

**STATE TRANSPORTATION BOARD MEETING
TELEPHONIC/VIDEO MEETING
STUDY SESSION
9:00 a.m., January 26, 2021
NO MEMBERS OF THE PUBLIC WILL BE ALLOWED TO ATTEND IN-PERSON**

Call to Order

Chairman Stratton called the State Transportation Board meeting to order at 9:00 a.m.

Pledge

The Pledge of Allegiance was led by Floyd Roehrich, Jr., Executive Officer.

Roll Call by Board Secretary Sherry Garcia

A quorum of the State Transportation Board was present. **In attendance:** Chairman Stratton, Vice Chairman Thompson, Board Member Hammond, Board Member Knight, Board Member Searle, and Board Member Daniels by telephone conference. There were approximately 50 members of the public in the audience.

Opening Remarks

Chairman Stratton reminded members of the public, to keep their computer or phone muted during the meeting, unless called to speak during the Call to Audience.

Title VI of the Civil Rights Act

Floyd Roehrich, Jr., read the Title VI of the Civil Rights Act of 1964, as amended. Floyd, also reminded individuals to fill out survey cards, with link shown on the agenda.

Call to the Audience

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.

ARIZONA STATE TRANSPORTATION BOARD

STATE TRANSPORTATION BOARD

STUDY SESSION

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Webex Videoconference

January 26, 2021

9:00 a.m.

REPORTED BY:

TERESA A. WATSON, RMR
Certified Reporter
Certificate No. 50876

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(602) 421-3602

PREPARED FOR:

ADOT - STATE TRANSPORTATION BOARD

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REPORTER'S TRANSCRIPT OF EXCERPT OF ELECTRONIC
PROCEEDINGS, ADOT - STATE TRANSPORTATION BOARD STUDY SESSION,
was reported from electronic media by TERESA A. WATSON,
Registered Merit Reporter and a Certified Reporter in and for
the State of Arizona.

PARTICIPANTS:

Board Members:

- Steven E. Stratton, Chairman
- Jesse Thompson, Vice Chair
- Gary Knight, Board Member
- Richard Searle, Board Member
- Jenn Daniels, Board Member
- Michael S. Hammond, Board Member

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CALL TO THE AUDIENCE

Jim McCarthy, Flagstaff Councilmember (not present).....4

AGENDA ITEMS

Item 1 - Executive Budget, Kristine Ward, Chief Financial Officer.....5

Item 2 - 2022-2026 Tentative Five-Year Transportation Facilities Construction Program, Greg Byres, Division Director, Multimodal Planning Division/Kristine Ward, Chief Financial Officer.....6

1 (Beginning of excerpt.)

2 CHAIRMAN STRATTON: Next on the agenda is the
3 opening chairman -- opening remarks by the chairman. Excuse me.
4 I'm going to defer that item until after the presentation of the
5 tentative five-year plan.

6 At this time we'll have a call to the audience.
7 A reminder of those members of the public, please keep your
8 computer or phone muted during the meeting unless you're called
9 on to speak during the call to the audience, speaker and the
10 call to the audience. I'm sorry.

11 Floyd, would you call the first speaker, please?

12 And there is a three-minute time limit.

13 MR. ROEHRICH: Thank you. Yes sir. Thank you,
14 Mr. Chair. But before I do that, I will go ahead and read the
15 Title VI Civil Rights statement, if you will allow me.

16 CHAIRMAN STRATTON: Floyd, I apologize. I
17 skipped that. We'll go back to the statement, and please do
18 read that.

19 MR. ROEHRICH: Yes, sir. Thank you,
20 Mr. Chairman.

21 (Title VI statement read.)

22 CHAIRMAN STRATTON: Thank you.

23 MR. ROEHRICH: With that, Mr. Chairman, I can go
24 ahead and go into call to the audience. We have one speaker
25 request, and that is for Councilmember Jim McCarthy, City of

1 Flagstaff.

2 MS. ESTELLE: Thank you, Floyd. This is Haley.
3 Mr. McCarthy, if you've joined over the phone, will you please
4 press star three on your phone keypad to raise your hand? If
5 you've joined one of the Webex applications, the raise your hand
6 feature is next to your name in the participant window.

7 At this time, Floyd, I don't see that
8 Mr. McCarthy has joined over the Webex application, and I don't
9 see a hand raised over the phone. So I'll pass it back over to
10 you, and if I see him I will let you know.

11 MR. ROEHRICH: Thank you, Haley.

12 So, Mr. Chairman, at this time that is the only
13 request we received. Maybe we should move on to the next agenda
14 item, and if Mr. McCarthy would show up, maybe at the end of the
15 meeting, we could open up call to the audience again and allow
16 him his comment.

17 CHAIRMAN STRATTON: Absolutely.

18 Let's move to Item 1, the executive budget
19 overview. Kristine Ward.

20 MS. WARD: My apologies. Took a little bit to
21 get the unmute and the video.

22 In terms of the executive budget, we did not have
23 any additional projects that are built in there except a project
24 for broadband. So there's actually very little to report on the
25 executive budget this year. We -- and so that actually

1 concludes my report. It was \$33 million, I believe, for
2 broadband.

