TRANSPORTATION IN ARIZONA

Arizona is changing and its transportation system must adapt as the state grows in population and commercial importance. As the state continues to emerge from a recession that is challenging our thinking about the pace and timing of recovery and growth, Arizona is taking a serious look at how its transportation system should grow, how to maintain and operate the system most effectively, and at what resources are needed to provide transportation services that Arizonans need and want.

These challenges, and our plan to address them, will be detailed in *What Moves You Arizona*, our official statewide long-range transportation plan. As a cooperative effort to plan for our transportation needs, we invite all Arizonans to discuss how we should allocate our scarce resources to build a transportation system that will continue to serve residents and businesses in 25 years and beyond.

This *Transportation in Arizona* (TIA) Executive Summary provides basic facts about Transportation Today (Section 1) and Transportation Challenges of Tomorrow (Section 2). Section 3 summarizes the importance of Planning for – and Investing in – Our Future. The full TIA report provides detailed information about transportation needs and issues, potential transportation projects, and important state and national policy questions. The report is available at *www.whatmovesyouarizona.org* under "library."

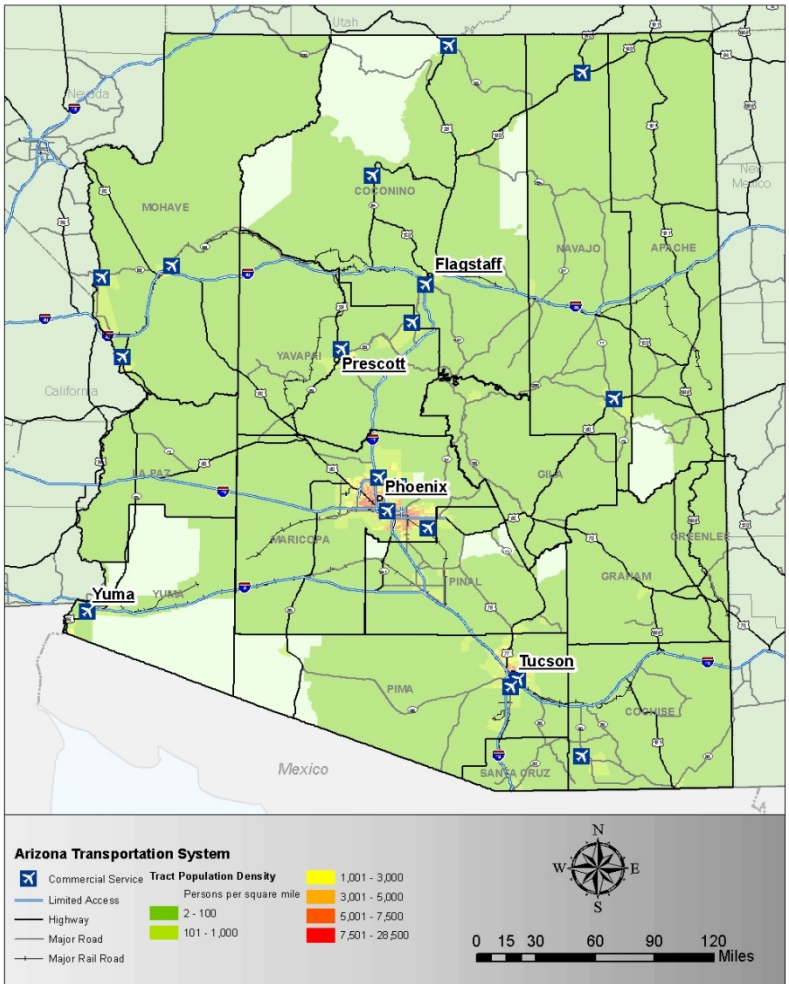
Keep reading – the transportation system of today and the challenges of tomorrow provide opportunities for all Arizonans interested in transportation, economic competitiveness, and quality of life, to Talk…Listen…and Decide. *What Moves You Arizona.*

1. TRANSPORTATION TODAY

1.1 ARIZONA HIGHWAYS

Highways are critical to Arizona's economic vitality. There are 131,505 lane miles of highways across the state, of which 17,100 are operated and maintained by the Arizona Department of Transportation (ADOT). These highways are generally in "good" condition for travelers, with 94 percent of rural interstates and 78 percent of urban interstates and expressways defined as in acceptable or better condition. Arizona has 7,348 highway bridges and ADOT maintains 4,720, of which only 10 percent are deficient by US Federal Highway Administration (FHWA) reporting standards. Arizona's highways are well-used by the states' 6.5 million residents (2008). Arizonans in rural areas travel 19,586 million vehicle miles annually, which is slightly under the U.S. average of 20,200 million annual vehicle miles travelled (VMT). In urban areas, Arizonans travel 43,377 million vehicle miles annually, more than the US average of 39,108 million annual VMT.

