

STATE TRANSPORTATION BOARD STUDY SESSION
9:00 a.m., Friday, January 28, 2020
Arizona Department of Transportation Auditorium
206 S. 17th Avenue
Phoenix, AZ 85007

Call to Order

Chairman Hammond called the State Transportation Board Study Session to order at 9:00 a.m.

Pledge

The Pledge of Allegiance was led by Board Member Elters

Roll Call by Board Secretary

A quorum of the State Transportation Board was present. **In attendance:** Chairman Hammond, Vice Chairman Stratton, Board Member Thompson, Board Member Elters and Board Member Knight. Board Member Sellers arrived at 9:11 a.m. and Board Attorney, Michelle Kunzman, arrived at 9:18 a.m. There were approximately 45 members of the public in the audience.

Opening Remarks

Opening remarks were made by Chairman Hammond

Title VI of the Civil Rights Act was done during the board meeting, prior to the study session

ADOT Executive Officer, Floyd Roehrich, Jr. reminded all attendees to please fill out the optional survey cards to assist our Civil Rights Department.

Call to the Audience for the Board Meeting

An opportunity was provided to members of the public to address the State Transportation Board. Members of the public were requested not to exceed a three minute time period for their comments.

1. Al Gameros, Mayor, City of Globe (Floyd Roehrich, Jr. spoke on his behalf)
2. Alton Joe Shepard, Apache County Supervisor
3. Christina Taylor, Goodyear Resident
4. JoAnn Yazzie Pioche, LeChee Chapter Vice President

ARIZONA STATE TRANSPORTATION BOARD
STATE TRANSPORTATION BOARD
STUDY SESSION

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Arizona Department of Transportation Auditorium
206 South 17th Avenue
Phoenix, Arizona 85007

January 28, 2020
9:00 a.m.

PREPARED FOR:
ADOT - STATE TRANSPORTATION BOARD

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CALL TO THE AUDIENCE

SPEAKER:	PAGE:
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1 (Beginning of excerpt.)

2 CHAIRMAN HAMMOND: Okay. Although this is a
3 study session, we still have a call to the audience. Usually
4 we're in a more informal room, so this feels more like a board
5 meeting. But we do have a call to the audience, and we have two
6 speakers, and the first is Al Gameros, the mayor of the City of
7 Globe. He's not here, but Floyd Roehrich will speak on his
8 behalf.

9 MR. ROEHRICH: Thank you, Mr. Chair.

10 The mayor sends his greetings to the State
11 Transportation Board. He says: I am sending this email to the
12 ADOT Board to consider two requests for the record. The first
13 request is installation of an overhead sign alerting drivers to
14 move to the left for those heading east to Globe in Superior
15 just west of Los Hermanos. I travel to Mesa two to three times
16 per week and see drivers moving to the left lane right before
17 the divided highway. This last minute maneuver could be
18 minimized by having an earlier sign installed. There is
19 currently an open space on the overhead sign bracket -- highway
20 bracket that could be installed to alert drivers to move to the
21 middle lane.

22 The second request is for consideration to add
23 Globe to the digital sign board west of Florence Junction
24 indicating minutes to Globe. I believe this would be
25 advantageous to drivers to know since Globe is a destination for

1 many travelers.

2 Thank you for -- thank you for your consideration
3 on these two requests. Al Gameros, Mayor, City of Globe.

4 CHAIRMAN HAMMOND: Thank you.

5 Next speaker is Alton Joe Shepard, Board of
6 Supervisors.

7 MR. SHEPARD: Good morning, board members. Allow
8 me to introduce myself. My name is Alton Joe Shepard. I am the
9 board supervisor from Apache County, one of three, and my
10 district sits -- lies in the middle of the three districts that
11 we have within our county. And first of all, I wanted to say
12 happy new year. I've been following ADOT for about maybe eight
13 months now. Just got done serving as the tribal council last
14 year. Was busy doing both, but now I'm full time as a county
15 supervisor going forward.

16 I also want to thank ADOT for allowing us to use
17 some of their millings to put on some of our county roads. And
18 I did drop off a packet for the chairman. They were seeking
19 additional funding. They do have -- -- I have 410 miles within
20 my district, and there's only one mile that is paved, and that's
21 a paved route that goes around the Ganado Unified School
22 District back -- built back in the '80s, and so that's
23 deteriorating. So I put a packet and some information for that
24 and would like some assistance if possible down the road in the
25 five-year planning.

1 The other is just to bring the attention as far
2 as the planning goes forward. 191 south of Ganado, going down
3 to Saint Johns. I guess the shoulder widening like we're doing
4 in Many Farms certainly will need some attention in the near
5 future. And again, just strengthening my partnership going
6 forward.

7 And as far as the HURF that we deal with, I know
8 that's a big monumental task that the State has. Taking about
9 \$580 per mile to do road maintenance, you know, doesn't leave me
10 too much when we have to go two or three times on the 410 miles
11 a year that we have within our county.

12 And so again, however we can continue to
13 strengthen our partnership with the ADOT staff as well as the
14 Board and the advisory, all the way to our state legislature.

15 Again, thank you, distinguished members, for
16 allowing me to come up and present for a short time. Thank you.

17 CHAIRMAN HAMMOND: Thank you.

18 Next speaker is Christina Taylor, City of
19 Maricopa, Goodyear. (Inaudible.)

20 MS. TAYLOR: Hello. So I'm here today because of
21 an experience that I went through when I had ordered my travel
22 ID, and what happened was is on December 26th, I went into the
23 MVD to fill out the paperwork and order my travel ID. What
24 happened was is that as time passed, it was already January
25 17th, and I never received it. I had contacted the post office

1 and as well as ADOT, and their response to me was that there is
2 no tracking on the travel ID.

3 As somebody who used to work for the bank and
4 also used to work at the airport for a company called Clear that
5 would stand next to TSA at the airports, my concern and my worry
6 is that it was possibly stolen. But how could I prove it to be
7 stolen if there's no tracking or anything on it or where it
8 would have gone -- gotten lost in the process?

9 So I'm here requesting for the travel ID to --
10 since it's supposed to be used to go on military bases and as
11 well as to travel stateside, I am requesting for there to be --
12 for it to be sent certified versus it just being sent regular
13 Priority Mail, so that way there is tracking on the travel ID,
14 so that way if it's getting missed, lost, stolen, that way we
15 would know where it's being misplaced in the process and
16 possibly be able to figure out who is possibly stealing
17 something that's supposed to help make it to where it's safer
18 for us to be able to go onto base and to be able to travel
19 stateside. Thank you.

20 CHAIRMAN HAMMOND: Thank you.

21 Okay. I've been warned sometimes it's hard to
22 pronounce names, so here I go. All right. JoAnn Yazzie Piohe.
23 You can correct me. I'm reading your handwriting, so...

24 MS. YAZZIE PIOHE: Okay. Sorry. Good morning.
25 (Speaking Native language.) That is JoAnn Yazzie Piohe.

1 CHAIRMAN HAMMOND: Okay. Thank you.

2 MS. YAZZIE PIOHE: Good morning. I am here
3 representing Lechee Chapter and the Navajo Nation up in northern
4 Arizona. One of the things that we -- I'm here to address is
5 issues along Highway 98 and 89. The biggest is Highway 98 and
6 N 222, which is Navajo NDOT route. That road is going to
7 Antelope Point, Marina.

8 As you all know, or some of you may know,
9 Antelope Canyons are the number one destination according to the
10 Forbes magazine. So this is very heavy traffic, and we have
11 come before your board in the past asking -- or we would like to
12 see maybe a roundabout. There has been road signs from Navajo
13 generating station going towards Page about heavy traffic, but
14 it's just not enough. There has been so many accidents along
15 that route, and we get a lot of foreign travelers, and this --
16 that's our biggest problem, and lots of bus traffic. So that's
17 what I'm here for, to ask that you put us on your construction
18 plans, five-year plan, 10-year plan, whatever it takes. But
19 that is our biggest issue.

20 And then also, because that whole area, the
21 northern Arizona on the Navajo Nation, there are lots of tours
22 that are -- tour companies that have sprouted on 98 and 89. One
23 of them being is Antelope Canyon X, which is about, oh, 12 miles
24 Southeast of Page off Highway 98, and then also Horseshoe -- no.
25 Waterhole Canyon Tours, which is on the Waterhole Canyon Bridge.

1 So there is another touring company there, and it's very heavily
2 used area. So anyway, I just wanted to bring that.

3 And just some issues. I see that Horseshoe Bend
4 construction is starting this coming spring. We were given
5 emails on that. So thank you for addressing that. That's
6 another issue.

7 Okay. Well, thank you, if you have, for
8 listening to me today, and hope to see you again. Thank you.

9 (Speaking Native language.)

10 CHAIRMAN HAMMOND: Thank you very much.

11 Are there any other individuals who want to
12 speak?

13 Okay. Having closed the call to the audience and
14 begin the study session. Agenda Item 1 is the overview of the
15 executive budget with Kristine Ward.

16 MR. ROEHRICH: Mr. Chairman, before we start, if
17 I could.

18 CHAIRMAN HAMMOND: Did I miss a comment?

19 MR. ROEHRICH: Yeah. No, you didn't. I'm just
20 asking for a little personal privilege here. I'd like to just
21 recognize a member of the audience. She's our former state
22 engineer and director of planning here at ADOT, now the director
23 of transportation of Maricopa County, Jennifer Toth. Welcome
24 back. Nice to see you.

25 Thank you, Mr. Chair.

1 CHAIRMAN HAMMOND: You're welcome.

2 MR. ROEHRICH: Mr. Chair, I actually thought this
3 point of order was to recognize Board Member Sellers has made
4 the meeting. I wanted to get it on the record. But Jennifer
5 Toth is a great example of a professional, and we're happy to
6 see.

7 MS. WARD: All right. Good morning.

8 CHAIRMAN HAMMOND: Good morning.

9 MS. WARD: It's nice to see you all, and
10 Mr. Sellers, I'm so glad see you made it in time for the
11 financial report. I'm sure that this is your favorite part.

12 MR. SELLERS: (Inaudible.)

13 MS. WARD: All right. Well, let's start this
14 off, the first agenda item, and then with your permission, I'll
15 roll into the second agenda item as we get there.

16 The executive budget overview. So the executive
17 recommendation has come out, and in that release, in that
18 recommendation, there are a few items that impact the highway
19 construction program. In addition, I'll just let you know there
20 are a number of legislative proposals and bills going around
21 associated with appropriating dollars for projects. So there is
22 a lot of moving pieces happening right now.

23 None of these proposals, of course, at this time
24 are law, but rather are just being deliberated. So the numbers
25 in the program that I will be presenting to you today do not

1 incorporate this plethora of proposals that are out there. As
2 we get things a little more firmed up, we'll get those proposals
3 imbedded in so you can see the impacts to the program.

4 So moving on.

5 So the executive budget has within it a proposal
6 for the Gila River Bridge. Right now, in the five-year program,
7 the '20 to '24 program that's been approved, there's \$50 million
8 that has been built in for an I-10 project in 2023. Now, the
9 thinking was it wasn't clear -- we hadn't fully determined what
10 that \$50 million was specifically designated for on I-10, but
11 the thinking was that it would be designated towards the Gila
12 River Bridge.

13 Within the executive proposal, what they are
14 proposing is that \$50 million move forward into 2021. They
15 would then provide an additional 28 million that would take care
16 of the full cost of the replacement of the Gila River Bridge.
17 So that's proposal number one.

18 And the proposals I'm going to go over with you
19 are all proposals that are associated with the five-year
20 program. There's a -- you know, the ADOT budget's a whole
21 another -- whole another world.

