

**STATE TRANSPORTATION STUDY SESSION MEETING  
WEBEX  
9:00am, February 2, 2023**

**Call to Order**

Chairman Gary Knight called the State Transportation Board Meeting to order at 9:00 a.m.

**Pledge**

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

**Roll Call by Board Secretary, Sherry Garcia**

A quorum of the State Transportation Board was present. **In attendance (via WebEx):** Chairman Gary Knight, Vice Chairman Richard Searle, Board Member Jenn Daniels, Board Member Ted Maxwell, Board Member Jenny Howard, Board Member Jesse Thompson, Board Member Jackie Meck. There were approximately 43 members of the public in the audience on-line.

**Opening Remarks**

Chairman Knight 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

BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BOARD MEETING

VIA WEBEX

February 2, 2023  
9:00 a.m.

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

Perfecta Reporting  
(602) 421-3602

PREPARED FOR:  
ADOT - STATE TRANSPORTATION BOARD

(Certified Copy)

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

6  
7 PARTICIPANTS:

8 Board Members:

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

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

AGENDA ITEMS

Item 1 - ADOT Communication Plan Strategies  
 Caroline Carpenter, Deputy Communications Director.. 6  
 Daina Mann, Assistant Communications Director  
 Community Relations..... 13  
 Paul Patane, Division Director, Multimodal Planning  
 Division..... 17

Item 2 - 2024-2028 Tentative Five-Year Transportation  
 Facilities Construction Program Review  
 Kristine Ward, Chief Financial Officer..... 23  
 Paul Patane, Division Director, Multimodal Planning  
 Division..... 57

1 (Beginning of excerpt.)

2 CHAIRMAN KNIGHT: Thank you, Floyd, and I would  
3 just like to say for myself and for the Board, welcome to our  
4 new director, Ms. Toth. We're anxious to -- to work with you  
5 going forward.

6 DIRECTOR TOTH: Thank you. I appreciate that.

7 CHAIRMAN KNIGHT: Moving on to call to the  
8 audience. I would like to remind that -- everyone that they  
9 will be muted when they call in to the meeting. When your name  
10 is called to provide your comments, you will indicate your  
11 presence by virtually raising your hand using your phone keypad  
12 or through the Webex application. The Webex host will guide you  
13 through the unmuting and muting process following the  
14 instructions included with the meeting agenda.

15 In person there is the opportunity for members  
16 of -- this won't really apply to this meeting, because I don't  
17 believe we have anybody in person since this is a virtual  
18 meeting. And so I'll remind everyone that speaks at the call to  
19 the audience that there is a three-minute time limit which will  
20 be imposed in the -- with the -- with the idea that, you know,  
21 that our time is limited, and so we'd appreciate it if everybody  
22 stuck to their three minutes. Thank you.

23 MR. ROEHRICH: So Mr. Chairman.

24 CHAIRMAN KNIGHT: Floyd, if you'll -- yes, Floyd.

25 MR. ROEHRICH: Before we start, what I'd like to

1 ask is, Bryce, could you please go to participant list. Board  
2 Member Howard has logged in as a participant. Will you please  
3 elevate her to a panelist?

4 WEBEX HOST: Yes. I'll send her over right now.

5 MR. ROEHRICH: Jenny Howard would be, I think,  
6 the log-in.

7 WEBEX HOST: Yeah. She has been moved over.

8 Thank you, Floyd.

9 MR. ROEHRICH: And Mr. Chair -- and Mr. Chairman,  
10 for the record, we'll note that Board Member Howard is  
11 participating, and all seven board members are on the virtual  
12 meeting.

13 CHAIRMAN KNIGHT: Great. We've got a full board  
14 in attendance.

15 So we'll now move on to Item 1, which is the ADOT  
16 communication plan strategies. This is, of course, for  
17 information and discussion only.

18 MR. ROEHRICH: Thank you, Mr. Chairman, and we  
19 are ready to move on. Just for the record I want to note that  
20 we did not receive a single request to speak. So I do not have  
21 any requests to speak from the public this morning, and now  
22 we're ready to move on, as you indicated, to Item Number 1.

23 So Dan, if you'll call up Item 1 presentation.

24 CHAIRMAN KNIGHT: Okay. Yeah. I'm sorry, Floyd.  
25 I kind of -- I kind of skipped over that one, but --

1 MR. ROEHRICH: That's okay. (Indiscernible.)

2 CHAIRMAN KNIGHT: As long as there's nobody here,  
3 I guess it didn't hurting anything.

4 MR. ROEHRICH: Yes, sir.

5 CHAIRMAN KNIGHT: Okay. Let's go on with Item  
6 Number 1.

7 MR. ROEHRICH: Yes, ma'am. You're ready to go,  
8 Caroline.

9 MS. CARPENTER: All right. Thank you very much.

10 Mr. Chairman and Board Members, we appreciate the  
11 opportunity to speak to you today. I'm Caroline Carpenter, with  
12 Communications and Public Involvement. You'll be hearing from  
13 me today, as well as Daina Mann, our Assistant Communications  
14 Director for Community Relations, and Paul Patane, our  
15 Multimodal Planning Division Director.

16 Today we'll share information about what our team  
17 does at ADOT Communications and Public Involvement, how we  
18 communicate, connect and collaborate with the community and a  
19 variety of stakeholders. We'll specifically talk about how we  
20 communicate during big storms, whether that's a snowstorm or a  
21 dust storm. Then we'll share our public involvement processes  
22 and how we ensure Arizonans are informed and involved with our  
23 projects.

24 Next slide, please, Dan.

25 So we kind of have two sections of our team, our

1 communications and our public involvement. The communications  
2 side, we share information to the public and media about ADOT,  
3 transportation and the MVD. We reach out to media, both in  
4 English as well as in Spanish. Social media is also a very  
5 strong way that we get our messages out. We have more than  
6 5,000 followers on our social media platforms, with 290,000 on  
7 Twitter alone, and 173,000 followers on Facebook.

8           Daina will explain more in just a bit, but our  
9 public involvement side focuses on outreach to stakeholders.  
10 Our public involvement team, our staff members that work in  
11 communities across the state, from Yuma to Kingman, back to  
12 Prescott and Phoenix, on any given day, you may see them out on  
13 a business walk, handing out flyers about a project or speaking  
14 at an HOA board meeting.

15           They're helping involved stakeholders in the  
16 process of the project from concept to delivery. They ensure  
17 that not only are we pushing information out, but we're having  
18 that important two-way conversation and getting information from  
19 them, hearing what they think about projects and what they want  
20 to see. As I mentioned, Daina will talk more about the public  
21 involvement side of communications, but first I want to talk  
22 through how we handle incidents and sharing information during  
23 storms.

24           The tools that we use for sharing information are  
25 what we do during storms, what we do when highways are closed,



1 or even when we're talking about projects. I'm sure you've all  
2 been sitting in an airport at a time or two when you've noticed  
3 that your flight is delayed, 45 minutes, two hours. You see  
4 those numbers change on the board, and you're wondering: What's  
5 going on? How is this going to affect my travel? Just all you  
6 want to know is how you can plan ahead. It's that same feeling  
7 when you're driving and you see a (inaudible) lights ahead of  
8 you, and you know that you're coming to a stop, but you may not  
9 know what's going on.

10 At ADOT Communications, our goal is to make sure  
11 you have the tools to find out why traffic is at a standstill,  
12 what your options might be, but before you even see those red  
13 taillights, we want to provide you with safety tips and  
14 information about what to expect on the road.

15 Next slide, please.

16 We have a lot of ways we share messages before  
17 and during storms. All are different tools in our toolbox.  
18 ADOT works to be constituents where they're at. So if you want  
19 to get your information from the smartphone app, we have that.  
20 It reads off upcoming incidents as you drive along the road so  
21 that you're not looking at your phone. If you don't even have a  
22 smartphone, you can call in to the 511 phone line and hear about  
23 what's happening on our roads. We have a variety of online  
24 tools. And for those who might prefer to get their information  
25 via email, they can subscribe to our email lists. We have

1 nearly 1.7 million email subscribers.

2           There is outreach that we do to the news media  
3 and safety information that is pushed out before and during any  
4 type of storm, reminding drivers of what to do and advising them  
5 of road conditions and closures. Ultimately, it's up to  
6 drivers, whether they see those messages boards when we're on  
7 the -- when they're on the roadways, they're following us on  
8 social media, or they hear a radio interview as to how they use  
9 that information.

10           Next slide, please.

11           In the days leading up to winter storms, our  
12 focus is on making sure people are aware of the forecast that is  
13 coming and how it might affect travel so they can make the most  
14 informed decision. We do this through news releases and  
15 interviews. Media outlets frequently reach out to us for driver  
16 tips and storm prep information. Travel and safety messages are  
17 scheduled on our overhead message boards in and around the high  
18 country. We also amplify social media posts from the National  
19 Weather Service, local jurisdictions, the national parks and  
20 other traffic, safety and travel stakeholders. I just mentioned  
21 stakeholders. That's one of the other things that we do.

22           Next slide, please.

23           Before storms, ADOT has planning meetings both  
24 internally along with the National Weather Service in  
25 conjunction with our ADOT Emergency Management Team and ADOT

1 road weather manager to be aware of the impact the storm is  
2 expected to have on our state.

3           The image you see here in this slide is an  
4 example of ADOT working with the National Weather Service to  
5 create winter messaging. These messages are based off of the  
6 risk levels from the Weather Service and can be shared prior to  
7 a storm on social media so travelers know what to expect and  
8 what type of impact it will have on their travel. We have also  
9 worked for many years with the City of Flagstaff, for example,  
10 to encourage drivers not to park along and play along US-180 as  
11 they're headed up to winter recreation areas.

12           Next slide, please.

13           The ADOT Communications Team has a public  
14 information officer located in our traffic operations control  
15 room daily, 365 days of the year, from 5:00 a.m. to 10:00 p.m.  
16 They're there sharing the latest information, answering  
17 individual questions that come in through social media. The  
18 Traffic Operations Center is where everything is happening.  
19 It's kind of the nerve center of ADOT. ADOT field crews are  
20 calling in reports to the Traffic Operations Center, and ADOT is  
21 dispatching crews across the state to help with incidents.

22           The Department of Public Safety is also embedded  
23 at the Traffic Operations Center, communicating with their  
24 troopers out on the highways and bringing that information back  
25 to our teams. So when a highway is closed, our communications

1 team is amongst the first to know about it. It's a common  
2 misconception that ADOT closes highways. Highways are closed  
3 through a joint decision with DPS and with a focus on public  
4 safety.

5                   What does all of this mean for the media and the  
6 public? Our PIO has immediate access to incident information  
7 and is often able to see a scene or the weather, in some cases,  
8 through our network of nearly 500 cameras across the state.  
9 This helps ADOT get the best information to the public faster so  
10 the best and safest decisions can be made by motorists to either  
11 delay travel or take an alternate route to their destination.

12                   Next slide, please.

13                   During a winter storm, our public information  
14 officers are conducting interviews with the media, sharing  
15 important safety information and road updates with the public on  
16 social media. During that winter storm a couple weeks ago over  
17 MLK weekend, Flagstaff received 30 inches of snow. As you can  
18 see up here, that Facebook post on the left, it was a very  
19 popular one. It reached more than 225,000 people. The one on  
20 the right shows images of people playing alongside Interstate 17  
21 and encourages people not to do that, because it's not safe,  
22 obviously. That one reached more than 775,000 people.

