

MINUTES
STATE TRANSPORTATION BOARD STUDY SESSION
9:00 a.m., Tuesday, October 27, 2015
Human Resource Development Center (HRDC)
Grand Canyon Room
1130 N. 22nd Ave.
Phoenix, Arizona 85009

Pledge

The Pledge of Allegiance was led by Board member Jack Sellers

Roll call by Board Secretary Mary Beckley

In attendance: Kelly Anderson, Joe La Rue, Deanna Beaver, William Cuthbertson (telephonically), Jack Sellers and Michael Hammond.

Absent: None

Opening Remarks – Chairman Anderson welcomed everyone to the Study Session and indicated that Board member Sellers would facilitate the discussion.

Call to the Audience

1. Paul Jepson, Intergovernmental Affairs Director, City of Maricopa, re: press release from Rep. Kirkpatrick's office announcing the federal approval of Maricopa's \$15 million TIGER grant application for the 347 grade separation.

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1 (Beginning of excerpt.)

2

3 MR. SELLERS: Okay. Thank you. And I want to
4 thank all of you for coming out. I know that it takes a lot of
5 effort to bring everybody in from the far reaches of the state
6 to do this, but I really feel that this is an important thing
7 for us to all work together towards a common goal.

8 I first had this thought because I wanted to see
9 our Board get more engaged with everyone in trying to move our
10 transportation infrastructure message forward. I -- you know, I
11 feel like there's a lot of people that are doing a lot of good
12 things to try to sell this, but we're mostly talking to one
13 another. And so we need to have a strategy that tells us how we
14 can get our message out where it really counts to the general
15 population and to our legislature. So again, my thanks to the
16 staff. They probably thought that I was crazy. They're only
17 partly right, but I really feel that this is an important moment
18 for all of us.

19 I had a meeting last Friday with the Chandler
20 Chamber of Commerce where I combined a MAG presentation with an
21 ADOT presentation, because I wanted the message to be here's
22 what -- here's what's going on in your area, but here's why it's
23 important for us to connect all the dots all the way across the
24 state. And I was so pleased that the chairman of the Arizona
25 Chamber of Commerce was present at that meeting and made a point

1 to everyone from his chair that he really supports what we're
2 trying to accomplish here.

3 So with that -- and the other thing I'll mention
4 is -- a couple of things, is this is a study session. There
5 will be no action items here. We're not going to talk about
6 specific projects. You know, we're not here to prioritize
7 specific projects. We're here to talk about generally giving
8 the Board more information to assist you in what we're trying to
9 accomplish.

10 And I -- as I said as we started, you know, I
11 know it's difficult to bring in -- everybody in from all over
12 the state for these kinds of meetings. So we've also discussed
13 trying to find other venues that attract people anyway, like
14 perhaps the Rural Transportation Summit in January, where we
15 could then have a breakout session and perhaps have another
16 meaningful topic to discuss there. So think about that and give
17 us your feedback on that.

18 Okay. So with that I'd like to -- we invited
19 some of the -- the key stakeholders from the State. We've got
20 Eric Anderson from MAG who's going to speak. We've got Farhad
21 Moghimi -- did I pronounce that right, Farhad -- the executive
22 director of PAG. We've got Christopher Bridges, the
23 administrator from the Central Yavapai Metropolitan Planning
24 Organization here to talk about rural Arizona, and we've got
25 Garrick Taylor from the Arizona Chamber of Commerce to talk a

1 little bit about Accelerate Arizona and how that could help us.
2 So with that, we will start with Eric Anderson.

3 MR. ERIC ANDERSON: Thank you, Chair Anderson,
4 Board Member Sellers, the rest of the State Transportation
5 Board. We really appreciate the opportunity to be here today to
6 talk about transportation funding. It's always a pleasure to
7 talk to stakeholders who have a high level of passion for
8 transportation.

9 I think before I start, what I want to do today
10 is talk a little bit about why we're in the situation we're in
11 today, present you some of the funding options that we've
12 developed, a whole laundry list of different ways to possibly
13 generate additional revenue, and then close with a little
14 comment on kind of where we think (inaudible) transportation to.
15 So one of the things, I think, as we -- we're kind of victims of
16 our own success in many cases, because although the gas tax
17 hasn't changed since 1991 in Arizona, and federal funds for the
18 last number of years have been flat, we continue to make great
19 progress in building more infrastructure in Arizona, certainly
20 in Maricopa County. Our asset sales tax certainly has played a
21 key role in that moving and will continue to moving forward.

22 So first of all, no big surprise where the
23 Highway User Revenue Fund is. We're finally above where we were
24 in 2003, 2004. That blue line up there is where we thought
25 revenues were going to be in the Highway User Revenue Fund when

1 we put our plan together in 2003, 12 years ago, (inaudible). So
2 a lot of things have happened certainly.

3 But that red line is the revised forecast moving
4 forward. So it's actuals through 2015, fiscal year 2015, and
5 then the projection out at the end of our planning period, which
6 although it says 2023, it's actually 2025 up there. And that
7 difference there from a statewide perspective, \$9.4 billion less
8 revenue over that -- over that time period. Tremendous loss in
9 revenue.

10 And I showed this similar chart for (inaudible)
11 our asset sales tax revenue. Fiscal year, this year is 2016,
12 will be the first year we exceed our revenues that we had
13 (inaudible) 2007. So (inaudible) 390 million, (inaudible)
14 trough at 291 million, which is a pretty remarkable drop, to say
15 the least. In this -- once again, this fiscal year, we'll be
16 back over that \$390 million level. So once again, ten-plus
17 years of (inaudible) revenue.

18 To put that in context, in Maricopa County, we've
19 never had a decline in sales tax revenue, annual basis. So it
20 was really remarkable. We had 30-plus months of negative change
21 in our sales tax revenue, and so both on HURF, which is
22 obviously important (inaudible) revenue (inaudible) statewide as
23 well as the highway system, but also our sales tax revenues were
24 significantly impacted by the downturn in the recession. So
25 relative to Maricopa County in particular, and so I've limited

1 our -- the MAG region actually extends into areas in Pinal
2 County, but this is just the Maricopa County component.

3 The pie chart on the right -- or the left, excuse
4 me -- is the annual funding that -- approximation of major
5 funding sources that we have in transportation in this region,
6 about \$1.4 billion, which is certainly a lot of money. And
7 that's made up of the -- kind of the (inaudible) green shade
8 there in that pie chart is the HURF money that goes to the --
9 all cities of Maricopa County as well as the County, 25 percent
10 of the annual funding. ADOT funds obviously goes into the state
11 highway system, about 21 percent. Federal funds, these are
12 (inaudible) that are suballocated to the MAG area, plus the both
13 highway funds as well as transit funds; another 12 percent or
14 167 million.

15 But the one -- the kind of the lime green
16 (inaudible), the lime green, it is dedicated local and regional
17 funding for transportation, and, you know, one of the points
18 that I think is really important to understand is in Maricopa
19 County anyway, because of the significant local and regional
20 money for transportation, we've actually been able to make some
21 pretty good inroads to deal with congestion and expanding our
22 system here. So you'll see 42 percent of our funds come from
23 regional global sources, and then the pie chart on the right
24 shows you how that 576 million gets allocated to different
25 modes, with the large portion of that, 53 percent, going to the

1 transit component, which is both the capital and operations for
2 Light Rail, as well as transit capital (inaudible) facilities
3 and transit operations.

4 The structure is largely the arterial life cycle
5 component of Proposition 400, about \$43 million, plus there's
6 STP suballocated, federal (inaudible) highway money in that
7 portion of the pie. And in the highway component, 36 percent,
8 that's largely -- actually, that's all made up of both the 15.2
9 percent funds that are allocated to MAG and PAG or in the state
10 highway fund, as well as Proposition 400 revenue goes to that
11 portion of the pie. So a significant amount of funding.

12 And I will say that the City of Phoenix was
13 successful in the transportation vote in August. Their sales
14 tax dedicated to transportation is going to go from four-tenths
15 of a cent to seven-tenths of a cent. That will jump the revenue
16 from about \$133 million in a year to \$230 million a year. So
17 very significant increase in funding relative to the City of
18 Phoenix transit tax. That tax goes through 2050, and so it's
19 (inaudible). A lot of that funding is going to go to expanding
20 both the bus system as well as the Light Rail system, too.
21 There's a small component of that that actually goes into the
22 (inaudible) become a factor January 1st of 2016.

23 So gas taxes, which is the -- kind of the
24 workhorse of the Arizona Highway User Revenue Fund. Fuel taxes
25 represent over half of the revenue in the Highway User Revenue

1 Fund. The yellow states there are those that have combined
2 federal and state gas taxes less than 40 cents, and so you'll
3 see that Arizona as well as New Mexico are holding up the flag
4 among the lowest fuel tax states in the United States.
5 California at 59 cents. Actually, I think that might be higher,
6 because I think they have additional sales tax on gas in
7 California, also.

8 So notable states: Wyoming increased their gas
9 tax last year by ten cents a gallon. The legislature did that,
10 signed by the governor. So it can happen. It doesn't always
11 have to be ballot measure. And many other states have also
12 increased their gas taxes over time. In fact, Arizona in -- I
13 didn't get a chance to update this, but the national average is
14 about 48 cents a gallon. We're at 37.4 cents. So way behind
15 the national average.

16 Once again, remember, for every penny of the fuel
17 tax increase, it generates in this state about \$35 million, plus
18 or minus, so a ten-cent-a-gallon gas -- gas tax increase would
19 raise 350 million. Half of that would go to the Arizona
20 Department of Transportation. The other half would be
21 distributed to cities and counties in the state.

22 That ten-cents-a-gallon gas tax translates into
23 about 60 to \$70 a year for the average driver, and so we're
24 talking about a \$5-a-month debt, which is, you know, a couple of
25 Starbucks coffees. But once again, we haven't increased our tax

1 since 1991. (Inaudible) tracking with inflation, we'd be up
2 north of 31, 32, 33 cents a gallon today (inaudible), which
3 would generate, obviously, another 15 cents (inaudible) another
4 500 million a year (inaudible) highway systems in Arizona. So
5 it's something that we really -- this is the workhorse, but we
6 also know that it's going to change.

7 It's kind of a complicated graph. Don't worry
8 about what all these lines mean, but that -- that top line that
9 kind of goes that way refers to the legend on the right-hand
10 side, that's (inaudible) average fuel economy projections out
11 through 2025, which the industry and this administration have
12 agreed that 56 miles per gallon should be the target for 2025
13 for new cars entering the fleet. And obviously those new cars
14 won't hit the fleet all at one time. As that rolls in to the
15 fleet, we (inaudible) replace the fleet -- about 8 percent of
16 the fleet gets revised or renewed every year.

17 And so the downward parts of that chart are the
18 yield per mile of tax. And so what you'll see is that right
19 now, consumers are paying less than 50 cents a mile -- or I'm
20 sorry -- half a cent a mile for driving, and that's projected to
21 decline, too. And so once again, if we just don't do -- we
22 don't do anything in terms of Highway User Revenue Fund and the
23 gas tax rates, we think by 2025 we'll see a 25 percent reduction
24 in fuel tax revenues, because as the more fuel the efficient
25 cars move into the fleet, it will significantly impact one of

1 our revenue streams in the state.

2 The other thing that's happening is significant
3 increases in fuel economy in the heavy truck fleet. It's
4 something that we have our eye on. It's a major effort in the
5 trucking industry. This happens to be -- this is from 2013.
6 It's actually a fully-loaded 18 wheeler that went from the west
7 coast to east. It averaged 13.4 miles per gallon. To put that
8 in context, the typical 18 wheeler might only get five to six
9 miles per gallon. And so this truck is put together --
10 obviously it has a different aerodynamic styling on it, reduces
11 drag, and it also has a more efficient engine and transmission
12 technologies on it, too. But this is the leading edge. And so
13 not only are we seeing higher fuel economy on the passenger car
14 side, the private automobile side. We're also going to see
15 significant increases in fuel economy for the heavy truck fleet,
16 which once again will -- will cause decline in usable revenues.

17 And so whatever we do about it, and I'm going to
18 just talk about three buckets, options here, fuel tax options.
19 What happens if we increase the fuel tax and it (inaudible)
20 inflation, those sorts of things. Sales tax options as well as
21 other options (inaudible).

22 The numbers I'm going to show you are a couple
23 years old, but I think they give order of magnitude of the
24 revenue being generated out of each of these. So the first one
25 there -- I'm not going to go through all these -- all of these

1 individually, just the five cent local option fuel tax in
2 Maricopa County.

3 So State of Nevada actually has the option for
4 local sale -- local gasoline taxes in Nevada, and most of the
5 counties take advantage of that, both Clark County where Las
6 Vegas is, as well as Washoe County where Reno is located. Both
7 have (inaudible) fuel taxes, and the unique thing is both of
8 those towns have now indexed their fuel taxes for inflation, and
9 not only are they indexing their local gas tax. They're also
10 indexing the state gas tax and the federal gas tax and keeping
11 that money within the region. And the philosophy is, well, if
12 the state's not going to index our gas tax and the feds aren't
13 going to, we will and we'll keep the money here. And so they
14 started that. Reno started that in I want to say '07, '08.
15 Clark County started that just, I think, last year or this year.
16 I can't remember which. So once again, it's something that we
17 might want to look at. Once again, it's certainly an option
18 that should be on the table.

19 The other ones here, you'll see going down the --
20 the last, the bottom one is adding five cents in indexing state
21 and federal taxes (inaudible), and so you'll -- you see that
22 generates over \$400 million a year in additional revenue into
23 HURF. Once again, half of that would go to the department. The
24 other half would go to the counties in Arizona.

25 Sales tax options, once again, the top one is

1 replacement fuel tax and the state sales tax, which has been
2 talked about. So rather than having a cent-per-gallon gas tax,
3 fuel tax, you actually have a percentage price, and it
4 introduces tremendous volatility. The revenue stream as fuel
5 prices increase and decrease, as we've seen fairly dramatic
6 swings, but it does have the advantage of keeping up with
7 inflation, both -- as long as fuel prices are tracking,
8 (inaudible) rate of inflation. So that's something that
9 certainly should be on the table.

10 A half cent state transportation sales tax has
11 been talked about in this state for a number of years. The \$605
12 million -- once again, these are a couple years old, so these
13 numbers actually are probably a little low, because we've had
14 some growth in the economy since these were put together.

15 But once again, keep in mind that 67 percent or
16 plus of the state sales tax revenue comes out of Maricopa
17 County, too, and so you're always going to have this (inaudible)
18 issue (inaudible) any kind of statewide issue that will have to
19 be addressed. So once again, I think that (inaudible) and the
20 fact that the citizens here use the entire state system, I think
21 that certainly is (inaudible) the rest of the state to take care
22 of our statewide system. (Inaudible.)

23 And some other increase in the license fee, the
24 driver's license fee, hasn't changed forever. I went back 20
25 years. I think it's been pretty much the same. I think it's

1 \$8. There are some thoughts that maybe some of the registration
2 fees, license fees, title fees could be increased, which could
3 add revenue to the HURF funding or perhaps provide some
4 dedicated funding to DPS for traffic enforcement. So you'll see
5 that (inaudible) transportation does a lot (inaudible) property
6 taxes used in other states. In some cases, it's not user
7 transportation in Arizona.

8 And then this is just a summary of all of those
9 you can see. The top one, the driver's license, increase the
10 driver's license (inaudible) about 13 million a year. The
11 bottom one, adding the state and local sales tax, basically
12 broadening sales tax base to include fuel sales, too. That
13 money then goes into the HURF fund. It generates about a
14 billion dollars a year. So it certainly would make a big
15 difference in transportation.

