are a couple of reasons for that. One is, when we start receiving bids for these projects or constructing them, if there are excess funds left at the end of construction, we want to immediately take those funds and move down the list, continuing to bring projects forward that haven't been funded to this level. If we don't do this, we may have to come back and re-prioritize the whole list again, and may have to do that in a couple of different iterations.

As you look through the list, you'll see that I've prioritized every project on the list, and I'm asking you to adopt that and we'll continue to move projects forward. Secondly, we shouldn't just use existing funds, but give us a priority to start using these projects that aren't funding to continue to go after discretionary grant funds that are part of the bill, or funds that might come due if other States aren't able to use their obligatory funds. This means if we get additional funds, we can immediately apply them to projects and keep getting work into the State and the communities.

After the 27 projects in the 13 other counties, we continue to have a list prioritized through with 77 projects. The total list cost would be \$102 M. Moving forward into the MAG area, here's a quick graphic to show distribution within this region. Their project list has identified their top priorities. In this list, we're looking at extending I-10 and I-17 improvements, as well as lightings

along Grant Avenue and improvements on widening the Beauty Hills/Beardsley connector on 101. Again, these include bottleneck areas that require an expansion of the existing system to address the needs of the area.

The one project that has been struck through on the list was a project that we coordinated with the MAG; it's on their prioritized list, but as we've evaluated it and conferred with the Federal Highway Administration, we feel that project will meet neither of the criteria, shovel-ready or economically distressed. There will be about \$100 M for these five projects. As we continue and prioritize the rest of the projects, there are a number of improvements, including pavement preservation and capacity. These are about 24 projects and would take about \$234 M.

Finally, in the PAG region, here's a quick representation of their distribution. Their project list is the first eight that we think we can get prioritized. Again, it's roughly \$60 M, and it's system preservation and a number of safety items, such as roadway widening on 86, improvements on I-10 at Marsh Station TI, and others. That gets us to the \$46 M level, but again, we've prioritized the rest of their projects, which would take about \$175 M. Again, as funding becomes available or those projects develop, we'll continue down the list.

That's the project list. I'll now leave it up to the Board to ask questions or determine if this mixture sounds reasonable, or if there are other considerations you'd like Staff to take into account.

SI SCHORR: I have some generic questions, Mr. Chairman. First, on the lists you provide, I noted in the case of the PAG region that the list is not the same as the list that's been approved by the PAG Regional Council. Have you discussed this with the PAG Regional Director, and likewise, have you discussed the MAG list with their regional director, and the other counties as well?

FLOYD ROEHRICH: Specifically to MAG and PAG, we have talked to them about some of the differences as part of taking their recommendations along with ours to pull this list together and evaluate it to ensure it meets the shovel-ready criterion. That is why some of those projects have varied from the regional list – we could not agree that they meet the shovel ready criteria we have put together in evaluating this list.. To the rest of the MPOs and COGs yes, information has been shared, but I can't answer as to how much of that has come back. I personally have discussed it with a number of Staff throughout the development of this list.

SI SCHORR: It's hard for me, as a Board member, to evaluate the list, as I didn't receive it until last evening and didn't read it until this morning. I've not had the opportunity to discuss it myself with those representatives of my COG. If at all possible, I'd like to hear the representatives of the various COGs to get their take on the list, provided they've had the chance to look at it.

CHAIRMAN HOUSEHOLDER: I suppose we can. When would you like to follow up?

SI SCHORR: Andy Gunning is the Planner for the Pima Association of Governments, and has seen the list, as we discussed this morning. I'd like his take on what's on the list.

CHAIRMAN HOUSEHOLDER: You do know these lists are subject to change? Projects can be moved around on the list or dropped, and other projects could be brought in?

ANDY GUNNING: That's been understood all along, Mr. Chairman. We just saw the list this morning and had conversations with Greg Gentsch our District Engineer, and I trust his judgment. I guess we've had some questions and concerns about lists that we recommended to our regional council about two weeks ago. Some of those projects aren't on the list, and as I understand now, maybe the feeling is that they're not shovel-ready. We didn't get a chance to discuss what some of the requirements would be for our chance to get them shovel-ready within 120 days. Without seeing the list in greater detail, it's hard to say what our position will be.

That said, I trust our Engineer's judgment, and others, since they've identified some of the projects. We still have some concerns about the project on I-10 and Marsh Station, but if that's the level of funding that project would require, I'd have to defer to ADOT. Don't be [unintelligible] the question – we just haven't had a chance to go through the list in much detail.

