

MEETING SUMMARY NOTES

WMYA Long Range Transportation Plan Steering Team Meeting #4 December 1, 2010; ADOT – Phoenix, AZ

Meeting was called to order at 1:15 p.m. The meeting was held at the County Supervisors' Association building in Phoenix and via video conference.

I. Introductions – Scott Omer

Scott Omer, ADOT Director of Planning and Programming, welcomed participants and led introductions. He explained that at this point in the plan there needs to be significant policy discussion between ADOT and the planning partners and that participation is greatly appreciated. Scott apologized for the absence of Jennifer Toth, Multimodal Planning Division Manager, who has chaired the meetings in the past.

Scott then reviewed the agenda explaining that the purpose of the meeting was to review background information

The next two meetings, this one and the one scheduled for January 11th, are particularly important because there will be discussions of how ADOT should allocate its existing funds, specifically the money that will be available over the next 25 years if no new revenue is provided. Also, to talk about not just the capital program, what we can invest in expansion of the transportation system, but also what investments should be made to preserve and modernize the existing system, which includes everything from filling potholes to implementing intelligent transportation systems.

The key to this discussion is understanding that whatever is done, involves trade-offs. These trade-off decisions are particularly difficult under the financial constraints ADOT will be facing if no new revenue is provided.

Today, we will review the study's background, where we have been and how we got to where we are today; baseline Alternative Investment Choices (AIC), highway focused and expanded highway choices; and then we will open the meeting for discussion.

II. Study Process – Scott Omer

The state Long-Range Transportation Plan (LRTP) is ADOT's role in implementing Building a Quality Arizona (bqAZ) the Statewide Framework Transportation Planning Study. By grounding the LRTP goals and objectives in bqAZ, ADOT is defining its role in implementing the agreed upon vision and guiding principles. Once the LRTP is adopted it will be ADOT's commitment to the partnership required to implement bqAZ. It is important to remember that bqAZ included local roads and other types of facilities and the LRTP does not. It only includes the state transportation system.

This process is divided into three phases. The first phase is the Goals and Objectives, which was completed in September 2010. We are in the second phase, Performance Measures and Alternative Investment Choices. This phase includes the most significant technical work and

requires the most important policy discussions. In Steering Team Meeting 3, we presented some of the potential performance measures that will be used to evaluate investment plan alternatives, as well as measures that might be used to link this plan to the development of the capital program. This performance measures work is on-going, but today we will focus on the identification of the AIC component of Phase 2. Phase 3, Recommendation and Approval, is scheduled to begin in spring 2011, and will include the review and hopefully the eventual approval of the LRTP recommendations developed with the help from the Steering Team and Policy Committee.

The products from Phase 1, the bqAZ vision and the goals and objectives are the foundation for the Phase 2 work. Together they describe at a high level the transportation system outcome that we have agreed we would like to achieve over the next 25 years. Phase 1 technical work included the revenue forecast of funding ADOT can expect to receive over the next 25 years if nothing changes (Baseline Revenue Forecast) and development of 25 year needs. A summary of both of these has been presented in previous meetings. This work represents the end of Phase 1 although the development of performance measures is on-going and will continue through Phase 2.

Phase 2 begins at the baseline recommended investment choice step and includes two major iterations for the policy and technical work. The first one assumes no new money is available (baseline) and the second assumes new revenue is available (Expanded Revenue). Within each of these iterations we will be identifying and testing several potential AICs for policy deliberation by the project management team, Steering Team, and Policy Committee. The products of Phase 2 are the two Baseline Recommended Investment Choices (RIC). The only significant difference between the two choices is the available funding. The needs, goals and performance measures are the same for both iterations. A primary policy discussion is developing the expanded revenue assumptions. We anticipate that this discussion will occur in late January or early February.

The first outcome for today's meeting is to make sure that the Steering Team members fully understand the concept of what an AIC is and how it will be used in the LRTP. As part of today's discussion, we will show some preliminary technical analysis related to AIC's A and B. Before the next meeting we will complete the technical analysis to understand more fully the difficult trade-off decisions that result from two very different AICs.