16 So my final slide, just to keep this in mind,
17 this is kind of (inaudible), but this is a summary of some
18 public opinion polling that's been done going back to September
19 of 2010 and through this summer. The transportation one, which
20 you probably can't see here -- it's right here -- it's positive,
21 but (inaudible).

22 And so what we see here is that immigration,
23 border issues in the red. Education certainly is a top
24 (inaudible) issue, and jobs in the economic recovery (inaudible)
25 the good news is that, you know, people are -- the economy is

1 recovering, and that's also shown in here. But our big
2 challenge, quite frankly, is this small line down here that
3 people are -- don't see transportation as the core issue in
4 terms of the (inaudible). So it's something that jobs,
5 infrastructure development, economic development all go
6 together, and it's something that we certainly emphasize on a
7 regular basis. But once again, you have to get the voters'
8 attention and certainly the legislature's attention to
9 effectuate a change.

10 So once again, if we don't do anything, at some
11 point we're going to have to change the way we collect revenue.
12 The fuel tax is really a dying source of revenue. There's
13 options out there that are being looked at in other states.
14 Unfortunately, in this state, there was a bill that was moving
15 through the legislature a couple years ago that just formed a
16 study committee to look at gas tax alternatives, and that was
17 killed in committee. So I guess studying gas tax options isn't
18 an option either.

19 So anyway, we'll continue to fight the fight with
20 our -- with our fellow stakeholders here and hope that someone
21 in the future will actually be successful (inaudible). Thank
22 you very much.

23 MR. SELLERS: Any questions or comments for Eric?

24 CHAIRMAN ANDERSON: Jack?

25 MR. SELLERS: Yes.

1 CHAIRMAN ANDERSON: Eric, is there a -- the new
2 board will have the luxury of going through the next five-year
3 plan starting next March, and a predominant money component of
4 that is the preservation. Is there a -- is there a thought of
5 separating expansion from preservation? I think Flagstaff and
6 Coconino County, they passed a sales tax, let's improve our
7 roads, and it overwhelmingly passed. Is there a thought of
8 let's focus on repairing roads, freeing up those preservation
9 dollars to do other projects in terms of, you know -- the
10 legislature's not going to -- more money for roads, but you've
11 got -- I think you've got to separate the two. Any thoughts on
12 that?

13 MR. ERIC ANDERSON: Well, pavement preservation,
14 we (inaudible) like an ADOT long-range transportation plan. You
15 know, preserving your asset is extremely important. But the
16 issue comes down to how much is enough and kind of where you --
17 because it's a qualitative judgment in terms of where you draw
18 that line. Here's where I need to keep my pavement quality to
19 make sure that (inaudible) downstream to repair that same sort
20 of thing.

21 I'm not a big fan of segregating funding by types
22 like that, because it reduces the ongoing flexibility. But it's
23 something that as much as we talk about DPS and the dedicated
24 funding stream for DPS for traffic enforcement, but the same
25 sort of logic could apply to some of the preservation dollars

1 perhaps.

2 But once again, we -- I think if I had a say in
3 this, I think my top priority would be to get the DPS funding
4 issue solved long term, and so there's a stream of funding that
5 supports their activities, and then we can look at some of these
6 other issues. But in general, I think that the needs across the
7 state vary. Some are pavement preservation, which is extremely
8 important. Other cases, expansion plans. (Inaudible) Nogales
9 extremely important project from a statewide perspective.

10 So I think there's -- I think it's really
11 difficult to say here's -- we're going to put this money away
12 for this purpose, and we're going to put this money away for
13 this purpose, and put this money away for this purpose, because
14 I think you would lose flexibility.

15 CHAIRMAN ANDERSON: Flexibility in terms of how
16 the law might be written, or in terms of how the money would
17 flow, or in terms of what's really needed through the state to
18 make, you know, the whole program work?

19 MR. ERIC ANDERSON: Well, I think you need to --
20 you need to pretty clearly articulate what the needs are in the
21 state, and I know (inaudible) recent audit report attempted to
22 do that. Unfortunately, there were some issues with how they
23 dissected the long-range plan, but I think that the more
24 attention you can get to (inaudible) issues, why pavement
25 preservation's important and why spending tax dollars is

1 critical for the state to do that, I think, is always going to
2 be a challenge, because quite frankly, a lot of people like
3 those expansion projects because it gives them an opportunity to
4 show, hey (inaudible). So I think that to the extent we can --
5 we can make a case for pavement preservation and (inaudible).

6 In this region, as we have internal discussions
7 about (inaudible), I suspect that the highway component in Prop
8 500, if you will, will include a maintenance component, because
9 quite frankly, we're seeing maintenance as an ongoing and
10 increasing need in (inaudible) statewide. And so rather than
11 just (inaudible) which is freeway explanation, Prop 400 was
12 multimodal and included the freeway improvements. The next
13 time, I think it will include a multimodal package, but also
14 (inaudible). Because it's going to age over time, and we really
15 have to start looking at this kind of funding requirements
16 (inaudible).

17 MR. ROEHRICH: Mr. Chair, I do have a thought
18 following on the thing that you said about the -- limiting
19 yourself or where (inaudible) system wide. And I think part of
20 it is it would be too specific or too defined. (Inaudible)
21 going to establish what these revenues are. It takes away
22 (inaudible) regional county's authority to flexibly put the
23 money where it's wanted.

24 If you generally say, we're going to do it for
25 these transportation improvements, whether it is so much for

1 expansion, so much for preservation or whatever you say, but if
2 you define it too much at the time, especially these things
3 you're talking about, some of them 20, 30-year time frames and
4 that, you lock yourself in at the beginning of it, you're not
5 able to really have the agility to prioritize where those
6 improvements are in the time frame necessary to get the optimum
7 value of that.

8 So I think it's important that we all trust the
9 credibility of the public if you're going to ask them to vote
10 and give you the funds or whatever, but boards like yourself or
11 a council (inaudible), you still need a flexibility of where you
12 apply those moneys, when do you apply them and how it matches
13 the needs of -- the current needs within a systematic approach
14 towards it. And if you'd lock yourself in too tight, your
15 building projects, because, you know, you said you'd build this
16 one specific project, it might not be your need right now.

17 The second thing that I did want to comment about
18 is looking at the trend or where the federal government's going
19 with performance measures and performance management issues that
20 are being evaluated under the rule making process right now,
21 MAP-21, the federal government could direct where a lot of that
22 programming and priority planning is going based upon whatever
23 they end up with the final rule making that says, if you use the
24 federal dollars on the federal system, it has to follow this
25 specific process to get a program.

1 MR. SELLERS: Well, I might add, too, that
2 another place where I think we need to keep flexibility is that
3 as we evaluate safety, we need to -- where you have to blend,
4 perhaps, expansion and maintenance together, we need to have the
5 flexibility to use that as one of our criteria as well, and
6 that's become pretty important in some of our recent decisions.

7 Okay. Thank you, Eric.

8 MR. LA RUE: You know, before Eric goes, Eric, I
9 don't know if I can articulate a question, so let me just ramble
10 on and maybe (inaudible).

11 But somewhere in one of your presentations at
12 MAG, you know, you showed a chart that said, here's what we've
13 done in Prop 400 from 2005 to 2015, and my takeaway is a very
14 impressive chart. There has been a ton of, you know, freeways
15 and improvements and transportation improvements in Maricopa
16 County that ADOT and MAG have done jointly on together. I mean,
17 it's -- it was very impressive.

18 And so as I talk to people in Maricopa County,
19 you know, I'm not surprised that, you know, transportation's
20 lying on the stakeholders at the bottom, because it just, you
21 know -- my neighbors are like, hey, what's the big deal? You
22 know, things are nice. But then when you talk to people who
23 travel the state, they're like, man, you know, fix I-17 from
24 here to Flag, fix I-10 from Phoenix to Tucson, fix that.

25 But, you know, when you go back to all the

1 buckets that you show, there's really -- there's no -- there's
2 no dollars there. So -- and the majority -- the majority of the
3 voters are in Maricopa County. So how do we get the message
4 out, get it -- and get these funding options out that will
5 resonate with enough people that we can actually accomplish
6 something?

7 MR. ERIC ANDERSON: I (inaudible) that's a very
8 good question, the thing that is -- from my perspective, that's
9 one of -- that's at the heart of the statewide transportation
10 funding issue, because we -- in this -- in Maricopa County, we
11 actually have a fairly good level of satisfaction for the
12 transportation system, whether it be our highways or transit
13 systems. Yeah, there's always more to do.

14 But I think in -- as I show, you know, we're
15 putting over half a billion dollars of additional funding into
16 the system, in our transportation system, and it does make a
17 difference. Money does make a difference in terms of what you
18 can deliver. (Inaudible) about 54 percent of the (inaudible)
19 that we had in the program, and we're halfway into it. So
20 that's a very good (inaudible) freeway (inaudible) construction
21 next year, and I think that will push us, you know, (inaudible)
22 smart way toward completion of the entire program.

23 I will say that ADOT's going (inaudible) great
24 partner (inaudible) as we continue to look at ways to take costs
25 out of the system, you know, we're doing cost risk assessment

1 now, and understanding kind of the project budget and the risks
2 associated with those. And so we (inaudible) great progress in
3 delivering what I think is a good highway program, even though
4 we face these financial difficulties with declining lower HURF
5 revenues (inaudible). So we'll continue to do that.

6 Once again, I mean, find creative ways to take
7 costs out of the system. Delivering projects that meet needs,
8 but may need to be done less expensively (inaudible). I think
9 you'd have to make a case for a statewide package, and
10 (inaudible) my own opinion is that I think if it was a
11 strategically targeted package project from a statewide
12 perspective, I think we could (inaudible), but I think when you
13 talk about, you know, I certainly heard tens of billions of
14 dollars, putting that before the voters, and the voters can say
15 (inaudible).

16 So once again, (inaudible) this region, because I
17 think the message is here's what we say we can do, and here's
18 what we did, and so I think that's always a good thing. It's
19 always easy to go back -- easier to go back, in other words, and
20 say we told you what we did, we did it. Let us do it again.
21 And so once again, a statewide perspective, we really don't have
22 (inaudible). I think it's really important to make a strong
23 case for some of these key projects around the state that are
24 vitally needed from (inaudible) perspective (inaudible).

25 MR. SELLERS: And I think ADOT's done a good job

1 now of preparing a package that says our economy is dependent on
2 improving our infrastructure, but I think it's -- where I think
3 we need to come in is we need to do a better job of getting that
4 message out to the right people, and ADOT can't do the same job
5 that we as board members and some of the rest of the people in
6 the audience can do influencing our legislature to try to move
7 this forward. So that's part of my motivation.

8 MR. ROEHRICH: Mr. Chair, but that's the
9 observation I was making as I was staring at this chart just
10 now. All this time we've talked about how jobs and the economy
11 was just a high priority, but I look at that trend and it's
12 dropped so low. We're tying transportation, which we knew was
13 at the bottom. (Inaudible) the national trend out of the 50 top
14 things nationally, what are -- what's concerning you, a poll
15 that was done in 2013, again in 2014. Transportation was, like,
16 24, 25 out of the top 50. Jobs and the economy was number one
17 both those years. Here, even in Arizona though, people must
18 have a better sense of where the economy is, because it's
19 dropped pretty drastically. So we're tying transportation to
20 the economy, but that's not what's the most important thing on
21 people's mind. I still think it's a good message to get out
22 there, but I'm interested in what people feel more comfortable
23 about the economy and why that dropped so -- so significantly.
24 I just...

25 MR. ERIC ANDERSON: Yeah. I think it's a good

1 point, too, and you know, when (inaudible) opinion survey we did
2 a couple years ago, but our finding was that people still
3 (inaudible) relative to the economy, and I think we did that
4 (inaudible) this time period. And so you see that, in fact, the
5 sentiment out there has actually improved quite a bit, will
6 continue to from an (inaudible) perspective, and obviously the
7 education has been a -- has been (inaudible) and has obviously
8 (inaudible) the issue today, to say the least. So -- but I
9 think it's a good observation. In fact, the concern about the
10 economy is (inaudible) relative to public policy issues.

11 MS. BEAVER: I'd like to make a comment.

12 MR. SELLERS: Okay. Deanna.

13 MS. BEAVER: You know, when you look at jobs,
14 even though it's dropping in the economy or you look at
15 education, they're up there -- that's kind of at the local level
16 where, you know, parents are on top of things with regard to
17 their kids. Jobs, if you're not bringing home a paycheck,
18 there's an issue here. Where with the roads, I think they're
19 kind of just taken for granted.

20 And I realize that we are seeming to come into
21 the -- you know, the 21st century and the technology and all
22 that kind of stuff, but are we reaching out to, like, YouTube
23 and things? I mean, everybody is on their whatever anymore, and
24 your presentation, I think it was excellent, but I think, how
25 does it get out to the proper audience? Are we -- or could we

1 consider using YouTube. That's -- you know, they're little
2 videos, and people can go right on their phone and watch it or
3 on their computer at home or something like that, but I think --
4 and they do it maybe in their pajamas or, you know (inaudible)
5 time. So I think if we reached out the way that the younger
6 people are using technology today, where they're getting it,
7 because --

8 MR. SELLERS: At another conference, Eric
9 actually referenced an HBO program where they were talking about
10 this kind of thing, and his kid said, now we get it. Why didn't
11 you tell us this?

12 MS. BEAVER: (Inaudible.) But I think if we
13 could -- would maybe start accessing that, I don't -- I know
14 that we've got techies within Arizona Department of
15 Transportation. So, you know, maybe we should access them and
16 have these little, mini things like the presentation like you
17 just gave.

18 MR. ERIC ANDERSON: (Inaudible) conference, John
19 Oliver who does an HBO weekly show (inaudible). I would
20 encourage you to all watch it. It's funny, but it goes to the
21 heart of the issue, because, you know, the politicians are
22 talking about, well, we're still looking for funding, we're
23 still looking for funding, we're still looking for funding. You
24 know, it's like that at times. (Inaudible), I think, but
25 there's a -- there's a number of videos out there. I showed

1 another one (inaudible) gas tax. Very simple question, but the
2 answers were all over the map. It was like \$2 a gallon, things
3 like that.

4 It really shows the disconnect, and it came out
5 in our survey is that in general, the public in Arizona and
6 (inaudible) nationally don't know how the transportation system
7 (inaudible). In our survey, you know, the people thought that
8 Light Rail was being funded out of the state. It's not. And so
9 there's just a big, a big (inaudible) about how our (inaudible)
10 -- how these things happen, and I think you're right, that
11 people see a road and they assume it's there and they took it
12 for granted. Well, as we know, it just doesn't appear out of
13 nowhere. (Inaudible) time and money spent to get these
14 construction projects in place. So I think all of that is
15 important (inaudible).

16 MR. SELLERS: Okay. Thank you very much.

17 Next we're going to hear from Farad Moghimi, the
18 executive director of PAG, to give us a perspective on his area
19 of the world.

20 MR. MOGHIMI: Good morning.

21 MR. SELLERS: Good morning.

22 MR. MOGHIMI: Mr. Chair, members of the Board,
23 thank you again for having us here, and obviously we coordinate
24 closely with MAG and other NPOs across the state. So I
25 appreciate the comments that were made by (inaudible). We share

1 a lot of the same concerns, but obviously we want to give you a
2 little snapshot of what's happening (inaudible) the PAG region.
3 So I'll try to be brief and not repeat some of the things that
4 Eric already talked about.

