

Montana Transportation Commission

May 24, 2012 Meeting
Helena, Montana

IN ATTENDANCE

Kevin Howlett, Transportation Commissioner, Chairman
Barb Skelton, Transportation Commissioner (by proxy)
D. Winterburn, Transportation Commissioner
Rick Griffith, Transportation Commissioner
Carol Lambert, Transportation Commissioner
Tim Reardon, Director MDT
Lynn Zanto, Planning Administrator
Dwane Kailey, MDT Engineering
Paul Johnson – MDT
Jeff Ebert – MDT
Chris DeVerniero – MDT
Lori Ryan, MDT
Dave Ohler, MDT
Kevin McLaury, FHWA
Sharon Wright – HDR Engineer
Scott Bell – Morrison-Maierle, Bozeman
Joe Menicucci – City of Belgrade
Russ Nelson – City of Belgrade
Michael Tucker – Belgrade News
Steve White – Gallatin County Commissioner
Joe Skinner – Gallatin County Commissioner
Brian Sprenger – Gallatin Airport Authority
Larry Watson – Gallatin County

Please note: the complete recorded minutes are available for review on the commission's website at http://www.mdt.mt.gov/pubinvolve/trans_comm/meetings.shtml. You may request a compact disc (containing the audio files, agenda, and minutes) from the transportation secretary Lori Ryan at (406) 444-7200 or lrayn@mt.gov. Alternative accessible formats of this document will be provided upon request. For additional information, please call (406) 444-7200. The TTY number is (406) 444-7696 or 1-800-335-7592.

OPENING – Commissioner Kevin Howlett

Commissioner Howlett called the meeting to order. After the pledge of allegiance, Commissioner Howlett offered the invocation.

Approval of Minutes

The minutes for the Commission Conference Calls of October 6, 2011, November 17, 2011, February 7, 2012, February 12, 2012, March 6, 2012, March 20, 2012, April 3, 2012, April 24, 2012 and May 8, 2012 were presented for approval.

Commissioner Griffith moved to approve the minutes for the Commission Conference Calls of October 6, 2011, November 17, 2011, February 7, 2012, February 12, 2012, March 6, 2012, March 20, 2012, April 3, 2012, April 24, 2012 and May 8, 2012. Commissioner Skelton seconded the motion. All Commissioners voted aye.

The motion passed unanimously.

Agenda Item 1: Local Construction Projects on State & Federal Highway System – Anaconda, Billings, Kalispell and Carter County

Lynn Zanto presented the Local Construction Projects on State and Federal Highway System – Anaconda, Billings, Kalispell and Carter County. Under MCA 60-2-111 “letting of contracts on state and federal aid highways,” all projects for construction

or reconstruction of highways and streets located on highway systems and state highways, including those portions in cities and towns, must be let by the Transportation Commission. This statute exists to ensure the safety of our system, protect transportation investments, and encourage better coordination between state and local infrastructure improvements. MDT staff reaches out to local governments to solicit local projects on state systems to ensure compliance with this statute.

The local governments of Anaconda, Billings, Kalispell, and Carter County are planning to design and build transportation improvement projects on the state and federal highway system. I've given you a list of the locations, scopes, estimated costs, and funding sources for the projects along with location maps. The projects will be designed with input and concurrence from MDT staff. On behalf of the local governments, as required by MCA 60-2-111, Planning staff is requesting that the Transportation Commission delegate authority to these local governments to let and award contracts for the projects.

Staff recommends that the Commission approve the projects and delegate its authority to let, award, and administer the contract for these projects to the local governments, pending concurrence of MDT's Chief Engineer.

Commissioner Griffith moved to approve the Local Construction Projects on State & Federal Highway System – Anaconda, Billings, Kalispell and Carter County. Commissioner Lambert seconded the motion. All Commissioners voted aye.

The motion passed unanimously.

Agenda Item 2: North Higgins Avenue, Missoula Functional Classification/System Designation

Lynn Zanto presented the North Higgins Avenue, Missoula, Functional Classification/System Designation. MDT conducted a functional classification review of North Higgins and the adjacent street network as a result of operational changes following the completion of the North Higgins improvement project. The project, extending from Broadway Street to Alder Street, added sidewalks, bike lanes, period lighting, street furniture, landscaping and bulb-outs at the intersections. Before the improvement, the road was four lanes – two lanes in each direction with 8-foot shoulders for parallel parking on either side. The project reconfigured the roadway to provide bikeways and reduced vehicle use to two 11-foot travel lanes (one lane each direction), and an 11-foot two-way left-turn lane in the middle with 8-foot shoulders (for parallel parking) on either side.

Functional classification: This is a method of classifying roads by the service they provide as part of the overall highway system. The Transportation Commission approves functional classification of public roadways at the state level with final approval by the Federal Highway Administration (FHWA). MDT, coordinating through the Missoula Transportation Policy Coordinating Committee (TPCC), requests Transportation Commission approval of the following change:

- Reclassify North Higgins Avenue (U-8119), Ryman Street (U-8111), and Pattee Street (U-8127) between Spruce Street and Alder Street, and Alder Street (U-8129) between Pattee Street and Ryman Street from urban collectors to local roads.
- Reclassify Pine Street (L-32-4608) between Pattee Street and Ryman Street from a local road to an urban collector.

MDT staff reviewed these routes in accordance with FHWA functional classification criteria and determined they are functioning as outlined above.

System Action: According to state statute MCA 60-2-125(6), routes that are not functionally classified as urban collectors or arterials cannot be on the Urban Highway System. Consequently, the following no longer qualify to be on the Missoula Urban System:

- The one-block section of North Higgins Avenue (Spruce Street to Alder Street)
- The one-block section of Ryman Street (Spruce Street to Alder Street)
- The one-block section of Pattee Street (Spruce Street to Alder Street)
- The two-block section of Alder Street (Pattee Street to Ryman Street)

Summary: MDT reviewed the functional classification of the roadway network associated with the North Higgins Avenue (Broadway Street to Alder Street) area after the completion of the improvement project. MDT has coordinated these recommendations with the Missoula TPCC.

Staff recommends the Transportation Commission approve the functional classification and system action as summarized below.

1. Functional Classification Revision
 - a. Reclassify the one-block section (Spruce Street to Alder Street) of North Higgins Avenue, Ryman Street, and Pattee Street from urban collectors to local roads.
 - b. Reclassify the two-block section of Alder Street (Pattee Street to Ryman Street) from an urban collector to a local road.
 - c. Reclassify the two-block section of Pine Street (Pattee Street to Ryman Street) from a local road to an urban collector.
2. System Action
 - a. Remove the noted sections of North Higgins Avenue, Ryman Street, Pattee Street, and Alder Street from the Missoula Urban Highway System.

These actions are subject to FHWA approval of the functional classification changes.

Commissioner Howlett asked when these are removed from the Urban System what is the Department's obligation as far as maintenance of these roads. Lynn said about 25% of the Urban System is state maintained and the other 75% is maintained by local governments. So it is already a mix of who maintains those. Nothing changes in terms of maintenance. The routes would no longer be eligible for urban funds but it doesn't change their allocation because the allocation is population based. In some ways it gives them a little more flexibility because if they decide to do something on these roads, they don't have to get Commission authority to Let a contract. There are pros and cons of this.

Commissioner Griffith asked how many blocks were added and taken away. Lynn said five blocks are being taken away. Commissioner Griffith asked whether they lost a little bit of urban. Lynn said they lost urban eligibility. Commissioner Griffith said it is a Commission policy to make sure if you take something out of urban then you replace it. Lynn said that was true for the system actions but not functional classifications. They aren't gaining anything in their Urban System, they are losing five blocks. We have been in communication with them and there are other interests they haven't put forward yet. Commissioner Griffith said once this is passed they can do what they want to do; they don't need to come to the Commission to do it. Lynn said that was correct.

Commissioner Lambert moved to approve the North Higgins Avenue, Missoula – Functional Classification/System Designation. Commissioner Griffith seconded the motion. All Commissioners voted aye.

The motion passed unanimously.

Agenda Item No. 3: Brooks/South Russell Missoula Functional Classification Review

Lynn Zanto presented the Brooks/South Russell Missoula – Functional Classification Review. MDT conducted a functional classification review of the Brooks/South/Russell (BSR) area due to the completion of the BSR intersection upgrade. This intersection improvement re-routed the flow of east-west traffic on South Avenue (U-8120) via alternate roadways and limited directional turns on Russell Street (U-8105) and Brooks Street (P-7). The purpose of the intersection upgrade was to improve traffic movement and relieve congestion.

Functional classification: This is a method of classifying roads by the service they provide as part of the overall highway system. The Transportation Commission approves functional classifications of public roadways at the state level with final approval by the Federal Highway Administration (FHWA). MDT, coordinating through the Missoula Transportation Policy Coordinating Committee (TPCC), requests Transportation Commission approval of the following changes:

- Reclassify Sussex Bend (L-32-5490) and the section of Sussex Avenue (L-32-4597) between Sussex Bend and Brooks Street from a local street to an urban minor arterial.
- Reclassify the section of Garfield Street (L-32-5472) between South Avenue and Fairview Avenue from a local street to an urban minor arterial.
- Reclassify the section of Fairview Avenue (L-32-4600) between Garfield Street and Brooks Street from a local street to an urban minor arterial.
- Reclassify the section of Fairview Avenue between Brooks Street and Russell Street from a local road to an urban collector.
- Reclassify the section of South Avenue (U-8120) between Brooks Street and Garfield Street from an urban minor arterial to an urban collector.

MDT staff reviewed the routes in accordance with FHWA functional classification criteria and determined they are functioning as outlined above. These actions are contingent on FHWA approval.

Commissioner Griffith moved to approve the Brooks/South Russell Missoula – Functional Classification Review. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimously.

Agenda Item No. 4: Functional Classification and System Action – Richland County

Lynn Zanto presented the Functional Classification and System Action for Richland County to the Commission. Due to the oil boom in eastern Montana, the MDT Glendive District and Richland County officials have been looking at Montana Secondary 201 (S-201) to determine if it is adequate to handle the large increase in

truck traffic. Justification provided for conducting the review was centered on a significant change in operational characteristics for this segment of S-201, which functions as the main through corridor for trucks traveling between Fairview (and points east) and Montana 16 to the north.

Functional Classification: This is a method of classifying roads by the service they provide as part of the overall highway system. The Transportation Commission approves functional classification of public roadways at the state level with final approval by the Federal Highway Administration (FHWA). MDT, coordinating through the Richland County Commissioners, requests Transportation Commission approval of the following functional classification change:

- Reclassify the segment of Secondary 201 from its junction with Montana 16 to its terminus at the junction of Montana 200 from a rural major collector to a rural minor arterial.

MDT staff reviewed this section of Secondary 201 in accordance with FHWA functional classification criteria and determined the route is functioning as a rural minor arterial.

System Action: According to state statute MCA 60-2-125(3), “Primary highway system” means the Department has functionally classified the highways as either principal or minor arterials and the Commission has selected the highways to be placed on the Primary Highway System. MDT staff recommends Primary Highway System designation for this section of roadway. Justification for this proposal is based on land use changes, traffic increases in the area due to oil well drilling, observed vehicle types and quantity, and that S-201 provides an increasingly busy connection between Montana 16 and Montana 200.

Summary: MDT staff is asking the Transportation Commission to revise the functional classification for a portion of Secondary 201 and to approve a system action to remove mileage from the Secondary Highway System and add mileage to the Primary Highway System in Richland County. This action conforms to MDT System Action Policy and has met the requirements for participation by the appropriate local officials.

Staff recommends the Commission approve the following items:

1. Functional Classification Revision:
 - a. Reclassify the functional classification of the noted section of Secondary 201 from Montana 16 to the intersection with Montana 200 from a rural major collector to a rural minor arterial.
2. System Action:
 - a. Remove the noted section of Secondary 201 from the Secondary Highway System.
 - b. Add the noted section of Secondary 201 to the Primary Highway System.

These actions are subject to FHWA approval of the functional classification changes.

Commissioner Griffith moved to approve the Functional Classification and System Action – Richland County. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 5: Functional Classification and System Roosevelt County

Lynn Zanto presented the Functional Classification and System Action for Roosevelt County to the Commission. Roosevelt County Commissioners are requesting approval to relocate a two-mile segment of Secondary Highway 405 (S-405) onto a parallel county road known as Snake Butte Road, which currently acts as the de facto secondary highway. This request requires functional classification revisions and system actions for S-405 and Snake Butte Road. Both roads have a gravel surface and are maintained by the county.

Functional Classification: This is a method of classifying roads by the service they provide as part of the overall highway system. The Transportation Commission approves functional classification of public roadways at the state level with final approval by the Federal Highway Administration (FHWA). MDT, coordinating through the Roosevelt County Commissioners, requests Transportation Commission approval of the following functional classification changes:

- Reclassify the 2.2 mile segment of Secondary 405 from its intersection with U.S. Highway 2 to its intersection with Snake Butte Road from a rural major collector to a local road.
- Reclassify the 1.8 mile segment of Snake Butte Road (L-43-830) from its intersection with U.S. Highway 2 to its intersection with Secondary 405 from a local road to a rural major collector.

MDT staff reviewed this segment of Snake Butte Road, in accordance with FHWA functional classification criteria, and determined the route is functioning as a rural major collector.

System Action: According to state statute MCA 60-2-125(4), to be eligible for the State Secondary Highway System, a roadway must be functionally classified as a rural major collector or rural minor arterial. Consequently, the section of Secondary 405 noted above does not qualify to be on the Secondary Highway System. Similarly, a change in functional classification for the section of Snake Butte Road between U.S. Highway 2 and Secondary 405 would meet eligibility requirements to be placed on the Secondary Highway System, thus preserving the continuity of the Secondary System between US Highway 2 and Montana 16 near Froid, Montana.