SI SCHORR: Mr. Chairman, may I suggest that we ask Dennis Smith or Eric Anderson to discuss this from MAG's viewpoint, and probably COG representatives as well.

ERIC ANDERSON: Mr. Chairman, thank you very much, I'm Eric Anderson, currently Association Director for the Maricopa Association of Governments. Just one point for clarification: the list of projects that MAG approved to our regional council last week included 13 projects, in prioritized order. I understand the SR 802 Williams Gateway project list was stricken, so we had 12. I wasn't sure about the remaining projects, and I think the list showed them as prioritized. Those are not prioritized, other than those top 12 or 13 projects. I just wanted to clarify that.

The other point I'd like to make is, if there are other projects that are funded rather than the ones that are prioritized, this needs to come back to MAG for regional council action, because we're a non-attainment area. So we have to make sure these lists are properly developed, and what that means is the regional council, as well as ADOT and the Board, must agree on the projects. Thank you.

FLOYD ROEHRICH: Mr. Chairman, I'd like to add that the lists we developed were from the original project list that Staff compiled, and even though either PAG or MAG or others only prioritized part of that list, the extended list includes the total of ADOT's projects as well as the projects the regions prioritized. As Mr. Anderson said, you have to follow the rules not only in programming but conformity issues as well. The lists of these projects have been shared with all the regions. They've seen our total list, and gave input as to the prioritization of that list.

BILL FELDMEIERS: Are we going to get some more comments from the public on this?

CHAIRMAN HOUSEHOLDER: Is there anyone who wants to address the Board?

LARRY NELSON: Needless to say, after seeing the list I'm extremely disappointed, since we probably lead the state in all the qualifying categories. I know the 16th Street project alone is \$19 M, and I see \$11.5 as listed. One reason it was given to us is right-of-way, and any shovel-ready project you can have. When I say right-of-way I'm referring to the utility company. Some of these companies [unintelligible] answer one or two years, but they'll also tell you we will work with you. That's what we had, and now suddenly we're on the lower levels when we have some of the higher qualifications, and about four projects that would fit into those areas. So needless to say, I'm very disappointed.

FELIPE ZUBIA: Mayor Nelson, I have a question – could we bring up the list of the other 13 counties, please? Clarify for me again which project you were referring to.

LARRY NELSON: This is the 16th Street State Highway, from the new shopping center. It's road widening, with two bridges, one over a railroad and one over the freeway, plus the highway widening included. It's almost a \$20 M project.

FELIPE ZUBIA: And we're only identifying \$11 M?

LARRY NELSON: Yes. Only \$11.5 M was identified. That's the total for Yuma County

FELIPE ZUBIA: So we only have one project in Yuma County?

LARRY NELSON: Yes.

BILL FELDMEIERS: I think we need to reaffirm the fact that we didn't see these lists until late last night.

LARRY NELSON: I understand. You saw them the same time I did.

BILL FELDMEIERS: I think it's interesting to note that when we started this, this first draft said it was \$1.5 M we were talking about.

LARRY NELSON: Yes, new signs in Yuma County. That was all we were going to receive.

BILL FELDMEIERS: We're making some progress. But I want to reiterate that this list is not a done deal. We often see this when we develop a five-year plan – people see something in print and "lock into it." I don't want anyone to leave here today thinking that this list may or may not change, because we have all the flexibility in the world to make the adjustments we feel are needed, based on public comment and our personal understanding of what conditions are in relation to our responsibilities Statewide.

FELIPE ZUBIA: I have another question, if we can look at the MAG list again for clarification. Dennis, can you state again what the MAG council voted on?

ERIC ANDERSON: 1 through 5 were voted on...Unfortunately, the priority listed there at number 9 was actually our 13th priority, so the numbering here is different from what we submitted. It's the first time we've seen this. That number nine was actually our last priority.

FELIPE ZUBIA: Projects 1 through 5 match your list?

ERIC ANDERSON: I believe so. That's correct.

FLOYD ROEHRICH: We took your priority list and adopted that directly and added additional projects from our shovel-ready list at the bottom. The goal was to take MAG's list, but to show other projects that were not prioritized that were on our list of shovel-ready. So our project lists match.

FELIPE ZUBIA: Let's see the other list, and just clarify for the record that Item listed as 9 should be listed at Number 13, is that correct?

