

**STATE TRANSPORTATION BOARD STUDY SESSION  
TELEPHONIC/WEBEX ATTENDANCE  
9:00am, February 3, 2022**

**Call to Order**

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

**Pledge**

The Pledge of Allegiance was led by Chairman Jesse Thompson.

**Roll Call by Sherry Garcia**

A quorum of the State Transportation Board was present. **In attendance (via WebEx):** Chairman Thompson, Vice Chairman Knight, Board Member Searle, Board Member Maxwell, Board Member Daniels, and Board Member Meck and Board Member Stratton. There were approximately 42 members of the public in the audience.

**Opening Remarks**

Chairman Thompson 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

STUDY SESSION

REPORTER'S TRANSCRIPT OF PROCEEDINGS

VIA WEBEX

February 3, 2022  
9:00 a.m.

REPORTED BY:  
TERESA A. WATSON, RMR  
Certified Reporter  
Certificate No. 50876

PREPARED FOR:  
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

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

6

7   PARTICIPANTS:

8   Board Members:

9                   Jesse Thompson, Chairman  
10                   Gary Knight, Vice Chairman  
11                   Steve Stratton, Board Member  
12                   Richard Searle, Board Member  
13                   Tex Maxwell, Board Member  
14                   Jackie Meck, Board Member  
15                   Jenn Daniels, Board Member

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AGENDA ITEMS

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

Item 2 - 2023-2027 Tentative five-Year Transportation  
Facilities Construction Program Overview  
Kristine Ward ..... 15  
Greg Byres, Deputy Deirector of Transportation/State  
Engineer ..... 30

Item 3 - Discussion on Public Hearing Process regarding the  
2023-2027 Tentative Five-Year Transportation  
Facilities Construction Program, Greg Byres ..... 45

1 (Beginning of excerpt.)

2 CHAIRMAN THOMPSON: I noticed that there's not --  
3 that there does not seem to be anybody that's on to make  
4 comments on the call to the audience, but I'll go ahead and move  
5 forward to what we will be expecting (indiscernible).

6 Everyone will be muted, those that are on  
7 telephonically or Webex, when they call in to the meeting. When  
8 your name is called to provide your comments, you will indicate  
9 your presence by virtually raising your hand using your phone  
10 keypad or through your Webex application. The Webex host will  
11 guide you through the unmuting and muting process following the  
12 instructions included with the meeting agenda. A three-minute  
13 time limit will be imposed.

14 MR. ROEHRICH: Mr. Chairman, we have no requests  
15 to speak that have been submitted.

16 CHAIRMAN THOMPSON: Even though -- all the  
17 information about this meeting has been sent out, right?

18 MR. ROEHRICH: Mr. Chairman, this meeting was  
19 posted as we do every public meeting that the Transportation  
20 Board holds. So it has met public notice requirements as we  
21 normally and traditionally would do.

22 CHAIRMAN THOMPSON: Thank you, Floyd.

23 I think we're -- as I mentioned earlier, I think  
24 we're getting the word out about the transportation issues that  
25 we have to deal with, and there's a lot of -- enough information

1 out there on our website that they're probably getting a lot of  
2 information that they have concerns about.

3 We will now move on to Item 1, overview of the  
4 executive budget. Kristine.

5 MS. WARD: Yes, sir. Good morning, Mr. Chair.  
6 board members. I am going to start off for the morning with  
7 giving you an update on what came out in the executive budget as  
8 it pertains to the transportation system that you oversee. So  
9 the first -- the Governor came out with a couple of  
10 recommendations that were -- are important for the Board to know  
11 about.

12 First off, the executive budget includes  
13 providing \$400 million for the expansion of I-10 between Phoenix  
14 Loop 202 and SR-387 in Casa Grande. The recommendation for the  
15 additional \$400 million comes after the executive had previously  
16 recommended and the Legislature appropriated \$50 million for  
17 right-of-way acquisition, and that is currently in progress. In  
18 addition, the executive had allocated 33 million from COVID  
19 relief funds to -- and added that to the \$50 million that this  
20 board committed to address the funding gap for the Gila River  
21 Bridge. When you combine that also with MAG having committed  
22 160 million to the project, we're looking at total cost  
23 estimates that are being -- you know, they're being reviewed  
24 right now, but for the proposed project, we're looking at a  
25 total -- at a current estimate of around \$700 million.

1                   Given the large amount of State funds that are  
2 being proposed, the hope is that we can actually go out -- that  
3 the department can go out and secure additional funding through  
4 the competitive grants. If you'll recall, there were quite a  
5 few competitive grants identified in the new infrastructure  
6 bill, in which case, if the department is able to secure one of  
7 those grants for the project, the executive would like any  
8 dollars that are freed up from this project, from the I-10  
9 widening, if there are dollars freed up because of a -- of a --  
10 the winning of a federal grant, the award of a federal grant, it  
11 would like the dollars to be applied to I-17 and expanding that  
12 project to Cordes Junction.

13                   The second item of relevance to the Board's  
14 authority is the state is a recommendation for -- a state -- a  
15 program called State Match Advantage For Rural Transportation,  
16 the SMART Fund. The executive budget recommends providing  
17 \$50 million for grants to rural communities and the department  
18 to assist with the costs of applying for -- again, these  
19 numerous competitive grants that have been included in the  
20 infrastructure bill.

21                   I'm sure you've heard it before, but applying for  
22 federal grants can actually be a pretty costly experience,  
23 including everything from making sure that you have projects  
24 shovel ready that meet federal design requirements, the actual  
25 costs of applying for the grants, and then you've got the costs

1 associated with matching funds.

2           So the program as recommended by the executive,  
3 the program would provide grants to political subdivisions  
4 outside of Maricopa and Pima County, with 40 percent of the  
5 funding going to counties. Half of -- half of that 40 percent,  
6 half would be to counties with populations above 100,000 and  
7 half going to counties with populations less than 100,000.

8           The next 40 percent would go to municipalities,  
9 with half going to municipalities with populations above 10,000  
10 and half going to municipalities below 10,000. The remaining  
11 20 percent would be available for grants to the department for  
12 projects that are outside of Maricopa and Pima County.

13           Now, the overall funding for this -- for this  
14 program is \$50 million for these grants. The program would be  
15 developed and administered by the department, and the executive  
16 recommendation also specifies that, you know, in a local  
17 government that had the ability to provide matching funds, you  
18 know, show a greater participation, those -- that would be  
19 considered a positive factor in evaluating the grant application  
20 submitted.

21           With that I would be happy to take any questions.

22           CHAIRMAN THOMPSON: Kristine, I have a couple  
23 questions.

24           Number one is in the Governor's budget, is there  
25 any funding that's appears to be allocated for rural



1 communities?

2 And the other one is -- the other question is  
3 that on that 40 percent -- 40 percent, 20 percent, I don't know,  
4 you might not have the information on this, but would tribal  
5 funding, NDOT funding as well as the Bureau of Indian Affairs  
6 funding, federal funding be considered as matching dollars?

7 MS. WARD: Mr. Chairman, so with regards to  
8 funding for rural areas, this grant program is specifically  
9 focused on rural -- on rural areas. It is -- Maricopa and Pima  
10 County are specifically excluded from the recommendation. So  
11 that would be the answer to your first question.

12 The answer to your second question, I actually do  
13 not know the answer to that. I would have to -- I would have to  
14 look that out -- seek that out.

15 CHAIRMAN THOMPSON: Okay. Thank you very much.

16 Board members, you heard Kristine give her  
17 presentation. Are there any comments and/or questions that you  
18 may have for her?

19 MS. DANIELS: Chair Thompson, this is Jenn  
20 Daniels. I have a question.

21 CHAIRMAN THOMPSON: Jenn, go ahead.

22 MS. DANIELS: Kristine -- thank you.

23 You made a statement about the cost to apply for  
24 federal grants from an ADOT perspective. Can you give us a  
25 ballpark? Obviously there's all the prep work that goes on, the

1 tier one, the tier two and all of those other components, but  
2 you -- I think you just said not to mention the cost of just  
3 applying for the grant. Is there a fee? What were you  
4 referring to?

