

**MINUTES OF THE
STATE TRANSPORTATION BOARD PUBLIC HEARING
10:00 a.m., Friday, June 5, 2009
Pima County Administration Building
130 W. Congress, 1st Floor
Tucson, AZ 85007**

PLEDGE

[The Pledge of Allegiance is recited, led by Si Schorr.]

ROLL CALL

MARY CURRIE: Delbert Householder, Bill Feldmeier [via telephone], Si Schorr, Bob Montoya [absent], Victor Flores [absent], Felipe Zubia [absent], and Bobbie Lundstrom [absent].

OPENING REMARKS

CHAIRMAN HOUSEHOLDER: It sounds like we don't have a quorum here today, but there will be no decisions made or voting today. Bill, Si, and I are here to listen to your comments. It's good to be down in Tucson and it will be a lot nicer when their I-10 is finished.

CALL TO AUDIENCE

CASEY DENNEY: [Deputy Director, Phoenix Mesa Gateway Airport] I thank you for the opportunity to comment on the proposed Airport Development Program for FY 2010 through FY 2014. We support what ADOT Aeronautics has done with the program given the available funding presented to them. However, we feel the overall program is inadequate to meet the Airport's as well as State's needs due to the legislative sweeps of that Fund over the last two years, and potentially FY 2010 as well.

We understand the cuts are necessary, but we do think the Aviation Fund has been unfairly targeted in the process. We hear on the news and read in the newspaper about different funds losing 20%-50% of it. The Aviation Fund in 2008 lost over 70% and 2009 almost 90% of the Fund. We don't know yet what 2010 will look like, but we know that whatever 2010 looks like, there is no program for 2010. The system itself generates about \$70 B in taxes directly for Arizona. We don't feel that putting \$25 M of that back into the Aviation Fund is that extreme and, if some is needed, and we do recognize the economic times we're in, then a more proportionate share relative to what's going on in the State we feel would be more appropriate.

There is a legislative change that's proposed now to change the way the CAP is calculated. That must be passed. So, if you have any opportunity to comment on that or encourage the Legislature to pass the way the Fund CAP is calculated, we encourage you to do so. If the Fund CAP does not get changed, the little bit of money in the State Aviation Fund for matching grants will essentially be useless to airports; we won't be able to access it. So that CAP is necessary. We also encourage you to join us in our advocacy with the Legislature to stop the reallocation of the State Aviation Funds for

general government purposes, especially at the proportions that have been taken in the past. We understand that all the funds need to give some, but the proportion at which the Aviation Fund has had to give over the last couple of years really does seem extreme given the impact that aviation has on the State of Arizona. We appreciate your past support of aviation instate.

CHAIRMAN HOUSEHOLDER: We wish we could talk to the legislators to say, "leave our funds alone." We're getting behind the 8-ball with trying to keep up with the roads in Arizona and they need to understand that.

JEFF TRIPP: [President, Arizona Airports Association] On behalf of the Arizona Airport Association, thank you for the opportunity to comment on the ADOT Fiscal Year 2010 budget. Since this program was updated annually, our comments relate primarily to the upcoming budget year and the implication on future years.

Aviation provides a vital link to the communities throughout the State, as well as the national air transportation system. The system is largely supported in the State by user fees in the form of federal and State taxes that are then used for the design and construction of capital improvement projects. The economic impact in the State is tremendous. In 2002, ADOT's Economic Impact Study estimated that the impact of aviation in the State was over \$38.5 B and about \$1.8 B of that comes back to the State in the form of taxes. Aviation is not only a critical component of the State's transportation structure, but also the State's overall economy.

We realize the members of the Board understand these facts and often provide positive feedback to the Association. Unfortunately, over the past decade the Aviation Fund has been diverted from its intended use. With the unprecedented fiscal crisis, we realize that we do have to pay our fair share, but again as mentioned, we are paying a far higher disproportionate percentage than anybody else in the State and that is having an impact to us as a system.