ARIZONA'S MULTIMODAL TRANSPORTATION SYSTEM



With three-fourths of the state's total population located in booming metro areas, Arizona has a wide disparity in urban and rural highway demand. Traffic congestion in Phoenix is among the worst in the nation: a trip takes 30 percent longer during peak hours. Still, Arizonans today tend to make the majority of their work trips by in passenger vehicles. Driving alone and carpooling account for 93 percent of work trips statewide, 89 percent in the Phoenix-Mesa-Scottsdale area, 87 percent in the Tucson Area, and 90 percent in the Yuma area. These major metropolitan areas house most of the people, and therefore most of the travel, in the state.

Highway safety is always of great concern, especially in rural areas; however, Arizona's efforts to improve highway safety have paid dividends. There has been a steady decline in the fatality, injury, and property damage crash rates in the state since 2006. Between 2006 and 2008, fatalities from crashes decreased by 28 percent, from 1,300 to 937.

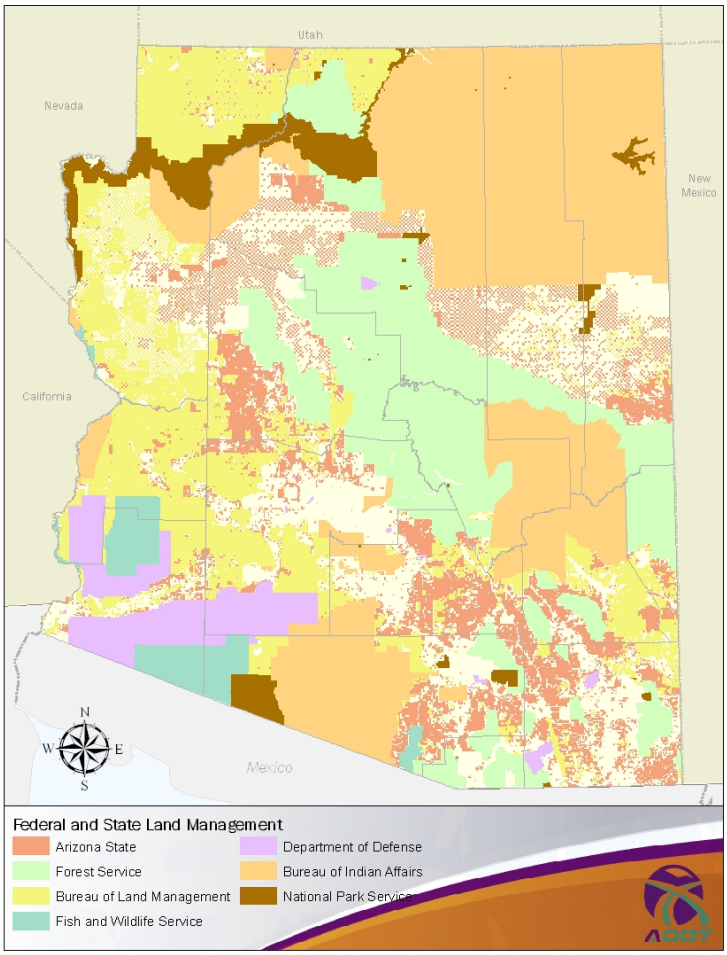
Transportation in Arizona at a Glance

People	6.5 million (2008) Travel 63,000 million vehicle miles annually 75 percent of population live in Tucson and Phoenix metro areas 13 percent of all Arizonans are 65 or older 300,000 "snowbirds" living in Arizona in winter months
Highways	131,505 total lane miles 17,100 lane miles operated and maintained by ADOT 1,006 lane miles of interstates: I-10, I-40, I-17, I-8, and I-19 Good or better pavement conditions on most roads $937 million invested annually in highways and bridges 60 percent of investment used to expand current system
Bridges	7,348 bridges 4,720 operated and maintained by ADOT Only 10 percent require significant rehabilitation
Transit	40 transit systems Transit use increased more than 50 % (2002-2009) Riders concentrated in metro areas of Phoenix, Tucson, Flagstaff 30,000 passengers per day ride Valley Metro in Phoenix ADOT provides elderly, disabled, and rural transit funds Amtrak: Sunset Limited and Sunset Chief routes cross the state
Cross-border	6 international border crossings with Mexico; largest at Nogales 13,000 vehicles and 13,000 pedestrians cross at Nogales daily Mariposa processes more than $22 billion imports/ exports annually
Freight	557 million tons move through Arizona annually 75 % (by ton) on Arizona Highways, including I-10 and I-40 25 % (by ton) by rail, BNSF and UP > 1 % (by tonnage) via air
Air	12 commercial airports 71 reliever and general aviation airports serve non-commercial air Access to commercial airports is largely 1 hour driving time or less 8.5 million visitors arrive in Arizona by air annually
Non-motorized	Bike and pedestrian travel primarily for recreation Safety is of great concern for bicyclists and pedestrians Important for livable communities, health, and quality of life