3 With that, I'd be happy to take any questions.

4 CHAIRMAN STRATTON: Does any member have
5 questions for Kristine?

6 Hearing none, we'll move on to Item 2, the 2022
7 to 2026 Tentative Five-Year Transportation Facilities
8 Construction Program review, for information and discussion
9 only. It will be Kristine Ward and Greg Byres.

10 Kristine.

11 MS. WARD: Thank you, Mr. Chairman. I have a
12 couple more words on this one.

13 So at the -- you'll recall when we came before
14 the Board with the '21 to '25 program, we had because of the
15 coronavirus done an accelerated revenue estimation process to
16 incorporate the impacts of COVID into the formal forecasting
17 process. So the program that Greg is presenting to you is
18 actually based on those revenue estimates, because those revenue
19 estimates are so current, and ironically enough, the revenue
20 estimates for the '22 to '26 program would have been conducted
21 in the same time period that that accelerated forecast was
22 completed. So the numbers you are working off of -- the numbers
23 that Greg is presenting in terms of the basis for the tentative
24 -- for the '22 to '26 program are from those estimates that I
25 presented to you on September 18th last year.

1 Now, the program that you're looking at does not
2 contain recommendations with regards to Arizona's allocation
3 from the relief appropriation that took place in December.
4 You'll -- I believe at the last board meeting I reported to you
5 that the initial numbers coming out were that Arizona was to get
6 approximately \$183 million. A portion of that, approximately 14
7 percent, was to be sub-allocated to urban areas, and then the
8 balance of the funds could be utilized anywhere in the state,
9 and we estimated those to be between 157 and 160 million
10 dollars.

11 As I said, those were estimates, and I also
12 mentioned to you that we were anticipating notices to come out
13 from FHWA that would provide us more detail and more firm
14 numbers the week of January 18th. Indeed, we did receive those
15 notices on the 19th, and as also anticipated, they were slightly
16 less than the original estimates due to traditional off-the-top
17 dollars that come off for administrative functions, a/k/a known
18 as administrative takedowns.

19 The revised numbers that came out are that
20 Arizona will receive (inaudible) of that will be sub-allocated
21 to the urbanized areas of Phoenix and Tucson, leaving 150 --

22 CHAIRMAN STRATTON: Kristine.

23 MS. WARD: Yes, sir. Yes, sir.

24 CHAIRMAN STRATTON: I'm sorry to interrupt you,
25 but you broke up there when you were just getting ready to

1 present the numbers. Could you go back over those again,
2 please?

3 MS. WARD: Sure, sir. The new numbers? All the
4 way back to -- did I glitch? Audio glitch all the way back to
5 the original numbers?

6 CHAIRMAN STRATTON: No, you glitched on the new
7 numbers.

8 MS. WARD: Okay.

9 DIRECTOR HALIKOWSKI: I think she did that on
10 purpose, Mr. Chairman.

11 CHAIRMAN STRATTON: I was just wondering that,
12 and that's why I was going to call her on it, so...

13 MS. WARD: I'm just going to sit here and tap on
14 my computer and make numbers glitch out.

15 All right, sir. So the figures that we received
16 just last week are that Arizona as a whole will receive
17 approximately \$181.6 million, and 31.3 million of those dollars
18 are sub-allocated to the urban areas, leaving a remainder of
19 \$150.2 million for any area within the state.

20 The notices provide significantly, you know,
21 additional insight and detail about the -- about what the funds
22 may be used for, and the fact that we just received them and the
23 fact that these are -- these are very different funds than we
24 have received any time in the recent past. You know, we're
25 still reviewing those notices and preparing a recommendation for

1 the Board.

2 You know, unlike our -- as an additional --
3 unlike our traditional federal formula funding where we only get
4 a year to obligate those funds on projects, in the case of these
5 relief funds, we have until September 2024 to obligate these
6 funds. So in other words, identify what projects we're going to
7 apply them to and what purposes, and what this allows for is a
8 more thoughtful planning and prioritization of the funds. We
9 anticipate coming back to the Board with a recommendation for
10 the use of the funds at either the February or March board
11 meeting.

12 And with that, that concludes my portion of the
13 presentation, and I would turn it over to Greg or unless you
14 have any questions.

15 CHAIRMAN STRATTON: Does the Board have any
16 questions for Kristine before we go on to Greg?

17 Hearing none, we'll move on to Greg. Thank you,
18 Kristine.

19 MS. WARD: Thank you, sir.

20 CHAIRMAN STRATTON: Mr. Byres.

21 MR. BYRES: Thank you very much, Mr. Chairman,
22 board members. So we've got a presentation that we'll go
23 through today, and if we can have the next slide, please.

24 So we're going to go through the 2022-2026
25 tentative program, a discussion of it, as well as the

1 background, an overview of the asset conditions for the state
2 for roadways and bridges, our P2P process. I'm going to
3 probably skip that, but we'll get into that a little bit later.
4 The tentative five-year highway delivery program, as well as
5 MAG's program, PAG's program, the Airport Program, and next
6 steps.