We know there's little that can be done for the fiscal 2010 program, but we do ask the Board to please keep in mind that as the funds keep getting diverted, we are looking at the potential impact in future years to the federal matching dollars. For example, the State received about \$70 M in FAA grant money. So, as we start to impact those dollars, in addition to the \$18-20 M being taken from the State budget, you'll see a large impact to the State's overall economy. It's ironic right now in this time of federal stimulus money that the very money the program's been giving us all along which is hiring consultants, contractors, and construction companies to design and construct projects, it's continually being raided and swept, and diverted from its intended purpose.

As you mentioned before with the State road system, they're falling behind. So, too, are the State's airports and since they have such a huge impact on the State, i.e., travel, commerce, international flight training, we would like to keep working with the State and with your help to try to get the Legislature to give us some of our money back. We understand they'll take some of the money away, but to try to give us at least a reasonable level of funding so we can continue to meet our needs and the needs of the City. Thank you for your time.

ALBERT LANNON: I'm from Picture Rocks. I regret that the State Transportation Board, ADOT, and Mr. Schorr have declined our invitation to defend your I-10 bypass proposal at a community forum at Picture Rocks later this month, but we will do our best to be fair and represent your position.

Looking at the document here, Item 13510 appears to be the study that you approved on December 19th for \$3 M. That seems like a lot of money to find out why our National Park, the Bureau of Reclamation, Arizona Fish and Game, Pima County Board of Supervisors, and the people who live in the Avra Valley have already told you -- that we don't want a bypass. On the subject of cost, I have to say, I missed it at the beginning, but assuming for the sake of argument that all your dire predictions are true and a bypass is absolutely needed -- and I don't accept that -- but assuming that for the moment, you projected the idea of double-decking six miles of the existing freeway, which your staff says will do everything you need to do to accommodate upcoming traffic and would do it with no additional impact on the wildlife and communities of the Avra Valley. Your staff cites as a reason for not taking that approach the cost, \$700-900 M versus \$40-60 M per mile of a bypass.

The totals were not added up, but it seems on the face of it that you would accomplish everything that you want to accomplish by spending (rounding up) \$1 B on double-decking the present freeway versus \$9 B for 178 miles of bypass to accomplish the same end. I don't know why you would spend \$9 B instead of \$1 B to accomplish the same end, and with all the problems that entails. Thank you.

CHAIRMAN HOUSEHOLDER: The advisory staff will take that under advisement and let the Board know what's going on.

RICH GAAR: [Executive Director, SEAGO] I am Rich Gaar, the Executive Director of SEAGO, at least for the next 72 hours because I am retiring. I wanted to take this opportunity to come up and thank the Board and to thank ADOT staff for all the help and support, assistance, etc., they've given me and the Southeastern Arizona Governor's Organization for the last 18 years. It has been fun and I know I'm going to miss you. But I also want to take this opportunity while I'm up here, and I wish the other Board members were here also, to introduce my replacement, Mr. Randy Heiss, who takes over effectively Monday. Randy's been the Town Manager of Patagonia. He can speak for himself, but again I wanted to say thank you and wish you well.

CHAIRMAN HOUSEHOLDER: Thank you, Rich. We're going to miss you even though all you do is give us trouble, we're still going to miss you.

BILL FELDMEIERS: Thank you for all your work that you've done over the years. I appreciate it and I know that we're going to miss you in your official capacity, but I hope we see you at conferences and the like. Enjoy your time from here on out.

RANDY HEISS: I just want to introduce myself. I want to echo what Rich said. Thank you for everything you've been doing for Southeastern Arizona and I look forward to getting to know and work with each one of you. Thank you very much for your time. We still need more money.

