

MINUTES
STATE TRANSPORTATION BOARD
PUBLIC HEARING AND BOARD MEETING
9:00 a.m., Friday, April 12, 2013
Pascua Yaqui Justice Center
Albert V. Garcia Auditorium,
7777 South Camino Huivisim, Building C
Tucson, Arizona 85757

Pledge

The Pledge of Allegiance was led by Chairman Flores.

Roll Call

Roll call by Board Secretary, Lila Trimmer.

Board Members present: Joe La Rue, Steve Christy, Victor Flores, Kelly Anderson, William Cuthbertson, Deanna Beaver, and Hank Rogers (via telephone)

Opening Remarks

Chairman Flores thanked the hosts, PAG and Pascua Yaqui Tribe, for the wonderful evening at the Casino del Sol PY Steakhouse last night. He also thanked the Pascua Yaqui Tribe for the use of their facility for today's second open public hearing specifically to the five-year plan.

Chairman Flores introduced and welcomed two new Board members, Deanna Beaver from Parker, and Bill Cuthbertson from Morenci. Chairman Flores mentioned that Board Member Steve Christy and PAG have a report of the HURF sweeps and its impact to the State. The report will be available to the public after the Board meeting.

Board member Steve Christy stated that he also expressed his appreciation to the Pascua Yaqui Tribe for their hospitality at the dinner last night and for today's meeting. He assured the audience that their comments will be received, listened to, and that they do matter. He thanked everyone on behalf of Pima County and his jurisdiction.

Call to the Audience

The following members of the public addressed the Board regarding the five-year plan.

1. Marcelino Flores, Pascua Yaqui Tribe Council Member
2. Steve Stratton, Gila County
3. Bruce Bracker, Chairman/Greater Nogales Santa Cruz County Port Authority
4. Christian Price, Mayor/City of Maricopa
5. Ramon Gaanderse, Executive Director/Tucson Utility Contractors Association
6. Tom McGovern, Member/Tucson Metro Chamber of Commerce
7. Allison Moore, Member/Fresh Produce Association of the Americas
8. Leon Potter, Councilman/City of Maricopa
9. Chris Bridges, Administrator/CYMPO
10. Lori Quan, Airport Administrator/City of Chandler Municipal Airport
11. Tom Rankin, Mayor/Town of Florence
12. Judy Patrick, Member/TREO

13. Brent Billingsley, City Manager/City of Globe
14. David Welsh, Executive Vice President/TREO
15. Priscilla Storm, Vice President/Diamond Ventures, Inc.
16. Ron Shoopman, President/SALC
17. Lea Marquez Peterson, President/Tucson Hispanic Chamber of Commerce
18. Scott Walters, Advisory Director/Tempe Bicycle Action Group
19. Maricela Solis, Chief of Staff/City of Tucson Office of Mayor Rothschild
20. Walter Richter, Administrator/Southwest Gas Corporate Public Affairs
21. Josh Wright, Town Manager/Town of Wickenburg
22. David Godlewski, President/Southern Arizona Home Builders Association
23. Laura Dent, council aide/City of Tucson Vice Mayor Regina Romero
24. Keith Brann, Town Engineer/Town of Marana
25. Cherie Campbell, Interim Executive Director/Pima Association of Government
26. Joan Bernal, Deputy County Administrator/Pima County
27. Alfonso de Alba, Deputy Consul of Mexico/The Mexican Consulate in Tucson

PUBLIC HEARING

ITEM A: FY2014 – 2018 Statewide Subprograms—Greater Arizona and Statewide Subprograms Scenarios— Scott Omer

Scott presented the tentative five-year program. Scott provided an overview of the five-year plan. He advised everyone to please make their formal comments whether it is online, or in writing, or in person today. You can make comments on the ADOT webpage at www.azdot.gov/FiveYearProgram.

Scott welcomed the two new Board members, Ms. Beaver and Mr. Cuthbertson. He said that he would reach out to each one individually to bring them up to speed on the five-year programming process.

The background on the five-year program is developed collaboratively every year with Intermodal Transportation Division (ITD) our engineering side, Financial Management Services (FMS) our finance side, Multimodal Planning Division (MPD) planning side, and our Regional Partners. It demonstrates how federal and state tax dollars will be spent over the next five years. We approve the five-year program annually. We adopt the program in June and it starts the next fiscal year on July 1. It must be fiscally constrained, which means we cannot program more funding than we have the ability to expect to proceed. Our Chief Financial Officer approves our program each year for fiscal constraint.