5 MS. WARD: Mr. Chair, Ms. Daniels, specifically,  
6 I was referring to we typically bring on a consultant, as do  
7 others applying for grants, bring on a consultant in order to  
8 complete the applications for these grants. They can be quite  
9 arduous, and they tend to run and cost somewhere between 75- to  
10 125,000 dollars per application. So that can be quite onerous  
11 for -- well, not just the department, but smaller communities,  
12 certainly.

13 MS. DANIELS: So if there's a -- I guess a large  
14 quantity of upcoming federal grants, would it not behoove us as  
15 an agency to hire a grant writer and to do those in house rather  
16 than having those done since I -- I know our ADOT team has a lot  
17 of expertise and is probably doing most of the legwork that's  
18 being fed to the consultant in order to have that analysis done.

19 DIRECTOR HALIKOWSKI: Mr. Chair, if I could  
20 intervene, let's back up here a couple steps.

21 ADOT does do its own grant writing, and we have  
22 in-house people that do that. I don't want to conflate tier one  
23 and tier two with grant costs. Those are actually separate  
24 things, because not all grant applications require tier one and  
25 tier two studies. So our multimodal planning division and our

1 research group does a lot of prep.

2           Where we see issues, especially in rural areas,  
3 is that smaller communities don't usually have that staff and  
4 horsepower to do that. So we will engage in helping them, and  
5 sometimes consultants are used because preparing these grant  
6 applications can run anywhere up to \$100,000 in cost, and they  
7 have to be prepared in such a way as to meet all of the federal  
8 requirements. So I would turn to our new state engineer, former  
9 MPD director, Greg Byres, if you have any further comments to  
10 Board Member Daniels' question about how grants are prepared in  
11 ADOT and how you help out the smaller communities.

12           MR. BYRES: So one of the big things is, is each  
13 federal grant that comes out has a notice of funding  
14 opportunity, and it's basically the guidelines for every single  
15 grant, and they can be very arduous.

16           So one of the things and one of the reasons why  
17 we engage consultants is there's a couple of items that occur  
18 within that, that preparation. One of the big ones that is the  
19 -- the largest cost associated with it is the cost benefit  
20 ratios that we have to include as part of the application.

21           There are some very stringent requirements in  
22 order to do that. There's modeling that has to be done in order  
23 to be able to come up with those numbers, and in most cases, we  
24 don't have that kind of expertise in house. That's a very  
25 special item, and there's a few consultants out there that are

1 very good at it, and we try and elicit their assistance because  
2 they are so good at it. And this SMART program gives that same  
3 capability to those smaller communities to hire those same  
4 consultants and have that same advantage on any potential grants  
5 that might be coming out.

6                   DIRECTOR HALIKOWSKI: But to the point the board  
7 member made about legwork, you're not -- I mean, we do a lot of  
8 work in house, but you're not feeding the legwork to the  
9 consultants. They're doing the specific work for the modeling  
10 on top of that. And in order to hire in-house folks, I don't  
11 know that that would be a good use of the transportation dollar,  
12 because I'm not sure there would be a constant need for them,  
13 whereas consultants, we call on them when we need them. And the  
14 other thing is, you know, consultants are keeping up with the  
15 latest. So from our perspective, you would have to increase  
16 ADOT's budget to do that, and then that means something else,  
17 you know, would have to come out if we're using highway funds to  
18 increase the personnel budget to do that. So --

19                   MS. DANIELS: Sure. I can appreciate that,  
20 Director.

21                   DIRECTOR HALIKOWSKI: Okay.

22                   MS. DANIELS: Thank you for the explanation.

23                   I know that there are times when it makes sense  
24 to hire in house and times that it doesn't, and I'm a big  
25 believer in going to the experts. So I obviously support that

1 element.

2 How often do we apply for a federal grant, spend  
3 the dollars to do so and then do not receive the grant?

4 DIRECTOR HALIKOWSKI: Greg, go ahead.

5 MR. BYRES: So it depends on the different types  
6 of grants. Now, one of the -- one of the things that's  
7 occurring now with IIJA or BIL, with the extensive amount of  
8 discretionary dollars that are out there and the different  
9 grants programs, we don't know. These are brand-new programs  
10 that we're seeing. In the past, when you'd look at the RAISE  
11 grant or the INFRA grants, we -- we're usually -- we run  
12 somewhere between 15 to 20 percent positive on receiving grants  
13 for the number of grant applications that we put out.

14 DIRECTOR HALIKOWSKI: I would say because of the  
15 cost, we are extremely judicious in the grants that we apply  
16 for. We do a bit of risk analysis to see do we really have a  
17 chance, because it's not just the project itself, as you know.  
18 It's how much money we can bring to the table for the match.

19 MS. DANIELS: Understood. Do we know from a  
20 percentage standpoint how we might compare to other states that  
21 are also applying? If we get 15 to 20 percent of what we apply  
22 for, is there some sort of clearinghouse or opportunity to  
23 understand how that compares to other states?

24 DIRECTOR HALIKOWSKI: Well, I think it depends  
25 again, because each DOT has different responsibilities under it.

1 For instance, a lot of states, let's say back east, have transit  
2 that they're applying for, and it's not just the states that are  
3 applying for the grants. It's often regional planning agencies  
4 or other city governments.

5 MS. DANIELS: Sure. We'd want to make sure it  
6 was apples to apples comparison, but I think it would be a good  
7 exercises for us to find out how competitive we really are in  
8 the federal grant space, and if we're not as competitive as we  
9 want to be or need to be or -- maybe we extend that goal.  
10 Obviously it's an investment to apply for these grants, and we  
11 want to bring those dollars back to Arizona, you know, whenever  
12 possible, and so I'd just kind of flag it as a potential  
13 opportunity for us.

14 DIRECTOR HALIKOWSKI: Thank you. If I could  
15 finish my thought, what I was trying to say is that it isn't an  
16 apples to apples comparison. We'll be happy to take a look at  
17 it, but I think you're going to find that these grants are very  
18 different in nature, as are the political subdivisions going  
19 after them. So I'm not sure we're going to be able to come up  
20 with a valid comparison, but we will take a look at it. Thank  
21 you.

22 MS. DANIELS: Thank you, Director. Thank you,  
23 Chair.

24 CHAIRMAN THOMPSON: Thank you, Jenn.

25 Are there any other members that wish to make a

1 comment or question regarding Kristine's presentation?

2 MR. MAXWELL: Mr. Chair, this is Ted Maxwell.

3 CHAIRMAN THOMPSON: Ted, go ahead.

4 MR. MAXWELL: Yeah. As the new -- newbie on the  
5 board, I've just got a question. So obviously last year we had  
6 a lot of influx for specific projects, and this year we do as  
7 well in the current budget. And as I recall, not -- we won't  
8 address the impact that would have on the five-year plan until  
9 after final approval of budget, and then is there anything  
10 specific about the process that we have to go through to  
11 effectively add more funding into our five-year plan?

12 MS. WARD: Mr. Chair, Mr. Maxwell, I'm not  
13 entirely sure I understand your question. Is it -- is it do we  
14 have a difficulty in adding funds to the five-year program at --  
15 after the program has been voted upon?

16 DIRECTOR HALIKOWSKI: Mr. Chair, Kristine, I  
17 think I understand his question. Essentially, Mr. Maxwell,  
18 we're modifying the five-year program each month, if needed. So  
19 even though you'll complete a five-year program by July, it  
20 doesn't mean the Board can't come back and make additions to it  
21 to address whatever situation has come up.

22 MR. MAXWELL: Thank you, Mr. Director. Thank  
23 you, Mr. Chair.

24 CHAIRMAN THOMPSON: Thank you, Ted.

25 Any other board member?

1           There being none, it appears that we're pretty  
2 much well accepting the -- Kristine's report, and that -- should  
3 there -- I always think about if there's an issue of concern, I  
4 always think about how can we make that happen and that person  
5 with -- that has that concern? You know, I know there's a lot  
6 of policies, there's a lot of regulations, but I think it would  
7 be a good idea to at least look at, you know, this is an issue.  
8 How do we make this happen or even try to consider it.

9           So anyway, that -- thank you for the conversation  
10 on that. Let's go on down -- if there's no other question  
11 regarding Kristine's presentation, we'll now move on to Item 2,  
12 2023-2027 Tentative Five-Year Transportation Facilities  
13 Construction Program Review. Again, I guess it's Kristine and  
14 Greg.