22 The next component is the smart highway corridors
23 proposal. This one is -- the executive has a major initiative
24 to facilitate improved safety, safety on the highways, and
25 simultaneously in doing that, also expand the broadband

1 infrastructure to facilitate connectivity and economic
2 development in rural Arizona. The executive budget recommends
3 9.2 million of State Highway Funds.

4 Now, this is different. The other proposal, they
5 were appropriating or recommending the appropriation of
6 28 million in General Fund. In this particular proposal, this
7 will also -- this will have a slight impact on State Highway
8 Fund in that it appropriates 9.2 million of State Highway Fund
9 for smart highway technology.

10 What do they mean by "smart highway technology"?
11 Traffic cameras, wrong-way detection systems, dynamic message
12 boards, weather information systems and the like. So variable
13 speed limit sign. And so there is also associated with --
14 9.2 million of that is State Highway Fund. The remaining
15 balance, 49.7 million of that proposal is General Fund. Okay.
16 So only those -- only those portions of the proposal that are
17 transportation related are drawing upon the State Highway Fund,
18 as is Constitutionally appropriate.

19 CHAIRMAN HAMMOND: Board Member Stratton has a
20 question.

21 MR. STRATTON: Is it appropriate now or do you
22 want us to wait until you're finished?

23 MS. WARD: Oh, no, sir. Go ahead. (Inaudible.)

24 MR. STRATTON: You specifically mentioned to help
25 rural Arizona. Does that meaning that the 9.2 million will come

1 out of the Greater Arizona budget or is it partial?

2 MS. WARD: Mr. Chair, Mr. Stratton, no. It is --
3 does not come out specifically of the Greater Arizona. So
4 basically, when we run the numbers, we'll take that right off of
5 the top.

6 MR. STRATTON: Very good. Thank you.

7 CHAIRMAN HAMMOND: Go ahead.

8 MS. WARD: And the last component that will
9 impact the five year -- in this case, it will impact the State
10 Highway Fund, is the executive proposal has a recommendation in
11 it that provides \$6 million of State Highway Funds to build a
12 new South Mountain -- DPS South Mountain District Office.

13 And with that, I'll take any questions you might
14 have on the executive proposal. I have nothing further.

15 CHAIRMAN HAMMOND: Thank you. And this is -- it
16 still has yet to be approved by -- as it goes through the
17 process, but it's -- looks pretty firm. Is that (inaudible)?

18 MS. WARD: Mr. Chairman, you are correct. It has
19 to go through the process, and --

20 CHAIRMAN HAMMOND: Okay.

21 MS. WARD: -- you know, it is not law at this
22 time, but the executive is very committed -- the Governor's very
23 committed to these projects.

24 CHAIRMAN HAMMOND: Any questions?

25 Board Member Elters.

1 MR. ELTERS: Kristine, I just wanted to make sure
2 I understood correctly. Is the total for smart highway
3 corridors in the mid 50s, and 47 of that is General Fund, and a
4 little over \$9 million is State Highway Fund?

5 MS. WARD: That's correct. It's about
6 \$58 million, I believe, is the roundabout total, and about
7 9 million of that is State Highway Fund, and then the remaining
8 50 million is General Fund.

9 MR. ELTERS: Okay. Thank you.

10 CHAIRMAN HAMMOND: Okay. Do you want to head to
11 Item 2 or are you still on Item 1 here?

12 MS. WARD: No. I am finished with Item 1. Ready
13 for it? I'll move on.

14 CHAIRMAN HAMMOND: Then we'll move on to the
15 '21-'25 Tentative Five-Year Transportation Facilities
16 Construction Program Review.

17 MR. ROEHRICH: Mr. Chairman, I'd like to note for
18 the record that your attorney has appeared.

19 Welcome, Michelle.

20 MS. KUNZMAN: Thank you.

21 CHAIRMAN HAMMOND: She does exist.

22 MS. KUNZMAN: (Inaudible.) I'm sorry for being
23 late. (Inaudible.)

24 MS. WARD: All right. I will -- I will butt in
25 here and -- and let's talk '21 to '25, the financial plan.

1 So I'm going to go over the -- you know, where we
2 landed, the end of the FY '19 and HURF. Then we'll go into the
3 Highway User Revenue Funds, where we ended with highway user
4 revenues in '19 and our forecast going forward. We'll then go
5 into the Regional Area Road Fund, where we ended '19, where we
6 are going forward, federal aid, you know, our financing
7 mechanisms, and then the adjustments, too.

8 We will actually -- I do have some mildly happy
9 news today in that we will make adjustments to the '21 to '24
10 program as well as discuss the '25, the new fifth year.

11 So in terms of the Highway User Revenue Fund, we
12 had a reasonably good year. We ended the year with about a
13 little over \$1.5 billion in total revenues and about 4.4 percent
14 growth. That was just a little bit above forecast, about 2
15 percent. Those additional funds are built into the forecast
16 that you will see later on. And we are still quite happy to
17 finally have gotten past the 2007 peaks.

18 The composition of the Highway User Revenue Fund
19 has not changed much. We are still -- about 50 percent of the
20 revenues flowing into the fund are associated with fuel taxes,
21 and 30 percent are associated with VLT. What is kind of
22 interesting, though, is we continue -- when you look at that
23 composition over the years, what this chart represents is the
24 change of that composition. And that is largely the result of
25 the fact what we're seeing here is those bottom blue -- that

1 bottom blue bar and the red portion represent fuel taxes. That
2 very top green section represents vehicle license taxes, and
3 because the fuel taxes are not indexed to inflation, what you
4 see is the green portion growing, the VLT portion growing,
5 because it does have an inflationary component, whereas the fuel
6 taxes do not, and you're seeing a slight diminishment there.

7 DIRECTOR HALIKOWSKI: Mr. Chairman, if I might.
8 Kristine, I just want to point out that although VLT is growing,
9 it's not protected by the Constitution for road use and public
10 safety as gas tax. In the past has the VLT portion of the HURF
11 been harvested, if you will, for General Fund purposes?

12 MS. WARD: Mr. Chairman, Mr. Director, you are --
13 that's a bit of a buzzkill on my presentation.

14 DIRECTOR HALIKOWSKI: Well, Mr. Chairman, I just
15 wanted the Board to realize --

16 MS. WARD: No. I pledge yes. Absolutely.

17 DIRECTOR HALIKOWSKI: -- that although VLT is
18 going up, if times become tight again financially for the state,
19 it has been used in the past, and so it is a bit of a buzzkill,
20 but I want everybody to be aware that, you know, it's subject to
21 General Fund use.

22 CHAIRMAN HAMMOND: Also, does it affect bond
23 ratings and things like that, as it is not a dedicated bucket?

24 MS. WARD: Mr. Chairman, you are correct. As --
25 when the Legislature or, you know, when their laws are passed

1 that impact the pledged revenues flowing into the State Highway
2 Fund, it absolutely is -- the attention of the credit agency,
3 rating agencies is absolutely on us. So yes.

4 DIRECTOR HALIKOWSKI: We saw that happen,
5 Mr. Chairman, one year when the Legislature decided to fund MVD
6 operations off the top of HURF, and I think that did affect our
7 bond ratings. So have to be careful about (inaudible).

8 MS. WARD: Mr. Chairman, Mr. Director, thank you
9 very much.

10 In terms of where we see this going in -- where
11 we see our projections going in the future, if you'll recall, we
12 have a -- we actually have a forecasting methodology that is
13 very respected by our rating agencies, and we take that before
14 them every time we do a bond issue, and we have found very high
15 degrees of accuracy except when there's a recession where
16 they've put "great" in front of it, and then we're in trouble.

17 But what you see is our projections going forward
18 for the next five-year program. We're anticipating about 3.3
19 percent compound growth rate going forward, and what that
20 results in is about \$142 million of additional funding being
21 available and built into this next program. That is
22 primarily -- you know, understand that we're growing off of a
23 slightly larger base, because we ended '19 slightly above
24 forecast, and now we're building off of that base, and so that
25 142 million, the portion of it that is State Highway Fund, is

1 rolling into the numbers that I will be reviewing with you later
2 on.

3 In terms of the Regional Area Road Fund -- turn
4 my pages here -- we experienced 6.8 percent growth in 2019. We
5 were just a little above forecast, .5 percent. Retail, we had
6 about 6.5 percent growth. Again, a little above forecast.
7 Contracting, little above forecast, but overall, we ended the
8 year quite well with about 468, 469 million dollars in revenue
9 flowing into the Regional Area Road Fund.

10 In terms of our projections going forward, we are
11 looking at a compound -- an estimated compound annual growth
12 rate of about 5.2 percent. And that -- understand that this is
13 for the remaining years of the tax, which expires in December of
14 2025.

15 Overall, what those new forecasts mean to the
16 program, additional revenues for the program. That will mean
17 about \$60 million more flowing in over the five-year program
18 into the Regional Area Road Fund based on those forecasts.

19 So what I -- when we go through these
20 presentations, what I'm doing is I'm taking you through all of
21 the fund sources that flow into the overall program, which then
22 in totality form the basis for what we can do from a financing
23 perspective, and ultimately what we can fund and program, too.

24 So we've covered Highway User Revenue Fund.
25 We've covered the Regional Area Road Fund that flows in. We are

1 now covering federal funds, which is a large composition of what
2 funds our program. And what we have assumed is that -- let's
3 keep in mind first that the FAST Act expires in 2020. And we
4 know -- let me just take you to this next slide.

5 We know that the Federal Highway Trust Fund has a
6 little bit of a problem. There is an estimated, I think,
7 somewhere between 11 and up to -- upwards, pushing \$20 million
8 deficit annually, and --

9 UNIDENTIFIED SPEAKER: Million or billion?

10 UNIDENTIFIED SPEAKER: Billion.

11 MS. WARD: Billion. Excuse me. Did I say
12 million? Oh, goodness. Wouldn't everybody just love that?
13 That would be far preferred, yes. Thank you very much.

14 So this is the projections provided by
15 Congressional Budget Office for -- as of May 19 on the highway
16 -- Federal Highway Trust Fund. So given the fact that the FAST
17 Act is due to expire soon, given the fact that that fund is in a
18 deficit position, and it is continually -- has continually
19 required infusions from the federal general fund, we have the
20 assumptions that are built into the five-year program are flat.
21 Flat growth. So what you see here in '21, '22, '23, going out,
22 we are just assuming a continued -- we would just assume flat
23 growth, and you continue to receive the same level of funding.

24 As in all of these funding projections, they are
25 projections. If -- if the economy, which we are due for a

1 recession, if the Congress doesn't get -- approve those
2 infusions and so forth, all of this is at risk. But that's --
3 so that's where it's...

4 So the next component is after we've identified
5 all of the revenues available, then it's how can we leverage
6 those revenues? And we leverage those revenues through
7 financing mechanisms, which you recently, if you'll recall,
8 approved us to do a bond refunding and -- and when you give us
9 those approvals, when we get to issue what we call "new money,"
10 that's when we're issuing debt that flows in and is available
11 for the program.

12 What you see here is the planned debt for the '21
13 to '25 program. It hasn't changed tremendously since I last --
14 since I presented to you last year, but I have changed the
15 credits that we access, and what I mean by that is we have three
16 credits. That means three fund sources that we can leverage
17 against. One of them being Highway User Revenue Fund, one of
18 them being Regional Area Road Fund, one of them being our
19 federal funds. What this represents is it shows you that in
20 HURF, the blue, Highway User Revenue Fund, we will -- we project
21 -- we estimate issuing about \$650 million worth of debt over the
22 next five-year program.

23 In terms of leveraging our federal funds, we
24 intend to issue about \$350 million of what we call "grant
25 anticipation notes." That will, again, leverage federal funds.

1 And in terms of the Regional Area Road Fund,
2 remember we're coming to the end of the life of the program, and
3 we estimate about \$240 million worth of bond issues on --
4 against the Regional Area Road Fund.