23                   So we use as many tools as we have in our toolbox  
24 to get the information to as many as possible. However, not  
25 everyone will take our advice. We also know that we can tell

1 people to avoid travel during heavy snowstorms, but often they  
2 may not heed their -- our warnings until they actually see those  
3 conditions for themselves. So we share images from our cameras  
4 mounted in our snow plows. Our ADOT road weather manager and  
5 crews out on the roads are going to send us video and photos so  
6 that we can show what is actually happening, because sometimes  
7 that makes more of an impact than just a warning to delay  
8 travel.

9 Next slide, please.

10 Another tool in our toolbox is the Arizona  
11 Traveler Information System, commonly known as 511 or AZ 511.  
12 It's comprised of a phone line, website and app. Our ADOT crews  
13 populate information in there from road closures, to information  
14 about road construction, and it allows the public to get  
15 real-time information on highway conditions, as well as access  
16 to ADOT's statewide network of highway cameras.

17 Besides local partners like DPS and the Weather  
18 Service, sharing 511 as a resource, the data from AZ 511 is  
19 visible to Google and Apple mapping systems, as well as in-dash  
20 GPS in vehicles. We know people are turning to us during winter  
21 storms because of the rise in social media engagement, but we  
22 also see a very strong number with our AZ 511 app downloads  
23 during winter storms. As I'm sure everyone in here knows that  
24 we've had a lot of storms and January. It has been a very, very  
25 busy month. We had more than 23,000 downloads of the AZ 511 app

1 just in January alone.

2 So as you can see, we have and use a variety of  
3 tools to communicate messages to the public. So red taillights  
4 or not, you'll all know what is happening on our state highways  
5 and have the information so that you can make the best and  
6 safest decisions.

7 Thank you so much for your time today. I look  
8 forward to answering your questions, but first I'm going to turn  
9 it over to Daina Mann, who manages our public involvement side  
10 of communications.

11 Daina.

12 MS. MANN: Thank you, Caroline.

13 Good morning. It's great to be here with you  
14 today.

15 Next slide, please.

16 Again, I'm Daina Mann, and I head up our  
17 statewide community relations team, and I just wanted to take a  
18 few minutes to talk about how ADOT gathers and documents and  
19 uses public input. So ADOT has a federal requirement to  
20 document its public involvement guidelines and processes in a  
21 public involvement plan, or PIP. The plan includes public  
22 involvement requirements at the -- for studies and projects, as  
23 well as at the program level.

24 And so, for example, the five-year program, the  
25 Statewide Transportation Improvement Program and the Long Range

1 Transportation Plan. It includes requirements for notification  
2 and minimum public comment periods, for example. The plan  
3 demonstrates compliance with all federal and state requirements,  
4 including environmental laws and regulations, as well as  
5 non-discrimination laws, such as Title 6, Americans With  
6 Disabilities Act and environmental justice.

7 The plan is required to be updated every five  
8 years and approved by Federal Highway Administrations, and we  
9 are currently in the process of finalizing that plan with  
10 Federal Highway Administration.

11 Next slide.

12 ADOT seeks input from the public in a variety of  
13 ways. We have formal comment periods, many of which are  
14 prescribed by federal law, for a larger environmental study,  
15 such as environmental assessments and environmental impact  
16 statements, as well as for our five-year program and for the  
17 Long Range Transportation Plan.

18 We conduct numerous public hearings and public  
19 meetings every year to seek input and comments, including board  
20 meetings. These are public meetings. And we conduct numerous  
21 surveys as well. For example, we just recently completed our  
22 survey for the Long Range Transportation Plan to get input from  
23 Arizonans on their transportation priorities for the next 25  
24 years. And I'm proud to report that we received nearly 8,000  
25 responses from Arizonans throughout the state on that survey.

1           We conduct stakeholder workshops and committees  
2 frequently, especially for statewide plans and (indiscernible)  
3 projects to seek input from, again, key stakeholders and  
4 technical advisory groups. We meet with homeowners  
5 associations, school districts, other key stakeholders.  
6 (Inaudible) projects, both in one-on-one meetings and in group  
7 meetings. We conduct grassroots outreach. For example, we do a  
8 lot of canvassing to businesses to let them know about projects  
9 and public meetings.

10           Last week my team was out at Grand Avenue and  
11 35th Avenue to hand out flyers, to let people know about the  
12 upcoming Grand Avenue public meeting that we held this week for  
13 the proposed intersection improvements at that location, for  
14 example.

15           And we receive many, many thousands of public  
16 inquiries regarding issues on -- related to highways either  
17 under construction or requests for various projects, and those  
18 come in not only to our community relations staff, but also to  
19 district staff, as well as our leadership.

20           So collectively, I was just checking our numbers  
21 last year, for example. Constituent services responded to  
22 approximately 6,800 emails that come into our -- through our  
23 Envoy system, which is the -- when you go to the main page of  
24 the website and hit contact us, that's where that goes for the  
25 Envoy system, as well as more than 6,500 calls. My team as well



1 had approximately 3,000 unique engagements each month with  
2 stakeholders. So that might be phone calls, emails. It --  
3 one-on-one visits. So lots and lots of engagement happening  
4 with the public throughout the state.

5 Next slide.

6 So what do we do with all of that information?  
7 Every single one of those comments and one-on-one inquiries  
8 goes -- is documented and summarized so that we can provide that  
9 to our study and project teams, leadership and ADOT's ultimate  
10 decision makers. We organize it in a way that makes sense for  
11 those decision makers. So we don't just do a data dump. We  
12 organize all that information, and we do that by putting that in  
13 comment logs.

14 So, for example, as an environmental study or if  
15 we're conducting a public meeting for design, we receive  
16 comments. We organize all that in a log; organize it by topic.  
17 In the case of the five-year program, we organize it by  
18 corridor. And then we summarize it by theme so that -- so that  
19 the project or study team and decision makers can understand a  
20 flavor of what we're hearing and the top concerns and requests.

21 For construction, we maintain inquiry logs for  
22 folks who call in or email in about issues for construction, and  
23 again, we organize that by topic so that later if we see a trend  
24 happening related to a particular area of concern, we can  
25 address that. And again, those all go to the residents and the

1 district staff, again, to address or to at least be aware of  
2 those concerns coming in.

3           We also -- for every time -- every time we have a  
4 larger engagement effort, for example, surrounding a public  
5 hearing or public meeting and a whole phase of engagement, we  
6 document all of the outreach activities and the input received  
7 during that phase in a public involvement summary, and that is  
8 posted up on our website and made available for folks so that  
9 even if they couldn't participate, they know what was -- what  
10 information was provided and what we said. And also, it  
11 helps -- it is required for our documentation for our studies  
12 and projects.

13           And lastly, we do survey summaries so that when  
14 we receive these 8,000 survey responses, we organize it in a way  
15 that makes sense for the team, and they can understand, again,  
16 the priorities of the public and what folks are saying about a  
17 various project or their preference, for example, for an  
18 interchange design.

19           So now I'd like to turn it over to Paul Patane,  
20 who heads up our Multimodal Planning Division.

21           Next slide, please.

22           And he will further talk about what we do with  
23 that -- what decision makers do with that information once it's  
24 passed on from community relations.

25           MR. PATANE: Thank you, Daina.

1 Chairman Knight, Board Members, I'm Paul Patane,  
2 Multimodal Planning Division.

3 So here's an example, like, you know, currently  
4 we're in the five-year program development process, and when we  
5 get to the time frame where we see a call to comments, this is  
6 an example of how we document our public comments. But we keep  
7 all the comments in the spreadsheet. We log them. We  
8 categorize them.

9 Like mentioned earlier, we do respond to all the  
10 comments, either through an email or some type of correspondence  
11 where we do follow up with the comments received. Then  
12 throughout the process each month, I'll come to the Board with a  
13 summary of the comments through the development of the five-year  
14 program. Once the public comment period is open, I'll provide a  
15 monthly update at the board meetings of the comments received to  
16 date.

17 Next slide, please.

18 And so here's this example of kind of what we go  
19 through when the -- when we receive the public input. Again, we  
20 receive the public input in various ways that we document and  
21 summarize. And then after we summarize the documents, we get  
22 the subject matter experts involved, and we get their input into  
23 evaluation and consideration for the comments. And this is  
24 where, you know, the study manager, the -- the resident  
25 engineer, whomever the subject matter expert is, we analyze the

1 comment to see how it impacts the scope, schedule and budget.  
2 That's really kind of the driving factors in some of the  
3 comments and how they will impact the project. Then,  
4 eventually, at some point in time, there has to be a decision  
5 made on the comment either to incorporate it or we may not be  
6 able to use the recommendation that was received.

7 Next slide, please.

8 And so as mentioned earlier, also, we receive,  
9 you know, comments, you know, throughout years, not just during  
10 studies, and so it's important that we do address those  
11 comments. We do listen to what the public is telling us. You  
12 know, my personal example is where the public had a lot -- a lot  
13 of input and really, you know, (indiscernible) decision is on  
14 the project, and Board Member Knight is very familiar with it.  
15 It's one of the SR-195 extensions where there was a lot of  
16 opposing comments to the extension of 195. So at the end of the  
17 day, the -- you know, the highway was not extended, and it did  
18 terminate at Interstate 8, for example.

19 Next slide, please.

20 Any questions?

21 CHAIRMAN KNIGHT: Does any board member have any  
22 questions for the communications team or Paul?

23 MR. THOMPSON: Chairman.

24 CHAIRMAN KNIGHT: Yes. Board Member Thompson.

25 MR. THOMPSON: Paul, what impact does having to

1 go on site of the proposed projects have in determining whether  
2 a project is -- qualifies or not?

3 MR. PATANE: Well, all projects require, you  
4 know, field visits for on site. Once a project is selected to  
5 move forward in the -- in the development process, there is, you  
6 know, on-site investigation, the environmental process, you  
7 know, utility conflicts. All of those are -- are part of  
8 developing the project when we come on site, but there is  
9 typically, at least, a couple of on-site visits to the project  
10 as the design is moving forward.

11 MR. THOMPSON: Thank you, Paul. Thank you,  
12 Chairman.

13 CHAIRMAN KNIGHT: Any other questions from the  
14 Board?

15 MS. DANIELS: I just want to make a comment,  
16 Chairman, whenever that's appropriate.

17 CHAIRMAN KNIGHT: Okay. Board Member Daniels.

18 MS. DANIELS: Thank you.

19 Thank you so much for that presentation and for  
20 being so thorough. I really appreciate the overview. I think  
21 it's incredibly helpful, and I'm excited to start sharing a  
22 little bit more of your communications with the municipalities  
23 that -- that both Mayor Meck and I -- or Board Member Meck and I  
24 represent. So really grateful for all of that help.

25 When there is a public comment from -- at the

1 board meeting, for example, so we have a resident, interested  
2 stakeholder coming, they're speaking at the board meeting, do we  
3 do any follow-up as part of our normal practice with that  
4 specific individual? They provide us with all their contact  
5 info, and I was wondering if we could incorporate that into the  
6 additional communication that we do.