15           MS. WARD: Yes, Mr. Chair. I am still on the hot  
16 seat. So I'm not sure --

17           CHAIRMAN THOMPSON: Okay.

18           MS. WARD: Oh, goodness. Are we starting -- I  
19 think we usually start with the financials. Is the --

20           UNIDENTIFIED SPEAKER: Yeah. We're just pulling  
21 it up. So sorry, Kristine.

22           MS. WARD: Oh, no problem. I'm like, uh-oh. I  
23 won't be able to speak to Greg's slides very well.

24           So board members, what I want to do is as I go  
25 through this, we'll first review the revenue forecasting



1 process, how we established the revenues available for the  
2 program. We'll review the forecasts themselves for the Highway  
3 User Revenue Fund, Regional Area Road Fund and federal funds,  
4 review the planned use of debt for the tentative program, and  
5 then we'll review the total funding available, you know, in  
6 aggregate for the program from all of the sources.

7 So if you'd advance to the next slide, and then  
8 let's go to the one even after that. The next one. There we  
9 go.

10 So the fund sources that we are working with that  
11 support the highway program are the Highway User Revenue Fund,  
12 which those revenues then flow in to the State Highway Fund, one  
13 of the beneficiaries of the Highway User Revenue Fund. We then  
14 have Regional Area Road Fund, the freeway portion of the  
15 Regional Area Road Fund, a/k/a RARF. We then have federal funds  
16 that support the program, and then there are other funding  
17 sources, competitive grants, appropriations and private funding.  
18 The funding that we're talking about going through the revenue  
19 forecasting process are the Highway User Revenue Fund and the  
20 Regional Area Road Fund. And those forecasts are completed by  
21 the risk analysis panel, our RAP process.

22 So if you'd go to the next slide, please.

23 So, you know, what is it that we're actually  
24 forecasting? This shows -- what this slide shows you is the  
25 variables that we are forecasting that fold into and we have

1 found correlative with Highway User Revenue Fund and the  
2 Regional Area Road Fund. So in the case of HURF, Highway User  
3 Revenue Fund, the panelists are forecasting non-farm employment,  
4 personal income, populations, gas prices, so forth. And in the  
5 Regional Area Road Fund, some of those variables are the same  
6 that are being forecasted, some are different.

7           Ones that are being forecasted for RARF, 30-year  
8 mortgage rates, airport passenger traffic and construction  
9 employment. So panelists are giving us their forecasts over the  
10 next -- for the next 20 years associated with these variables.

11           Next slide, please.

12           So in terms of what the process is, we begin this  
13 process in May and July where we prepare the information, the  
14 financial data, the economic information for the panel. We  
15 provide that information to the panel and convene the panel in  
16 the month of August. So August of '21, we held the panel that  
17 is -- that has resulted in the forecasts that I am communicating  
18 to you today.

19           So the panel receives those -- that information,  
20 and they then provide their estimates for those variables I just  
21 reviewed with you. And those inputs, those inputs that the  
22 panelists provide us, we then turn over to HDR, our consultant,  
23 to produce the forecast results, and that takes place in August  
24 and September time frame. From September through November, we  
25 finalize those forecasts and then publish the results.

1                   Next slide, please.

2                   In terms of who's involved in the actual  
3 forecasting process, it's very important that you have -- you  
4 know, you're not saying, okay, my forecast comes from the wizard  
5 behind the curtain over there. That's not how it's done. We  
6 have a very sound process that involves a number of  
7 transportation experts and economists, and you can -- as you can  
8 see here, we involve folks from MAG, transportation --  
9 professional from MAG, a fiscal specialist from Peoria,  
10 Treasurer's Office, a financial professional, Office of Economic  
11 Opportunity, an economist, and then other economists as well.  
12 Elliott Pollack Company, ASU, and then we have HDR, our  
13 consultant, that we contract with to develop and run a  
14 forecasting model, the forecasting model.

15                   Next slide.

16                   What we actually get as a product from this  
17 process is a series of revenue estimates. These are -- the ones  
18 you're looking at are HURF revenue estimates, and they are  
19 estimates of revenue given a level of various -- levels of  
20 probability. So we then take this information, look at the data  
21 behind it, and generally we go with the 50 percent probability  
22 level. And you'll see that these forecasts cover a 20-year  
23 period.

24                   The next slide, please.

25                   So what this slide is about is to communicate the

1 accuracy of that, of those forecasts. So the RAP panel, as I  
2 mentioned, it's convened annually. Each year they're  
3 forecasting the next 20 years, and what this chart shows is that  
4 the panel's long range forecasts tend to fall in plus or minus  
5 5 percent, barring a Great Recession and a global pandemic.  
6 That one threw us off a little, but typically we run a very  
7 effective -- a very accurate forecast, and you'll see that what  
8 this communicates is we -- in 2010, we're forecasting 2019, and  
9 in this case, in 2010 we were -- we had a variant from actual of  
10 about 2.9 percent.

11 Next slide.

12 This is the same as the last one, but it shows  
13 the Regional Area Road Fund variant from previous forecasts, and  
14 as you can see, again, we're within -- largely within that plus  
15 and minus 5 percent.

16 Next slide, please.

17 So the benefits of this -- of this process is, as  
18 I mentioned, we are involving a number of professionals in the  
19 process. It's not just a -- these are not just numbers that  
20 come out of the department. It uses very well-known and  
21 accepted statistical methods. This is run through -- provided  
22 over to HDR. They isolate what variables are most correlative,  
23 and they run these estimate -- these projected growth rates  
24 through a Monte Carlo simulation that you saw the product of  
25 just a moment ago. It provides very objective data and accurate

1 results, and that is fortunately very recognized by our bond  
2 rating agencies as being stable and effective.

3 Next slide.

4 So let's start off with the Highway User Revenue  
5 Fund forecast.

6 Next slide, please.

7 So, you know, calculating the funding that's  
8 available for the upcoming program begins with gathering the  
9 data from last year. So I want to start with how we ended 2021,  
10 and as this slide shows you, it goes all the way back to 2007  
11 when we were on our peak and --

12 (Interruption.)

13 MS. WARD: I'm sorry. Was there a question?

14 Okay. I think that...

15 And you can see in these most recent years, you  
16 can see when the pandemic hit in '20, in that downturn, and in  
17 '21 as we have experienced the revenues of that with -- the  
18 revenues of 2021 with all of the federal stimulus that has  
19 flowed in, and what you can see is in '21 we were 9.9 percent  
20 growth over FY '20, with about 1.6 billion in revenues  
21 collected.

22 Note how we had been experiencing steady growth  
23 and revenues 2013 to 2019 that ranged anywhere from 3 to 5  
24 percent, and then the pandemic hit in 2020, and that has really  
25 given us a major -- thrown us a major curveball in doing revenue

1 projections when you've got, you know, unemployment, you've got  
2 remote work, you've got federal stimulus, all that are key  
3 factors that have impacted our revenue projecting ability.

4 Next slide, please.

5 This shows you the revenue sources for '21, the  
6 major sources that flowed into the Highway User Revenue Fund,  
7 and you'll see that VLT support was approximately 34 percent,  
8 but you'll notice our fuel tax has been diminishing as an  
9 overall source flowing into the Highway User Revenue Fund. This  
10 is pertinent as we look into -- that funding makeup is relevant  
11 as we look into forecasting going forward.

12 And if you go to the next slide, please.

13 You can see this, how that funding -- those fund  
14 sources have changed over time that flow in and how they have --  
15 some have grown and some had shrunk. In FY '21, it was the  
16 first year that we actually -- might have been the second year.  
17 No. Yeah. Second year where VLT revenues eclipsed gas tax  
18 revenues flowing into HURF, and so this, of course, impacts as  
19 we -- how we look at the forecasts going forward.

20 So in terms of where we ended up in the  
21 forecast -- if you go to the next slide, please -- for HURF.  
22 Where we ended up is that based on that 50 percent confidence  
23 interval growth rate applied to our forecast -- interim  
24 forecast, the panel estimated a compound growth rate of around  
25 3.8 percent going forward over the five-year program.

1           If you go to the next slide, what this means in  
2 terms of comparing what were our forecasts last year compared to  
3 what are our forecasts this year, well, HURF forecasts were  
4 increased by 13.1 percent for almost \$1.2 billion. I will say  
5 that since I have been with the department, this has -- this  
6 year's program has been the most unique in terms of growth.  
7 This -- it will show you -- this slide will show you year by  
8 year how much each year the panel estimates grew over last year.  
9 So in '23, we added 207 million to the estimate, '24, 212, and  
10 so forth.