5 So once we have compiled all of the fund sources
6 available, what revenue is available for the program, what --
7 how we can leverage those revenues, then I basically -- FMS
8 tosses the dollars -- tosses the numbers over the wall to MPD,
9 and that's when the -- the development of the five-year program
10 -- those are the parameters for the five-year program.

11 And what happens is then we go through the
12 allocation process. So in -- if you'll recall, doing this very
13 briefly, we've got the Casa Grande accords in which, you know,
14 transportation stakeholders across the state came together back
15 in '99, and ultimately what came out of that process was the
16 allocation of how moneys would be programmed, transportation
17 dollars would be programmed.

18 What came out of that in a little more detail is
19 there was an agreement on what would come off the top things,
20 like rest areas, ports of entry, things that were of benefit to
21 the entire state. And then, after those off-the-top items were
22 deducted from the available revenues, then they were divided,
23 the MAG region getting 37 percent, PAG 13 percent, and Greater
24 Arizona 50 percent. So when Greg and company get the figures,
25 they then apply these allocations.

1 Take you just a little further on that.

2 So like I said in that very top bar, FMS provides
3 the numbers to MPD. That would be Greg, hanging out right over
4 here, and then he takes those items, the off-the-top items,
5 reduces the numbers by the off-the-top items. The remaining
6 funds are divided according to RAAC. Then estimates are made in
7 terms of what's needed for the subprograms, your preservation
8 programs and so forth, and what remains is what's available for
9 major projects in each of the regions.

10 Okay. Oh, you'll love this one. Lots of
11 numbers.

12 So what you see here is a compilation of --
13 you'll see the source. So there's -- ultimately what you're
14 looking at is the top half, the sources that flow into the five-
15 year program, and then I'll show you the uses that we utilize
16 those for.

17 So we start off with the State Highway Fund up at
18 the top, and we have dollars -- so you'll see net State Highway
19 Fund. Those are the dollars from the State Highway Fund that
20 are available for the program. Then we add in our federal aid,
21 and you'll see the total federal aid available for the program.
22 So you'll -- think you start in '21 at 668 million. You -- oh,
23 I should take you down to the next line, net federal aid.
24 Because remember, the very first thing we do is we pay our debt
25 service. We do not think twice on this. Pay that bill first

1 and take it off of the available revenue. So net federal aid,
2 638, 621 in '22, and so forth. Then we layer in the financing
3 mechanisms that are available. Those numbers are net of debt
4 service. And then you have an inflation adjustment to get to
5 where your total sources are, the total sources available.

6 MR. ROEHRICH: Kristine, I was just -- wanted to
7 make sure, because you're running through there. I wanted to
8 make sure we weren't losing where you're at on the line you were
9 talking about.

10 MS. WARD: Okay. I'm sorry.

11 MR. ROEHRICH: Because I was trying to follow
12 along with that.

13 MS. WARD: Okay. So --

14 MR. ROEHRICH: I think the -- I guess you should
15 just maybe summarize the matching source of funding that is
16 going to go into the program.

17 MS. WARD: So if you go down to the very bottom,
18 your -- thank you, Floyd. If you go down to the very bottom,
19 let's get to the bottom line. '21, FY '21, that very first
20 column, \$940 million flowing into -- available for the program.
21 '22, \$871 million available for the program all the way across.
22 Now, this is the statewide program. Okay?

23 We then take -- excuse me, Mr. Chair, Floyd.
24 Does that help?

25 MR. ROEHRICH: Yeah. Yes. I'm good.

1 MS. WARD: Okay.

2 MR. ELTERS: Mr. Chairman, I have a question
3 before we move on. I'm not looking at the bottom line. I'm
4 looking at the -- both the State Highway Fund discretionary and
5 the total federal aid. I can understand the bottom line is
6 impacted by the finance and that kind of thing, but is there a
7 reason why both -- in both the State Highway Fund as well as the
8 federal aid, there's a drop from FY '21 to FY '22?

9 MS. WARD: So let me go '21 to '22. Oh, so
10 you'll see -- oh, there are -- if you look at the -- there's a
11 couple of factors in there. First of all, if you look at the
12 line under -- let's do the federal aid -- final vouchers. There
13 are various components in which federal dollars are released
14 back to the State, and while you might think that that reduction
15 is a bad thing, what you're seeing is increased efficiency of us
16 getting dollars released back into the program.

17 So what happens is every time there's -- a
18 project is closed, there might be some more remaining dollars
19 left over on that project. We want to get those projects closed
20 as quickly as we possibly can to get those dollars released and
21 back into the program. The wonderful team that I get to work
22 with has been working arduously to increase that turnover of
23 dollars and get those dollars released more quickly. As such,
24 we've worked through a backlog, and so there will be less and
25 less dollars over time to release. That's one component.

1 Second component is, and I -- I don't want to go
2 deep on -- in explaining this one, but advanced construction, if
3 you go down to the next line, that is an acceleration tool that
4 the federal government provides to us, and what it does is it
5 is -- it allows us to better cash flow, the federal dollars. So
6 it allows me to better align the federal dollars available with
7 the time that the -- that those federal dollars would actually
8 burn. So it makes the -- it -- while it makes the numbers vary
9 a little, it actually makes for more efficient use, because I'm
10 not holding up dollars that I'm not going to burn in a given
11 year.

12 Does that -- Mr. Chairman, Mr. Elters, does that
13 help at all?

14 MR. ELTERS: Yes. Thank you.

15 MS. WARD: I would be happy to --

16 MR. ROEHRICH: Mr. Chair, Kristine, but to me, as
17 I read that, it looks like one of your biggest impacts is your
18 inflation adjustment, each area of inflation adjustment
19 (inaudible), and as that gets negative off of there, that's like
20 your biggest impact. What you're seeing is the revenue stays
21 flat, you adjust for inflation, they're just having the same
22 purchase power.

23 MS. WARD: Mr. Chairman, Floyd, you are correct.
24 I direct -- I had thought -- if I answered the wrong question,
25 I'm sorry. I thought Mr. Elters was asking me about federal

1 dollar changes. But yes, you are absolutely correct in that
2 inflation erodes the purchasing power of the dollars we have
3 available.

4 So that is what ultimately rolls into what we
5 have available for the five-year construction program, and so we
6 had a number of -- we had a couple of nice things happen this
7 last couple of years, and primarily, that the dollars that -- to
8 support the Highway Patrol Fund are now being supported -- well,
9 they're moving over and being supported by the General Fund and
10 are no longer being taken off of the State Highway Fund.

11 In Addition, we had the benefit of the INFRA
12 grant that came through that we had previously designated
13 dollars to pay for something. It freed those dollars up, and
14 you'll see those dollars flowing into the program. We also --
15 another efficiency that the department gained is we had been
16 working on improving how we calculate our inflationary
17 adjustments and so forth, and that freed up about \$100 million
18 flowing into the overall program.

19 So what's going on here is in the '21 program --
20 oh, my goodness. I see a typo. Oh, no. That's right. Okay.
21 In the '21 program, there's \$105 million more available to flow
22 into the program, leading to that \$944.6 million. Did everybody
23 see that? 944 -- \$944.6 million available for the program.
24 We've got, in '22, an additional \$45 million. '23, an
25 additional \$100 million available, and in '24, \$125 million.

1 And our knew fifth year will be \$850 million program.

2 I was hoping for a few more smiles on that one,
3 because this is, like, the happiest presentation I've gotten to
4 give over the last few years. Maybe I should have thrown in a
5 joke or something.

6 MR. ROEHRICH: (Inaudible) million dollars is a
7 lot of money.

8 MS. WARD: Yes.

9 MR. ROEHRICH: (Inaudible.)

10 MS. WARD: Yes, it is. So --

11 MR. ROEHRICH: Everybody's mind's racing.

12 Where's the money going now?

13 MS. WARD: Oh, okay. And that's why --

14 MR. ROEHRICH: (Inaudible.)

15 MS. WARD: That's why the next slide we go to is
16 we start out with happy and then I depress you. So there are
17 always risks to -- potential risks to the program. Again, like
18 I mentioned earlier, we've got -- we're always watching and
19 concerned with Congressional action. We've got that Highway
20 Trust Fund deficit, and we need a new long-term reauthorization
21 bill as the FAST Act expires in 2020.

22 We are -- of course, are always concerned about
23 what's going to happen during the legislative session. We have
24 budgetary changes that I've reviewed some of with you -- some of
25 those with you today that are being deliberated, sweeps and

1 transfers, special distributions and so forth.

2 And then keep in mind that we are now in the
3 longest time period between recessions in the history of
4 recessions being tracked. So previous time period, the
5 longest period between recessions was about 10 and a half, 11
6 years. We are now 12 -- in our 12th year post-recession, and so
7 I just would add that in as a cautionary note.

8 And with that, I'll take any questions.

9 CHAIRMAN HAMMOND: Kristine, you said that --
10 earlier before the meeting started that there's -- and maybe
11 even during the meeting that there's a lot of stuff out there
12 that's not in this budget. If you had to say in one word the
13 impact of that stuff, would it be good or bad? Going on the
14 Legislature, as far as stuff that might happen?

15 I'm not asking for a political statement. Let me
16 just say does it take more money away or bring more money in to
17 our system maybe is a better way to say?

18 DIRECTOR HALIKOWSKI: Mr. Chairman, could I ask
19 you to clarify? Do you mean about the General Fund and the
20 one-shot appropriations for projects?

21 CHAIRMAN HAMMOND: Is that what you were
22 referring to when -- you said a good chunk of what is out there
23 is not in the budget, because it's not firm yet, and you don't
24 put things in the budget that aren't fairly firm.

25 DIRECTOR HALIKOWSKI: Right. So there are a

1 number of appropriations bills being heard in the Legislature
2 related to transportation projects. Several of those you saw in
3 the executive recommendation, but they're probably in excess of,
4 what, 15 --

5 UNIDENTIFIED SPEAKER: It's 30 bills totaling
6 about \$450 million.

7 DIRECTOR HALIKOWSKI: And those are all General
8 Fund Appropriations for projects. So essentially, they're
9 one-time shots to build something, but they do not go into the
10 program in the base for distribution or to count against
11 (inaudible).

12 CHAIRMAN HAMMOND: So the one-time shot comes out
13 of the General Fund?

14 DIRECTOR HALIKOWSKI: Yes.

15 CHAIRMAN HAMMOND: Okay. So that's -- and some
16 of this could be very good.

17 DIRECTOR HALIKOWSKI: So I'm not going to put a
18 title on it. I mean, I guess I would say that when it comes to
19 building projects, ADOT loves to build things, and if someone's
20 going to hand us money, we're going to go and build it.

21 CHAIRMAN HAMMOND: Okay. All right. Thank you.
22 Board Member Thompson.

23 MR. THOMPSON: Chairman, can you kind of shed
24 light on the \$32 vehicle transportation fund? It's going to go
25 away in two years. Would that be a reason for maybe going back

1 to VLT for shifting dollars out of that to other projects?

2 DIRECTOR HALIKOWSKI: So Mr. Chairman,
3 Mr. Thompson, if I could answer that, you are correct that \$32
4 public safety fee is being repealed, and it is a concern that's
5 been brought up that if that fees goes away, would we come in in
6 the future if financial times were tight and take money back out
7 to fund DPS Highway Patrol.

8 The answer I have thus far is that once the fee
9 is gone, once the repeal takes effect, the amount for the
10 highway patrol is going to be backfilled by General Fund money,
11 and the thought is to keep doing that, you know, for the next
12 several years. But once you get out past, you know, a couple of
13 years, if we hit hard times again under a different
14 administration, I can't really predict what's going to happen,
15 but you will not have that \$32 fee available in the future.

16 MR. THOMPSON: Chairman, I know (inaudible).
17 However, we are (inaudible). So now there's every effort to try
18 to do something about it. What is that?