7 Next slide.

8 So as far as the background goes, this -- the
9 tentative five-year program will be presented to the State
10 Transportation Board on February 19th, 2021, at the next board
11 meeting. We will have planned public hearings to be held in
12 March, April and May. On June 3rd there will be a study session
13 to discuss comments, and in that we can -- it will also be open
14 to the public for additional comments as well. Projected
15 approval for the five-year program is scheduled for our June
16 18th board meeting, and then the program will start July 1 for
17 -- of 2021, which starts the fiscal year of '22. And again, the
18 program must be fiscally constrained through the entire program.

19 Next slide.

20 The overview of the asset conditions.

21 Next slide.

22 So the system right now is worth \$22.9 billion.
23 That's the value of the state highway system infrastructure that
24 we have in place. If there was some catastrophic loss or
25 something, in order to actually replace it, we're talking

1 somewhere in the neighborhood of about \$300 billion.

2 Next slide.

3 As we go through the next couple slides, the one
4 thing to keep in mind is that we do ratings of our system. So
5 we rate it in good, fair and poor condition. So the first one
6 we'll go through is the bridges.

7 For bridges, a good -- a bridge in good condition
8 has primary structural components that have no problems or only
9 very few minor deteriorations. If it's in fair condition, it is
10 primary structural components are sound but some concrete
11 deterioration or erosion around piers or abutments caused by
12 flow of water, which is called scour. And if it's in poor
13 condition, we have advanced concrete deterioration, scour, or
14 serious affected primary structural components. One thing to
15 keep in mind, a poor condition bridge is not unsafe. Unsafe
16 bridges are closed.

17 Next slide.

18 So this gives you an idea of where we're at with
19 the bridge conditions and where we've been coming over the --
20 basically the last ten years. Currently, we have 59 percent of
21 our bridges are in good condition. We have 40 percent that are
22 in fair condition, and 1 percent that is in poor condition.
23 Over the last couple years, we've been able to maintain the -- a
24 fairly consistent good condition with our bridges. We've put a
25 lot of money towards those bridges. We should have the 2020

1 statistics coming up here in the next couple of months.

2 So next slide.

3 For the pavement, again, we rate in good, fair
4 and poor condition. So a pavement that's in good condition has
5 a smooth road surface with little cracking and no ruts or
6 potholes. For fair condition, it's moderate amounts of cracking
7 that lead to increased roughness on the road surface, shallow
8 ruts in the wheel path. And if it's in poor condition, it has
9 numerous cracks, rough road surface, ruts in the wheel path,
10 potholes and disintegration of the road surface.

11 So next slide.

12 So we break our pavements into three different
13 categories. This first category is our interstate, and again,
14 if you take a look at it, for the last couple years, we've
15 stayed fairly consistent, but we are dropping with the good
16 condition. We're currently at 48 percent in good condition, 51
17 percent in fair condition and 1 percent in poor condition. One
18 thing that we have to do is we have to maintain a minimum of 5
19 percent -- or a maximum of 5 percent in poor condition to meet
20 federal highway criteria for funding.

21 Next slide.

22 On our national highway system, non-interstates,
23 you'll see that we're -- our good condition has dropped
24 considerably. We only have 32 percent in good condition, 65
25 percent in fair condition, and 3 percent in poor condition. And

1 again, you can see the trend that we have over the last ten
2 years.

3 Next slide, please.

4 This third category is our non-national highway
5 system pavements, and these ones you'll see that our good
6 condition is down at about 19 percent. We've got 75 percent in
7 fair condition, and 6 percent in poor condition. And again,
8 that trend continues to work down.

9 So next slide.

10 As far as -- as we go through the rest of the
11 presentation, we break up our categories for investment into
12 three different components. We have preservation, which is
13 investment to keep pavement smooth and maintain bridges, our
14 modernization, which is non-capacity investments that improve
15 safety and operations, such as adding shoulders, smart
16 technology, so forth. Expansion is investment that adds
17 capacity to the highway system such as new roads, new lanes or
18 new interchanges.

19 Next slide.

20 So this kind of gives you a background of where
21 we've been and where we're headed with our pavement
22 preservations and bridge preservations. You just saw the
23 conditions. So what does it take to maintain these or actually
24 bring them back up into the good conditions? This gives you an
25 idea of the dollars that have been spent and are projected to be

1 spent for preservation.

2 So as you'll see, we actually have a high in
3 2022. This actually is using some -- a little bit older data.
4 We're going to update this as we get a little bit further into a
5 -- the program itself, where '23 is also extended up in the
6 range of about 300 million, a little above 300 million, and
7 you'll see that here in a second. But you'll see that we're --
8 we're not even in the way that we distribute the funds, and
9 there's a couple different reasons for that. One is the fact
10 that we -- our funding is limited. We have a lot of needs, and
11 so consequently, preservation doesn't always take the lead on
12 some of that.

13 One of the other things to comment on with this
14 slide is if you look at the bottom, in order to bring all system
15 roadways into good condition, it costs about \$4.2 billion. So
16 we're -- when we're spending somewhere in the neighborhood of,
17 you know, less than 300 million in most cases for preservation,
18 we're a long ways away from that.