MAP-21, which is our enabling legislation for transportation, was approved in October last year. It requires that in the interest of the United States to focus the Federal-aid highway program on the following national goals: safety, infrastructure condition, congestion reduction, system reliability, freight movement and economic vitality, and environmental sustainability. In addition to the five-year program, it is actually supported by ADOT's Long Range Program, our asset management system, as well as the linking Planning to Programming process that we are working on today. The Transportation Board approved the funding scenario in our Long Range plan and it really focused on a combination of preservation, modernization, and expansion. This funding scenario is based on the fact that the Department does not have the amount of revenue that is needed to support the entire infrastructure that for the State of Arizona. In the past the Department has spent approximately 76 percent of the total funding available on expansions including the MAG and PAG regions. The Department does not have the ability to continue in this manner. It was easier when there were transportation funds to invest heavily in expansion. In 2007 everything changed in the matter of revenue that was coming in, the funds

were drastically reduced. The CFO will speak later today of how ADOT's revenue has been impacted throughout the year. The transportation revenue in 2013 is really at the 2004 level, which is a huge statement. ADOT has had to adjust the program accordingly throughout the last couple of years. By reducing the program in the of \$350 million, \$250 million coming out of FY 2016 and \$100 million coming out of FY 2017, that reduction in the program is shared across Greater Arizona. In the MAG and PAG regions, both reduced their programs by \$87 million and \$35 million, respectively. ADOT staff will be meeting next week with PAG and the Tucson District Engineer to discuss ways to look at creatively to help with the regional concerns in Tucson for the PAG region.

Since there was such a large reduction in the amount of funding available for Greater Arizona, the Transportation Board asked staff to develop three separate scenarios. Staff made a recommendation of which one they felt was appropriate, the Board felt it was important to bring the three scenarios forward to the public hearings.

Scott referred to the FY 2009-2013, the Department had about a \$2.5 billion program. In the FY 2014-2018, that number is about \$1.9 billion. This is a \$600 million reduction in revenue available for transportation projects in Arizona. The preservation investment would be 65-80 percent, which appears high. The actual amount available to invest is quite low. The Department is investing \$140-150 million on preservation. ADOT staff recommends funds for transportation preservation should be at least \$260-270 million per year and does not have the ability to do that. Overall there is a 30 percent reduction in revenue available for programming. The State Highway System Infrastructure is valued currently at \$18.4 billion; however, if the Department needs to replace the transportation infrastructure, the system would cost more than \$100 billion. For every dollar invested today in preservation will be five to seven dollars down the road for replacement of it. The Department's recommendation has always been to focus heavily on preservation.

The three separate scenarios are specifically for Greater Arizona. They are not affected by the amount of funding that we provide to the MAG and PAG regions. MAG and PAG program their own funds. In Greater Arizona, ADOT does that for them specifically, the Transportation Board. While in Greater Arizona, in Scenario A is focusing just on preservation. This scenario removes all the major projects out of the existing five-year program except for a couple of cases, which is the SR 89 Deep Well Ranch Road in the Prescott District. It is an \$18 million dollar project in FY 2014 because we are so far along on this project. The other project is the \$10 million US 60 Oak Flats Miami passing lane project. Those two projects stayed in every one of the scenarios.

Scenario A – Focus on Preservation. This scenario is investing very heavily in preservation of our existing system. There are 81 preservation projects from 2014 to 2016, 39 bridge projects, one major project, and 690 miles of pavement preservation projects. An average of \$184 million per year in preservation from 2014 through 2018 would be allocated. Arizona's interstate system will maintain our existing interstate highways to acceptable levels until 2031 with this scenario.