19 DIRECTOR HALIKOWSKI: Well, that's --
20 Mr. Chairman, Mr. Thompson, I think you have to realize that as
21 we talk about these one-time appropriations, which, you know,
22 from the Governor's perspective, ADOT's very supportive. We
23 know that I-17, we know that I-10, and we know that SR-189 are
24 all important projects. But the other thing this board has to
25 look out for, as you see with the five-year program, is you've

1 got an ongoing systemic need to maintain the highways in good
2 condition. As we've talked about many times at this board, the
3 longer we delay maintenance, the more severe and expensive that
4 problem becomes to remedy.

5 Now, the Governor's budget has put in over
6 \$50 million to keep good pavement in good condition, which we're
7 spending and tracking the metrics on. But as you see with I-40,
8 as these interstates and highways exceed their useful life,
9 especially when we get into problems with the concrete
10 subgrades, you've got to go in and do a complete reconstruction.

11 And so this is not simply a rural Arizona
12 problem, as we're seeing in the MAG system, also. Much of the
13 pavement that we put down, the rubberized asphalt, is well past
14 its predicted life span, and that means at some point that we're
15 going to have to go and do what we call a reconstruction on that
16 system, also. But that's a question we're looking to answer in
17 the extension of Prop 400 as to how that's going to be taken
18 care of.

19 So I would say that you have a \$22 billion system
20 on the ground statewide, and it really is not just this board's
21 duty, but every citizen's duty to be concerned about maintaining
22 that investment in good condition because of its safety and
23 economic impact to the state.

24 MR. THOMPSON: That's all I have, Chair.

25 MR. ELTERS: Kristine, you've confirmed that the

1 FAST Act expires in 2020. I'm assuming that's September 30th,
2 2020. Given that this is an election year or it's (inaudible),
3 what are we hearing -- what are the projections? And I realize
4 you don't have a crystal ball, but is there any -- are there any
5 rumors? Are there any assumptions as to what will happen going
6 forward knowing how critical that is to the bottom line that you
7 presented.

8 DIRECTOR HALIKOWSKI: So Mr. Chairman, Kristine
9 doesn't have a crystal ball, but she does have a magic eight
10 ball that she uses to make the HURF projections off of.

11 MR. ROEHRICH: You need to bring that next time.

12 DIRECTOR HALIKOWSKI: We will -- we might bring
13 up our policy -- our deputy director for policy in charge of
14 government affairs, Mr. Biesty, might have a better line into
15 what's happening in D.C.

16 MS. WARD: If I may, so --

17 DIRECTOR HALIKOWSKI: She's going to venture out.

18 MS. WARD: Oh, I am going to venture out,
19 because --

20 DIRECTOR HALIKOWSKI: I've done all I could to do
21 to save (inaudible).

22 MR. ROEHRICH: He gave you a chance to punt that
23 off and (inaudible).

24 MS. WARD: What we have typically experienced in
25 these situations is a series of continuations, and as it happens

1 again and again and again, and given the pending election,
2 probably expect the same thing.

3 DIRECTOR HALIKOWSKI: So we are subject to a 35th
4 or 36th continuing resolution?

5 MS. WARD: Oh, my --

6 DIRECTOR HALIKOWSKI: So, you know, as we've said
7 before in the Board, Congress likes to take this up to the very
8 edge and dangle us over and say, We're not going to fund the
9 deficit and the Highway Trust Fund.

10 MS. WARD: Yes.

11 DIRECTOR HALIKOWSKI: And then they say, Oh, just
12 kidding. And so I think we're on the 35th year or 36th
13 continuing resolution under the FAST Act. I don't see any
14 change coming. There's a lot of talk in committees about, you
15 know, gas tax, mileage fee, (inaudible), mileage based fees,
16 alternative fuel taxes. The list goes on, but it doesn't seem
17 there's any real will in Congress to actually put a plan forward
18 (inaudible). (Inaudible.)

19 MR. ELTERS: So I assume that is built in those
20 numbers (inaudible) the assumption that continuing resolutions
21 will be enacted in the absence of any other information.

22 MS. WARD: Mr. Chairman, Mr. Elters, that's
23 correct. That's why we have kept those projections flat.
24 Because of what we've seen in Congressional behavior in the
25 past, as well as the behavior that we have seen by the

1 stakeholders reliant upon those fund sources, that's -- those
2 are the two that are, you know, juxtaposed, pulling one another
3 that lead to us leaving those projections flat.

4 Do we think that Congress is going to come
5 through and do a major cut to a program that has so many is a
6 stakeholders associated with it? Well, not so much,
7 particularly given the way Congress responded to stakeholder
8 outcry about the rescission that took place -- that was
9 scheduled to take place. That rescission got overturned,
10 repealed.

11 So we believe that we have taken the most prudent
12 approach in the forecasts here, and if we ultimately have to --
13 if Congress does something highly unusual, then fortunately,
14 with the help of this board, we have a nimble and resilient
15 enough program, enough controls and financial mechanisms to
16 monitor it that we can respond fairly quickly to anything that
17 -- to the things that Congress might do.

18 DIRECTOR HALIKOWSKI: So Mr. Chair, to that
19 point, I think what you've seen is many states have gotten tired
20 of waiting and have come up with revenue sources to fund their
21 transportation programs. I don't know if that's right for
22 Arizona. The Governor's been very clear that he's not going to
23 approve any new taxes, and so from an ADOT perspective, we
24 understand that the motivation is to keep the economy humming
25 and jobs being created, and so what we're doing is maintaining

1 the transportation system to the level at which we feel this
2 state is willing to fund it, and obviously then look at those
3 one-time appropriations for improvements where they're needed.

4 So we, you know, from an ADOT perspective,
5 applaud the Governor for his dedication to the transportation
6 issue, but also taking that most longer term perspective, we're
7 going to have to continue to work with the feds and see what the
8 future brings.

9 MR. ELTERS: Mr. Chairman, if I may, just to
10 follow up. I was going to ask related to Arizona, if this was
11 going to be the year, but John and his continuing with his scene
12 of mood busters has taken care of that. So it sounds like a lot
13 of discussion in Arizona this year, just like last year and the
14 year before.

15 DIRECTOR HALIKOWSKI: Yes, there is.

16 MR. ELTERS: Hopefully will lead to something,
17 but we know it doesn't (inaudible).

18 DIRECTOR HALIKOWSKI: (Inaudible.) I think it's
19 important to continue this discussion because I believe,
20 Mr. Chairman, we probably have the most focus I've seen on it up
21 to date at the state Legislature and the most focus I've seen
22 from the administration. The Governor has really put a lot of
23 money forward for projects. So we have to keep that in mind
24 plus the money that been put forward to keep pavement in good
25 condition.

1 So I think we continue to work with the
2 Legislature. There's an article in today's news clips if you
3 haven't seen it. It's written by High Ground, and it really
4 lays out a lot of the policy and financing issues very well for
5 Arizona and what it's facing.

6 So I think the goal from the business community
7 and others I've heard from this year is is we still have to keep
8 that discussion moving forward, that we can't really relent, and
9 if we don't get something done this year, at least we're making
10 more people aware and (inaudible). So we'll continue to work
11 with the Governor's budget. We're highly supportive of that and
12 the projects like I-10 (inaudible).

13 CHAIRMAN HAMMOND: We're only adding 200 people a
14 day to this region, so what's the problem?

15 Board Member Stratton.

16 MR. STRATTON: I originally was going to say this
17 is a Kevin question, but as the answer (inaudible) Board Member
18 Elters question (inaudible) it may be a Kristine question.

19 MS. WARD: Uh-oh.

20 MR. STRATTON: Of the 30 bills that are in the
21 Legislature, are there any of those that are moneys for projects
22 that are already in the program to be expedited, therefore
23 making other moneys available in the future?

24 MR. BIESTY: Mr. Chairman, members of the Board,
25 Kevin Biesty.

1 So how these requests have typically come about
2 is that members would ask what projects are available in
3 specific regions that we could expedite, that are ready to go.
4 And we've been very good at educating legislators that you don't
5 want to put money into a project that is years out in the
6 future, because the money would just sit. So we work
7 cooperatively -- the MAG and PAG region have worked
8 cooperatively with the Legislature to identify those projects
9 that if you provide money this year, would be soon to go.

10 MR. STRATTON: So is there a percentage or a
11 specific amount that would be for existing projects that would
12 free up for other projects or is -- do you have that number?

13 MR. BIESTY: Right. So I -- yeah. We could
14 provide -- we have a spreadsheet of all the bills and the
15 projects. We'll be happy to provide it. If that hasn't been
16 provided yet, we'll provide it to you.

17 MR. STRATTON: Okay. Thank you.

18 DIRECTOR HALIKOWSKI: So I don't know if we fully
19 know the answer to that question yet --

20 MS. WARD: Yeah.

21 DIRECTOR HALIKOWSKI: -- you know, if there will
22 be money for future projects if some of these bills were added
23 in. And I don't know if that's a (inaudible) question.

24 MR. BIESTY: That's a different question.

25 DIRECTOR HALIKOWSKI: But it really is very early

1 in the process, Mr. Chairman, because we don't know how these
2 bills are going to shake out, and it's very likely that they
3 won't advance as senior bills.

4 MR. BIESTY: Right.

5 DIRECTOR HALIKOWSKI: They're very likely going
6 to become part of the overall budget negotiation. And so we
7 will keep you tuned in, because again, I don't know what's going
8 to move forward and what's not. Good chance that the Governor's
9 priorities are going to move forward, but beyond that, I don't
10 know, because there's a push to put some money into the rainy
11 day fund to add to it. And what the Legislature will be left at
12 the end, what we call "the box" of money that they have for all
13 of their other needs beyond that. I don't know if
14 transportation will be part of that box that's given to them at
15 the end of maybe -- anywhere up to 160 to 170 million or if it
16 will be included in the overall budget and not subject to
17 (inaudible).

18 MR. STRATTON: Understood. And I understand the
19 process. I was more specifically asking that so members of the
20 Board that do have conversations with members of the Senate or
21 the Legislature that we could perhaps lobby specific bills in
22 order to help free up other moneys, whether it's MAG, PAG or
23 Greater Arizona.

24 MR. BIESTY: Well, Mr. Chairman, Mr. Stratton,
25 again, within that question, there's a lot of different

1 responses, because we get asked a lot of questions by members,
2 projects that are ready to go, projects that can accelerate,
3 projects that -- we had a whole list of bridges, priority
4 bridges. So within that, there's a whole list of information
5 that we provided back. What we will do is we will send you the
6 spreadsheet of the bills.

7 As I mentioned, I believe we're up to about 30
8 bills totaling about \$450 million. And again, like the director
9 pointed out, those bills are going to probably -- history tells
10 us stop at a certain point, and then they're going to be
11 negotiated in the budget. So we will send you that list, and
12 then maybe if you have questions, feel free to contact the
13 legislative team and we can provide direct information to you.

14 MR. ROEHRICH: Mr. Chair, Mr. Chair, if I could.
15 I did forward to all the board members yesterday the weekly
16 Legislative update. I got it from Katie, and I forwarded it to
17 all of you, and if you have a problem opening that or reading
18 that, please let me know. But I think that is -- it wasn't in
19 the spreadsheet form. It was in a bill tracking form.

20 MR. BIESTY: Yeah. Either way.

21 MR. ROEHRICH: But it listed all of the bills
22 that we are tracking on that transportation issue, not just
23 projects, but anything that was transportation, so you can see
24 what the department is tracking. So if you -- if that -- if you
25 have a problem opening that email or you want further

1 clarification, please let myself know and I'll get that through
2 Kevin and Katie (inaudible).

3 MR. BIESTY: Yeah. And you should get that every
4 week.

5 CHAIRMAN HAMMOND: Thank you.

6 Board Member Knight.

7 MR. KNIGHT: Yes. Thank you.

8 Did I understand you to say that when you're
9 looking at the shovel ready bills or the shovel ready projects,
10 the ones that are ready to go, you're only looking at the MAG
11 and PAG region?