19 Next slide.

20 So this is the five-year program or the tentative
21 five-year program that we're looking at. Each one of the
22 columns represents a year going from 2022 to 2026. The blue
23 section represents expansion for Greater Arizona. The orange
24 section represents our statewide planning. The purple section
25 represents our statewide project development. The red section

1 is our statewide modernization, and the green section is our
2 statewide preservation.

3 You'll see a horizontal line that's stretched
4 across the screen. That is set at \$320 million. That's our
5 target for preservation, a minimum for preservation that we need
6 to at least hit to maintain status quo, and you'll see that in a
7 couple of years, particularly in 2022 and 2024, we're not
8 hitting that target. In 2022, we're 52 million below that mark,
9 and in 2024, we're 45 million below that mark.

10 One of the other things to note here is that we
11 have expansion that's occurring in 2022, 2023 and 2024. You'll
12 see that we have no expansion in 2025 and 2026. That is
13 compliant with our Long Range Transportation Plan, and it
14 certainly helps out, as you can see, our preservation numbers go
15 up considerably without the expansion.

16 So again, this is our tentative program amounts
17 and spending categories that we have planned.

18 Next slide.

19 MR. SEARLE: Chairman Stratton.

20 CHAIRMAN STRATTON: Yes.

21 MR. SEARLE: This is Richard. I have a question
22 for Greg.

23 MR. BYRES: Go ahead.

24 MR. SEARLE: On that previous slide, that does
25 not take into consideration the 150 million that were taken on

1 -- we're taking on the relief appropriations, correct?

2 MR. BYRES: You're absolutely correct. It does
3 not. Until we have those programmed out, we won't include them
4 in here. So that's -- that is excluded out of this amount.

5 MR. SEARLE: Okay. And also the '22, '23, '24
6 and '25 projections, those are the ones that are current with
7 our current plan; is that correct?

8 MR. BYRES: That is -- that is correct. They've
9 been adjusted some just to account for some slight
10 discrepancies, but they've held fairly steady.

11 MR. SEARLE: All right. Thank you.

12 MR. BYRES: So this is another slide that
13 basically goes through our preservation. This is just a
14 different way of looking at it. This is particularly true for
15 our pavements, and this is looking at our lane miles, the actual
16 lane miles of roadway that we have out in the field. So that's
17 broken up again to the three different categories that we have,
18 which is interstate, non-interstate, national highway system and
19 non-national highway system. You can see with the red, green
20 and yellow where we're at total system wide at 22,431 lane miles
21 across the state.

22 That lower graph that you see, that has our
23 program pavement preservation. So this is -- this is last
24 year's program, but it's still steady through '21 -- or through
25 '22 and '23. We haven't put together the projections for '24

1 and '25. That's still occurring, but it still hits the same
2 trends that we're looking at right here.

3 And one of the big things to notice in this is we
4 have percentages of the lane miles that we're looking at that we
5 hit on an annual basis. So if you look at 2021, we're basically
6 touching 1.69 percent of our system. If you look at '22, we're
7 touching 1.43 percent of our system, and in '23, we're touching
8 2.37 percent of our system. Very small amounts compared to the
9 total lane miles that we have across the state.

10 In order to maintain the system, we need a
11 minimum of 5 percent per year to take and keep existing
12 conditions at a status quo, not improving, but just maintaining
13 a status quo. So it kind of gives you an idea of what we're
14 looking at with the funding that we have and where we're going
15 with current conditions of our pavement.

16 DIRECTOR HALIKOWSKI: Mr. Chairman, may I ask
17 Greg a question?

18 CHAIRMAN STRATTON: Absolutely.

19 DIRECTOR HALIKOWSKI: Thank you, sir.

20 When you say to maintain existing conditions, if
21 we had 5 percent per year, does that mean I get to keep the
22 potholes and ruts that are out there?

23 MR. BYRES: You get to keep them all. They're
24 (inaudible) now.

25 DIRECTOR HALIKOWSKI: Thanks, Greg.

1 MR. BYRES: No problem.

2 CHAIRMAN STRATTON: Greg, I have another
3 question.

4 MR. BYRES: Yes.

5 CHAIRMAN STRATTON: When you were talking about
6 the condition of the roads and bridges over the past ten years,
7 was the same criteria used in the first year as it was in the
8 tenth year or did it change over the years?

9 MR. BYRES: The -- no. The means -- or I should
10 say the means in which we're measuring stayed exactly the same.
11 They haven't changed.

12 CHAIRMAN STRATTON: Okay.

13 MR. BYRES: And that goes the same for pavements
14 and bridge. Now, there is one change that was made in 2017, and
15 that was the data that was collected on pavements. We went from
16 a -- basically a hand determination of the field pavements, we
17 went to an electronic means, an automated means, which is much
18 more accurate, and we did see a slight reflection between '16
19 and '17. There was about a 3 to 4 percent differential, but
20 other than that, everything has stayed the same.