5 But just to give you a quick perspective on
6 what's happening in our funding, essentially annually, roughly
7 about 60 percent of all the funds go through the regional
8 process for programming. The other 39 percent go directly to
9 cities and towns and the County, and that's mostly the HURF
10 funds.

11 On the regional fund portion of it, you have the
12 TAG portion, which is state and the federal funds, and we also
13 have the RTA portion. The RTAs are equivalent to the half cent
14 sales tax for Pima County. That was passed back in 2006. And
15 it's important to know that we tried four times before that and
16 it failed. Finally, in 2006, we reached a point that we were
17 able to put a package together, and that was acceptable to the
18 voters, that they were willing to obviously give us a shot at
19 and see how we perform. We're actually in the ninth year.
20 We're starting to count down to the tenth year of the salvation
21 for accomplishing the RTA projects, and I'll touch on that a
22 little bit more in detail. But again, just to give you the
23 perspective, that's roughly \$250 million worth of state, federal
24 funds and regional funds, but again, I'll come back to this
25 topic a little bit later.

1 We do have other minor sources of transportation
2 funding (inaudible) fees which (inaudible) sales tax, bonding,
3 but (inaudible) those are a lot smaller amounts of funds.

4 As you know, we require to update our reasonable
5 transportation plan every four years, and we're going through
6 that process as we speak. Our next plan will be for 30 years.
7 It will take us through 2045. We're looking at our revenue
8 estimates. We're looking at projected cost of projects that we
9 want to include in the plan, and unfortunately, it shouldn't be
10 any surprise to anybody that we're looking at roughly 47 percent
11 of the projects that we hope to include that have no funding
12 identified to be able to include in a financially constrained
13 plan. So (inaudible) worth of projects that we know we need
14 most likely are not going to make it into this plan. Obviously
15 that should not be a surprise to anybody (inaudible) alarming to
16 recognize that we have that much of a shortfall.

17 And a couple of the projects that are obviously
18 significant to us and important to us build up -- build out of
19 I-10 in the Pima County region. That was in the previous
20 (inaudible) that was approved -- we had funding identified in
21 the previous RTV, but now that we're going through our
22 (inaudible) projections and looking at it, potential cost, we
23 had to push it out of the plan because there was (inaudible).

24 Same thing with the (inaudible), which is our
25 solution (inaudible) on I-10 and being able to provide an

1 opportunity to open up (inaudible) airport area. That is a
2 significant project for us, but we don't have any funding for
3 it. Most likely it's not going to be in the funding category
4 for projects that are going to be under RTV for that reason.

5 We talked briefly about that (inaudible) some of
6 the comments that were made. Unfortunately, I think we've just
7 done a really good job of telling people that maintenance is
8 important and you can't defer maintenance. So as a result, the
9 RTV that we're coming up with is putting a lot more emphasis on
10 maintenance and preserving the system instead of expansion, and
11 that's just the reality of the issue. We've delayed maintenance
12 and deferred maintenance to the point that I think that even the
13 public is demanding that we put more money towards maintenance
14 instead of expansion.

15 That draft kind of -- we used that draft to go
16 around and tell people that you can't defer maintenance. The
17 sooner you would spend money on getting the management, the more
18 money you'd save in the long run. Done a good job of educating
19 people, and now they're saying, don't do expansion. Do
20 maintenance. So now we have to go back and (inaudible) that we
21 would have to do. So unfortunately, a good chunk of our RTP is
22 going to be for pavement preservation and maintenance.

23 Again, normally if you have funds for your
24 expansion, that's -- that's not an issue, but it's really
25 pushing projects for expansion out of the 30-year plan and

1 placing it for (inaudible) maintenance.

2 Obviously, again, Eric touched on this. This is
3 kind of the snapshot picture of what's happening in the PAG
4 region over the last 15 years. Our federal funds, STP. It's
5 been relatively stable. I think we had a couple (inaudible)
6 funds (inaudible) and the TIGER grant that we received in 2009,
7 2010 time frame, you know, gave us a little shot in the arm.

8 The regional funds that go through to the state
9 have actually been declining, as we all know, and I'll touch on
10 that in a minute. And the RTA that passed in 2006 really was
11 our solution as a community to start solving the problem at a
12 regional level and not rely on the State or the federal folks to
13 solve that problem for us. We just recognized that we had to do
14 something.

15 But at the same time, you know, if you look at
16 it, the HURF funds over the last -- you know, from 2004 on, and
17 more significantly from 2008, after the recession, there's been
18 quite a bit of HURF funds that have been reduced from our
19 region. Just to give you an example, in 2015 alone, that's
20 about \$12 million worth of funding, and we're not receiving what
21 we had anticipated on.

22 The worst case side of the equation, \$88 million
23 a year average since 2006. That's the non-money that our
24 taxpayers agreed to tax themselves (inaudible) to improve
25 transportation. So that's -- that's an indication that we feel

1 that people (inaudible), and they were definitely in a position
2 to help us with that -- with that solution on a regional level.

3 But at the same time, obviously the projection as
4 for revenue, (inaudible) in 2005 with the plan to improve from
5 2006, nobody anticipated (inaudible) 2008. So I read the
6 projections unfortunately were developed before that, and the
7 actual revenues are (inaudible) lower than what we had
8 anticipated. At the same time, we're continuing to deliver
9 projects.

10 In nine short years we've spent \$750 million on
11 projects. These are mostly expansion projects. Some of them
12 are transit. The streetcar, that's part of the larger transit
13 components of our plan. That was completed recently. We had
14 the traffic interchange at Twin Peaks. That's (inaudible)
15 opportunity and (inaudible) area that the brand-new outlet
16 opened recently because of that. So we're looking at
17 opportunities to make sure that we continue to deliver projects
18 even though our revenues are not coming in as we anticipated.

19 Eric talked about this a little bit, and I'll
20 take (inaudible) angle on that topic. Since '91, obviously the
21 gas tax hasn't increased. So just to put it into perspective
22 that hopefully the average person would relate to, what is that
23 doing to us? That -- to combine that with fuel efficiency of
24 vehicles, we're looking at an average Ford vehicle back in '92
25 would have produced about \$17 per thousand miles driven. Well,

1 now, fast forward to 2014. Vehicles are much more fuel
2 efficient. That's roughly about \$14 per 1,000 miles driven, but
3 if you look at it adjusting that for inflation back to '92, our
4 purchasing power has been eroded quite a bit. So \$17 back in
5 '91, really it's only, like, \$8 now. So as the only index gas
6 tax, at least we would have been in a better shape if we still
7 had the \$17. So again, that's a common issue. Everybody that's
8 here hopefully understands that, you know, you can't buy as much
9 as you could back in '92, and so we're doing the best we can
10 with the \$8 that we're getting.

11 Obviously, to add to the challenge, as we talk to
12 folks around the country and our partners, everybody's
13 recognizing that consumption of the gasoline is going to be less
14 and less. This is from the Department of Energy. They're
15 projecting consumption is going to be reduced quite a bit, and
16 you can see the signs of it as we speak. I mean, if you look at
17 gas prices just recently, one of the reasons the gas prices are
18 going down is because production's going up. Demand is going
19 down. They're reducing the prices. On the way up, we noticed
20 \$1.98 for gas. I mean, I haven't seen that in years, and
21 jokingly said, you know, let's just increase it by 10 cents and
22 no one would notice.

23 So here we are. I was looking at the State share
24 of HURF funds since 2004. The dark blue is the annual portions
25 of the HURF funds that were utilized to balance the budget, and

1 the gray-bluish color is (inaudible) totals since 2004. As you
2 can see, \$1.2 billion worth of transportation dollars have been
3 used to balance the budget, and again, in our opinion, that's
4 definitely an easy, easy place to start a conversation. Let's
5 make sure that we utilize the existing legislation and protect
6 the HURF funds with the HURF funds (inaudible) transportation
7 investments, and hopefully, as Eric mentioned, we recognize
8 there's a need to obviously budget for DCS, but hopefully
9 there's other options to do that at the outtake and from
10 infrastructure investments.

11 Just to give you an example of how important that
12 is, that \$1.2 billion example is (inaudible) recently did a
13 study under (inaudible) essentially saying that \$1 billion worth
14 of investments in infrastructure will create 14,000 new jobs,
15 and it will (inaudible) 15-year lasting upgrading another 6,000
16 jobs. So that's roughly 20,000 jobs that we could have created
17 had we kept the HURF funds in -- investing in transportation.

18 More recent example, everybody got excited when
19 Tesla came to town. Obviously they were looking at Arizona, and
20 we all got excited. We all got together and thought, what kind
21 of census can we put together? Well, you look at what happened.
22 They ended up going to Nevada. Reno's giving them \$1.3 billion
23 worth of incentives. Out of that, 10 million of it was just for
24 infrastructure, access to the plant site.

25 When we went back and looked at some of the

1 things that we were able to offer, it was nothing close to this.
2 We just couldn't compete. We're not as competitive as some of
3 the other states when it comes to being able to attract
4 companies that are looking to relocate or expand. (Inaudible)
5 set aside those kind of funding opportunities or incentives for
6 (inaudible).

7 We had ADOT -- kudos to staff and you all
8 (inaudible) that the Key Commerce Corridor study that was
9 completed, obviously attempted to answer this question, what can
10 we do, how can we improve our economy and grow jobs. Obviously
11 one of the solutions was to start investing more in our
12 transportation. \$20 billion over the next 20 years, and some of
13 the projects that were included in that, obviously I-11 was the
14 main -- main one, which our regional council (inaudible)
15 resolution from our regional counsel to make sure that I-11 goes
16 all the way down to Mariposa port of entry and tied to New
17 Mexico to improve commerce and the trade.

18 Obviously separately from that, improving SR-189,
19 that's a critical component of connecting I-11 (inaudible) and
20 that to SR-410, which is a project that we see in the Pima
21 County area that could connect I-10, I-19. These are all
22 reasonable investments in infrastructure that hopefully would
23 benefit our trade and commerce.

24 So again, Eric touched on this. We got a
25 different angle on the conversation here. Nineteen states since

1 2012 have been able to pass some kind of a plan to increase
2 their transportation revenues. As you know, some of our
3 neighboring states have been able to come up with some
4 solutions. They're all unique solutions, different ways of
5 dealing with our transportation issues, but it's definitely an
6 issue across the country. Everybody's acknowledging it.
7 They're solving it at a state level, which we believe that we
8 need to do it at the state level, at the federal level. As you
9 know, hopefully our Congressional delegates are moving the ball
10 as well. As you know, they're hoping that they can pass a bill
11 here within the next couple months. We're hopeful to see
12 something, but even that, that's not going to solve the
13 long-term solution. That's still the short-term solution.

14 So what are we doing instead. Unfortunately,
15 again, I don't think this is the best solution, but at the local
16 level, everybody is trying to find a way to deal with this.
17 City of Tucson in 2012 passed the bond measure to pay for
18 projects, (inaudible) projects (inaudible) and collectors that
19 normally would have used HURF funds, but now we have our
20 residents funding, and property taxes would pay back for the
21 bonds. So again, pushing the problem down to the local level,
22 having the locals trying to figure out how they're going to
23 solve the problems.

24 This is at the City of Tucson level, at the
25 county level. Next week when we actually have another measure

1 on the ballot for another \$200 million worth of transportation
2 bonds, and again, hopefully that passes. Most of that, 160
3 million of that is towards pavement management. I mean, that to
4 us, especially in the Pima County region, that is becoming a
5 serious issue. I mean, we're hearing it on a regular basis that
6 we need to maintain our existing infrastructure. So as you can
7 see, \$160 million of that \$200 million is going towards pavement
8 management.

9 And also, I should note that the RTP plan that
10 we're currently developing for 30 years, the existing RTA tax
11 expires in 2026. We are actually assuming that we're going to
12 go back and have that reauthorization. So that revenue, as an
13 assumption in the plan, if that RTA reauthorization doesn't
14 pass, we have about \$102 million worth of gaps. Our gap goes
15 from 12 million to \$14 million.

16 So in conclusion, again, thank you again for
17 having this session. I think it's really important for the
18 board and the staff and other stakeholders to have this
19 conversation.

20 I don't think the issues that we're facing are
21 unique to any of us. I don't think it's even unique to us as a
22 state, but we truly believe for Arizona to be more competitive
23 and be able to attract more opportunities for -- if not
24 development, but we really need to invest more in our
25 infrastructure -- I personally believe there are similar

1 solutions on the table right now. Protecting HURF is one of
2 them. Obviously we're going to increase fees easily, and the
3 options that Eric laid out -- the options are there. Most of
4 that are reasonable options. We just have to figure out what's
5 right for Arizona, obviously. Different states have different
6 needs and different perspectives, but I think collectively, we
7 have enough folks that can get together and come up with a
8 solution to make sure Arizona's successful as well. So with
9 that, thank you again. I'm open for any questions you may have.

10 MR. SELLERS: Just a quick comment. You talked
11 about raising the fuel tax ten cents and maybe nobody would
12 notice. Actually, the states that have raised their fuel tax
13 said they've gotten virtually no negative feedback. I'm not
14 sure we have the courage to do it.

15 UNIDENTIFIED SPEAKER: Who's "we"?

16 MR. SELLERS: Any questions for Farhad?
17 Comments?

18 MR. LA RUE: You know, have you -- you're working
19 the 2045 plan. Have you done any surveying or polling of your
20 (inaudible) --

21 MR. MOGHIMI: Yeah, we've done -- we've done an
22 informal engagement to where we actually have an online tool
23 that (inaudible) comment. You know, we are over -- almost 2,000
24 people had participated because it was interactive. It was
25 online. They could do it in the comfort of their own house.

1 Normally we do open houses and you get a handful of people show
2 up and provide input. So we had 2,000 people that provided
3 really good feedback, but again, because of our unique
4 situation, a lot of the feedback we got that they wanted us to
5 shift our focus more on maintenance instead of an expansion, and
6 that's one of the reasons we're doing what we're doing.

7 (Inaudible) in our opinion there was a productive
8 way to get people engaged and have them to talk to hopefully
9 neighbors and friends and get the conversation started. People
10 will share our link on their Facebook pages, and we got a lot --
11 we can track that. You can see that people either got to it on
12 Facebook or from our web site. So the conversation started. It
13 was a really good start. But again, I go back to the comment
14 that the (inaudible). In our case, it's a pot of gold issue.
15 It's not an expansion issue, unfortunately. You know, when you
16 talk to people, they complain about (inaudible) they're not
17 looking at it, they get a different perspective and (inaudible).

18 MR. HAMMOND: More a comment than a question.
19 The seven bond issues that are going to be on the ballot next
20 week, only the ones on -- the one on (inaudible) issues polled
21 initially at a level high enough to say it's probably going to
22 pass. The other six were kind of borderline or below, but
23 (inaudible) number one issue that voters said they were going to
24 vote for (inaudible).

25 MR. MOGHIMI: If I may add, the bond committee

1 that put this package together, they actually spent the last
2 seven years, and they've been talking about all these other
3 initiatives that Mr. Hammond mentioned. But \$200 million, it
4 came up at the eleventh hour, and the board supervisor was the
5 one that said, we need to do something about our roads, and they
6 added that to the package at the eleventh hour. So that
7 (inaudible) those back to -- I think the general public truly
8 believes that somebody's got to do something, and at this point
9 it's at the regional level or the local level. I personally
10 believe that for these (inaudible).

11 MR. LA RUE: Let me make sure I fully comprehend
12 that bond package. So that the 200 million, 160 million
13 imbedded in it, that's going to be repaid through property
14 taxes?