7 MR. ROEHRICH: So -- you want to? So Chairman  
8 Knight and Board Member Daniels, if you'll know, in the past few  
9 months, Ms. Daniels, when you brought that up, we started to  
10 develop a better process than that. Usually we would contact  
11 them, but we did not document it, as you had pointed out. So  
12 what you'll see is as we're moving forward, we are going to  
13 track every comment that we receive in the -- from the public on  
14 the board meeting, and we're going to track the response, and we  
15 are going to be reporting that back to the board members. So  
16 you'll start seeing that on a monthly basis as -- as we put that  
17 in place.

18 Our communication team is working with our  
19 technical team to make sure that we've got the proper response  
20 and that we're responding in whatever method is necessary,  
21 email, direct contact or whatever is appropriate. So that is an  
22 ongoing process that is being developed, and you'll start seeing  
23 that as we present it monthly to the board members.

24 MS. DANIELS: Terrific. Thank you.

25 It's always been a source of frustration for me

1 that we as board members can't respond, especially when they  
2 bring to us something, you know, that's obviously important to  
3 them. Some of them are traveling hours and hours to  
4 participate, so I really appreciate the additional follow-up. I  
5 think it will make a big difference to those who are  
6 participating in our board meetings. Thanks.

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

9 I would just like to say that I am on, of  
10 course -- and I think all of the board members are on the ADOT  
11 email list for updates on highways throughout the state, and I  
12 find them to be very helpful. Some of them are a long ways away  
13 from me, but I still -- I still like having the information of  
14 what roads are closed so that I can advise people that are  
15 leaving Yuma to travel somewhere, and it's very helpful to have  
16 that information, and I really appreciate all the work that goes  
17 into -- to getting that information to us. So thank you for  
18 that.

19 Any other comments from the Board?

20 Hearing none, we'll now move on to Item Number 2,  
21 2024-2028 Tentative Five-Year Transportation Facilities  
22 Construction Program Review. And I will turn it over to --

23 MR. ROEHRICH: (Inaudible) two days first.

24 Chairman, this is Floyd. We're just getting the  
25 presentation loaded up. There are two presentations. The first

1 one will be the financial overview, followed by the tentative  
2 program discussion. So we're just going to -- here we go.  
3 We're just getting it loaded up, and then Ms. Ward will start  
4 her discussion.

5 Thank you, Dan.

6 CHAIRMAN KNIGHT: That one -- that one would be  
7 Item 2A in our attachments?

8 MR. ROEHRICH: It's Item 2. We just -- because  
9 there's two presentations, I just made one 2A and one 2 so we  
10 could keep them separate.

11 CHAIRMAN KNIGHT: Okay. Thank you. I've got  
12 them. I'm watching three screens here, so...

13 MR. ROEHRICH: Wow, that's pretty impressive.  
14 I'm struggling with one.

15 CHAIRMAN KNIGHT: I've got the presentation on  
16 one screen, and the agenda on another screen, and of course, the  
17 third screen is the Webex. But it -- yeah. It works out well  
18 for me, though.

19 MS. WARD: Well, good morning, Board Members and  
20 Mr. Knight, I can -- I can assure this is an exciting  
21 presentation. You might want to put it on all three screens.

22 So I don't know who put the lineup that put the  
23 very polished communication folks in front of the financial  
24 presentation, but my apologies. It might not be as polished as  
25 theirs. It was very impressive. I really -- that was fun.



1           So Board Members, what I'm here to present to you  
2 today is an overview of the finances that basically the  
3 financial parameters under which the program is developed. So  
4 the very first step in developing the five-year highway  
5 construction program is establishing the funding that is  
6 available for that program.

7           The federal government, FHWA, has a term called  
8 "fiscal constraint," and basically, it's a commonsense term that  
9 says, hey, don't spend more -- don't spend more than you have  
10 money available. So that's the -- the key reason we kind of --  
11 you know, from a common sense perspective, start with the money.  
12 How much money do we have available? And then once that money  
13 is defined, I hand it off over to Paul Patane and Multimodal  
14 Planning and the programming begins.

15           So let's get started here. Dan, if you give me  
16 the first slide.

17           So the agenda for this walkthrough is I'm first  
18 going to talk to you about the forecasting process, the results  
19 of that forecasting process. We'll then go into a discussion on  
20 federal formula funding. We'll talk about financing mechanisms,  
21 a/k/a bonding, the issuance of debt, and then we'll talk about  
22 the funding available for the program. And lastly -- and I see  
23 I have a bullet missing here -- we'll talk about the economic  
24 headwinds that you will -- that this program will be facing.

25           So if we can go to the first slide. Thank you.

1           So the forecasting process is known as the risk  
2 analysis process, or the RAP process. We entertain ourselves  
3 with that term, and this process has been in place since 1992.  
4 So the purpose in me actually walking you through this process  
5 is so you can take comfort and have confidence that the process  
6 is rigorous, it is accurate and it is transparent.

7           What this slide depicts for you is the fund  
8 sources that flow into and support the five-year construction  
9 program. We have the Highway User Revenue Fund, and those funds  
10 flow into the State Highway Fund. The State Highway Fund is a  
11 beneficiary of the Highway User Revenue Fund, and those State  
12 Highway Fund moneys are what ultimately -- a state fund source  
13 that flows in and supports the five-year program.

14           Additionally, we have the Regional Area Road  
15 Fund. The freeway funds are designated for the Maricopa County  
16 region, MAG region. And then we have -- I'm sure everybody's  
17 heard about the federal funds, our formula funding, and those  
18 funds are established by Congress. Then we have various other  
19 funding sources, competitive grants, also sometimes called  
20 discretionary grants. We get appropriations from the  
21 Legislature, and we sometimes also have private funding flowing  
22 into the program.

23           The funds that we actually forecast are -- and we  
24 have a formal forecasting process for are the Highway User  
25 Revenue Fund and the Regional Area Road Fund. They are the

1 funds -- they are the funds that are forecasted through the risk  
2 analysis process, the RAP process.

3 Next slide, please, Dan.

4 So the forecasting model is based on a number of  
5 variables that when combined have been found to correlate with  
6 the -- and serve as a predictor of HURF and RARF revenues.  
7 There are some variables that are the same for HURF and RARF,  
8 and there are some variables that are not. Those common  
9 variables, an example would be population, personal income, and  
10 then there are some that are different. For the Regional Area  
11 Road Fund, RARF, you'll have airport passenger traffic that  
12 folds into that overall economic model.

13 So what we do next -- and if you could give me  
14 the next slide, Dan -- we then ask a group of economists to --  
15 and transportation experts to provide their forecast for each  
16 one of those variables, and we ask them to ride those forecasts  
17 for a 20-year period.

18 What this slide depicts is the -- is the  
19 organizations and the folks that are involved in the RAP  
20 process. This is the panel of experts that we rely upon to give  
21 us their forecasts for those variables.

22 I should note that in order to, again, reinforce  
23 the rigor of this, some of these very folks are the ones that  
24 provide economic data and forecasts for the legislative budget  
25 office and the Governor's budget office. And then the

1 forecasts, once they are -- once they have provided their  
2 forecasts, we -- those forecasts are given to our consultant, an  
3 economist.

4           We contract with HDR, and they run the model.  
5 And that model is a -- is called a Monte Carlo simulation, and  
6 the result that HDR provides back to us is a series of revenue  
7 estimates that are based on a series of probabilities and --  
8 that those revenue estimates will be realized.

9           Go to the next slide, please, Dan.

10           So the benefits of the process is it involves  
11 multiple economists and experts in transportation. It's  
12 well-known -- all the methods used are well-known and generally  
13 accepted statistical methods. It's very objective. There are  
14 no -- there are no dark rooms or cocktail napkins involved in  
15 this process. And it is more -- additionally, to the point, it  
16 is recognized by the bond rating agencies. Standard & Poor's,  
17 Moody's, Fitch. It's recognized as a stable and effective  
18 forecasting methodology, and that shows up in our ratings, our  
19 credit ratings when we issue bonds. I think we're on a -- have  
20 a AA rating plus from S & P. We have a Aa1 from Moody's. So  
21 this is a well-known, well-accepted and sound process that is  
22 highly transparent.

23           So if we could go to the next slide.

24           So now I want to talk to you about the Highway  
25 User Revenue Fund and what the results from that process were

1 for our HURF revenue estimates.

2 Dan, next slide.

3 So what you see here is a historical  
4 representation of Highway User Revenue Fund revenues. You will  
5 see that last year we ended at about a little over \$1.7 billion  
6 in revenues, and that represented 6.3 percent growth over the  
7 preceding year. That ultimately ended up a little bit behind  
8 forecast. I will say that the pandemic has caused us a little  
9 bumpiness in the forecasting process, because we are trying --  
10 well, you know, when you try to predict revenues after a  
11 pandemic, it just gets a little difficult.

12 So we ended up a little -- 2.6 percent under.  
13 That represents about \$46 million.

14 If you'll go to the next slide for me, Dan.

15 What this slide depicts is the revenue sources  
16 that flow into HURF, and this shows you 2022 where the revenues  
17 came in from. Fuel tax and the vehicle license tax, those are  
18 the largest categories. They overall represented 77 percent of  
19 the revenues that flow into -- flowed into HURF last year. Now,  
20 what's interesting here is that those revenue sources that flow  
21 in have changed over time, and this is something we monitor just  
22 kind of out of curiosity and to watch how things have  
23 transitioned.

24 Let me -- let's go to that next slide, if you  
25 would, Dan.

1           So what this slide depicts -- you don't have to  
2 read any numbers. What it depicts -- don't squint. Please  
3 don't squint. Don't hurt your eyes. What this slide depicts is  
4 the change in the revenue sources flowing into HURF over time  
5 and the proportionality of those revenue sources that support  
6 HURF.

7           So if you -- the chart actually goes from 1991 to  
8 present. The bottom blue section, that represents gas tax  
9 revenues. That top -- the very top, that green section, that  
10 green section that you see trending up, actually, is --  
11 represents vehicle license tax. What you're looking at is how  
12 gas tax that was -- at one time represented 44 percent of the  
13 revenue that flowed into HURF is -- has transitioned downward  
14 and now only represents about 32 percent. Likewise, VLT used to  
15 represent 14 percent and now represents about 32 percent.

16           So why is that significant? It's significant in  
17 that it tells us -- it really points out what we are -- what we  
18 are seeing, the diminishment we are seeing in gas tax revenue  
19 due to the lack of the gas tax being indexed for inflation and  
20 increased fuel efficiency.

21           Unlike gas tax, VL- -- that is not indexed for  
22 inflation and does not have any kind of inflation factor,  
23 vehicle license tax does, because it is calculated -- in the  
24 base calculation, it incorporates your -- the cost of the  
25 vehicle. The manufacturer's suggested retail price. Just a

1 factor, I think, that I -- I try to point this out every year so  
2 people can be aware of basically what we're facing with, you  
3 know, our overall funding for transportation and how that is  
4 transitioning.