Summary: This functional classification request is consistent with FHWA functional classification criteria. Results of the review recommend the 2.2 mile segment of S-405 be relocated to Snake Butte Road. In accordance with MDT System Action Policy, the addition to the Secondary Highway System will remain the maintenance responsibility of the county.

Staff recommends the Commission approve the following items:

3. Functional Classification Revisions:
 - a. Reclassify Secondary 405 from U.S. Highway 2 to the intersection with Snake Butte Road from rural major collector to a local road.
 - b. Reclassify Snake Butte Road from U.S. Highway 2 to Secondary 405 from a local road to a rural major collector.

These functional classification revisions are subject to FHWA approval.

4. Secondary Highway System Action:
 - a. Add Snake Butte Road from U.S. Highway 2 to its intersection with Secondary 405 to the Secondary Highway System.
 - b. Remove the initial section of Secondary 405 from the intersection of US Highway 2 to its intersection with Snake Butte Road from the Secondary Highway System.

These actions are subject to FHWA approval of the functional classification revisions.

Commissioner Lambert moved to approve the Functional Classification and System Action – Roosevelt County. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Public Comment

Steve White – Gallatin County Commissioner

My name is Steve White, Chairman of Gallatin County Commission. We have representatives from the City of Belgrade and also from the airport. He introduced Brian Sprenger, Gallatin Airport Manager; Joe Skinner, Gallatin County Commissioner; Russ Nelson, Mayor of Belgrade; John Youngberg, Deputy Mayor of Belgrade; Joe Menicucci, City Manager of Belgrade; Larry Watson, Grants Administrator for Gallatin County; Michael Tucker is a Reporter from the Belgrade News; and Scott Bell, Morrison-Maierle. Thank you very much for giving us time this morning.

I'd like to go through a brief history of why we are here and what the project encompasses. You can see on the aerial photo the design of the proposed interchange which is located very close to the Gallatin Field Airport. The design goes underneath the Interstate as well as underneath the Rail Links tracks. It goes through an existing gravel pit and there are some roundabouts, etc. It is designed to have connection to the Interstate both eastbound and westbound. There is a bypass that goes around the airport and ultimately a bypass loop around Belgrade. If anybody has driven downtown Belgrade, they understand the congestion of traffic. The biggest problem is the grade crossings.

I've got a power point presentation to step you through some of this. This started about ten years ago by the Transportation Coordinating Committee (TCC). There were a lot of people involved in that Committee and they discussed long-range planning options for our county. One of the things that came up in 2002 was the decision to proceed with an interchange near the Belgrade area. In 2005 we entered into an Inter-local Agreement between the County, the City of Belgrade and the Gallatin Airport Authority. That group stepped up and agreed to provide \$300,000 for the purpose of an Environmental Assessment. The EA was completed in October 2008 and a FONSI was issued in June 2009. In 2008 Gallatin County entered into a Memorandum of Understanding (MOU) with MDT for the design and construction of our new interchange. In July 2007 Gallatin County, City of Belgrade, and the Airport Authority entered into another MOU to assist with the project. Gallatin County agreed to become the sponsor of the project. Part of that MOU was that MDT would be responsible for design and contract administration.

We've assembled about \$19,000 in federal funding. There was an earmark of \$7.2 million that Commissioner Skinner helped secure which is going towards this project. In fiscal year 2010 there was an appropriation earmark of nearly \$1.5 million and some Interstate Maintenance Funds of \$10 million that were assembled. We also have state matching funds of \$960,000. We recently applied for a \$9.1 million Tiger Grant. We had actually applied for an earlier Tiger Grant but the Shelby area received that grant.

The cost of this project was originally estimated around \$46 million. Currently the cost is about \$37 million. To date there's been about \$4 million expended which came from a Safety earmark toward the design of this project. To date we've expended approximately \$300,000 for the environmental document. That was the money the three entities put up.

The local sponsor which is Gallatin County is required to put together the feasibility and the environmental studies and to arrange a financial package for the project. We have the responsibility for utility relocations and securing the right-of-way. The MOU stated that we would all work together to complete these tasks.

As the local government one thing we have to accomplish is there are a lot of roads that feed into this particular interchange. This is a road that will have to be completed and it would be Gallatin County's responsibility to do that (referring to aerial photo). These are some of the roads that feed into the interchange. They are not required as part of the project but it is necessary to complete them; however they don't have to be done at the same time as the interchange. The estimates have been as high as \$19 million to complete that part of the project. That is something we would have to accomplish on our own and is not part of the entire project.

Each of the entities have just recently agreed to participate at a higher level than the \$300,000 that we originally agreed upon. This goes back to the Agreement that we were going to arrange a financial package to accomplish this goal. Gallatin Airport, a separate entity, has agreed to put up \$3 million in cash. They've also agreed to participate with some right-of-way. They've also agreed to build the roads that go through or near their property and up into the Dry Creek area. That would be their responsibility. The City of Belgrade is also prepared to participate financially; they have some Urban Funds set aside and are prepared to put up \$2 million for the project. They have land owners in the city limits that have indicated they would donate right-of-way for the project. This is an incredibly important project for the City of Belgrade. They are also committed to complete some of the non-interchange roads. Gallatin County is willing to provide \$2 million in cash towards this project.

We have a new situation in the county that allows us to borrow \$2 million for a single project without going to the voters for a Bond which would be unlikely to pass. The law changed a couple of years ago to allow us to do that. It depends on the classification of the county; we're a large county so we can go as high as \$2 million. So if you add that with Belgrade and the Airport, that brings us up to \$7 million in cash that these three governments are prepared to commit. Of course, as I mentioned before, we have a lot of roads that have to be completed that would connect into the interchange and we've agreed to take care of that.

This is a summary slide that has all the numbers I've mentioned. You can see that if the Tiger Grants were to come in, that would take care of a large percentage of our shortfall. Our present shortfall is \$10-\$11 million. That's why we're here today.

After all of this if we are still short, we are hoping we could bump down the \$10 million with any right-of-way that could be donated to reduce the shortfall. The Tiger Grant could reduce the shortfall. Actually finalizing some of the actual utility relocations and the rail road and the construction would also reduce the shortfall. Our best estimate is we are sitting at a \$10-\$11 million shortfall. We are here today to say that we've done everything we can do. We have three governments even in these tight economic times that are willing and prepared to participate and have simultaneously come up with \$7 million. We just don't have the resources to go beyond that.

We're asking the Commission to take note of this and essentially assist us in finding the money necessary to make this project happen. We want to proceed with right-of-way and utility relocations – those are all important parts of the project. The others who are here will give you some individual comments as to the importance of this project. This is really an important thing for our community and for the people coming into the Gallatin Valley. You will hear about how busy our airport is and about the traffic congestion in Belgrade for emergency services.

Joe Skinner – Gallatin County Commissioner

I'm Joe Skinner, Gallatin County Commissioner. Thank you for hearing us today. I want to emphasize that we've been working on this project for ten years. It's been a really good cooperative project between the City, the County, the Airport, and now MDT. We've come to a point where we're almost there but not quite and we really need some help to complete the project. We're not here asking that you help us fund it, but we're really looking towards the future. We've got some real significant traffic circulation problems in Belgrade and some real significant safety concerns. I'm concerned that if we don't complete this project now, it may be 20 or 30 years before we're able to address these concerns. This is definitely the fix and I think it's the right time to do it. It's unprecedented that we've come up with \$7 million of local funding in cash; I think that's really significant. I don't see that we're ever going to be able to come up with that amount of money again if we don't get this done now. So we're asking you to help us complete this project. It's definitely a good thing for our community, for the airport, for the county and especially the city. There are a lot of people regionally who use that airport and travel to Belgrade and Bozeman. I think it's a good project for us all to be involved in and complete.

Russ Nelson – Mayor of the City of Belgrade

My name is Russ Nelson, Mayor of Belgrade and I work at First Security Bank in Bozeman. This interchange is severely needed for life-safety reasons. From 1997-2000, I managed the Belgrade Branch of First Security Bank which is located at the corner of Jack Rabbit Lane and Main Street across from the railroad tracks and is one of the major crossings in Belgrade. I witnessed several occurrences where emergency vehicles were stuck due a train. Belgrade Police Chief, E.J. Clark, indicated that his officers have been held up by a train six times in the past three years. Central Valley Fire Chief, Ron Lirroth, reports his trucks and ambulances get stuck three times per month due to the train traffic in Belgrade. Bozeman Deaconess will be building a medical facility on the south side of the railroad tracks on Jack Rabbit Lane. The City Police and Fire are located on the north side of the tracks. Currently Belgrade has 17-20 trains per day going through our community – right through the middle of town and it really divides our town in half. PSC Commissioner, John Vincent, reports that there will be more coal trains from the east heading west to Ports in Washington and Oregon. He reports a minimum of 20 and a maximum of 40 additional trains. Any more trains than 20 really will have an effect on Belgrade. Without the new interchange, town traffic will move to a snail's pace and emergency vehicles will be stalled more often resulting in delays in saving lives and responding to emergencies. Please help us with this deficit in funding this important needed project. Thank you.

John Youngberg – Belgrade City Council

My name is John Youngberg; I'm on the Belgrade City Council. I'm also speaking today on behalf of the Chamber of Commerce. My wife is the Executive Director of the Chamber of Commerce but couldn't be here today. The growth potential for Belgrade is to the south and the west. So that divides us even more because the majority of our services are on the north side of the railroad tracks and our growth potential is to the south. We don't have an off-grade crossing; every one of the crossings is an at-grade crossing, so it's a problem.

Let me give you a personal experience. I remember the day well – September 28, 2008. I was working on the garage in my backyard when the ladder fell and I fell and was lying on the ground; the only thing I could move was my left hand. I was completely paralyzed except for my left hand. My son was there and called 911. A few minutes later I heard the siren as the Ambulance left the station headed my way. Then I heard the train whistle and the Ambulance siren stop. It sat there for a full five minutes as the train went through while I'm lying there. My blood pressure had plummeted to around 60 over 30. When you break your neck and have a spinal cord injury, the muscles around your veins loosens up and your blood pressure drops and that is normally what causes fatalities in that sort of accident. Minutes count in that

sort of thing. I laid there until the Ambulance came. Luckily I was able to recover from my injury however I still have some issues but I can walk and get around and do most things. Minutes count in that kind of situation. If it had been a different situation or the train had taken longer or there had been a train on the side, it could have been a whole different story – I might have been wheeling up here in a chair. It is extremely important for safety reasons to have an off-grade crossing. Our growth potential is in an area where this becomes extremely important. The business community is overwhelmingly in support of this. This will take a lot of the heavy truck traffic from Knife River and TMC off Main Street in Belgrade and allow our businesses to expand into more business traffic. We certainly urge your support. Thank you.

Brian Sprenger – Gallatin County Airport

Thank you for taking the time to listen to us. On a personal note I'm a resident in Gallatin County and I live and work on the western side of the valley. I want to personally thank you for all of your efforts on Jack Rabbit and Valley Center; it certainly has made a great difference in the area and certainly as Jack Rabbit develops that will be welcomed as well. One of the things about this project is the partnerships between the State, FHWA, as well as the local entities; it really is a partnership that shows what people can do together. The Airport, between employees and passengers, handles about one million people per year. About half of those people take the right-hand turn through Belgrade and either head through Belgrade to the western part of the valley or down south to Big Sky and Yellowstone National Park. That puts a lot of pressure on Belgrade and is one of the reasons why we are so heavily involved and want to be a part of this because we're the ones causing that so we want to be part of the solution as well. We also want to be part of the solution by donating our land to help create the bypass road to go around Belgrade. We're the only spot that can do that and in partnership with the County and City of Belgrade we believe it is our fiduciary responsibility to make sure we're part of that community and do everything we can to help with the traffic. It's also why we're putting in three million dollars toward this part of the project specifically. We recently completed a \$40 million Terminal project. That required borrowing \$3 million more than we had to in order to have money available for this project. After spending \$40 million, as with everybody's budget, everything gets very tight but it was that important for our Board and our Airport to have money available to do this.

We hope you'll give due consideration to being the next step in this project. We've done everything we can do; we've put up everything locally we can. Obviously we all hoped developments would occur to make this shortfall nonexistent but that didn't happen. We still believe in the project 100%. We're putting our money in and we hope you believe in the project and the benefits to Gallatin County and the City of Belgrade and all that means to our community. Thank you very much and we appreciate your time today.

Commission Comments

Commissioner Howlett said first of all your cooperative efforts are very commendable. However, I think you're missing some people – you're missing Montana State University which benefits significantly from that Airport as well as the City of Bozeman. Those are two big players that obviously receive a significant benefit from any improvements to the Airport and that road. Having said that, we're not going to take any action today; this is something we need to have a lot more discussion with the Department about what we've done and what we can do. You don't have a monopoly on a shortage of funds; we look at that across the state. We never have enough to do what we need to do. We appreciate you coming in and we'll take all of your information. The Commission wants to know what we've done and exactly what we've committed, and what we can do. We want to see these projects completed and successful but we're balancing an awful lot of things at one time here. So I hope you can appreciate that.

Commissioner Griffith asked if there had been any thought placed on impact funds to raise money for the interchange. A lot of the area surrounding the road is developable property and it seems like the land developers would be a third player. Is somebody going to benefit from these roads besides the Airport and the existing city limits? Steve White said the contributions of the folks who are going to benefit really comes as a donation of some of the land necessary for the right-of-way. There are no immediate plans sitting there for land to be actually developed; the economy just isn't there right now for that. The laws changed pretty significantly on impact fees in the last couple of years and it's a complicated puzzle that has to be put together for impact fees to work. If the County had an impact fee program which we don't have right now, the only time you could assess those impact fees would be if those landowners would come to the County for subdivision approval. Then it would become a condition of approval to mitigate the road. It's really a catch 22 because the land to the south of the Interstate is unlikely to be developed in the near future if the interchange isn't there. Once the interchange goes in, then that land becomes suitable for development but right now it's landlocked. Commissioner Griffith said that was the point he was getting to. It's like the South Hills Exit in Helena – the developer took on a lot of the costs for the interchange. What happens to the Commission is that we set a precedent for a developer coming in and it would be a shame after we got this project built if the property exploded. It makes the Commission look bad to the other cities. In Kalispell we said if you can't put any money in we're not going to do the project. We also did that at South Hills. Somehow the project needs to protect against that happening.