15 MR. MOGHIMI: Pima County property taxes.

16 MR. LA RUE: Of people -- so homeowners, you
17 know, assessing, they'll say, wow. So that is -- that's going
18 to be an interesting vote.

19 MR. HAMMOND: It was kind of a desperation issue.
20 (Inaudible) remains it seemed a little strange. New bond for
21 infrastructure.

22 MR. LA RUE: Yeah.

23 MR. HAMMOND: These bonds are intended to be paid
24 off fairly quickly so that -- so that we're not, you know,
25 tearing the road up and doing something different while we're

1 still paying off the bonds for the maintenance of the road that
2 we did 10 years ago. So it's very controversial, but -- you
3 know, the (inaudible) did not even want to put it on the ballot
4 for that reason. It was a demand of the public (inaudible)
5 we've got to do something. We're willing to use the bonding
6 (inaudible) to do it (inaudible).

7 MR. MOGHIMI: Well, again, we believe that's an
8 indication that people are willing to pay. We just have to give
9 them a solution that hopefully works for the entire state.

10 MR. LA RUE: Yeah, and what I find amazing is,
11 you know, where I live, we have a hard time bonding just to keep
12 the schools open and from crumbling down, and here people are
13 bonding -- or taxing their real estate, property, you know,
14 homes to pay for the roads. That's (inaudible).

15 MR. MOGHIMI: (Inaudible.)

16 MR. LA RUE: Well, you know, I did want to
17 mention that to you, that I only drive on certain streets down
18 there because --

19 MR. MOGHIMI: So I have to advocate obviously for
20 our City of Tucson (inaudible) Pima County (inaudible), but
21 they're doing a great job. (Inaudible). Again, you go back to
22 look at those numbers. They're -- you know, \$12 million a year
23 for maintenance is a lot of money for our region, and one of the
24 reasons we have people do votes is because of that HURF money
25 being used (inaudible).

1 MR. LA RUE: Well, and I might just say I think
2 that's a really gutsy call by those elected officials to, you
3 know, say, let's do this. I mean, that's pretty amazing.

4 MR. SELLERS: Well, and that's part of the --
5 part of the motivation for doing this today is I feel like we've
6 -- we really need to get a broader perspective on the entire
7 state, the entire state's needs. Certainly it's been
8 educational to me to be a board member and drive to our board
9 meetings, because I look at the road system, the infrastructure
10 now from a whole different perspective than I did when I was
11 just traveling as a tourist. So I appreciate --

12 MR. MOGHIMI: So the next time you're down in
13 Tucson, we'll actually take you to the back roads, one of the
14 roads (inaudible). So you can get a good feel for the
15 (inaudible).

16 MR. SELLERS: I've been there enough to know that
17 I avoid those now.

18 MR. LA RUE: And then you've got to call yourself
19 and complain, right?

20 MR. SELLERS: Right. Okay. Well, thank --

21 MS. BEAVER: You know, there is some -- people --
22 it's like education. It's high up there. It's because it's
23 relevant to them. Potholes is relevant to them. They feel
24 those every day, or if traffic's backed up, they -- they feel
25 that. So it's those type of things that will get the public

1 engaged in the conversation, I think, is things that make it
2 relevant to them.

3 MR. LA RUE: Maybe Pima County did the ad or
4 there's somebody, maybe another state did the ad, but they're
5 actually making money if you fix the potholes because of the
6 wear and tear on your car and all the --

7 MR. MOGHIMI: Oh, yeah. \$700 is the estimate
8 (inaudible).

9 (Speaking simultaneously.)

10 MR. MOGHIMI: We have the numbers. And again,
11 once you start talking about the average person, they connect
12 and they're willing to pay more to make sure that hopefully
13 they're saving time and money from maintaining their vehicle.

14 CHAIRMAN ANDERSON: But I guess have you tried
15 other -- I was in school down there in the '70s, and it was the
16 same situation. But it seems like, you know, the disrepair has
17 been going on for a long, long time, and people have put it off,
18 put it off, put it off until to the point where it's almost, you
19 know --

20 MR. MOGHIMI: (Inaudible.)

21 CHAIRMAN ANDERSON: No return. Yeah, until it's
22 too late.

23 MR. MOGHIMI: (Inaudible.)

24 CHAIRMAN ANDERSON: So we get back to that slide
25 where, you know, it's \$10 dollars, whatever it is to, you know,

1 to preserve an asset, and that dollar just doesn't go as far.
2 That bonding doesn't go as far, and so I think with the Board,
3 we're faced here with how do you start now versus, you know, 30
4 years later? And that's -- I think that's the issue we all
5 face.

6 MR. MOGHIMI: Again, as I mentioned, we tried
7 four times before it failed and finally it passed. So had we
8 passed the first time back in the '80s, we would have been in
9 better shape.

10 CHAIRMAN ANDERSON: I still have a bent rim from
11 a pothole.

12 MR. MOGHIMI: Was it in the county or the city?

13 CHAIRMAN ANDERSON: It was in the city.

14 MR. MOGHIMI: The city. All right. (Inaudible.)

15 CHAIRMAN ANDERSON: That was something out of
16 Stumble Inn.

17 MR. LA RUE: I think the statute of limitations
18 expired.

19 MR. SELLERS: Okay. Well, thank you, Fred.

20 MR. MOGHIMI: Thank you so much. Appreciate it.

21 MR. SELLERS: Okay. Next up, Christopher Bridges
22 is going to talk to us about rural Arizona.

23 MR. BRIDGES: Good morning. Thank you for having
24 me. Although we're going to present the NPO which contains our
25 metropolitan, we are considered early rural (inaudible) region,

1 but (inaudible) wanted to be here today, and unfortunately he
2 has to be in New Orleans eating jambalaya and (inaudible). So
3 I'm going to do my best (inaudible) for a (inaudible). I like
4 to be a little more positive than Kevin.

5 Listening to Eric and Farhad, I think they hit on
6 all of the issues as far as, you know, options of funding, where
7 we are as a state, and the one that -- one slide that Eric had
8 up there that really hit me is we started really looking at
9 where we ranked as a state as far as, you know, the revenue for
10 gas tax. We're 48th now. You know, probably a year ago, I
11 think we were 42nd. In a short period time, we've plummeted to
12 almost the bottom -- I'm fairly positive we're not going to
13 (inaudible) Alaska at 30 cents. I don't think they'll pass us,
14 but we could easily be 49th in the near future.

15 And to me as a state that has the -- you know,
16 we're the sixth largest metropolitan area in the country, and
17 we're 48th in the country in transportation revenue. That
18 doesn't make any sense.

19 So rural perspective. My opinion is (inaudible).
20 I kind of wanted to touch, on, you know, Eric and Farhad had
21 talked about revenue on the local side, and I'll tell you in the
22 CYMPO region, you know, we receive about \$650,000 of STP funds
23 each year that we then turn and we come back to you as the State
24 Transportation Board and try to partner those in using the
25 limited local resources to try to work together to help deliver

1 our (inaudible).

2 We talked about flexibility earlier. To me
3 flexibility is essential. Some areas might be purely
4 maintenance driven. Some might be, we need more capacity. I
5 think the Prescott region itself is both. We've got a high need
6 for each of those things, and to give you an example, you know,
7 go to the voter perspective. The Prescott just got an extension
8 of a one cent sales tax by the voters this last primary
9 election. Prescott Valley canceled, just approved a half cent
10 for maintenance purposes last week.

11 We have a Yavapai County regional road half cent
12 sales tax that was approved back in 1995, but that's not voter
13 protected at all, and really can be used for any purposes, and
14 right now, 60 percent of that revenue is being used to pay for
15 the county jail. That has actually been as high as 80 percent
16 for the county jail and could possibly end up being 100 percent
17 for the county jail if they don't get a jail tax passed. So
18 revenues will go up and down, but you can see the importance in
19 the region.

20 1995, some of you may be aware, Bill Feldmeyer
21 (phonetic) was on the county board of supervisors. He's the one
22 that pushed (inaudible) the state authorized that the county's
23 (inaudible) half cent sales tax for basically any purpose,
24 general fund or whatever. He made the push because he has a
25 strong transportation background, shocker to everybody here, but

1 he wanted 80 percent of that to go into the regional roadway
2 system and 20 percent to offset property taxes. So, you know,
3 things (inaudible) back in 1995. We still have that today.
4 We're lucky. Not all the (inaudible) or the rest of Arizona has
5 something like.

6 The important thing to remember, though, is that,
7 you know, we all have a common goal. It doesn't matter if
8 you're in Parker or if you're in Prescott or if you're in Page
9 or if you're in Tucson. We want to have a safe and efficient
10 transportation system, and it takes adequate, sustainable
11 funding to be able to do that.

12 And in short, you know, I did talk to Kevin
13 yesterday, so he's influenced me a little bit, but you know, our
14 local runway system is falling apart. You know, there's a
15 reason the Prescott Valley council passed that half cent sales
16 tax for maintenance purposes, and it's for chipseal. It's not
17 to go out and reconstruct, you know, major roads with sidewalks,
18 curb and gutter. They don't even have sidewalks and curb and
19 gutter on most of their roadways. They're falling off into a
20 ditch. They are not able to maintain their roadways adequately
21 without that funding.

22 So when we look at the whole district statewide
23 approach, I think it's important to increase across the board
24 those HURF revenues, and I promised (inaudible). So sweeps of
25 the HURF going into DPS, funding DPS (inaudible) makes sense.

1 We can utilize those funds locally to be able -- just for pure
2 maintenance. But just doing that loan isn't enough.

3 I think we've demonstrated we have more than
4 enough need out there, and we need a bigger pie. We've always
5 talked about carving up a pie and maybe doing, like, (inaudible)
6 doing more maintenance or more expansion or more safety, and the
7 reality is we need all three of those things.

8 And Mr. Sellers, you talked about, you know, we
9 need to get this going and what can we do? Eric and John
10 (inaudible) from PAG put together a draft transportation funding
11 white paper for the Arizona (inaudible) NPO directors, and at
12 our next meeting we're actually going to have that on the agenda
13 to evaluate it and kind of go through there and see what, as COG
14 and NPO directors, you know, we think that we would be willing
15 to support together, and a unified backing (inaudible) saying,
16 hey, these are options that we think we could support, and
17 hopefully we can get there, and that's something we can then
18 bring to our state legislators.

19 Speaking of state legislators, we get to the
20 public education component. I think my transportation planner
21 (inaudible) always tells me the worst thing (inaudible) which is
22 weird, is marketing. We don't market. And I'm sitting and
23 listening to them, you know, (inaudible) did a pretty good job
24 telling them about maintenance, and now PAG's in the situation
25 where, oh, (inaudible) maintenance. I think it's a state, we

1 need a statewide strategic marketing plan. We need to be able
2 to engage the public over a long time and methodically
3 (inaudible) you understand what it is you're trying to tell
4 them, when you're trying to tell them and when, and what's the
5 end goal (inaudible). The end goal, that is to get increased
6 transportation revenue, and we don't do that. You know, we take
7 the (inaudible). We've talked about it (inaudible). We can
8 educate, we can inform, but we can't really market. Somebody's
9 got to take on that marketing to persuade people. You know, as
10 a government agency, we don't really do that, and we can't
11 really do that.

12 The public education (inaudible), when I talked
13 to representative (inaudible), this was, gosh, almost three
14 years ago now -- every group that I go and talk to, I get the
15 same information, and I always ask him, and Eric referenced
16 earlier, how much do you pay in gas tax? (Inaudible) some
17 information that ADOT's (inaudible) really good. And I had
18 everything from \$100 dollars a year to \$15,000 a year, and
19 seriously, the \$15,000 one (inaudible) \$15,000, and then I
20 showed him the information. I said, you probably pay about 600,
21 maybe 650, and he was blown away. He was like, that just can't
22 be right. I mean, look at the price of gas, and that's exactly
23 what it is. It was -- at the time it was almost four dollars,
24 and they'd just think it's all tax. And if it goes to, you
25 know, really (inaudible), the citizens don't know how roads are

1 built, how they're funded and how long it takes.

2 To Ms. Beaver's point, education's right in your
3 face. The pothole's right in your face. I watched a pothole
4 appear over the weekend on the corner of Little Creek Road and
5 Smoke Tree, right by my house. In a period of three days, it's
6 now this big around, from nothing. And it's -- boom, it's right
7 there. If you're going to start to build a road today, you're
8 lucky if you're going to have that thing (inaudible) in five
9 years. People don't even know what they're having for dinner
10 tonight, let alone what's going to happen when their road starts
11 cracking. They have no clue what that means. I personally
12 can't enjoy driving across this beautiful state, because I'm
13 looking at alligator cracking and transverse and longitudinal.
14 I shouldn't know that but I do, and I -- and maybe to the
15 detriment of the single board members, when they come with me to
16 your state board meetings, we're driving down the highway and I
17 go, see that right there? There's more crack sealant on there.
18 They're like, you're ruining my drive. But the point is there,
19 it's everywhere.

20 Anyway, I think (inaudible) the local roadway
21 network, the state highway system and the interstates are all
22 important to us across the entire state. It doesn't matter if
23 you're in Nowhere, Arizona or Phoenix or Tucson or Parker, Page
24 or it doesn't matter. It's important to all of us, and I think
25 we need to address this across the state together as a state.

1 And that's all I've got.

2 MR. SELLERS: Thank you. Questions, comments for
3 Christopher?

4 CHAIRMAN ANDERSON: I've got one. You know,
5 Chris, whenever we go to your area and you guys are great hosts,
6 you know, we try to plan something at least once a year up
7 there. I guess it's the quad cities, right, you referred to?

8 MR. BRIDGES: Yes. Uh-huh.

9 CHAIRMAN ANDERSON: How do you keep the four
10 entities in a one united vision, here's where we're going to go,
11 here's how we're going to plan? Because it looks like when you
12 do come to the board or other meetings, you are unified in that
13 voice, because you have, like, that plan I mentioned, and you
14 have -- you can demonstrate the needs for it.

15 MR. BRIDGES: It's not easy, but having vision --
16 because we always have turnover on our board. There's always
17 somebody new coming in. I'm probably going to have two new
18 board members at this time -- by next spring, and it's -- the
19 second they're on, (inaudible) transportation, and (inaudible)
20 got that regional approach, and a lot of this stems from the
21 economic development side. They talk about wanting to partner
22 on economic development opportunities as a region, as a whole,
23 but the reality is it's much easier to do it on a roadway and
24 (inaudible) some benefit to the whole region of the road where
25 that business goes into the Town of Prescott valley and

1 (inaudible) Prescott (inaudible).

2 So they kind of stole it from the economic
3 development regional approach, but it really applies in the
4 transportation system. That 89 that you just saw between Chino
5 Valley and Prescott, (inaudible), it was on the southeast side.
6 You would think (inaudible). It takes dedication and somebody
7 who's really seeing the big picture to be able to come to you
8 and say, hey guys, (inaudible) together. And we've tried to
9 maintain that, and it takes a lot of effort. You know, every
10 now and again we have our discussions (inaudible) maybe they've
11 gotten (inaudible) it's kind of ingrained into the region.

12 MR. SELLERS: Other questions? Comments?

13 Thank you, Christopher.

14 Next up, we have Garrick Taylor, VP of government
15 relations and communications for the Arizona Chamber of
16 Commerce.

17 MR. TAYLOR: Good morning, board members. Thanks
18 for the invitation. I apologize, because some of the people in
19 this room have seen this presentation before. In fact, some of
20 you have been (inaudible) you are intimately familiar with this
21 presentation, having helped put this together.

