

Arizona Department of Transportation **STRATEGIC PLAN**

Fiscal Years
2010 – 2014





Arizona Department of Transportation
Transportation Services Group

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Subject: Transmittal Statement

This Five Year Strategic Plan for Fiscal Years 2010 – 2014 is filed in accordance with the Laws of 2002, Chapter 210, and is available on the Arizona Department of Transportation (ADOT) Internet site at:

[http://www.azdot.gov/Inside ADOT/PDF/StrategicPlan.pdf](http://www.azdot.gov/Inside_ADOT/PDF/StrategicPlan.pdf)

Agency Head: Victor Mendez
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Date: December 19, 2008

**ARIZONA DEPARTMENT OF TRANSPORTATION
STRATEGIC PLAN
FY 2010 – 2014**

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ARIZONA DEPARTMENT OF TRANSPORTATION
Strategic Plan
FY 2010 – 2014

EXECUTIVE SUMMARY

In accordance with Laws of 2006, Chapter 346, ADOT's FY 2010 - 2014 Five Year Strategic Plan is summarized below.

ADOT MISSION

To provide products and services for a safe, efficient, cost-effective transportation system that links Arizona to the global economy, promotes economic prosperity and demonstrates respect for Arizona's environment and quality of life.

ADOT VISION

The standard of excellence for transportation systems and services

ADOT STRATEGIC ISSUES

These are the challenges ADOT must address to achieve our vision of being "the standard of excellence for transportation systems and services."

- **Congestion Management** – ADOT must deploy the best mix of multimodal strategies to manage congestion and growth
- **Environmental Stewardship** – ADOT must deploy the best environmental management techniques into its business practices
- **Highway Safety** – ADOT must always strive to make Arizona's transportation infrastructure safe
- **Customer Service** – ADOT must maintain a strong customer service focus
- **Technology** – ADOT must maximize the use of technology in all aspects of its operations

ADOT CRITICAL ISSUES

To successfully fulfill our mission and keep the public's trust, ADOT must:

- Deliver the 5-year and regional highway construction program
- Maintain the State's investment in transportation facilities
- Deliver superior customer service
- Earn the public's trust through honest, truthful, open and ethical behavior

ADOT GOALS

1. Enhance the movement of people and products throughout Arizona
2. Optimize the quality, timeliness and cost effectiveness of our products and services
3. Strive to develop and retain a high performing, successful workforce that is competitively paid
4. Use innovative and creative techniques to optimize the use of all resources
5. Build the public and political support necessary to meet Arizona's transportation needs

MOTOR VEHICLE PROGRAM

The Motor Vehicle Program has identified four strategic issues: Automation of Business Systems; Maintaining Acceptable Customer Service Levels; Recruitment and Retention; and the Enhanced Driver License/ID Credential. These four issues address two ADOT Strategic Issues, Customer Service and Maximizing the use of Technology, as well as all five agency Goals.

- **Automation of Business Systems:**

Issue – MVD’s core business functions of licensing drivers and registering vehicles are processed through software systems that are, in many cases, over 25 years old. The information contained in these systems is critical to the proper functioning of MVD and other governmental functions such as public safety, identification for government services, transportation, education, revenue collection, distribution of taxes, fraud protection and security, as well as other vital government services.

Strategy – Replace automated business systems.

- **Maintaining Acceptable Customer Service Levels:**

Issue – One of MVD’s primary customer service goals is to maintain visit times that are reasonable and acceptable to customers and stakeholders and that meet the required 15 minute wait time.

Strategies – Increase staffing levels, replace automated business systems, and increase third party staffing and services.

- **Recruitment and Retention:**

Issue – To maintain an acceptable standard of service, we must learn to effectively manage growing customer and transaction demands. Though changes made to date have served to improve our ability to recruit candidates, retaining employees is critical in maintaining appropriate staffing levels, as well as levels of expertise and professionalism.

Strategies – Make organizational alignment changes, develop career paths, create additional formal training programs, and address gaps in oversight functions.

INTERMODAL TRANSPORTATION PROGRAM

The Intermodal Transportation Program has identified two strategic initiatives; delivery of the Five-Year and regional highway construction program and maintenance of Arizona's transportation facilities. These two program initiatives address four ADOT Strategic Issues, employing technology, congestion management, environmental stewardship, and highway safety, as well as all five agency Goals.

- **Deliver the Five-Year and Regional Highway Construction Program on Time and Within Budget:**
Issue – Annually the Five-year Transportation Facilities Construction Program and the MAG Area Life Cycle Program are updated through a series of public hearings around Arizona which allows the public the opportunity to comment on the direction of the highway construction program. It is clear from these meetings and the data presented, that Arizona's continued growth requires more and more transportation infrastructure to meet the demand.
Strategy – Deliver the statewide construction program to the extent allowable by the available resources.

- **Maintain the State's Investment in Its Transportation Facilities:**
Issue – Arizona taxpayers have made a very significant investment in the State's transportation infrastructure. As this roadway network continues to be expanded and enhanced statewide, protecting the investment becomes increasingly more critical to Arizona's economic growth and prosperity.
Strategy – Link funding to levels of service
 - Apply Life Cycle Costing to the maintenance operation relative to new features added to the system
 - Link future maintenance needs to new construction projects

MULTIMODAL PLANNING PROGRAM

The Multimodal Planning Program has identified one program initiative that addresses ADOT's Strategic Issue, congestion management, as well as all five agency Goals.