12 DIRECTOR HALIKOWSKI: No.

13 MR. BIESTY: No.

14 DIRECTOR HALIKOWSKI: No, Mr. Chairman. And I
15 guess I'd want to be cautious with that term, "shovel ready."
16 Some of those bills are looking at, I believe, bridge projects
17 that are outside of this five-year program. So I wouldn't
18 characterize those as shovel ready. Going through them, there
19 -- that is a good question of whether or not the design and
20 environmental work has been done to bring that project to
21 fruition in the time frame that the money's been appropriated
22 for. And I can't answer that question right now, because we're
23 still in this flux (inaudible).

24 CHAIRMAN HAMMOND: Thank you.

25 MR. BIESTY: Yep.

1 CHAIRMAN HAMMOND: Anything else?

2 MR. KNIGHT: No. Thank you.

3 CHAIRMAN HAMMOND: So Greg are you up or
4 Kristine, are --

5 MS. WARD: I'm handing it off.

6 DIRECTOR HALIKOWSKI: So maybe one question to
7 keep in mind, Mr. Chairman, given that this is a study session,
8 and I don't know if it's a Greg question or a Dallas question.
9 But you mentioned shovel ready, Mr. Knight, and one of the
10 things that we learned when we got the stimulus money many, many
11 years ago, we were given somewhere in excess of, I think,
12 \$500 million in stimulus money. We didn't have a lot of shovel
13 ready projects sitting on the shelf. And so one of the things
14 we looked to is if there were to be federal money or state money
15 that was suddenly to flow in, are there projects ready to go
16 that have passed enough design and enough environmental work
17 that we could bring that into fruition in that time frame. And
18 so it's a question, I think, to keep in mind as we're talking
19 about (inaudible) sitting on the shelf that's ready to roll, and
20 if we don't have a lot, then that should be a concern, too.

21 MR. BIESTY: Probably "shovel ready" wasn't the
22 proper term to use. What they were looking for was projects
23 that the money could be spent within a reasonable amount of
24 time, whether it's for design or moving that project along.

25 DIRECTOR HALIKOWSKI: But it depends on how that

1 money's appropriated.

2 MR. BIESTY: Right.

3 DIRECTOR HALIKOWSKI: Is it for one fiscal year
4 or are they going --

5 MR. BIESTY: (Inaudible.)

6 DIRECTOR HALIKOWSKI: -- give us some language in
7 the appropriation to stretch it out for several fiscal years.
8 (Inaudible.)

9 MR. BIESTY: (Inaudible.)

10 MS. WARD: Yeah.

11 MR. SELLERS: Mr. Chairman, I'd like to just take
12 a minute to apologize for being late. I was not pouting over
13 not being chairman. I had (inaudible).

14 CHAIRMAN HAMMOND: We did get you a 'Vette.

15 MR. SELLERS: I had an East Valley Partnership
16 Transportation Committee meeting this morning, and I got here as
17 quickly as I could.

18 CHAIRMAN HAMMOND: Yeah. For those of you who
19 missed the last meeting, we gave him a Corvette as a going away
20 present, and he complained it was a 2019 and not a 2020. It was
21 about this big, but...

22 MR. BYRES: So Mr. Chairman, board members, I'm
23 going to go ahead and go through. I've got this presentation
24 for the 2021-2025 tentative five-year program that we'll be
25 going through.

1 So we're going to go through the background and
2 overview of the asset conditions across the state, our P2P
3 process, the tentative five-year highway delivery program, as
4 well as MAG's program, PAG's program, our airport program, and
5 then next steps.

6 So as part of the background, the tentative
7 program is put together as a collaborative effort, which
8 includes the State Transportation Board, all of the
9 transportation divisions within ADOT, as well as regional
10 partners. All of those -- everyone's come together to either
11 put forth projects or assist in one way or another in helping
12 put this together.

13 It demonstrates how the federal and state dollars
14 will be obligated over the next five years. This is approved on
15 an annual basis, with the fiscal year starting on July 1, and it
16 must be fiscally constrained as we put it together.

17 So just an overview of the asset conditions.
18 I'll let everybody look at the pretty pictures here as we go
19 through this. We've got -- the system, currently, as it stands,
20 is worth \$22.9 billion. However, if it was to be replaced, it
21 is somewhere in the neighborhood of \$300 billion to replace it
22 in today's dollars.

23 So I'm going to go through in the conditions, how
24 we take and -- where we're at as far as bridges and pavement go,
25 but before I put those up, I wanted to kind of go through how we

1 characterize the conditions. We have good, fair and poor
2 conditions. So for bridges, a good condition bridge is -- has
3 primary -- primary structure components have no problems or only
4 very minor deterioration. Fair bridges, the primary structural
5 components are sound but have some concrete deterioration or
6 erosion around the piers or abutments, which is caused by water,
7 which is considered scour. Poor condition bridges are -- have
8 advanced concrete deterioration, scour or seriously affected
9 primary structural components, but please keep in mind a poor
10 condition bridge is not unsafe. Any unsafe bridges are closed.

11 So if we look at the bridge conditions that we
12 currently have, this gives you the latest data that we have,
13 which is up through 2018. Our 2019 data is currently being
14 analyzed so that we can put that forward. But this takes us up
15 to the most recent data that we have. And it has 59 percent of
16 the bridges in good condition, 40 percent are in fair condition,
17 and only 1 percent are in poor condition. That's for all the
18 bridges across the state.

19 As far as pavement goes, again, it's rated in
20 good, fair and poor conditions. So good condition has a smooth
21 road surface with little cracking or ruts or potholes. Fair
22 condition pavement is moderate amounts of cracking that lead to
23 increased roughness of the road surface, with shallow ruts and
24 wheel path. Poor condition is numerous cracks, rough road
25 surface, ruts in the wheel path, potholes and disintegration of

1 the road surface.

2 So we have this broken into three different
3 categories. For interstates, what we're looking at, again,
4 we're referring to the 2018 data statewide. We've got 53
5 percent that is in good condition, 46 percent that's in fair
6 condition, and 1 percent that's in poor condition.

7 One of the things to remember is now we have a --
8 performance measures that we have to report out to the Federal
9 Highway on both bridges and pavements. So one of the
10 considerations when Federal Highway first came up with the
11 performance measures is they were looking at us -- all states
12 keeping their pavement with less than 5 percent in the poor
13 condition. So as you can see here, we're at 1 percent. And
14 that's on the -- that's on interstates only.

15 So if you look at the national highway system,
16 pavements, it's not as good as the interstates. We've got 35
17 percent that's in the good, 62 percent that's in the fair, and 4
18 percent that's in the poor. As we get off the national highway
19 system, non-NHS, our pavements are at 23 percent good, 71
20 percent fair, and 6 percent poor. Again, this is statewide.

21 DIRECTOR HALIKOWSKI: So Greg, Mr. Chairman, of
22 note, I think is how fast your yellow is growing.

23 MR. BYRES: That -- the yellow is an indicator of
24 exactly what's happening with the performance of pavements and
25 bridge. So if the -- if the -- that fair condition was

1 shrinking, we would be gaining on it. But as you can see, it's
2 expanding, and so that kind of gives us exactly the condition or
3 the projections of where we're going. So at the current rate in
4 which we're putting forth funding for projects.

5 So as we go forward in our projections, there's
6 three things to keep in mind. We've got three different
7 investment categories that were put forth in the Long Range
8 Transportation Plan. We've got preservation, which is the
9 investment to keep pavement smooth and maintain bridges.
10 Modernization, which is non-capacity investment that improves
11 safety and operations as we go forward. And expansion projects,
12 which invests -- investment that adds capacity to highway
13 systems, so...

14 DIRECTOR HALIKOWSKI: Greg, one of the terms
15 we're talking about now there was reconstruction. Does that fit
16 into one of those three up there?

17 MR. BYRES: So reconstruction is part of
18 preservation.

19 DIRECTOR HALIKOWSKI: Okay. Because when I read
20 preservation, I see smooth and maintenance, and reconstruction
21 seems to be somewhat a bigger animal, if you will.

22 MR. BYRES: Reconstruction is the most -- the
23 highest impact preservation that we have. We're not increasing
24 any capacities with reconstruction. We're basically rebuilding
25 an existing roadway at its current capacity putting forth, but

1 it is preservation.

2 So with our P2P process that we take and
3 prioritize all of our projects, we have four different
4 categories that we break it down. We break preservation down
5 into pavement and bridge, and then, of course, we've got
6 modernization and expansion. And some of the different things
7 that we're looking at, if you look at our pavement, we're
8 talking about concrete repair, pothole repair, mill and fill,
9 overlays, all the way down to road replacement, which is one of
10 the highest impacts that we can possibly have in the
11 preservation.

12 For bridge preservation, it's approach overlays,
13 barrier repair, crash repair, scour repair and so forth. As we
14 get into the modernization, modernization includes intersection
15 enhancements, ADA improvements, for pedestrian bike lane, also
16 shoulder -- shoulders, climbing and passing lanes, as well as
17 drainage work. Expansion is new grade, separated overpasses or
18 underpasses, new lanes and new roads.

19 That kind of -- that gives you a quick overview
20 of what each of those would entail.

21 MR. SELLERS: Mr. Chairman. Under modernization,
22 I also see ITS.

23 MR. BYRES: Yes. So our information technology
24 systems such as we have DMS signs as part of it. We have all
25 kinds of digital and electronic systems that are out. We

1 have --

2 UNIDENTIFIED SPEAKER: Ramp metering.

3 MR. BYRES: What's that?

4 UNIDENTIFIED SPEAKER: Ramp metering.

5 MR. BYRES: Yeah. We have ramp metering. We
6 also have the possibility now of variable speed signs and so
7 forth.

8 DIRECTOR HALIKOWSKI: So Mr. Chairman,
9 Mr. Sellers, the other thing that fits into that ITS category is
10 not only the dust detection systems we put in on I-10 south of
11 Phoenix here, but also the wrong-way driver system is a big
12 piece.

13 So the other thing we're working on right now as
14 part of the Governor's broadband initiative of which I want to
15 say I think there's about 50 million on this budget proposal, is
16 to put fiber in along I-40 for public safety purposes. That
17 would give us DMS boards. It will give us weather information,
18 wrong-way driver information. So we're continually looking at
19 how we maximize safety in the system as we continue to modernize
20 (inaudible) initiatives, but they span a very broad brush
21 stroke, if you will, of both safety and information systems.

22 MR. THOMPSON: Mr. Chairman.

23 CHAIRMAN HAMMOND: Yes.

24 MR. THOMPSON: The preservation modernization
25 expansion, they're all referring to existing roads out there.

1 What is your feeling about adding new roads to the ADOT road
2 system?

3 MR. BYRES: So, Mr. Chairman, Board Member
4 Thompson, new roads -- it depends on what you're talking about.
5 New roads in the expansion portion, we're talking about new
6 corridors. That would be something -- if there was ever funding
7 for I-11, if there was ever funding for the North-South
8 Corridor, if there was ever funding for any of those major
9 projects that we have that we are currently working on. That's
10 the intention of the new roads within the expansion.

11 MR. THOMPSON: Okay. Most specifically, I think
12 I'm referring to transferring of the right of way to the state
13 of the Arizona (inaudible).

14 DIRECTOR HALIKOWSKI: Mr. Chairman, that's a
15 pretty deep policy question. I don't think Greg's the right
16 person to answer that. I think that's something that has to be
17 discussed at a different level as to whether or not the state
18 would entertain taking back right of way.