5 If we could go to the next slide.

6 So what --

7 VICE CHAIR SEARLE: I'd like to make a comment.

8 MS. WARD: Yes, sir.

9 VICE CHAIR SEARLE: I've noticed that every time  
10 I pay my tags for my vehicle.

11 MS. WARD: What's that, sir?

12 VICE CHAIR SEARLE: Every year when I pay my  
13 registration, I know how much that has increased. I can -- I  
14 can personally vouch for that increase.

15 MS. WARD: Well --

16 MR. ROEHRICH: Depreciation should bring that  
17 down every year, though, right?

18 MS. WARD: It does.

19 MR. ROEHRICH: (Inaudible.)

20 MS. WARD: It depreciates 16 and a quarter every  
21 year, yes, but it still starts on MSRP. Mr. -- I believe that's  
22 Mr. Searle?

23 MR. ROEHRICH: Mr. Searle.

24 MS. WARD: Mr. Searle, thank you for your  
25 contribution. We sincerely appreciate it. Please go buy a new

1 car.

2 VICE CHAIR SEARLE: You're welcome. I cringe  
3 every time I pay.

4 MS. WARD: Well, and please don't buy -- if  
5 you're going to buy a car, given the way the tax structure is,  
6 you'll need to make it petroleum based in order for the HURF  
7 revenues to benefit.

8 All right. So in terms of what the RAP panel,  
9 the risk analysis process, what that panel, the results from  
10 that process, that's what you're looking at on this slide. The  
11 blue are just the reflection of historical HURF revenues, and  
12 the green bars represent the forecast. So what that means, and  
13 this is for the -- of course, for the '24 to '28 program,  
14 tentative program that Paul will then go out and spend like a  
15 madman.

16 So if you'd go to the next slide for me, Dan.

17 When you compare -- when you compare our  
18 forecasts that were produced last year, and on which the '23 to  
19 '27, FY '23 to FY '27 program were based on, that program, which  
20 this board approved and is currently active, the difference in  
21 the revenues and what the panel forecast is that the forecasts  
22 actually came down. So the forecasts were decreased for this  
23 upcoming period by about \$526 million, or 5.1 -- 5.1 percent.  
24 Excuse me.

25 Now, you might say, well, why did they -- why did



1 they reduce that? Why did -- it's -- the reduction is largely  
2 based on not that the future growth rates have changed, but  
3 remember I told you that the HURF revenues for 2022 came in a  
4 little lower. 2.6 percent lower. So we basically have  
5 growth -- growth on a smaller base. Growth on a smaller base of  
6 revenues. And therefore, the ripple effect of that smaller base  
7 is that we see 526 million less available in HURF revenues.  
8 That will subsequently impact the revenues available and that  
9 flow into the State Highway Fund and that are available for the  
10 program.

11 So if we could go to the next slide.

12 Regional Area Road Fund.

13 Actually, just -- let's move on to the next one.

14 Thank you.

15 So what this shows you, like -- like I showed you  
16 with HURF, is this shows the historical revenues that have flown  
17 in to the Regional Area Road Fund. These past couple of years  
18 getting over the -- after having gotten over the pandemic, have  
19 been gangbuster. Last year we experienced 18.9 percent growth  
20 in this -- in the revenues flowing into this fund, and we were  
21 5.4 percent above our forecasts. Retail growth was -- that  
22 strongest factor at about 15.5 percent in growth, and that  
23 represents our largest category that I'll show you in the next  
24 slide. But oh my goodness, people went out. They were so happy  
25 to go back to the restaurants and bars, because we experienced

1 30.8 percent growth in restaurant and bar revenue.

2 Dan, if you'll go to the next slide, please.

3 And here you can see it on -- those revenue  
4 sources that flow into RARF. You can see them -- you can see  
5 the breakdown of it. So overall, retail represented 58 percent  
6 of the revenue flowing into RARF last year, and you can see our  
7 next category is in contracting. We had strong growth in the  
8 contracting area, as well as most certainly in restaurant and  
9 bar.

10 So if you could go to the next slide.

11 Now, like HURF, this shows you -- we're showing  
12 you the actual forecasts that came out of the risk analysis  
13 process from that panel. Blue bars show the historic, and the  
14 green bars show the forecast. Now you might be saying hold on.  
15 There's a couple of things wrong there. It doesn't -- there's  
16 this pesky drop on the last little green bar, and that is --  
17 what that represents is that the current tax that was -- came  
18 through the Prop 400 initiative, that current -- that half cent  
19 sales tax expired on December 31st, 2025. So the forecasts only  
20 go through that period, and because this forecast is on a fiscal  
21 year basis, this represents six months or half a year of revenue  
22 flowing into the -- into the fund.

23 Overall, the panelists were more optimistic or  
24 we -- because we actually came in -- because the base came in --  
25 because we came in ahead of forecast. What you see here is

1 we're actually adding funding. I want to say about 130-some  
2 million will be the forecast over our prior forecast.

3           Actually, Dan, if you'll go to the next slide. I  
4 got ahead of myself.

5           So this shows you a comparison of the forecast  
6 process from last year, the forecasts that occurred last year  
7 compared to the forecasts from the RAP panel this year, and as  
8 you can see, I was -- I was off a few mill. We actually -- the  
9 panel added, excuse me, 138, almost 139 million more will be  
10 flowing in to and available for the region, in the Maricopa  
11 region.

12           So let's move on to the next slide.

13           Let's talk federal formula funding. We can't  
14 talk federal formula funding without talking the Infrastructure  
15 Investment and Jobs Act.

16           And Dan, let's go to the next slide.

17           Okay. So as I was talking to you about in the  
18 beginning, there's some things we forecast and that we feel  
19 confident about, and there are some things we don't forecast  
20 because we don't feel confident about it, and that would be we  
21 do not feel confident in forecasting Congressional action. And  
22 so the numbers you see here are directly from the Infrastructure  
23 Investment and Jobs Act. I just say IIJA anymore, and I've  
24 forgotten what it actually stands for.

25           But what you see here is the funding that is

1 providing the apportionments that are provided through the IIJA.  
2 The most recent long-term authorization bill was passed in  
3 November of '21, I think the Governor signed it. The Governor.  
4 Oh, goodness. The President. Let's go up a level. Okay. So  
5 overall, IIJA provides about \$5.3 billion over its life. It  
6 provides about \$5.3 billion into the state, infused into the  
7 state.

8           Now, I feel it necessary to clear up a common  
9 misconception. Sometimes, you know, little chatter that happens  
10 out in the various newspapers and so forth. IIJA did not result  
11 in the -- in Arizona getting brand-new, a brand-new -- an  
12 additional \$5 billion. I have heard that I don't know how many  
13 times. Oh, we got 5 billion more dollars to work with in  
14 transportation. We do not. We do not. IIJA was quite  
15 beneficial to the state in terms of funding levels, but it is  
16 not \$5 billion of new money. It actually -- if you go to the  
17 next slide, Dan -- I think I got -- no. This one doesn't do it.  
18 But it actually represents we got \$1.3 billion more flowing into  
19 the state over the five year life of IIJA.

20           But, you know, this -- what this slide is about  
21 is me telling you that the feds -- Congress does not give you  
22 money without leaving their fingerprints on it. They -- when  
23 the federal government provides -- has provided us funding, they  
24 provide us funding into individual programs, and essentially,  
25 those individual programs define their policy priorities.

1                   So in FY '22, for example, we got \$224 million  
2 more coming into the state for -- you know, for transportation,  
3 but that \$224 million, well, it wasn't all nice, easy money.  
4 It's not like they gave us a lump system and said, hey, go  
5 forth. Do good. Spend as you will. No. They gave us 120 of  
6 that -- million of that money is a continuation of existing  
7 FAST -- programs that were established in FAST Act, but I'm not  
8 going to -- the remaining 104 is associated with new, particular  
9 programs that have very specific eligibility and spending  
10 requirements.

11                   So as we go forward in the -- and this program is  
12 built, we do have those additional IIJA moneys that are flowing  
13 in. However, if we want to use these funds, we have to build  
14 programs that met those -- we have to build programs that meet  
15 those eligibility requirements.

16                   Let's see. Let me turn the page here. Dan,  
17 let's go to the next slide.

18                   So we've covered Highway User Revenue Funds that  
19 flow in and support the program. We've covered Regional Area  
20 Road Funds that go in and support the overall program -- the  
21 Maricopa side of the program. We've talked about the federal  
22 funds that go in and support the program. Well, one of the  
23 things we do is we leverage those revenues by issuing debt,  
24 a/k/a financing mechanisms.

25                   So, Dan, if you'll go to the next slide for me.

1                   What this chart represents is the planned -- the  
2 debt that we planned to issue in support of this program. As  
3 many of the board members are aware, it's with your  
4 authorization. We go into the market and we issue bonds. The  
5 program that Paul will be presenting to you today assumes that  
6 the department will issue 2.6 billion in bonds between FY '24  
7 and FY '28.

8                   Now, you might say, oh, what's that -- why is  
9 there a blank -- where isn't there a bar in that very first  
10 under FY '24? Well, it's because we're not going to be issuing  
11 any debt in that year, and the reason we're not going to be  
12 issuing any debt is some of you might recall that we got quite a  
13 few legislative appropriations. You will also recall that I've  
14 been telling you we've gotten quite a -- we've had some strong  
15 revenue growth.

16                   Issuing debt is a function of how much you have  
17 in cash. Nobody's going to go out and issue debt when you've  
18 got cash sitting in the bank. So what we're doing is we will  
19 issue debt. We've cash flowed the program, and we say, okay.  
20 When will our cash levels meet our operating threshold so we  
21 don't issue debt until such time as we meet our threshold. So  
22 what you see here is the projected debt we will issue over the  
23 life of the program that Paul is going to present.

24                   If we could go to the next slide.

25                   Okay. Oh, if we could have a teeny-tiny drum

1 roll. So what you see before you now is the total funding, the  
2 aggregation of the -- of the funding that I've just talked to  
3 you about. It define -- the definition of the funding that's  
4 available for the tentative program. The combination of the  
5 revenue forecast, the combination of the funding, the federal  
6 funding levels that we've been provided, combination of the  
7 bonds that we were proposing to issue, leads to these -- this  
8 level of funding available for the program.

9 Now, the first four years, '24 through '27, those  
10 are the same levels of funding as were -- as the '23 to '27  
11 program is currently built on. There is no change in funding  
12 levels to those first four years. So what we're really looking  
13 at is what is the new fifth year of funding, the new fifth year  
14 being FY 2028. How much is the -- how much funding is available  
15 for that new fifth year? And what we've got is a continuation  
16 of '27, FY '27, at 1 billion 650 million dollars of funding  
17 available for the new fifth year.

18 That -- let's go on to the next slide, Dan.

19 Okay. So what do we do after we determine how  
20 much funding is available? Let's talk Casa Grande Accords.

21 The next step in the programming process after we  
22 develop how much funding is available is we go through and  
23 what -- a process called the RAAC allocation. Now, the RAAC  
24 allocation -- RAAC stands for Resource Allocation Advisory  
25 Committee, and that committee is the outcome of a meeting of

1 transportation stakeholders that was held in 1999 back in Casa  
2 Grande. I was not a firsthand -- I wasn't there, so I'm  
3 relaying this information. That was a little while ago. It's  
4 been in place since that time, and the Casa Grande Accords,  
5 sometimes called the Casa Grand Resolves, they're used  
6 interchangeably, an agreement was reached as to -- after much,  
7 much debate, as I've read, that the -- and the agreement was  
8 that 37 percent of the department's funding would be programmed  
9 in the MAG region, 13 percent would be programmed in the PAG  
10 region, and 50 percent would be programmed in Greater -- the  
11 Greater Arizona, the balance of Arizona.