21 CHAIRMAN STRATTON: Okay. Thank you. Go ahead
22 and continue.

23 MR. BYRES: So thank you.

24 Next slide, please. Next slide. Thank you.

25 This gives you an idea of the percentages that

1 we're looking at for the 2022 to 2026 tentative program. This
2 includes -- the bigger pie chart includes MAG and PAG, where
3 we're looking at a total of 34 percent expansion, 14 percent for
4 modernization and 52 percent for preservation. How that
5 compares to our 2021-2025, you'll see that we've got a fairly
6 big differential in our expansion. That mostly has to do with
7 the years in 2025 and 2026 where we have no expansion. So
8 there's -- you know, we're also seeing a tremendous increase in
9 preservation from 44 percent in the previous program to 52
10 percent in this current tentative program. So we're going in
11 the right direction, so...

12 Next slide, please.

13 This gives you an idea of where we're at when
14 looking at Greater Arizona. For this particular tentative
15 program, we're looking at 69 percent is going to preservation,
16 18.9 percent is going to modernization and roughly 12 percent is
17 going to expansion. So we're -- have a considerable amount of
18 preservation.

19 Next slide.

20 So we'll go by year by year, what we're looking
21 at. So what you see here is obviously the map that shows our
22 projects. On the left-hand side you'll also see that same
23 column that I showed you earlier were for the program amounts.
24 So for FY '22, we're looking at expansion projects totaling 115
25 million. So this includes 10 million for SR-69, which is for

1 the Prescott Lakes Parkway project. We also have 97.3 million
2 for I-17, the Anthem Way to Cordes Junction.

3 MR. ROEHRICH: So, Mr. Chairman and Greg, I
4 apologize, but where -- as the server -- I think the cold
5 weather has slowed down our server. We're having a little bit
6 of connection issue here. So Greg, we're a little behind you
7 with the slides. Oh, it just changed now. So we'll try to keep
8 up, but the server's been slow. Sorry about that.

9 MR. BYRES: It's coming through on time with
10 mine.

11 CHAIRMAN STRATTON: Greg, as long as we've
12 stopped, could you go back to the previous slide for a minute,
13 please?

14 Were the preservation, the 69.2 percent for
15 Greater Arizona, what's the percentage of freeways and what's the
16 percentage of rural roads?

17 MR. BYRES: We are roughly at about -- and
18 because I had actually done that calculation. Hold on just a
19 second. Let me see if I can pull it up.

20 CHAIRMAN STRATTON: I figured you would
21 anticipate I'd ask that question.

22 MR. BYRES: So we're at about 15 percent
23 interstates and the 85 percent on state routes that are
24 non-interstate routes.

25 CHAIRMAN STRATTON: Very good. Thank you.

1 MR. BYRES: No problem.

2 So next slide.

3 So this is FY '23. Expansion construction
4 projects totaling 84 million, and our -- actually, this should
5 be 50 million. Excuse me. The 84 is incorrect. The 50 million
6 is for the Gila River Bridge, and that is basically the only
7 expansion project that we have for FY '23.

8 Next slide.

9 DIRECTOR HALIKOWSKI: I'm sorry. Excuse me,
10 Mr. Chairman, Greg. What's the 84 million number represent?

11 MR. BYRES: The 84 million is the total cost of
12 the project, but we only have 50 million in the program as of
13 today.

14 DIRECTOR HALIKOWSKI: Okay. Thank you.

15 CHAIRMAN STRATTON: Wasn't there a previous --
16 before COVID didn't the Legislature look at offering some money
17 into that project?

18 MR. BYRES: Mr. Chairman, yes, they did. They
19 were going to bring that in last year before they went with a
20 skinny budget, so that never was appropriated.

21 UNIDENTIFIED SPEAKER: How much was that?

22 CHAIRMAN STRATTON: That question should be to
23 the director probably. Is there any anticipation that the
24 Legislature may look at that again? Hello?

25 DIRECTOR HALIKOWSKI: Hello. Sorry,

1 Mr. Chairman. I was getting off mute.

2 So right now we're talking about 13 to 14
3 appropriation bills dealing with transportation projects over in
4 the Legislature. I don't see this one as one of them, but it's
5 certainly a possibility that they could consider it. Obviously
6 another recommendation could be from the COVID funds that we're
7 analyzing right now, also.

8 CHAIRMAN STRATTON: Okay. Thank you.

9 MR. BYRES: So continuing on, Mr. Chairman, this
10 is FY '24, and we've got expansion projects totaling 86.5. This
11 includes the 70 million for I-40/US-93/West Kingman TI, as well
12 as 16.5 million for the I-10/US-191/Cochise railroad overpass.
13 The only reason that the I-10 project is considered an expansion
14 is because it is a widening for that bridge is all.

15 Next slide.

16 MS. DANIELS: Chairman.

17 MR. BYRES: Yes.

18 CHAIRMAN STRATTON: Go ahead.

19 MS. DANIELS: I apologize for interrupting. This
20 is Jenn Daniels.

21 There was -- to Director Halikowski's point,
22 there was the (inaudible) dialogue this morning, and President
23 Fann made a robust statement about the need for the Legislature
24 to be investing in infrastructure, particularly in our
25 transportation system in Arizona. So I do believe that we would

1 have support, at least from the president of the Senate, and I'm
2 interested to hear continuing the dialogue about how they might
3 consider funding additional transportation projects and
4 solutions. So I just thought it was a great plug for what you
5 all are doing, and I was glad to hear that they were supportive
6 of additional appropriations.

