

*Amended – November 24, 2010*

**STATE TRANSPORTATION BOARD STUDY SESSION  
MEETING MINUTES  
10:00 a.m., Tuesday, October 5, 2010  
Human Resource Development Center (HRDC) Grand Canyon Room  
1130 N. 22<sup>nd</sup> Avenue  
Phoenix, Arizona 85009**

**Pledge**

The Pledge of Allegiance led by Chairman Montoya.

**Roll Call**

Roll call by Board Secretary, Mary Currie.

In attendance: Bob Montoya, Bill Feldmeier, Felipe Zubia, Bobbie Lundstrom (telephone), Victor Flores (absent), Steve Christy (telephone), and Kelly Anderson.

**Call to the audience**

Jeff Tripp, immediate past President, Arizona Airports Association – On behalf of the Arizona Airport Association, he thanks Mr. Halikowski and staff for allowing them to continue to work with them on the State Transportation Board Policy updates.

Stacy Howard, Regional Representative, Aircraft Owners and Pilots Association – They appreciate the Department's willingness to work with the users of the aviation system and look forward to the presentation this morning. She offers herself as a resource to any members of the Board concerning aviation uses and airport states.

John McGee – Gave an overview of agenda topics. Mr. Nichols, Director of the Administrative Services Division, will give an update of land, buildings, and improvements. This is an area that really is outside the responsibility of the Board, but it is important for the Board to know and understand the challenges that the department is working under with some of the very antiquated facilities and particularly a lot of the districts in the greater Arizona but really all across the state.

Jennifer Toth will address the Aviation Board Policy. They are looking at a different approach to the development of the Aviation Policies moving from a very detailed document to a more generalized document that fits with all the other Board Policies and all the same framework.

A couple of updates from Bill Harmon will be Items 3 and 4; Tombstone crosswalks and medians on SR 92. These are a couple of issues that some members of the Board had some exposure to but want to bring the entire Board up to speed on what is happening on those two issues.

Finally, a very important topic that will be talked about today are the funding prospects for the FY2012-2016 Highway Construction Program. This will be presented by John Fink and Scott Omer. The prospects do not look good. Normally at this point, the Department generally does not do this presentation to the Board at this point in time but given the nature of the funding prospects for the

upcoming 5 year program, it was thought to be very important to spend a little bit of time with the Board today to have an appreciation for what the new program might look like particularly the new fifth year of the program.

### **ITEM 1: Land, Buildings, and Improvements (LB&I) Issues Update – John Nichols, Director, Administrative Services Division (ASD)**

John presented an overview of ADOT Buildings. We have 262 sites around the state and 1,500 buildings on those sites. The current conditions: 193 buildings that are in like new condition, 932 are economically repairable, and 408 should either be replaced or torn down.

The Prescott MDV office is a modern facility. In Tuba City, there is a 1970's vintage mobile home that they operate out of. The point is that with this particular facility that is not unusual. They have quite a few of them around the state. Ports of entry: There is a very modern port of entry such as the Kingman port of entry and they also have ports of entry like there in Springerville built in 1946. That current facility is closed; the roof blew off and they are deciding if they are going to repair it.

Also in the structures that are maintained, some are in good condition and some very poor condition. Mazatzal Rest Area that it has a failed water system and is closed. Currently the others are operational. Maintenance camps, they have quite a number of those, 46 around the state. Some of them are configured very well, very effective, and then some older facilities are in very poor condition.

Construction offices which are usually operated out of modular facilities because they are technically considered temporary in nature and there are a number of those around the state. One of the things that people do not realize about the ADOT facilities, is that at many of the locations, maintenance camps, rest areas, and even construction areas, they have to maintain everything the city has to maintain. There is not piped in water at some of these locations like Gray Mountain and they need their own water system and their own waste water system. They are forced to manage the facilities like a small city. They have approx. 47 different drinking water systems and are one of the third largest water producers or providers in the State of Arizona mainly because of the large number of people that they service through the rest area program and maintenance program and operations. The counterpart to that is the waste water systems, when there is water in the waste system, there has to be something done with it. The configurations that are most effective are the evaporative ponds. An ET bed is a sand filled type of structure. When the water comes to the surface, it is considered a failed system. That is the reason that the Mazatzal rest area was closed.

Construction laboratories - The Prescott lab is the stellar facility that is in the state and then there are labs that are substandard. These are the laboratories that test the materials as the highways are being built. The Kingman lab is scheduled for replacement and the Quartzite lab is another mobile home that has been configured into a lab.

The Administrative Facility - The current administration building was built in 1956, MDV building 1976, the old MDV building is about an 89 year old facility. That was closed a few years ago because it was not safe for human habitation and had to move the people out of that facility into modulars in 2007. There are some new buildings that are between 0-10 years old, most of those are small structures. About 15% of the facilities are over 40 years old that either need total replacement or renovation. About 11% of the facilities are new. The majority, 68, are classified as economically repairable which means if there is a lot of money given, they can make them serviceable. There are about 5% that are uneconomically repairable and are candidates for demolition.