ERIC ANDERSON: It would be Number 12 after the deletion of the SR 802 project.

FELIPE ZUBIA: So again, project 9 from Maricopa County should be actually 12, which in turn means projects 10, 11, and 12 should respectively be 9, 10, and 11.

ERIC ANDERSON: I'd have to double-check, but I believe that's the case.

JODI ROONEY: Mr. Chairman, I have also just seen the list and would just like to leave an open door, if at all possible. My elected officials from the region would be very interested in taking a look, and I appreciate that there is adjustment scale in here.

JOHN SALEM: Mr. Chairman, I'm John Salem, Mayor of Kingman. I see that you have a pavement preservation project on Rattlesnake to Holy Moses. That's the one shovel-ready project in our region, and I'd like to thank you for placing that one so high on the list. Thank you.

DAVID MARTIN: Mr. Chairman and members of the Board, my name is David Martin and I'm the President of the Arizona chapter of the Associated General Contractors. I felt compelled to discuss an issue I feel is of great importance today. I appreciate all the work that ADOT Staff has done in putting the list together, but I think it's important for the Board and the public to know that this is our first test run, and it's extremely, extremely important that we get it right. I say that because we had the Chairman of the P&I Committee at our office on Friday, Mr. Oberstar, and he mentioned to us that Congress is looking very closely at how the transportation communities deliver this first phase. This will set the pace for the transportation bill authorization of SAFTEA-LU.

While I completely appreciate the discourse that's occurring on the projects and project types, I implore the Board and the transportation community to ensure that we move quickly and get these projects out the door. Thank you.

BILL FELDMEIERS: I have a couple of questions for Floyd. In the list for the 13 other counties, we hit that threshold of \$175 M, all the other projects are shovel-ready, is that correct?

FLOYD ROEHRICH: Yes.

BILL FELDMEIERS: Are there any other projects outside what's presented on the list that are shovel-ready, either before or after the \$175 M threshold is reached?

FLOYD ROEHRICH: The list of 27 projects or the whole 70 projects?

BILL FELDMEIERS: The whole 70.

FLOYD ROEHRICH: Those projects on this list are shovel-ready projects that we could advertise in the 120 days we have to get those projects out the door. Items 27 and below still meet that shovel-ready criterion, and that's why they're on the list.

BILL FELDMEIERS: Are there any beyond what's on this list, in total?

FLOYD ROEHRICH: Yes sir, there's the current five-year program and the projects we're delivering on that. There are other projects than what are on this stimulus that continue to be

developed. We have a current Federal program that we're now delivering. So yes, there are projects being delivered other than what are on this list.

BILL FELDMEIERS: In terms of system preservation, you indicated that \$120 M, 29%, of the total package goes to preservation. That's the total package. Do you have a percentage of that broken out for the 13 other counties?

FLOYD ROEHRICH: No, not broken out by the others.

BILL FELDMEIERS: Could you get that to me in the future?

FLOYD ROEHRICH: Yes sir, we'll break that out.

BILL FELDMEIERS: And the same thing with the rehabbing, replacement and reconstruction. I'd like that broken out as well.

SI SCHORR: Mr. Chairman, I'd like to direct this question to our Director. John Halikowski, after hearing the discussion today, could you give us a recommendation as to what process and timeline you would suggest to the Board to fulfill a quick and efficient process? What do we do to move along to meet the demands of the Act, which require quick action and also assurance that we're doing so intelligently and efficiently?

JOHN HALIKOWSKI: There are two answers I'll give to that question. One is that I'd like to say let's go ahead and approve this list and [unintelligible] If some shifts or other adjustments need to be made, we knew that [unintelligible] with Federal requirements.

The other answer is that I'm concerned about this whole issue of economically distressed areas and how we're going to move forward on that. The sense I got from the Board is that they'd like to approve this entire list, but people should understand that we have to sit down and make sure those criteria are developed fairly in our overall prioritization process. One requirement of ours is to certify that these projects are shovel-ready. So given the fact that we might face issues with that, I don't want to say that we'll certify projects unless we've resolved the economically distressed area issue.

However, that's not to say that we can't move forward today and work that process, if that's what the Board wishes, and sit down with representatives of MAG and PAG and the 13 other counties and work on our project prioritization criteria, and sit down with FHWA and see what will pass the test.