The purpose of the January 11th meeting will be to achieve consensus on the Baseline Recommended Investment Choice. This is a primary product of the plan as it represents how ADOT will allocate its funds if no new revenue is received over the next 25 years. We do not anticipate that either AIC A or B that are discussed today to become the Baseline RIC.

It is important to keep in mind that the LRTP is only ADOT's role in implementing bqAZ. There are many other partners involved. ADOT's implementation role varies by mode of transportation. Right now ADOT's role is the owner and operator of the state highway system. The state highway system is the state's largest capital investment, and ADOT is also working in an environment where buying power is anticipated to decrease and there is uncertainty of federal funding. However, in some areas this responsibility is handled by other agencies and ADOT is either a partner or advocate. These role differences have implications for ADOT's investment in their implementation. These roles were reviewed with the Steering Team as part of the goals and objectives phase.

The baseline revenue forecast shows less funding per year than is currently available. These revenue forecasts have been developed with the department and are based on the same assumptions agreed to for financial projections.

III. Background Information – Scott Omer

Alternative Investment Choices

AIC investment choices do not emerge from a vacuum. During Phase I significant work has been done to develop the basic inputs needed to develop AICs. Vision and goals, trends and partner identified needs as well as significant outreach all help set the framework of the plan. Two of the most critical inputs to the technical work needed for AIC analysis are the 25 year needs and the 25 year revenues.

One thing for certain can be said about revenues, they will change. Baseline revenues are a snapshot of what's known today. We will closely monitor revenues and try to accurate forecast as we move through the process. The baseline revenue forecast assumes this conservative starting point in addition to no new taxes, no change in revenue sources, revenue growth consistent with historical levels, excludes \$1.9 billion over 25 years for non-capital items, and addition of Public Private Partnerships (P3). We are assuming that there will be 10% available from P3 funding in the future. Upcoming activities will be to overlay this forecast with potential new revenues and plan how Arizona might invest them.

The Baseline Revenue Forecast is \$22.60 billion (Original Baseline Revenue) with the addition of 10% for P3s of \$2.26 billion for a total of \$24.86 billion as the New Baseline Revenue. This forecast is reduced because of the CAFÉ standards imposed by the federal government this year which will require vehicles built between 2012 and 2016 to have higher fuel efficiency. The net affect over the long term will be reduced revenues from both federal and state per gallon fuel taxes. Preliminary analysis suggests this reduction would result in a reduction of \$1.7 billion in federal revenues for Arizona. ADOT's five-year spending history between 2006 and 2010 shows three-quarters of funding was spent on highway expansion, with the remaining spent on preservation and maintenance.

Back in July 2010, we presented the "25-year transportation needs". Needs are defined as the means of spending levels required over the 25-year planning horizon to attain good performance independence of available funding. This estimate used ADOT data and engineering standards and widely used asset management tools, national studies (AASHTO Bottom Line Report, Federal Transit Authority Transit Study) and ADOT rural transit needs study, and Metropolitan Planning Organizations Regional Transportation Plans and L RTPs.

The 25-year needs estimate includes investment levels for good performance as owner-operator (highway and bridge system) and potential investment levels in other modes of transportation to promote goals and objectives as an advocate or partner in transit, freight rail, passenger rail, and aviation. Good Performance means 1.) Attaining a "State of Good Repair" for transportation assets (preservation). 2.) Improving functionality/safety (modernization). 3.) Growing the system to encourage and serve economic growth (expansion). 4.) Address current and future deficiencies.

Six improvement types have been identified as we move into the future with a certain percentage of funding allocated. Three are highway related and three non-highway related, some examples for each category are listed below.

- 10% - Highway preservation needs over the next 25 years include pavement preservation and bridge deck rehabilitation.
- 12% - Highway modernization includes reconstruction of existing roadways, lanes widening, resurfacing and shoulder improvements, bridge replacement, and intersection improvements.
- 38% - Highway expansion includes additional lanes and new construction.
- 18% - Non-highway expansion includes new transit service and rail lines.
- 19% - Non-highway modernization includes aviation and bus system upgrades.
- 3% - Non-highway preservation includes transit vehicle replacement and airport runway rehab.