While Arizona's population may be concentrated in the largest metropolitan areas, the state has a vast and diverse rural culture. Forty-two percent of Arizona's land is federally-owned non-Indian lands and nearly 28 percent is Indian Reservations land. The federal government maintains 22 percent of the roads in the state through its Federal Lands and Highways Program due to the large number of national parks and federal lands in Arizona. Additionally, there are 22 federally-recognized American Indian Tribes and Native Nations with reservation land in Arizona. This tribal land encompasses 27,736,000 acres and includes 1,324 centerline miles of highways or about 20 percent of the Arizona State Highway System. Tribal governments have jurisdictional decision-

making authority over roads and improvements of roads on their reservation land, as well as any proposed projects to accommodate and improve regional traffic circulation.

Arizona's State and Federal Lands



1.2 Transit, Air and Non-Motorized Travel

Transit offers a critical transportation option in metropolitan and rural areas alike. Arizona's transit services are primarily focused in the states' largest urbanized areas of Phoenix (Valley Metro Transit) and Tucson as well as in the Flagstaff and Yuma metropolitan areas. Valley Metro light rail transit (Metro) serves Phoenix, Tempe, and Mesa, with additional line extensions planned. In 2009, there were 5.6 million rail Metro passenger boardings.

Although significant transit usage is limited to a few locations, including the major travel corridors leading to downtown Phoenix, the use and importance of transit is growing. Between 2002 and 2007, transit ridership increased 48 percent across the state and added another 9 percent in 2008. Transit will continue to be important as the Arizona's demographics and transportation needs continue to evolve; today, driving and carpooling are the most used travel modes for the commute trip.

COMMUTER MODE CHOICE PROFILE

	Phoenix	Tucson	Yuma
Drove alone	74.8 %	75.2%	74.4%
Carpooled	14.3	12.2	15.3
Public transportation	2.3	2.6	1.8
Taxicab	0.1	0.0	0.1
Motorcycle	0.4	0.5	0.5
Bicycle	0.7	1.2	0.3
Walked	1.8	2.9	3.9

2000 US Census, Journey to Work

Intercity rail services are available through Amtrak and Arizona is looking to high speed and intercity rail services to provide an important alternative in the near future, as is the nation as a whole. Amtrak's *Sunset Limited* runs 1,995 miles between New Orleans, Tucson and Los Angeles. The route crosses the southern tier of Arizona on the Sunset Route of the Union Pacific Railroad (UP) with stations at Benson, Tucson, Maricopa and Yuma. The *Southwest Chief* runs 2,256 miles between Chicago, Flagstaff and Los Angeles. The route crosses the north-central tier of Arizona on the Transcontinental Route of the Burlington Northern Santa Fe Railway (BNSF). There are four stations in Arizona served by the *Southwest Chief* – Winslow, Flagstaff, Williams Junction (connection to the Grand Canyon Railroad discussed below), and Kingman.

ADOT is currently setting priorities for intercity, commuter and high-speed rail service and developing financial estimates to complete the Arizona rail network in the Statewide Rail Framework Study. The study will help to build momentum for future funding of an expanded rail system in Arizona. Although Arizona has not received any American Recovery and Reinvestment Act (ARRA) grants for high speed rail investment to date (awarded on January 28, 2010), the Phoenix-Tucson Corridor is part of the Obama Administration's strategic high-speed rail investment priorities. Additionally, a group known as the Western High Speed Rail Alliance is supporting the creation of high-speed rail links between Phoenix, Denver, Las Vegas and other cities in the region by high-speed rail.

Air travel is an important mode of intercity travel for the state. There are 12 major commercial airports in Arizona offering flights to 110 out-of-state destinations, including 16 international destinations. The largest commercial service airports in the state are Phoenix Sky Harbor International and Tucson International. Commercial service airports also support general aviation activity; however, there are another 71 general aviation airports in the state providing air access for privately owned planes. In 2008, 8.5 million out-of state visitors traveled to Arizona by air, accounting for roughly 25 percent of all overnight visitor travel in Arizona. Underscoring aviation's importance to tourism and Arizona's economy is the fact that over half of all travel spending by visitors to Arizona is attributable to visitors that traveled by air and that the state owns and operates Grand Canyon Airport.

Bicycle and pedestrian movements are primarily recreational; however, recreation is important to Arizonans. Bike and pedestrian projects are implemented primary by local governments. All major construction and reconstruction highway projects in the state can include provisions for bicycle travel, and local agencies may fund the incorporation of bike lanes on state roads. Bicycle and pedestrian travel continues to be important not only to the state, but also to the nation as a key part of livable, sustainable communities and quality of life. In the future, Arizonans may depend on these modes for commuter travel if they provide access to not only recreation centers, but to economic centers as well.