SI SCHORR: Mr. Chairman, my view on what we should do has evolved. I know we're not ready for a motion yet, but it seems to me that there are at least two major problems, and probably more minor ones – the EDA considerations, and my concern that there be a collaboration between ADOT and the various Councils of Government. They've not had much opportunity to look over the lists, so I would think the best thing we could do would be to defer action for a brief period of time to allow for this necessary and thorough collaboration. Also, about the issue of EDA – my intuition tells me that that's an issue that could be resolved effectively by other branches of government as well.

CHAIRMAN HOUSEHOLDER: John, do we have any idea when the Federal government will tell us whether there are areas in Maricopa, Pima, or the other Counties that are distressed?

JOHN HALIKOWSKI: Other than my discussion with Staff and FHWA, I'm not sure we're going to get more guidance from the Federal government other than the map we saw earlier. It may be incumbent upon the Department, working with those Councils of Government, to produce that criteria ourselves, either in cooperation with FHWA or to produce it and ask them to approve it. How long that process might take, I can't tell you. I can only assure you that we're under time constraints here, and obviously we're going to have to move as expeditiously as possible to make sure we meet all the deadlines.

CHAIRMAN HOUSEHOLDER: So MAG and PAG and the COGs need to go through and find the depressed areas within your regions, and put them with a high priority.

VICTOR FLORES: Mr. Chairman, would you entertain a motion, at least for the purposes of taking some action – aside from the 13 other counties, if MAG suggests that their list, although not in priority order, is submitted, and PAG suggested that they would rely on the District Engineer, and if there were any questions they would discuss it, that we would adopt the totality of these lists and then perhaps have another special meeting where we might get more information regarding the EDA or other particulars?

It seems to me that we need to take some action today to ensure that the lists provided are useful, and within the boundaries of their expectations?

SI SCHORR: Speaking for myself, I was comfortable with the list that the PAG regional council had given me. While it wasn't a list I agreed with 100%, it was a reasonable list and represented the collective judgment of the members of the PAG Regional Council.

The list I've been provided with most recently is a newer one, and I wouldn't be comfortable going along with it until I got their judgment. If a PAG deputy feels they're comfortable with the list and we could rely upon it, we could move forward, but I would not be comfortable without it. Further, while I'm not trying to minimize the EDA considerations, but when all is said and done I cannot believe that the final result would be that they would tell us that Pima County, Maricopa County, and Coconino County are ineligible for these funds by reason of these so-called rules. Something doesn't make sense.

VICTOR FLORES: It seems to me that because of that reason, we should move forward with the list, at this time, as recommended by Mr. Halikowski. With regard to PAG, the \$46 M that may or may not be on the approved list is part of a \$175 M package, and assuming there may be some changes in the list that was approved, but it is still part of the \$175 M package

JOHN HALIKOWSKI: Mr. Chairman, regarding the EDA issue, I know we have representatives from MAG and PAG here, if you want to also ask them for their thoughts.

ERIC ANDERSON: We have looked at that issue, and we understand that the FHWA map is basically County-level data. The issue with getting current economic data at the sub-County level, such as unemployment rates, is that they're extremely difficult to obtain, as well as income levels. These measures are usually taken at the County or metropolitan level, and are typically not driven down into the sub-area level.

There are some indicators we think we could use in the MAG region, and have looked at these – for example, the amount of foreclosures in the Valley is a big indicator of economic distress.

There are other indicators we might be able to bring to the analysis. I think the issue is that the Act, as passed by Congress and signed by the President, is very specific in terms of what it terms economically distressed areas. So I think there has to be some discussion, at the Federal level as well as within the different regions, to get that sorted out.

Once again, there may be some measures we can bring forward that proxy the economic distress we see in the area. Certainly in the metro area there are pockets that have been more harmed than others, at least on the housing side. The unemployment and employment changes are very difficult to track. I hope that helps – I don't have all the answers, and I believe it's going to take more discussion.

FELIPE ZUBIA: If I could ask a question Eric – in your experience, what would be a reasonable area to assume the data would be broken down to? Municipal level, census tract number?

ERIC ANDERSON: I'm not sure exactly what level of [unintelligible] produces that kind of economic information. DES is usually the source of the raw information and then its fed up to the federal level and then published, so it may require some discussion with DES in terms of what data might be available.

FELIPE ZUBIA: Understanding the scope of that question, as far as EDA are concerned, are you sufficiently comfortable with the list that MAG has put forth to move forward, with the caveat that EDA designations might cause that list to change?