The Show Low MDV office, which is about 2 home-type modular homes cobbled together to make a MDV office. Where the customers have to stand is very cramped and small. Director Halikowski has ordered it replaced. They are exploring options to either lease or put a new modular facility on that site. The Superior Maintenance Yard was built in 1952. It does not meet environmental code and functionality is very questionable. We have 1,500 facilities. A normal roof on the facility lasts 15 years. Each year they should be replacing about 1/15<sup>th</sup> of the facility roofs in their structure. HVAC systems are the same, they have about a 15 year life expectancy and these should be replaced also about 1/15<sup>th</sup> every year. Larger systems for a facility like HRDC have a life expectancy of about 25 years. There are growing concerns about pavement issues around the MDV office test area due to weatherizing and just a lot of usage. Pot holes and speed bumps need replacement. These facilities conduct motorcycle and driving testing, and in some of these areas it could be hazardous for the citizen taking the test. There have been a few accidents. Striping needs to be taken care of, as well as curbing. Currently there is about \$1M in backlog in just pavement for parking lots for MDV offices. Renewal is a process in which they get money that is calculated through a formula. If the buildings are applied into that formula, they should be getting more renewal which is used for upgrade, maintenance, major repairs, roofs, major system repairs. They should be getting about \$8.9M according to the legislative formula. Over the last three years \$1M appropriated within about 12% of requirement. This has forced the agency to do only emergency repairs. If it is not leaking or broken it does not get done, they do not have the funding.

In the general highway fund, there is about \$1M. They should have \$8.9M dedicated to doing this type of work and they have spent most of this money just doing critical mass type work, roofing, HVAC systems, heating systems, electrical systems that may have failed. Since 2009, the building renewal procreations is at \$1B. They have done no renovation, repair, or upgrade to the facility structure in the Department of Transportation. They also have environmental issues with the salt sheds that are used to take material and put it on the road during the snow season. A lot of those sheds were built and designed when they were using cinders 10-15 years ago as the primary source for snow removal and protection. Today they are using salts. The old salt sheds do not meet environmental compliance standards. At the Williams salt shed, if there is any material being exposed to rainwater, it becomes a storm water violation. The latest snow shed which is environmentally compliant, was built at Cordes Junction because of the TI being built there. They can drive the trucks and loaders into the facility. The salts are not exposed to the rainwater or the environment during the loading process or during the storage process. At the Williams shed this does not apply. It has to be exposed to the rainwater. A quick summary of the number that needs to be designed, 2008 and 2009 were canceled due to budgetary requirements. Another major critical environmental issue is the washing facilities. The snow plows and vehicles must be washed however they cannot be washed without a wash facility. It is against the environmental regulation to wash a truck and let it run off into the street or off into the environment. There needs to be a very sophisticated wash system that captures that water and does not allow it to get into the environment or properly dispose of it in the sewer system. They have 10 of these facilities in the design process that need to be built and they need about a total of 26 to meet the Agency's needs. Right now they do not wash the trucks and the salts that they are currently using are devastating these trucks. They have an estimated life expectancy of 12 years and they are lucky of they get 9 out of them. These trucks run at \$250,000 per truck. Also icing storage tanks, which hold the material used for pre-wetting the bridges to prep for snow have the same environmental concerns and have to be protected. They need an additional 70 storage facilities at about \$1.1M per building. Salt storage and containment for roadway maintenance support. They have a large number of the old style and then the new style that is environmentally compliant and also very functional. The older ones

are basically worn out. Five are currently required, although all funding has been swept. They also have a number of functionality issues and the Safford district office is no longer functional in terms of the operation of the facility. Tucson district is operating out of modulares. They have had to add modulares to keep functions operating and the same in the Flagstaff district. They have basically become a modular building organization. In 2009, they had a \$101M requirement and in the last three years we have not had the funding to meet those requirements. They have a \$101M backlog in all capital for new projects.

These are some of the projects that are considered high priority: vehicle wash facilities, asphalt storage, and deicer facilities. Also, equipment shops need to be upgraded, MDV offices are outsized and too small. Surprise MDV office is an example of one that is too small. They did have enough funding originally to build that new facility but it was swept. The Grand Canyon Airport requires a lot of facility upgrades as well.