AMANDA MCGENNIS: [Senior VP, Associated General Contractors] Thank you for having me here today. I wanted to tell you first how hard that we, as a partnership agency, works with ADOT and we certainly appreciate that. We appreciate all their hard work. We appreciate in these difficult times that we may be trying your patience on more than one occasion and that they have dutifully answered our requests, tried to assist us when they could, and tried to make it a mutual benefit to both the Department, Arizona citizens, and our contractors. So, I wanted to thank you for that. I've had the opportunity to work with many state DOTs across the United States and I have to tell you all -- ADOT

is one of the best and they're one of the most progressive-thinking, moving-forward organizations that I've been involved with and so I applaud you for your efforts and the staff's efforts as well. Thank you very much.

The Arizona Chapter of Associated General Contractors represents highway heavy contractors, both large and small, throughout Arizona. As a voice of the construction industry for over 75 years our contractors have worked with the DOT to build the infrastructure that we have today. Generally AGC's advocacy efforts are focused on transportation funding, new construction, expansion, additional capacity, or major reconstruction in the State system. An important focus, considering that our growth has been exponential the last five years measured only in comparison with Las Vegas, has put a tremendous stress on our system, our rural highways and roads. With limited funding and resources, there is immediate need to preserve Arizona's infrastructure investment by enhancing pavement preservation performance, extending the life of service, and maintaining serviceable roadways. In a recent report from ASHTO entitled "Rough Roads Ahead," the document states 'For every one dollar spent keeping a road good precludes spending six to fourteen to rebuild one that is deteriorating.'

Our specialty contractors, though they are small, and our suppliers who represent pavement preservation, are all in agreement with this report and have brought to our attention the continual decline of the ADOT System Preservation budget, which focuses on preserving existing infrastructure. They see these dollars concentrating primarily on reconstruction using mill and fill overlays for existing assets versus finding alternative preservation products and service treatment applications that will extend the service life of these pavements. This group of contractors is petitioning the Board to consider expanding the current definition of pavement preservation to include more than just mill and fill overlays, allocate funding for the system's preservation into the 5-year Transportation Facilities Construction Budget, and allow industry to assist ADOT system representatives in developing an effective pavement preservation program encompassing the full range of strategies as well as rehabilitative treatments with the goal of enhancing pavement performance.

They are also requesting an opportunity -- the date and time to be determined -- to present further data to the members of this Board supporting the benefits to using alternative preservation methods as well as innovative processes being used by other states to preserve their assets. I want to thank you for that opportunity to explain this information on those guys that do that type of work. We have heard recently that the department is going to let about \$4.5 M worth of what we call surface application projects in the next two to three weeks and that's encouraging. We thank you all for that support and we welcome helping you at any time.

Presentation of FY 2010-2014 ADOT Tentative Five Year Transportation Facilities Construction Program Recommendations (Including FY 2009 Modifications)

JOHN McGEE: Director Halikowski sends his regrets. He was asked to speak at the Arizona and Mexico Commission hearing today so he was not able to attend and has asked that I fill in his place. We will be presenting the Department's recommended 5-Year Program today. By way of introduction, this is the third of three public meetings where the Department has presented the proposed 2010-2014 5-Year Transportation Facilities Program. The first hearing was held May 8 in Phoenix; the second was held May 15 in Flagstaff. As I said at the last meeting, this very well maybe the most difficult program the Department has had to develop, certainly in the last 20 years. Difficult because of the unprecedented funding conditions facing the Department. The Board is well aware of the fact that for

a second year in a row revenues have fallen from the previous years' totals and the acceleration of these declines actually seems to be getting more pronounced on a month-by-month basis.

At the same time, ADOT has been called upon to revert significant amounts of funding to help stabilize the State General Fund -- over \$400 M in fiscal year 2009 alone. The latest numbers that I've seen indicate that for 2010 there could be as much as another \$160-170 M reverted for this purpose. These conditions have not only impacted ADOT's ability to fund projects but have also further reduced the Board's ability to issue as much debt as it had previously planned. There seems to be virtually no end in sight. While many speak of "seeds of recovery" in the economy, the impact has yet to be felt in ADOT's two major funding categories: the HURF and RARF. The cumulative effect of these economic factors has forced ADOT to develop a program recommendation that cuts funding for a number of subprograms and defers a significant number of projects. That is a brief overview of the financial situation that has led to the recommendations you'll see here today.