ERIC ANDERSON: The considerations that the regional council acted on were the shovel-ready criteria. Our regional transportation plan, especially the projects that are ready to go, is heavily weighted toward the West valley. That's where the greatest needs are. Coincidentally, that's also an area that's been hard hit by the housing downturn, too. Some of the outreaches of the Southwest valley have been hit extremely hard, as well as areas in the far Southeast valley. The Northeast has not been affected quite as much as these areas. In fact, if you look at the list of projects we submitted to ADOT in priority order, most of those are either in the Northwest or Southwest parts of the valley.

CHERIE CAMPBELL: I'm Cherie Campbell, with PAG. I'd like to note that we are, as we speak, looking at the EDA issue and will get back to you and discuss it further, as we need to put some effort and thought into it. However, I agree with Mr. Schorr that it's disingenuous of us to think that this funding won't come through in areas like Pima or Maricopa County. I don't think that was the intent of the legislation, and we need to work further to determine how to resolve the issue. I think the fact that the FHWA map is on a county-wide basis does not address the region's needs, so we'll take a look at that and get back to you.

As far as the overall PAG list is concerned, I did not see it until this morning. However, ADOT Staff did give us a call and tell us that some of our projects should have been in different priority due to their analysis of what "shovel-ready" implies. I'd say if you move forward with the list in its totality, which is to include the entire list of projects that we discussed on a regional basis, with the understanding that there could be changes in priority due to the shovel-ready criteria, we could support that. All the projects we want on the list are there – it's just a matter of exactly where they stand.

Again, we trust the judgment of our District Engineer in terms of what projects are ready to move forward right away, and we do want the projects that our regional council approved to be

included on the list, but we're willing to work with you to ensure that shovel-ready projects are taken first, and maybe some of the projects we thought were ready to go weren't quite there yet. It's important that we as a State perform well and get our money obligated, and take advantage of the opportunity to get more money down the line.

CHAIRMAN HOUSEHOLDER: Do I understand correctly that MAG wouldn't mind going ahead with a motion at this time, just to get something started?

ERIC ANDERSON: Mr. Chairman, I think we're comfortable with priorities 1 through 5; after that, we'd like to look at the prioritized list and make sure they do correspond to the prioritized list the MAG regional council acted on. The priorities below the \$130 M; we would like the chance to review those before any action is taken.

CHAIRMAN HOUSEHOLDER: The way I understand it, this list is not set in stone, so we can move things around. I'd like to try to come to a conclusion that MAG and PAG and the 13 counties would go along with, so we can get started. Like I said, it's not set in stone and can be changed. Maybe it's not shovel-ready, or environmental issues haven't been resolved. But you can change these back and forth, and we can start using the money.

ERIC ANDERSON: Priorities one through four take \$130 M or so that's been allocated to the MAG area by Board action. If the Board's motion includes priorities 1 through 5 as shown in the presentation, we're comfortable with that. Anything that goes beyond that, I think, goes against our regional council's action. 1 through 5, however, would obligate our full allocation.

CHAIRMAN HOUSEHOLDER: So you have no problem with it.

ERIC ANDERSON: Yes sir.

SI SCHORR: Mr. Chairman, we're going to try a motion, and I'd ask Mr. Flores especially pay attention, and also ask that Mr. Halikowski pitch in as well. I'll move that we adopt the list that prepared for us by the department, as to prioritization, with respect to MAG and PAG, with the understanding that the list of prioritized projects can be changed, insofar as their priority is concerned, by action of either the MAG or PAG regional council, so the priorities on the list can shift. The list itself encompasses all projects that are deemed acceptable by ADOT Staff.

CHAIRMAN HOUSEHOLDER: Did you want to include the other 13 counties in that condition?

SI SCHORR: If the other 13 counties are willing.

CHAIRMAN HOUSEHOLDER: I think they're willing.

JOHN HALIKOWSKI: Mr. Chairman, to that point, I have a couple of concerns and want to make sure I understand the motion correctly. One is that, especially in the case of MAG and PAG, we have to cooperatively develop these projects for placement in our TIP and STIP. You as the Board maintain the authority to go ahead and approve that statewide transportation improvement plan. So I don't know if I misunderstood the motion, but I would caution that we would perhaps give that up if these projects are changed in priority, and are not only worked out cooperatively, but come back to this Board for approval.