Safety for bicyclists and pedestrians is a top priority. In 2005, Arizona ranked 5th among all states in pedestrian fatalities per 100,000 residents, with 164 pedestrian fatalities on Arizona's roadways – a nearly 30 percent increase from 2003 levels. To reduce the number of pedestrian crashes, Arizona is working with the FHWA to develop and implement an aggressive plan to reduce pedestrian crashes, fatalities, and injuries, underscoring the importance of bicycle and pedestrian travel to the state. Additionally, ADOT has partnered with the Governor's Office of Highway Safety to fund and support training for "complete streets" design and implementation. Complete streets can include sidewalks, bike lanes, wide paved shoulders for bicyclists, special bus lanes, comfortable and accessible transit stops, frequent pedestrian crossing opportunities, median islands, and accessible pedestrian signals, all of which support safety and mode choice.

1.3 A System Serving Tourists and Freight

Arizona is the Grand Canyon State, and tourism is a vital part of Arizona's economy; tourists spend nearly $20 billion annually in the state. More than 30 million people visit Arizona annually, with 8.5 million travelling through Arizona's airports.

Arizona also provides a land bridge for freight movements from California to the east coast, and from Mexico to US destinations and Canada. Freight movements through the state total more than 550 million tons annually. More than 75 percent of the tonnage was moved by truck on the state's highway system.

Arizona's Ports of Entry - Douglas, Lukeville, Naco, Nogales, San Luis, and Sasabe - handle 400,000 cargo trucks, more than 600 trains, and over 32 million people annually. Securing the ports of entry is vital to Arizona's continued safety and economic competitiveness.

The state's location and its natural attractions add conflicting mixes of demand on the highway network. Tourists and long-haul truckers mix primarily on the major interstates traversing the state: I-10, I-40, I-17, I-8, and I-19. I-10 is a major national freight corridor connecting the Los Angeles basin and the Port of LA/ Long Beach to the rest of the country. I-8 connects San Diego with Phoenix and Tucson intersecting with I-10 near Phoenix. I-40 is another major east-west national freight corridor that connects Southern California with Midwest markets. State-maintained highways like SR 64 -

which connects the Grand Canyon to I-40 - serve as major thoroughfares for tourist-related traffic.

Arizona is also serviced by two Class 1 railroads, the Burlington Northern Sante Fe (BNSF) and the Union Pacific (UP). Arizona, like many western states, looks to rail to relieve congestion on its highways; however, the rail network is, in many places, overburdened as well. The BNSF spans Arizona from Topock to Lupton, paralleling I-40. A BNSF branch line runs between Williams and Phoenix with an intermodal terminal in Glendale. The UP mainline spans Arizona from Yuma to San Simon paralleling I-8 from Yuma to Tucson, and following I-10 east of Tucson. UP owns intermodal facilities in Phoenix and Tucson and a branch line from Tucson to Nogales, where it connects to the Ferromex Railroad (FXE) for service to Mexico. Arizona is well placed for carload and tanker rail service but due to its proximity to the major railheads in the Los Angeles basin, the state faces limitations for intermodal service.

1.4 Environmental Concerns

Motor vehicles are a major source of air pollution, including ground-level ozone or smog, particulate matter, carbon monoxide, and air toxics. Particulate matter (PM) presents one of the greatest air quality challenges in Arizona, and motor vehicle exhaust is a major source of fine particulates (PM-2.5). Coarse particulates (PM-10) are caused by vehicle exhaust as well as traffic on streets and highways that stirs dust into the air, construction activity on transportation facilities, and travel on unpaved roads.

Under the Clean Air Act, the Environmental Protection Agency establishes national ambient air quality standards that limit concentrations of transportation pollutants, and designate "nonattainment" areas for regions exceeding these concentrations. Today, The Phoenix area is designated as nonattainment for PM-10, as are portions of Pinal, Gila, Cochise, Pima, and Yuma Counties. Nogales is in nonattainment for the PM-2.5 standard. All nonattainment regions require additional transportation planning activities to ensure a plan to reduce pollution is in place.

Ozone also presents air quality challenges in Arizona. Currently, the Phoenix-Mesa area is designated as non-attainment for the ozone standard. While violations of the ozone standard have been declining in the Phoenix-Mesa area, the US EPA enacted a stricter standard for ozone in 2008. Thus, ozone air pollution will continue to influence transportation planning in the Phoenix region in future years.

1.5 Economic Slowdown

Over the past 10 years, Arizona's economy has been among the most dynamic in the nation. It has grown primarily in the service sector. It is also increasingly interrelated with other geographies and economies, including other domestic states, with Mexico, and elsewhere globally. This geographic expansion of trade links has fostered economic growth, but at the same time poses increasing and significant strains on and challenges to the state's transportation system.

The trend of strong continued economic growth in Arizona has come to a pause and may take several years to resume. This economic weakness is very much related to the recessionary environment at the national level, other major world economies, and Arizona's trading partners. These economic changes as well as energy price increases have caused declines in statewide VMT and, consequently, declines in gas tax revenues.