Steve White said this is a little bit different than South Hills. What makes this a bit different is there is a much higher level of health safety issue here. What John Youngberg talked about the rail lines locking up half the city is a significant thing. We had a rail line accident right in the middle of Belgrade about a year ago and it just cut the city in half for about six hours. If John had fallen off his ladder at that time, he probably wouldn't have seen an Ambulance for quite some time. When it comes to a developer building up his land and assessing impact fees on it, that's one thing but in this case first of all it's part of a master plan from the TCC and ultimately as the Belgrade area has grown and you have a new hospital that was never thought about in 2002 being built on the south side of the Interstate and south side of the railroad tracks, and with emergency services on the north side, there's a disconnect. There are not off-grade crossings and this project would provide that. The uniqueness that also makes this a unique project is the fact that there's a gravel pit there that provides an opportunity to go underneath the Interstate and the tracks. What makes it really a time sensitive project is there's development being put together around it. As time creeps on it is possible that some of that area that we need for on and off ramps might disappear. I wanted to show you this very interesting Google map picture – you can see the red line gives you the length of a typical train but this dark line on the tracks is a train that is stopped and you can see the length of that. Belgrade is one of the few cities with a situation like this. Even in Manhattan you can get across the tracks and you're not locked up like in Belgrade. For Belgrade it poses not just a challenge but a challenge that involves a pretty dangerous situation.

Commissioner Griffith said he was in agreement. The problem the department has is trying to balance out the positive effects that it brings to the system not just Belgrade. We have a hard time getting to that number because truly the only thing it does do is take traffic off Secondary 205 for our system which is where most of the money is coming from. So it's sort of the beneficial use thing. The Tiger Grant would be the best option for all of us and I'm sure if that came through we could finish this up in a heartbeat. Somehow if there could be a commitment on development that may help out too. I just throw that out because that is a player that is not at this table. Steve White said one thing that has happened in Gallatin Valley is that Valley Center was just completed. Not only has Valley Center been completed all the way to Costco and back to Jack Rabbit, but now there is a light on Jack Rabbit that was just installed

in the last year. There has been some contribution by developers that put projects in on Jack Rabbit but every major subdivision project that's come before us since 2007 never broke ground. Even before that they were pretty skeptical on the economy and now this particular area will probably become commercial development more than residential. Commissioner Griffith mentioned how tight the budget was going to be for the next few years. The Commission literally took all of the money we got specifically in District 2 and did projects like Valley Center out of the stimulus money or else it still wouldn't be done. We took money from the Interstate program to do \$18 million worth of construction on Jack Rabbit Lane. So we're robbing everywhere we can within the system to keep those projects up to speed. We know the need. Steve White said Gallatin County is a growing county, one of the fastest in the state and we appreciate all that you've done to provide for some of the improvements to our roads. We're close to this one and that's why we felt it necessary to come in here and let you know the status and that we do have a shortfall.

Brian Sprenger said some of the airport land could eventually be developed commercially however that could be 10-20 years down the road. If that was the case and there was something in a future agreement for retroactive participation, is that something that's of interest to the Commission? Commissioner Griffith said that was sort of my idea; some way of addressing the issue. Commissioner Howlett said looking at the trains and the potential to divide this community, there might be a fifth partner with some kind of an obligation and that's Denny Washington. His trains separate that city. I don't know how you bring him to the discussion but this is bad and adding 20 more trains makes it intolerable. Steve White said they've had a discussion with Rail Link and the extent of their participation would be for some donation of right-of-way which amounts to around \$100,000. So we've had those discussions and I have a sense that is the limit of their participation. Commissioner Howlett thanked them for coming and said the Commission would take it under advisement.

Agenda Item 6: 2012-2016 Statewide Transportation Improvement Program

Lynn Zanto presented the 2012-2016 Statewide Transportation Improvement Program. We update our Statewide Transportation Improvement Program (STIP) every year. This is mainly a federal requirement to our planning regulation and laws. Essentially most of the Title 23 funding categories for programs are required to be in the STIP. Part of the requirement is (1) public involvement. It is essential to have a public involvement process for advancing projects. That is one of the things FHWA checks and reviews, and (2) fiscal constraint or financial feasibility. Basically this is the document we use to demonstrate to them that our plan is well within the funding that we have. It is organized by district. We cover a five-year period; the federal requirement is a four-year period but we chose to go five so it's more consistent with our TCP process. We only have to update it every three years but we've chosen to update annually. We have to show project costs by phase and scope of work. The rationale is to help determine fiscal constraint and reflect the phases of projects that we anticipate requesting FHWA approval to obligate funds within this five-year time frame.

In order to spend federal funds on federally supported surface transportation projects, federal law requires Montana to submit a Statewide Transportation Improvement Program (STIP) to the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) for approval. The STIP includes projects that MDT plans to program for preliminary engineering in the current federal fiscal year as well as other phases necessary to move projects forward during the next five federal fiscal years. The following is a list of most of the federal funding programs included in the STIP:

- Federal-aid highway programs such as Interstate Maintenance, National Highways, Surface Transportation, Bridge Replacement and Rehabilitation, Congestion Mitigation and Air Quality Improvement and Highway Safety Improvement.
- Indian Reservation Roads
- Forest Highways
- Known discretionary and earmark projects
- Park Roads and Parkways
- Transit programs for the rural elderly and disabled
- Rural general public transit programs
- Metropolitan transit programs
- Other transit programs including Job Access and Reverse Commute and New Freedom
- Safe Routes to School capital expenditures
- Aeronautics

The STIP provides an opportunity for the public to comment on new projects. It also demonstrates that funding is reasonably expected to be available for the various project phases that will move forward in the next five federal fiscal years. If a project has already entered a phase and funds have been obligated, that project will not be shown again in the STIP.

FHWA and FTA approval is based on their finding that the STIP was developed through a process consistent with federal statute. Montana's STIP has been developed according to federal planning requirements. The STIP meets the policy goals and objectives of MDT's 20-year policy plan, TranPlan 21; the Performance Programming Process (P3); and the metropolitan transportation plans developed in Billings, Missoula, and Great Falls.

Prior to submitting the STIP to the Commission for approval, the state is required to conduct a formal public involvement process. This process began on March 6, 2012, when the draft project list was posted on MDT's Web page and the public was notified that it was available for viewing and comment. On March 7, 2012, MDT distributed the STIP edition of the *Newsline* newsletter (construction projects only) and invited public comment. The public involvement process ran through April 6 and was carried out according to all pertinent federal laws including the following:

- 23 CFR 450, Subpart B
- 23 CFR 450.218
- 49 CFR 613.200
- Title VI of the Civil Rights Act of 1964
- Title VI assurance executed under 23 USC 324 & 29 USC 79
- Section 6001 of SAFETEA-LU
- Americans with Disabilities Act of 1990
- 49 CFR 20—restriction on influencing federal activities
- 40 CFR Subpart A of CAAA

MDT mailed the 2012-2016 draft STIP to the Transportation Commission on May 9, 2012. Any comments it receives during the public involvement period will be addressed at the May 24, 2012, Commission meeting.

The STIP includes proposed highway projects for each of the five financial districts as well as statewide programs. The proposed highway projects include nominated

projects that will enter the preliminary engineering phase of project development upon Commission approval. This project list is attached to this agenda item.

Once the Commission approves the 2012–2016 STIP, MDT will submit it to FHWA and FTA for their review and joint finding that the STIP is based on a statewide planning process that meets the requirements of federal law (23 USC 134 and 135, 49 USC 5304 and 5305). Following the federal finding, MDT will program new projects entering the preliminary engineering phase using FFY 2012 funds.

Summary: MDT is presenting the federally required 2012-2016 STIP to the Transportation Commission for approval.

MDT staff recommends that the Commission approve the 2012–2016 STIP and that it add the projects listed in the 2012–2016 STIP that will be entering the preliminary engineering phase during federal fiscal year 2012 to the program. Following approval, these projects will be submitted for programming.

In terms of public involvement we did receive some comments. Paul Grant is here to give you more specifics on the comments. Typically people ask about specifics of a particular project they know is in the works. We did have a wildlife corridor group that had some inquiries and we connected them with our environmental folks. We had a better roads group out of Missoula that gave some input on design features they'd like to see for their roads in Missoula like roundabouts and we acknowledged that. Paul Grant said we had some small clarifications that we provided to FHWA. Missoula had some specifications regarding coordination with the TIP. We usually have that every year. On a local level we had some specific questions regarding individual projects so we hooked them up with the project managers. They were not STIP related questions; they were more project specific questions. We were able to answer all the questions that folks had.

Commissioner Howlett asked if we routinely do preliminary engineering for a bike/ped path. Lynn Zanto said yes we have to do design even for a very small project. Dwane Kailey said the process has changed in the last couple of years. Under CTEP we used to nominate, approve and get program for all phases under CTEP. Based on communication and working with FHWA, they requested that we do it by phase now. So on the bike/ped paths you will see them come in with PE first, IC or right-of-way also, and then we'll do CN construction and construction engineering separately. That was a change in the last couple of years.

Commissioner Lambert moved to adopt the 2012-2016 Statewide Transportation Improvement Program. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 7: TranPlan 21 2011 Biennial Public Involvement and Stakeholder Survey – Informational

Lynn Zanto presented the TranPlan 21 2011 Biennial Public Involvement and Stakeholder Survey Information to the Commission. This is an information item. This lays out our policy direction for the agency and it is a federal requirement. It covers six policy areas: economic development, land use, safety, public transportation, road system performance, and bicycle pedestrian. The TranPlan 21 2011 Biennial Public Involvement and Stakeholder Surveys are part of the TranPlan 21 biennial public involvement process. The surveys identify changes in public and stakeholder opinion and opinions on emerging issues. The reports track changes in public opinion resulting from MDT policies and programs. MDT has been conducting these surveys since 1994.

The purpose of the 2011 TranPlan 21 Public Involvement and Stakeholder Survey is to examine Montanans' perceptions of the current condition of the transportation system throughout the state and by district; views about possible actions that could improve the transportation system in Montana; and opinions about the quality of service MDT provides to its customers.

Public Survey Summary:

In 2011 Montanans were

- Generally satisfied with the state's transportation system.
- Satisfied with the physical condition of system components except city streets.
- Somewhat satisfied with the availability of most transportation services (except passenger rail service).

Montanans want more facilities, equipment, or services for

- City streets
- Major highways other than interstates
- Rest areas
- Pedestrian walkways.

Montanans viewed nearly all problems studied as small problems. Only one problem was viewed as moderately severe: road pavement condition.

Montanans' highest priority possible actions to improve the transportation system are

- Maintain road pavement condition.
- Improve the physical condition of highways other than interstates.
- Keep the public informed about transportation issues
- Take appropriate measures with roadside vegetation
- Support preserving existing rail service.

Trends:

- Overall system satisfaction has improved.
- Satisfaction with the physical condition of all system components is the highest it has been since inception of the surveys.
- Perceived system problems continue to be rated as small or medium problems.
- Possible system improvements remain rated as medium priorities.
- MDT average performance and customer service grades declined slightly from 2009, but are still higher than all other years.

MDT's overall customer service and performance grades are in the B to C+ range.

Communication:

- Montanans view radio and television as the most useful general communication tools.
- Montanans say maps are the most helpful communication tool for transportation planning and project information.
- The MDT website is becoming a primary communication tool particularly among the young and educated.
- Using new technology like electronic message signs increased as a system improvement priority.

Stakeholder Survey:

In 2011 MDT's stakeholder groups were

- Generally satisfied with Montana's transportation systems.
- Most satisfied with interstate highways and airports.
- Least satisfied with bus depots and intercity bus service.
- More satisfied with bicycle pathways, pedestrian walkways, rest areas, and bus depots.

Out of 16 possible actions to improve Montana's transportation systems, stakeholders' highest priorities were

- Maintaining pavement condition.
- Keeping current with new transportation technologies.
- Improving transportation safety.

Stakeholders' lowest priority was reducing single-occupant vehicles.

Trends: When compared to stakeholder surveys since 2005:

- It appears that 2011 stakeholder groups are more satisfied with components of the transportation system than were stakeholders in previous studies.
- Overall satisfaction with the transportation system remains at a relatively high level.

Priorities:

- Stakeholders' top priorities for possible actions to improve roadways are increasing shoulder and road widths.
- Stakeholders' lowest roadway improvement priority is increasing roadway lighting.

Stakeholders rate the following public communication tools highest:

- The MDT website
- Maps

Lynn said satisfaction decreased slightly in 2011 from 2009. The time of the survey was May, 2011, which was a major flood season so that could have had an impact. Commissioner Howlett thanked Lynn for the information. We appreciate your continued efforts to engage the public and seek their opinions. Thank you.

Agenda Item 8: Speed Zone – Kalispell By-pass

Dwane Kailey presented the speed limit recommendation on the Kalispell By-pass. When we designed that project and began constructing it, we don't typically set the speed limit during design but because this was a new roadway we got an interim speed limit. Then we wanted to measure the traffic speeds and come back with a recommendation. We've done that and based on what we saw for traveling speeds we are recommending a 45 mph speed limit beginning at the intersection on the south end with US 93 and continuing west to station 8+00 an approximate distance of 2,600 feet. Then transitioning to a 55 mph speed limit beginning at station 8+00 and continuing north to the intersection with US 2 an approximate distance of 3.5 miles. One reason for the 45 mph is shortly after the intersection with US 93 we have a roundabout which we believe is enticing the traffic to travel a little bit slower speed. From there it is a little more open and rural and the speeds increase so we're recommending the 55 mph. We have presented that to Flathead County and they concur with that recommendation.