Scott paused to ask if anyone had any questions.

Todd Williams: Will there be a feedback loop where we come back and evaluate this periodically? Roles may change in the future, for example rail.

Scott Omer: Yes. If the LRTP is adopted it will not be set in stone and will be re-addressed every five-years.

III. Baseline AICs – Scott Omer

Two AICs have been developed, A: Highway Focus and B: Expanded Travel Choices. These are two contrasting options on how ADOT can invest. Option A Highway Focus emphasizes on preservation and maintenance with no non-highway investment. Option B Expanded Travel Choices focuses on high capacity portions of the system, less preservation and maintenance and more expansion flexing the maximum available on non-highway modes.

Scott paused and asked for questions.

Roger Herzog: In dealing with percentages like this, is this going to be related to what is physically achieved under each scenario? Is it going to be related back to actual improvements?

Scott Omer: The plan will not be project specific. We made the choice that we will focus on investment mix and the project discussion will happen at Capital Programming. The pool of projects from which ones will be selected will be based upon the bqAZ study.

Roger Herzog: At what point does performance measurement become important?

Don Vary and Scott Omer: This is not a project specific plan, but there are things we can quantify in terms of performance. For example, we can measure in terms of preservation on the aggregate. An outcome will not necessarily be a specific project list, but something more general. For example I-17, Phoenix to Flagstaff, completion of I-10, or other vital projects identified in bqAZ.

Paul Patane: In reviewing the presented pie charts, we are familiar with all categories except the P3s. We are curious about their inclusion.

Scott Omer: We cannot say what the P3 would be because we do not know; but there is legislation and we are actively involved in pursuing opportunities. It would be short sighted not to include P3s into the analysis.

Baseline AIC A:

Distribution:

- Highway Preservation – 29%
- Highway Expansion – 42%
- Highway Modernization – 20%
- Public-Private Partnerships – 9%

In Baseline A, the 42% for highway expansion would likely be primarily spent in the Maricopa Association of Governments and Pima Association of Governments regions due to statutory requirements and the Casa Grande accords. We are still working within these constraints. Similarly, the 80% of subprograms currently spent statewide would probably remain similar.

Compared to historical spending, Baseline A would continue to meet preservation needs, but would not meet the needs in the modernization and expansion categories.

Baseline AIC B:

- Highway Preservation – 14%
- Highway Expansion – 52%
- Highway Modernization – 9%
- Non-Highway Expansion – 9%
- Non-Highway Modernization – 9%
- Non-Highway Preservation – 5%
- Public Private Partnerships – 9%

It is important to note that the investment in non-highway modes reflects current funding constraints for non-highway modes. The numbers look small, but that would be the limit of what we could spend on those modes under current rules.

Scott paused and asked for questions.

Roger Herzog: Are the funding levels constrained by regional accords?

Scott Omer: Yes, we are honoring all existing agreements and statutory requirements.

Dave Wessel: How is HER ST going to assess when it has reached a spending threshold in greater Arizona?

Don Vary: The best way we can approximate that is through a process of iteration, assigning spending caps and then seeing what the results are, and then making adjustments; not taking the results of the model as the final say, so we use them as tools and then make decisions.

Scott Omer: As far as the investment choices, A and B, does this make sense? Are we heading in the right direction for our different investment choices, understanding that the needs and revenues will change?

Dave Wessel: There is a communication issue. As we present AIC B as the transportation choice by expanding the alternate roads to use. We need to make clear that it is not only mode choice but also road choice.

Scott Omer: Agreed. The percentages presented were meant to start the conversation. We can move the percentages around. It is important to remember that the size of the pie is constant.

Roger Herzog: One other thought is regarding ADOT's role. AIC B could really end up changing ADOT's function and role in the transportation system, and obviously that is an important consideration.

Dave Wessel: That is an excellent point and needs to be brought up to the Policy Committee in terms of an institutional impact on ADOT. Also, this needs to be considered as we move to mid-level and vision AICs.