I have asked John Fink to give just a brief overview showing some of the numbers in a little bit more detail so that those attendance will have a better feel for the economic conditions we are facing. After John Fink has given his remarks, the program itself will be presented by members of the staff. First, Don Mauller will present on the subprograms, the Greater Arizona program and the PAG Regional Program; after which, Steve Hull will present on the MAG Regional Program, and finally, Mike Klein will present on the Aeronautics Program.

JOHN FINK: No changes have been made to the slides previously shown you; however, I did want to point out a couple of items as we go through.

Our program for the 2009-2013 timeframe has declined by about \$86 M. Our estimate of program revenues has declined by about \$600 M. The net impact of those changes is \$516 M. The estimate of HURF revenue collections has declined by about \$1.2 B, meaning our State Highway Fund Share will decline by about \$477 M. The estimate of VLT transfers has been increased by \$194 M. The legislative proposals that passed this week both include somewhat higher levels of VLT transfers than what we have assumed here, so this may be something we would need to revisit. The Governor's budget proposal includes a significantly lower VLT transfer, so if that were to prevail, we may need to revisit our estimate of DPS transfers. It has gone up by \$132 M. Because of revenue declines and the transfers and sweeps, we have no bonding capacity so we have reduced our estimate of the HURF bond proceeds available to the program by \$410 M.

There are some positives. We expect the operating budget will be lower over the next several years, so we have added \$366 M of available funding to the program. Because we have no HURF bonding capacity, we expect to have lower debt service and will pick up \$62 M there. Our estimate of funding available for the MAG program, likewise, has declined by \$573 M and then some other miscellaneous transfers all adding up about \$600 M of funding increases. The estimate of funding changes is -\$600 M. Revenue funding changes for fiscal year 2009 is \$144 M; the least negative change is in 2010 by about \$86 M; however, in 2012, we are expecting a loss of about \$179 M. When getting to the discussion of the actual program, there are essentially no major projects in the program in 2012 because of the funding decline.

Our estimate of the funding available in 2014 is \$613 M. The reason that is so much higher than 2010 through 2013 is that we expect to have HURF bonding capacity available in 2014 and we have added

\$195 M of HURF bonding capacity for 2014. The reductions required to the program are shown by fiscal year. In 2009, we are recommending reduction of the program of \$200 M and in 2010, \$200 M. In 2011, we estimate we can add \$120 M and in 2012, a reduction of \$240 M; again, because funding in 2012 has declined to such a large degree. There are no essential changes in 2013. Major projects that have moved in the program over \$15 M are shown. Most have moved by a year or two.

BILL FELDMEIERS: [Announced he would be leaving meeting.]

ITEM A: FY 2010-2014 Statewide Subprograms
(For information and discussion only - John McGee / Don Mauller)

ITEM B: FY 2010-2014 Statewide Highway Construction Program
(Excluding MAG and PAG)
(For information and discussion only - Don Mauller)

ITEM C: FY 2010-2014 PAG Regional Highway Construction Program
(For information and discussion only - Don Mauller)

DON MAULLER: We're reducing the Port of Entry by \$1 M a year over the next 5 years of the program. Pavement Preservation will be reduced by \$10 M in 2012. We will start trying to increase it again in 2014 by \$5 M. On the bridge program we're looking at decreases in 2012. Inspection and repair will be reduced by \$.5 M. Bridge scour will be reduced by \$1 M. Deck replacement will be reduced \$.5 M.