22 You're going to see a lot of the themes that
23 we've discussed here today reflected in this presentation. And
24 I think it answers the question, what's the business community
25 doing about this? What do they care about transportation and

1 the state of our roads and (inaudible) in this state?

2 And the Arizona Chamber of Commerce at least has
3 attempted to answer this question through a project that we're
4 calling Accelerate Arizona. And we really want to elevate the
5 issue of transportation in this state and the policy discussion,
6 because before we go headlong into some public policy
7 discussion, we really need to know the role that transportation
8 plays in this economy and how important transportation is. So
9 from that (inaudible) aspects that you've talked about, letting
10 people know how important getting widgets from point A to point
11 B is in strengthening Arizona's economy.

12 So we're doing that through this project,
13 Accelerate Arizona. And this is not because we're -- we're not
14 just doing this for our health. We're doing it to keep our
15 state economically competitive. And you see up there the world
16 economic forums, elements of what goes into a competitive
17 economy. And there's all sorts of issues there, things like
18 (inaudible). What we're going to talk about today in this
19 context is infrastructure, and when we talk about
20 infrastructure, that can mean a host of things, roads, rail, air
21 and ports. And that -- there are -- there's a mix of
22 jurisdictions there. Some are state. Some are local. Some are
23 federal. But in (inaudible) we've got -- there's a local
24 element -- well, it's a state element, and should Congress ever
25 pass the (inaudible) transportation bill, (inaudible) there's

1 also a federal element as well.

2 Now, what I'm discussing and what the Chamber's
3 discussing in these public forums such as these and we've done
4 this around the state, this is not breaking news. We did not
5 just think up these issues, and I know that you haven't either.
6 In fact, we go back to 1776 to the publishing of "*The Wealth of*
7 *Nations*", Adam Smith said, "The good roads, canals and affable
8 waters by diminishing the expense of carriage are the greatest
9 of all improvements."

10 And then what about some of our founding fathers?
11 Thomas Jefferson, improvement of the roads is good for the
12 direct purview of the Constitution. Goes on to speak to this
13 again 1808, and it's reflected in the Constitution, Article 1,
14 Section 8, that Congress shall have the power to establish post
15 roads. So this is something that's been contemplated since the
16 beginning of this country.

17 Arizona voters know the importance. Something
18 you see up on the screen there, the (inaudible) back from 1952
19 when we first authorized the motor vehicle fuel tax, the
20 (inaudible) as supporters are some of the same folks that are
21 major players in state's business and community today. You see
22 we've got tourism reflected there. You've got the automobile
23 dealers. You've got something called (inaudible) Manager's
24 Association. And really, some of the stakeholders there back in
25 1957 represent the five Cs of Arizona, that -- those legacy

1 things like citrus, cotton, cattle, and though we can't pull it
2 out of the ground, climate, which drives our tourism economy.

3 Well, think about where Arizona sits
4 geographically, and the reason that Arizona is now connected to
5 the rest of the country and eventually the rest of the globe is
6 through the creation decades ago of the intercontinental
7 railroad and the national defense highway system, what we
8 commonly refer to as the interstates.

9 So we talked about the five Cs, but really you
10 could be talking today about what drives our domestic and
11 international reach by things like electrical equipment, farm
12 products, chemicals and allied products. But what's driving all
13 of this, these products, is the concept of make it here, sell it
14 there. That's an export-based economy, something you can make
15 here, sell beyond our borders, and bring that money back here.

16 After all, the imported dollars are the most
17 important ones. That's why tourism is so important to this
18 state. After all, when somebody comes to attend a convention or
19 goes on vacation here, they're not coming here to check out
20 books at the public library. They're here to spend money in our
21 stores and restaurants, and the same could be said (inaudible)
22 other elements of (inaudible).

23 So when we make it here and sell it there, where
24 does it go? You see how advantageously situated we are on the
25 map. Major markets to our west in southern California, the rest

1 of California. Then just -- you just hopscotch over to Mexico
2 there. To our east, you have Dallas and Houston. In fact, you
3 have many of the major markets in north America reflected there,
4 certainly in the United States. Only New York and Chicago don't
5 show up on that map. And Phoenix, we sit right in the middle of
6 it all.

7 These are some of the major corridors. We're all
8 familiar with them, and you put I-40 up there as well. But you
9 see the linkages there that get us to markets around the
10 country. And I-19 south, southbound out of Tucson, and
11 northbound out of Nogales, that's our connection to the NAFTA
12 marketplace. When we go into (inaudible) going back and forth
13 through Long Beach, into California, I-10 west, we talked about
14 the markets in Texas. You see all the linkages there.

15 Now, what does the product shipment out of state
16 look like? Well, we took some 2009 data and extrapolated it
17 forward into 2015, and you see the markets that we have to work
18 with. Now, that's \$26.3 billion worth of goods, the westbound
19 goods between Arizona and California. You see the eastern
20 numbers (inaudible) there. But we go back to these figures,
21 this is a -- these are -- these highways really have looked the
22 same for decades, yet Arizona's economy has changed dramatically
23 from the last several decades, and that's not necessarily
24 reflected in the infrastructure that we are -- that we have
25 relied on.

1 So why do we care about this stuff? Well,
2 because it is central to the state's economic health. You see
3 the -- some of the advantages there, the National Association of
4 Manufacturers, it's talking about the increase in labor
5 productivity in all industries that rely on delivery or service
6 vehicles. You see the advantages of getting products around the
7 state and around the country and improving that (inaudible)
8 market.

9 Well, time is money. You see some statistics
10 there, but I want to share with you this anecdote at the bottom
11 here that the chief operating officer of UPS was testifying
12 about what delay the infrastructure challenges mean to his
13 company. He said that a delay of five minutes per day for every
14 vehicle would cost UPS over \$100 million annually. That cost
15 would be passed on to customers. So the stuff that's on the
16 back of the truck, and as you are -- as you're complaining about
17 truck traffic, keep in mind those are jobs that are tied to that
18 -- to those trucks. And the stuff on there, it doesn't ride for
19 free. And if we're not careful about improving freight
20 mobility, it becomes a drag on the overall economy of this state
21 and on this country.

22 We've already talked about this, and other
23 speakers have talked about the challenge we have with the
24 Highway User Revenue Fund. That is our primary source of state
25 highway funding. Our concern, as reflected by our speakers,

1 we're in a tough position just with maintenance. So as we think
2 about the need for new projects, that is a real challenge.
3 After all, job growth requires market access. How do we get
4 that market access is through things like transportation
5 infrastructure.

6 All right. Well, this is some of the things that
7 we've been talking about around the state when we do these
8 public forums, letting people know this is not Arizona's
9 business community (inaudible) vested stakeholders complaining
10 about Arizona's infrastructure situation. We are in decent
11 shape, but there's -- but we are not unique in having to
12 consider what the long term looks like. And you see the states
13 up there that have had to deal with this question as well at the
14 legislative gubernatorial level, and we've mentioned earlier
15 these states that you see up there, they're not exactly tax
16 issues that's up there. These are fairly conservative --
17 fiscally conservative states that have had to contemplate where
18 does the revenue come from to improve state infrastructure.

19 Here's a couple of case studies that we've been
20 sharing, and at the end I'll show you a web site where I would
21 refer you to. It has a lot of these case studies that you can
22 reflect on. Look and see what other states are doing as we
23 think about potential public policy solutions there.

24 Texas, Nebraska. Look at that first bullet point
25 for Nebraska. They overrode the gubernatorial veto 30 to 16

1 when they increased their gas tax in that. Look at Utah. A
2 state that we are often compared to in terms of the vibrancy of
3 our two economies. We face similar challenges. They've
4 converted their cents-per-gallon tax (inaudible) sales tax.
5 Georgia, also the assembly dealt with that, April 2015. Went to
6 a new fuel levy. South Dakota also dealing with this.
7 (Inaudible) passed with a two-thirds Republican legislature.
8 These are bipartisan issues. When you see the desire
9 (inaudible) Congress pass a transportation bill, you see the
10 desire on both sides of the aisle.

11 All right. This is a how you can track us down
12 and see what's going on with this project. I would encourage
13 you to check out that web site, because some of case studies
14 that I just flew through there, they're up there, and maybe
15 there are some things that other states are doing that we can
16 use as an example and employ here in Arizona.

17 This is a conversation as I said we've been
18 holding around the state, and we've been holding (inaudible)
19 where we've been taking the chairman of the Senate
20 Transportation Committee and the chairman of the House
21 Transportation Committee with us, as well as the legislators
22 from their local area. We've gone to places like (inaudible),
23 Nogales, Safford and Flagstaff. Let me tell you, you haven't
24 lived until you've taken the (inaudible) through a bus wash in
25 Flagstaff. I think that was a good time had by all.

1 So it gives a chance for lawmakers to see what's
2 going on at the local level. We talk about these unique
3 transportation issues. It's (inaudible). These are what's
4 happening. Looking at roundabouts off the 17, it's -- that was
5 a good time had by all. You understand the policy implications
6 that those things have.

7 So we will continue to travel the state. We'll
8 talk -- Mr. Sellers, we'll talk to anybody who will have us to
9 talk about the importance of transportation to Arizona's economy
10 as we plan for long term. So that's how to get ahold of us, and
11 have (inaudible) for comments, questions.

12 MR. SELLERS: Okay. Just a quick comment from
13 me, and that is that as you talk about increasing fuel taxes,
14 the conversations I've had with our local trucking companies,
15 they all support increasing fuel tax, because they realize the
16 value it would mean to them in maintaining and improving the
17 infrastructure.

18 MR. TAYLOR: Mr. Sellers, I'll tell you that
19 (inaudible) the probably center right groups like the
20 U.S. Chamber of Commerce and the American Trucking Association.
21 They said the same thing. They recognize the same challenges.
22 They recognize the simplicity. Now, I'm not advocating for
23 that, because we recognize the perhaps (inaudible) of the sales
24 tax dollars. We haven't raised the gas tax since back in the
25 Clinton administration. We're all certainly driving more fuel

1 efficient vehicles now. It's a challenge we've discussed here.

2 So maybe we need to think about something else.

3 Maybe some of the -- what the other states have proposed,
4 whether it's an indexed sales tax, some sort of additional levy.

5 That sort of user fee where it's directed directly to
6 transportation projects. I think we'd all agree that some
7 fidelity to the HURF (inaudible) these were intended (inaudible)
8 transportation projects to try to keep (inaudible) as full as
9 possible. It would be a good first start.

10 MR. SELLERS: Okay. Are these slides available
11 to us or did we --

12 MR. TAYLOR: They are, yeah. In fact, I think
13 they're on our web site, but you see -- you can track us down if
14 you'd like to have a copy of these. More than happy to share
15 them with you.

16 MR. SELLERS: Okay.

17 MR. ROEHRICH: Mr. Chair, members of the Board,
18 we've got copies of all these presentations. We can either
19 provide them to you or they will be posted on your web site as
20 we do on -- as a meeting agenda and then the meeting minutes
21 afterwards. Those will be there as reference materials. So
22 (inaudible).

23 MS. BEAVER: There's two points I'd (inaudible).
24 One, if the stakeholders are all supportive of it, I would
25 somehow like to see all of them incorporated into one. They

1 (inaudible) a little more fade in, fade out (inaudible), but I'm
2 looking at marketing -- that marketing aspect to the public
3 where we can post it. It costs nothing to put it on YouTube,
4 and if you put it on there, people will watch it at their
5 leisure. But this kind of gives people an idea of why
6 transportation, the highway system is important. I'll have to
7 get back on that, too, so I'll pass.

8 CHAIRMAN ANDERSON: Garrick, how resilient is the
9 Arizona economy and the national economy in terms of absorbing
10 more fees and costs for transportation? Is there a point where
11 it just doesn't work? I mean, see where we're going with this?
12 I mean, it's just...

13 MR. TAYLOR: (inaudible) how much can the
14 taxpayers abstain.

15 CHAIRMAN ANDERSON: Or a trucker, you know, cost,
16 you know, so much to deliver, the UPS guy to deliver, passing
17 that on to the customer,. Is there a point where a study that's
18 been done that --

19 MR. TAYLOR: I would imagine there is, but when
20 we -- for example, when we talk about tax (inaudible) my friend
21 (inaudible) counsel, (inaudible) but you don't know what it is
22 until you get it. So I would caution as to -- let's be
23 conservative in the way that we approach these things, and
24 (inaudible) not coming up here will nilly saying that we should
25 raise taxes and just -- just (inaudible). But I do think we

1 recognize we have a real challenge (inaudible). I think there
2 was probably a point where we could do more harm than good.

3 CHAIRMAN ANDERSON: Well, UPS did the study.
4 Five minutes delayed cost 100 million?

5 MR. TAYLOR: That's right.

6 CHAIRMAN ANDERSON: And so I'm sure they've
7 factored that into their rates per package and what people would
8 pay to do that versus Fed Ex. You know, I...

9 MR. TAYLOR: Probably. Yeah. (inaudible) some
10 cost benefit analysis there. Look, bottlenecks, congestion,
11 they hurt your economy. I don't want the Arizona Commerce
12 Authority out there putting on the cover of its brochure, come
13 to Arizona. Home of a vibrant economy and traffic jams. We
14 need to be able to sell Arizona across the board of all the
15 elements that make a great economy, and you saw there in -- at
16 the start of the presentation. All those elements that go into
17 a competitive economy, one of them is infrastructure and
18 transportation.

19 MR. ROEHRICH: Mr. Chair, just to -- on this vein
20 you brought that up, Tony Bradley is the president of the
21 Arizona Trucking Association, American Trucking Association, the
22 Arizona chapter. He was at the first transportation forum that
23 Representative Gray had, and he commented about that. It was
24 just after I-10 bridge collapse on the California side coming
25 here in the eastbound direction. He commented that the trucking

1 industry as a whole that uses that route is losing \$2.7 million
2 a day because of the long detour, the effect it was having on
3 the delivery over their product. So every day that that
4 interstate stretch was closed there eastbound, it was causing
5 the trucking industry -- and the industry as a whole, not just
6 one company, the whole -- \$2.7 million. So you can imagine as
7 each day kept going, that -- just like a clicker, that number
8 just kept increasing day after day after day.

9 MS. BEAVER: And that case in point, that
10 particular bridge going out, they diverted through our
11 community, Parker, and that traffic, to get over into California
12 through the community, was backed up two-thirds of the way
13 across the town, across the bridge, to a stop sign. And thank
14 goodness within three days, they seemed like they were able to
15 get, you know, the detoured route temp put in, you know, where
16 they could detour around to keep it on the interstate, but I
17 mean, it was a mess.

18 MR. ROEHRICH: So that's another part that we
19 didn't quantify. It was costing the trucking industry 2.7
20 million, but you don't know what impact that the cost was having
21 to the local communities and other routes that had to take all
22 this increased traffic. Probably routes that were more locally
23 owned, whether it's county routes or city routes, not planned
24 for that type of traffic, and then what the long-term impact is
25 to that. So the cost just starts to increase dramatically, the

1 longer infrastructure's not available.

2 MR. SELLERS: Well, and to the point that the
3 chairman was talking about on the fuel tax and where the limits
4 are, I think the main point there is -- and I recognize that it
5 may be a short -- short-term solution, but we're lower than
6 California and New Mexico, and yet the wear and tear
7 particularly, like, on Interstate 40 is significant from
8 vehicles that are just passing through our state.