Scott Omer: AIC B is and isn't a drastic shift. ADOT is currently involved with other modes of transportation, although mostly limited to pass through funding for transit, and grants for rural transit and air. ADOT is not intending to start its own bus system; but may shift discretionary and flexible funds into other choices. It is a shift, but not as drastic as it may appear. It is important to note that this does not include RARF or RPTA funds. Roger, do you think that is a concern?

Roger Herzog: Good answer. It may just be the level of magnitude in which ADOT is involved.

Todd Williams: I am struggling with AIC B and the non-highway modernization investment associated with intercity rail. Are we assuming use of the existing track? Does building rail track cost less/more than constructing a roadway? I do not see enough on the non-highway investment side.

Scott Omer: When it comes to rail, commuter or intercity, ADOT's role is not intended to be an owner/operator, but a partner/advocate. If ADOT were to invest funds into that transportation choice, it wouldn't be to pay for the whole rail system. It would be only a partner/advocate.

Dale Janik: Another point onto Scott's answer, even though in AIC B we are showing a big shift, that doesn't provide the kind of money needed to make a big investment. The majority of the investment would be in lower cost facilities.

Dave Wessel: ADOT becoming an owner/operator would require a major shift of funds from highway to non-highway modes. If we are really looking at choices, why haven't we pushed more of the highway money to non-highway? By what process was it decided that ADOT would not be an owner/operator in those areas? The Policy Committee did not weigh in on that.

Scott Omer: At baseline, we cannot push more money to non-highway. Regarding the roles discussion with the Policy Committee, the primary source of discussion was ADOT's executive management, those with specific responsibility.

Janet D'Ignazio: We did go before both the Steering Team and the Policy Committee with the draft goals and objectives which was the initial starting point for the roles which were established by Executive Team. There was discussion but no strong push back so there was no change.

Todd Williams: We should be direct and pose the question regarding the roles. The problem is status qua is the easiest answer, and ADOT has done business the same for many years. We need to think outside the box. Successful DOTs in the future are going to be able to take advantage of various funding sources. ADOT see's themselves as bringing money into the system in the most effective way as possible.

Dale Janik: Regarding Dave Wessel's first question, almost all available money for non-highway modes is allocated as such in Baseline AIC B.

Scott Omer: There are non-fiscal constraints on the funding sources. We can only use certain federally allocated funds on certain projects. If we need a starker contrast, we can look into it further.

Dave Wessel: The ability to drive the differences is somewhat restricted so we need to be clear about that to the Policy Committee. The ability to push the envelope comes with the AICs beyond baseline. I would like to encourage ADOT Executive Management to be more open to expanding or changing roles in a scenario where we would have federal funding with less constraints or additional dedicated discretionary funding.

Scott Omer: Yes, when we add funds to additional scenarios it does give us more flexibility. However, our LRTP needs to be fiscally constrained by the law. The LRTP has to be on baseline. The other two AICs will be an add-on.

IV. AIC Evaluation – Don Vary

Scott has provided a comprehensive overview of both AIC A and AIC B. Over the next five weeks we will be providing you with information to help develop a recommendation, which in all likelihood will not be either AIC A or AIC B, but something in between. The information we will be developing will be a set of performance measures of the two AICs that will be as quantitative as possible using the tools and data available. Also, qualitative that will encompass judgment and team thinking.

We can provide a preview of expected results of the AIC outcomes. Once we have a consensus on the funding distributions for Baseline A and Baseline B, we'll evaluate these in more detail and present this at the next meeting. In addition to the following evaluation items, each AIC will be compared to the LRTP goals.

- How each AIC affects unmet pavement/bridge needs
- How each AIC will impact expected congestion
- How each AIC will reduce/increase user costs

Examples:
Pavement

There are currently 6,800 miles of pavement in Arizona and 620 miles are in unmet need or substandard condition. We will make that evaluation for both AIC A and B. Because AIC B is

more focused on multimodal, the number of substandard miles will be higher than AIC A by 2035.

Bridges

The goal of AIC A was to meet pavement and bridge needs given the constrained budget. Under AIC A scenario we would see very good bridge conditions. Under AIC B the bridge conditions would be similar to what they are today.

