

Transportation Policy Advisory Committee

April 14, 2021 ♦ Telephonic Conference

MEMBER NAME	ENTITY	PRESENT	ABSENT	STAFF NAME	
Fern Benally	Navajo County	X		Chris Fetzer	
Brady Harris	Town of Tusayan	X		Jennifer O'Connor	
Michael Lomayaktewa	Hopi Tribe		X	Mandia Gonzales	
Mary Mallory	Yavapai County	X		Tod Morris	
Bill Regner	Town of Clarkdale	X		Cindy Binkley	
Matt Ryan	Coconino County		X		
Jerry Smith	Town of Pinetop-Lakeside		X		
Alton Shepherd	Apache County	X		GUEST/ALTERNATE NAME	ENTITY
				Kevin Adam	RTAC

I. Call to Order and Introductions

Vice Chairwoman Mary Mallory called the meeting to order at 1:05 P.M. Self-introductions were made. A quorum was present.

II. Approval of Minutes – March 10, 2021

Vice Chairwoman Mallory asked for any corrections to the March meeting minutes. Hearing none, she asked for a motion to approve.

Alton Shepherd moved to approve the March 10, 2021 meeting minutes as presented, seconded by Brady Harris. Motion passed unanimously.

III. Alternative Meeting Date/Time

Due to scheduling conflicts with another NACOG committee, one of the TPAC members has requested that the TPAC change its meeting date/time, if that would work for the other members. Staff asked for feedback from the committee members regarding their schedules and availability to participate with the TPAC.

Staff will look at the feedback collected today and compare it to the schedules of the various NACOG committees and will propose some potential alternatives to the TPAC using a Doodle poll.

IV. Transportation Funding and the Legislative Process Overview

Kevin Adam provided an overview of the legislative process.

At the federal level, there are two legislative chambers: the House of Representatives and the Senate. The House of Representatives has 435 members, who serve 2-year terms. The number of representatives from each state is proportional to its percentage of the national population. This gets adjusted after each Census.

The Senate has 100 members, which serve staggered 6-year terms. There are two senators elected from each state.

Surface transportation authorization legislation provides the blue print for federal highway and transit programs. It establishes program funding levels and the criteria for that funding. This legislation is typically enacted every five years. The primary committee oversight for the drafting of this legislation comes from the House Transportation/Infrastructure Committee and the Senate Environment/Public Works Committee. The House Ways and Means Committee and the Senate Finance Committee determine how to fund the legislation.

Arizona has some representation on these committees:

- House Transportation and Infrastructure: Representative Greg Stanton
- House Ways and Means: Representative David Schweikert
- Senate Environment and Public Works: Senator Mark Kelly

The annual federal appropriations session begins in January and the federal fiscal year begins on October 1. All federal spending is divided into 12 standard appropriation bills, which are passed each year. Transportation is included in the Transportation/Housing and Urban Development (HUD) bill. Funding is allocated through the budget resolution process, where the House and Senate Appropriations Committees decide how the funding will be divided between transportation and HUD, as well as how it will be distributed among the various federal transportation programs. Transportation is typically funded at 100% of its authorization levels, and also some supplemental funding.

Arizona's apportionment for FY2021 is \$800,971,474. This is categorized as follows:

- National Highway Performance Program: \$441,990,474
- Surface Transportation Block Grant Program (STBG): \$221,573,735. STBG funds can be used for state highways, and is also authorized for use by local governments. 55% of the block is distributed to the planning regions, who decide how to utilize.
- Highway Safety Improvement Program (HSIP): \$45,384,486. HSIP funding is also provided to the local regions to be used for projects that improve safety such as reflectivity and signage.
- Railway Highway Crossings Program: \$2,986,674. The purpose of the Railway Highway Crossings Program is to improve safety at railroad crossings.
- Congestion Mitigation and Air Quality Program: \$55,283,905. In Arizona, Congestion Mitigation and Air Quality funds are provided to the MAG region.
- Metropolitan Program: \$6,272,087. The Metropolitan Program provides funding for the MPOs. This funding comprises 50% of the Metro Plan and CYMPO allocations.
- National Highway Freight Program: \$27,480,113. The National Highway Freight Program provides funding for projects that are located on the national freight network.

Kevin continued on to discuss the Highway Trust Fund. Most federal transportation programs were designed to be "user pay". The primary funding sources are the 18.4 cents/gallon fuel and 24.4 cents/gallon

diesel taxes, both of which were last adjusted in 1993. For over a decade, revenues streaming into the Highway Trust Fund are inadequate to cover expenditures, requiring one-time deposits from the general fund. Because current revenue levels cover 2/3 of expenditures, this is likely to happen again in the next year.

At the state level, there are also two legislative chambers: the State House of Representatives and the State Senate. Arizona is divided into 30 legislative districts, which each have two representatives and one senator. The State House has 60 members, who serve 2-year terms. The State Senate has 30 members, who serve 2-year terms.

The state legislative session starts in January and the state fiscal year begins on July 1. The House, Senate, and Governor tend to develop their own budget proposals. Then legislative leadership negotiates with each other and the Governor to arrive at a final budget proposal. The state budget and most other bills require 16 votes in the Senate and 31 votes in the House to pass, regardless of how many members vote. Bills to increase state revenues, or bills that require immediate enactment require a supermajority in both chambers.