The old MDV building which had to be closed, this is currently being used as storage. They have eventually rented areas out to other agencies that came in. It is environmentally controlled but they cannot allow human beings to occupy that facility. They have moved their operations into modulares. The current administration building was built in 1954 and has a lot of challenges. Last year, a switch went out and because this electrical switch box was built in 1954, they could not go to the local hardware store and buy a new one. They were fortunate to find a rebuilt one on eBay. This is one of the projects that they have on the books to replace this electrical system. If that fails, there is not a backup system. In summary of what has happened with insufficient funding that they have had over the last few years, roofing, major concerns, high instances of mold because of buildings leaking creating a lot of indoor issues. One of the biggest concerns is employee exposure to mold. A lot of it is a result of leaky roofs. There is also the opportunity for damaged equipment when the roof starts leaking.

Bill Feldmeier: Asked about the option of privatizing or out-sourcing completely on the projects that ADOT or MDV has the capacity to do?

John Nichols: Not all of the services in the MDV offices have been transferred over to the private sector. There are still a large number of services that still have to be conducted by the state that third parties do not provide, such as driver testing. He does not have all the details, MDV would have to speak on it. Only a portion of the functionality of the MDV office can be privatized at this time.

Bill Feldmeier: Commented about license plates, which are privatized services, and asked about looking at a structure that would house only the portions that could not be privatized.

John Nichols: Explained that in many areas of the state there is no interest by a private party, so the state has to provide that service.

Bill Feldmeier: Mentioned two different private providers in the Prescott area. He was just in one of the third party facilities last week and it was quick and efficient.

John Nichols: Usually in the heavily populated areas, they have very little difficulty getting the private entities to join. They have tried hard try to get people to take them.

Felipe Zubia: From the funding perspective on repairs, he mentioned that they leased the older building out for a storage spaces. Does the money that they get from that go into the

general funding or does it come back.

John Nichols: It comes back.

Felipe Zubia: Would that same hold true for leases of property like wireless towers that are out there, does that come back to the funding with the sales of that property. We are then able to keep and use that money for repair maintenance?

John McGee: Any of the revenues from the sales of property or cell towers, do come back into the state highway fund and are available for projects. On average, they generally estimate somewhere around \$10M a year on those types of funds that come back; so it is not a lot.

Felipe Zubia: Those are just funds that they get from people coming to them and leasing property or buying property. Has there ever been given any thought of actively going out there and marking it as business land to general revenue as property sales?

John McGee: Yes. They have actually recently gone through a fairly extensive effort to identify excess properties to sell.

Steve Christy: He saw an interesting piece on the news the other night, about the Georgia Department of Transportation. They sold a lot of advertising to some major firms and corporations on their transportation buildings and equipment. Maybe something of this nature in the new times lived in, economically that this might be some kind of a means to upgrading our facilities or equipment.

John Nichols: They have actually stored that possibility and the legislature did pass some law that allowed them to do this but however, right now the statute restricts it to public service announcements. There are not a lot of public service people willing to pay a lot of money to put a bumper sticker on our vehicles.

Steve Christy: It was on NBC and stated that Georgia Department of Transportation actually accrued them huge amounts of money and he understands the legislative restrictions but maybe this is something that ADOT may see as a worthwhile endeavor.

John McGee: He saw it and it does appear that Georgia is looking at that concept and entering into it pretty aggressively. Mr. Nichols was talking about the rest areas, of course the Board is very familiar with the rest areas and the issues they have there. They do have a certain amount of legislative authority to do some of that sort of thing at the rest areas and through the P3 program; they have been looking at some of those options. They have had some people come in and talk to them about potentially operating some of those rest area facilities and they are saying that the way that they would do it would be to generate revenue through advertisements. There are FHWA allowances that do allow for such advertising of the rest areas as long as it is not visible to the freeway. They are looking at those and are in discussion with people in looking at every way of bringing in additional revenue.

Steve Christy: This might be another area that they could coordinate activities.

John McGee: They are very aware of that and the P3 office is looking at those kinds of opportunities.

## **ITEM 2: Aviation Board Policy – Jennifer Toth**

In 2003, the Board in working with ADOT redrafted the majority of the Board Policies to be less detailed and more broad policy statements except in one case and that is the Aviation Policies. They are really very detail oriented and more operating procedures type of situation. For the past two years the staff has been working with an industry committee to update those and existing aviation policies and try to create a more unto operation type of procedures. Their recommendation is to continue to work with the industry and to move these existing Board policies into operating procedures and then incorporate the broad aviation policy statement into the other existing Board policy statements. In meeting with some of the industry representatives, they have outlined a schedule that leads to presenting the revised policy statements and the operating procedures to the Board by June of next year in a Study Session and then hopefully for adoption in the July timeframe. This really allows them to continue that dialogue for the industry to comment on those operating procedure revisions and also in terms of how we structure some of the additions into the other Board policies to create those aviation policies. This is going to be a very brief presentation and they wanted to make sure that the Board was aware that they are continuing forward with the aviation industry in moving towards broad policy statements and moving the existing Board policy statements into a procedures manual.

Chairman Montoya: Are other states doing the same thing, are their policies more in line with what we are doing or are they inline with the older policies?