- The District Minor Program by 2012 will be reduced \$.5 M; in 2014; we will try to put those funds back in by increasing construction by \$5 M and design by \$200,000.
- Environmental Studies in 2011 and 2012 will be reduced in both subprograms by \$.5 M.
- The Right-of-way Plan subprogram will be reduced by \$1 M in 2012.
- Access Management will be reduced by \$3 M, all of it in 2012, and in 2013 reduced by an additional \$.5 M.
- Right-of-way Contingency in 2013 will be reduced \$.5 M.
- The Roadway Development Support Group will be reduced by \$5 M in 2012.
- The Engineering Development subprogram will be reduced by \$.5 M.
- For the Rural ITS (overhead message boards) in 2012 the preservation portion will be reduced \$.25 M; and deleting of the subprogram by \$1.3 M per year in 2013.
- The Sign Rehabilitation Program in 2013 will be reduced by \$1 M.
- State Parks Program through the last four years will be reduced by \$1 M per year; in 2010, we will try to keep what we have in the program and complete those projects.
- Rest Area Program in all 5 years of the tentative program will be reduced by \$1.1 M per year.
- The Slope Management and Rock Fall Containment Programs will be reduced in 2012 from \$4 M to \$2 M.
- Utility Relocation in 2012 will be reduced from \$2 M to \$1.5 M.

For the State of Arizona, with the exceptions of Maricopa and Pima Counties, handouts have been provided.

With some of the major project design, a subprogram has been put in for future construction projects coming in. That project will be reduced in 2012 by \$13 M. Corridor Studies will be cut in half from \$3 M to \$1.5.

A number of changes and deferrals have occurred in Pinal, Gila and Graham. Coconino, Navajho, and Apache Counties have project deferrals. Mohave, La Paz, Yavapai, and Yuma also have changes and deferrals. In Greenlee, Cochise, and Santa Cruz, there are two projects; one is a pavement preservation project. The project will not be deleted; we will only be deleting the funds for that project. We will be coming back and bringing that project back to the Board for reinstatement through a future subprogram. A widening project in Sierra Vista will be deferred out two years. In the PAG region, there are also a lot of deferrals.

**ITEM D: FY 2010-2014 MAG Regional Highway Construction Program
(For information and discussion only - Steve Hull)**

STEVE HULL: We are obviously not in Maricopa County and there are probably not too many folks out there burning to hear all of the details. The details are in a handout for those who want it. The MAG Freeway Program is facing the same kind of difficulties as the rest of the statewide program in declining revenue. Revenue is down, recent collections for RARF, sales tax are 18-20% below a year ago. Costs for the program are up compared to when the program was first developed in 2004 as part of the Prop 400 tax. Costs have risen faster than expected, although they are down a little now because of the economy. The MAG area lost \$94 M in STAN funding that was swept by the Legislature to help solve problems elsewhere which is understandable but still a hit on the MAG area. The Stimulus money brought \$130 M into the MAG region which helped. Bond revenue is still available because it's still early in the 20 year tax life, so there's more capacity there to cushion the revenue shortfalls. We have put together a 5-Year Program that fits within the available cash flow. We did this starting back in March and have been working on this for some time. When we look at the rest of the MAG 20-Year Tax Plan which goes out to 2026, there is a \$5-6 B deficit between the cost of the projects to build out the entire program and the revenue we expect to get in that time. MAG's most recent estimate is more like a \$6.5 B gap between revenue and cost to do the complete program.

Even though we could get through the 5-Year Program and that is what we had shown back in March when we first started working on this, it's clear the program is going to change. MAG and its members, and ADOT, have been meeting and working and talking about ideas of how to reshape the program and what it's going to mean and it's going to impact the 5-Year Program as well. The MAG process is in progress; they are just now starting to talk about concepts in their meetings of how the program is going to have to change to manage this gap between revenue and cost, but it's not going to be complete until December or January. We are under a time constraint that the Board must adopt a 5-Year Program by June 30th -- that's State law. Federal regulations and State laws also require that ADOT work cooperatively with MAG to develop a program. It's tough to develop a program when you don't know what it is because it's going to change. The program we have been presenting preserves the existing program, but we know it's going to change.