Commissioner Griffith moved to adopt the Speed Limit Recommendation for the Kalispell By-pass. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 9: Speed Limit Recommendation Lewistown By-pass – P75

Duane Kailey presented the speed limit recommendation for the Lewistown By-pass – Route P75. We've been requested by the Fergus County Commissioners to look at the traveling speeds on this route and provide a recommendation. Based on the accident history and the engineering review of the traveling speeds we are providing the following recommendation: a 60 mph speed limit beginning at station 0+00 (intersection with US 191) and continuing east to station 77+00, project F 389(1), an approximate distance of 1.5 miles. That has been presented to Fergus County Commissioners and they concur with that recommendation.

Commissioner Lambert moved to approve the Speed Limit Recommendation for the Lewistown By-pass – P75. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 10: Speed Limit Recommendation MT 16 – Plentywood East and West

Duane Kailey presented the speed limit recommendation for MT 16, Plentywood East and West. We've been requested by Plentywood city officials to review this route for a speed study based on truck and traffic volumes which have increased in this area. We've looked at the accident history and the traveling speeds. This is a little confusing because it already has existing speed studies through it. I'll explain them but for best reference look at the map which shows the existing as well as the proposed speed recommendations. The following recommendation will include the entire Plentywood special speed limit configuration description for Montana Transportation Commission record purposes. The 55 mph speed zone was previously established in 2007.

Beginning with a 45 mph speed limit beginning at station 2093+00 (900' west of MP 41) and continuing east to station 2101+00, an approximate distance of 800 feet. Then transitioning to a 35 mph speed limit beginning at station 2101+00 (150' west of MP 41) and continuing east to station 2110+00, an approximate distance of 900 feet. Then transitioning to a 25 mph speed limit beginning at station 2110+00 (200' west of the intersection with Raymond Road) and continuing east to station 2165+00, an approximate distance of 5,500 feet. Then transitioning to a 35 mph speed limit beginning at station 2165+00 (east side of the intersection with Roberts Street) and continuing east to station 2178+00, an approximate distance of 1,300 feet. Then transitioning to a 45 mph speed limit beginning at station 2178+00 (300' west of James Drive) and continuing east to station 1134+00 (project change) just beyond the fairgrounds access road, an approximate distance of 1,500 feet. Then transitioning to a 55 mph speed limit beginning at station 1134+00, project F 22-2(3) and continuing east to station 1099+00, an approximate distance of 3,500 feet.

Commissioner Howlett asked if the same engineer came up with this as the one driving from here to Spokane on the Interstate. You never know what you're supposed to be driving. Dwane Kailey said this was in a community and a town which makes a little more sense. We will have the appropriate signage posted. We have presented this to Plentywood and they concur with our recommendations.

Commissioner Howlett said this is 25-35-45-55 mph which just seems unenforceable. I understand these percentiles but you've got to have something that is enforceable and that the traveling public isn't looking at all the signs in town and the cars in front of them and other things. Dwane said this was stepping down and then progressing back up which you see in most communities. Even as you enter the city of Helena you start at 70 mph and it steps down to 55 mph, then to 45 mph, and 35 mph, and then in the tighter areas we step it down to 25 mph. That is essentially what we're doing here. Again as you get into the really congested area, the downtown corridor, that's where you've got the 25 mph speed limit. Commissioner Howlett asked Commissioner Lambert what she thought since it was in her District. Commissioner Lambert felt it was a good thing. You don't have to watch the signs because the traffic dictates the speeds.

Commissioner Lambert moved to approve the Speed Limit Recommendation for MT 16 – Plentywood East and West. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 11: Speed Limit Recommendation Secondary 487 – Big Mountain Road

Duane Kailey presented the speed limit recommendation for Secondary 487 – Big Mountain Road. As most of you are aware we reconstructed this roadway in 2008. Since then the speed limit was set at 25 mph. We've been requested by Flathead County officials to look at the speed and requested we increase the speed. Based on our review of the accident history as well as the roadway configuration and the traveling speeds we are recommending a 40 mph speed limit beginning at station 134+00 (the intersection of East Lakeshore Road and Big Mountain Road) and continuing north to the end of project STPS 487-1(9) (300' north of the intersection with Glades Drive), an approximate distance of 4.12 miles. We've presented that to Flathead County Commissioners and they concur with this recommendation.

Kevin McLaury asked Dwane why he was rounding down when typical practice is to round up. As you come out of Whitefish, you're stepping up from 25 mph to 35 mph to 45 mph, then back down to 40 mph in the speed study area. From the written comments by the folks who did the study they actually rounded down. My question is wouldn't it be more efficient to have a single speed after stepping up rather than going to 45 mph and then back down 40 mph. Dwane said one of the issues we're struggling with is a roadway that as you come out of Whitefish up into this area, you've got some development and some residential, but it's fairly tangent; there are some big curves but not super tight. Once you get into the speed study area you've got switchbacks, a very steep grade, and a fair amount of winter driving conditions. That is the reason they chose to err on the safe side and the slower speed side and round it down. As always we're more than willing to go out and review it in the future to see if there's compliance or additional issues created by the speed changes. While we reconstructed the road, you're still going to a ski resort on a very, very tight mountainside.

Commissioner Griffith moved to approve the Speed Limit Recommendation for Secondary 487 – Big Mountain Road. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 12: Speed Limit Recommendation Secondary 544 – Biddle to Belle Creek

Duane Kailey presented the speed limit recommendation for Secondary 544 – Biddle to Belle Creek. Powder River County officials have requested us to do a speed study due to increased truck activity. We reviewed the speeds as well as the accident history. Based on that review we are recommending a change from the existing 55 mph speed limit to a 45 mph speed limit through the entire corridor. This is gravel road. The specific recommendation is a 45 mph speed limit beginning at the intersection with MT 59 and continuing east and then north to the end of the route at the intersection with US 212, an approximate distance of 32.5 miles. We've presented it to Powder River County Commissioners and they concur with our recommendation.

Commissioner Winterburn asked if there was good enforcement on that road. Commissioner Lambert said they do have good enforcement and they are dedicated as much as they can; it's a big county with very few law enforcement officials. The local traffic will slow the traffic down. This is something the people in the district had asked the County Commissioners to do. Commissioner Howlett said having read the information related to the study, it seems to me that with all that truck traffic and the dust and the other things out there, you need to tap it down a little bit. Obviously there will be violators but as a matter of public policy a reduction is in order.

Commissioner Lambert moved to adopt the Speed Limit Recommendation for Secondary 544 – Biddle to Belle Creek. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 13: Speed Limit Recommendation US 212 – Lame Deer

Duane Kailey presented the speed limit recommendation for US 212 – Lame Deer to the Commission. The Northern Cheyenne Tribal representatives requested that we take a look at the existing 55 mph speed limit and perform a speed study. At the time we were requested it was interpreted by MDT personnel that they were asking for a 45 mph speed limit. We conducted the speed study, reviewed the accident history which is very limited. Based on that review we came back with a recommendation of 45 mph speed limit beginning at metric station 280+20 (920 west of the intersection with Cheyenne Avenue) and continuing east to metric station 290+20, an approximate distance of 1000 meters or 3,300 feet. Then a 55 mph speed limit beginning at metric station 290+20 (200 east of the eastern approach for the Charging Horse Casino) and continuing east to station 294+00, an approximate distance of 380 meters or 1,250 feet. Based on the study we sent correspondence to the Tribe as well as the County. We received a response from the County very quickly and they concurred. Unfortunately we did not get a response from the Tribes in time to go back out and review their recommendations and comments. The Northern Cheyenne is very interested in the speed limit change and they would like it in place this summer. With that I discussed it with my staff as well as the Director and we chose to bring it to the Commission with some options.

Option 1: You can adopt a speed study as presented here based on the initial review and engineering recommendation.

Option 2: In any speed study if we get comments back from the local or tribal government, we typically would go back out and review their comments and try to accommodate within engineering judgment. We didn't have enough time to get that done prior to the Commission meeting but the Commission can recommend that MDT go back out, take the Tribe's comments into consideration and do our best to reconcile those. One thing I will tell you is that their limit of the 35 mph will be challenging from an engineering standpoint. I'm not saying we won't meet them, staff did state they believe there is support for 35 mph in and around the stop controlled intersection but going to the limit Northern Cheyenne is asking is going to be a challenge. I want you to be aware of that.

Option 3: You can adopt the speed study in concurrence or in conformity with what the Tribe is recommending; that is your authority. The engineering recommendation does not support that but that is within your authority under statute.

Option 4: Under statute you can do pretty much what you want relative to the speeds but I'll defer to the attorneys to keep you out of trouble. Rather than delay this and take the decision out the Commission's hands, I wanted to bring it to the Commission meeting and get your guidance, direction, recommendation, or decision on the speed study.

Commissioner Howlett asked who enforced traffic speed limits on the North Cheyenne Reservation. Commissioner Lambert said the Highway Patrol and the BIA. Commissioner Howlett asked if the County had authority to enforce it on the Reservation. Commissioner Lambert said they don't have jurisdiction but I see them stopping vehicles. I see a lot of Highway Patrol too. Commissioner Howlett said the

Tribe may have an agreement with the Highway Patrol. Director Reardon said I don't know specifically about an Agreement with the Highway Patrol but I do know the BIA has some responsibility there and they do have some enforcement. I met with the Chairman of the Tribe and the Traffic Officer two weeks ago and this was one of the issues they had concerns about. As we visited it became obvious that there is one thing problematic for the Department and that is a lack of crash data from the Tribe. I tried to convey to them that our traffic studies rely on that type of information especially when you're making recommendations to reduce speed limits and justify it from an engineering standpoint. They concurred that we didn't have that data and they indicated to me and Eli Clarkson, the Department's Counsel, that they would ask the BIA to provide that information to the Department because they felt it would demonstrate statistically a reason to put the 35 mph in as a step down.

Their concern is with the addition of the new Casino and the Art's Council that there are a lot of people walking from the Community Center. The traffic coming from the top of the hill especially in the winter does not slow down sufficiently at that intersection. They believe if there was a greater step down 55-45-35 mph it would be a much safer intersection. We don't have that data yet. This is one of those situations where the Tribe may feel they aren't getting treated the same way that local governments might be treated but at the same time I explained to them that we needed the data. You're asking us to take on faith that there is crash data there. That information would be very helpful to the Department in trying to decide to support an additional step down from 45 mph to 35 mph as you approach that intersection. If the recommendation presented by the Department is upheld, I think in fairness we ought to notify the Tribe that we're willing to go back out and take another look at that if they provide that data to us that would give us a reason to take another hard look at the 35 mph speed limit reduction.

Commissioner Howlett said he thought there was a problem. I've been aware of this problem for a number of years and it goes to the issue of jurisdiction. In my early years on this Commission we talked about crashes happening on Reservations specifically from border towns to Reservations and the fact that data was not being supplied to the state so it was very hard to justify putting those roads into an improvement project because we simply didn't have the data. But lives were lost there, the wrecks are happening there. I think that we can begin to address some of those kinds of things in this traffic safety meeting that's coming up. I don't have any question that Tribal officials know where their people are dying on the roads and where the wrecks are happening. The fact that there's been some wrangling over jurisdictional issues and throw in the BIA with all of its incompetence, and it's a mess. We had a contract issue with Northern Cheyenne where the BIA left this Commission hanging. I don't forget those kinds of things. I'm not going to hold the Tribe hostage to the negligence of that Agency but I think the Tribe is the enforcement agency and I think we should recognize that they know what they need to do. Enforcement is always an issue; the County isn't going to enforce it so the Tribe has to.

Commissioner Griffith asked about the middle ground recommendation.

Commissioner Lambert felt that was the one we should do in concurrence with the Tribe. Dwane Kailey said our recommendation is a 55 mph to 45 mph speed limit. We didn't review the 35 mph. Again in discussion with staff we do believe that 35 mph could be supported in proximity to the four-way stop. Staff was concerned that it wouldn't progress out to the full limit of the request by the Tribe. But to do that I would need to task that back to staff, so if that's the middle ground you want us to pursue, we will but I want to make sure everybody is aware that it's risky as to whether or not it's going to be very close to what the Tribe is requesting.

Commissioner Howlett asked if they could approve something with the understanding the Department would continue to meet with the Tribe to try and get a satisfactory solution so we can have the speed limits up by summer. Dwane said

absolutely. You can task it back to the Department and we'll sit down with the Tribe and work with them. We can adopt a 35 mph speed limit in and around the proximity of the four-way stop. Again it's not going to take a whole lot of time, maybe two weeks to a month, when we could then bring it back to the Commission on a Conference Call or delay it until your next regular Commission Meeting in July. Commissioner Howlett said he wanted to take action now with the intent that the Department is given the leeway to negotiate with the Tribe to find a satisfactory solution. Dwane Kailey said I don't know that we're going to find a satisfactory answer between the engineering and the Tribal request. I think we're going to be closer to Tribal request, I just don't know that we're going to come into agreement. Commissioner Howlett asked if the engineering is based on crash data. Commissioner Winterburn said the engineering problem is getting that to 35 mph. Dwane said we look at the traveling speeds and then we add to that the accident history. We've listened to the Tribe but without the data, it's challenging to find out the causal effect of those accidents and tie it back to speed. That's one of the issues. Without that accident history to support or substantiate that 35 mph, we then are forced to look back at the traveling speeds and the surrounding terrain. The area is fairly rural, there's not a lot of development therefore it really is supporting a 45 mph speed limit based on the traffic. Commissioner Howlett said wait a minute, it's a town, its Tribal Headquarters, it doesn't have a lot of sidewalks, it doesn't have stop lights, and there's a lot of kids. I've driven through Lame Deer many, many, many times. I understand the Tribal position and I support that. The Northern Cheyenne is wholly Northern Cheyenne. The crash data in similar situations doesn't exist on Indian Reservations and motor vehicle accidents is the number one killer of young people between 19-35 years old.