11           Moving on to the next slide.

12           Cover the Regional Area Road Fund forecast. So  
13 in '21, we experienced in Regional Area Road Fund, RARF, 13.8  
14 percent growth over -- over 2020. And that was about 8.7 over  
15 forecast, meaning an additional -- bringing an additional  
16 \$45 million that had not been forecast.

17           Going into the next slide, please.

18           The funding makeup of the -- those -- the  
19 revenues that came into RARF last year, you can see that retail  
20 sales eclipsed the balance of the fund sources flowing in.

21           And if you go to the next slide, you can see this  
22 quite dramatically. When you look at FY '21, you can see over  
23 the years how retail has grown as the primary source of funds  
24 flowing in.

25           Now, I expect, you know, we'll be looking at a

1 very different graph in 2022, because if you look at restaurant  
2 and bar, which is the red segment, you'll see that decline that  
3 happened in '20 and '21 largely associated with the pandemic.  
4 So it will be interesting to see how that -- what this chart  
5 looks like next year.

6 Moving on to the next slide.

7 In terms of what we are forecasting, again, based  
8 on that 50 percent confidence interval, we are estimating a  
9 compound growth rate of around 4.8 percent.

10 As compared to last year's forecast -- if we  
11 could go to the next slide -- that adds \$336 million. That is  
12 \$336 million greater than the forecast that we completed last  
13 year, or a 15.4 percent increase. So, again, that's -- it's --  
14 we've got some very positive movement in revenues.

15 Moving on to -- you'll recall I said, okay, so  
16 what are the fund sources that are supporting the program?  
17 We've got the -- we've got HURF, we've got RARF, and we've got  
18 then federal funding. Now, you're going to note that these next  
19 slides haven't changed much since I spoke with you. They  
20 haven't changed.

21 We don't know any more information or I don't  
22 have anything that I can add since I spoke with you in Yuma a  
23 couple of weeks ago. We are still waiting for Congress to pass  
24 a budget and fully fund the infrastructure bill, but until we  
25 have that budget and some additional guidance from FHWA, it



1 isn't clear the amount of formula funds -- additional formula  
2 funds that will be available for the program.

3           So as I've showed you before, we do know our  
4 apportionment levels. We have the continuing resolution carries  
5 us through February 18th, and we -- I updated you on the bridge  
6 formula program that we received additional information.

7           But if you go to the next slide --

8           MR. STRATTON: Mr. Chairman. It's Steve.

9           CHAIRMAN THOMPSON: Go ahead, John -- Steve.

10          MR. STRATTON: Kristine, I'm sorry to interrupt  
11 you, but I have a question on the bridge formula.

12          MS. WARD: Sure. Yes, sir.

13          MR. STRATTON: One of the meetings I've been in,  
14 there was some mention of 135 million for bridges in Arizona.  
15 So I'm concluding that we had already -- we're going to receive  
16 90 million, and this new program is giving us an additional 45;  
17 is that correct?

18          MS. WARD: So, Mr. Chair, Mr. Stratton, the --  
19 you are correct in the 45 million. So we have got -- we have  
20 received the notice from FHWA, and it identified the 45 million  
21 for bridge formula funds for FY '22.

22          MR. STRATTON: So the 135 number that I heard was  
23 somewhat -- it made it seem like we were getting an additional  
24 135, but we're not? We're getting an additional 45?

25          MS. WARD: We are getting -- correct, sir. We

1 are getting the 45 million, and I apologize. I don't know where  
2 the 135 number...

3 MR. STRATTON: Okay. That's --

4 MS. WARD: It doesn't come to mind.

5 MR. STRATTON: That's fine. Thank you. That  
6 answers my question.

7 Thank you, Mr. Chair. Thank you, Kristine.

8 CHAIRMAN THOMPSON: Thank you very much. You  
9 want to go -- move...

10 MS. WARD: So moving on -- Mr. Chair, I'm sorry.  
11 Would you like me to continue?

12 CHAIRMAN THOMPSON: Yeah. Go ahead and continue.  
13 Yes.

14 MS. WARD: Thank you, sir.

15 So as I mentioned, we don't know the obligation  
16 authority available. So you might be asking, okay, if we -- if  
17 you don't know anything more than you knew two weeks ago, if  
18 you'll -- what -- what have you included in your estimate as to  
19 funding flowing into the program? Because, you know, we're  
20 clearly going to get more funding. We just don't know how much.  
21 We don't know how much of it is going to be suballocated. We  
22 don't know, you know, the -- how much Congress is actually going  
23 to fund of this overall thing, but we do know there's a very  
24 high probability we're going to get additional funds.

25 So what have we built into the forecast? What

1 we've built in is \$100 million in each year, with the  
2 anticipation that -- and this will go back to Mr. Maxwell's  
3 question -- as soon as we know the additional -- the actual  
4 additional funding that we'll be receiving, we will be coming  
5 back to the Board and reporting on the total additional funding  
6 available. At this time, what we have done is we have added  
7 \$100 million into each year of additional federal funding over  
8 the FAST Act.

9 So if we could move on to the next slide.

10 And let's just skip this one and go on to the  
11 next one, because I've just spoken to these.

12 So the next component of the funding available  
13 for the five-year program is the amount of debt that we will  
14 issue to support the program and thus accelerate projects. So  
15 the total planned debt that has been built into the '23 through  
16 '27 program is as depicted on this slide. We are -- the program  
17 is built upon the planned HURF issues of 1.5 billion. Because  
18 the Regional Area Road Fund and PROP 40 is coming to a  
19 conclusion, we have no more planned debt issuances for RARF, and  
20 we intend to issue \$350 million of GANs, grant anticipation  
21 notes. And just in case you might have forgotten, those -- the  
22 grant anticipation notes are -- we are bonding against our  
23 future federal revenues.

24 So the HURF funds and the federal funds -- RARF,  
25 of course, is exclusive to -- to MAG, and the planned debt

1 issues all compile together to speak to what funding is  
2 available for the overall program.

3           If you go to the next slide. And let's move  
4 right on.

5           So what this slide shows you is the tentative  
6 program funding by year. Because we had such a change in the  
7 revenue estimates, we have gone back and modified the first four  
8 years of the program, '23, '24, '25 and '26, and of course,  
9 established our new fifth year, FY '27.

10           Into the '23 program, we've increased that  
11 program by 2- -- that year of the program by \$254 million. Some  
12 of that is just a small amount. 4.5 million of that is  
13 associated with projects that were previously funded by either  
14 general fund or (indiscernible) fund.

15           Then in 2024, the program has been increased by  
16 \$421 million. In '25, it has been increased by \$500 million.  
17 '26, \$550 million. And in '27, the new fifth year, we are  
18 looking at a \$1,450,000,000 program. The individual increments  
19 there you can see. For the statewide program, the MAG, RTP  
20 program -- that should not say major projects -- I apologize --  
21 and the PAG program.

22           So with that, let's move on to the next slide.

23           So in terms of what risks we've got to the  
24 forecast, I would say one of the larger risks is inflation at  
25 this point. We have been witnessing it. We've been bringing it

1 to this board when we have to bring forward the awards and  
2 estimates. And then we've also got Congressional action or  
3 inaction that's kind of a threat to the overall forecast in that  
4 we really don't know -- we need -- we need a budget. We need a  
5 federal budget and the funding behind that infrastructure bill.

6 We are -- we have not had an economic downturn in  
7 the traditional sense for some time. I do not know -- you know,  
8 it's a bit of a mystery right now given the challenges and what  
9 we've been experiencing with the pandemic, and then state  
10 legislative action, you know, we're always subject to the  
11 variability of various legislative actions that could pose a  
12 risk or -- positive or negative.

13 So with that, that concludes my presentation, and  
14 I would be happy to take any questions.

15 CHAIRMAN THOMPSON: Kristine, I do have one  
16 question, and --

17 MS. WARD: Yes, sir.

18 CHAIRMAN THOMPSON: -- that has to do with what,  
19 if any, is being planned or proposed by the State Legislature to  
20 begin addressing some of the funding for the highway improvement  
21 construction program?