The other issue is, the way the Federal law is worded, we have to certify that these projects are shovel-ready, and that means the Department, because it's our responsibility to the FHWA and the Federal government on this program. Again, if there's disagreement about some of these projects as to whether or not they're shovel-ready, we could try and work that out, but ultimately if we can't; it's up to the Department. So I'd caution the Board about allowing shifting of the projects again by other counties, because as we've seen today, there may be some differences of opinion on shovel-readiness.

CHAIRMAN HOUSEHOLDER: You're saying you don't want to include the other 13 counties in that motion?

JOHN HALIKOWSKI: Mr. Chairman, what I'm saying is I'd like to be able to work cooperatively with all the counties, and if there are shifts in projects, let us work with them and bring that back to the Board for approval.

CHAIRMAN HOUSEHOLDER: I don't think the 13 counties would disagree with that.

BILL FELDMEIERS: I for one am not prepared to include, in a motion, the 13 other counties. I want to study what we saw for the first time today much further before I'm willing to commit to any order that's been discussed.

CHAIRMAN HOUSEHOLDER: Is there [unintelligible] prioritizing what's going to be done?

BILL FELDMEIERS: That's correct.

CHAIRMAN HOUSEHOLDER: That will come back to the Board anyway, and then we can say which ones are prioritized –

BILL FELDMEIERS: It's a step further down the pike than I'm willing to take right now.

CHAIRMAN HOUSEHOLDER: I think we need to go ahead and have a motion to approve everything even if we have to have two separate motions.

SI SCHORR: I'll offer the first motion, with the caveats that Mr. Halikowski as expressed, which I thought were implicit in the motion, nonetheless. And with those caveats, and any other requirements that may be applicable, but can't override other requirements. So I'll make that motion, and before I do – this will be with respect to the PAG and MAG regions only. I would so move.

VICTOR FLORES: I'll second.

BOB MONTOYA: Mr. Chairman, with regard to the 13 other counties, I have the same concerns as Mr. Feldmeier. We just received this list, and stakeholders from the 13 counties have not yet had any input on it. So I would want to be sure that those 13 other counties are able to give their input to the Director, and obviously define the criteria we feel are necessary to be shovel-ready, as well as the EDA status. So I want to make sure that they're kept in this loop and able to perform their duties.

JOHN HALIKOWSKI: Mr. Chairman, I think what I'm hearing encapsulated in this motion is that the Board wishes to move forward today with the list that's been presented, with the caveat

that whether it's the MPO and ADOT working out the priorities and EDA issues, or ADOT and a COG, the priorities may shift, provided we meet all requirements. That would include bringing that back to the Board for approval.

CHAIRMAN HOUSEHOLDER: We have a **motion** and a second on MAG and PAG.

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

CHAIRMAN HOUSEHOLDER: So MAG and PAG are taken care of, and now we have the other 13 counties to consider. Would anyone like to make a motion on the other 13 counties, regarding following the list, prioritization, and what we can change if we need to, for whatever reason?

BILL FELDMER: I'm certainly comfortable with asking the COGs and MPOs throughout the 13 counties to review the list and give us their input. But as the list is developed through conversations with them, I'd like to see it earlier than the night before we're going to discuss it. That has nothing to do with today, because I know we're up against a wall, but I want to have a personal review of the list and give my input prior to the time it goes out to the world for their review.

You've heard what Mayor Nelson said, and I can tell you every mayor in the 13 rural counties will say something similar to him about the tremendous need they have. But each of us is charged individually with the final word on what we see and hear from all our constituents, not just within the zone areas, but in the State as a whole. I want to have that conversation before that list becomes fully finalized.

CHAIRMAN HOUSEHOLDER: I think that can be done.

JOHN HALIKOWSKI: I believe so, and I'll ask Floyd to speak to this as well, since he's worked closely with a lot of people out there. Again, it sounds like I'm hearing that we should move forward with the list from the 13 rural counties, but with the caveat that Mr. Feldmeier and others [unintelligible] may want to choose those priorities. And again, as long as they're shovel-ready and meet the requirements of the law, I don't think we necessarily have an issue.

FLOYD ROEHRICH: Mr. Chairman, everyone has seen this list. It's been posted and presented to the Board, and it's out there. What we're here presenting today is the priority of projects that match the funding we have, realizing that this funding is not going to satisfy everyone's needs. I don't think any of us would disagree with that.