12           An additional facet of that agreement was that  
13 before that allocation took place, there would be certain  
14 funding that would come off of the top for those functions and  
15 programs that the -- that the group believed were of statewide  
16 benefit. If there were issues of statewide benefit, the very  
17 first thing, they took those -- that funding off the top. An  
18 example of that -- and it's called, you know, the -- inside the  
19 walls of ADOT, it's called off the top. You know, it's  
20 off-the-top funding, and that off-the-top funding is for things  
21 like ports and rest areas, things of that nature that have  
22 statewide benefit, benefit to the entire state.

23           All right. Let's move on. That's -- and I give  
24 the numbers -- hand them off to Paul and his friends, and then  
25 they do those RAAC calculations.



1           This is the part of the program that I -- if you  
2 were in person, I would offer you maybe some tissue boxes, and I  
3 was thinking particularly that as I was getting ready for this  
4 that I ought to be offering them to our new director. So --  
5 because these -- we've got a few economic headwinds that we are  
6 facing.

7           And let's go to the next slide.

8           First, let's talk about inflation. We are now  
9 finally starting to see a tick down in inflation, and this is  
10 the general CPI, Consumer Price Index, and this chart reflects  
11 the Consumer Price Index. You can see we hit a high of about  
12 9.1 percent inflation rate in June. Now we're finally starting  
13 to see that tick down.

14          But wait. Let's go to the next slide.

15          Don't we wish we were only facing 6.5 percent  
16 general inflation? Unfortunately, the department is actually  
17 experiencing -- in actual materials that we have to use on  
18 projects, we are actually experiencing an -- and this is our  
19 most recent number. It just came out. We're facing inflation  
20 that's 27.6 percent higher than it was quarter two of last year.  
21 So one of the economic headwinds that we are facing is  
22 inflation. And what does that ultimately mean for us?

23          Let's go to the next slide, Dan.

24          What that means is diminishing purchasing power.  
25 When you look at HURF over the -- since the time that the last

1 time the gas tax was raised, we've actually lost in that entire  
2 period about \$9.8 billion of HURF purchasing power, and that's  
3 why I said I should hang -- hand out Kleenex.

4 If you go to the next slide.

5 What this chart depicts, if you -- you'll recall  
6 that I showed you the historical HURF revenues, and what this  
7 chart depicts, if you follow the top of the blue, kind of looks  
8 like a mountain range. If you follow that, what that top  
9 line -- that top of that blue section represents, it represents  
10 HURF revenues, the revenues that had actually been realized. I  
11 told you in '22 we have realized 1 billion 729 million in  
12 revenues. That's at the very top right hand. That's 1,729.

13 What that pesky gray section, that gray area  
14 represents is the actual purchasing power of those revenues.  
15 And you will note that that gray area, if you follow that  
16 across, that purchasing power has largely remained flat due to  
17 the erosion of inflation. We are not seeing much growth in our  
18 purchasing power because of the erosion of inflation.

19 I looked at this from the -- I glanced back to --  
20 after Director Toth put out her welcoming email and her  
21 introduction email, and it said, hey, I started in -- I don't  
22 remember what year. '97? '97. And I said, oh, how much money  
23 did she have available in real money? How much real money did  
24 she have available in '97 when she started? And -- well, she  
25 doesn't have much more money than what she had in 1997.

1                   So next slide, Dan.

2                   If you were to try and adjust for that inflation  
3 by what would the gas tax have to be to combat that diminished  
4 purchasing power, that 18 cents would need to become 41 cents  
5 per gallon.

6                   Okay. Let's go to the next slide.

7                   So as I mentioned to you, the feds are trying to  
8 combat this inflation. What you see here is this chart depicts  
9 the federal open market committee action to increase interest  
10 rates in order to bring inflation into check. There have been  
11 seven increases in that since February of 2022. The predictors  
12 that are -- that is -- that dotted line predicted that they will  
13 continue to face -- we will continue to see increases in  
14 interest rates through 2023, and then we'll -- we should start  
15 seeing some diminishment there.

16                   Why does this matter? Well, now we've got -- on  
17 the one hand, we've got inflation that is diminishing our  
18 purchasing power, and then on the other hand, we have high  
19 interest rates that are increasing our cost of capital. So  
20 this -- this is definitely an economic headwind.

21                   MR. ROEHRICH: Excuse me, Kristine. Mr. Knight,  
22 it looked like your microphone was on. Did you have a question?

23                   CHAIRMAN KNIGHT: Does any board member have any  
24 questions at this point?

25                   VICE CHAIR SEARLE: No questions, but you missed

1 the quarter percent raise yesterday.

2 MS. WARD: Oh, my goodness. Sir, what time did I  
3 send these slides out? You're right, sir. I did miss that.

4 VICE CHAIR SEARLE: (Indiscernible.)

5 MS. WARD: Oh, my goodness. Everybody knows it  
6 but me. This is sad.

7 Well, I'm happy to hear it was a quarter percent.  
8 Thank you for the 25 (inaudible) is better than the 75  
9 originally forecasted. Thank you, sir.

10 MR. MAXWELL: Mr. Chair, this is Ted. I've got a  
11 quick question.

12 CHAIRMAN KNIGHT: Yes. Go ahead.

13 MR. MAXWELL: Kristine, as always, great  
14 financial brief, and as depressing as usual, but the -- my  
15 question for you, when we issue those bonds, what is -- what's  
16 the length that we put on those bonds? Does it vary or is it a  
17 pretty standard format we use for issuance of our bonds?

18 MS. WARD: The answer to that is that it varies  
19 according to our credit. Our HURF bonds usually are about a  
20 26-year term. Our RARF bonds, when we -- when we were issuing  
21 for the Regional Area Road Fund, would go the life of the tax,  
22 and then our grant anticipation notes that are where we leverage  
23 the federal funds coming into the state, those run about 15  
24 years. A 15-year term.

25 MR. MAXWELL: Okay. And then with regards to

1 IIJA, because I've heard you brief on that several times, you  
2 always have good numbers but I always think I'm throwing them  
3 out with -- to the public sometimes incorrectly.

4           So what is the number that you would normally say  
5 of those funds we've got from IIJA that are going to new  
6 programs or basically even one-time programs, where it's not  
7 going to be deposited into the ADOT funds to support our road  
8 system and our five-year plan?

9           MS. WARD: So sir, the -- I can -- I can -- let  
10 me -- let me think about this. So there's two -- so you'll  
11 recall that FY '22 over FY '21, IIJA brought in 224 million more  
12 into the state.

13           MR. MAXWELL: Correct.

14           MS. WARD: Of that -- and of that 224, 120 is  
15 associated with existing programs that were established in the  
16 FAST Act. That remaining 104 million is associated with new  
17 programs that we build into the five-year program. Those  
18 dollars, some of them are sub-allocated to the locals, but some  
19 of them, still a dominant amount of them, remain for use on our  
20 system, on the -- this board's system. And it's just that they  
21 are prescriptive in the projects that are eligible to be used --

22           MR. MAXWELL: Right.

23           MS. WARD: -- (inaudible) use those dollars.

24           MR. MAXWELL: Thank you for that clarification.

25           MS. WARD: (Inaudible.)

1 MR. MAXWELL: You did. That answered it exactly,  
2 because it was the new money that I was worried about, and I've  
3 always -- the number I've been using, I've been telling folks  
4 about 40 percent of the increase in funds is going towards new  
5 programs that are not part of our current system, but like you  
6 said, they will stay that way. So appreciate it. Thank you,  
7 Mr. Chair.

8 MS. HOWARD: Mr. Chair, this is -- I do have  
9 one --

10 CHAIRMAN KNIGHT: Yes.

11 MS. HOWARD: -- quick question.

12 Thanks again, Kristine. This presentation has  
13 been very, very informative, and being a newbie on the Board,  
14 it's great. These are -- answer a lot of questions that I've  
15 had along the way, but back to -- I think it was Slide Number 7,  
16 when there was a vertical breakdown of percentages of revenue  
17 for HURF, and it -- again, it shows the decline in the gas tax  
18 and the increase in the vehicle license tax.

19 So as of, I believe, January 1st, electric  
20 vehicles, the license fees are the same as a gas vehicle, which  
21 is going to bring those -- that amount to increase as well,  
22 because from what I understand, they were down to, like, 1  
23 percent of assessed value in the beginning, and then it went up  
24 to 20, and now it's up to 69 cents per hundred assessed value or  
25 something like that, which is the same as a gas vehicle.

1                   So when I look at the gas tax, I'm understanding  
2 that we're not taxed based on electric vehicle usage as a fuel  
3 because it's electricity. Do you foresee that changing at any  
4 point? Because I just see this number declining as well as --  
5 as more electric vehicles are on the roads, and the state of  
6 Arizona and the Phoenix area have some pretty stringent goals as  
7 far as adding more electric vehicles to Arizona residents'  
8 usage. So do you -- can you elaborate on that a little bit?

9                   MS. WARD: Yes, ma'am. I can. And you've -- I  
10 don't know that I need to do much elaboration, because you've  
11 nailed it.

12                   The situation is that we do, we have a tax on  
13 fuel. You know, petroleum-based vehicles have a tax on their  
14 fuel, and they have a tax on -- in the vehicle -- vehicle  
15 license tax, an in lieu tax, whereas the electric vehicles have  
16 a -- have a tax on just that registration. And you're dead on  
17 with regards to those are coming out to be equal -- they have  
18 been -- they have been -- the electric vehicle registration  
19 costs have been increasing to ultimately there was a statute a  
20 year or two ago, I can't remember, that's going to bring those  
21 up to be the equivalent of a, you know, petroleum-based vehicle.  
22 So in terms of is that -- could you give me more on your  
23 question? I may have forgotten the first part.

24                   MS. HOWARD: Well, do you -- do you foresee more  
25 of an impact in the future for the gas tax based on electric

1 vehicle usage, gas usage declining, obviously, and the need for  
2 it, and is there going to be a time where the electric power for  
3 vehicles will be taxed?

4 MS. WARD: Okay. So the first part of the  
5 question, do I see this as a growing trend? By all accounts,  
6 yes. I do see it as a growing trend, and the effect of that  
7 growing trend will be a -- an eroding fund -- an eroding funding  
8 from the gas tax. As we transition from petroleum based to  
9 electric based, based on our present tax structure, we will see  
10 diminished revenues, barring policymakers doing anything to  
11 change that. And that's -- and that's kind of where I can --  
12 that's what I can walk up to, but I'm not a policymaker. And so  
13 that's the -- that's what folks like this board, the  
14 Legislature, and actually, this goes countrywide, the federal  
15 government as well, that's what they're wrestling. That's got  
16 to be wrestled with as we currently have a tax that is based on  
17 the -- on a particular type of fuel. As long as it's based on a  
18 particular type of fuel and we transition to another type of  
19 fuel, we're in a pickle.