22 MS. WARD: So, Mr. Chair, I believe you're asking  
23 what bills are out there that are proposing projects or  
24 additional funding for the highway system; is that correct, sir?

25 CHAIRMAN THOMPSON: Yes, ma'am. Yes, ma'am.

1 MS. WARD: I would defer to Katy to run through  
2 bills and what bills are out there that are being considered.

3 Katy, can you -- are you on the line?

4 CHAIRMAN THOMPSON: If she's coming up, we can  
5 wait until she's given that time, and if not, I guess she can go  
6 ahead and address it. If not, we can wait until we come to her.

7 MS. WARD: So, Mr. Chairman, if nothing else, we  
8 can provide you a listing of the bills that incorporate  
9 additional funding for the system. Would that -- we could  
10 provide that to the Board. Would that be all right?

11 CHAIRMAN THOMPSON: That would be fine.

12 MS. WARD: Very good, sir.

13 MR. SEARLE: Jesse.

14 CHAIRMAN THOMPSON: With that, any questions?

15 Yes.

16 MR. SEARLE: Jesse, this is Ricarhd.

17 CHAIRMAN THOMPSON: Yeah, Richard. Go ahead.

18 MR. SEARLE: I have a question. In the last  
19 year's plan, we basically phased out expansion projects in 2025.  
20 With this additional federal funding, are we going to revisit  
21 that decision?

22 MS. WARD: Mr. Chairman, Mr. Searle, I would -- I  
23 would defer that question to the next presenter, which would be  
24 Greg Byres, as we go into what the actual tentative program  
25 recommendations are. Would that be all right, sir?

1 MR. SEARLE: That's fine. I just would like to  
2 know whether we're going to be looking at expansion projects in  
3 the future or not.

4 MS. WARD: Yes, sir.

5 CHAIRMAN THOMPSON: Thank you, Richard.

6 Any more questions for Kristine? If not, other  
7 board members, do you have any questions or comments?

8 There being none, we will now move on to Item 2,  
9 2027 Tentative Five-Year Transportation Facilities Construction  
10 Program Review.

11 Greg, I'm assuming that this, again, is your  
12 presentation?

13 MR. BYRES: Yes, it is, Mr. Chairman. Thank you  
14 very much. Board members, good morning. I do have a  
15 presentation on the tentative five-year program, and if we can  
16 go to the next slide.

17 So I'm going to go through some background as  
18 well as an overview of our asset conditions. We're going to  
19 skip the P2P process for now, but we'll go on to the five-year  
20 highway delivery program, as well as MAG's program, PAG's  
21 program, what we're looking at for the airport program and then  
22 the process of the tentative program for approval eventually  
23 coming up in June.

24 So next slide, please.

25 So as far as background goes, again, the five-

1 year program must be fiscally constrained. As far as the  
2 approval process in the schedule, what we're looking at,  
3 February 18th at the board meeting, we will be doing a  
4 presentation on the tentative five-year program, as well as  
5 asking or requesting the Board's approval to put it out for  
6 public hearing.

7 As far as the public hearing goes, we're actually  
8 going to kind of get into that in Item 3 that's coming up.

9 June 2nd is the next study session that we're  
10 going to have prior to approval of the five-year program, which  
11 would occur June 17th, and then, of course, the -- FY '23 begins  
12 July 1.

13 Next slide.

14 So as far as asset conditions go -- if you can go  
15 to the next slide. Right now, the value of the system that  
16 we're looking at is 23.5 billion. Of course, if we were to  
17 reconstruct it right now, it's currently valued as far as  
18 reconstruction goes at 300 billion. So it's -- this is a  
19 substantial system that we're dealing with across the state.

20 Next slide.

21 So to get into the bridges, a lot of you have  
22 already seen this, but we're going to go through. We've updated  
23 some of the numbers here, but we do rate everything in good,  
24 fair and poor condition across the state. If a bridge is in  
25 poor condition, it is not unsafe. Unsafe bridges are closed.



1 Next slide.

2 So with this, as you can see, we've been actually  
3 very good with our bridge program over the last three years.  
4 What you can see is we've actually maintained fairly close with  
5 what's good, fair and poor on our bridges for the last -- from  
6 2018 to 2020. We've basically stayed within .1 percent of our  
7 bridges in poor condition. We've tried to stay on top of those.  
8 That's been -- as you've seen in the past, a very large portion  
9 of our five-year program is dedicated to bridges. So we've  
10 actually done very well. Arizona, as far as nationally goes, is  
11 one of the number one states for bridge condition across the  
12 United States.

13 MR. STRATTON: Mr. Chairman.

14 MR. BYRES: Yes.

15 CHAIRMAN THOMPSON: Go ahead.

16 MR. STRATTON: Greg, I have a question for you.  
17 I know that -- I believe, and correct me if I'm wrong, that when  
18 the bridge failure in Minnesota happened several years ago, it  
19 changed the criteria of the rating system and what they looked  
20 for. I was wondering if, with the recent failure in  
21 Pennsylvania, if the criteria was going to change again or what  
22 your thoughts are, and if it did, what -- if it got more  
23 stringent, what effect would it have on our ratings here. Would  
24 we have more bridges going to poor or would it stay reasonably  
25 the way it is now?

1 MR. BYRES: With the new rating system or  
2 actually, the means of how we do our inspections, we've changed  
3 that up, as you just mentioned. We now look at structural  
4 components instead of the different -- or actually, it's the  
5 structural segments of the bridge are what's inspected now, not  
6 components. So we don't -- we don't break it down to just the  
7 deck and the substructure and the superstructure or the  
8 foundations. We now look at each component of the bridge, which  
9 that's about as far down as you can take inspections. So I  
10 can't see that system changing, because it's actually really  
11 good, and it allows us to rate bridges on all components, not  
12 just on the major portions of the bridges. So I don't -- at  
13 this point in time, I don't see any changes foreseen.

14 MR. STRATTON: Very good. Thank you.

15 CHAIRMAN THOMPSON: Thank you, Steve.

16 MR. BYRES: Yeah.

17 CHAIRMAN THOMPSON: Go ahead and move forward.

18 MR. BYRES: Thank you.

19 Next slide, please.

20 For our pavements, again, we go with good, fair  
21 and poor condition. We do break it up into three different  
22 segments. So we'll start with the first one.

23 Next slide.

24 So for our interstate pavement, what you're  
25 looking at here, we have updated these slides all the way --

1 running from 2010 through to 2020. If you'll look at 2020, on  
2 the good condition, you'll see that we actually have a bit of an  
3 uptick. That is mostly due to several preservation projects  
4 that we have been able to complete over the last couple of years  
5 thanks to the Board's assistance, and so we're actually starting  
6 to make a little bit of difference.

7 Now, this is -- we got to be careful here in  
8 jumping for joy, because we're -- we threw an awful lot of  
9 money, and the Governor helped us out with our special line item  
10 funding that we've been throwing at projects as well, so we've  
11 seen that it's helped, but there's still a long way to go to try  
12 and get this going. So -- but it's good that we're seeing some  
13 improvements.

14 Next slide.

15 On our national highway system, this one, as  
16 you'll see, we really haven't made a lot of progress. We're  
17 still going in the negative direction. So we're still -- have,  
18 like I said, a long way to go and trying to not only get this  
19 going in a positive direction, but trying to get where it really  
20 needs to be. We've let this -- from 2010 to 2020, we've lost,  
21 you know, 36 percent of our good condition pavements.

22 Next slide.

23 On the non-NHS, again, we're kind of in that same  
24 boat. We did see a little bit of an uptick in 2020, and a lot  
25 of that is because we did go through a lot of the non-NHS

1 roadways with our SLI program. We've been able to make some  
2 inroads, but we're still -- we still have a long way to go on  
3 it, but because of what we have put into preservation, we are  
4 starting to see some improvements.

5 Next slide.

6 As far as, you know, where we're at, this slide,  
7 you've seen this slide before, and we're running some scenario  
8 changes with the latest data that we have, but we're still  
9 looking at, you know, just to maintain good condition pavements  
10 and bridges, you know, we're looking at a huge cost of that --  
11 that 4.2 billion still holds true. It's actually probably a  
12 little bit more when we're -- finish up our scenarios, but  
13 that's the range that we're looking at. It's not a quick hit  
14 and we're done. This is a major, long-term commitment that we  
15 have to maintain.