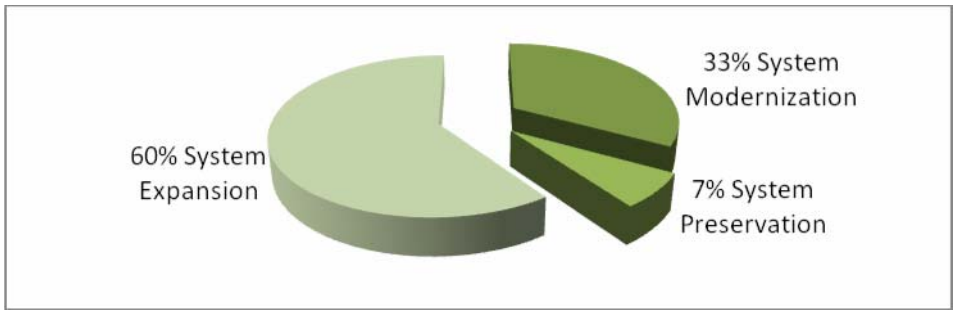
Arizona's economic climate has added considerable strain to an already-suffering transportation funding system. ARRA provided more than $500 million to the state for pavement and bridge rehabilitation; however, the long-term effects of ARRA remain to be seen and a dedicated source of additional federal funding for the upcoming surface transportation authorization bill has yet to be identified. Shortages of transportation funding and growing transportation needs underscore the Transportation Challenges of Tomorrow.

2. Transportation Challenges of Tomorrow

2.1 Maintaining our System

Arizona, like most states in the nation, faces expectations for greater congestion relief particularly in urban areas. This translates into public desire for more capacity on existing transportation facilities as well as the construction of new roads and public transportation infrastructure. ADOT understands these needs, but must balance financial plans to include maintenance as a key priority such that the current system continues to function not only to meet performance standards, but also pavement and bridge condition expectations.

Highway Capital Spending -2008



ADOT spends $100 million annually for pavement preservation alone, which has led to generally good pavement conditions in many areas of the state. Likewise, bridge conditions, on average, are better than that of the nation as a whole. However, Arizona is currently facing a growing-year backlog of bridge and pavement preservation.

The transportation system is aging. Many of Arizona's highways and bridges were constructed during the 1960's, and will soon require significant rehabilitation. Over time, the backlog of both pavement rehabilitation and bridge needs will continue to grow without significant additional investment. The Arizona Department of Transportation estimates that actual pavement needs have grown to $240 million,

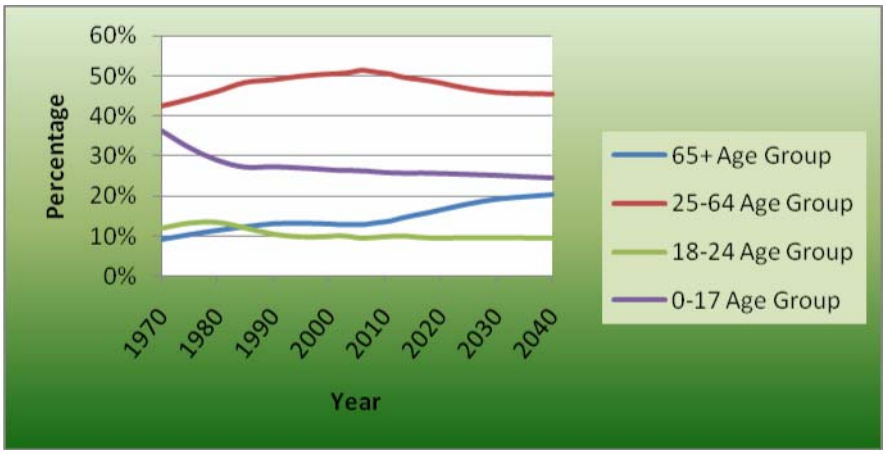
against a Fiscal Year (FY) 2013 budget of $152 million. The state will also likely see a general spending trend toward preserving the current system. This would be a significant departure from current trends, which has seen 60 percent of total highway investment targeted for capacity improvements.

The underfunding of transportation infrastructure improvements is not unique to Arizona. In May 2009, the American Association of State Highway and Transportation Officials (AASHTO) published their most recent analysis of transportation funding needs in its "The Bottom Line Report." In the Bottom Line Report, transportation funding needs across the nation for highways, bridges and transit are estimated $212 billion annually from 2010 through 2015. This compares to less than an $80 billion investment at all levels of government in 2006.

2.2 Transportation for a Diverse and Changing Population

With maintaining the current system a new but top priority, Arizona must also provide for increases – and changes – in the state's population. Congestion will continue to grow, especially in the urban areas between Flagstaff and Tucson as the state's population is projected to increase to more than 11 million by 2035, a nearly 70 percent increase from today's 6.5 million Arizonans. Maricopa County will see the largest growth in population, adding 2.8 million people.