20 MS. HOWARD: Correct. Yeah.

21 DIRECTOR TOTH: Chairman Knight and Board Member  
22 Howard, if I could interject. This is Jennifer Toth.

23 You know, you were talking about the Highway User  
24 Revenue Fund, but just as Kristine was finishing there, I just  
25 want to make the point that not only are the HURF revenues



1 eroding, but the federal funds are eroding, too, because of that  
2 same reliance on the gas tax and the gas structure. So it is a  
3 national issue as well as a local issue or state issue that we  
4 need to definitely be aware of and participate in some  
5 discussion, both Congressionally as well as with our Legislature  
6 as to -- and where we need to head into the future.

7 MS. WARD: You're exactly right. I mean, the  
8 Highway Trust Fund that is the basis for the federal funds that  
9 we received, the revenue sources that flow in there, 95 percent  
10 are from fuel taxes. So goes HURF, so goes the Highway Trust  
11 Fund. Everyone's really facing this.

12 I've got some data that maybe I can provide you  
13 later that kind of covers this electrification issue. So I will  
14 bring -- if it -- if the Board would like, I will bring that  
15 back to the Board. We've been -- we've been keeping an eye on  
16 it and curious and -- well, not just curious, a little worried  
17 about it. So I can report out on that later, if you would like,  
18 Ms. Howard.

19 MS. HOWARD: Thank you. Thank you very much.

20 CHAIRMAN KNIGHT: Thank you. I think that  
21 would -- that would be very helpful.

22 I think Board Member Howard hit the nail right on  
23 the head, and I've been saying it for quite some time that the  
24 electric vehicles are not paying their fair share, and it is up  
25 to the Legislature and Congress to fix it so that there is some

1 way to tax them, just as there is some -- just as we have the  
2 gas tax on gasoline vehicles.

3           So it's kind of out of our hands except that, you  
4 know, I find it kind of ironic at the last board meeting we had  
5 in Sierra Vista that one of their elected officials was bragging  
6 how they were going to be completely transitioned to electric  
7 vehicles for the city by 2025, which they're not the only  
8 city -- that just happens to be the last one we were at -- but  
9 they're not the only city that has -- that is in the process of  
10 transitioning their city vehicles to electric, yet they come to  
11 ADOT, their revenue input via HURF to ADOT is they're doing away  
12 with it, essentially, and they're not contributing, yet they're  
13 coming to us as a board and asking for more revenue and more  
14 projects in their area, yet they're part of the problem.  
15 They're part of the declining revenues that ADOT sees.

16           So I find it kind of hypocritical to reduce the  
17 amount of money you're putting in and come to us and ask for us  
18 to spend more money on their projects, but anyway, that's -- you  
19 know, I look at things kind of like that, and I'm not a real big  
20 fan of electric vehicles to begin with, especially for ADOT to  
21 spend any of our road money for charging stations. That's  
22 private sector, and I've said it many times. But anyway, I  
23 just -- I just find it kind of hypocritical that these different  
24 municipalities come to us at call to the audience and want us to  
25 spend money on their projects when they're trying to reduce the

1 amount of money that they're putting into HURF. Anyway...

2 MS. DANIELS: Chairman.

3 CHAIRMAN KNIGHT: Yes.

4 MS. DANIELS: Jenn Daniels here.

5 I respect your opinion very much and are grateful  
6 that you shared that. I just would like to offer maybe a  
7 different viewpoint in that our state's economy is thriving in  
8 large part because of many other contributions that are being  
9 paid by electric vehicle manufacturers and others who are  
10 contributing, and I don't think it's particularly helpful when  
11 we blame either the driver of whatever vehicle they choose,  
12 because the taxing mechanism is not within their purview. So  
13 our gasoline-fueled vehicles are not paying their share either,  
14 but it's not their fault, because the gas tax has not been  
15 updated and/or shifted as it probably should have been since we  
16 haven't had an update on that since 1991.

17 So I'd rather not blame the drivers, and I do  
18 want to just make sure that we recognize the contribution to our  
19 state's overall economy based on a lot of the manufacturing  
20 that's being located here within our state, on the battery side,  
21 on the electric vehicle and innovation side. There's a lot of R  
22 and D happening here. So I just don't want us to overlook --  
23 the picture's much broader than, you know, just the choice of  
24 the vehicle and the fueling source.

25 CHAIRMAN KNIGHT: And I could see your viewpoint,

1 and I don't disagree. I'm just saying that it needs to be -- it  
2 is something -- as I mentioned to begin with, it's something  
3 that has to be -- it has to be addressed by our Legislature and  
4 Congress to fix it, and by these different municipalities  
5 converting over to all electric, they're not -- they're not  
6 helping anything until such time as they end up having to pay  
7 their fair share of the road maintenance and repairs. It seems  
8 like, you know, nobody's supposed to get a free ride, so -- in  
9 my opinion.

10           So anyway, I do agree, you know, that we are --  
11 we do receive a lot of income -- economic development from  
12 batteries, vehicle -- I toured the Lucid factory. It's a great  
13 factory, and they're -- seem to be selling all the vehicles that  
14 they can put out the door. So yeah, it's good for the state in  
15 that respect, but it's not doing our HURF funds any good where  
16 we're looking at pavement preservation and keeping the roads  
17 upgraded for the vehicles that need to use them no matter what  
18 fuel they're using. It just seems like the gasoline vehicles  
19 are, of course, paying their unfair share.

20           And I agree with what you've said in that it's --  
21 except that it's up to the Legislature and Congress to fix it,  
22 and we need to -- as board members and the public, we need to  
23 talk to our state legislators. They're the closest ones we  
24 can -- we can speak to, and, of course, our state senators and  
25 representatives -- or I mean, our Congressional senators and

1 representatives as well. We need to impress upon them that  
2 there needs to be a solution for this problem, because it's --  
3 it's hurting our state highway infrastructure.

4 MS. DANIELS: Additional funding is always -- I'm  
5 glad we all agree on that, that we need additional funding in  
6 order to maintain that, so sorry.

7 MR. MAXWELL: And Mr. Chair, this is Ted. Real  
8 quick.

9 CHAIRMAN KNIGHT: Yes, Ted. Go ahead.

10 MR. MAXWELL: Since we've taken it down this  
11 avenue, I figured it's worth making one quick comment, and I  
12 agree with everything that you've both said, but, you know, for  
13 me, our board's responsibility is to maintain the state of the  
14 federal highway system in our region.

15 What I think we can do as a board, as  
16 individuals, if we see fit, is to talk about the need to  
17 modernize our infrastructure funding. I think that way we avoid  
18 the electric versus the gas versus a new tax versus -- it just  
19 needs to be modernized. It has not been addressed. We're still  
20 using what I'd call more archaic funding streams and sources,  
21 and until either in the state and at the Congressional level  
22 they get serious about modernization of the funding sources, we  
23 will be dealing with what we're dealing with.

24 Thank you, Mr. Chair.

25 CHAIRMAN KNIGHT: Thank you, Ted.

1 Any other comments by any of the board members at  
2 this time?

3 MR. THOMPSON: Chairman Knight.

4 CHAIRMAN KNIGHT: Yes. Go ahead, Board Member  
5 Thompson.

6 MR. THOMPSON: I really appreciate a lot of  
7 discussion on the funding issues, where we're at and what we  
8 need to do to create/increase the funding.

9 And the last comment on modernizing our funding.  
10 I think we're going the right direction.

11 For the new director, I'd like to say that  
12 despite the fact that the federal, BIA and tribal and county  
13 funds or in supporting of maintaining their growth on the  
14 reservation roads, there are no fundings coming from the State  
15 of Arizona or from -- or from anywhere else to participate in  
16 funneling state moneys to the school districts. There's quite a  
17 number of them on the Native American reservations, and a lot of  
18 these school buses go on dirt roads every day, and many times  
19 the students' education are impacted by having to miss school  
20 because of flooding, muddy roads and whatnot.

21 And I hope that in some way that Congress or the  
22 Legislature will be able to adopt policies that would at least  
23 give some funding to the school districts in the remote areas so  
24 they can help assist in maintaining a lot of these roads. So  
25 again, that is only a comment, and I do support modernizing the

1 funding levels.

2 Thank you, Chair.

3 CHAIRMAN KNIGHT: Thank you, Board Member  
4 Thompson.

5 Any other comments?

6 Okay. Staff, carry on.

7 MS. WARD: All right. I will try and wrap this  
8 up. I've just got a couple more slides to go.

9 The next headwind that we are dealing with is  
10 we've also got a labor shortage problem. Right now, we've got  
11 about 200 -- what this chart shows you is that we have job  
12 openings, about 202,000 worth of job openings, and we've got  
13 about 131,000 unemployed folks to fill those job openings.  
14 That's a 71,000 -- 71,000 dollar -- dollars -- that's a  
15 71,000-person gap that we are -- we're struggling with as well,  
16 and, of course, that makes it more difficult to deliver -- you  
17 know, to develop projects and to deliver a system.

18 Next slide, please. And I believe this might be  
19 close to my very last one that might draw discomfort.

20 Anyone that's been listening to the news has been  
21 hearing about the debate as to whether we are going to be  
22 entering into a recession here in the near future. Just in the  
23 last few weeks there was a presentation over at the Legislature  
24 by a number of economists, economic groups that are also  
25 participating in our forecasting process, and they are depicting

1 recessionary indicators. If we do go into a recession, that  
2 will no doubt have some impacts on our program and the estimates  
3 that I am forwarding to you today as well.

4 So next slide.

5 And finally, the kind of the last risks that I --  
6 that I can see is, well, you can have a Congressional --  
7 Congressional action or Congressional inaction that can impact  
8 our program, as budgets are debated and debt limits are debated.  
9 You have state legislative action that could impact the  
10 estimates I'm providing today, as well as one that's not  
11 discussed much, and quite honestly, we struggle to figure out  
12 how it would impact, but climate change as well. We're not  
13 really -- can't quite get a handle on -- yet on what those --  
14 what risks that might present.

15 So with that -- next slide, Dan -- I conclude my  
16 presentation, and if you have any questions, I'd be happy to  
17 take them.

18 CHAIRMAN KNIGHT: Any questions from -- from the  
19 Board at this time?

20 Hearing none.

21 MR. MECK: Mr. Chairman, Jackie Meck.

22 CHAIRMAN KNIGHT: Yes, Board Member Meck.

23 MR. MECK: Just a question. Do we have any idea  
24 of how many residents, new residents that have moved in to  
25 Arizona that still have their license plates from other states



1 that never, you know, brought their license plates into  
2 compliance? We see a lot of them that are from other states for  
3 years. As the state grows and all these people are moving in,  
4 they don't update their license plates, which is a form of  
5 revenue.

6 So I just throw that out. There's -- I don't  
7 know if there's an answer, but do we have any idea or can we  
8 tell how many people would be out there that are basically not  
9 paying their fair share to use the roads? So that would be a  
10 revenue for the state somehow or another for ADOT in particular,  
11 but just a question. Thank you.