Jennifer Toth: She would have to take a look at other states, but believes it is a general trend. She states that from what she has seen and not by any means of comprehensive analysis, the commission policies are mainly broad policy statements instead of operating procedures.

Steve Christy: He is a member of the Tucson Airport Authority. What should he relay to them should this subject come up before they have the study session and then move for adoption of the policies?

Jennifer Toth: In terms of the Tucson Airport Authority, two of the staff members are a part of the committee that she just discussed. They actually have a draft copy of that culmination over the last two years and have been involved with this throughout this process. They have been working with the Arizona Airports Association, they are very much aware of the direction that they are headed. They will be presenting to their general membership and soliciting comments back on those operating procedures and the Division has just been in touch with Ms. Howard and the AOPA, the Pilots Association in order to also get comments back from the Pilots Association. Definitely she would hope that anyone within the aviation community would not be broad-sided by that.

Steve Christy: It does seem that at this particular point that she is getting a full wide range of input from everyone rather than strictly ADOT.

Jennifer Toth: It has been over the past two years that this committee has been working together.

John McGee: In 2003, the Board working with MPD went through and revamped all of the Board policies. This was an effort made over the course of several years. The idea was to move away from the mix of Board policies, some very detailed, and some very general. It was determined that the Board's policies should be relatively short policy statements. It ended up being a very good effort and a very good policy document that the Board has seen. One area that did not get included in that document because of the Department's organizational nature at the time, was an update of the aviation

policies. This is an attempt to bring the aviation policies into a similar format. for the current Aviation policy format or something close to this format would then be developed as Aviation's standard operating procedures. We recommend that every 10 years or so the Board reviews its policies for possible modifications. It has been about 7 years since they have done that.

### **ITEM 3: Tombstone Crosswalk - Bill Harmon, Safford District Engineer**

The City of Tombstone requested that ADOT construct or install painted crosswalks on SR 80 which is mostly known as Fremont Street. The city has known that several times in the past ADOT may not install crosswalks unless they are warranted in a city that claimed an accident history where they saw a little history. In looking at the background in the last 10 years, they have performed three studies and none of those studies indicated that a crosswalk was warranted at any location on SR 80. Now they are sensitive to the concerns expressed by city officials. In 2007, they did a pavement preservation project on SR 80 and we repainted the striping to change the four lane divided highway to a three lane section that provided a three way in each direction and a center left turn lane. That helped a great deal to slow traffic down. Just recently in 2007, the city was awarded an enhancement project to do some street-scape portions, boardwalks, and sidewalks along SR 80. In August 2008, they started scoping and it was determined that what they need to do is actually make the highway narrower to make more room for pedestrian facilities such as sidewalks, boardwalks. With the room that they gained when they went from a four lane section to a three lane section, they would use that room by the side of the curb line and pull through the center line and use that for the sidewalks. We asked the city to poll businesses about their on street parking. The city contacted all the property owners to ask about if they would be willing to give up on street parking on Fremont Street SR 80 and the city provided the results of that and not a complete consensus but a very strong consensus that business owners or property owners were willing to give up on street parking. In February 2009, they issued an initial project assessment which is the scope of work and they started the process of refining that scope of work and then last fall about a year ago, an elderly couple was struck down fatally by a truck around dusk. Last November, the city engaged in a very detailed lengthy safety study that would result in information that could be used to garner the federal safety funds through the HSIT program. They started out with the United Civil group consultant who did that study. They took information about speeds, illumination, site distance, watched where people park, watched where people went to; like the motel. In February, the city marshal provided us an accident history. That accident history had not been forthcoming until they really pushed the city. The city marshal had provided that accident history and it was substantial amount of history indicating injuries and fatalities that they did not know about. With that in the safety study, they determined that some improvements were in order. They presented a draft of the study with recommendations to the city counsel on March 2<sup>nd</sup>. Director Halikowski and other staff members met with the Mayor of Tombstone. On April 13<sup>th</sup>, the city counsel passed the resolution of support for that study. That study was rolling down into short term and interim or long-term improvements. The short term improvements were that they were going to improve the speeding guide signs. They have reduced the speed limit from 35 to 30. They provided information to the city on suggestions on how to improve their lighting systems. They have suggested short term improvements to add some lighting to brighten up the dark spots, to remove on street parking, and to better manage the special events. The community of Tombstone is less than 2,000 people. Because of its historic notability, they hold special events and some weekends have nearly 100,000 people. They talked to the city about managing those events better.