Percentage of State Population by Age



Arizonans 65 and older will increase from 13 to 20 percent of the total population, adding another layer of transportation challenges, including safety needs and the desire for public transportation options to access services, recreation, and healthcare. Older Americans are expected to be concentrated in Arizona's smaller metro areas outside of the Greater Phoenix metro region.

Walking, cycling, transit and other transportation alternatives are important for the quality of life and overall health of Arizona's population. For trip purposes other than commuting, and among households with access to vehicles, transportation choices are critical to Arizona's future. As the state considers its priorities, it will be critical to

understand the mode alternatives that Arizonans want, but also if – and how much – residents are willing to pay.

Protected by federal law and supported by treaty payments and innovative economic development, some of Arizona's tribal cultures will continue to live a rural lifestyle, isolated and largely independent from the rest of Arizona. Several of Arizona's tribal lands are, however, near to the larger urban areas, and have become significant players in the state's economy. Arizona tribes that are located near urban areas include the Salt River Pima-Maricopa Indian Community the Gila River Indian Community, the Fort McDowell Yavapai Nation, the Ak-Chin Indian Community, and the Pascua Yaqui Tribe.

For the state's rural tribes and many rural non-tribal populations, where auto ownership rates are lower than those of the general population, mobility is a great challenge. In an attempt to address these needs, the Navajo Nation and the Hopi Tribe provide public transit services funded in part with grants through the Federal Transit Administration (FTA) Section 5311 Rural Public Transit program, which is administered by ADOT. Other tribal agencies provide paratransit service with assistance from the FTA Section 5310 program, which provides vehicles for mobility needs of the elderly and persons with disabilities.

A special need which will continue to be critical to American Indian tribes and other rural residents is access to health and medical services. Most tribal members receive health care exclusively from Indian Health Services facilities. These medical centers can be great distances from the patients' residences, and people often depend on neighbors or family members for transportation. Higher- than-average levels of diabetes and renal disease (requiring dialysis) contribute to a high demand for these services.

To be effective, the state transportation agency-tribal relationship must be built on trust, mutual respect, listening to tribal concerns, mitigating impacts, addressing concerns in transportation plans and programs, and appreciating tribal timelines to reach resolution and agreement. ADOT is committed to a transportation planning process that meets the needs of all of Arizona's residents.

2.3 Freight and Tourism

Personal, freight, and tourist travel will be greatly influenced by the Arizona and US economies and by the role of the nation in the global trade market. Higher fuel prices coupled with a low US dollar value will certainly influence travel decisions for passengers, freight shippers, and tourists. However, there are signs that Arizona's future outlook is bright.

Arizona is forecast to increase in total employment between 2007 and 2040 at an average annual rate of 1.7 percent, higher than the national projection of 1.2 percent per year. While the state is currently struggling to tread water in tight financial times, the rate of employment growth in Arizona, historically, is better than that at the national level. "Hot" sectors will likely continue to include education and professional services. Additionally, international trade, especially trade flowing through Arizona,

with Mexico or through the coastal gateways, is not expected to reverse trends and Arizona will continue to be a major destination for tourists.

Tourists and freight will continue to place additional demands on the transportation network, which must provide adequate services for all users of the transportation system. However, in the current economic climate, there is uncertainty about the size and nature of Arizona's economy, where both freight and tourism are major factors contributing to transportation demand. Accommodations for both truckers and tourists, including continued maintenance on interstates and local connectors, adequate signing and wayfinding, and capacity upgrades will be necessary. Rural safety will continue as significant challenge, especially where out-of-towners mix with long-haul truckers on Arizona interstates.

2.4 Growing Needs…Shrinking Revenues

The recessionary economy has created fiscal constraints that limit Arizona's ability to fund transportation infrastructure improvements, placing Arizona in a fiscally challenging situation and requiring action to keep the state and regional communities competitive and prosperous. The state gas tax rate was last increased in 1991, and ADOT will soon be challenged to even match available federal funding for transportation projects, which means that Arizona may be at risk to lose some of its share of already scarce federal highway trust fund dollars. With the state being "ground zero" for the recent real estate collapse, it is unlikely that Arizonans will be receptive to new taxation for transportation projects despite positive employment forecasts over the longer term.

Even before the economy began to falter, elected officials in Arizona began to struggle with the ability to find sufficient funding for transportation projects. Arizona has seen some success, however, in funding transportation enhancements from sales taxes in certain jurisdictions. Approval by Maricopa County voters in 2004 of the $9 billion Proposition 400 instituted a 1/2¢ sales tax to fund the region's long-range transportation plan, which includes regional freeway, arterial, and State Highway System upgrades and public transportation systems projects. Of the $9 billion, $2.3 billion is dedicated to extending the light rail system by 27 miles and by 2025 $2.7 billion will go to improve bus service in the region.