9 MR. LA RUE: You're right. We've seen a lot of
10 examples where different folks have tried to take, you know, a
11 data point and create something very simplistic about it to get
12 it down to, like, consider it kind of (inaudible), you know,
13 common guy.

14 And I don't know if you guys have done this, but
15 I heard -- I think it's Mike Kies that did it, describe what it
16 takes to get a six pack of beer, you know, to your grocery
17 store. And it's kind of amazing about all the -- you know, all
18 of you are members, you know, from the logging companies that
19 have to cut the wood to get it -- card -- you know, into the
20 wood, get it into cardboard, into the -- all the hops and
21 everything that goes into beer. It's really amazing all the
22 touch points on the transportation that just one of your members
23 takes to actually get it to a consumer. And have you guys
24 generated some of those kind of scenarios that could be then
25 disseminated to -- because I was at the Cardinal football game

1 yesterday. I'm not sure I saw a fan other than myself that
2 wasn't drinking a beer.

3 MR. ROEHRICH: I was going to say, did you have a
4 few beers?

5 MR. LA RUE: I did not. I do not. That's one
6 thing I don't do. But I'm thing, you know, that might help
7 educate people, say, you know what it took to get your beer here
8 in terms of transportation.

9 MS. BEAVER: It's what's relevant.

10 MR. LA RUE: Yeah.

11 MS. BEAVER: I mean, beer as an (inaudible), it's
12 relevant, so...

13 MR. TAYLOR: You know, look, any time we can use
14 good anecdotal examples to educate the public, we'll take them.
15 Everything in this room was at one point on a truck. We all got
16 here today by using the roads. Mr. Sellers, I think, took his
17 helicopter today, but the rest of us -- the rest of us took the
18 roads.

19 MR. SELLERS: I would have brought my private
20 jet, but there's no landing strip.

21 MR. TAYLOR: We, as a part of these (inaudible)
22 around the state. We're visiting employers to understand what
23 their connection is to our transportation system. When we were
24 up in Flagstaff, we had a group of legislators and
25 transportation stakeholders. We visited a company called Joy

1 Cone. One of the largest ice cream cone manufacturers in the
2 country is in Flagstaff, Arizona. They are there because that
3 is their gateway to the western market especially, and their
4 location on the 40 and 17, that's what gets them around. If
5 they can't move their product, they don't have a business.
6 That's how important it is to them.

7 We -- it's -- our summer road show and
8 (inaudible) and I, we visited a major brewery, a micro brew in
9 Flagstaff. Well, their customers -- they can't just serve
10 Flagstaff and call it a business. They have to get that to
11 market, and they get it on the 17 and the 40, and when they hit
12 bottlenecks, when they hit closures, they don't get their
13 product to their customer, and that negatively affects their
14 bottom line.

15 So there are all sorts of threats to a business's
16 profitability, whether it's labor issues or wage issues.
17 Transportation is -- if you've got to get a product to market,
18 that's a killer.

19 MR. SELLERS: Okay. Other comments, questions
20 for Gary?

21 MS. BEAVER: I would just like to comment on the
22 fact that I think this is a lot of good information that's come
23 to us, but we maybe do need to look at the term uses, how to
24 market that information where it gets out there. And the
25 comment earlier that I let go was the fact that I really think

1 we maybe need to look at -- if we're going to take this
2 seriously, we need to look at having these stakeholders' meetings
3 more often and where we're all on the same page. If you look at
4 PAG down in the Tucson area, they -- they're meeting regular.
5 If you look at MAG, they're meeting regular. Well, then if
6 we're going to look at this statewide, we need to meet more
7 regular and make sure that we're all on the same page with
8 regard to how we move forward.

9 MR. SELLERS: Okay. And I think where that might
10 fit in is, and Floyd and I have had this conversation, is that
11 because it's so difficult to bring together this whole group,
12 that we figure out ways to tie specific topics that we want to
13 explore and talk about with other meetings, whether it be one of
14 our -- you know, before or after our State Transportation Board
15 meeting or at a regional transportation summit or whatever, that
16 we have -- as long as we have an agenda that we can publish for
17 another study session, as a breakout from one of these other
18 meetings, I think that's what would make sense, rather than
19 having a specific meeting where we try to attract, you know, all
20 these people again.

21 MR. HAMMOND: You know, Jack, that's such a good
22 point, because when you think about when you get in the car and
23 drive to Parker for an ADOT board meeting and it lasts an hour,
24 we could certainly take a little extra time, an hour-and-a-half,
25 we can certainly take a little extra time to get these kind of

1 -- this kind of information on the agenda (inaudible).

2 MR. SELLERS: And I think that's where our
3 stakeholders can help us, by feeding us information that they
4 would like to see us hear or discuss.

5 MS. BEAVER: You might also enjoy the area more
6 (inaudible) Parker (inaudible).

7 MR. LA RUE: Depends on if a bridge goes out.

8 MR. SELLERS: Okay. Thank you (inaudible).

9 MR. TAYLOR: Mr. Sellers, thank you very much.

10 MR. SHULER: Mr. Chairman, would you accept
11 comments from the public at this point (inaudible).

12 CHAIRMAN ANDERSON: I don't think it's agendized.
13 Michelle?

14 MS. KUNZMAN: I'm sorry. I did not hear the
15 question.

16 CHAIRMAN ANDERSON: There's a question from the
17 audience to make comments.

18 MS. KUNZMAN: Michelle, well, I mean, (inaudible)
19 then open it up to the floor (inaudible).

20 MR. SELLERS: I personally think that would be
21 worthwhile for us. You know, we're not -- we're not -- we don't
22 have any action items. We're not making a decision on anything,
23 so -- and all these items have been --

24 MR. ROEHRICH: Mr. Chair, what I would recommend
25 is if you did want to have more call to the audience

1 (inaudible). But I would ask just so we can get (inaudible) on
2 the record and then ensure that we've documented that they could
3 at least fill out at a card, at the end of their comment. Make
4 their comment, but give us a card with the name and everything
5 that stated what their topic was. We will have the transcript
6 of it recorded, but they will have documented it so we can at
7 least say that we followed a process to take audiences.

8 MR. SELLERS: Sure.

9 MS. BEAVER: Sure. And I would just ask one step
10 further. Would it not have to be related to actually what we've
11 been talking about?

12 MS. KUNZMAN: Yes. (Inaudible.)

13 MR. SELLERS: Right. Okay.

14 UNIDENTIFIED SPEAKER: (Inaudible) minutes.

15 MR. SHULER: Mr. Chairman, my name is Robert
16 Shuler, and I represent a number of agricultural issues
17 throughout the rural parts of the state, and I'll keep my
18 comments very brief.

19 I disagree to some -- to a point with Eric's
20 comments about making it here and some up there. Nothing that
21 we make here in Arizona and the central part of the state
22 (inaudible) organically, and therefore (inaudible). Everything
23 that we grow here, everything that we manufacture and ship out
24 of Phoenix comes to these locations from somewhere else, and it
25 comes in (inaudible), whether it's agricultural products or

1 whether it's ore, whether it, as Garrick pointed out, it's the
2 chairs that you're sitting on. That sort of thing has to come
3 in. If you think about where they come from, they come over
4 roads that go through some of the small towns like Parker,
5 Nogales, Maricopa and other places.

6 I point that out because I can't tell you how
7 much we appreciate the work that MAG and PAG and SEGO (phonetic)
8 and the Central Planning Organization, state Chamber of Commerce
9 and others have done in the recognizing that that is, in fact,
10 the case. The comments that have been made about the importance
11 of the infrastructure along the border, for example, for the
12 need for making sure that we take care of what happens in
13 Parker, and to include some of those funds that may be generated
14 out of Maricopa County or out of Pima County is significant,
15 because those small towns, those small counties can't be asked
16 to generate those kind of funds to take care of those roads
17 when, in fact, a significant part of the value comes to central
18 Arizona and it is exported somewhere else and we can all
19 benefit.

20 So those are my comments, sir. I just wanted to
21 say that we appreciate the fact that these folks have done that
22 planning for so long and are a supporting (inaudible) rural
23 interests.

24 MR. SELLERS: Okay. Well, thank you very much.

25 Any other comments?

1 Okay. Our next agenda item is Arizona State
2 Transportation Board's statutory authority and role, and you
3 know, part of the reason I asked to do this today was because
4 when I -- when I was appointed to the State Transportation
5 Board, the governor's staff at that time made it very clear to
6 me the responsibility that I was taking on, and I guess I'm at a
7 point after I'm almost a third of the way through my appointment
8 of feeling like by the time I complete my six years on the State
9 Transportation Board, I would like to be able to talk about what
10 we've accomplished.

11 And so I feel like I -- you know, my motivation
12 in doing what we're doing here today is to try to get our board
13 more engaged in the -- in the process of long-term planning,
14 visioning and marketing our system statewide. So that's really
15 why I asked to do this today and why I would like to have some
16 discussion around our responsibility and authority so that we
17 know what we're supposed to be doing and can get serious about
18 it.

19 MR. ROEHRICH: Mr. Sellers, if I could, I know
20 I'm kind of on this here to kind of talk about this, and some of
21 the thoughts I had after you and I talked about it in the prep
22 for this is I don't know if it's so much talk about statutory
23 authority. Yes, you know, I brought this in case you wanted to
24 talk about the -- you know, the specifics of the statute or
25 discussion, but you know, that's a lot. I don't think if the

1 Board feels that their statutory role is something different
2 than what's defined here. I don't know if you want to take on
3 that argument. With the legislature you get a chain.

4 I guess what I really think the discussion has to
5 be, kind of your second point you were making there, is what is
6 the (inaudible). And what do they want their role to be? Is it
7 individual representatives of their region? Is it the
8 collective body that addresses the whole statewide
9 responsibilities? I think that the Board had the ability to
10 talk through what they thought their roles were, and then how
11 they wanted to progress moving forward with that role,
12 especially considering, you know, some of what's in here is, you
13 know, you advise the director. You're appointed by the
14 governor. You're approved by the Senate. You have final say
15 over the prioritization of projects, and you deal with financing
16 through bonding priorities or through bonding policies and
17 things like that. You know, those (inaudible) broader context
18 of what it is. Well, what do you individually see, and what do
19 you collectively want to accomplish?

20 And I know -- I wanted to check real quick if
21 Mr. Cuthbertson was still on the line. Mr. Cuthbertson? I was
22 afraid he had to get off, so I don't know how much of this he
23 really had a chance to see.

24 So one of the things I got to thinking about is
25 the role of Transportation Board. You heard from a number of

1 professionals here today already who represent a great different
2 area, major urban areas, rural planning areas, but I believe
3 Mr. Chris Bridges said, you know, they are somewhat of a
4 metropolitan area. They're on that fringe between rural and a
5 metropolitan area, but in working with Kevin Adams, he had this
6 great perspective.

7 So you've seen the urban area. You've seen the
8 rural area. Now you've heard from a stakeholder in the chamber
9 when they talk about what they're doing out there to
10 (inaudible), and I know, Mrs. Beaver, you asked quite a bit
11 about what's been happening, but we've got a lot of activity
12 going on here in the past here to talk about transportation.

13 Between the Arizona town hall, we ran a forum on
14 transportation, and some of us in here have participated in
15 that, which included a couple of board members. So that started
16 the dialogue. You saw in Accelerate Arizona what the state
17 chamber is doing. There's a business group out there that is
18 partnering with the state chamber, transportation business
19 partners to really talk about how to message the transportation
20 and the -- the transportation investment for economic
21 development. You had all the COGs and NPOs that as you've heard
22 have been talking about it, and not just individually, but
23 together within their group on how they message it.

24 And the other thing is Representative Gray and
25 Senator Worsley in their transportation forums that the chamber

1 and the (inaudible) and Kevin Adam's group have been supporting,
2 they've gone around the four places -- they've gotten one or two
3 more coming up as a way to try to get legislators to come out
4 and attend these -- hear from the locals and ADOT -- ADOT's
5 represented all of them -- on the transportation messaging.
6 This is a way to lay the foundation going into the next session.

7 And then you've got for two years the director
8 and ADOT staff who have been on Key Commerce Corridors, again,
9 transportation investment for economic development. Well, when
10 the legislature kicks off in January, we've been building up for
11 almost a year-and-a-half leading into that. Now I guess my
12 question is, and I think part of Michelle's (inaudible) is the
13 Transportation Board ready to get involved in that, and how do
14 they see this moving forward in a way to continue with the
15 message?

16 So that's what I figured this kind of topic was
17 in discussion of that, and maybe most of the board members, how
18 they would view that.

19 MR. HAMMOND: (Inaudible) newest board member.
20 You know, (inaudible) you ask an interesting question, because,
21 you know, I'm not sure what our power is. I know we can
22 disapprove a contract without a lot of heartburn or, you know,
23 ADOT process.

24 My observation is that ADOT is very, very
25 professionally staffed, and I've been very pleased with the

1 processes that I see that's inclusive. It tries to hit the
2 priorities in the communities and that sort of thing.

3 How much -- how much direction does ADOT want
4 from us? How much do we want to give? And where does -- where
5 is our power? I do see myself -- because I've seen it
6 already -- I'm sure all of you have -- this the constituencies
7 in my area are not (inaudible). They're not asking me to change
8 the world for them at the next board meeting. So, I mean, and
9 that's a very important role we play is we listen, and for all
10 he knows, I'll call up and ask for things or information, and
11 the staff has been very, very good in answering the questions in
12 a very detailed manner, sometimes embarrassingly so because
13 (inaudible) sometimes, so almost over answered, which I really
14 appreciate, but I go back (inaudible) say, here's what I know.
15 All very good.

16 But my -- we're almost more advisory, as I -- I
17 think, as I read the powers of the Board, rather than more, you
18 know, running staff or may -- we certainly wouldn't run day-to-
19 day, but I'm talking about really directly influencing policy.
20 You bring the plan to us, you know, we approve it or disapprove
21 it or talk about it. I don't know that (inaudible) intimately
22 involved in the plan (inaudible). So I think the question's a
23 very good one, on whether we want to (inaudible) as board
24 members.

25 MR. ROEHRICH: Mr. Chair, Mr. Hammond, literally

1 if you do go to the statute and read Section 28-304,
2 specifically states the powers and duties of the board,
3 transportation facilities. It does talk about developing and
4 adopting a statewide transportation policy statement. So those
5 are the board policies, and really centered though around, if
6 you will, adopting a long-range transportation plan,
7 establishing planning practices, performance-based planning
8 processes, and the prioritization of the projects within --
9 which becomes the five-year program.

10 You're right, the Board does not have any
11 authority over the operation of the state highways. That's the
12 purview of the director. That's one of the director's
13 responsibilities, and they cannot have any authority over staff.
14 Again, that's the director's responsibility. But then they also
15 have the responsibility of establishing the highway system,
16 abandoning or taking in routes to make sure that it's a fully
17 functioning system that that covers the whole state.

18 It's certainly -- literally you can read some of
19 this, you have responsibility, though, the bonding program. The
20 bonding program that Kristine Ward, the chief financial officer,
21 she manages that for the agency and for the Board, but we also
22 have policies.

23 Again, so it is -- you can advise on
24 transportation issues, but you have direct authority over the
25 prioritization of projects, development of the five-year

1 program, what projects get in, what get out. You have
2 responsibility over what routes are in the state system, what
3 routes are abandoned, again, through a process, and again, the
4 policies and the process defines that.