Long term improvements suggested would be to make the highway narrower and provide room for sidewalks, providing lighting system that would be consistent through the highway, and to add

landscaping to guide people toward intersections where we could consider crosswalks. One of the problems is jaywalking. That study indicated that even with fatalities and injuries, crosswalks are still not warranted because people are using the whole street as a crosswalk. They determined this past summer is that the enhancement project and the new safety project could be combined since they are in the same project limits, same route. This would be combining several issues both federally funded. This past month, the team met with representatives of the State Historic Preservation office for a consultation to advance the scoping efforts and its combined projects. They have essentially delivered on the short term goals. ADOT has removed the on street parking and posted signs, reduced the speed limit and provided information to the city of the things that they need to do. They are revising the scoping document right now to combine the enhancement project and the safety project. The scope would be to make the highway narrower to make room for the sidewalks. They will provide sidewalks, boardwalks, and porches consistent historically for the community, install a lighting system and add landscaping to discourage mid-walk crosses. They expect to advertise late next year and construction will probably take most of the fall the following year. Right now, what they told the city officials is that after all these improvements they are planning on and what they anticipate is that pedestrians will be discouraged from walking in the rose bushes and trees that will wind with the highway and will be a future goal towards the intersections. At that time, they said there could be warrants for crosswalks. They will conduct that study after construction enhancement; ADOT will install it and maintain the process.

Bill Feldmeier: Any discussions about them taking the road back.

Bill Harmon: Yes and no. On the same night that the city council passed a resolution of support from the recommendations of the study, they also passed a resolution asking ADOT to evaluate an alternate alignment to actually move the highway towards the fringes of the city. More concerns about where the highway is right now is the trucks running through that narrow right of way surrounded by a lot of historic structures, all of which are adobe and concerns that the vibrations of big trucks slowly shaking those buildings down and accelerating the deterioration which is happening anyway. They are not talking about making a bypass.

Felipe Zubia: Regarding the general overall approach to situations like dealing with the process and working with the community and dealing with those design concepts, do they do that on their own or do they come back and work with the department staff? And how does the relationship work in that sense?

Bill Harmon: When a local agency applies for an enhancement project, that particular district works very closely with the community to button down the scope of work that makes sense, and the application to help with the cost estimate. They are really partners in that effort, not only for a particular project but are encouraging the communities.

Felipe Zubia: As he understands, the relationship and partnership with the community is great and they have been doing a great job with that. He is talking more specifically with the planning aspects.

Jennifer Toth: Bill mentioned the part of the extent of the planning assistance for rural areas. They do have a very successful program that has just been implemented about 2 years ago. They have been awarded \$4.5M worth of grants for exactly that, to develop a small area transportation study dependent upon that particular community. It could range from working at their street network to looking at pedestrian abilities. They have recently done a Cochise County transportation study for the whole



county and then Tombstone either was awarded the grant or has resent the application to look at what is in the transportation system and how is that developed through that particular instance. Their staff is working very closely with MPD, Scott Omer's planning department and worked very closely with that community that applied for that grant to develop the scope of work and develop the plan that is implemented. In addition, they are working with the COGs, which in that area would be SEAGO.

Felipe Zubia: He knows that they are making great strides in building up the department for the past several years which has been very successful and he knows it does not happen overnight but at some point does it make sense to start looking at some point how they are interfacing with the communities at a more detailed level of design and where they need to improve with that as well. He sees this as becoming a recurring issue in the future in the Sedona area and Tombstone now. It is going to start happening in the rim country. All the rural communities are looking at tourist dollars. When that starts happening, what happens with all those facilities that are along state highways, we will see more instances with this. The second part of that is, is there a way to come up with a policy or standard to get in front of these issues prior to them coming to fatality issues.

Jennifer Toth: Jennifer and Floyd have been working together and discussing some of the same issues such as the functionality and what can they do with the department to help with those overlaps and to work in partnership in describing what will be addressed with the problems that they see.

Floyd Roehrich: The first question he asked about was the efforts to coordinate consistently with the local governments during these technical evaluation phases and things like that.

Felipe Zubia: More specifically that they are on staff either at the DE level or at the district level or at the state level, those planning design professionals that interface directly with the local communities.

Floyd Roehrich: Yes, this is an ongoing improvement program for us. A couple years ago a development engineer position was created to work with their district engineers. Every district right now is developing a position and they can see that he is working on it. The intent would be that this person would be the person who would lead those coordination efforts between what they are seeing locally, and communicate back to the district engineer and to the locals. The goal is to develop that into a development engineer position and an actual position that would do that. Dallas Hammit, the Deputy State Engineer for Operations has been holding meetings with district engineers and development engineers and started talking about some of these issues and the access management control issues, some of the technical issues, the grant conditions for enhancement, and other programs as well as the planning element, Jennifer was talking about, as they have tried to integrate more of an earlier planning mechanism that the districts can help with. They are taking strides to better this, formulate and approach towards how to put people in place to do that but they are not quite there yet. They are still building up the team and building up the working knowledge and the coordination with Jennifer's group as well as the team out in the field. The goal is exactly what the Board says to make sure that we have a comprehensive communicated conduit between the locals through the districts on into the appropriate management team at ADOT.