Another way which we will compare AIC's will be through tables that show how each of the AICs will meet goals which are as follows:

- Improve Mobility/Accessibility
- Preserve/Maintain System
- Support Economic Development
- Link Transportation/Land Use
- Protect Resources
- Enhance Safety and Security

Don then opened the floor for questions and discussion.

Discussion –

Ruben Teran: Referring to the table referencing the goal of protecting resources, what do you mean by no money allocated for wildlife? What wildlife benefits would we get?

Don Vary: There are enhancements such as tunnels for wildlife crossings would not be included in either AIC A or B explicitly.

Dave Wessel: The Policy Committee might ask for money to be allocated towards wildlife mitigation efforts. More than what would be required out of a standard EIS or NEPA process.

Scott Omer: This is a good point, but when we start talking about mitigation measures they are probably project specific. That would still be done when we get to the project level.

Dave Wessel: That helps, but whatever is required under NEPA may not be enough for some elected officials.

Todd Williams – I think ADOT has the flexibility now to address this issue with the normal moneys received. It comes down to FHWA's "Everyday Counts" campaign is trending that way. There is a push to get ADOT involved at an earlier stage in projects. It's valuable to receive comments on that particular issue, but you don't necessarily need more money for wildlife for this plan.

Janet D'Ignazio: What this shows is policy level, not project level, the two AICs are identical in terms of the environmental commitments. From a policy level neither says that they will go beyond the current investment levels.

Roger Herzog: You indicate performance measures of delay, congestion, and user costs. Without assuming specific projects, how will you assess those?

Don Vary: We don't have access to a statewide model which would be the standard way to assess that. We are using a tool that estimates needs based on performance. It has a database of roadway information which we use to make an assessment given growth rates across the state.

Roger Herzog: So you would simply look at aggregate lane miles versus population?

Don Vary: That is correct.

Scott continued by asking for additional questions. He thanked participants for their interaction and indicated that the input received will help refine the two investment choices. In early January, the intent is to develop a consensus on a recommended investment choice. At this point there is nothing scheduled to discuss enhanced funding, but it will be decided at a later date.

The Project management team meets every few weeks and we will continue to move towards identifying the recommended investment choice. We would like to ensure that everyone is comfortable that we are heading in the right direction for the baseline investment choices.

Dave Wessel: When is the next time the Policy Committee Meeting? Will the Steering Team meet before the Policy Committee?

Scott Omer: The Steering Team will meet again in early January and we will discuss a recommended investment choice which will then be taken to the Policy Committee.

Dave Wessel: I could see looking at a middle ground scenario and reflecting back on items Todd Williams has shared. Shouldn't the middle ground influence the baseline? At some point do we want an idea of middle point AICs?

Scott Omer: We will ask our Wilbur Smith and Associates consultants to discuss this based on the schedule. I like the concept of setting ourselves up for success in the future with what we do as a baseline.

Janet D'Ignazio: In our January meeting, we will need to talk about the potential attributes of middle ground to make this change.

Todd Williams: One of the things I have learned today is when we look at AIC B we are really constrained by how funding is set up. I am a little uncomfortable making a recommendation without input from the Policy Committee. They need to understand these constraints. Maybe there needs to be changes in statute to give more flexibility. I have seen flaws in the system where decisions are too project based and not life cycle based. Being in the economic downturn we are in, things like high-speed rail could draw business and we need to keep that in mind.

Scott Omer: The role of the Steering Team is to be the heavy lifters. The Policy Committee is relying on you to make recommendations to them. If they come back and disagree we will come back to you.

V. Adjourn

Scott Omer, ADOT-MPD thanked everyone for attending. The January Steering Team meeting will be rescheduled and notifications will be distributed.

Adjourn 3:15 PM

Appendix

Steering Team Participants

Scott Omer, ADOT-MPD
Jim Zumpf, ADOT-MPD
Don Mauller, ADOT-MPD
Dianne Kresich, ADOT-MPD
Nicole Sherbert, ADOT CCP
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