5 MR. HAMMOND: Well, my question's a little
6 different though. I know that. I read that stuff fairly
7 detailed. I guess -- I think what Jack is asking or maybe not,
8 may be words in your mouth, is how much more (inaudible) spend
9 before these revenue (inaudible) are brought to us by staff or
10 how much more input do we want to give? Because staff does a
11 very good job in doing the analysis and more bringing it to us
12 rather than, for lack of a better way to say it, dumping the
13 issue on us and saying, come back to us with a plan of what the
14 Board wants. It's more of the reverse.

15 Again, is this where you're going, Jack, with
16 this, or am I --

17 MR. SELLERS: I'm really not suggesting that so
18 much that we try to do any of the staff's jobs. What I'm saying
19 is that I think we need to play a more active role in assisting
20 the staff in accomplishing the goals, and certainly one of those
21 areas is how do we find funding to do the things that need to
22 get done. And, you know, we do have pretty broad authority for
23 planning state highways, but that doesn't mean that we're going
24 to take a drawing and start telling the staffs what they should
25 look like. You know, the staff does an excellent job with that.

1 I think the place where we really are struggling the most is in
2 how do we find the funding and how do we market getting the
3 funding to do what we all feel needs to be done?

4 And you know, on the -- and I guess the thing I
5 feel the most frustrated about is on the path one today, I don't
6 see anything happening in the next four years while I'm on the
7 Board. And I think the growth in this state is dependent -- the
8 economic growth of this state is dependent on us finding some
9 way to accelerate our infrastructure funding.

10 MR. HAMMOND: (Inaudible) are there limitations
11 -- I should know this answer. I mean, if I feel passionately
12 about something, I know I can e-mail the board (inaudible). Do
13 I -- can I even call them one on one (inaudible)? I mean, do we
14 -- if we want to get more funding, what can we do as a board
15 member versus a private citizen? I know I have all kinds of
16 private citizen rights (inaudible) this is more of what you're
17 talking about. How do we move the needle on funding --

18 MR. SELLERS: Well --

19 MR. HAMMOND: -- and use our --

20 MR. SELLERS: -- and, you know, I think that all
21 of us probably have some pretty close associations with state
22 legislators and possibly even our federal Congress people. We
23 need to have the information that helps us leverage that access
24 to these people to convince them what we need to be doing, and
25 that's a reason why I feel like an information format like this

1 can benefit us, if we really do get the information will allow
2 us to go to a Congressman or a state legislator and say, gosh,
3 we've got to do something about this and here's why.

4 MR. ROEHRICH: I think in regards to the -- your
5 comment, Mr. Hammond, our character like this -- you're
6 appointed by the governor. You're approved by the Senate. You
7 have an advisory role in transportation. Your role should be
8 advising people, not lobbying. I don't necessarily think this
9 board was set to be a lobbying organization, but you're set as
10 an advisory organization.

11 So when you're talking about whether it's
12 governor's staff or legislators or local leaders, things like
13 that, I say, I think (inaudible). You're there to advise them
14 and help inform on transportation issues, and whether you're
15 doing that individually as a member, or collectively as a board
16 want to decide we're going to develop a strategy to message and
17 take it out there (inaudible) in our role in talking with other
18 people as a board member, here's how we're going to message and
19 provide input, and then you establish something so everybody
20 kind of follows it. I think that's something that the board
21 could do and establish that within the context of what their
22 responsibilities are, or they could just --

23 (Speaking simultaneously.)

24 MR. SELLERS: Well, and I guess my impression
25 from what I've read and from the input I've had is that we are

1 -- we have a little more responsibility than just being an
2 advisory board.

3 MR. ROEHRICH: You do. You definitely -- on the
4 planning area, I mean, there's some things where you very
5 specifically have that responsibility. I'm talking in the
6 context of --

7 MR. SELLERS: Okay.

8 MR. ROEHRICH: -- funding. I was talking in the
9 context of this issue, talking about revenues and funding.
10 That's where my comments come from, not the -- this whole --
11 like I said, if you want to go through the statute, we can
12 define, there's a lot (inaudible.)

13 MR. SELLERS: I don't think that benefits --

14 MR. ROEHRICH: Right.

15 MR. SELLERS: -- any of us.

16 MR. ROEHRICH: I didn't think it was going to
17 help this conversation. I'm targeting around this discussion on
18 revenues and funding.

19 MR. SELLERS: Okay.

20 MR. ROEHRICH: That's the context of which I'm
21 discussing. If you want to expand beyond that, (inaudible).

22 MS. BEAVER: Well, I see us as not only advisory,
23 but we can steer the ship a direction. I know that since I've
24 been on the Board, Mr. Kies over there, he put together working
25 with the State of Nevada with regard to the proposed I-11

1 corridor. And, you know, if we're going to embrace that, we
2 need to stay focused on it. We need to direct the ship that
3 direction and stay focused on it. You know, whether it starts,
4 you know, down in southern Arizona and works north or, you know,
5 I know that Nevada has -- they are moving ahead. I believe they
6 even had it pass as -- correct me if I'm wrong, they embraced
7 the whole proposal of the I-11, and they went ahead and had a
8 tax to see that it gets done in their state.

9 MR. ROEHRICH: Eric has made that comment,
10 Mr. Anderson (inaudible) the discussion is that county tax have
11 the ability locally to establish a revenue source that was given
12 to them, and the (inaudible) residential transportation
13 authority, (inaudible) Clark County or that area that
14 established the tax to finish that stretch around the Boulder
15 City bypass, that was done locally.

16 UNIDENTIFIED SPEAKER: That's correct.

17 MS. BEAVER: But whether it is the I-11 or it's
18 some other project, I think we have the ability to express our
19 feelings towards moving that direction. You know, and with
20 regard to when we're talking about funding and how to generate
21 revenue -- and I'm just going to put it out there about the
22 sweeps, whether it's this or education or whatever. When there
23 -- there is a department of state, Arizona Department of
24 Transportation, that has a good stewardship with their funds.
25 When you go and have a legislature that comes in and sweeps your

1 funds and rearranges them, I think it makes it really hard for
2 budgeting purposes and managing your dollars when you don't have
3 control over them because you're going to have somebody come in
4 behind you, especially if you're taking good care to have funds,
5 and sweep them. So (inaudible) statewide --

6 (Speaking simultaneously.)

7 MR. SELLERS: Well, in fact, that's been a
8 significant concern when we talk about finding additional
9 revenue sources, is what -- what will guarantee that there will
10 be a firewall that will keep those from being swept into the
11 general fund?

12 MS. BEAVER: And that's a statewide issue. I
13 know locally when (inaudible), it's like those sweeps are what
14 just drives the constituency crazy, and I don't know what we can
15 do to stop that, if there was -- you know, other than if we
16 would put some -- you know, a suggestion that something was to
17 go out to the voters when we were talking about that tax thing.
18 Is there a way that that can be built into the legislation that
19 -- because when people support something, like if they support a
20 tax for the roads, they want to know that that money is going to
21 be used for the roads. They don't want to divert it off to
22 something else, and so that's what I just see, and the local
23 level frustration.

24 MR. SELLERS: Well, and I guess to circle all the
25 way back, you know, we don't have to go be lobbyists as board

1 members, but if we as board members can get the information that
2 helps us as individuals to go do whatever we feel is the right
3 thing to do to help move these programs forward, then I think
4 that's the right thing. But I guess my bottom line is I just
5 feel like for us to really understand the needs of a statewide
6 program and how it benefits all of us, we need to have more
7 information as a board to help us going forward.

8 MR. HAMMOND: You know, that slide we showed
9 transportation interest (inaudible) very bottom of the interests
10 of the voting public, first of all, is it true? Is that the
11 right spot? And if it isn't true, how do we raise the level on
12 where it should be in the whole scheme of priorities, because
13 we're being, again, very limited (inaudible). And that's really
14 the issue. (Inaudible) in the whole scheme of things and how we
15 move the awareness up, if it should be up, (inaudible). How do
16 we do that? That would be an interesting conversation at the
17 board level on how we can help do that.

18 MR. SELLERS: Well, in my involvement in economic
19 development areas, you know, the two things I'm told
20 consistently is that companies looking to move here are looking
21 at education and infrastructure.

22 MR. HAMMOND: You know, as my background is the
23 infrastructure side of (inaudible), couldn't agree with you
24 more. And education, by the way, turns industry off from coming
25 here as much as bad infrastructure, but they're probably right

1 up there at the top. Absolutely.

2 MS. BEAVER: Well, and I think when -- was it
3 Chris Bridges was speaking about we're 48th in the country with
4 regard to our funding for our highways, we're about 48th with
5 regard to education, too, so...

6 MR. HAMMOND: Are we 48th with regard to -- I
7 know I've heard about education, but for infrastructure
8 planning, too?

9 UNIDENTIFIED SPEAKER: Gas tax.

10 MR. ROEHRICH: (Inaudible) the reference was the
11 gas tax.

12 MS. BEAVER: (Inaudible.)

13 MR. ROEHRICH: They rank where they're at in the
14 amount of gas tax they collect.

15 MS. BEAVER: Correct.

16 MR. ROEHRICH: I know (inaudible), I know that,
17 but I can't tell you, you know -- I'd say that's probably pretty
18 close to it.

19 MR. HAMMOND: You know what's interesting is
20 the -- you know, the bond issue and in Tucson, (inaudible) about
21 putting (inaudible) they were against it because of the bond's
22 not good for maintenance. But they said if they -- if we could
23 give them cover, they would consider putting it on the ballot
24 (inaudible) that showed that the public was behind it, and they
25 put it on the ballot because of that reason.

1 And so we said -- well, I asked (inaudible) in
2 the bond proposal recommendation. When the bond -- they put it
3 on because of the -- they felt they had coverage. So
4 (inaudible) how do we give (inaudible) to change the move,
5 because they won't even put it to a ballot, much less
6 (inaudible) the state level. How do we at least maybe get it to
7 the ballot? If the voters decide it isn't important, we're
8 overestimating the importance (inaudible). How do we get gas
9 tax, for example, on the ballot? If that's a role (inaudible).

10 MR. SELLERS: Well, and of course, I think
11 virtually everybody here knows how frustrated I've been with
12 this, because in my judgment it's not really a tax. It's a user
13 fee, and it's not even paying for maintenance today. But, you
14 know, one of our speakers talked about the fact that people have
15 no idea how much of -- how much of what they're paying for a
16 gallon of gasoline is tax.

17 UNIDENTIFIED SPEAKER: (Inaudible).

18 CHAIRMAN ANDERSON: Michelle, maybe Floyd, you
19 guys can help me out, but you know, we are appointed by a
20 governor, and as we discuss our roles within that capacity, how
21 we interrelate with other elected officials at the state
22 capital, I don't know how far we can go before we overstep our
23 boundaries in terms of a resolution from the Board, we need to
24 raise the gas tax. I think that might be a little far reaching.
25 It's a matter of how do we get others to do that for us, and I

1 think that's what you're trying to get at, right, Jack?

2 MR. SELLERS: Yeah.

3 CHAIRMAN ANDERSON: And, you know, what
4 (inaudible) that proper, you know, (inaudible) to do that.

5 MR. SELLERS: Well, and I think to that point,
6 and the reason it was good that Garrick was here, was that when
7 we passed any of the propositions in the past, it's always been
8 because we had business community support. And so I think
9 that's -- that's a starting point right there is to say how can
10 we -- how can we help the Arizona Chamber and whoever else is
11 involved in this to do what they can do for us.

12 MS. BEAVER: Well, --

13 MR. SELLERS: But yeah.

14 MS. BEAVER: Excuse me (inaudible). When --
15 under our former governor, you know, the educational tax, there
16 was a sunset. I believe it was for three years, but, you know,
17 I think when it went to the voters, the voters decided what was
18 important to them, and so I think getting it to go to the
19 voters, if we don't have state government that's willing to do
20 it on their own, I (inaudible) to go to the voters, and they'll
21 tell us, either it's important or it's not.

22 MR. SELLERS: I guess I wouldn't mind hearing an
23 answer to Kelly's question. Can the board have a resolution
24 that says we'd like to see the fuel tax increased?

25 MS. KUNZMAN: Honestly, I'd probably have to

1 research that question.

2 MR. SELLERS: Okay. I think that would be a
3 valid thing for us to know.

4 MR. HAMMOND: That's a good start. That's a good
5 question. I mean, I know we all have the backyard communities
6 we sit on, you know, and organizations (inaudible)
7 transportation committees, and we're bringing, you know, the
8 input of what we hear here to those committees. But again, what
9 can we do as a board?

10 MR. SELLERS: Exactly.

11 MS. BEAVER: Well, if it was to come as a
12 recommendation or, you know, I mean --

13 MR. SELLERS: I think that's what we're asking is
14 can we do that.

15 MS. KUNZMAN: I can research that for you and get
16 back to you on that.

17 MR. ROEHRICH: Yes. And if it goes against the
18 (inaudible). The answer, and that is this past session the
19 governor -- a law was passed that payable said boards and
20 commissions, the people attending them are -- they're at the
21 discretion of the governor -- whoever the governor is at the
22 time.

23 UNIDENTIFIED SPEAKER: Right.

24 MR. ROEHRICH: Not the governor who appointed
25 you. It's the governor who's ever there at that time. There's

1 already been examples of people who have been removed from
2 boards because of differences in opinion and thought. So
3 something, again, for consideration. That's why I made the
4 point not to talk (inaudible). We're all appointed by the
5 governor, so I think the thing to remember is collectively or
6 individually, however you move forward, is you're (inaudible)
7 principles and however you (inaudible) that appointment that you
8 were given.

9 MR. HAMMOND: You know, what you're saying Floyd
10 (inaudible).

11 MS. KUNZMAN: Well, I think --

12 MR. HAMMOND: For that kind of activity.

13 MS. KUNZMAN: Well, I think what Floyd is trying
14 to say (inaudible), but everything (inaudible) talked about
15 prior to this, prior to the statutory authority (inaudible) are
16 very rough. But when it comes to the idea of influencing
17 (inaudible) legislature, I think Jack's right. I think the
18 Board's role is more to, you know, work with your constituents
19 and work with MAG and PAG to actually have them do more of the
20 work, because you really (inaudible) advisory, but (inaudible)
21 all of them have authority to steer the ship. So -- but as far
22 as a specific lobbying piece that you're talking about, I think
23 that does probably cause minor -- I don't want to give you an
24 answer without actually researching it, but I think that's an
25 important thing for you to know --

1 MR. SELLERS: Yes. I agree.

2 MS. KUNZMAN: -- where that line is.

3 MR. ROEHRICH: And Mr. Chair, (inaudible) there's
4 a couple things I've been hedging on, some of the comments here.
5 So I'm not entirely sure where to leave this. So a moment in
6 time, my thoughts, and whatever happens, happens.

7 (Inaudible) we're right now in an environment
8 politically where the controlling party is almost to a person
9 (inaudible) said, no new taxes for whatever reason. Whether
10 they say they've taken the pledge or they've done whatever, yet
11 (inaudible) on that. I think it's important to -- as a
12 consideration, as I've attended all four of the Representative
13 Gray transportation forums, and to -- almost every one of the
14 legislators who've attended -- and there's only been a few -- I
15 think there might have been five attended was the most, but
16 usually it's around two or three, maybe four legislators -- to a
17 person (inaudible) we will not get in front of any type of tax
18 increase. I ran against that. I'm not raising taxes. You
19 public or you business, you've got to get out there and you've
20 got to lead this charge, and you got to give -- we're
21 (inaudible) give us the coverage to do it, because we're not --
22 nobody's going to step out and say, we need to do this. To a
23 (inaudible) they all agree, we need more transportation. We'd
24 like to give you more revenues, but we are not going to deal
25 with it as a legislature, to your point.