16 Next slide.

17 In the Long Range Transportation Plan, we set our  
18 investment categories, preservation, modernization and  
19 expansion, and that's how we -- we have been running our five-  
20 year program, and we'll continue to keep doing that.

21 Next slide.

22 So this is our program, and in answer to the  
23 question earlier, yes, we do plan on doing more expansion. We  
24 had in the future years, last year when we presented the five-  
25 year program, we had two years of the program without any

1 expansion projects. As you can see, this year we have expansion  
2 all the way through the five years. There is several projects  
3 that we're looking at that are desperately needed for expansion,  
4 and so we are looking at taking and moving those projects  
5 forward in this tentative program.

6 One of the other big things to see here is that  
7 \$320 million horizontal line that we've been trying to hit with  
8 our preservation, we're well exceeding that. So this is an  
9 attempt to really make those inroads that we need to in our  
10 preservation so that we can -- we can really reverse the curve  
11 that we're seeing and try and recoup some of those good  
12 pavements that we've been lacking over the past ten years.

13 So next slide.

14 So with this, this is the overall tentative  
15 program, which includes MAG and PAG. As you can see, we  
16 basically have maintained almost the same percentages. We've  
17 actually expanded the expansion program somewhat. So we're  
18 really looking at what we can do with that. This, again,  
19 includes MAG and PAG. So that 49.8 percent, the majority of  
20 that is in those two areas.

21 Next slide.

22 As far as Greater Arizona goes, again, that 13.3  
23 percent that we have in expansion is greater than what we've had  
24 in the past. We still do the majority of our funding set for  
25 preservation, but we're looking at what we can do for expansion

1 within the program itself.

2 Next slide.

3 So in 2023, we have three major projects that  
4 we're looking at. We have SR-69, the Prescott Lakes at  
5 10.3 million. We'll continue with the I-17 project at  
6 83 million, and we're also looking at the I-10, the Gila River  
7 Bridge, which is still scheduled for '23, and that's at  
8 83 million as well.

9 Next slide.

10 For that I-10 project, I wanted to kind of slip  
11 this in, because it's a large project that's going to span  
12 several years, but this is kind of what we're looking at. That  
13 \$400 million that Kristine had talked about earlier that the  
14 exec. has put forth in the proposed budget is included in this  
15 as far as the costs of what we're looking at for this project.  
16 Altogether, it is somewhere in the neighborhood of \$700 million,  
17 but this kind of gives you an idea of the different segments  
18 that we're looking at and the time frame that we're looking at  
19 as well.

20 Next slide.

21 In 2024, we are looking at a large project up on  
22 I-40 and 93. This is the West Kingman TI at 125 million.  
23 You'll notice that that number is little bit larger than what  
24 you'd seen last year in the five-year program, and the reason  
25 for that is that big red inflation number that Kristine was

1 talking about. We also have 50 million set aside for the first  
2 project on I-10, which is projected for '24.

3 Next slide.

4 In '25, we're looking at a new project that we  
5 hadn't had on here before. This is a new expansion project.  
6 This is on US-93. This is Cane Springs for \$40 million.

7 Next slide.

8 And in '26, we have project number two that we're  
9 looking at on I-10. This right now is set for \$50 million.  
10 These projects that you're looking at on I-10, the two  
11 \$50 million projects, we've got these set in here so that, you  
12 know, we're looking regardless of the funding that may come  
13 through with the Legislature right now. We want to make sure  
14 that these funds are there and we are able to pursue the I-10  
15 projects, regardless of how any potential funds come through  
16 with the Governor's budget that's being expressed right now in  
17 the Legislature.

18 Next slide.

19 The next project we have is, again, on US-93.  
20 This is \$60 million. This is the Big Jim Wash. This will  
21 pretty much -- between the two projects that we have on 93, this  
22 will pretty much complete US-93 as a four-lane route up to I-40,  
23 which is desperately needed. The safety concerns that we have  
24 seen over the last couple years on 93, we've seen some  
25 horrendous crashes, and it isn't just a few. It's pretty --

1 become very commonplace, and these are desperately needed  
2 expansion projects.

3 Next slide.

4 For future years, at this point in time, we're  
5 showing -- we are not showing expansion projects, and the reason  
6 being is because this is projected so far out, it's much easier  
7 to hold these as we've done in the past and not shown the  
8 expansion. As planning comes through, we've got a lot of stuff  
9 in the -- in the works right now with several tier two projects  
10 that we're potentially looking at, as well as expansion projects  
11 all the way across the state that are desperately needed. But  
12 for planning purposes, this is -- this is what we're looking at  
13 for years six to ten as we go forward. As we progress over the  
14 next five years, these will cascade out with expansion projects  
15 more than likely being added.

16 We do have a --

17 MR. STRATTON: Mr. --

18 MR. BYRES: -- our Long Range Transportation Plan  
19 is getting underway. It is projected to be completed within  
20 about 18 months, and with that, that will give us a whole new  
21 idea of where we can take future plans. This is projected based  
22 on the current Long Range Transportation Plan that we're  
23 utilizing.

24 MR. STRATTON: Mr. Chairman, I have a question.

25 This is Steve.



1                   CHAIRMAN THOMPSON: Go ahead, Steve.

2                   MR. STRATTON: Greg, what happened to Lion  
3                   Springs? I know we've spent -- it's been in the program, in and  
4                   out, and in and out of the program for over 20 years. That's a  
5                   problem that ADOT made with the bottleneck, and I know we spent  
6                   federal money on design, which is, I believe, over half done, if  
7                   I'm not mistaken. I could be. But where does that stand in the  
8                   system now? I was under the understanding that it might  
9                   possibly reappear in this five-year plan.

10                  MR. BYRES: So Lion Springs is in our P2P  
11                  expansion list. The 93 projects were ahead of it, which is why  
12                  they were selected to go into the program. But yes, Lion  
13                  Springs is in our P2P. It gets considered every year. It was  
14                  not within the top two projects that we were looking at, the 93  
15                  were, and that's why they were selected.

16                  MR. STRATTON: I understand that, but you're not  
17                  showing it in the six- to ten-year program either, which  
18                  means --

19                  MR. BYRES: No.

20                  MR. STRATTON: -- at that point, we have to repay  
21                  the federal funds, I believe, that we've used, haven't we, if we  
22                  don't build it within ten years?

23                  MR. BYRES: The -- those particular funds will be  
24                  coming due within -- yes, probably within the next two years.  
25                  So we will be looking at that -- those within the P2P process as

1 we go forward. Lion Springs actually didn't fare too bad in  
2 P2P. So it's sitting right there on the edge, and it will start  
3 accelerating as we go through over the next year or two.

4 MR. STRATTON: Thank you.

5 CHAIRMAN THOMPSON: Thank you, Steve.

6 Greg, go ahead. Continue.

7 MR. BYRES: Thank you.

8 Next slide.

9 This gets us into the MAG program. What you're  
10 looking at here, we kind of changed this up a little bit so it's  
11 a little easier to read, but again, our freeway program within  
12 the valley is the major items that they have, as well as major  
13 arterial roadway projects. One of the things that you can see  
14 is Item 6, which is SR-30, that they're -- MAG has been looking  
15 at, to start looking at funding on it, as well as several other  
16 projects that we have throughout the valley.

17 Next slide.

18 Down in the PAG region, we have several projects.  
19 The majority of those are on I-10. However, we do have one  
20 project on I-19 that is projected going forward in this five-  
21 year program.

22 Next slide.

23 As far as the airport program goes -- next  
24 slide -- with this, one of the things that we have changed is  
25 our FSL amount has increased just slightly. The reason for that

1 is FAA funding coming into the state has increased. So  
2 therefore, the money that we utilize to help match those federal  
3 funds, we've had to jump up just a little bit. But our  
4 state/local program is still substantial, as well as our airport  
5 pavement preservation is still very prevalent. Grand Canyon is  
6 getting funding as well, as well as the planning services that  
7 we utilize for aeronautics. The total that we have is  
8 \$31 million for FY '23.

9 Next slide.

10 So the next steps, as I'd kind of started out,  
11 February 18th, the tentative program will be presented to the  
12 State Transportation Board for approval for public hearings.  
13 The planned public hearings, we're going to speak about with  
14 Item 3.