Felipe Zubia: At some point, he thinks it would be somewhat constructive to look at the overall state and look at the potential problem areas where these issues may come up like for instances the Pine, Strawberry and other areas in the state that are like that.

Floyd Roehrich: He thinks that what would help in that arena is that Jennifer has led the bqAZ and now the long range plan. Looking at the locals to have comprehensive reviews from them as well. What he is doing on a statewide basis, really needs to be fed from the bottom up on locals and what he thinks they are probably running into a gap in there is that a lot of locals are not prepared to look comprehensively where they want to go over the course of the next 20 years. The division that Jennifer is trying to build has lacked a little bit in that area. He definitely thinks that there is a need to improve but it is going to take a lot of work to help the locals.

Jennifer Toth: That is exactly that they are trying to fill with part of the grants, getting the locals up to the same level.

Scott Omer: They also have regional planners assigned to each COG and MPO region, to interface it with the locals.

Felipe Zubia: Overall, they are doing a great job and he noticed that it does not happen overnight but they are doing well with their finest at work out there. They will get there.

#### **ITEM 4: SR92 – Sierra Vista Medians – Bill Harmon, Safford District Engineer**

The City of Sierra Vista median project is a similar format The city has asked for a raised median at SR92 in particular between Canyon de Flores and Glenn Rd.. The city, for the last couple of decades has been pretty aggressive in their safety program to improve or to mitigate left turn accidents, not only on the State Route but to under key local routes as well. ADOT has been working with the city to develop a program that is funded primarily with the federal safety money to put in these raised medians. The business owners on the east side expressed not wanting the raised median. Cochise County wanted to delay the construction or mitigate the effects to the raised median. The city has actually pursued a program to install raised medians on the State Routes. On this location, the city is on the west side of the highway and the Cochise County jurisdiction is on the east side. The city for many years has had a strong program of access management. Cochise County is really not so much and a lot of the access points and businesses are in direct access to the highway on the county side. November 2005, they completed a safety study of crash history and potential mitigations. At that time, both city and the county passed resolutions of support for the findings of this study which recommended a raised median. In fall of 2007, they did some additional outreach for a design concept report and separate those two notions here that the raised median issue is a portion of the scope of work that will be described in the design concept report. The design concept report is a major undertaking to improve the SR 92 corridor in Sierra Vista to upgrade it from a 5 lane highway to 3 lanes in each direction with a raised median. They did a lot of public involvement effort and at that time they did not receive any indication at all about concerns with the raised median. In fall 2009, about a year ago, they issued a scoping letter that described a raised median project between Canyon de Flores and Glenn / Kachina with some simple improvements at those two intersections. In December 2009, they received a lot of negative responses from landowners on the east side. In January, the county officials asked if they could delay the project. On February 19<sup>th</sup>, this year, we received a petition against the median that had 1,200 signatures. March 8<sup>th</sup>, this year, they had a public meeting in the City of Sierra Vista and the city participated in that public meeting and the city openly endorsed the raised median and pledged to help. It even went as far as offering to help construct some connecting routes parallel to SR 92 to provide some relief to the subdivision at Golden Acres which connects to SR 92.

Steve Christy: He asks to pardon his interruption but he has to leave the Study Session.

Bobbie Lundstrom: She is also going to have to leave the Study Session

Bill Harmon: ADOT retained a consultant in August to help evaluate the several suggestions that we received. Most of the people who attended that meeting were members of the public who expressed concerns that were opposed to the raised median. Also at this time, they are transitioning from state funding to federal funding for part of the consultant work which slowed things down a little bit but they are back on track. The consultant will evaluate the many suggestions that they received and co-evaluate these suggestions with the city, the county in regard to the suggestions from ADOT staff and the public. They are planning for another public meeting either in December or January to do a return report to the public. What they are going to present is that they need the raised median. They still have an accident history that they need to act on but they want to show the public what mitigations they will consider. Right now it is his best guess is that they will advertise for this project this coming summer and complete the construction by the fall or the spring.

Felipe Zubia: There are areas where ADOT is going to need to look at pedestrian solutions and areas where ADOT needs to maintain integrity of access management. He is very familiar with the area and this is an area that he thinks needs access to funding so that they do not create problems in the small rural communities. He asked if it was a timing issue with Cochise County.

Bill Harmon: Cochise County staff and elected officials have indicated that they realize that the area is growing and it is just a matter of time before they expect to see raised medians constructed. At the same time, they are sensitive to their constituents and concerns and being at the intersections. That is why the county wants to delay a little bit which in fact is what happened because of this whole process. They have won a short term reprieve with this delay and they expect that there will be some constructive mitigation, whether it is the northbound or some other feature that can be done to help offset the raised medians.

Bill Feldmeier: Asked if the right way is split between the city and the county or does the city have the right way all the way to the county side.