At the same time, Proposition 400 does not address long-term funding for operations and major maintenance of these upgrades adding additional burdens to ADOT's shrinking budget. And, because sales taxes alone will not pay for the state's ongoing and growing transportation needs, ADOT continues to maximize its efficiency in delivering transportation enhancements by minimizing cost elements in a more aggressive and deliberate manner. ADOT is a leader in adopting risk management strategies and tools to assess different project characteristics and adopt methods for dealing with these with cost-effectiveness in mind.

Still, Arizona's transportation infrastructure condition will continue to decline over the long term without a viable revenue source to fund transportation improvements. The federal transportation finance landscape may change and there is growing national

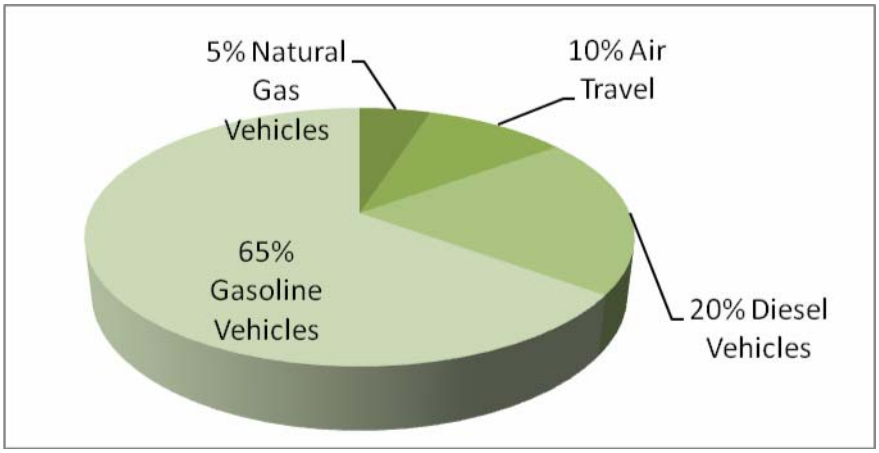
interest in shifting from reliance on motor fuel taxes to distance-based, or VMT taxes. In fact, the two recent reports by the congressionally-appointed commissions established in SAFETEA-LU both endorse the transition to a national VMT tax. However, it will likely take a combination of new revenues to create a reliable funding stream for the state.

2.5 Climate, Land Use, and Environmental Concerns

The primary environmental concerns constraining Arizona's transportation system are air quality, climate change, water supply and quality, and preservation of wildlife habitat and sensitive areas. In order to protect its quality of life, maintain key natural resources, and preserve its unique natural environment, Arizona will have to plan and build future improvements to the transportation system in a way that mitigates these concerns. There are many opportunities to design and construct transportation facilities in ways that minimize, mitigate, or avoid environmental impacts. Many of these strategies are incorporated in the principles of context sensitive design, a goal of which is to integrate transportation facilities with local environments in the least harmful way.

While ADOT understands air quality, water, and wildlife preservation and has experience implementing transportation solutions that are responsive to these challenges, the agency has limited experience understanding the implications of – and mitigating – global climate change. The United Nation's Intergovernmental Panel on Climate Change (IPCC) found in its most recent report that warming of the climate is unequivocal and that most of the observed increase in temperatures since the middle of last century is very likely due to emissions of greenhouse gases (GHGs) from human activities. Avoiding the most severe impacts of climate change is likely to require reducing GHG emissions globally from all economic sectors, including transportation.

Transportation Sector GHG Emissions



Transportation sources are responsible for about 39 percent of Arizona's GHG emissions. Within the transportation sector, gasoline vehicles (cars, light trucks, and some heavy trucks) are responsible for nearly two thirds of the transportation sector

emissions, and diesel vehicles (heavy trucks) produce another 20 percent. GHG emissions from these sources are projected to roughly double between 1990 and 2020 without some intervening action.

As vehicle manufacturers produce and sell more fuel-efficient cars in Arizona, GHG emissions per mile of travel will fall. Possible shifts to use of alternative fuels such as ethanol, biodiesel, and electricity, may also help to reduce the amount of GHG emissions from the tailpipes of cars and trucks. Improvements to Arizona's transportation system coupled with land use planning may help reduce GHG emissions along with improvements that reduce congestion in urban areas; however, legislation encouraging lower CHG-emitting vehicle technologies and providing economic incentives to minimize carbon output of vehicles will be necessary to significantly reduce national greenhouse gases. At the same time, increasing vehicle efficiency further reduces gas tax receipts and likewise will reduce funding for surface transportation projects in the state.