12 MS. WARD: So Mr. Chair --

13 CHAIRMAN KNIGHT: Thank you, Board Member Meck.

14 MS. WARD: I'm sorry. Go ahead.

15 DIRECTOR TOTH: Mr. Chairman and Board Member  
16 Meck, we do have a mechanism. I can't -- I don't know a lot of  
17 the details, but in regard to that, it has to do with insurance  
18 coverage. So if somebody moves from a different state, they're  
19 no longer insured, and when they apply for insurance here, then  
20 we're able to track that to be able to ensure that they are  
21 changing their license plate in order to be registered here in  
22 the state. So I can get more information and send that out as  
23 to the details of that, but that's the general gist of how MVD  
24 tracks that.

25 MR. MECK: Thank you.

1 CHAIRMAN KNIGHT: Any further questions from  
2 board members?

3 UNIDENTIFIED SPEAKER: (Inaudible.)

4 CHAIRMAN KNIGHT: Hearing none, Floyd, I guess  
5 we're ready to move on to the next presentation.

6 MR. ROEHRICH: Yes, Mr. Chair. Dan's pulling up  
7 the next presentation, and Mr. Patane will go ahead and start  
8 it.

9 Is that the start of the presentation, Dan?

10 MR. PATANE: There you go. Thank you.

11 Thank you, Chairman Knight, Board Members. Paul  
12 Patane, Multimodal Planning Division. What I'll be presenting  
13 today is the Tentative Five-Year Program for FY 2024 through  
14 2028.

15 Next slide, please.

16 What I'll be going through today are several  
17 items. I'll be beginning with some background information,  
18 going over asset condition. Then we'll get into the tentative  
19 program itself, the MAG and PAG program, along with the airport  
20 program and then our next steps.

21 So I'll begin with an overview of our asset  
22 condition.

23 Next slide, please.

24 So our current value of the state highway  
25 infrastructure is approximately \$24.4 billion. This is the

1 largest asset the state has.

2 Next slide, please.

3 And so now I'll talk a little bit about our  
4 bridge condition and our bridge ratings. And our bridge ratings  
5 are based on a good, fair and in poor condition. A good  
6 condition bridge is primary structural components that have no  
7 problems or very minor deterioration. Fair condition, you've  
8 got some deterioration or erosion around piers. In poor  
9 condition, where you have advanced concrete deterioration, scour  
10 or some of your structural components are damaged. And poor  
11 condition -- a poor bridge -- poor condition bridge is not  
12 unsafe. Unsafe bridges are closed.

13 Next slide, please.

14 So this shows our -- our bridges, the bridge  
15 condition on the statewide basis. As you can see, there is a  
16 small decline over the past few years. I guess the big takeaway  
17 here is, you know, based on our current funding levels, we're  
18 unable to increase the amount of good condition bridges along  
19 the state system.

20 Next slide, please.

21 Now I want to talk a little bit about pavement  
22 ratings. The pavement ratings are similar to bridge based on  
23 good, fair and poor. A good condition bridge is, you know, you  
24 have a smooth road surface with little or no cracking. As it  
25 gets to the fair condition, you have the cracking increases.

1 You begin to see rutting in the wheel path. I think we've all  
2 experienced poor condition roadways, where the roads surface is  
3 pretty rough. You have potholes and there's numerous cracks  
4 across the road surface.

5 Next slide, please.

6 And so this shows the interstate -- the pavement  
7 condition for our interstates. As you can see here as well, the  
8 trend is on a downward trend. Before putting in some what we  
9 call life extension-type projects where we begin to increase --  
10 show some increase in our pavement condition over the last  
11 couple years, but these are short-term fixes, and the current  
12 funding levels still are adequate to increase our pavement to  
13 where we have a higher percentage in the good condition.

14 Next slide, please.

15 This is the non-interstate, the national highway  
16 system. Again, downward trend on the pavement condition. Here  
17 we -- you know, we have to make the tough decisions where to  
18 prioritize those dollars, and typically, our interstates are our  
19 highest priority, our key commerce corridors. And so, again,  
20 with the current funding levels, we seem to be not able to raise  
21 or pay -- (inaudible) into higher condition.

22 Next slide, please.

23 UNIDENTIFIED SPEAKER: Go back one slide.

24 MR. PATANE: Go back one slide, please.

25 So this is a non-national highway system. Some

1 of our secondary routes. Again, we're on the downward trend  
2 with the pavement ratings, the pavement condition, and so until  
3 we get additional funding, we'll have challenges ahead of us.

4 Next slide, please.

5 So now I'll move on into what our Long-Range  
6 Transportation Plan or current What Moves You Arizona 2040.  
7 This long range plan establishes our strategic priorities and  
8 goals, objectives that guide ADOT's investment choices as we  
9 develop our five-year program. And the areas -- the categories  
10 of investment based on a long range plan are preservation,  
11 modernization and expansion.

12 Next slide, please.

13 So here -- this graphic here kind of shows the  
14 connection of the long range plan, our planning to programming  
15 process, which all feeds into the development of the tentative  
16 five-year program.

17 So, you know, first we have -- you know, I talked  
18 earlier about the three categories, you know, preservation.  
19 These are activities that help us preserve our system. Then we  
20 have modernization-type projects. These improve safety  
21 operations, such as shoulders, (inaudible) lane, SMART road  
22 technologies. Then we have expansion, which adds capacity and  
23 additional lanes to the existing system.

24 So then we have our planning to programming  
25 process, which is where -- this is where we come up and define

1 and prioritize the recommended construction projects that come  
2 into the new -- the new five-year program. So these projects --  
3 or in each year projects are scored on the four attributes,  
4 technical, policy, safety and district priority. The projects  
5 with the highest ranking across the four categories are then  
6 included in the five-year program based on available funding.  
7 This is the basis of how foundation for the -- how we build a  
8 tentative five-year program.

9 Any questions on this slide?

10 Next slide.

11 CHAIRMAN KNIGHT: Paul, I don't hear any.

12 MR. PATANE: So here's an overview of the five-  
13 year program development process. It's a year-long process  
14 that's constantly ongoing. Once we -- we develop a new program,  
15 we're already been in the process of developing the five-year  
16 program.

17 So the thing -- the thing I could point out here  
18 is there's significant outreach in how we select our projects.  
19 We hold our district workshops in September, October. Those are  
20 represented with the districts, but also the MPO and COG. Local  
21 elected officials are there where we go over and discuss the  
22 projects that have been selected to move up in the process.

23 Then also, there's additional coordination with  
24 the MAG and PAG regions as we develop their program as well. So  
25 there's input on the -- as we develop the projects at the very

1 beginning. Then once we have a tentative program developed,  
2 there's also the opportunity for the public comment period as  
3 well.

4 Next slide, please.

5 So these are -- these numbers may look familiar.  
6 These are the numbers that Kristine sends off as we develop  
7 our -- the new program, and so the funding distribution is, you  
8 know, over the five years. And I was looking at it, and, you  
9 know, the total's over \$7.73 billion. That's the size of the  
10 program. So I think that's probably one of the largest programs  
11 that ADOT has ever had.

12 Next slide, please.

13 So this slide here shows the distribution of the  
14 funding sources in the expansion, modernization and preservation  
15 categories, which you can see comparing -- this is the program  
16 that includes the MAG and PAG funding, as well as you can see  
17 from the last year's program we have increased the amount of  
18 modernization and had some decrease in preservation. The  
19 increase in modernization, there's been -- you know, there's  
20 been some new IIJA programs, such as the transportation  
21 alternatives, the carbon reduction, for NEVI programs. Also, we  
22 increased the amount of highway safety improvement funds  
23 available on a statewide level, and also, we've increased the  
24 amount of dollars toward truck parking.

25 Next slide, please.

1           So what this slide shows is we broke out -- we're  
2 excluding the MAG and PAG dollars, and this is the amount of  
3 money going toward Greater Arizona. So these totals include all  
4 the different sub-programs within our tentative program, and so  
5 these are the totals that will be -- that we will be needing.

6           Any questions on this slide?

7           So next slide, please.

8           So the previous total -- it was for Greater  
9 Arizona, but it does include local projects that are not on the  
10 system but are eligible for federal dollars, and so these --  
11 this graph, this here, these are the dollars that are dedicated  
12 toward the ADOT state highway system. And so these are the --  
13 what we'll be using to develop the projects along the state  
14 highways.

15          Next slide, please.

16          So these are the dollars for the local competitor  
17 programs in funding another system such as state parks, local  
18 bridges, on and off system bridges, recreational trails, and so  
19 there's a significant (inaudible) amount of dollars there going  
20 into these various type of programs.

21          Any questions on the last couple slides?

22          So for Greater -- next slide, please.

23          So for Greater Arizona, there's the funding  
24 distribution. We had 64 percent toward preservation, we got 20  
25 percent toward modernization and 16 percent toward expansion.



1 Next slide, please.

2 So (indiscernible) I just want to provide an  
3 update on the I-10 corridor, then the next couple slides, I'll  
4 show you some of the projects, expansion projects along -- that  
5 are part of the tentative program.

6 As you know, we were unsuccessful, at least we  
7 received official notification that we were unsuccessful on the  
8 MEGA grant, but, you know, our focus and priority still is I-10  
9 for the agency. And so we still need to deliver the 26-mile  
10 corridor, and so we are currently working on our -- what we've  
11 kind of termed just internally as the Plan B option. And so  
12 what -- right now we are looking at three projects along the  
13 southern portion of the corridor that we're beginning to move  
14 forward with the development.

15 The first project is the I-10 Gila River Bridge  
16 replacement. We're looking to bid this project the summer of  
17 2023, and looking for a completion of 2025.

18 The next project is on -- well, on I-10. It's  
19 about 13 miles (inaudible) lane. It improves the main line. It  
20 also includes Gasline Road, Seed Farm Road TI, Dirk Lay Road,  
21 and the SR-387, Pinal Avenue TI. The estimate of this project  
22 is at 327 million for FY '24.

23 Project 3 is I-10 Nelson Road and SR-587, the  
24 Casa Blanca TI. The estimated cost here is \$89 million, and  
25 we're looking to bid fall of 2025 and completing in 2027. This

1 includes only the Nelson Road and SR-587 Casa Blanca Road TI  
2 improvements.

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

4 CHAIRMAN KNIGHT: Go ahead, Ted.

5 MR. MAXWELL: So Paul, with Plan B on I-10, what  
6 length of highway will be left at the four lanes or two lanes  
7 each side instead of the six we're trying to get to?

8 MR. PATANE: So the -- this -- these three  
9 projects take care of 15 miles in the southern portion. So that  
10 will leave 11 miles further to the north to complete.

11 MR. MAXWELL: So we'll be prospectively three  
12 lanes, what you're saying, all the way up to the Gila Bridge.  
13 It will just be that section from the Gila Bridge into -- beyond  
14 that we have to get to three lanes or our goal is to get to  
15 three lanes on each side?