Scott Dewey: That is right. Part of the businesses are on the east side of the highway and the city. There are some large (inaudible) that go from east side to west side across the (inaudible). As Bill mentioned, the city has been trying for a decade to provide access to all in this intersection. This is primarily affecting businesses.

Bill Feldmeier: The businesses are primarily on the east side in the county's jurisdiction. Are they pursuing annexing?

Scott Dewey: The city is not actually pursuing annexing those.

Bill Feldmeier: Then the same question as before, are there any discussions about getting this highway, once it is completed, back to the county?

Bill Harmon: He really does not expect that.

**ITEM 5: Funding prospects for FY 2012 – 2016 Highway Construction Program – Scott Omer, Director of Planning and Programming**

John Fink: Gave an overview of where he sees them going for the fifth year program. This puts into context where they are at with current HURF revenues by category showing what year they have to go back to the point in time where the revenue put in that category was lower than it was for FY 2010. For gas tax and used fuel tax, they have to go back to 2003 to find revenues for that category at a lower level. Motor carrier and registration fees, they have to go back to 2004. Vehicle license tax only has to go back to 2005 that looks a little better however from previous discussion at Board Meetings, they have not hit bottom with vehicle license tax, so he is expecting that this will continue to decline some more and they could easily drop back to 2004 levels or even 2003 levels with that category. To put in context where the 2011 forecast currently is for HURF revenues versus where it was just one year ago when they did the official forecast. The official forecast in September 2009, HURF revenues were projected to be about \$1.26B. Current forecast, the planning forecast that they are using this year is about \$1.21B. That is a net change of \$59M reduction of anticipated revenues. If that is split out by ADOT discretionary portion, the controlled access in the cities and counties portion, the ADOT discretionary forecast would be down by about \$25M. Funding levels for 2016, shows the official forecast developed in each of the last four years going back to 2006 and the forecast for 2016 revenues in that forecast. In September 2006, they were forecasting HURF revenues of about \$2.16B. In September 2007, they were still at about \$2.14B. By the time they got to September 2008, the forecast for 2016 revenues had dropped to \$1.93B. By September 2009, it had dropped to \$1.52B which was a net change of \$642M. Looking at funding levels for 2016, he recognized that September 2009's forecast was probably high. They have not completed the official forecast yet so they do not have a new number to work with. He sat down with his staff and came up with what they think is a reasonable forecast for 2016, recognizing that when they do get the results from the official forecast that it could change from that number and he labeled it as a wrap forecast which is down to \$1.42B which is a net change of \$737M from September 2006. Based on the 2011 forecast and the 2016 forecast, that would represent a compound annual growth rate of about 3.4%. His feeling is that this is probably not bad although reasonable. It may actually be a little high because they do not know what the coming and goings will be over the next couple of years. This puts it all into context.

They took the \$1.42B number and used that to develop a funding estimate for FY 2016. The estimate of state highway discretionary funds based on the \$1.42B would be about \$583M. There are other miscellaneous revenues that get added into that for a total of about \$608M of state revenues available. One big change for many of the prior funding estimates is the line that is labeled HURF bond proceeds which show 0 for that based on the declines in revenues and where they are at with coverage ratios and current debt service, he does not believe there is going to be any HURF capacity by the time of 2016, so those numbers are included in this estimate. From that \$608M, they would then deduct the operating program estimate for land, buildings, and improvements, estimate for DPS, estimate for debt service, which totals about \$578M and that leaves about \$30M of net state funds available. To that he has added an estimate of federal funds recognizing that an estimate of federal funds in 2016 is highly uncertain. Not only is that beyond the extension of SAFETEA-LU, this would be beyond the extension He does not have a good feeling in terms of what that number should be. This is something to try and be very conservative with and just assume that the relatively nominal growth in federal funds over the next several years. That totals about \$631M after subtracting out debt service, they are left with about \$613M so the total estimate including state and federal funds is about \$643M and deduct \$20M for inflation adjustment which left about \$623M. Based on that number he is recommending a program left with about \$600M for FY2016. He recognizes that they will be continuing to take a

number of looks at this over the next several months. Take a hard look starting in January and then as they get closer to adoption of the final program, that number could change. It could go up or down depending on where they end up. Hopefully in the next couple of months he will have a little better idea of where things are going. By then they will have the new forecast developed. They may see although not really expecting it but they may see some movement of congress on federal funding. They may have a better idea of whether the state looked at the situations and see what the ramifications of that may be for DPS funding in the future. He is trying to be fairly conservative right now based on the local uncertainty that comes with that.