7 CHAIRMAN STRATTON: Thank you, Board Member
8 Daniels.

9 DIRECTOR HALIKOWSKI: And I would echo Board
10 Member Daniels. I'm a little behind on my news this morning. I
11 apologize, but as I said, we're tracking about 14 bills that are
12 appropriating money for various transportation projects across
13 the state, and at the next board meeting, Mr. Chairman, we'll
14 probably have a little more definitiveness on the possibilities
15 and futures of some of these bills. So we'll be prepared to
16 give the Board an update on legislation at its next regular
17 meeting, but Board Member Daniels is correct. There's lots of
18 interest and has been on funding transportation projects.

19 CHAIRMAN STRATTON: Thank you. Any other
20 comments at this time?

21 VICE CHAIR THOMPSON: Chairman? Chairman?

22 CHAIRMAN STRATTON: Go ahead. Go ahead.

23 VICE CHAIR THOMPSON: I do -- would like to make
24 a comment. It is good that there's a lot of projects in the --
25 a lot of the rural communities. My biggest concern, again, is

1 that in order for businesses to grow on the Native American
2 communities, definitely we need to have projects under the
3 expansion program, and that so far I don't know exactly if there
4 was ever any plans or any options to do more to have better
5 roads in those areas. Again, I don't know the process or the
6 procedures and handing over right away for -- to the State of
7 Arizona to do that. However, you know, I do understand the
8 limitations that we have for the revenues. Again, thank you for
9 that -- for making me -- that point again.

10 Thank you, Chairman.

11 CHAIRMAN STRATTON: Thank you, Vice Chairman.

12 Greg, do you want to continue, and we'll field
13 the questions at the end of your presentation.

14 MR. BYRES: Thank you very much, Mr. Chairman.

15 Next slide, please.

16 As we go into fiscal year 2025, again, we have no
17 expansion projects. The projects that are listed here are
18 preservation projects. These are just typical projects, which
19 include the Santa Maria River Bridge, which is a preservation
20 project at \$7 million on SR-96, as well as a bridge on the San
21 Pedro River. This is on SR-82 for \$7 million.

22 Next slide.

23 For this one, as of right now, we don't have any
24 expansion projects into the tentative program. We're still
25 working through the '26 year. That's way -- that's the fifth

1 year of the program. So right now we have an extended amount of
2 preservation at 416 million. So it's -- we're working towards
3 that as we go through the program.

4 Next slide.

5 This gives you an idea of the future five years,
6 our extended program, which runs through 2027 through 2031.
7 It's staying consistent with the numbers that we have basically
8 in year 2026 with no expansion listed. This is, again,
9 following the requirements of the Long Range Transportation Plan
10 or the recommendations from the Long Range Transportation Plan.
11 So we're just continuing through those. Once again, the Long
12 Range Transportation Plan is being updated, which should be
13 updated in the next -- or completed within the next year.

14 So next slide.

15 This is the MAG program that we're looking at.
16 This is the latest information that we have from them with their
17 rebalancing. So it still holds true. So what they're planning,
18 they will be working on a rebalancing as they go forward further
19 into the year, but this gives you an idea of the projects that
20 we have that stretch through the freeway system and the major
21 arterials throughout the -- throughout the valley.

22 Next slide.

23 This is the PAG tentative program. They are
24 currently going through a rebalancing. They will be introducing
25 that in the -- I believe the end of February will be their first

1 hearings, and so it's going to stay fairly close to the same
2 projects that they have. It might be moving around the fiscal
3 years in order to maintain their fiscal constraint, but it stays
4 fairly consistent with what you see here.

5 Next slide.

6 The next one we have is our Airport Capital
7 Improvement Program.

8 Next slide.

9 So with it we have our different programs. We
10 have the federal/state/local program, which is currently set for
11 \$5 million, our state/local program which is set for
12 \$10 million, our Airport Pavement Preservation System, APMS is
13 what we call it, at \$8 million. Grand Canyon Airport will be
14 receiving \$4 million. State planning services at a million
15 dollars, for a total Airport Capital Improvement Program of
16 \$28 million.

17 Next slide.

18 So the next steps. State Transportation Board in
19 February will be asking to approve the tentative program,
20 starting our public hearings, which will be in March, April and
21 May, and the -- with a study session in June, and then the final
22 program to the State Transportation Board in June to be approved
23 prior to July 1.

24 Next slide.

25 With that, I stand for any questions. Thank you.

1 CHAIRMAN STRATTON: Greg, because of the influx
2 of money that we're -- is coming down, we should expect that
3 this five-year plan would probably be altered prior to the final
4 adoption or recommendations from staff to add projects?

5 MR. BYRES: Mr. Chairman, board members, yes. As
6 things progress through, there's -- right now it's somewhat
7 fluid. If the Legislature brings projects in, we'll have to
8 account for those. We've got the COVID funds that will have to
9 be accounted for as well. So you're absolutely correct.