19 MR. THOMPSON: Thank you (inaudible.)

20 DIRECTOR HALIKOWSKI: (Inaudible.)

21 MR. BYRES: So this is our first look at the
22 five-year program as far as all of our different funding
23 categories, As well as our investment categories that we're
24 looking at. The main purpose of this slide is you'll see a --
25 that horizontal black line that's set at \$320 million. That's

1 our target for preservation.

2 There's some really good things to see on this
3 slide. One is we have two years here in the five-year program
4 that are actually above that \$320 million. That's the first
5 time that we've had that occur in a long time. So -- but if
6 you'll look at -- you'll also see that we're not too far below
7 in the other three years what our -- our goal is, our target is
8 for preservation.

9 One of the other things that you'll see is in
10 that fifth year, in 2025, you'll see that we don't have a
11 category for expansion. We're taking in -- holding true to the
12 Long Range Transportation Plan of minimizing down to no
13 expansion. So that's exactly what this slide is putting forth.

14 As we get further into it, as far as the planning
15 to programming goes, the whole purpose of planning to
16 programming is looking at funding, which is finite in
17 availability. Projects must be prioritized to ensure the funds
18 are utilized on projects which provide the highest value and to
19 satisfy the greatest need.

20 We have to look at performance measures, which
21 our programmed projects must provide an improvement to the
22 performance measures, which include safety, infrastructure
23 condition as well as congestion reduction. Again, those are all
24 put forth in Federal Highway requirements, and as well as
25 compliance with objectives and goals provided in the Long Range

1 Transportation Plan.

2 So as we go forth into the P2P project types,
3 again, we're looking at the different investment categories that
4 we utilized in the P2P process. Breaking preservation into both
5 pavement and bridge, you'll take a look and see one of the most
6 important parts of this is looking at the scoring that was
7 utilized in putting together our P2P prioritization. We've
8 taken and over the last couple years, we've modified this just
9 slightly to take and make sure that we are getting the projects
10 that are truly the best, highest, most effective projects going
11 forward in our prioritization.

12 Again, once we take and prioritize those projects
13 in the different investment categories, we make sure that they
14 do match with the Long Range Transportation Plan investment
15 categories that are recommended, and then we take and transfer
16 those into the tentative five-year program along with the MAG
17 and PAG programs. Once that's all done, again, of course, it
18 goes through the Board for final approval.

19 CHAIRMAN HAMMOND: Greg, you might elaborate a
20 little bit on why the technical -- why the scoring percentages
21 changed from bucket to bucket.

22 MR. BYRES: So I'm back to that. So let me go
23 through each one of those.

24 So if we look at our pavement preservation,
25 you'll see that we have our technical and safety scores is worth

1 45 percent, district scores are worth 45 percent, and policy
2 score's worth 10 percent. Those percentages are based on trying
3 to make sure that we have -- on the technical side, we have the
4 absolute highest scoring, highest need projects being scored as
5 high as we possibly can. At the same point in time, we use that
6 district score at a very high percentage. The reason being are
7 those are the boots on the ground. They're the ones that see
8 this road every single day, and so consequently, their input is
9 extremely important as we go through in preservation. So that's
10 one of the reasons why we do that.

11 The same holds true for the bridge preservation
12 as we go through. You'll see that the technical safety score
13 there is actually at 60 percent, district score at 30 percent,
14 and policy score at 10 percent. The technical score is much
15 higher here because we have bridge inspections and so forth that
16 have a higher impact on those bridges more than anything else.
17 So that's how that score's developed.

18 Modernization, technical score's worth 35
19 percent, district score's worth 30 percent, safety score is
20 worth 25 percent by itself, and then a policy score. So again,
21 we're lending a lot to technical, a lot to district, but that
22 safety score is more important in this particular case because
23 those are safety improvements that occur in a lot of the
24 modernization projects.

25 And then expansion, technical score being 50

1 percent, district score being 25 percent, safety 15 and policy
2 10. Again, the technical score is extremely important in this
3 particular case more of in a -- on a planning and projection
4 side more than anything else. Of course, the district score is
5 also second highest in there for need more than anything.

6 So I hope that helps out.

7 CHAIRMAN HAMMOND: Thank you.

8 MR. BYRES: There is --

9 CHAIRMAN HAMMOND: It is interesting, though,
10 that there's a lot of subjectivity in the technical, how you do
11 that, and it could move things around as far as how high they go
12 up the planning schedule. So it's -- but I know it's an attempt
13 to be as objective as you can and put the facts in there as you
14 can. So I'm not complaining here. Just noting it.

15 MR. BYRES: Mr. Chairman, you're absolutely
16 correct.

17 As we go through, looking at our '21 to '25
18 tentative facilities program, we're looking at a total of --
19 this includes MAG and PAG, this is our -- so this is the total
20 program. We're looking at 48 percent expansion, 40 percent
21 preservation, and 12 percent modernization. That compares to
22 what we had in last year's five-year program, the '20 to '24
23 program, which was 46 percent expansion. We had 10 -- or that
24 -- 46 percent plus the 3 percent legislative appropriation that
25 came through, actually 49 percent, 10 percent being

1 modernization, and 41 in the preservation. So we're staying
2 fairly consistent as we go forward.

3 Looking at the Greater Arizona by itself, we're
4 looking at 67 percent in the preservation, 12 percent expansion,
5 and 21 percent in modernization. Again, that's -- that's
6 averaging all the way through that '21 through '25 year program.

7 MR. ELTERS: Mr. Chairman.

8 CHAIRMAN HAMMOND: Yes.

9 MR. ELTERS: Greg, back to the previous slide, if
10 you would. So last year shows a 3 percent legislative
11 appropriation.

12 MR. BYRES: Yes.

13 MR. ELTERS: This year, this picture could change
14 once the legislative session is over, because depending on what
15 happens with those 30 bills that we've heard about, this would
16 -- this will likely change. I'm just asking the question. I'm
17 not making a statement.

18 MR. BYRES: Mr. Chair, Board Member Elters,
19 you're absolutely right. And right now, as Kristine had pointed
20 out earlier, we've got so many irons in the fire that are moving
21 around, this is the best that we can put forward at this point
22 in time. And yes, we could swing tremendously one way or
23 another. There's a lot of projected changes that could occur.

24 MR. ELTERS: Okay. Thank you, Mr. Chair.

25 MR. BYRES: Let's see here. So we've gone

1 through all this, so...

2 UNIDENTIFIED SPEAKER: Mr. Chair.

3 CHAIRMAN HAMMOND: Yes.

4 UNIDENTIFIED SPEAKER: Greg, in the Greater
5 Arizona you don't show any legislative appropriations. However,
6 there were -- small as they might be, there were some for
7 Greater Arizona that are in '21-'25. For instance, the 25
8 million that's in '21 for US-95 (inaudible). But that's just --
9 that's just the one that comes to mind (inaudible).

10 MR. BYRES: So there's -- at this point in time,
11 because of everything that we've got floating around, in a
12 sense, this is going to change. This is not final. But it's
13 the best information that we could put forward at this time. So
14 there's -- there's a lot of -- we got a lot of floating things
15 going on right now. So rather than trying to come up with
16 projections or so forth, we're just going with what we know for
17 now. As things start to solidify and we actually have final --
18 something final that comes through the Legislature, it goes
19 through the budget and comes through, we can -- we're going to
20 adjust this out.

21 UNIDENTIFIED SPEAKER: I understand, but that was
22 money that was appropriated last -- they approved last
23 legislative year.

24 MR. BYRES: You're correct. And if --

25 UNIDENTIFIED SPEAKER: So it's there.

1 MR. BYRES: Yes. That 12 percent that we're
2 looking at for expansion, if you look on our map on 95, there's
3 a section in there --

4 UNIDENTIFIED SPEAKER: Okay.

5 MR. BYRES: -- that actually has that in it.

6 UNIDENTIFIED SPEAKER: Thank you.

7 MR. BYRES: As we get into FY '21, expansion
8 projects, what we're looking at is we've got the SR-69 Prescott
9 Lakes Parkway, which is at 8.7 million, I-17 at 107 million, and
10 Interstate 10. At this point in time we're only showing the
11 DCR, because that's the only thing that is fixed at this point
12 in time.

13 In FY '22, expansion projects, we've got I-17
14 that's occurring at 110 million. Again, these are both
15 construction going forth on I-17.

16 In FY '23, we have I-10. We have that 50 million
17 that Kristine had mentioned earlier sitting out there that is a
18 -- will be the first segment of I-10 that's projected going
19 forward. That DCR is progressing as we speak, and we're making
20 progress with that, with all the entities, including the GRIC
21 that are assisting in helping through that.

22 In FY '24, we've got the US-93, I-40 West Kingman
23 TI that is sitting there at 56.2 million. And as we get into
24 '25, as I said before, we have no expansion projects listed.

25 CHAIRMAN HAMMOND: Board Member Stratton.

1 MR. STRATTON: Greg, I don't see Lion Springs in
2 this expansion. I believe the Board voted on that in
3 Cottonwood.

4 MR. BYRES: Mr. Chairman, Board Member Stratton,
5 you're absolutely right. We're working on that DCR as we speak.
6 Right now one of the big things that we're looking for is we
7 need to have an implementation plan to come out of that DCR to
8 see where it's going to hit and what the total aspect of that
9 DCR is. So as soon as we have that implementation plan, then we
10 can start taking and looking exactly where that's going to go.

11 MR. STRATTON: Will that be prior to the adoption
12 of this five-year plan?

13 MR. BYRES: We will not have that DCR completed
14 by the completion of this.

15 MR. ROEHRICH: Mr. Chair, Mr. Stratton, I want to
16 make sure, if -- the way I interpreted it, the Board approved us
17 to do the -- it was the \$5 million for the study, but we did not
18 program the construction project until we have the
19 implementation of the study farther along. Okay. We were
20 coming back in future years to program the construction
21 projects. The construction project was not funded or programmed
22 at that time.

23 MR. STRATTON: The way I recalled the vote taking
24 place is you're correct on the \$5 million. At the request of
25 the Director, not knowing that it was going to be a one-year or

1 two-year design, the Board would not mandate a year that it be
2 put in.

3 MR. ROEHRICH: Right.

4 MR. STRATTON: However, that it would be
5 constructed -- would be put in the program to be constructed
6 once that was -- information was obtained. I don't see it
7 anywhere in the five-year plan, and after '25, you're saying no
8 expansion.

9 So I would request that at least as you did with
10 one project, you put a DCR hold somewhere in this time. I
11 believe it's the pleasure of the Board that we did vote that it
12 be constructed, and I would request that it show somewhere in
13 this plan before it comes to vote at this Board or I will refuse
14 to vote on the five-year plan, or I will request that project be
15 put back on the agenda specifically again, could be put in a
16 place. I would rather staff say what year it needs to be built.
17 I think that's a better thing to do. But I think we can all
18 agree that we did vote to have it constructed; is that correct?

19 MR. ROEHRICH: Mr. Chair, Mr. Stratton, I think
20 the point is the project was being developed to be programmed in
21 future years for construction. We never said a year, as you
22 said, and I don't know that we've set a year yet, and at this
23 point, I don't see staff recommending a year. But I think you
24 are right. At the time the Board asked for the funding dollars
25 to get the project ready, and then it would be programmed at a

1 year when it was ready. I don't see it -- that year here. I
2 don't disagree with that. (Inaudible) got a recommendation.
3 That's all I'm saying.

4 MR. STRATTON: Let me --

5 MR. ROEHRICH: We never programmed the specific
6 year for construction.

7 MR. STRATTON: We did not request a specific
8 year --

9 MR. ROEHRICH: Right.

10 MR. STRATTON: -- because we weren't sure of the
11 design timeline --

12 MR. ROEHRICH: Because the process had to follow
13 through. We were going through the preconstruction process to
14 come back.