16 MR. PATANE: Correct. That is my understanding.

17 MR. MAXWELL: All right. Okay.

18 MR. BYRES: This is Greg Byres.

19 Mr. Chair, Board Member Maxwell, so on that  
20 northern portion, basically from the county line north, there's  
21 also -- currently there's funding in MAG's TIP for that portion.  
22 The reason we started on that south end is because the right-of-  
23 way clearance can be gained fairly quickly. It's going to take  
24 a little while to gain the right-of-way clearance on the north  
25 end, but it isn't that we're not going to pursue that. It's

1 just that it's in a little bit later time frame, and at this  
2 point in time, there isn't enough funding to complete that  
3 northern section without that MEGA grant. However, we're --  
4 we're still looking at and trying to come up with a different  
5 means of getting additional funding. Particularly, we will be  
6 going after a MEGA grant in 2023. So -- and it will target that  
7 northern section.

8 MR. MAXWELL: Thank you, Greg. I appreciate it.  
9 I was just trying to confirm what we would have left to --  
10 remaining to do. So thank you for that. Thank you, Mr. Chair.

11 CHAIRMAN KNIGHT: Any other questions for that?  
12 Okay, Paul.

13 MR. PATANE: Thank you, Chairman.

14 Next slide, please.

15 So this slide here depicts some of the expansion  
16 projects for FY '24. As you can see, we have the I-40, US-93  
17 West Kingman TI. We have investments in US-93 for design work.  
18 We have investments in State Route 260, the Lion Springs, the  
19 right-of-way acquisition process, along with I-17, Anthem Way,  
20 the \$83 million there, along with also dollars for the US-191,  
21 Cochise Railroad overpass.

22 Next slide, please.

23 And so, you know, the reason you're seeing some  
24 of these projects in two fiscal years, because we're cash  
25 flowing them over the -- you know, the two-year period. And so,

1 again, on FY 2025 expansion, we're showing investments in US-93,  
2 21 million, then 63 million, Cane Springs on 93. Some  
3 investment in I-10. Also, the remainder of US-191, Cochise  
4 railroad overpass.

5 Next slide, please.

6 So FY '26, showing 54 and a half million for Lion  
7 Springs, SR-260. For US-93, still at 63.9 million toward Cane  
8 Springs segment. Then another 43 million along US-93 for the  
9 Vista Royale site.

10 And for FY '27, remainder of the Lion Springs,  
11 State Route 260, 54 and a half million. Then 70 million for  
12 US-93 in the Big Jim Wash segment.

13 Then for FY '28, we're currently showing no  
14 expansion projects.

15 Next slide, please.

16 So this is for the MAG program for FY 2024-2028.

17 Next slide, please.

18 So this slide displays the MAG program, project  
19 types (inaudible) from system interchange improvements, traffic  
20 interchange improvements, along with expansion projects along  
21 Grand Avenue.

22 Next slide, please.

23 We have the PAG program.

24 Next slide.

25 So here we're showing the projects within the PAG

1 region. We have the -- you know, the I-10, Country Club, I-10  
2 Kino TI. Those projects will be -- talking with the district  
3 administrator there, Rod Lane, those projects will be combined  
4 into a single project. Here we have the Valencia Road widening  
5 and the I-19 Irvington TI.

6 Next slide, please.

7 So here we have the Airport Capital Improvement  
8 Program. The Airport Capital Improvement Program is still  
9 objective at maximizing the use of state dollars for airport  
10 development and maximizing the Federal Aviation Administration  
11 funding for Arizona airports.

12 Next slide, please.

13 And so for the programs there, for the  
14 federal/state/local match program, we're showing 8 million  
15 dollars. For the state/local program, there's 10 million in --  
16 for our Airport Pavement Management System. That's pretty  
17 much -- our APMS program, pavement preservation program, they're  
18 showing 5 million. There's 11 million toward the Grand Canyon  
19 National Airport. A million dollars toward planning services,  
20 for the total Capital Improvement Program of \$35 million.

21 Next slide, please.

22 So the projects from the six- to ten-year  
23 program. In future years, we're showing no expansion and just  
24 some modernization and state planning services along with  
25 development, but it's pretty much a flat line for the remaining

1 five years out.

2 Next slide, please.

3 The next steps, we'll seek a recommendation for  
4 the State Board approval for public comment at the February's  
5 board meeting on the 17th. We'll have a public comment period  
6 from March through May. Then in May we'll have our -- it's our  
7 scheduled public hearing over -- for the tentative program.  
8 We'll have a study session in June. Then we'll request and  
9 recommend final approval by the State Transportation Board at  
10 the June 16th board meeting. Then the state fiscal year starts  
11 July 1, 2023.

12 Next slide, please.

13 Any questions?

14 CHAIRMAN KNIGHT: Does any board member have any  
15 questions for Paul or for any other staff member?

16 VICE CHAIR SEARLE: Gary, this is Richard.

17 CHAIRMAN KNIGHT: Richard, go ahead.

18 VICE CHAIR SEARLE: Yes. Just a couple of  
19 comments and then a question.

20 First of all, I know we're used to so much  
21 pessimism and bad news, I like to live on the optimistic side,  
22 and I think this is the first year that we're seeing an --  
23 additional expansion projects. And although Kristine mentioned  
24 that our funding was about the same, I'm encouraged to see the  
25 expansion projects that have been projected in Greater Arizona.

1 Paul, if you would, please send me a more  
2 detailed list of the five-year plan, of the different years and  
3 the projects, if you would, please.

4 MR. PATANE: Chairman Knight, Board Member  
5 Searle, yes. Yes, sir. We will -- we'll get that list out.  
6 It's scheduled to be printed out next week.

7 VICE CHAIR SEARLE: All right. Very good.

8 MR. PATANE: Yeah. We'll have it to you, I  
9 think, by the end of next week, sir.

10 MR. ROEHRICH: Excuse me. Mr. Chairman,  
11 Mr. Chairman and Board Members, if you remember, we'll print out  
12 the -- we'll bring them to you at the February board meeting.  
13 That's where we normally have brought -- we will bring you a  
14 hard copy at the board meeting.

15 VICE CHAIR SEARLE: All right. Perfect. Thank  
16 you.

17 MR. ROEHRICH: And prior to that, we will email  
18 you electronically. Electronic copy. We send out the  
19 electronic copy early, but we always bring you a printed copy.

20 CHAIRMAN KNIGHT: And Board Member Searle, I  
21 think -- I think where that extra money -- where the -- where  
22 the expansion is coming from is from our earmarked funds from  
23 our Legislature, so it's very important for us to engage them to  
24 keep our -- some of our local projects funded, because I think  
25 without the earmarks, we wouldn't have the expansion and

1 modernization that we're seeing now.

2 VICE CHAIR SEARLE: I was just trying to see the  
3 positive side, Gary.

4 MR. MAXWELL: Mr. Chair, this is Ted. I got a  
5 question along the same lines for -- for Paul and maybe Greg.

6 CHAIRMAN KNIGHT: Yes, Ted. Go ahead.

7 MR. MAXWELL: Two questions. On the pie charts  
8 that showed the percentage breakdown and, you know, how much was  
9 expansion to pavement preservation, modernization, from the old  
10 plan to the new plan, did that include anticipated revenues from  
11 MAG and PAG for our regional transportation authorities assuming  
12 they're going to pass, or was that without those included?

13 (Inaudible conversations.)

14 MR. PATANE: We -- those are with -- excuse me --  
15 Chairman Knight, Board Member Maxwell, those are without the  
16 projections.

17 MR. MAXWELL: Okay. Okay. So that makes sense  
18 why it's a pretty significant reduction and expansion on top of  
19 it. And I think it also highlights the importance of the  
20 regional transportation, because as Board Member Searle pointed  
21 out, you know, it was good to see some more coming in, but  
22 predominantly, the Legislature has always -- you know, large  
23 part, not exclusively, but also targeted those rural requests,  
24 and as they should, because there was no money to go into that  
25 expansion, and they didn't have the regional approach, but it



1 does show that that's pretty critical for passage.

2 And then the one thing, it still always troubles  
3 me, and I use the slide from the year and a half ago showing  
4 that even on the fifth year of the plan, we have no expansion  
5 money right now for Greater -- Greater Arizona either, and if we  
6 don't get any of the (indiscernible) passed, we may have no  
7 expansion money at all. So we've got to be aware of that moving  
8 forward.

9 Thank you for the briefing. I appreciate the  
10 information.

11 CHAIRMAN KNIGHT: Thank you, Ted. Are there any  
12 other comments?

13 MR. THOMPSON: Chairman.

14 CHAIRMAN KNIGHT: Yes, Jesse. Go ahead.

15 MR. THOMPSON: Either from Paul or the staff,  
16 I'll really for -- I think it's very important to be  
17 communicating back to the community about their projects. I'm  
18 really for that.

19 So as a part of that, Paul, going back to the map  
20 on I-10 corridor, I-10 runs through Gila River Indian Community.  
21 You have various projects (inaudible) on that -- on that road.  
22 I'd like to have similar type of a setup mapped out for I-60,  
23 along Chinle and Many Farms area.

24 Maybe for the last six years, that will  
25 demonstrate, you know, the successes, you know, that can

1 actually happen if persons like Kee Allen Begay keeps on talking  
2 about these projects, and so I'd like to make that request if  
3 that could be provided to me. I know this will be late notice,  
4 but I'm sure we do have all the information on that, because  
5 I've seen a list of those projects before. So again, thank you,  
6 Chairman.

7 CHAIRMAN KNIGHT: Thank you, Jesse.

8 MR. PATANE: Chairman Knight, Board Member  
9 Thompson --

10 CHAIRMAN KNIGHT: Yes.

11 MR. PATANE: -- we'd be happy to make a map and  
12 provide that to you, sir.

13 MR. THOMPSON: Thank you very much.

14 MR. PATANE: I would say we'd have it by the next  
15 board meeting of the upcoming board meeting.

16 MR. THOMPSON: I'll call you on that and talk to  
17 you on the phone.

18 MR. PATANE: Thank you.

19 CHAIRMAN KNIGHT: Okay. At this point we've  
20 concluded all of the agenda items. Is there any other business  
21 for -- from staff or any board members? I know Floyd probably  
22 would like to announce our next board meeting in Oro Valley.

23 MR. ROEHRICH: Yes, Mr. Chairman. It's  
24 February 17th in Oro Valley at their facility. Sherry's already  
25 working on hotel information and other activity information. We

1 will have that out to you very shortly, and then we'll be able  
2 to plan around other activities coordinating it. We've had the  
3 coordination meeting with the city where I'm doing a follow-up  
4 to test some of their technology in their -- in their chambers,  
5 and we are going to be ready. It will be a real good meeting.  
6 We're looking forward to going back to Oro Valley. We haven't  
7 been there in a few years.

8 CHAIRMAN KNIGHT: Thank you, Floyd.

9 Any board member have any other business?

10 Hearing none, this meeting is adjourned.

11 (Meeting adjourned at 11:07 a.m.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF ARIZONA )  
2 COUNTY OF MARICOPA )           ss.

3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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 74 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 3rd day of April 2023.

          /s/ Teresa A. Watson          

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

**Adjournment**

***Chairman Gary Knight adjourned the State Transportation Board Study Session on February 2, 2023.***

**Meeting adjourned at 11:07 a.m. PST.**

Not Available for Signature

Gary Knight, Chairman  
State Transportation Board

Not Available for Signature

Jennifer Toth, Director  
Arizona Department of Transportation