The primary funding sources for the Highway User Revenue Fund (HURF) are the state fuel/diesel and vehicle license (VLT) taxes. Currently, the state fuel tax is 18 cents/gallon and the state diesel tax is 26 cents/gallon, which have not been adjusted since 1990. Because there is no index mechanism for inflation, fuel/diesel taxes have diminished as revenue sources while VLT has grown.

HURF is distributed as follows:

- State Highway System – 42.9%
- MAG and PAG – 7.6%
- Cities and Towns – 27.5%
- Cities with population over 300,000 – 3%
- Counties – 19%

The State Highway Fund (SHF), which is ADOT's portion of HURF, is combined with federal transportation funding to develop the state's Five-Year Construction Program. The Five-Year Program is updated annually. Public hearings take place April-June. The State Transportation Board adopts the updated plan prior to July 1. By policy set through the Casa Grande Resolves, ADOT allocates its state and federal discretionary funding for the state highway system in the following manner:

- Maricopa County – 37%
- Pima County – 13%
- Greater Arizona – 50%

V. Legislative Update

Kevin Adam provided a legislative update.

State Update

Current state budget estimates are showing a \$2 billion surplus. In addition, the last round of federal COVID relief funding provided \$12.3 billion to the state government, to be used through 2024. While this did not include direct assistance for highways, the ripple effect may provide opportunities for transportation funding. Legislative leadership has mentioned setting aside \$200 million in one-time funding for projects across the state. During the current session, there were 31 bills introduced to fund \$400 million in projects across the state. Funding is likely to go to earmarks across the state, which is a trend that could potentially continue for the next couple of years.

Chris Fetzer noted that there is strong interest among the Governor and the Legislature to pass tax cuts. With the additional funding brought in from the relief package, this could be a possibility.

Federal Update

Federal lawmakers are focused on a multi-trillion-dollar infrastructure package. This process might also see earmarking, increases in formula funding, increases in competitive grants, or a combination of all these things. It would be in the region's best interest to be prepared for engagement and have list of projects ready to pursue this funding.

Kevin Adam answered questions from the TPAC members.

VI. Project Prioritization Process

Chris Fetzer noted that in previous meetings, the TPAC has had conversations about state funding provided for infrastructure projects, and the development of a list of regional priorities to present to the State Legislature for potential surplus funding. A list of draft project prioritization criteria was included with today's meeting materials, and is the purpose of today's discussion. Once the prioritization criteria have been finalized, the TPAC will work toward the goal of compiling a list of project priorities to present to the Regional Council for endorsement in August.

Jennifer O'Connor added that staff is building on the efforts previously made in 2017 and 2018, when there was potential for infrastructure legislation under the Trump Administration. Today, staff is asking for feedback on the draft criteria. The input received today will be presented to a committee that has been designated by the Technical Subcommittee for the purpose of formalizing the criteria, ranking the submitted projects and developing the final list.

Once the prioritization criteria have been finalized, staff will ask NACOG jurisdictions to submit projects, highlighting how their projects meet the prioritization criteria. The committee will review and rate the projects, which will then be presented at sub-regional meetings for review and additional input. The end product will be a prioritized project list for the NACOG region.

Proposed criteria include:

- Safety
- Project Cost

- Demand/Project Need
- Past Agency Maintenance Expense
- Connectivity
- Economic Benefits
- Social Benefits
- Alternate Modes
- Projects that have consistently ranked highly as BUILD, FLAP or other discretionary grant projects but haven't been awarded funding
- Projects that have been included in a state, regional or local study

Jennifer asked the TPAC members if there are any criteria that should be added to/removed from the list. She also asked if any of the proposed criteria are particularly important and should receive weighted consideration in the ranking process.

Bill Regner commented that Clarkdale doesn't seem to score well on these criteria. It has a small population and is a former mining-related community that has lost its economic generator. It has also been affected by the building of SR 89A, which bypasses historic downtown. Clarkdale doesn't have a lot of the things that the proposed criteria would seek to enhance.

The industrial area in Clarkdale, where the smelter was, is connected to the rest of town by a single-lane bridge over Bitter Creek Wash. The site has three-phase power, as well as land to be utilized and could potentially house an industrial park. However, access to the site is limited by the bridge. To make it viable, another form of access would need to be constructed.

Mr. Regner asked if criteria could be added to include communities in the region that have lost industry and have leftover infrastructure, which would need addition resources to revive/regenerate.

Chris Fetzer told the TPAC members to contact staff with any additional comments.

VII. Review of FY22 Rural Transportation Advocacy Council (RTAC) Assessments

The Regional Council considers two community assessments annually. One for its designation as an Economic Development District (EDD) and one for NACOG's portion of funding RTAC's Rural Transportation Liaison program. Both are calculated using per capita funding formulas.

A list of the current assessment amounts was included with today's meeting materials. There is no expected increase to either assessment for FY22. Pending Regional Council approval, staff will submit invoices to the NACOG communities for payment.

VIII. Next Meeting: May 12, 2021 – 1:00 – 2:30 PM

Committee members that do not currently receive Kevin's RTAC email updates should contact Cindy Binkley to be added to the distribution list.

The next TPAC meeting is tentatively scheduled for 1-2:30PM on Wednesday, 5/12. Staff will send an outlook invitation to determine if there will be a quorum.

VIII. Adjourn

Vice Chairwoman Mallory asked for any final questions or comments. Hearing none, she adjourned the meeting.

Vice Chairwoman Mary Mallory adjourned the April 14, 2021 meeting of the NACOG Transportation Policy Advisory Committee at 2:30 P.M.