15 June 2nd will be the next study session that  
16 we'll be looking at for the tentative program, and then the  
17 final program will go forth to the Board for approval June 17th.

18 Next slide.

19 With that, I stand for any questions anybody has.  
20 Thank you very much.

21 CHAIRMAN THOMPSON: Greg, I do have one question.  
22 And I know that a lot of these projects are existing projects  
23 that are going to be funded. I want to know if there are any  
24 other right-of-ways or new construction that are being proposed  
25 other than what we're going to be funding in this five-year

1 plan.

2 MR. BYRES: So, Mr. Chairman, yes, there are.  
3 What we're looking at in detailing out the five-year program,  
4 we've got several new projects that would be coming into the  
5 third year of the program. Those projects currently are going  
6 through our planning-level scoping process. We were actually  
7 able to go quite a bit further down our P2P list in putting new  
8 projects into the program due to the additional funding that  
9 we're looking at. So that's been really nice to be able to do  
10 that. And then, again, as I had mentioned, we were able to tap  
11 into the expansion portion of the P2P program to put some  
12 projects into it as well.

13 CHAIRMAN THOMPSON: The reason why I'm putting  
14 this question forward is there's concerns or interest in  
15 bringing more construction revenues to the Native American  
16 communities for the purpose of improving their economy in the  
17 various locations. So that is apparently the concern.

18 One concern that was expressed to me was, you  
19 know, I'm hauling my horse and my trailer. Sometimes I want to  
20 go directly to the location where I want to go, but knowing the  
21 bad conditions of those roads, I have to go around 50 or 60  
22 extra miles. Again, there's a different way of the public  
23 presenting their concerns to us. So anyway, that's the only  
24 comment.

25 And are there any questions by the board members

1 for Greg?

2 MR. KNIGHT: Mr. Chair, this is Gary.

3 CHAIRMAN THOMPSON: Go ahead, Gary.

4 MR. KNIGHT: Greg, US-95 widening down here in  
5 Yuma, that project is actually underway. It's got -- there's --  
6 project to projects have been -- some part of the projects have  
7 been awarded, and the work is ongoing, however, as you well  
8 know, we haven't come up with enough funding yet to completely  
9 finish it, but will that remain -- will that -- the fact that  
10 it's already started, the fact that it's already under  
11 construction have any bearings on where it sits in the P2P  
12 process?

13 MR. BYRES: Mr. Chairman, Board Member Knight,  
14 yes, it does, because the fact that we have actually already  
15 done it, but one of the big things where the influence is is  
16 that we've got some -- we already have clearances for basically  
17 that corridor. By that I mean environmental clearances. So  
18 that helps out substantially in looking at potential projects.

19 One of the big reasons why the US-93 projects  
20 came to the top of P2P is because we already had environmental  
21 clearance for those two expansion projects. So we're in the  
22 process of still getting the expansion -- the clearances for  
23 Lion Springs, which kind of dropped it just a little bit, but  
24 yes, for -- to answer your question, it does make a difference.

25 MR. KNIGHT: Great. Thank you. Thank you,

1 Mr. Chair.

2 CHAIRMAN THOMPSON: Thank you, Gary.

3 Any board member want to ask a question to Greg?

4 Hearing none, one last comment I'd like to -- and  
5 I always bring this up in that the state of Arizona has --  
6 certainly do have interest in the transportation part of the  
7 education of our young people that are going to school at public  
8 schools on the reservation, and I wish there was some way of  
9 beginning to address that. And I know there's a lot of policies  
10 that it needs happen, those policies have to be modified or  
11 amended or changed, and of course, again, that is my concern.

12 Other than that, let's go -- we will now move on  
13 to Item 3, discussion on public hearing process regarding the  
14 2023-2027 Tentative Five-Year Transportation Facility  
15 Construction Program.

16 So again, I believe this is your item, Greg.

17 MR. BYRES: Thank you, Mr. Chairman, board  
18 members.

19 What we're -- what we're looking at here is we're  
20 putting in a request to the Board to change how we've been doing  
21 our public hearings in the past. State statute requires us to  
22 have a public hearing. In the past we've done three public  
23 hearings. What we've found, especially over the last couple  
24 years, is that when it comes to comments that we receive on the  
25 tentative program, we're now receiving the majority, and by far

1 the majority of the comments, coming in either through social  
2 media or through our website. And that is how more people are  
3 viewing the tentative program.

4           So what we're proposing is instead of doing three  
5 in-person public hearings, we do one in-person public hearing,  
6 but at the same point in time, we take and we have to present  
7 the tentative program to the Board for approval for public  
8 comment. We would like to take that presentation and put it on  
9 our website so that it can be accessed by anyone at any time.  
10 So instead of just having to come to those three public  
11 hearings, they now can see that presentation at any time. So it  
12 would be a recorded presentation that would have all the  
13 information that they get in the public hearings that we've had  
14 in the past.

15           The one public hearing that we are looking at  
16 would probably be held in May. What that does is that gives the  
17 public as much time as possible to take and consolidate their  
18 comments to try and get as many comments in as we possibly can  
19 so that they can be addressed in that one public hearing. So  
20 there's -- you know, it's -- the way we've done public  
21 outreach has really changed over the last couple years,  
22 obviously, for obvious reasons. And so we're -- we think this  
23 is the best way to get the information out to the public, to get  
24 as many comments as we possibly can back and be able to address  
25 them in a timely manner before we have the final program put

1 together in June.

2           So this is a request that we're putting forth to  
3 the Board. It will be -- depending on what kind of comments we  
4 get from the Board today, we would like to put this as an agenda  
5 item on the next board meeting.

6           So with that, I'm trying to elicit comments from  
7 you, the Board, on if you think this would be something that we  
8 -- we would like to pursue it, but we want to hear from the  
9 Board on what you all think.

10           CHAIRMAN THOMPSON: Well, Greg, will this give  
11 enough time to the public to begin following this year's  
12 schedule? Is it out there already? I mean, I'm sure it has  
13 now. I guess it's the timing on how we're changing this  
14 scheduling.

15           MR. BYRES: So, Mr. Chairman, the time is exactly  
16 the same as it has been in the past where we initiate the  
17 tentative program in February. We take it all the way through  
18 to May when we have the study session, and then, of course, the  
19 voting of the final program in June. So that timing doesn't  
20 change. What this does is it allows that information to be out  
21 in front of everybody a little bit sooner but a whole lot more  
22 accessible to everyone.

23           CHAIRMAN THOMPSON: Thank you, Greg. Any  
24 questions for Greg? Board members?

25           MR. KNIGHT: Mr. Chair, it's Gary.



1 CHAIRMAN THOMPSON: Gary, go ahead.

2 MR. KNIGHT: Greg, I like the idea. I think it  
3 will work better. I think from my experience, the three --  
4 particularly, the three hearings we have, the in-person part of  
5 it, we just hear the same thing over and over and over and over  
6 again, and I think it would have more impact if it were done  
7 online, and you guys can -- the staff can see what kind of merit  
8 there is and what kind of -- what could be done to each one of  
9 the comments that are made. I think it's more -- would be more  
10 productive than just having us listen to the same comments time  
11 and again. So I think it's worth a try.

12 I think from what you're showing us here,  
13 certainly the way that you've been receiving comments in the  
14 last couple years has certainly changed compared to previous  
15 years. So I think it would behoove us to change -- to meet that  
16 demand and see how it -- see how it works out for us. I mean,  
17 nothing's locked in stone. If we do this for a year and we  
18 decide we don't like it, we can always -- we can always change  
19 it back, but I think it's worth -- worth the effort to try it.

20 Thank you, Mr. Chair.

21 CHAIRMAN THOMPSON: Thank you, Gary.

22 Any other comments?

23 MR. MAXWELL: Mr. Chair, this is Ted.

24 CHAIRMAN THOMPSON: Yeah, Ted. Go ahead.

25 MR. MAXWELL: Okay. Thank you, Greg.

1 I mean, looking at the numbers, I honestly think  
2 2021 may have been an anomaly. There may be something at least  
3 on the SurveyMonkey numbers, but obviously the impact of COVID  
4 hurt the in-person meetings significantly. I tend to agree. I  
5 don't know if it's necessary to have three.