1 And the other point they make is with the issues
2 dealing with the education, trying to get that -- and I
3 understood now that it might be special session -- maybe
4 education will solve itself going into the session, this next
5 session or not. But between that and the continuing discussion
6 of health care (inaudible) continuing discussion of immigration,
7 and you saw it was reflective in the poll, mirrored very similar
8 to what we're hearing from legislators is the (inaudible) put up
9 there, it's kind of (inaudible) transportation's just not on
10 people's agenda.

11 Will it be something this session? Well,
12 Representative Gray was hoping so. That's why he was holding
13 these, trying to (inaudible) and build some momentum. That's
14 why he's asked the state chamber and these business communities
15 to get involved. So they're out there right now trying to do
16 that messaging and trying to raise that, that awareness
17 (inaudible) will it lead to (inaudible) starts? I'm not too
18 sure. I have no idea.

19 Two more points. ADOT does not create revenue.
20 We collect it. Creation of revenue has to come through
21 legislation, through the authority to do fees or some other type
22 of generation, or it's done through (inaudible) done through
23 taxing by the -- by the citizens, through some type of
24 initiative. That initiative either is referred by the
25 legislature or the citizens' initiative that comes through the

1 signature process that gets it on the ballot.

2 So one of the kind of steps we have to do,
3 (inaudible) see that reports to -- to the governor as in a
4 cabinet position, and again, his position is we're not
5 (inaudible) taxes. ADOT's not out there talking about raising
6 revenues or raising taxes. We're only out there talking about
7 what the transportation system, the current system is, the needs
8 and what the long-term costs associated with that are, and
9 that's really the part we're taking.

10 If the Transportation Board individually,
11 collectively wants to continue to expand and work on that role,
12 I think it's something to have. I didn't know how to answer the
13 question of continuing resolution or not. (Inaudible) send out.
14 So I'm glad Michelle's looking at that. I'd tell you just go
15 ahead and do it if you feel comfortable, and what the hell ever
16 happens, happens, you know. But again, that's because my name
17 won't be on it. But I think it's (inaudible) consideration.

18 I know I'm kind of going off a little bit, but I
19 think (inaudible) consideration. You're all strong
20 professionals. That's why you were asked to be part of this,
21 and I know you all want to have a desire to do something. But I
22 think collectively, you guys have got to figure out what that
23 something is, what you're comfortable doing, and then really the
24 strategy to how to move it forward.

25 I know Mr. Sellers, you keep asking, give us

1 information, you know, so we can move something forward. Once,
2 I think, staff knows the direction you want to go and what
3 (inaudible) we can provide information, because a lot of what
4 you were given today, I think, if you present -- take that out
5 and just present it to legislators or the public, you really
6 need the context of where it is, or do you want to focus in on a
7 let's take a strategy of, you know, two or three things to
8 generate funding as opposed to giving them a menu of 90 items or
9 whatever it is. And so (inaudible) I think as you talk through
10 this and you decide the direction you want to go, obviously
11 we're there to support and to do whatever we can, but I think
12 there's just some things for consideration as you decide
13 collectively how you want to precede.

14 MR. HAMMOND: Floyd, you sent or somebody did,
15 sent out some information just in the last 14 days that had what
16 other states are doing (inaudible).

17 (Speaking simultaneously.)

18 MR. HAMMOND: I'm assuming that's not
19 confidential. I hope not.

20 MR. ROEHRICH: No.

21 MR. HAMMOND: Because I've already sent it out.
22 I mean, (inaudible) information that I think we as board members
23 can get out there, and if we read between the lines, they talk
24 about what other states are doing on taxes (inaudible) to solve
25 some of these issues. So that kind of information is absolutely

1 spectacular, and I do send it out to my constituents
2 (inaudible).

3 MR. ROEHRICH: Once -- yeah, once Mr. Sellers
4 asked for this, I kind of keep my eye open. When I something
5 from AASHTO or I see a report that comes through that talks
6 about that, I get it to Mary and she makes sure to distribute it
7 (inaudible) too much information, tell us to stop, we will, but
8 I knew that we were going to talk about revenues, you were going
9 to talk about what's going on. So as I see stuff like that or
10 something comes across our desk, Mary has been collecting it and
11 getting it out as a way just, again, for general education and
12 information.

13 MS. BEAVER: Well, I -- because I also believe
14 we're a citizens advisory. We're not elected officials, and so
15 we are voices from around the state, just like when we travel
16 around the state, and I don't feel that for myself whether it's
17 -- I just don't think we should always make our decisions based
18 on fear that we're going to be removed, you know, because I'm
19 just a citizen, and I'm just giving my perspective from my
20 vantage point.

21 MR. SELLERS: Think of the salary you'd give up
22 if they removed you from (inaudible).

23 UNIDENTIFIED SPEAKER: I would get removed.
24 Actually, my wife (inaudible).

25 MS. BEAVER: But I just don't think we should

1 base -- you know, I think we should be respectful, but at the
2 same time if --

3 MR. SELLERS: I agree.

4 MS. BEAVER: -- we're seeing something that we're
5 seeing maybe needs to be considered, even though it may not
6 be -- maybe I look at things too much through rose-colored
7 glasses or something. I don't know. But, you know, for me, I'm
8 not doing it to be vindictive. I'm not doing it to be
9 difficult. It is we're seeing that there's a need and we
10 absolutely are underfunded. Then when the funds get swept, then
11 we're even more underfunded, and we have just mounting things
12 that need to be done, including potholes on I-40, and I saw two
13 on I-17 coming in.

14 So, you know, and that's not even taking into
15 account the new things that need to be done, new projects, you
16 know. It's like with the I-11. If that was to be actually
17 something that's to come to fruition, which I don't know, I
18 don't see it in the near future, because I look at just up in
19 the area of Kingman. There's a lot of money that would be going
20 to make -- you know, making an intersection -- or an interchange
21 up there work. So, I mean, you know, we're still out some ways
22 if there isn't any new dollars coming in.

23 MR. SELLERS: Well, and I agree with that, and to
24 that point, I think, you know, we all recognize that I-11 is a
25 very, very significant part of our future economic growth in

1 this state, but the funding's not even on the calendar right
2 now. And I think something over 50 percent of the right of way
3 for I-11 is government-owned property. And is there a way that
4 that can be leveraged, or is that just another big hassle? I
5 don't know. But those are the kind of things that I'd like to
6 learn more about and know how we can be more benefit to ADOT.

7 MS. BEAVER: But if there are certain topics that
8 are of interest to us collectively as a board, could we not ask
9 staff to look into it and bring their suggestions?

10 MR. ROEHRICH: Every month, at the end of every
11 board meeting, what do I ask? What topics do you want on future
12 board meetings? And occasionally somebody might say something,
13 but I think if this board wants to hold more sessions and have
14 more conference discussions, absolutely. I mean, that's the
15 purpose.

16 MR. SELLERS: Well, and I'll kind of wrap this up
17 and turn it back to the chairman, because I probably talked
18 already more than I should have, but I really do think this was
19 a good session. I appreciate the effort that everybody put into
20 this. I appreciate the input that we had. I really feel it's
21 very worthwhile. I look forward to doing some more things,
22 maybe as a breakout from other meetings so that it won't be
23 standalone.

24 But I'll just close before I turn it back to
25 Kelly with -- I mentioned early on that I made this presentation

1 to the Chandler Chamber of Commerce last week where I combined a
2 MAG presentation and an ADOT presentation so that I could have
3 them see things that they could really focus on from the
4 locality, but realize how it all ties together in a statewide
5 need, and emphasized to them the importance of us having a plan
6 for moving forward. And I closed with this statement, a
7 quotation from Yogi Berra. "The reason why you need a plan, if
8 you don't know where you're going, you might end up someplace
9 else."

10 MR. ROEHRICH: Mr. Chair, I've got one more
11 observation with this.

12 MR. SELLERS: Floyd, yeah.

13 MR. ROEHRICH: I know that we've talked a lot
14 about how to get all of this information and pull things
15 together to get this message out here. I think that would be a
16 maybe great exercise to kind of work through that, because
17 you've got a great (inaudible) of people out there who are
18 advocates for transportation, who are doing things that you're
19 just hearing about probably today. Some of you may have heard
20 before, but you're seeing more specific today.

21 I think a way to maybe channel a lot of that and
22 to try to get it more related together so the message broadens,
23 you know, (inaudible). We have been using multimedia. You
24 know, ADOT has established a blog site. We have Twitter's
25 account. We post YouTube videos all the time. Key Commerce

1 Corridors. The director's posted stuff. The web site, you
2 know, we've updated our web site. We've (inaudible) the Board
3 of Transportation web site as a way to get additional media out
4 there. We've established Facebook accounts so we can put things
5 out.

6 You know, we're looking for every way that we
7 can. I just think probably, you know, we're not on a match.com,
8 but maybe we'll try to do that. You know, transportation
9 professionals need to date.

10 But (inaudible) we're getting the message out
11 there, but you're right. You look at how low it is. People are
12 -- you know, (inaudible) thousands of hits on Twitter, things
13 like that. We're not getting 50 million because we're not
14 posting Kim Kardashian's posterior, you know.

15 But anyway, the issue is we get the (inaudible)
16 out there. We use the multimedia that we can, but unless
17 (inaudible) people are looking for it, it is a tough message
18 (inaudible).

19 UNIDENTIFIED SPEAKER: Okay. Floyd, now you're
20 making the attorney nervous.

21 MR. LA RUE: Before Chair, before you take it
22 back, you know, Jack, I think as I've listened to what you're
23 asking in the comments, I think really what you've organized
24 today is really that start. I mean, you've brought very
25 qualified individuals that we all touched, brought us together,

1 you know, all heard the information the same, and I think the
2 suggestion you made, and let's all commit to work on that is
3 next year as we're traveling around the state at our meetings,
4 how can we, you know, associate with or interact with others
5 around the state in the things that they're doing so that our
6 awareness is enhanced as we go through and travel the state,
7 which we do on an annual basis, and there's got to be a lot of
8 things, if we all think about our representative areas, what's
9 going on, because I know we're all showing up at different
10 meetings throughout the state, and maybe what we need to do is
11 just try to get their (inaudible) and meetings collectively, and
12 how do we combine those with --

13 MR. SELLERS: Yeah, I agree, and I think that
14 goes back even to something I said earlier, and that is that,
15 you know, when we go to these locations, we typically hear about
16 projects that they're concerned about accelerating the priority
17 on or things like that, rather than a general presentation on
18 their needs for that area.

19 MR. HAMMOND: Yeah. I think with the message
20 (inaudible) getting this information out, and staff maybe
21 (inaudible) maybe once a month or every so often (inaudible)
22 about finding something, and might be of general interest, so
23 I'm moving (inaudible) forward and, you know (inaudible) to the
24 organizations I'm involved with, maybe we can raise this
25 awareness (inaudible).

1 MR. LA RUE: And I think for me personally what
2 will help me connect, if you notice some of these organizations,
3 because where I struggle is while I think I can -- you know,
4 I've created my own description of the why, why, you know, I sit
5 on the ADOT board, you know, anybody (inaudible) and all this
6 stuff on YouTube. You know, you ask everybody to think about,
7 you know, what is your why, or if you're with an organization,
8 what is that organization's why? And I think I can come up with
9 that for a why I sit on ADOT.

10 But what's interesting is while it's -- you know,
11 it revolves around, you know, envisioning and planning and
12 implementing, funding, constructing a statewide multimodal
13 transportation system, you've still got to ask the question and
14 say, well, why are we doing that? I mean, what is the Arizona
15 we truly want, and then isn't that the infrastructure that then
16 we need to start planning and building? And so we need to -- we
17 need to -- to really carry this out, I think we really need to
18 connect with those organizations that are carrying the message
19 of the Arizona we want, which is what we heard from the Chamber
20 and some of these different folks today. I mean, that's really
21 what we're pursuing, is creating the infrastructure for the
22 Arizona we want, and how do we then deliver that message and
23 make sure it resonates with the voters, because it's the ones --
24 they're the ones that are going to, you know, vote the revenues
25 in to develop the Arizona we want.

1 MR. ROEHRICH: Mr. Chairman, we've talked to some
2 members in the past, but if you're asked to speak at events, if
3 you're asked to (inaudible) in you capacity as a board member
4 (inaudible,) we have the ability to -- I know tell people we
5 talk in points. We've helped with presentations. We can
6 continue to do that as long as you know the messaging that you
7 want to do, how you want to relate it to either something that
8 the director's been doing or if it's targeted toward an
9 audience, towards an audience that you're going to, as long as
10 we get coordinated with you on that information, we can
11 (inaudible) stuff prepared, you know, ready for you and make
12 sure that as you're going out, you're at least having the
13 ability to present the system type messaging that you want to
14 mention. We can help develop (inaudible).

15 CHAIRMAN ANDERSON: You know, I did various
16 rotary and Lions Clubs, and Floyd's right. I had the department
17 do that for me. They put it on a little flash drive, and people
18 were really amazed how -- you know, what situation Arizona in --
19 is in, but most of them don't want, you know, a toll road. They
20 want to be taxed. They don't want to be -- you know, pay for
21 whatever.

22 MR. LA RUE: Yeah, but I think you've got to tie
23 it, because you saw where immigration's rings high. Well,
24 immigration's going to have an infrastructure component to it.
25 You know, we see education rings very high. I can tell you some

1 of the people that have bugged me about I-17 and have bugged me
2 about I-10 have kids both at NAU and U of A. In fact, one of
3 them went up to a homecoming to NAU and got caught in some
4 traffic. Man, you know, I don't care what you do in Maricopa
5 County. It's kind of cool here, but can you fix -- because, you
6 know, getting up there to see my daughter is a pain. And I
7 said, well, let me tell the -- you know, and after an hour
8 explanation of the state of funding for transportation, they
9 were like, okay, (inaudible) tell me what I should vote for more
10 dollars, and the same with people that went to the homecoming U
11 of A or some game they had down there recently. You know, same
12 questions. I think we've got to link it back to those areas
13 where it's important to people so that we elevate, you know, the
14 transportation needs, you know, through the state.

15 MR. HAMMOND: You know, Floyd, as far as tax
16 responsiveness, I don't think it could be better from my
17 perspective. (Inaudible) I've had questions (inaudible).

18 MR. ROEHRICH: (Inaudible). You know, we're here
19 to help you all function as best you can.

20 CHAIRMAN ANDERSON: What you're asking about, a
21 little less than a year ago, you came to me and I think Joe as
22 well to try to put something like this together, and I think
23 it's worked well. A lot of times we do that the night before
24 the Friday meeting in, you know, some watering hole, but this is
25 a little more structured, and it's nice to have that dialogue,

1 and I've learned a lot today, and some of it's TMI. Floyd does
2 have a sense of humor, which is good.

3 MR. ROEHRICH: (Inaudible).

4 CHAIRMAN ANDERSON: Well, it's been -- I got two
5 meetings left.

6

7 (End of excerpt.)

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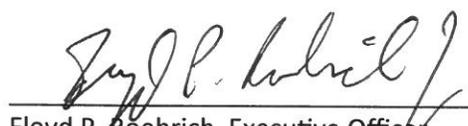
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A motion to adjourn the October 27, 2015 Study Session was made by Michael Hammond and seconded by Deanna Beaver. In a voice vote, the motion carries.

Meeting adjourned at 11:30 a.m. MST



Kelly O. Anderson, Chairman
State Transportation Board



Floyd P. Roehrich, Executive Officer
Arizona Department of Transportation