Commissioner Lambert said one of the problems they have is the Casino and on the other side of the road they have the College. The College has a good turn off but before you get to that turn off there's a Craft Center and it is a really bad turnoff. Quite honestly it is a good middle ground stop for people. There is a double yellow line and by law you can't cross a double yellow line. So traffic going towards Lame Deer to turn into the Casino has a double yellow line, and for traffic going the other way to turn into the Art's Center also has a double yellow line. You can't cross those. Dwane said you can cross them. A double yellow line means you cannot pass but you can turn left across them. The only place you can't cross is when we have an eight-inch solid line or when we paint a median on the ground with the hash marks.

Commissioner Howlett said I hope we can reach a point where we have the data and we have a good understanding of the crash history on all of our roads in Montana including Indian Reservations. That we continue to look to address some of the issues contributing to that such as signaling, bike and pedestrian paths, and roadway improvements.

Commissioner Lambert moved to approve the Speed Limit Recommendation by Northern Cheyenne Tribal Council, US 212 – Lame Deer. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Update on Polson South: Dwane Kailey gave the Commission an update on the speed study for Polson South, Secondary Back Road. Ed Tades has a meeting scheduled with the Confederate Salish-Kootenai Tribes Tribal Council on June 7, 2012. At that point in time he will present the speed study to them and get their comments and concurrence. Commissioner Howlett said he met with the County and would discuss that later in the meeting.

Agenda Item 14: Letting Lists

Duane Kailey presented the Letting Lists to the Commission. We are presenting the Letting Lists for May 10th through December. You will notice the September 6th and September 20th Lettings are rather large. As we've seen in the last few years, as we approach the end of our federal fiscal year, we run the gamut of making sure we obligate every dollar that we get from the federal government. We have projects that happen to be on the bubble – they don't have all the right-of-way, utilities, or design completed. So we like to have backup projects. Over the last few years we've seen a fair number of projects with deflation versus inflation. We've had projects come in under what we anticipated their cost to be. Over and above that in the last few years we've had additional federal funds whether it is a continuing resolution or additional money and/or grab bag or redistribution. So we like to have this backlog of projects so that we can obligate every dollar out of this agency. With that, in the September 6th and September 20th you will see a rather lengthy list of projects. The majority of those projects are backup projects. They are in the magnitude of \$60 million worth of work that we may not end up Letting but you have approved those projects through the Red Book or TCP Process. Ninety percent or better of those projects are 2013 projects. If they aren't Let in September, they will simply move and we will Let them at a later date. With that, I present it to the Commission for your approval.

Commissioner Howlett said it was important that you explained that – just because we approve this doesn't necessarily mean they are going to get done. We don't want projects sitting on a shelf and money sitting in an account that hasn't been obligated. I think it's a good way to move.

Commissioner Griffith moved to adopt the Letting Lists. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimously.

Agenda Item 15: 2013 Letting Dates

Duane Kailey presented the 2013 Letting Dates to the Commission. These are the Letting dates for 2013. As we discussed in the past, we've been working with the Montana Contractor's Association regarding the Letting dates. Some time ago we went to two Lettings per month. We've heard back from the Contracting Association that some were happy with it and some weren't so happy. So we sat down with them but we still have some that aren't happy and some that are very happy. Essentially we're finding the bigger Contractors like Riverside have dedicated Estimators that can handle and staff two Lettings per month. But some of the smaller Contractors have Estimators who are also their Superintendents and they struggle with the Letting dates. So in our proposed Letting dates the months we really want to get those projects out and get the Contractors on the ground and working for the summer, we're going to continue with the two Lettings per month but as we dwindle down to the end of the year and get into the winter, we're going to step it back to one Letting per month. With that, we're presenting the Letting dates for 2013 for your review and approval. Commissioner Howlett asked if the singular months would begin in August and run through January. Dwane said that was correct.

Commissioner Griffith moved to adopt the 2013 Letting Dates. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimously.

Agenda Item 16: Certificates of Completion February & March, 2012

Dwane Kailey presented the Certificates of Completion for February 2012 and March 2012 for Commission approval.

Commissioner Lambert moved to approve the Certificates of Completion for February & March, 2012. Commissioner Griffith seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 17: Project Change Orders February & March, 2012

Dwane Kailey presented the Project Change Orders for February & March, 2012 for Commission approval.

Commissioner Griffith moved to approve the Project Change Orders for February & March, 2012. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Agenda Item 18: CTEP

Dwane Kailey said this is a follow-up and conclusion on CTEP. As you are aware we've been struggling with CTEP. There's been a fair amount of apportionment and obligation authority sitting out there. We did apply a Rescission recently. We've worked with you in reviewing options to improve CTEP and make it more efficient. The big unknown at this point in time is the federal Reauthorization. We looked at numerous options and recommendations to improve the CTEP Program but in discussing it with staff as well as the Director, we're a little concerned with making any major changes in the CTEP Program and then turning around and having a federal Reauthorization come through that potentially could force us to make changes again. I think that would be unfair to the Local and Tribal Governments and challenging for them as well. Lynn will speak to the potential changes in the Senate and House Bills but we didn't feel it was prudent to make any major changes in CTEP and when we get Reauthorization have to go back to the Local and Tribal Governments and tell them we have to change.

With that staff is recommending that we essentially fall back in line with the original CTEP Commission policy adopted back in 1998 with one amendment. As you recall one of the requirements in the original policy is that we rescind any funds not expended within three years. We rescind them back to the Department of Transportation and spend them on some sort of enhancement-type work. One of the things we're concerned with is when you look at some of the smaller counties and cities, in particular Petroleum County which only receives \$4,000 - \$5,000 per year. So that three-year build up would be right around \$15,000 which is not a whole lot of money for them to do much with. So we're asking to go back to the original directive by the Commission with a minimum balance established of \$50,000. That way the smaller communities that get the minimal allocation won't have their funds rescinded after three years until they build up to a minimum of \$50,000.

Commissioner Howlett asked if they were going to let them build \$50,000 and then take it away. Dwane said we would rescind after the \$50,000 but not below \$50,000. Commissioner Howlett said that would be 10 years of build-up. Truly the areas that we have the most problem with are the smaller counties. Although you did give them

another year as I understand it, so it is actually two Amendments. Dwane said that was correct. We would not initiate this roll-back until the end of fiscal year 2013 essentially giving them a year plus to get those funds expended. We're giving them an opportunity to go ahead and get those funds used and get them out on the road. We didn't feel it was appropriate to go in tomorrow and rescind the funds. Commissioner Howlett said the larger counties could have a balance but it would have to be a minimum of \$50,000. Dwane said the larger communities would be allowed to accrue three year's of obligations; at the fourth year if they have not expended at least one year's worth we would rescind one year's worth and it would come back to the Department of Transportation. We would then spend those on enhancement-type activities somewhere in the state. Commissioner Lambert said essentially it is "use it or lose it". Dwane said that was correct after three years. At the end of the fourth year if you haven't expended at least one year's worth, you would lose one year. Commissioner Howlett said they have four years to accumulate money but by then you have to have a program; so it makes you comply. Dwane said that was correct. Commissioner Lambert asked if he anticipated rescinding a lot of money. Dwane said if we enacted the rescission policy as of a month ago we would rescind approximately \$2.5 million. A lot of that comes out of the smaller communities because it is challenging to build up enough to use. With the \$50,000 minimum our anticipation is we're probably not going to rescind very much money. Commissioner Howlett said that would be the objective; get it spent. Commissioner Griffith said the goal is to spend the money. Lynn Zanto said the three years is consistent with federal highways; when we get our funds allocated from them then we get the year of allocation plus three years to get those spent or they will take it from us. So were trying to mirror what they are doing.

Federal Reauthorization. Kevin McLaury updated the Commission on the federal legislation. He said there is some optimistic hope that something may happen before the end of June when the current bill expires. We are becoming more and more positive about what's in the bill. Both the Senate and the House Bills are very similar. The differences are the money and the length; those are the two sticking points. I compliment the Department for not making a change in CTEP at this point because both bills do have similar language reducing the number of pots of money from fifty to five. So in the future the funding doesn't have set-asides. So it provides the Department much more flexibility in the future to have money off the top. Those mandates will not be there anymore so it's going to provide the Department and the Commission much more flexibility. One thing Congress has been hearing from states is that they wanted the ability to spend the money where they think the money should be spent rather than having it dictated. As the bills roll forward with hope and some good debate through Congress, we're confident that something will happen hopefully sooner than later. At that point it will give the Department some options that aren't there now. If Congress does pass the bills as it appears they will, you will have significantly more flexibility in what you want to spend the money on particularly in these little programs – Transportation Enhancement, Safe Routes to School, Trails and those types of programs. They remain eligible and you can still fund those but you no longer are mandated to spend money in those areas. So I want to commend the Department for seeing the landscape of where we are and potentially where this is going to head in the future. It doesn't make much sense to make a change today and have to go back in a few months and make additional changes. Commissioner Howlett said it appeared to him there is going to be a need to sit down and analyze a lot of these little programs and how they fit in with the Commission's desire and how to engage the public in the discussion. Commissioner Lambert said she was excited that they believe something is going to happen.

Commissioner Griffith moved to approve the staff recommendation for CTEP. Commissioner Lambert seconded the Motion. All Commissioners voted aye.

The motion passed unanimous.

Director Discussion

Director Reardon said he wished he had a crystal ball to be able to see what was going to happen. The last I heard the Senate and the House have come to an agreement on about 60%-70% of the language but some sticking points remain – how long is the bill, how you going to fund it, how much money is the bottom line and the Keystone Pipeline. Depending on how they get through that, we may have a bill by June 30th which would be great. The House has already passed a resolution for an extension through September but the Senate has not taken that up. I believe the House is in recess this week and the Senate is going to be out for a week as well. There are 47 members of the Conference Committee; that gives you an idea of how they are going to work this out. Senator Boxer is the Chair for the Senate and Representative Mica is Chair for the House. I suspect it will depend on the strength of the leadership on both sides as to how far they get with a compromise. Hour-by-hour you can pick up a different crystal ball and get a different read.

Lynn Zanto and her staff are prepared to discuss the large project portion of this and Joe Williams is here from our Administration Division and he will visit with you about Garvee Bonds. The recent Commission decision saved about \$3 million through refinancing Garvee Bonds for Hwy 93.

Bridge on Hwy 200

Dwane Kailey presented information regarding the Hwy 200 bridge structure to the Commission. We have a challenge with a structure on Hwy 200 about 22 miles east of Jordan. I wanted to brief you at this meeting and then bring you all the appropriate nomination and paperwork during one of the Conference Calls and ask you for approval because we need to expedite a design and construction project. We've got several timber structures on our System. They actually perform very well; they've had a great life but some of them are starting to hit the end of their useful life. Back in 1997 we saw a little bit of a sag on this structure. We watched it in 1999 and the sag did not change in any way shape or form. In our latest inspection we've seen some increase in that sag. We then initiated a contract with Maintenance and Let it through Purchasing, attempting to lighten the load. There's about 12 inches of asphalt over this timber structure which adds a significant amount of weight onto that bridge. We tried to initiate a contract to bring in a contractor in to mill some of that asphalt off and get some of the weight off the structure and move forward. Unfortunately we received no bids; no one wanted to do the work. In communication with them there is a pretty fair concern about them putting the equipment onto the bridge given the weight. At this point in time we're continuing to work with contractors to get some of the weight off there but it's apparent we've got to replace that structure. We're going to expedite a contract and essentially replace it with a new concrete or steel bridge. Our intent is to get it designed and contracted hopefully as early as September of this year. One of the big issues we have is that on Hwy 12 there is a width restriction out of Forsyth. On Hwy 200 we've got another structure just down the road that we're working on and now this one. If we don't get some of the asphalt off, we're going to have to put a weight limit on the bridge itself. If we can get some of the asphalt off we can allow normal non-permitted loads to go through but we can't allow any over-weight loads to go over it. Then we go up to Hwy 2 where we've got Bainville and Big Muddy where trucks are really challenged to get into the eastern part of the state right now. We really want to fast-track this project and get some of these routes opened back up to trucks and get them moving because they really are challenged right now. Again I wanted to brief you at this meeting, give you the information. It's our intent to go ahead and do the public notification; get everything out there and bring it to you in a Conference Call.

Commissioner Howlett asked what river it crossed. Dwane said it is on Maxwell Coulee which is actually a dry creek most of the year. In eastern Montana one of the big issues is rain. It's actually about a 100-foot long structure, three-span at this point

in time. We are looking at replacing it with a single span approximately 90-100 foot long span bridge. Commissioner Howlett asked about the total cost. Dwane said they haven't developed that yet but we're working on it and we'll get it to you. Commissioner Howlett asked if it would come out of the bridge fund. Dwane said yes, it will come from the On-System Bridge Program.

Kevin McLaury said they have been working with Kent Barnes and his crew on a pre-cast bridge element system. The Department has been working very hard and has had a consultant do some design work. Would a structure like this fit this scenario? For speed of construction especially in that part of the world with the big heavy trucks moving from the oil patch – is this a potential project for something like that? Dwane said absolutely. That is our intent but we still need to gather some survey data and get some more environmental information. It is our intent to use some sort of pre-fab accelerated bridge construction. Right now we're talking about a week-long single-lane detour around the structure, get the contractor in there, drive the pilings, and set the bridge all in one week. It's going to depend on survey and environmental and some additional information. Until we get federal approval and Commission approval, we cannot charge to a federal project. So right now we've initiated a state-funded project so the staff can go out and gather all the necessary information. As soon as we're able to get the federal project programmed, we will begin charging to the Federal Aid System.