3. Planning For - and Investing In - Our Future

Transportation in Arizona is not unlike that in most states in the nation; growing needs … shrinking resources. To provide the type of transportation in that state that we need and desire, Arizonans must remain involved in making difficult choices. Arizona may never have the resources to fund all of its "needed" transportation investments; therefore, it is critical that the state's transportation stakeholders - including state and local officials, transportation partners, and Arizona's citizens – talk, listen, and help decide on where and how to invest.

3.1 Understanding Our Needs

Arizona understands the importance of transportation and has undertaken several planning efforts over the past decade. Through the recent Building a Quality Arizona (bqAZ) initiative, Councils of Governments (COGs) and Metropolitan Planning Organizations (MPOs) from around the state worked with ADOT, the Governor's Office, and the business community to talk about state infrastructure needs. This process and its findings provide critical stakeholder input for the long-range transportation plan.

Upcoming work for *What Moves You Arizona* will quantify Arizona's 25-year infrastructure needs to understand their scope and extent. The Critical Needs Definition from Governor's Executive Order 2008-02 identified $162 billion in transportation needs to 2030. No matter what the final number, the extent of "needs" is far beyond the state's financial capability. The challenge is to sort through the deficiencies, determine which improvements address the state's most pressing needs by setting priorities and to develop a process through which they can be implemented.

3.2 Identifying Revenues – National Context

Documentation of financial needs in the transportation arena is done by state DOTs and MPOs as they educate their elected officials and prepare their long-range plans, by the FHWA, and also by trade associations with interests in transportation funding and

programs. These efforts may be prepared with different sets of criteria but, no matter what analysis is used, regardless of the association or agency that generates the data, the fact remains that transportation funding is critically short.

In recent years, transportation officials have begun to talk about replacing the motor fuel tax as the primary source of funding for surface transportation. Declining federal trust fund receipts will likely continue as vehicles become more fuel efficient, the efficiency of the fuels themselves continues to increase, and the public continues to prove unsupportive of increase the federal motor fuels tax.

Funding levels - and funding sources – for the next surface transportation authorization bill will be critical for Arizona to understand its anticipated transportation resources. AASHTO has recommended a $565 billion multimodal surface transportation program composed of a $375 billion highway program, a transit program funded at $100 billion, a freight program funded at $40 billion, and a $50 billion intercity passenger rail program. The American Public Transit Association (APTA) has recommended a $123 billion funding level for public transportation, more than doubling the current SAFETEA-LU authorization. The draft Surface Transportation Authorization Act (STAA) of 2009, also known as the "Oberstar Bill," defined $500 billion for surface transportation investment; however, the Bill lost traction as Congress failed to make progress on identifying an actual source of revenue.

There has been considerable discussion regarding the role of transportation in climate change and energy legislation as well as the role of climate change legislation in funding surface transportation enhancements. The American Clean Energy Security Act of 2009, or the "Waxman-Markey Bill," could establish a cap and trade or cap and dividend process for carbon emissions. Both AASHTO and APTA have recommended that 10 percent of emission allowance credit be dedicated to investment in transportation. This process could theoretically change the funding mechanisms for many programs and processes, but it has also been noted that shifting to this platform would take time. That same observation has been made regarding other user fee ideas, such as a VMT tax or some other funding proposals that require both significant policy and infrastructure modifications.

The Obama Administration, as part of the 2010 budget release, has indicated it is developing a comprehensive approach to surface transportation reauthorization, beyond the current commitment to high-speed rail and American Recovery and Reinvestment Act (ARRA) capital investment. The U.S. Department of Transportation (DOT) continues to highlight the importance of investments in sustainable, livable communities. In May 2010, USDOT Secretary Ray LaHood announced that $550 million will be available for multimodal planning in FY 2011 with a focus on sustainable, livable communities. Still, a long-term primary funding source must be identified to keep the user-fee-based federal highway trust fund solvent.

3.3 What Moves You, Arizona? Talk, Listen, Decide

Through *What Moves You Arizona*, ADOT is reaching out to its partners to set investment and policy priorities for the next 25 years, and to establish a viable process for guiding short-term investments.

ADOT cares about your participation, your comments, thoughts, ideas, suggestions and opinions and concerning transportation in Arizona. Informing and gathering feedback from individuals and organized groups who live, work, or have a stake in an area potentially affected by a transportation project can mean the difference between poor transportation decisions made in a vacuum, and decisions that improve quality of life.

Ensuring a broad base of public and stakeholder involvement is very important. ADOT is dedicated to taking a proactive approach to soliciting community and stakeholder comments early and often in the preparation of transportation-related studies. The fundamental principle of this effort is to create an atmosphere that will promote understanding, quality study input, and consensus on recommendations. Elected officials, stakeholders, landowners, interest groups, and resident must sense that their involvement is genuinely desired and that the time they spend is worthwhile.

What Moves You Arizona is the platform by which the state is making a concerted effort to move beyond recent financial constraints, establish a shared vision, and generate the energy to collaborative focus on solving Arizona's problems in ways that benefit all Arizonans. … Talk…Listen…Decide.