15 MR. STRATTON: However, I think it does need to
16 show somewhere. What this shows me is there's no intention to
17 build it or it could be construed that way. I think it just
18 needs to be mentioned somewhere, maybe with the caveat that once
19 it's designed, it will be programmed. Somehow I think it needs
20 to be in this program, at least mentioned.

21 And to follow that up, I'd like to know, have we
22 hired a design firm at this time? We've been six months into
23 this now or seven, I believe.

24 MR. BYRES: Do you know?

25 MR. HAMMIT: I believe we have, but I don't know

1 the name. I will get back with you.

2 MR. STRATTON: Once the -- that firm is on board,
3 will we then know the length of design, once they get started?

4 MR. BYRES: Mr. Chairman, Board Member Stratton,
5 yes, we will. They're -- if they're on board right now, I can
6 get ahold of that schedule to see exactly where we're at.

7 MR. STRATTON: Okay. So if we have them on board
8 and that answer will be forthcoming once they're on board, then
9 it would be possible to put a placeholder in somewhere in the
10 future years of this five-year plan.

11 MR. BYRES: Mr. Chairman, Board Member Stratton,
12 putting in a placeholder, I'm not sure that we could do. If we
13 have an implementation plan that has a projection for year of
14 construction, then we can most certainly do that, provided that
15 it is a -- one of the big things is, is it has to be a priority
16 project. We have tons of expansion projects. So for
17 construction purposes, we're -- we still run through P2P.

18 MR. STRATTON: I believe I asked that question
19 when we voted this if it would have to go back through the
20 priority process, and it did not because the Board voted on that
21 specific project. So it was not to be put back into the kitty
22 to go through the priority process again. It was to be
23 programmed once it was designed is my understanding.

24 MR. BYRES: Mr. Chairman, Board Member Stratton,
25 it -- I'll have to verify that, but if that's the case, then

1 once that implementation plan is put -- that's part of the DCR,
2 is an implementation plan. So once we have that, then we will
3 at least know exactly where it's at, how far out it is.

4 So -- but the DCR has to get -- that's one of the
5 last things that's done in preparing the DCR, is putting
6 together that implementation plan. So it's got to get fairly
7 well down the road to get that done. So -- but we -- I can
8 certainly keep you abreast of where we're at with that. So I
9 can get with the project manager and make sure we have the
10 schedule as well as where they're at in the process.

11 MR. STRATTON: I would like to request an update
12 before each public hearing the next -- when they start coming up
13 so we can keep track of this, please.

14 MR. HAMMIT: Mr. Chairman, if I may, I want to
15 clarify. We are working on -- the contract is for final design,
16 not a DCR. So it's -- it will also have the stuff that Greg's
17 talking about, but the contract is for final design, not a
18 preliminary or scoping study. It is final design. That's what
19 we contracted for.

20 MR. STRATTON: Thank you.

21 CHAIRMAN HAMMOND: I would think step one would
22 be to check the notes to see what we voted on, and I clearly
23 recall (inaudible) get this thing designed. I don't know -- I
24 don't recall specifically voting that it be put into the five-
25 year plan, but if the notes are clear, they're clear. And I

1 think step one would be to look at that.

2 And then step two, we all know the passion for
3 Board Member Stratton's Lion Springs, and by the way, I think
4 the Board shares the desire to see that project go forward.
5 You've got a process, and I don't know when it's appropriate or
6 if we can put something in that's not ready to be put in. I see
7 a lot of changes going in and out of even a five-year plan as
8 moneys come available, budgets are exceeded and that sort of
9 thing, but I think step one would be to check the notes on what
10 we voted on, and step two would be to try to accommodate Board
11 Member Stratton's desire to see that get built within the ADOT
12 process.

13 MR. ROEHRICH: So Mr. Chair, Mr. Stratton, that's
14 exactly what the director and I were just talking about. We're
15 going to go back and look through that, just because we don't
16 want to tell you the wrong interpretation, if you will, or
17 understanding what was done, but I think even after doing that,
18 though, Mr. Chair, you really started to hit on what it is that
19 we need to do. To bring that project back into the program, we
20 still have to go through this programming process, debate it
21 with the Board, and to take it on, is this something that the
22 Board will get a majority of members to agree to put that back
23 in.

24 So it will be all part of the process, of
25 evaluating the projects and prioritizing the projects based upon

1 what the staff recommends, and then ultimately, what the Board
2 wants to see done with the project listing and the program.

3 We will present to you the best program that we
4 can based upon our analysis, based upon our recommendation, and
5 then that's the purpose of having the public hearings and having
6 these study sessions at the beginning of the process, and then
7 one in early June, right, after the last public hearing to
8 finalize what is the ultimate project listing the Board wants to
9 see in the program.

10 Will Lion Springs come back for debate?
11 Absolutely. That's the purpose of these meetings and the
12 collaboration with the board.

13 CHAIRMAN HAMMOND: (Inaudible.)

14 MR. STRATTON: I appreciate you guys are going to
15 go back and look at the minutes, and I may recall it completely
16 wrong. However, one of my intentions was when we brought this
17 to the Board was that we didn't have to go back year after year
18 after year and go through this with this project, that if it was
19 the Board's desire to have it designed and built that that would
20 be the end of it. It would go through the system, and I believe
21 I did mention, if I recall correctly, that I didn't think it
22 should have to go back through the prioritization each year.
23 That was a discussion we had, I think, but if not, if I'm not
24 clear on what we voted on, then I think we may have to revisit
25 that. Thank you.

1 MR. KNIGHT: Mr. Chair. Greg, in looking at FY
2 '21 expansion projects, the Highway 95 expansion project was
3 there in the current five-year plan, and that money was
4 appropriated by the Legislature specifically for that program,
5 yet I don't -- and the way it was laid out in this year's five-
6 year plan was in -- 23 million of the 28 million would be used
7 for design, right-of-way, the preliminary. And then
8 construction would be in FY '21 with 25 million for that first
9 segment from 9E to the Fortuna -- the new Fortuna bridge. Yet,
10 I don't see it here in the FY '21 expansion projects.

11 MR. BYRES: Mr. Chairman, Board Member Knight,
12 you're absolutely correct. It's missing. It should be in
13 there.

14 MR. KNIGHT: Thank you.

15 MR. BYRES: You bet.

16 DIRECTOR HALIKOWSKI: You know, Mr. Chairman, I
17 haven't heard Greg say a board member is incorrect yet.

18 CHAIRMAN HAMMOND: He's learned well from you.
19 Good catch.

20 Board Member Thompson.

21 MR. THOMPSON: Chairman, I do appreciate the
22 effort the administration at ADOT has put into providing the
23 necessary research for 191. I certainly do appreciate that.
24 However, I'm still concerned about one issue that has been on my
25 mind for quite some time. I'm sure the other counties feel the

1 same way as Navajo County does.

2 The County supports ADOT's data driven approach
3 to prioritizing road project (inaudible). At the same time,
4 (inaudible) ADOT take a closer look at the (inaudible) to
5 non-technical criteria, and highly consider other social
6 effects, and I did a submittal regarding that, including the
7 socioeconomic status of communities (inaudible) are tied into a
8 project.

9 One as an example is that while we're focused on
10 not getting people hurt because of the unsafe conditions of
11 these roads, on the other side of the coin, we have our kids on
12 the road in remote areas, where they have to travel on dirt
13 roads every day, and (inaudible) while they're in the economic
14 impact performance being impacted, certainly it impacts
15 (inaudible) as well. So I mentioned (inaudible) that says
16 that -- that because of these bad roads wash out, muddy roads,
17 the kids missing school (inaudible) 15 times a year.
18 (Inaudible.)

19 So I wanted to make that statement. I'm going to
20 see in the future, find a way that we can begin to address some
21 of these concerns that have been outlined by the federal
22 government.

23 Chairman, thank you.

24 CHAIRMAN HAMMOND: Board Member Stratton.

25 MR. STRATTON: Thank you, Mr. Chair.

1 Greg, I'm glad to see that we're putting more
2 money in pavement pres. over the five years. Can you tell me in
3 the Greater Arizona portion of that what percent of that is in
4 freeways and what's on the state highways?

5 MR. BYRES: I would have to get into -- I'd have
6 to go back to the data to be able to pull that out, Board Member
7 Stratton. I can certainly do that so that we can...

8 MR. STRATTON: If you would please. Thank you.

9 MR. BYRES: As we go forward, this is looking at
10 the development years. This is the six to 10 years part of the
11 program. This takes us from 2026 up to 2030, and as you can
12 see, it's pretty much straight across the board of what we're
13 looking at in those development years coming up. And again,
14 your -- for now we're looking at no expansion, following through
15 with the recommendations from that Long Range Transportation
16 Plan.

17 As we go forward, this looks -- this is MAG's
18 planning process. This -- the projects and the amounts that are
19 listed on this slide are from the rebalancing that was approved
20 by MAG in September. So that's exactly -- that's where we're at
21 right now with MAG's planning. And so that's reflected in MAG's
22 process as we go forward from this point at least. If anything
23 changes, we can -- we'll take and make adjustments, but the
24 approval from MAG after the rebalancing, this is what's
25 reflected here.

1 As far as PAG goes, this is off of their current
2 planning going forward. They've got projects on I-10, 77.
3 We've also got I-19 projects listed as well, as they go forward
4 through their process.

5 Looking at the Airport Capital Improvement
6 Program, this is the airport of the year. This is Mesa Gateway
7 Airport. Looking at the pictures.

8 What we've got right now is we have \$5 million
9 for our federal/state/local program. We have \$10 million for
10 the state/local program. We have \$7 million for airport
11 pavement preservation or maintenance system program. We are not
12 funding anything at this point in time for the loan program.
13 Grand Canyon Airport, there's \$15 million that's going towards
14 that airport, as well as we have our planning services at 1.1
15 million, for a total of \$38.1 million.

16 So our next steps going forward, we have the
17 State Transportation Board meeting in February 21st in Bisbee.
18 This will be a request for approval of the tentative program to
19 go forward for public hearing. Then we will have the public
20 hearings March 20th in Marana, April 17th in Flagstaff, and May
21 15th here in Phoenix, as well as the study session on June 2nd
22 here in Phoenix.

23 Present final program to the State Transportation
24 Board will be June 19th in Payson for approval, and the program
25 must be delivered to the Governor by June 30th. Fiscal year,

1 again, begins July 1st, 2020.

2 And with that, if there's any additional
3 questions.

4 CHAIRMAN HAMMOND: Thank you, Greg.

5 MR. BYRES: Uh-huh.

6 CHAIRMAN HAMMOND: Okay. Moving on to Item 3,
7 discussion of the I-10 and I-17, SR 2021 Santan Project.
8 Carmelo Acevedo.

9 MR. ACEVEDO: Good morning.

10 CHAIRMAN HAMMOND: Good morning.

11 MR. ACEVEDO: Good morning, esteemed members of
12 the Board, distinguished executive staff, and as well as our
13 distinguished guests.

14 Mr. Samour originally was going to give this
15 presentation. He sends his regrets. He had a family emergency.
16 So all you get is me.

17 CHAIRMAN HAMMOND: Speak into the mic a little
18 more, if you would, please.

19 MR. ACEVEDO: Pardon me?

20 CHAIRMAN HAMMOND: Speak into the mic a little
21 more.

22 MR. ACEVEDO: I'll do -- I'll do it --

23 MR. ROEHRICH: It's not picking you up. And I'm
24 sorry the mic doesn't come closer.

25 MR. ACEVEDO: That's okay. Stretch my neck.

1 All right. So the Broadway Curve. The Broadway
2 Curve is one of those projects that you saw on -- a few slides
3 back. It's a MAG program, FY '21 to FY '25.

4 So move forward here.

5 This project's been studied numerous times
6 before, back as 2009 as part of the I-10 Corridor Improvement
7 Study. MAG took it on in 2014 along with visiting other
8 improvements along I-17. It was called the Spine Study. And
9 it's now under procurement, and we'll go into that -- I'll go
10 into that now.