Garvee Bonds

Joe Williams, Administration Division, MDT. Two of my duties are cash flow and bond indebtedness. Back in 2005 we sold roughly \$123 million of bonds to take care of the Hwy 93 project. We followed that up in 2008 with another \$45 million in bond sales for completion of the project. Every time we have those bond sales we monitor the interest rates compared to what we sold the bonds for. When we sold the bonds in 2005, the interest rate on the bonds and the yield was roughly 4% going up to 4.4%. We looked at the market starting in January...the goal was to hit a 3% return on investment and in January the market looked like it was right for the 3% return. We notified everybody that we would try and refund these bonds and refinance at a lower interest rate. We just completed that last week and we were able to get a yield between .9% to 1.9% - that's significantly down from the 4% when we did them seven years ago. That generated \$3 million in savings between the bonds that mature in 2016 and 2020 which will most likely go back to the Missoula District. We are monitoring now the bonds for 2008 and if we get that same 3% return, we'll try and refinance. You only get one bite at that apple for these bond series; you can only refinance once. The first ten years you can't because that's part of the covenant. You can refinance that last five but not the first ten so we try and wait until that last minute to find the best deal and I don't think we'll get much better than this. We actually got a 6% savings on this. We had a lot of things go right for us. The financials looked good and the day we hit the market there wasn't much going on and folks were looking for a good deal. We generated an \$8 million premium on our bonds. They carry a coupon rate of around 4% but folks were willing to pay more for the stability of these so we brought in \$8 million in premium. Piper Jaffrey and D.A. Davidson were just astounded. They said it was one of the best days they've had; it was a quiet day and this looked like a great value. So it all looks good.

One thing that really helps us is we have a low level of debt. Our annual debt service compared to our revenues is about 2.5%. Compare that to Idaho, whose debt service is in the 30%-33% range. That's tough because when you have the federal program in flux as it is now in the House and Senate, and you have debt service and you have to pay those bond holders first, when you lose flexibility you lose a lot. The one thing Moody's and Standard and Poor's loves about us is we have a great deal of flexibility so whatever happens in the federal program, even with the high gas prices and we notice a little downturn in the state gas tax, we have flexibility to deal with the very, very manageable indebtedness program. So we're encouraging you to keep that

until there is more stability; try and stay out of more debt and pay off what we have and keep our feet moving.

Commissioner Howlett said that was very impressive and we're very thankful for your work on that. We need some help in the Missoula District. The Hwy 93 project is not done and there is a long way to go to get it done but this is helpful. Taking \$15 million off the top to do bond service puts us at a disadvantage every year in Red Book and this will be very helpful. Commissioner Griffith said it was \$3 million for the life of the bond.

Large Projects

Lynn Zanto introduced her staff – Jim Skinner, Bureau Chief of Policy; Paul Johnson, Project Analysis Manager; and Chris DeVerniero, Project Analysis Engineer. I'll be going over the following categories:

- Commission Authority
- Long Range Planning /TranPlan 21
- Asset Management/Performance Programming
- P3 Process Goals & Objectives
- Commission Policies
- Funding Options for Major Projects

Commission Authority

You are aware of this but I'll touch on it very quickly. Our process is the P3 Process. I'll mention a couple of Commission policies that relate somewhat to big projects then we'll get into the meat in terms of big projects – how do we handle them, what are our mechanisms, what do we have in the program, what have we had in the past and how have we dealt with it. One of your first and foremost priorities in every single one of your meetings is setting priorities and selecting projects.

The Commission's Authority is defined in MCA 60-2-110.

Setting priorities and selecting projects.

- (1) *Except as provided in 60-2-133, the commission shall establish priorities and select and designate segments for construction and reconstruction on the national highway system, the primary highway system, the secondary highway system, the urban highway system, and state highways.*

MDT's Role in the Process is defined in MCA 60-2-110.

Setting priorities and selecting projects.

- (4) *The commission shall use information gathered or discovered by and documents prepared by the department, and department officials and employees shall provide assistance and advice.*
- (6) *In carrying out the requirements of this section, the department shall:*
 - (a) *make recommendations to the commission;*
 - (b) *establish the requirements and procedures for administering this section;*

Long Range Planning/TranPlan 21

The first step in the process is TranPlan 21. One of the major action items of TranPlan 21 is our Performance Programming Process. It provides that link between the policy direction and project selection. TranPlan 21 identifies issues, involves input from the public and stakeholders on needs and priorities, establishes policy goals and actions. The purpose of TranPlan 21 is to ensure that MDT continues to address customer priorities by directing resources to programs and projects that reflect those priorities of our citizens. P3 is the process that allows us to do that.

Asset Management/Performance Programming

Paul Johnson said it was important to revisit Asset Management. Performance Programming is the tool we use. We have the over-arching document which is TranPlan 21 but the arm of that is the Performance Programming Process. Where that draws its power is in Asset Management.

The definition of Asset Management is “a systematic and ongoing process that seeks to maximize an asset’s useful life most cost effectively.” Assets can be managed by a number of features. We can manage by physical characteristics like pavement condition, operational characteristics such as level of service or both. Assets are governed by management systems that utilize best available data, measure system performance, establish objectives via performance goals, and optimize future investment decisions. It is also important from an FHWA perspective because we’re going to revisit all of this with the new Reauthorization – how we report, how we do asset management. We will have some decisions in these areas involving FHWA and P3 Authorization Bill.

Examples of transportation assets are roads, bridges, rest areas, signs, and guardrail equipment. Examples of management systems are pavement, bridge, congestion, maintenance and safety. With regard to management systems predicting performance, if you do nothing it will degrade. If you make a strategic investment decisions then you have the opportunity to improve your condition over the status quo.

Management systems evaluate alternatives such as resurfacing of roads, rehabilitation work, stretch resources, and refinish structural work when the useful life is over. The ideal mix is the best package to meet the performance goals. The most important concept is the “right treatment at the right time.” We need to do the most appropriate thing for our assets at the appropriate time.

How does this relate to Performance Programming? Our Performing Programming Process is our process to develop an optimal funding allocation and investment plan based on strategic highway system performance goals and the continual measurement of progress toward these goals. The P3 Process governs our Interstate, NHS, and Primary Routes. It does that because we have funding flexibility in those categories; we can shuffle around our resources to address our goals. It doesn’t include urban routes and secondary routes. The funds we include in the P3 analysis include Interstate Maintenance, NHS, State Primary, and Bridge. The non P3 areas are secondary, urban, CMAC, and enhancement safety.

We’ve talked about how this is going to change. This pie is going to change and we’re going to have to figure out what we need to do with this pie when we get Reauthorization. We are going to stake a course in the meantime.

Even though we have these categories that are not included in the analysis, that doesn’t mean we don’t do asset management. In urban areas we do urban pavement preservation – that’s an asset management activity. On secondary system we do as much pavement preservation as we can, however, we have restrictions; federal in some cases and state restrictions in others that limit what we can do. Again we have that flexibility. We don’t have the ability to freely move assets so we can only address certain strategic issues within these categories.

P3 Process Goals and Objectives

At present, the following goals exist for MDT’s Performance Programming Process:

Pavement Condition (Interstate, Primary, NHS System)

Performance Goal: Maintain average ride in the desirable (or superior) range with less than 3% of the miles in unsatisfactory condition.

Note: Ride is defined as the quality (smoothness) of the ride as perceived by the highway user.

Bridge Condition

Performance Goal: Reduce the number of functionally obsolete and structurally deficient bridges on the state’s highway system.

Congestion

Interstate:	Maintain Level of Service at “B” or Above
NHS:	Maintain Level of Service at “C” or Above
Primary:	Maintain Level of Service at “C” or Above

Safety

Performance Goal:	To reduce fatalities and incapacitating injuries in the State of Montana by half in two decades, from 1,704 in 2007 to 852 by 2030.
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Again with Reauthorization we will have to revisit these. We’ve done Asset Management law for 10 plus years and we’re starting to get the point where instead of making tremendous strides upwards, we’re starting to plateau a little bit. So we would have to reevaluate these anyway.

Each year the Performance Programming Process:

- (1) Assesses data from MDT’s Bridge, Congestion and Pavement Management Systems to determine the current condition of the state’s roadways and bridges;
- (2) Analyzes the effects of various funding scenarios on system performance;
- (3) Develops an “optimal” funding plan designed to meet or exceed performance goals for all systems;
- (4) Presents the “optimal” funding plan to MDT staff for approval;
- (5) Presents staff recommendations to the Transportation Commission for approval;
- (6) Monitors MDT’s tentative construction plan (TCP) to assure that future projects align with the funding plan.

System Performance Results – basically we’re meeting our Performance Goals.

Pavement condition: overall for all Districts is in the “highly desirable to superior” range. This assumes our funding is similar to what we’ve had in the past.

Bridges: we’ve shown improvement in that we’ve had a decline in the number of structurally deficient and functionally obsolete bridges.

Congestion: we’re good.

Commissioner Howlett asked if he could distinguish between the two types of bridges – functional obsolete and structurally deficient. Paul said essentially they have some element that is not exactly perfect or a combination of that. It doesn’t mean they are going to collapse; it means there are some elements that aren’t ideal. We would like to reduce those bridges where we have either one or two areas that put them into these categories; deficiencies that we’d like to take away. When we put a new bridge out there or we do a bridge deck, we may take care of those particular issues. Those are a couple of terms that don’t speak to the exact status of your bridges, nationwide it is always a problem. It doesn’t mean they are going to collapse; we don’t have any of those; it just means they have some deficiency we’d like to get rid of. This is an emerging issue. When we have emerging issues we address them as soon as we can. This is more of a general global analysis of the bridges that we know are less than perfect and we want to make that number go down.

Commissioner Howlett asked if this was a public document. Paul said it was.

Commissioner Howlett asked if the Commission should have that document. Paul said yes. Commissioner Howlett said it was good as long they understand that “structurally obsolete” doesn’t mean it needs to be replaced today. Paul said that was correct. Dwane said “functionally obsolete” is one of the more misunderstood terms that engineers use. The issue with “functionally obsolete” is when we originally built bridges, bridges only had four-foot wide shoulders at best, but the requirement now is a 10-foot shoulder on the outside and a six-foot shoulder on the inside. Therefore the bridge that has four-foot shoulders is classified as “functionally obsolete”. It stirs up the public every time they see these terms because they think it is unsafe to drive across them. If you can’t drive across the bridge then we come in with load

restrictions. These are not bridges that are going to fall down; they just have some issue that we're monitoring. It is a way to measure them, track them, and prioritize them for reconstruction and rehabilitation. Commissioner Howlett asked for a copy to be provided to the Commission. Paul said "functionally obsolete" only means the bridge doesn't meet current design standards. As design changes have occurred and evolved, old roads don't meet current standards. The terms don't fit what is actually happening with the bridge. It is not a safety issue – the structure is safe.

Recently at a National Conference I asked the audience to define what a good bridge was. We had great experts from all over the United States. I got all kinds of answers. Everywhere you go in the United States they have a tough time describing good bridges. That's one of our challenges. We need a better performance metric. I think that is something we'll have to crystalize when we get Reauthorization. We've said this for two or three years and we keep waiting for the federal shoe to drop to find out which direction we should go.

Funding Option Recommendations:

This slide shows the distribution of funds we get every year to get the performance we just documented. As we all know the funds are not distributed equally but the results are intended to distribute equally so you should have equality of condition through the state. We've have a Fund Plan. How does that fund plan address needs and priorities? The Fund Plan directs the dollars to address the issues. Funds are directed to the various categories within the Tentative Construction Plan (TCP) to address needs identified by the Management System such as bridge, pavement, and congestion. The Districts and Program Managers nominate the projects for these categories. The Districts and the Program Managers determine the priorities and nominate projects that will end with Management System Recommendations. The bottom line – Management Systems helps direct funding and provides equity between the Districts; District personnel provide direction with regard to nominating individual projects, and determining overall District priorities. Program Managers nominate projects and determine priorities for their respective programs. Then we package that up and send it to the Commission. That's where the rubber meets the road. In the end we get Performance Goals that are on track, equality of pavement condition throughout the state on the various systems, conformity of state statutes, and the most optimal plan possible advanced to the Commission for approval.

Approval Dates are important to note. (1) Addition of projects to the program can happen at any Commission meeting. Individually we can bring projects to any particular meeting to address specific issues. We try not to hold back safety issues and you see a couple of per meeting. You can also approve them with STIP in May and June which you just did. (2) Funding Distribution is our annual discussion in August or September. (3) Reserves and other funding issues are also held in August and September. The reason we have it at that time of year is that we know what our funding picture is. We're closing out one year and moving into a new year. That sets the table for our TCP discussion. (4) Tentative Construction Plan (TCP). These dates are the logical time for these discussions.

Commission Policies:

There are also Policy Actions that can affect any of these processes at any time. Lynn Zanto said there are 15 different Commission Policies that have been adopted over time by the Commission. You have copies of all the policies but there are two that most directly relate to large projects. Policy No. 5 deals with Congressional directed funding. Once ICETEA and T21 passed, we started to see a lot of Congressional directed funds. If the funds came to projects that were in our program and already working their way through, it was good because it helped us get those projects moving quicker and complete funding packages. But often some of those funds would come to projects that hadn't even been thought about which somewhat disrupts our TCP process and the five-year plan. Then we would have to figure out how to use those funds and get the rest of the funds from other programs. There is a

Commission Policy that essentially says in general we do try to encourage our Delegation when they are thinking about earmarks or special funding to touch base with us to see if they are consistent with our program but they still are Congress and can do as they wish.

On any project where funds are directed by Congress to a project that is outside our program and not approved by the Commission, the sponsoring entity whether it be a local government or whoever, has to match those funds if there is a match involved. The whole intent is to not disrupt our current construction program. So if additional funds are needed for completion of the project; the Policy states that it is the responsibility of the project sponsor. The Commission will attempt to phase or segment projects with available revenues but partial funding does not guarantee that the funding package will be completed with state resources. This is necessary to ensure the highway construction program is not disrupted. That is Congressional directed funding.