What we have shown for cash flow averages about \$750 M per year over the next five years. The things that would require in our program to maintain the current program would be to repackage some

corridors. The study corridors are being repackaged into smaller segments for design and construction. There are a number of changes in the 5-Year Plan that are just bookkeeping changes that don't really impact money. There will be changes in the program to just reflect current status of projects. Some have moved a little faster than others and moved up a year; some have moved a little slower than expected due to delays for environmental studies, etc. Those kinds of changes are typical each time we bring in a new 5-year Program, as well as changes to cost estimates for each project.

There are a few new projects in the program; a couple of right-of-way projects, one TI, and the MAG Noise Wall project. For the 5th year of the program if we stayed with the current Regional Transportation Plan, we would be adding five major construction projects, four substantial right-of-way acquisition projects, and five design projects -- adding a total of \$613 M. But again, the MAG program is going to have to change because there's a gap in the future years and it spills back into the 5-Year Plan. Fixing it is going to mean it's going to change the 5-Year Plan as well.

What's next? What can we do to keep our program in sync with what MAG is doing and where they are in the process? MAG has a public hearing on June 18 at 5:00 p.m. I doubt that there's enough hours between 7:00 p.m. on June 18th and 9:00 on June 19 for us to put together a substantial package of changes and I don't see MAG presenting details at their June 18th meeting. I see them presenting concepts of how the program how to be reshaped to fit revenue and costs together for the rest of the 20 year plan. On June 19th at the State Transportation Board meeting, what we expect to bring to you is not the package that we have shown so far because this package has to change. It does not make much sense for us to bring to you a program that we know is not going to last more than six months. We are going to bring to you the changes that are required in 2010 so that we keep current projects moving and those are the changes that MAG and ADOT have discussed in recent weeks which are necessary for us to keep doing business on projects for the next six months while they go through the rest of their process developing their 5-Year Program.

For the fiscal years 2011-2013 and the rest of 2010, we are going to simply bring forward the current program that's already been approved by the State Transportation Board and MAG. We're going to carry those projects forward and keep them in the same fiscal years for presentation at the June Board meeting. For fiscal 2014 because the MAG plan is not developed yet, we are going to put in a placeholder because the Transportation Board still must adopt a 5-Year Program. We're going to put in one project that says "MAG Regional Transportation Plan \$600 M." That accounts for the money we believe is available in cash flow, but the details will be decided later as MAG works through the process of how to reshape the program. We'll bring just minimal changes to you at the June meeting for approval by the State Transportation Board. It will be the changes needed to preserve projects that are in motion and to keep them moving while MAG goes through the rest of the process. That makes more sense than adopting a plan we know is going to change. We will adopt the changes that are necessary and will be back to see you in December or January with a whole set of new changes to match what MAG's developing now. That's a change from what we were talking about two weeks ago.

**ITEM E: FY 2010-2014 Airport Development Program
(For information and discussion only - Mike Klein)**

MIKE KLEIN: The Arizona Department of Transportation Aeronautics Division is unique in the fact that it owns and operates only one airport amongst the 90 public use airports in the State. Because of that, this program we are proposing for the five years is unique because it is the issuance of development grants. These grants are to the owners of these public airports that are operated by cities, counties, and airport administrations.

We begin by looking at the revenue stream that supports these. What's important to note is that the revenue stream is entirely generated by aviation interests. Over 80% comes from two sources alone; flight property tax which is the scheduled air carrier aircraft operating in and out of the State's 13 commercial service airports and aircraft registration which is the privately-owned general aviation fleet. Combined that's over 80% of our revenue that runs the grant programs the Grand Canyon Airport and the Division. That \$25 M was for fiscal year 2008. In fiscal year 2009 we began the balance with \$16.5 M. Add the revenues that we've been getting and projecting it through the fiscal year of \$24 M, that seemed to be quite a number. However, the expenses in 2009 are unique. The largest example here is the sweep. Over \$22 M has been swept from the fund. We project by the end of this month we will have \$21,000 in the flight property tax aircraft registration sources money. That's a whole number; that's not rounding to the nearest 1000th. That \$21,000 sets the stage.