We have to take the Board's guidance and put that out to the MPOs and COGs and from the our ADOT staff and determine what will be a reasonable distribution and project type that will match the intent – rehabilitate the infrastructure at capacity, or add improvements, or preservation project type. The Board can pick and choose and change anything they want. My only concern there is that we're on a time frame and the clock has already started. For us to be able to move forward with these improvements and show we are doing the projects in economically distressed areas, which includes the rural counties, now that's what I'm hearing you want to delay.

Even if you make a motion that says – my concern is if you make a motion with regard to the 13 other counties, with the caveat that it must first come back to the Board, we can't start

advertising these lists of projects that are ready to go, these 27 projects being the Staff's priority list. With other priorities, let's make sure we get that input, but to me, we need to have a clear schedule of when that final priority will be, so we can start delivery of the projects.

VICTOR FLORES: Mr. Chairman, may I ask a question? We have a meeting next Friday. Is that enough time to get a list for the Board to look at and have sufficient time, and for the 13 other counties to have participated in a process that may or may not satisfy everyone but could be presented for us to vote on?

FLOYD ROEHRICH: We can provide it again, but this booklet you have is basically this list, organized in different ways. You've got the whole project list included in the packet, and then separately, we included others so you'd have that information. The information is there and we'll present it any way the Board would like to see in order to be able to evaluate it. And if you've got a different project list and you come back by the 13th –

JOHN HALIKOWSKI: I think the question is, do you want to come back on the 13th and [unintelligible] any changes we've received for the list at that time? It sounds to me like at least from a MAG perspective on the first five projects; we're not going to see any priority changes there. So the changes may be relatively minor that we're bringing back. If that works for you, in one week –

FLOYD ROEHRICH: And that's what we're trying to accomplish, we're to bring back a new list and the Board could take possible action then? Is that the idea, and that would be an agenda item for discussion and possible action?

JOHN HALIKOWSKI: I think for veracity, we need that list finalized so we can immediately advertise those projects.

CHAIRMAN HOUSEHOLDER: I agree. I'm still entertaining a motion regarding the other 13 counties.

STEVE STRATTON: Thank you, Mr. Chairman. I hate to interrupt, but I'd like you to know that as far as Gila County is concerned, we've participated with our District Engineer on the pavement preservation projects, as far down as where the fillings will go. So we have had the opportunity to speak about these things in depth with my Staff and ADOT Staff. So I felt it was important that you know that has been done by ADOT Staff, in Gila County, anyway. I can't speak for the other 12.

CHAIRMAN HOUSEHOLDER: Thank you, Steve.

BOB MONTOYA: I'd like to move that we move forward with the list that has been provided for our review for the 13 other counties, with the caveat that this list be sent to the other COGs and MPOs for their review. If they feel they need to reprioritize any of their projects, those must be discussed with the Department, and if things need to be changed that list will be provided to us and then we will move forward.

CHAIRMAN HOUSEHOLDER: Is there a second?

BILL FELDMEIER: I'll second, but as part of the discussion, I'd like to ensure that we have this a couple of days before we're talking about having this meeting on the 13th. Can they have this back to us by the 10th? 11th?

JOHN HALIKOWSKI: We can have the list back to you by the 10th or the 11th. I'll just say again that if there are changes in these priorities, those will have to be gotten back to us relatively quickly.


VICTOR FLORES: Just for clarification, the list that will be presented to us on the 13th will be a recommendation that we can move on, the changes will have taken place – the list that we will get to act on will be to take action to accept the priority list as submitted by Staff?

BOB MONTOYA: That is correct.

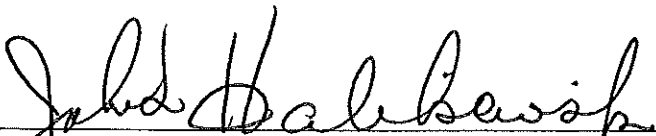
[The **motion**, moved by BOB MONTOYA and seconded by BILL FELDMEIER, carries unanimously in a voice vote.]

CHAIRMAN HOUSEHOLDER: Motion passes. If there's nothing further I would like a **motion** to adjourn

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



Delbert Householder, Chairman
State Transportation Board



John Halikowski, Interim Director
Arizona Department of Transportation

** The motion made on page 21 was amended during the March 13, 2009 Board Meeting and is reflected on page 35 of those minutes.