Additional Interchanges: This initially came up under the 1984 Transportation Commission and it's been modified through the years. In 1984 we were done with the Interstate System and figured we had all the capacity and access we needed on the System. So as we were getting new requests for new interchanges, some came through the program and were identified as needs. The Commission set forth a policy at that time which stated interchanges would be considered as additional interchanges. There were six of them – South Billings Boulevard that has since been constructed, Interchange 315 in Great Falls that is also constructed, North 19th in Bozeman, Forestvale Road in Helena which is the only one that has not been constructed. It was Let but we were legally challenged and had to go back and revisit the environmental document and the result has been all the work that's happening on I-15 through Helena. Shiloh Road Interchange which is construction, and the Airport Interchange in Missoula. Those original interchanges have all been constructed except for Forestvale.

The Commission is committed to the projects that were in the program and we're moving forward with those but if a new Interchange request comes forward from a local government there has to be a local sponsor carrying the ball. Regarding the Belgrade Interchange - the Commission presented very clearly what their responsibilities are. They are the local sponsor carrying the ball in terms of trying to pull the funding package together. They've done the initial work in terms of doing the operational analysis and the environmental document which was paid for by the Airport. The Policy does say that design and all the pre-work to design the right-of-way and the utilities are their responsibility as well. Through discussions we have agreed to take their design on and it is being funded with the funds they've secured.

The other thing is a federal policy which states that if a new Interchange access is requested it has to serve a regional purpose. In Belgrade the regional purpose is more the Airport than the Interstate. Commissioner Howlett asked how that was different from Missoula's Airport. Lynn said she didn't know the history of it but that was a project identified as a need prior to 1984. I don't believe it was initiated then. The Policy also states the Commission can choose to fund a portion of or all of the Interchange depending on whether it demonstrates that it benefits the System. We went through that analysis in 2005. We ran a future land use analysis around the Interchange – they've said all along they wouldn't develop around the Interchange. The modeling is based on that scenario. Based on the modeling we see that Secondary 205 is the Main Street through Belgrade. Looking 20 years out both of those will need capacity type improvements. We calculated the cost of the needed improvements – with the interchange we wouldn't have to expand Secondary 205 to a five-lane; we could get by with a three-lane. We calculated that cost and subtracted the difference and that's how the \$10 million was reached. Based on Policy the contribution of funding we could definitely take from our core and tie it to this project. That was based on constructing the Interchange in 2011.

Those are the policies that are important to understand – projects come into the system in different ways. We try and partner and work with local governments whenever we can. We have a big state and lots of little projects that we can't always meet. Paul Johnson said those two particular Commission Policies were chosen in part because they are relevant to further discussion.

Summary: Paul Johnson said the summary of that is that those policies provide guidance issues in order to promote operational consistency between MDT, the Transportation Commission, and outside entities such as local governments and FHWA.

Large Construction Projects

Defining the Problem. Districts and Program Managers have difficulty delivering construction projects that exceed their annual allocation for a specific TCP funding category in a given federal fiscal year. This is the general definition of the high dollar projects. You have a bigger project than you can swallow all in one bite. A number of solutions exist to address the problem however some options are more preferable than others. There are pros and cons to all of these actions.

Preferred Options:

Splitting the Project. Convert a large project into several smaller projects. Historically in the last couple of years the previous Director was very much in line with splitting projects, not necessarily from the standpoint of delivery but to make more projects available to contractors. There's economy of scale to consider but it is a tool we can use. If we had a project that is too large one of the first things we'd consider is splitting the project.

Multiple Funding Sources. Utilizing more than one funding source to fund a project. An example would be NHBR Safety. This is one of the tools we use to scrape together any money available. A lot of these needs are not just for one system; you might have a bridge involved, a safety issue, or a number of eligibilities and we would cobble together funds from all these areas and it's very desirable to do that.

Funding Reserves. These are set-aside core funds to address strategic state-wide issues. For example our steel bridge issue, it was very important to show from the top down that it was a critical issue to us and we address our steel bridges head-on with a reserve that was dedicated for that particular need. Another example is interstate capacity. This can be good and bad. The good is that you can show a direct focus on these strategic issues where we're taking a direct approach to these things. The bad is that you can introduce some subjectivity – what do we want to include in interstate capacity, what do we want to include for steel bridges. It's worked very well for us over time.

Less Desirable Options

Multiple-Year Funding. Splitting project funding between two federal fiscal years. This is an interesting exercise where you have a large project that you can't fund in one year and you might not have flexibility. An example is an off-system bridge project that's too large for one year. One of the few things at our disposal would be to split it between the two fiscal years and do it right at the end. From a project delivery standpoint it is very unclear as to which year it's going to land in. We do a little bit of magic at the end of the year. It's not the most ideal thing, it's difficult to track and risky as far as delivery goes. It is a tool but it's not the most desirable one.

Multiple Funding Sources in Multiple Years. We have done this on Two Medicine River Bridge. We carried that over a couple of different years and a couple of different

categories. That’s the only way we could keep it moving. That is not as desirable as others.

Partnering External Funding. Earmarks, discretionary funds, local contributions, etc. Those are usually very nice but in a lot of cases there are strings attached. It creates a lot of extra administrative work. If we can get it great and if it meets our needs it is excellent but there are risks involved.

Bonding. Deferring payments over time after a project is delivered. In that case it is after much consideration of all other alternatives. It’s nice to have that tool in reserve but again I don’t think you want to leverage yourself too much. Again it’s always good to have that tool in reserve if you need it. It’s a rainy day thing. It is a tool.

Examples of high dollar projects:

- Capitol Intch / Cedar Intch – Hlna \$52.3M
- Whitefish Urban \$33.0M
- West Laurel Interchange – West \$28.5M
- Rockvale – Laurel (2 Lanes) \$26.3M
- RARUS / Silver Bow Cr. Structures \$24.3M
- Cabinet Gorge – 1 M W Heron \$21.4M
- Ronan – Urban \$21.2M

The Capital Interchange/Cedar Interchange specifically is the structures over the railroad that span between Capital and Cedar. The figures are both state and federal estimated costs from last year. Some of these are in our five-year plan. If they are in our five-year plan and in our STIP, then we are required by FHWA to have a plan so there is a plan for all of them. You’ll see it in the TCP specifically and in the STIP. We do have plans for all of them.

Funding Solutions Exist for all TCP Projects

- High Dollar Projects Fundable via Established Methods
- No Additional TCP Categories Required
- No Program Modifications Required
- Preferred Options Utilized for All High Dollar Projects with the exception of Cabinet Gorge – 1 M W Heron. That is one we have to split of two years.
 - Off-System Bridge Program: Multi-Year Funding Necessary
 - No Other Alternatives Available

Present Plan: Presently we do have a plan. In this case we’re talking federal dollars. Underlying that assumption is that there is a state match for all these dollars which has never been a problem. This is the current plan. It shows there are three different distinct needs. This is a prime example of multiple sources.

Capitol Intch / Cedar Intch – Hlna

- Total Cost Estimate (in Federal Dollars) \$47.0M
- Great Falls District Contribution \$20.0M
- IM Capacity Program \$10.0M
- Bridge Program \$17.0M

When we combine all of these needs and the dollars are actually available in 2016. Lynn said this was the major item of discussion at the last TCP meeting. In January Commissioner Winterburn asked us to look at this to see what we can do. In talking with the various Program Managers this is what we believe is doable within our programs and we’ll be recommending for the upcoming TCP discussions. The dollars are available right now. In terms of readiness, it won’t be ready until 2016. Commissioner Howlett said what makes it awkward is that we all struggle to try and get our P3 as high as we can, as many projects in the program as we can get in, and then when we do that and somebody balances their budget and is \$30,000 off and walks away it makes us all look at it differently – all you have to do is have a big project, fund everything else but the big project and then walk away. Lynn said that is why the document you approved didn’t have the negative dollar amount in it.

Commissioner Howlett said if we had this thought process five years ago, Two Medicine would have been done earlier and Nine Pipes probably would be further along. I didn't see Nine Pipes on that big project list. Paul Johnson said Ronan Urban is on the list which is a section of that. Commissioner Howlett said we've made the commitment to the users that we bonded to get that project done and now we're 20% short on project with 100% of the funds spent. Somehow we ought to have an allocation to handle that. Lynn said when she talked about the Additional Interchange Policy, the other option I didn't mention was in November 2005 the Interstate Capacity Reserve came in. Commissioner Howlett said that wasn't big enough because we promised Bozeman, Missoula, etc. Lynn Zanto said there were four additional projects – Great Falls District, the I-15 Corridor in Helena; Billings District the West Laurel Interchange; Butte District the Belgrade Interchange and Missoula District Orange Street.

The Reserves is a mechanism. In 2005 it was called Interstate Capacity because we were trying to key on the Interstate System. Commissioner Howlett asked if we needed to change that to add more to it. Paul Johnson said it will change with Reauthorization. These funding pots, IM Funds, NHS Funds, etc., all of these are going to condense and that means we have to have a discussion. At that point the doors is wide open. Where is bridge going to roll in and how is that going to break out, etc.? There are a bunch of decisions that need to be made and Reauthorization is going to pull us there. I think everything is on the table. We could show five categories in our TCP. Commissioner Howlett said that serves our purposes but right now we have empty Commission meetings because of the establishment of the CTEP program where everybody gets their shot at it and it's apportioned so they all know how much they are going to get. If we redistribute all of that or even half of that into big projects, I can tell you the Commission meetings will be way more exciting than they are now.

Lynn Zanto mentioned that last December when we struggled with this issue we didn't realize the Bridge Program was going to be put into 2016. There was a comment made that we can't spend bridge money on the Interstate System. But we can because when funding was very flush we might have made that decision – the Interstate System had a lot of money and we focused bridge funding on non-Interstate. But the Bridge Program is more for rehabilitation and replacement and these structures are a very high priority. That's what filled the gap. When you get to the TCP you won't see a \$30 million dollar negative.

Paul Johnson said our commitment is that when we talk about these funding issues we're going to highlight these projects and show you our specific plan. We have FHWA requirements for the larger projects because they are considered regionally significant. We have to have a plan, and we have to let them know and they have to sign off on what we think we're going to do. For the most part we have good communication on those projects. Even beyond the five-year plan we have to have some general plan for those other projects that are outside the program. So we couldn't just monkey with this randomly. If we identify the specifics and have a plan in advance of the TCP because when you get into TCP there's a lot to consider and sometimes we get lost in the shuffle.

Commissioner Griffith said going into TCP we ought to have a list of the big projects. Commissioner Howlett asked about Nine Pipes. Looking at how you did this, I don't remember what the EIS said specifically, but I'm assuming you'll take that into consideration because it has to guide the design. Paul said yes. Commissioner Howlett said there are lots of structures related to getting across Nine Pipes.

Dwane Kailey said if you look at this type of funding mechanism, it keeps staff and this Agency in line with P3. We really want to prioritize the funds according to P3.

With None Pipes we have SHIP funds available to us because of the fair amount of safety issues. We also have NITSA Funding that we have available for roadway projects. There is bridge work on that project as well. Going by this mechanism versus doing a reserve or a set aside really forces staff and administrators to stay in line with P3. Commissioner Howlett said they were doing that anyway. Lynn said with the Capacity Program, Mick has \$20 million in his District funding that he is committing through what you distribute through his fund plan. The \$17 million was where the concern was last December. So the Bridge Program as you recall was one of the funding categories that had a balance of \$10 million. There was that debate on whether we could use bridge money on the Interstate and it was determined that you could.

Paul Johnson said for P3 purposes this is nice. If there is a District need it's represented. If there is a capacity need it's represented. If there's a bridge need it's represented. It shows the breakdown of needs. It's not a precise dollar-for-dollar but at least those responsible entities are weighing in to take care of those needs. Commissioner Howlett said we approved this last year but the bridge was left outside the program. The \$17 million was the unknown. So you've taken that as an example and you created a model for projects you're going to list as major projects. So rather than the \$10 million in Interstate Reserves and the other Reserves, we are going to take a look at all that we can tap for these major projects and have some timeline of when those could begin. Lynn said exactly. Paul showed you the TCP but in the next part he can show you that over time how we build up corridors using these mechanisms.

Paul Johnson said that project is a \$50 million dollar project which is rare. It is rare to have something that we can't get into a smaller piece. The Two Medicine River Bridge would be similar to that. We see a lot of projects around \$20 million. There aren't many that actually break the bank; this is one that does that.

We currently have the tools at our disposal to address any major high dollar projects. Available funding for future major projects can and will be discussed each year during the annual P3 presentation. We're pledging that we're going to identify these specifically. Commissioner Griffith said the point was the \$20 million District Contribution from the District. They had to transfer money from National Highways to do Interstate which then goes back to P3. Typically the Butte District gets \$13-\$16 million on Interstate so if we don't do one year of Interstate because we had to transfer money for a project then that puts us \$13-\$16 million behind in Pavement Preservation or some other category. By doing that you are forcing the District in that year to go broke. I don't mind that they share the cost but I don't want the District to ... it's like Kevin, they've already taken \$15 million off the top for payment of the Bond. That shouldn't affect the Pavement Maintenance of the District and that's the part I'm concerned about. By not allocating a resource to do big projects – to have a one lump sum opportunity that we're in agreement with over a five-year period. Paul Johnson said there were a couple of different things that come into practical use. We find with project delivery that the actual project delivery doesn't match one-for-one with the Performance process nor does it ever do that. Funding pots don't match one-for-one. In the process of doing that you're addressing a need so you're substituting needs and in the end it works out fairly well. The great thing about the P3 Process is that overall if you're not addressing a need the System is going to keep calling to make it more equal. Will there be inequity? Sure, but when we shuffle the deck again the next year, if that need is out there and if there was a District that was getting shorted it would even out. Commissioner Griffith said it takes five years to do that. Paul Johnson said it's always a moving target. Commissioner Griffith said if it's a moving target, your Pavement Maintenance System is failed. If you left P3 alone and said here's the money and anything that comes outside that program gets put in that big project list then you're not ever detracting from the Pavement Maintenance. Commissioner Griffith said you're short if you have a need. The point is you're never down to zero which is the

case in Great Falls. Lynn said we do get nervous about it. When you think about how TCP is laid out. You have needs, the projects in the upper part of your sheet and below are your plugs for Pavement Preservation. We watch that very closely. Occasionally we allow the plug Pavement Preservation to be transferred out but we watch it pretty close. With Recovery, we got a lot more Pavement Preservation in than we normally would have without Recovery. Commissioner Griffith said you're arguing the point this way but you argue the other way when P3 comes out – you'd say don't take it out of Pavement Maintenance and now you're saying take it out of Pavement Maintenance. Lynn said no, I'm saying we don't want to do that but on occasion it happens. Commissioner Griffith said it is not an "occasion" it's going to be every year. Paul Johnson said that isn't the case presently. Commissioner Griffith said you don't think those five projects won't come up. Lynn said they wouldn't take out of the Pavement Preservation plugs. Commissioner Griffith said only if you design it so it doesn't take out of it. Paul Johnson said it is rare that we have that happen. Lynn said we track over time how we've done.