Every year because we don't own the airports, we solicit from the airport owners their needs. There are 93 public airports in the State; 58 of them submitted a number of programs to receive State and federal funding. The total worth was about \$1.4 B over the 5-Year Program. The distribution of those funds comes to about \$1.4 B for state and local funding, \$62 M over the 5-Year Program. Focusing on 2010, there were 17 projects submitted for \$6.8 M. That is a very small number compared to what we have had historically because the industry sees that the fund is being swept, there is no money, so there is no confidence that grants will be issues, and airports are not submitting as many grants as we have experienced in the past. But even these 17 projects were not funded for the 2010 program.

We're trying to maximize federal dollars. We will set aside \$3.5 M only to match the 2.5% we anticipate provided to airports who receive federal grants. There will be no State/local grants, no pavement preservation, no airport development, and no State planning services. The entire program will consist of a \$3.5 M fund provided that our projections of what 2010 may look like come through. Any changes to the 2010 program during this month may reflect upon our recommendations for this \$3.5 M. Our entire program is predicated on matching federal dollars. For the years 2011-2014, we are being optimistic simply because we do not know what the future holds. The revenue sources are fairly stable. We understand that there are reductions. We have looked at those reductions and incorporated them. What we don't know is what the Legislature will do. Our hope is that we will begin rebuilding the 5-Year Program in the out years of this program. That is the 5-Year Program that we have set up for airport development.

CHAIRMAN HOUSEHOLDER: Would anybody else like to comment before the Board before we adjourn? Go ahead. Please state your name and who you represent.

BENNY YOUNG: My name is Benny Young. I'm the County Engineer for Cochise County. I just had a question for you, Mr. Chair, and thank you for what you're doing and I know these hearings are kind of a grind this year. I appreciate the work that you do. We received a copy of a letter that the ADOT Director sent to the Legislature last night and it indicates that on top of what we've already seen this morning, if the budget proposal that's in front of the Legislature passes and the Governor

signs it, there's going to be another \$570 M cut from the ADOT program. Immediately \$150 M in projects would be cut for the coming fiscal year. We're just wondering if you know what that would mean to the program at this point in time.

CHAIRMAN HOUSEHOLDER: I think it would be a lot of paperwork to get the projects that they need.

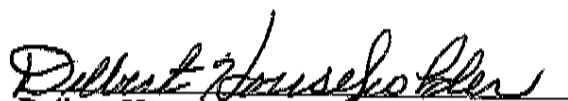
BENNY YOUNG: Obviously, we're concerned about that because we are fortunate to have a major project in Cochise County that's about to commence at the intersection of State Route 9 and I-10 and we're interested in making sure that's not one of the \$150 M that gets cut. Thank you.

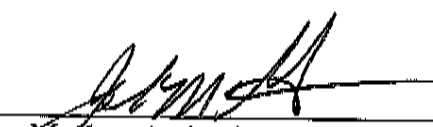
FLOYD ROEHRICH: We have started to look at that and I don't have an answer right now to tell you exactly what project specifically. As was identified and presented here, the steps we've been taking to continue to deliver year 2009 projects here in the last month and roll into fiscal 2010, everything we've been doing has been to preserve as much as possible within that program, but it is going to affect some major projects. We're looking at that information right now. We're continuing to discuss that along with what the Governor has looked at and the potential is, yes, it could have impact to some of the major projects if the funding is not available. Also a lot depends upon not just the funding, but as presented earlier, the cash flow that's available at that time. I can't tell you any specific project which would be impacted, but there could be other impacts to the program depending upon what final budget numbers we have and what final sweeps are taken out of the highway fund.

ADJOURN

[The motion to adjourn, duly moved and seconded, carries in a voice vote.]

Thereupon the meeting was concluded at 10:45 a.m.


Delbert Householder, Chairman
State Transportation Board


John McGee, Acting MPD Director
Arizona Department of Transportation