Scenario B – Focus on Programmed Major Projects. This scenario focuses on major projects; leaving in all of the existing projects that are in the current five-year program FY 2013 to 2017 in addition to the 89 project and the passing lane project on US 60 that was mentioned earlier. ADOT also has 25 bridge projects and only preserves about 458 miles of pavement in the State. This scenario would be investing only \$142 million in preservation. With this scenario, the pavement condition would maintain an acceptable level until 2017. The pavement condition on the interstate would fall below the acceptable levels. The Greater Arizona projects that remain would be US95 Fortuna Wash Bridge (FY 15) \$13.5 M in

Yuma County; the I-10 Ehrenberg Port of Entry (FY 16) \$20 M in La Paz County; the US93 Carrow to Stephens (FY 17) \$22 M in Mohave County; the I-8, Mohawk Rest Area (FY 15) \$20 M; US60, Silver King Project (FY 15) \$45M; SR89, Jct. 89A to Deep Well Ranch Road (FY 16) \$15 M; and lastly, SR260, Lion Springs Project (FY 17) \$40 M.

Scenario C – Combination of Preservation and Major Projects. Scenario C is a hybrid of the two Scenarios A and B and focuses on preservation and maintains some of the major projects in the program. There are four major projects remaining, in addition to two that were mentioned earlier, the 89 project and the US 60. Scenario C would keep 39 bridge projects and 524 miles in pavement preservation and investing about \$150 million in preservation. The interstate system would at acceptable levels until about 2021. Staff would recommend keeping the four projects, the SR89, Deep Well Ranch Road to Chino Valley (FY 14) \$18 M; the US95 Fortuna Wash Bridge, (FY 15) \$13.5 M; the I-10 Ehrenberg POE, (FY 16) \$20 M; and the US93 Carrow to Stephens, (FY 17) \$22 M. However, Staff would defer the other projects that were listed earlier: I-8, Mohawk Rest Area \$20 M, US60; Silver King Project \$45M; SR89, Jct. 89A to Deep Well Ranch Road \$15; and the SR260, Lion Springs Project \$40 M out of the existing five-year program.

ITEM B: FY 2014 - 2018 Statewide Highway Construction Program (Excluding MAG and PAG)—Scott Omer

Scott compared the scenarios A, B, and C. Scenario A is heavily in preservation of the existing transportation system and a small amount in expansion and modernization compared to the other two scenarios. To summarize Greater Arizona's recommended program in FY2014—2018, Staff updated all the project costs, which is done every year. The overall program amount is reduced by \$350 million in FY 2016 and FY 2017, and then programmed all of the subprogram projects out in the FY 2014-2016 timeframe. These are line items in the program.

ITEM C: FY 2014 - 2018 PAG Regional Highway Construction Program—Scott Omer

Scott said there were not a lot of changes in the PAG regional program. Of the \$350 million that had to be reduced out of the program, PAG's share was \$35 million spread over two years, FY 2016 and FY 2017. The amount of revenue that is distributed to the regions across the State is by the Revenue Allocation Advisory Committee (RAAC) formula. That agreement in the Casa Grande Accord is how is determined the amount of funding that is available in MAG and PAG. MAG and PAG appropriates their projects in collaboration with ADOT. Referring to the presentation, in the FY 2014-2018, PAG is programming about 93 percent of their overall funding in the five-year program into expansion. What is not seen is preservation, because it is programmed by ADOT and that would not be seen in PAG's share. The specifics of projects that are changing either on schedule or budget are the I-10, Ina Road TI, defer it to FY 2017 from FY 2016. ADOT is working with PAG to make sure the RTA funds of \$34 million, can be maintained in FY 2016. In FY 2017 there is \$52 million in federal aid. The other project is the I-19, Ajo Way TI, defer it to FY 2018 from FY 2017 and reduce the amount by \$6M. The total cost of the project is about \$80.5 million. There is approximately \$6.5 million in FY 2017 in utility relocations, environmental, and right-of-way costs. Then in FY 2018 there is \$74 million programmed. That total project is funded with federal aid. Currently there is no other funding involved in that project. Scott said that the I-10 Ruthrauff Road TI is still in the program in FY 2015 and it is about a \$91 million project. There is almost \$60 million in RTA funds in that project.

ITEM D: FY 2014 - 2018 MAG Regional Highway Construction Program—Scott Omer

MAG's regional share of the adjustment was about \$87 million. They have the same revenue distribution with the same process that Greater Arizona and PAG does. MAG has about 88 percent of their total program invested in expansion. Some of the updated project costs and schedules affected are the I-10, SR101L to I-17, reducing it by \$73.2M to move to another project. The other project US60, Meridian Rd, TI Design, increased by \$120K.