10 CHAIRMAN STRATTON: Okay. Thank you.

11 Are there any questions for Greg from the board
12 members?

13 VICE CHAIR THOMPSON: Greg, do you have any
14 priority list for the use of COVID-19 at this time?

15 MR. BYRES: At this point in time, we're -- we've
16 got some -- we're looking at different scenarios, but nothing's
17 been fixed. We're still looking through the requirements from
18 federal highway. So at this point in time, no. We do not have
19 anything (inaudible).

20 DIRECTOR HALIKOWSKI: If I may add to that
21 comment from Greg, Mr. Chairman. Right now the financial
22 situation, as you can imagine, is somewhat fluid. We have the
23 COVID money we're trying to deal with. There's a large number
24 of bills. I guess there's 13 or 14. It's considered large.
25 It's the most I've seen dealing with different transportation

1 projects around the state. I don't know the effect on the MAG
2 and PAG programs yet, depending on the economy and sales tax
3 revenue.

4 So there are a lot of moving pieces right now,
5 and in answer to Board Member Thompson's question, we're trying
6 to look at all the different variables and come up with a
7 recommendation for the Board that best takes into account the
8 variables and the best use of the COVID money for consideration.

9 Some of that -- some of those may come into new
10 projects. Some of those may be pavement preservation issues.
11 We're just weighing a lot of those different variables right
12 now. So as has been pointed out, the money is good until, I
13 believe, FY 2024. So there's no urgency to rush right into it
14 at this time, but we will have some recommendations for you, I
15 think, coming soon.

16 CHAIRMAN STRATTON: Thank you, John.

17 VICE CHAIR THOMPSON: Thank you very much,
18 Chairman.

19 CHAIRMAN STRATTON: I was going to save these
20 comments under chairman's comments, but I think it's an
21 appropriate time to make them now. As board members, I know we
22 all have our pet projects, whether they be expansion,
23 modernization, whatever it may be. During my -- my current
24 employment has had me traveling around much of Arizona lately,
25 and our roads are in poor condition, and we do need to fix them.

1 I'm happy to hear that the majority of the preservation money is
2 going into rural roads rather than freeways this time.

3 I would ask you as a board to give the staff time
4 to research what they feel the best use of the COVID moneys are,
5 whether they be grant matches or preservation or modernization,
6 whatever they may be, but rather than for any of our individual
7 districts, that it would be for the better coming to greater
8 Arizona people and the motoring public. So before you start
9 lobbying staff, allow them an opportunity to come back to us
10 with their recommendations, and at that time we can evaluate
11 them.

12 DIRECTOR HALIKOWSKI: That's an excellent point,
13 Mr. Chairman. I forgot about grant matches. That's another way
14 we might be able to leverage the COVID money into a bigger
15 drawdown. So appreciate that comment.

16 The other issue that, you know, the department's
17 facing, Greg, and I'm not sure how MAG may be approaching this,
18 but we have a number of complaints coming in about the fact that
19 as a cost saving measure, we've gone to diamond grinding instead
20 of rubberized asphalt as a noise mitigation measure. There seem
21 to be, you know, a growing number, a small group of people who
22 are living next to freeways who want the rubber to come back,
23 but I'm not sure that that's in our budget or MAG's for the
24 future when it comes to pavement and how that gets paid for,
25 whether that's a reconstruction issue or a maintenance issue.

1 MR. BYRES: So, Mr. Chairman, Director, the cost
2 differential is quite extensive between the milling and going in
3 and doing a mill out and replacement of the rubberized asphalt,
4 and at this time that is considered a capital improvement. It's
5 not -- it's not a -- something that I think -- MAG may
6 contribute, but historically they have not, and nothing's
7 changed from what they've done in the past.

8 MR. KNIGHT: Greg, this is Board Member Knight.
9 Refresh my memory. What -- how much more time do we gain or do
10 we get out of the roadway with the -- with the milling as
11 compared to what we would get to do the -- I know the price
12 difference is considerable, but the time. How much time are we
13 going to get if we rubberized it as compared to just grinding
14 it?

15 DIRECTOR HALIKOWSKI: That may be a question for
16 the state engineer. Greg, I'm not sure if you're comfortable
17 with that or if Dallas should answer that.

18 MR. BYRES: Dallas probably could.

19 MR. HAMMIT: Mr. Chairman, Mr. Knight, you know,
20 one of the things that we see as we diamond grind, that the life
21 of the pavement is quite a bit longer than what the asphalt is.
22 We are looking at, you know, there are some downsides. You
23 know, the rubber does seal it up, but we believe that we will
24 not have to go to that pavement for much longer. You know,
25 right now, our life of our rubber is about ten years. We

1 believe (inaudible) have, you know, (inaudible) plus years once
2 we (inaudible), depending on the existing asphalt pavement
3 (inaudible) if it's --

4 DIRECTOR HALIKOWSKI: Yeah.

5 MR. HAMMIT: -- if it's already failing, the
6 diamond grinding won't extend that life at all, but we will
7 extend the life or we have to come back.