6 I guess my question to you would be: Is there a  
7 plan for the one in-person meeting to have the hybrid function?  
8 There is something for about -- a lot of people about speaking  
9 in person. That's part of what our role and responsibility is  
10 to be outward and interacting with the communities.

11 So I hate to lose -- you know, yes, the majority  
12 of the speakers probably would be available in the Maricopa  
13 area, but that, you know, for some in Pima County and/or the  
14 rural parts of the state, they may not.

15 And there's just something about in-person  
16 comments made to us when we are considering changes to the five-  
17 year plan that's significant. So I want to make sure that  
18 everybody has it. So I guess long story short, my question is:  
19 Do you have a plan for a hybrid combination for that in-person  
20 meeting?

21 MR. BYRES: Mr. Chair --

22 MR. ROEHRICH: Mr. Chairman --

23 MR. BYRES: Go ahead, Floyd.

24 MR. ROEHRICH: Mr. Chairman, Mr. Maxwell, yes, we  
25 are planning to hold hybrid meetings in person and simulcasted

1 Webex virtual meetings basically at least for the rest of this  
2 fiscal year to June, and then we are contemplating if we need to  
3 continue that on the rest of the year, which we would support  
4 that, but we wanted to make sure that we are committing -- as  
5 you said, the compliance of reaching the public, meeting  
6 expectations of the board members and doing it in a safe manner.  
7 So we are intending to hold hybrid meetings at least through  
8 June.

9 MR. MAXWELL: I understand that, Floyd. I was  
10 specifically talking on the public comment meeting, that if  
11 we're going to go from three statewide down to one, you know,  
12 I'd like to make sure that with the technology going forward,  
13 there's no reason that we can't during that one public comment  
14 meeting where people actually get to speak in person versus  
15 either a letter or an email, a phone call or SurveyMonkey. I'd  
16 like to make sure everybody -- we have the opportunity for as  
17 many people to speak to us in person at that public meeting.

18 MR. ROEHRICH: So again, Mr. Chairman,  
19 Mr. Maxwell, yes. The June meeting would be a hybrid meeting.

20 CHAIRMAN THOMPSON: Thank you, Floyd.

21 With that response, I think on top of it, I'd  
22 also like to say that as long as we don't have any problem  
23 getting our message out to the rural and remote area  
24 communities, and I think it would be very critical, to me it is,  
25 to be able to meet person to person with the people that we are

1 working for.

2                   Again, is there any other comments that needs to  
3 be made at this time?

4                   MR. STRATTON: Mr. Chair.

5                   CHAIRMAN THOMPSON: Go ahead.

6                   MR. STRATTON: Having been through several years  
7 of sitting in the public hearings and following them for many  
8 years prior, Gary is exactly right. The same comments are made  
9 over and over and over again by the same people, and I'm very  
10 guilty of that when I was lobbying the board for years.

11                   I think with the pandemic, our eyes were opened  
12 to how many people tuned in to the webcast, and over the last  
13 year, when we have had the opportunity to do a dual, in-person  
14 and webcast, many of the people that we would see at every  
15 meeting over the years are now tuning in through the webcast to  
16 various reasons. It saves a lot of money for their entities.  
17 They don't have to travel and have those expenses.

18                   So personally, I think it's worth a shot. I  
19 think it's a good thing to try this year, and the Board can also  
20 correct it next year if it doesn't prove to be fruitful.

21                   Thank you.

22                   MR. KNIGHT: Mr. Chair, it's Gary.

23                   CHAIRMAN THOMPSON: Go ahead, Gary.

24                   MR. KNIGHT: One other consideration is a lot of  
25 people -- there are a lot of people out there that are not

1 comfortable getting in -- up in front of a group of people and  
2 speaking. However, they have no trouble at all sitting down in  
3 front of a keyboard and expressing their thoughts in that  
4 manner.

5           So that group of people, I think that's probably  
6 why they -- we've seen an increase in online, like, SurveyMonkey  
7 and whatever other online method is being used, but I think a  
8 lot of people are just more comfortable sitting in front of a  
9 keyboard, and I think they tend to express themselves probably a  
10 little better than when they're standing up in front of a group  
11 of people when they're -- and they're nervous and -- so anyway,  
12 I really think it's beneficial to our constituents that do want  
13 to express concerns or whatever it might be to have them be able  
14 to do it online and not have to stand up in front of us in a  
15 public forum. Anyway, that's another outtake on it, too.

16           CHAIRMAN THOMPSON: The only request I would like  
17 to make is that, again, my concern on how this would impact  
18 those people that don't really have access to the way we've been  
19 operating for a couple years. Even I certainly have a lot of  
20 problems just trying to tune in on all the conversation Webex or  
21 telephonically. So that is -- maybe you can look at that a  
22 little bit more, Greg, see how that would impact those people  
23 out there.

24           And the other question is I know that you, the  
25 staff, would not have any problems joining any group that wish

1 to hear a little bit more about that issue that the Board has to  
2 deal with and present and getting the five-year plan forward.  
3 So, again, that's more a comment. I don't know if you want to  
4 respond to it or whatever. Greg.

5 MR. BYRES: Thank you, Mr. Chairman.

6 Yes, you're absolutely right. As -- once the  
7 public hearing -- once the tentative program is approved for  
8 public consumption, basically, yes, we make that information  
9 available to everyone that asks, and we try and make sure that  
10 that gets out to the public as much as possible. So whether  
11 it's through an electronic means or through personal  
12 presentations that we do, and we would continue to do that.

13 CHAIRMAN THOMPSON: A couple of things that are  
14 now coming up up here in the northwestern part is that we do  
15 have as part of being ADOT that we created a Hopi transportation  
16 partnership organization, you know, coming to Flagstaff, and the  
17 other one is Navajo Nation transportation partnership meetings,  
18 and we are hoping to rejump that -- restart that pretty quickly.

19 And the other one is that -- the Navajo Nation to  
20 (indiscernible), the Bureau of Indian Affairs, the counties, the  
21 Navajo Nation transportation staff and the state together to  
22 begin talking about similar issues like what we're doing with  
23 our budget for the next five years. So I just wanted to bring  
24 that up to your attention that we will notify you when that is  
25 scheduled or made. So with that, are there any other comments

1 or questions by the board members?

2 This went pretty quick. Is there a motion --  
3 there's no action regarding this five-year plan at this time?

4 MR. ROEHRICH: Mr. Chairman, this is Floyd. Yes,  
5 that is correct. This was only agendaed for discussion for the  
6 Board to deliberate and think about it, and we will bring it  
7 back as a formal action at the next board meeting on February  
8 18th.

9 CHAIRMAN THOMPSON: So with that, does that  
10 complete our agenda at this time?

11 MR. ROEHRICH: Mr. Chairman, that is all that is  
12 on the agenda. You've completed the agenda.

13 CHAIRMAN THOMPSON: Very good. Now going back to  
14 the board members, there's a couple of ways we do this  
15 apparently, and this -- I can -- as the Chairman of the Board, I  
16 can just say that during the meeting. The other way we've done  
17 it before is to have a motion and a second for adjournment. So  
18 I'll take the latter one. I'll need a motion --

19 MR. STRATTON: So moved.

20 CHAIRMAN THOMPSON: -- to adjourn.

21 MR. KNIGHT: Second.

22 CHAIRMAN THOMPSON: Motion and a second to  
23 adjourn, one by Stratton and then the second by Gary. So all  
24 those in favor say aye.

25 BOARD MEMBERS: Aye.

1 CHAIRMAN THOMPSON: We don't need a roll call, do  
2 we?

3 MR. ROEHRICH: No, Mr. Chairman. That's all you  
4 (indiscernible). You have completed your meeting. Thank you,  
5 everyone, and have a safe day.

6 CHAIRMAN THOMPSON: Thank you, everyone.

7 (Meeting adjourned at 10:37 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 55 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 7th day of March 2022.

          /s/ Teresa A. Watson          

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

**Adjournment**

***Chairman Jesse Thompson moved to adjourn the February 3, 2022, State Transportation Board Study Session.***

**Meeting adjourned at 10:37 a.m. PST.**

Not Available for Signature\_\_\_\_\_

Jesse Thompson, Chairman  
State Transportation Board

Not Available for Signature\_\_\_\_\_

John S. Halikowski, Director  
Arizona Department of Transportation