11 So what's -- what's the big problem? What's a
12 big concern? Well, if you look at this map, you see the -- the
13 yellow -- the big yellow line there. This is the heaviest
14 traveled freeway and corridor in the state. It's replete with
15 -- well, it also has 50 -- 50 of the largest employers in the
16 state. You have -- you see the purple and the blue lines. The
17 purple line is SR-143, the Hohokam Freeway, and the blue line
18 being West 60. You can see with I-17 being to the north, US-60
19 near the south, and the Hohokam. They all come together in this
20 yellow corridor and create all kinds of critical movements and
21 cause -- there are numerous delays and congestion along this
22 particular corridor.

23 So after the study and looking at the Spine Study
24 and the various studies that were performed, it was recommended
25 in -- the preferred alternative in the ongoing EA, the

1 environmental assessment. We're hoping to have the
2 environmental assessment approved any day now and then have a
3 finding of no significant impact and moving on with the project.

4 The purple line is the southern part of the
5 corridor. That purple -- that particular area will be approved
6 for four lanes, general purpose lanes in each direction, and one
7 HOV lane in each direction. The yellow line and the orange
8 lines are the critical part of the corridor. They're -- that
9 will be expanded to the six lanes in each direction with two HOV
10 lanes in each direction.

11 SR-143 gets an HOV lane, and we're looking to
12 improve and adding flyovers and getting rid of the pesky loop
13 ramp there, and we'll also have a -- the Broadway Curve will
14 have the -- actually, I'm sorry, the Broadway Road will have a
15 new roadway as a result of the expansion of the freeway.

16 US-60 would also have improvements made up to
17 Priest Road to accommodate the improvements along I-10. There
18 would be three additional pedestrian bridges that we're looking
19 at. There will be one at -- in Guadalupe, one along Broadway --
20 I'm sorry -- along Baseline, and another one along the Western
21 Canal, and they're -- those are connected system trails in the
22 corridor.

23 So here is the heart of the project or the
24 messiest part of the project, SR-143, the Hohokam. Because
25 we're going to go ahead and implement the needs that are

1 required there, an HOV lane along 143 -- it doesn't currently
2 have one. We'll be implementing one. We'll be adding to --
3 they'll be adding -- we'll be adding, obviously, the Broadway
4 Curve bridge that -- it's on the lower right-hand side. That
5 will need to be replaced, because the roadway is getting --
6 indeed getting wider. Again, I also mentioned that we'll be
7 having a flyover to get rid of the loop ramp.

8 This area, by the way, is going to be replete
9 with a lot of construction activities. If you look closely at
10 the flyover ramps, you see two diagonal lines, four diagonal
11 lines, and there are bends or columns that we -- that will need
12 to be placed to be able to expand across the freeway. It's
13 going to get messy.

14 So here you see a depiction of what some of the
15 bridges may look like. You can see the existing cross-section
16 on top and the proposed cross-section on the bottom. You can
17 see that there's an absolute need to have new bridges across
18 this wider freeway.

19 So where are we now? What's been scheduled in
20 the past? Well, we've developed the RFPs or the request for
21 proposals to the proposers. The initial draft went out in
22 September of this -- of last year. In December of this year we
23 finalized the RFP to the proposers.

24 There have -- there are three teams that have
25 been short listed. We've had -- police has been short listed

1 with its engineers, Parsons. We have the firm of Kiewit, who's
2 teamed up with HDR, and we have the team of (inaudible) Sundt,
3 who's been teamed up with (inaudible). Those are the three
4 teams that have been short listed.

5 Right now, as I'm standing here and we're present
6 here, we have an existing one-on-one meeting. We're meeting
7 with the (inaudible) Sundt team. Amy Ritz, who is our project
8 manager, wants me there as soon as I can get out of there -- out
9 of here, and help attend that meeting and help support the team.

10 There will be a series of questions and our
11 responses to them. The type of questions that we'll give -- our
12 questions, when they look at the design-build agreement, when
13 they look at the technical provisions, they would like to change
14 some things that they feel are more responsive and provide
15 innovation to this particular project, which is a P3 project, by
16 the way.

17 As a result of these meetings, there will be four
18 of these one-on-ones. We've had one before. There's three more
19 to come, and the second one went today, as I mentioned earlier.

20 There will be addendums to the contract to help
21 make this a more robust project. Things that will be asked like
22 -- will be asked like will be where are we with the right-of-
23 way? Are there going to be any additional purchases? Is there
24 a potential delay in right-of-way? Do we have to build that
25 into our bid? What about utilities? To what extent are you

1 able to relocate utilities on the project? Which ones are we
2 responsible for? What's our duty to local governments? What
3 are the concerns with the City of Phoenix, Chandler and Tempe?

4 MR. ROEHRICH: Hey, Carmelo, let's not go into
5 the weeds.

6 MR. ACEVEDO: Pardon?

7 MR. ROEHRICH: Let's not go into the weeds.

8 MR. ACEVEDO: I'm trying to --

9 MR. ROEHRICH: Yeah, yeah.

10 MR. ACEVEDO: There's three more slides, and I'll
11 get through it as quickly (inaudible) --

12 MR. ROEHRICH: (Inaudible.)

13 MR. ACEVEDO: -- I promise.

14 So all this is going to convene in October. In
15 October. We'll pick the best -- the best team and start
16 construction in April of '21, and complete the project hopefully
17 in June of '24, of the year '24.

18 All right. Here's where we're at now. Here's
19 what we're doing proactively, because this is a messy project,
20 and because there is -- it is the busiest corridor. I call this
21 a public involvement program with construction. There is an
22 enhanced need to look at public involvement. MAG is currently
23 looking at -- looking at doing origin/destination studies to be
24 sure that we relocate traffic and have closures -- that we have
25 appropriate responses for the City of Phoenix, Tempe and

1 Chandler and Guadalupe that are going to suffer from the
2 congestion.

3 Everything that I'm saying today, there's a lot
4 to be said, but everything's available on our website. So if
5 you go to our home base and then look on their planning, you'll
6 find the -- you'll find all of the documents and everything that
7 I'm saying today. And I apologize that this project is huge
8 and -- but I want to get to what I think are the more important
9 points.

10 Importantly, there is a need to look at incentive
11 and disincentive. Contract compliance is a big issue,
12 particularly on projects of this magnitude. We'll have what we
13 call non-compliance points as well as liquidated damages.

14 Specifically, these are some of the -- the heavy
15 disincentives for non-compliance. You can see that every day
16 that we're delayed, the State is damaged to the tune of \$33,000
17 per day if this thing doesn't get built on time. We're really
18 concerned with some of the closures. So those also have a heavy
19 price tag. And for contract compliance, we want to be sure that
20 we follow the environmental plan and that there's no destruction
21 to the ITS system and they respond favorably to ADOT management.

22 Lastly -- this is my last slide -- what to
23 expect. Again construction starting in April of '21. 1,339
24 days later, June '24, the job should be complete. Again,
25 weekend closures are going to be tight. We only have 66 weeks

1 available, weekends available. We estimate that about 40 of
2 them are going to be just for bridge construction.

3 That's it. Any questions?

4 CHAIRMAN HAMMOND: This is a curiosity question.
5 I know when the big dig went on in Boston --

6 MR. ACEVEDO: Yes.

7 CHAIRMAN HAMMOND: -- \$7 billion I read somewhere
8 that 3 billion of it was keeping the traffic moving during
9 construction. I'm curious if you have a percentage of the
10 project cost in that area, if you've looked at it.

11 MR. ACEVEDO: We're -- MAG and ADOT have looked
12 at the budget closely. One of the -- one of the mitigation
13 measures, if the bids come in higher than we believe, we're
14 going to terminate the project at the Salt River and leave those
15 pieces to the north subsequently. So that's a particular
16 mitigation measure that's in the contract.

17 But ADOT manages this project very rigorously. I
18 want to thank you, Mr. Chairman, for being happy about the South
19 Mountain project. That's one project that's very dear to my
20 heart, and those same type of risk management measures will be
21 used on this particular project.

22 UNIDENTIFIED SPEAKER: It may be too soon to have
23 a real answer to this question, but my understanding is that
24 this project will be done in pieces to try to minimize the
25 construction, because this is obviously going to be the most

1 destructive project we've ever done.

2 MR. ACEVEDO: Well, board member, it's going --

3 DIRECTOR HALIKOWSKI: Mr. Chairman,
4 Mr. Chairman, Carmelo --

5 MR. ACEVEDO: Yes. yes, sir.

6 DIRECTOR HALIKOWSKI: Both MAG and ADOT have been
7 meeting, and we understand that the project has a lot of
8 challenges, and you're correct, board member, it is a huge
9 challenge to make sure that we keep not only traffic moving, but
10 that we keep it moving safely and minimize economic impacts to
11 the surrounding businesses.

12 So we have been working with MAG on what we call
13 a restructuring of our public outreach paradigm, and essentially
14 what we want to do is public outreach on steroids, and we want
15 to make sure that we are communicating not only with the users
16 of the road, but also with businesses as to what expect, and the
17 plan will work to try and minimize that disruption to the extent
18 that we possibly can.

19 So communication is just going to be critical in
20 this, not only between the planning and construction entities,
21 but also between our public outreach and business outreach
22 section. So we're at the point now where we're designing that
23 public outreach program hand in hand with MAG and City of
24 Phoenix.

25 CHAIRMAN HAMMOND: I guess you're off the hook.

1 MR. ACEVEDO: Thank you, John.

2 CHAIRMAN HAMMOND: Thank you. Very, very
3 interesting.

4 There's a segment here on any other items, but I
5 guess we can talk about that at a future board meeting.

6 MR. ROEHRICH: Mr. Chairman, I just want to
7 remind everybody, when I saw the email from Linda Priano asking
8 board members to send in agenda items. So we didn't put it on
9 here because we were collecting agenda items, so we'll start
10 working on the board agenda probably the next week, week and a
11 half so we can get it out a week early. So please send us your
12 agenda items. If you respond to that email, just send it to me
13 directly. We'll put together the draft like we do and then
14 we'll (inaudible).

15 DIRECTOR HALIKOWSKI: So Mr. Chairman, I'm not
16 sure if you're aware. Linda's been in the hospital and --

17 CHAIRMAN HAMMOND: She has pneumonia?

18 DIRECTOR HALIKOWSKI: She came down -- well, we
19 think it's Coronavirus. Her wine to Corona ratio was not high
20 enough.

21 UNIDENTIFIED SPEAKER: And she got scurvy.

22 DIRECTOR HALIKOWSKI: Hopefully be back soon.

23 MR. ROEHRICH: (Inaudible.) She was in there for
24 precaution. Supposed to be out today, and then we'll have her
25 back (inaudible).

1 CHAIRMAN HAMMOND: Past Chairman Sellers, didn't
2 you tell me you do not need a motion to adjourn the meeting?

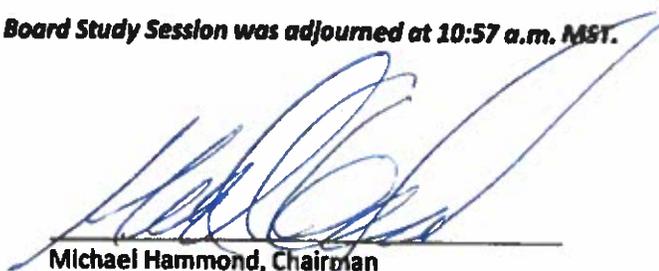
3 MR. SELLERS: That is correct.

4 CHAIRMAN HAMMOND: We're adjourned.

5 (Study session adjourned at 10:57.)
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Adjournment

The January 28, 2020 State Transportation Board Study Session was adjourned at 10:57 a.m. MST.



**Michael Hammond, Chairman
State Transportation Board**



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