Projects that are being deferred to FY 2015 from FY 2014:

1. SR85: Warner St, Bridge, defer to FY 15;
2. SR303L/I-10 TI & Thomas to Camelback, Landscape Const., defer to FY 15,
3. I-10, SR101L to I-17, Utilities, defer to FY 15,
4. SR101L, Pima Rd, Extension, JPA, defer to FY 15.

The South Mountain Corridor is deferring the entire corridor 1 Year. Every project that was originally programed from FY 2014 to FY 2019 is being deferred from FY 2015 to FY 2020.

The new traffic interchange projects that are programed in the MAG region system wide:

1. Grand Ave at Bell Rd;
2. Grand Ave at Thompson Ranch (Thunderbird);
3. SR303Loop to El Mirage Rd.

They are increasing maintenance funds by \$400K preservation funds from FY 14 to FY18 and \$170K in new message signs for posting travel times.

ITEM E: FY 2014 - 2018 Airport Development Program—Scott Omer

The overall revenue we have available is about \$22 million. Most of the revenue collected is from flight property taxes. The proposed five-year program in FY 2014 is Federal Match Grants (FSL) \$ 4.5 million; State-Local Grants (SL) \$15.8 million; the Airport Pavement Preservation (APMS) \$ 6.5 million; Airport Development Loans, \$2 million; and State Planning Services \$2.6 million. The total program is \$31 million for FY 2014.

Scott added that Staff has received 405 comments on the five-year program to date. Of those comments more than 300 were emailed to the Department. Almost 300 comments were related to alternative transportation and 83 comments were in support of the three scenarios.

Chairman Flores asked Scott to provide copies of the three Scenarios A, B, and C slides to the Board members and especially the two new Board members.

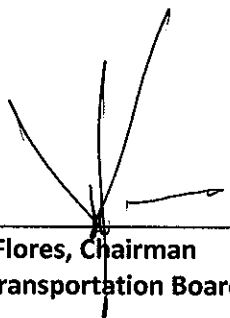
Member Joe La Rue acknowledged all the comments heard today from Tucson's many organizations regarding the revenue issues that ADOT is facing. He said that those associations and organizations want to be part of the discussion and his view on it is that those organizations need to be the lead on that discussion. He asked how does the Department link all those great associations in Tucson and also in Maricopa County to bind together to lead the discussion today and carry this revenue model.

Director Halikowski at this time answered Member La Rue's question by referring the Board to a copy of a letter which was placed at each Board member's seats today. The Director had scripted this letter to the Legislature shortly after taking over ADOT in January 2009. In the opening paragraph, the Department were warning the legislators of the proposed legislative fund sweeps and declining transportation revenues. Representative Farley read the letter to the members of the House. The

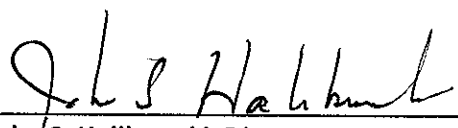
Department had a lot of concerns what the fund sweeps were going to do to the bond ratings. Fund sweeps are nothing new. He brought this letter to the Board's attention because ADOT cannot make this cliff alone. The Director has been speaking to the President of the Senate, the Speaker of the House, and the Transportation Chairman. ADOT has been meeting with many businesses and government stakeholders not just about the fact that there is a funding problem but from the many comments you heard here today, transportation has an economic investment and it is a wise place to put your dollars. ADOT has been out there talking about possibilities of what could be done do if more funding was available. There has been a broad sweep across the State and ADOT has met with more than 288 businesses and government stakeholders. In Tucson Staff met with several groups. The presentation focuses in investing in transportation for economic development, the financial realities ADOT's facing, impacts to the capital budget, infrastructure, and global competitiveness. There are organizations working on what is going to happen to transportation and trade. Chairman Flores and the Director sit on the Trade and Transportation Corridor Alliance (TTCA). Chairman Flores is a longtime supporter of trade with Mexico and Arizona and of improving Arizona's port system. The bottom line is ADOT can show the different ways that can fund transportation. There are probably 25 or 30 potentially revenue sources. He stated it will take a lot of partnerships and outreach but essentially a need for a champion to pull this effort together.

A motion to adjourn the Public Hearing meeting was made by Kelly Anderson and seconded by Steve Christy. In a voice vote, the motion carries.

Meeting adjourned at 10:50 A.M. MST



**Victor Flores, Chairman
State Transportation Board**



**John S. Halikowski, Director
Arizona Department of Transportation**