Paul Johnson said they make two distinctions – we set aside Pavement Preservation dollars that are strictly for pavement preservation activities. You cannot do capital construction, you cannot do major rehabilitation work. Now the other portion of that is at the discretion of the Districts; they can do capital construction programs. If they wanted to do more pavement preservation work and that was their need, they can do that. We're talking about the capital portion which is in line with these projects. So there's not a huge disconnect between the two. Lynn said we don't deviate much from the Pavement Preservation. Commissioner Griffith said you're arguing the opposite point. We had \$13 million of Pavement Maintenance in the Butte District the year we took \$18 million and gave it to National Highways to do Jack Rabbit. Commissioner Griffith said the point is that we did it that year because we weren't going to get Jack Rabbit done if we didn't. Every year somebody has a major capital project and you shouldn't have to let your Pavement Maintenance go for that year to do your major capital which I'm sure Mick did. Commissioner Winterburn said our discussion was whether or not we were going to use everything in order to do this project. Lynn said not everything; other projects are still moving. Commissioner Winterburn said there was a concern whether or not this was going to create a vacuum to do these things. Paul Johnson said no, the contribution was \$70 million of overall dollars available for all their systems; probably a third of that is going to be Pavement Preservation. So within that other margin there is all kinds of other work that's going to take place. With that said this is a huge priority. In that particular realm it's a big priority; it's a big chunk of dollars.

Dwane Kailey asked if they could go back and talk about potential sources for that \$20 million as far as where the District is pulling those funds from. Paul Johnson said if you were to look at their system, the Interstate System alone has two components: Pavement Preservation which in most cases they would not touch. However the Great Falls District has done an outstanding job with other projects to get ahead on their Interstate Maintenance. So in this case if they chose to go that route, their Management System information shows their System was in great shape. Commissioner Griffith asked why their P3 went up and his District's went down. Paul Johnson said it actually went down. You would take their Interstate core funds which would amount to approximately \$10 million. They usually have \$3-\$4 million for their Pavement Preservation on their Interstate System, and then they would probably go to either their Primary System or their NH System and borrow for that particular year. So it's a combination of those things. I would guarantee you they will not go to their Primary System Preservation; they would not go that route. They would not go to their NHS System Pavement Preservation; they would use core funds from there. So it's the combination of all that that lets you make those decisions.

Commissioner Griffith said we chose to balance the budget this way when we did Red Book; this is how we did it this year. We ought to plan better for other projects.

That's not in either of our districts – neither of us knew we had \$30 million we were going to have to essentially take out of our programs to cover this. Lynn said that is the policy question for all of you to consider – when Great Falls, Missoula, Billings has a big project, would you rather share that pain across the board or would you rather have the District cover that. Commissioner Howlett said that was the general discussion and agreement that we need to get these done but no District can shoulder it all by itself without losing significant portions of what they otherwise would have received. Lynn said when we come with the P3 Presentation, we'll present the pros and cons of it. Commissioner Griffith said at least we'd know when it will be done. Lynn said that right now we have the Interstate Capacity Reserve; we have a few priorities left in there – the Belgrade Interchange, the Laurel Interchange.

Commissioner Howlett said they had a little discussion about the Belgrade Interchange this morning. We want to have more discussion about that before we make an obligation to kick in that other \$7 million they need. Lynn said if you wanted to raise the amount you're setting in a Reserve understand that you're individual district allocations for Interstate and HIM are going to get cranked down. Commissioner Howlett said they knew that but they wanted to know when these projects are going to get done.

Delivery of High Dollar Corridors: Paul Johnson said historically, we have been able to complete numerous “high dollar” corridors utilizing our standard methods for project delivery. While bonding was used for a portion of US 93, we have demonstrated the ability to complete corridors (throughout the state) without the need for alternative funding methods (such as bonding). You have some maps in your booklet of each of these projects.

Examples of high dollar corridors:

US 93 – Hamilton to Lolo	(\$100M)
US 287 – Helena to Three Forks	(\$ 70M)
I-15 Corridor (Helena)	(\$ 90M)
S-323: Ekalaka to Alzada	(\$ 50M)
US 212/310 – Rockvale to Laurel	(\$ 60M)

US 93 in Missoula – I don't believe we had any special funding mechanisms that were needed to deliver this particular roadway system. We've completed the four-lane sections and there wasn't a special funding mechanism. So it is possible to do corridors in every District. US 287 Helena to Three Forks – I don't think we had any special funding for this project.

Commissioner Howlett said when he first came onto the Commission, the amount of money spent on Pavement Preservation was this and the amount of money we spent on projects was this. That number has now reversed. Pavement Preservation is a good thing but now the money we have to spend on projects is here and Pavement Preservation is up here. Some of these projects back to 1998 and 2004. I came on the Commission in 2005 and we had a lot of capital big project money and now we don't. Our biggest project is a couple of million dollars for Pavement Preservation. Lynn said we are still spending more significant money on major capital than Pavement Preservation and now it's shifted some. Commissioner Howlett said it shifted; I can tell you from when I came on to the Commission Pavement Preservation is down. Paul Johnson said it is not the majority of funds; it is approximately one third and capital is in the neighborhood of 75% and now it's down to one third. Commissioner Howlett said the other thing that's happened in this equation is that you've had the Highway Bill's true value of dollars reduced from when they passed it in 2005 until now and construction costs have risen but the amount of money we've been given for highways has remained the same for the past seven years. Paul Johnson said funding has significantly increased over the last two Highway Bills. Commissioner Howlett said he agreed but the last Highway Bill was passed in 2005. Paul said T21 was the largest increase. Lynn said she could show

him the graph of the funding history through the Authorization periods. T21 through 2004 the funding was about \$250-\$300 million range. SAFETELU came along and increased a little bit then T21 and then SAFETELU expired in 2009. With the program extensions we've actually had a bump in our funding partly because in SAFETELU there was about \$80 million of directed earmarked funding. That's still part of the bill they keep extending but it's not tied to specific projects anymore so it's closer to \$400 million.

Paul Johnson said essentially you've got a number of methods at your disposal. All discussions are on the table but the Management Systems are telling us where to put our money. I don't think we want to ignore that. Commissioner Howlett said it's not telling me to build Nine Pipes; it's telling you to put it in Maintenance and we understand that. Lynn said the August meeting is when we bring P3 forward and when we talk through how you want the funding to go, so I would suggest that we bring you options, and identify all the big projects that we're aware of, and we'll look at potential concepts for those projects based on the preferred options. If there are any that fall outside of the preferred, we'll bring you options which can include the funding reserve you're talking about. Commissioner Howlett asked if they had been identified or are we going to prioritize what you bring forward. Lynn said Nine Pipes and Ronan Urban we don't have the estimates yet. So we'd add that one to the list. These are the main ones. We looked at \$20 million plus projects that are in our program. These are the ones that came to the surface along with Nine Pipes.

Commissioner Howlett asked if they were all in the Red Book now. Paul said some are in the five-year plan and some are not. Lynn said they are in our Plan. Capital Interchange for instance is outside our current TCP. We've worked on that one and come up with a solution and we'll do the same for the others that are in the out-year. If we've missed any, we'll pull those too so you can have a sense of the gap. Paul said with regard to the priorities, when we're talking about advancing priorities, if we advance a priority then there are other projects that will not be advanced and there's a whole discussion that goes with that. A lot of these projects have time tables that are commitments with FHWA. So I don't think you can look at any one project and draw a conclusion. Commissioner Howlett said that wasn't any different than any other part of the Red Book. You move stuff in and move it out based on priority. Paul Johnson said we're just looking to add a little bit more clarity.

Commissioner Howlett said that his concern with that number is that Nine Pipes is going to be that high. Dwane said it was going to be up around \$50 million plus. Lynn said we are very aware of Nine Pipes and we want to have a plan for that. We showed you 93 South and this is 93 North. We are continuing to piece that away; we finished US 93 South in Missoula; Evaro to Polson has two sections left, Ronan Urban and Nine Pipes; Kalispell area through Whitefish is being completed and some of the Bypass we have left to complete. This is a significant corridor – it's about \$300 million when you put it altogether. Commissioner Howlett said it's one we borrowed against so there is an expectation of finishing it up because the original \$100 million was supposed to cover the corridor.

Dwane Kailey said the one big difference between a Reserve and the funding through this type of mechanism is equality. If we do a Reserve there is no reasonable way to monitor equality. Let's pick on Interstate Capacity – we have \$10 million set aside. Essentially you're stealing \$2 million from each and every district to fund that \$10 million. So over five years theoretically every district should get a \$10 million job. We have no mechanism of monitoring that and assure that everyone gets their \$10 million. There's no way to monitor that. We don't carry obligation authority but we do carry apportionment authority. So we can always monitor how a district and a system is doing as far as borrowing, trading, within their own district. So there is that mechanism of maintaining equality. Paul Johnson said a byproduct of this is that the districts become efficient because it benefits them.

Commissioner Griffith said that wasn't the case because two years in a row Mick came in with a significantly unbalanced budget. Dwane said he was unbalanced in obligation but he still has to monitor his apportionment which he cannot exceed. We do not allow them to exceed that. The Fed's are going to jump in if we do. So that is the one mechanism that constantly maintains equality throughout the State. If we do a Reserve we can't do that. Commissioner Griffith said we can do it with the other Reserves. Dwane said we don't manage equality; we pull them off the top. Commissioner Griffith said he didn't think Capacity was equal. Dwane said it isn't; that's the whole point I'm trying to make. Commissioner Griffith said maybe a better option would be to have a Reserve which they have to share once every five years. Commissioner Howlett said these major projects aren't all similar in size or scope, so if you start talking about everybody should get a \$10 million project – \$10 million might only build half a project. Commissioner Griffith said it might build the structures we can't get out of the program but it's not going to build Nine Pipes.

Lynn clarified Interstate Capacity Reserves. We were setting aside \$10 million per year but the only project that had the caveat of \$10 million was Belgrade because of the Commission Policy where we had to demonstrate benefit. There wasn't a \$10 million cap put on those projects that came forward except for Belgrade and that's because we were trying to be consistent with Commission Policy by demonstrating benefit.

Commissioner Howlett said we need to get back to where we want to be. That's what you need to present to us. We want to be able to fund these large projects. We're willing to wait for some period of time if we need to; knowing that money will be there to get this project done when we say it's going to get done. So if that means that we all make contributions to this pot that we get these projects done. These projects need to be prioritized and agreed to by this Commission. Lynn said that's correct. That's why I was suggesting that at the next meeting when we go through the P3 discussion because that's the time you make decisions about Reserves. We'll bring you the background of those big projects.

Commissioner Howlett said the problem is that every year we have a new process because every year it's different. We ought to somehow level the process so that we can have a reasonable expectation that if somebody has a big project that there's going to be money available if they're on the priority list. Dwane said what we've got to get back to is that it is MDT staff's job to present these in a mechanism to the Commission that are fundable and reasonable and tied back to our Policies and Regulations within the Agency. One of the things we might be missing is that we need to listen to the Commission and help direct or prioritize these projects. It is staff's job to come back to the Commission with a funding recommendation – how are we going to do this. If we're not doing our job, that's our failure. And we didn't do that on this project out here. I've got a hundred excuses as to why but in reality we didn't do that. That's our job; we've typically done it over the years and to be honest with you we're normally very good at it. That's what we need to do and if we don't that's when a funding Reserve comes in. A prime example was Rest Areas – this Department wasn't prioritizing Rest Areas well enough; we weren't putting the focus on them. Commissioner Howlett said we issued a policy relative to Rest Areas. Dwane said absolutely. We need your comments; we need your guidance as to the priorities but then let us find a funding mechanism. If we can't do that then we go to a Reserve set aside type system. Commissioner Howlett said that was a good point to end the conversation. Do that. Commissioner Griffith asked if they could get a report back to the Commission before P3 because I don't want to get into this argument at P3 again. So let's have it at a regular Commission meeting, continue this discussion. For the most part the Commission is pretty much in agreement that we need to do something different than what we did. The question is which direction to go. I think we fall back to Dwane's suggestion to present something back to the Commission.

Commissioner Howlett wanted the record to show that Commissioner Lambert left the meeting; she wasn't feeling well and there was still a quorum with Commissioner Winterburn on the phone. MDT has assured us they will bring us back some mechanism we can all get on board with.

Next Commission Meeting

The next Conference Calls were scheduled for June 5, 2012 and June 19, 2012. The next Commission Meeting was scheduled for July 26, 2012.

Adjourned

Meeting Adjourned

Commissioner Howlett, Chairman
Montana Transportation Commission

Tim Reardon, Director
Montana Department of Transportation

Lori K. Ryan, Secretary
Montana Transportation Commission