Scott Omer: They have \$600M available to the program and in FY 2016; they have about \$397M set aside for subprograms. That is barely consistent with the FY 2010 number. There are some additions to it off the top amounts that they have reached that takes the number up. The off the top amount of \$57.274M actually are amounts approved by the resource allocation committee in four different categories. There is a performance base category, an overhead and operating category, regulatory enforcement category, port of entry support category. Those make up the \$57M. As the planning division, they have a technical advisory committee that assists them in coming up with the subprogram amounts that are available for spending. This technical advisor committee consists of ITD and MPD staff. They actually have two district engineers, MPD staff as well. They have a total of 6 people that helped them come up with them. They tried to maintain the subprogram fairly well from what it was in the previous years. Without available funds to increase, they did not see the increase in subprograms would do any good. After they take the off the top amounts of \$57M, they have about \$340M available for spending in the subprograms. As this is distributed across, the total now with funding is \$542M and \$340M available for the subprograms. They have about \$164M set aside for the MAG region projects, \$37M set aside for the PAG region for major projects and that only leaves \$537K for major projects in greater Arizona. The subprogram has about \$36M in the MAG region, \$32M with PAG region, and \$270M in the greater Arizona region. The percentages 10.74%, 9.67%, and 7% are actually a three year rolling average. They tracked the amount of what is spent in each region on a yearly basis and that is the average over the last three years. They try to maintain those consistently. Lastly, the total amount available in each region \$200M, \$270M, and \$271M is consistent with the casts in maintaining the 37%, 13%, and 50%. Those are what they have set aside as the draft 2016 regional distribution and that is what they have today with not having much to work with.

John McGee: Last year at this time for FY 2015, we were projecting that about \$700M would be available for programming in the new fifth year of the Program. That has dropped to \$600M this year. At the \$700M level, assuming the same level of subprograms as 2015 leaves virtually no funding for Greater Arizona in the new fifth year. Obviously, subprogram decision levels are a decision of the Board. For now we have assumed no increase or decrease in subprogram levels. The Department looks at program funding levels 2 – 3 times during the year. So there could be some changes on the horizon. However, the Department has been predicting for several years that given the state of transportation revenues, Greater Arizona was getting to the point of a maintenance only budget. This is not meant to say that there will be no money available to spend in the 13 other counties. They will have roughly \$270 million available, but the majority of that is going to be pavement and bridge preservation, and money for small district projects. If the Board approves a subprogram level at the same level for 2015, there will be no money left for any major capacity enhancement projects in Greater Arizona. Over the course of the next 2 – 3 months we will develop recommendations for the tentative.

Felipe Zubia: Trying to get ahead of what disaster may befall us, there is nothing that they can do about the amount of money that they have here in the short term meeting. Have they looked at any sort of emergency preparedness or any sort of disaster response with how they would reallocate money if a major disaster occurred. Maybe they should look at a Board policy whereby they have something in place so when they do come across that, they already know exactly where the money is coming from and how do deal with it.

John McGee: We do have a very small amount programmed for the state engineer to address emergency issues. We also know that in most cases where there is a major emergency on any of ADOT's facilities, those emergencies would probably be eligible for federal emergency funding. The problem with that program is that the federal program is normally 2, 3, and 4 years behind in having money available for funding such projects, so the state has to pay for the project and carry these costs for a significant period of time before we all are reimbursed by the Federal Government. Right now there is not a lot of flexibility to address such issues.

Felipe Zubia: There is no money being set aside, so he is not even taking setting aside money for the contingency. He is talking about policy whereby if something major like that happens that it makes sense for one year to have a cast of that report and those percentages. If something like that happens there may be more money that can go in that or more money goes to MAG or Greater Arizona depending on the condition. That is the type of policy that he is talking about rather than having that debate come up in the heat of the moment; it may make sense to look at what certain levels of money would indeed actually be a change in policy that is temporary.

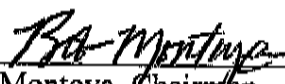
Scott Omer: In 2006 when they projected how much in HURF revenues. This was based upon a conservative estimated growth for a 10 year period. In 2006 when they estimated how much HURF would come in, they estimated about \$2.5B.

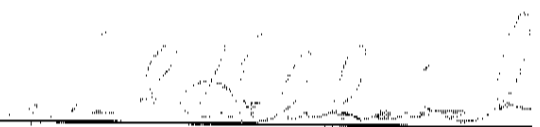
Bill Feldmeier: With that understanding, who else is hearing this besides this Board?

John McGee: It is a message that they need to start getting out to the public. We have been doing this for the past year and any opportunity that Mr. Halikowski or Mr. Fink have, we keep raising this issue. The problem is that this is symptomatic of every revenue source in the state.

Felipe Zubia: He requests a formal agenda item for the next meeting. Something to address is that he would not go so far as to creating a subcommittee of the Board, but at least an item that would address an emergency preparedness policy for the Board for a five year budget.

*Motion made to adjourn the meeting, in a voice note, motion carries.*

  
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Bob Montoya, Chairman  
State Transportation Board

  
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John S. Halikowski, Director  
Arizona Department of Transportation