8 DIRECTOR HALIKOWSKI: The other issue we face,
9 you know, with the public's perception of rubberized asphalt is
10 its noise deadening qualities, Dallas, probably start to
11 diminish after four years, as sediment and dirt begin to fill
12 the sound ending spaces in the rubber. So, you know, as we're
13 looking at this issue in the future, we've got to do some
14 negotiation with our partners at MAG about public expectations,
15 costs and what's available for us to meet those.

16 Dallas, I don't know if you have any further to
17 comment.

18 MR. HAMMIT: What you (inaudible) correct, but
19 the one I would add, Director, we did our design on our
20 projects. The -- any sound reduction we got from our asphaltic
21 rubber was a bonus. We could not take any credit for that
22 reduction to meet minimum standards. In other words, the -- we
23 couldn't use any reductions in our asphaltic rubber pavement to
24 reduce a sound wall height or anything like that. We used the
25 calculations as if the rubber made no effect. So that was an

1 extra not used in our calculations.

2 DIRECTOR HALIKOWSKI: Thank you. Thank you for
3 the time, Mr. Chairman.

4 I just bring this up as another issue. As we
5 look for cost savings and efficiency, getting the best bang out
6 of the buck, it all -- all -- is not always the most popular
7 with the taxpayers when we make that decision.

8 CHAIRMAN STRATTON: Thank you, Mr. Chairman. Are
9 there any further questions for Greg?

10 DIRECTOR HALIKOWSKI: Thank you for the
11 promotion, Mr. Chairman.

12 CHAIRMAN STRATTON: I'm sorry. Unusual times we
13 have here. I'm sitting in Tucson in a motel near the airport
14 and it's snowing. So that's just another fact of all the
15 unusual things that are going on now, I guess.

16 DIRECTOR HALIKOWSKI: It could be worse. You
17 could be standing on a corner in Winslow, Arizona right now.

18 CHAIRMAN STRATTON: I don't believe I would opt
19 for that. Thank you.

20 MR. KNIGHT: What snow thing? I don't understand
21 snow.

22 CHAIRMAN STRATTON: We'll introduce you to it at
23 some point, Gary, when we can have in-person meetings again.

24 MR. KNIGHT: Okay. Well, I can forego that.
25 That's okay. I'll read about it.

1 CHAIRMAN STRATTON: Very good. Are there any
2 further questions from the Board?

3 Okay. Hearing none, let's move on.

4 MR. ROEHRICH: Mr. Chairman, this is Floyd.

5 CHAIRMAN STRATTON: Yes.

6 MR. ROEHRICH: We have not seen Councilmember
7 McCarthy log in to the meeting, so at this time we do not have
8 any call to the audience that have requested to speak. So we
9 can also close that item out would be my recommendation.

10 CHAIRMAN STRATTON: Okay. Since we didn't have
11 any and there's been some problems, I am going to open up call
12 to the audience just in case there's anyone out there that has
13 any comments or questions.

14 MS. ESTELLE: Chairman, this is Haley Estelle. I
15 want to make sure that those attendees who have joined over the
16 phone, if you press star three on your phone keypad, that will
17 virtually raise your hand and I'll ask that you unmute your
18 line.

19 At this time, Chairman and Floyd, there are no
20 members of the public with their hands raised, so I will turn
21 that back over to you.

22 CHAIRMAN STRATTON: Thank you, Haley. I
23 appreciate that. Hearing no questions for Greg or Kristine,
24 I'll entertain a motion to adjourn.

25 MR. KNIGHT: So moved.

1 VICE CHAIR THOMPSON: So moved. Vice Chairman
2 Thompson.

3 MR. KNIGHT: Second.

4 CHAIRMAN STRATTON: We have a motion by Vice
5 Chairman Thompson, a second by Board Member Knight. All in
6 favor say aye.

7 BOARD MEMBERS: Aye.

8 CHAIRMAN STRATTON: Thank you. The meeting is
9 adjourned.

10 (Meeting adjourned at 9:52 a.m.)

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BE IT KNOWN that the foregoing proceedings were reported by me, TERESA A. WATSON, Registered Merit Reporter, Certified Reporter, Certificate No. 50876, State of Arizona, from an electronic recording and were reduced to written form under my direction; that the foregoing 34 pages constitute a true and accurate transcript of said electronic recording, all done to the best of my skill and ability.

I FURTHER CERTIFY that I am in no way related to any of the parties hereto, nor am I in any way interested in the outcome hereof.

DATED at Phoenix, Arizona, this 8th day of February 2021.

 /s/ Teresa A. Watson

TERESA A. WATSON, RMR
Certified Reporter
Certificate No. 50876

Adjournment

A motion to adjourn the January 26, 2021, State Transportation Study Session meeting was made by Vice Chairman Jesse Thompson and seconded by Member Gary Knight. In a voice vote, the motion carried.

Meeting adjourned at 09:52 a.m. PST.

Not Available for Signature _____

Steven Stratton, Chairman
State Transportation Board

Not Available for Signature _____

John S. Halikowski, Director
Arizona Department of Transportation