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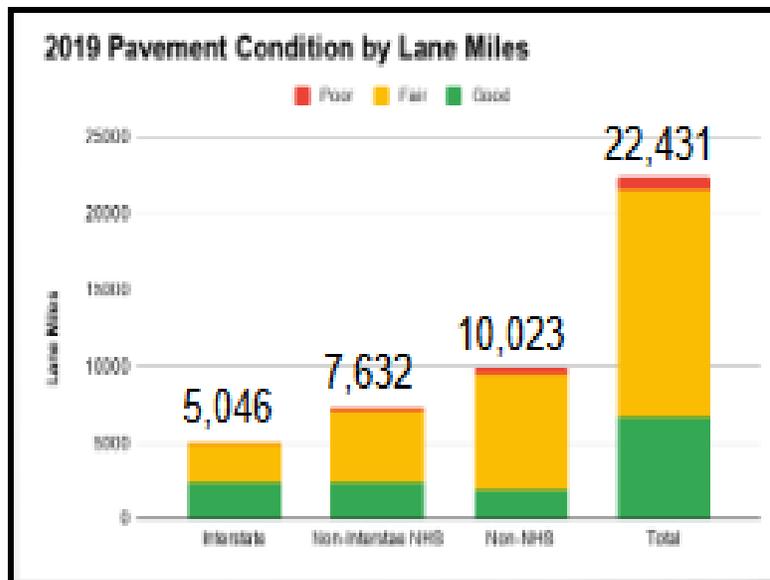
January 30, 2021

RTAC LEGISLATIVE UPDATE

ADOT RAMPING UP FOR NEXT FIVE-YEAR CONSTRUCTION PROGRAM UPDATE:

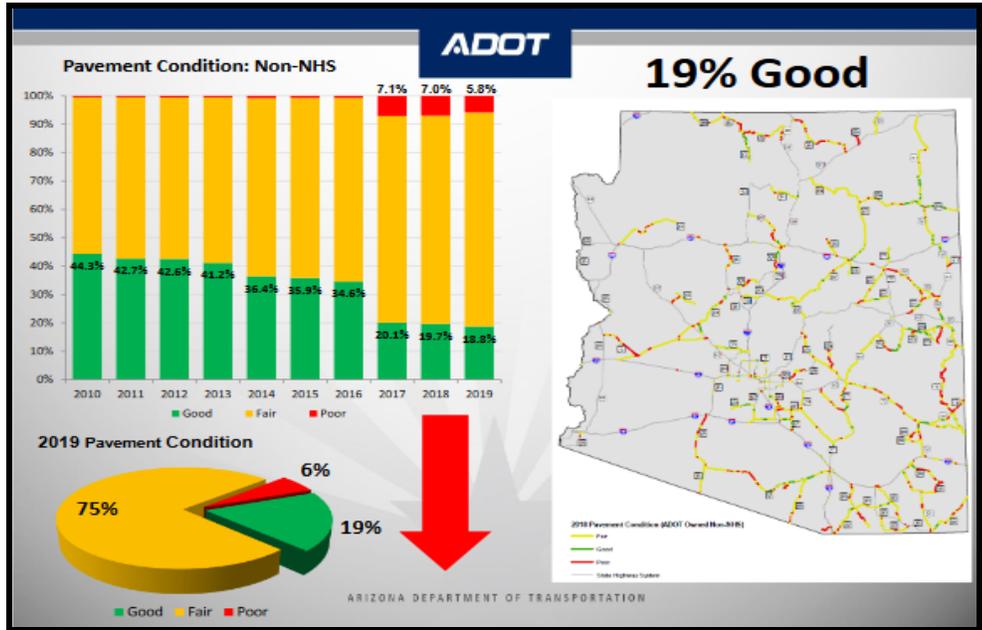
The State Transportation Board held a study session last Tuesday and received the first ADOT staff presentation regarding the state’s five-year transportation construction program update for years 2022-2026. Due to inadequate resources, the Department anticipates a continued deterioration of pavement and bridge conditions despite prioritizing maintenance across Greater Arizona. (all counties outside of Maricopa & Pima) Also, no new expansions projects are planned for Greater Arizona after 2024 through at least 2031.

The following graphs are excerpts from the staff presentation at the study session. The entire presentation is also attached to this update. The first chart depicts pavement conditions across the state highway system and demonstrates that most of the interstates and highways are in either fair or poor condition. The far right bar on the chart illustrates the conditions for the entire system. It was estimated that \$4.2 billion would need to be invested to bring the entire current system in to good condition. Over the next five years, ADOT plans to invest \$1.69 billion.



ADOT MPD, 1/26/21

The chart below focuses on the smaller state highways on the system. Not only does it illustrate the high level of fair and poor pavement, it also shows the trend. Conditions have been deteriorating rather than improving over the last ten years. This trend also holds true for the system's larger highways, interstates and bridges.



ADOT MPD, 1/26/21

The deteriorating trends belie the fact that ADOT is prioritizing preservation with most of the resources that are available to Greater Arizona. Despite consistently leading the nation in population growth, very little is left to address expansion needs. In fact, no expansion projects are planned across Greater Arizona after 2024 at least through 2031. Here are the proposed expansion projects as outlined in the presentation:

YEAR	PROJECT	COST
2022	S.R. 69 Prescott Lakes Parkway to Frontier Village	\$10 million
	I-17 Anthem Way to Cordes Junction	\$97.3 million
2023	I-10 Gila River Bridge	\$51 million
2024	I-40 West Kingman Traffic Interchange	\$70 million
	I-10 /U.S. 191 Cochise Railroad Overpass (west of Willcox)	\$16.5 million
2025	NONE	\$0
2026	NONE	\$0
2027	NONE	\$0
2028	NONE	\$0
2029	NONE	\$0
2030	NONE	\$0
2031	NONE	\$0

On a positive note, the last round of federal COVID relief funding was the first to provide assistance to state departments of transportation which are losing revenue as a result of the pandemic. ADOT is estimating a loss of \$500 million to the state's Highway User Revenue Fund (HURF). While the outlook has improved drastically from the initial pandemic forecasts, people are still driving less and paying less in fuel taxes which is the primary revenue source for HURF. ADOT's share of the federal relief funding is estimated at roughly \$182 million. How the funding will be applied to the state construction program has yet to be determined but should certainly fill some of the gaps created by the pandemic.

The tentative five-year program is scheduled to be presented to the State Transportation Board on February 19th. Public hearings are planned at the start of the Board's regularly scheduled monthly meetings on March 19, April 16 and May 21. The Board is scheduled to approve the final plan at their June 18th meeting in time to take effect for the start of State Fiscal Year 2022 on July 1st.

THE LEGISLATURE CONTINUES TO PURSUE ONE-TIME FUNDING BILLS FOR TRANSPORTATION PROJECTS: State budget forecasts continue to improve and currently estimate a \$2 billion surplus for the upcoming year including roughly \$400 million in permanent growth likely to be directed to either new ongoing spending or tax cuts, leaving a remaining balance of roughly \$1.6 billion in one-time revenues that are more suitable for one-time measures such as capital improvement projects. To date, 27 bills totaling \$267 million in transportation projects have been introduced (list attached).

RTAC had advocated for this funding to be directed into existing distribution and programming processes that prioritize needs and result in the best investment choices as needs will continue to outpace funding. That needs/revenue gap, estimated at \$30.5 billion on the state highway system, emphasizes the importance of prioritizing the use of any available funding. While it is a positive that lawmakers appear to be prioritizing the infrastructure, it appears that earmarking state general funds for specific projects remains the more popular method.