- **Enhance Transportation Planning Capabilities:**
Issue – The Department has embarked upon a series of transportation planning initiatives such as the Statewide Framework Studies to determine Arizona's transportation needs through the year 2050. It has also been determined that the integration of planning for highways, rail, public transit and air are central to building a statewide multi-modal transportation system to meet Arizona's future transportation needs that values environmental sensitivity, smart growth principles, effective land access and use.
Strategy – Realign and enhance transportation planning capabilities and services
 - Attract and retain employees with needed skills and experience, and enhance training opportunities

ADOT DESCRIPTION

The Arizona Department of Transportation was established in July 1974. It is the State agency responsible for planning, developing, maintaining and operating transportation facilities for the efficient movement of people and products by surface and air throughout Arizona. The Department is also the statewide agency that registers motor vehicles and aircraft, licenses drivers, collects revenues and researches new transportation systems. It serves its customers through geographically dispersed facilities. Ten district offices oversee roadway construction and maintenance, twenty-two ports of entry check commercial vehicles for compliance with size and weight laws, and sixty-seven Motor Vehicle offices provide title, registration and driver license services.

ADOT MISSION

To provide products and services for a safe, efficient, cost-effective transportation system that links Arizona to the global economy, promotes economic prosperity and demonstrates respect for Arizona's environment and quality of life.

ADOT VISION

The standard of excellence for transportation systems and services.

ADOT VALUES

The principles and philosophies that describe how ADOT will conduct itself in carrying out its mission and vision are:

INTEGRITY: We are truthful, honest and open. We obey the law.

RESPECT: We treat people with respect and dignity. People are the foundation of ADOT's success.

ACCOUNTABILITY: We are accountable for our actions.

CUSTOMER SERVICE: We serve our customers. Their satisfaction is our focus!

SAFETY: We are committed to a safe and secure work environment.

TEAMWORK: We work together.

COMMUNICATION: We strive to maintain clear, concise and timely communication.

EMPOWERMENT: We make decisions – we grow from our mistakes!

LEADERSHIP: We provide clear direction and recognize outstanding individual and team efforts.

ADOT STRATEGIC ISSUES

These are the challenges ADOT must address to achieve our vision of being “the standard of excellence for transportation systems and services.”

- **Congestion Management** – As Arizona continues to grow, congestion is becoming more than an urban issue. ADOT must deploy the best mix of strategies to manage congestion on the state highway system.
- **Customer Service** – Whether internal or external, ADOT must maintain a strong customer service focus. This will require a mix of strategies involving staff resources, the application of sophisticated management techniques and multiple service delivery methods that employ the application of technology.
- **Safety** – Over 1,000 people die on Arizona’s highways every year. ADOT must always strive to make Arizona’s transportation infrastructure safe.
- **Environmental Stewardship** – Subject to 62 different federal, state, local and tribal environmental rules and regulations, ADOT must deploy strategies that integrate the best environmental management techniques into its business practices.
- **Technology** – ADOT will maximize the use of technology in all aspects of its operations. Better technology includes computer hardware and software, better roadway designs, better construction techniques, and materials that are more durable and reduce noise. Technology will be used to reduce congestion, improve safety and meet customer service demands.

ADOT GOALS

1. Enhance the movement of people and products throughout Arizona.
2. Optimize the quality, timeliness and cost effectiveness of our products and services.
3. Strive to develop and retain a high performing, successful workforce that is competitively paid.
4. Use innovative and creative techniques to optimize the use of all resources.
5. Build the public and political support necessary to meet Arizona’s transportation needs.

FUNDING AND FTE SUMMARY – FY 2009

	FUND	FTE
General Fund	\$ 84,600	2.0
Highway Fund	420,035,800	4,375.5
Other Appropriated Funds	48,389,400	370.5
Non-Appropriated Funds	2,604,333,800	26.0
Federal Funds	<u>680,000,000</u>	<u>0.0</u>
Program Total	\$ 3,752,843,600	4,774.0

INITIATIVES TO ADDRESS STRATEGIC ISSUES

MOTOR VEHICLE PROGRAM

(The following issues are not in order of priority)

STRATEGIC ISSUE #1: Automation of Business Systems

MVD's core business functions of licensing and registration are handled through software systems which, in most cases, are older than 25 years. These "legacy systems" are believed to be the oldest of any major state agency and are well beyond the expected normal lifecycle of software applications. The information contained in these systems is critical to the proper functioning of MVD and other governmental functions such as public safety, identity for social and other government services, transportation, education, revenue collection, distribution of taxes, fraud protection and security, as well as other vital government services.

In FY 2007, a \$500,000 appropriation was provided to fund a study of MVD's legacy systems. The assessment has been concluded and the final report is under review.

RESOURCE ASSUMPTIONS: *

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
FTEs					
Highway Fund	\$4,100,000	\$9,600,000	\$15,100,000	\$4,500,000	\$5,700,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$4,100,000	\$9,600,000	\$15,100,000	\$4,500,000	\$5,700,000

*Estimates

MATRIX for STRATEGIC ISSUE #1: Automation of Business Systems					
Strategy	Pros	Cons	Alternative	Necessary Policy Changes	Probability for Success
<p>1. Replace Automated Business Systems</p> <p>The MVD IT Needs Assessment was completed with implementation phases proposed over the next five years</p>	<ul style="list-style-type: none"> • Save maintenance and training costs • Lessen learning curves of new hires and improve overall staff processing efficiency resulting in reduction of transaction and wait times • Build in the proper controls, edits, and security to ensure that the system is reliable and accurate • Improve both internal and external communication • Improve accounting functions that will increase accuracy and timeliness in collecting, recording, distributing and forecasting revenues • Link databases, providing better, one-source customer information • Improve ability to recruit qualified personnel to provide technical support on current systems • Benchmark with other agencies to identify additional strategies and advanced technologies that might prove beneficial to MVD's business functions 	<p>High initial costs & implementation demands due to research, programming, testing, and training</p> <p>Initial staff learning curves</p>	<p>Retain current mainframe and database structures, the viability of which is uncertain.</p>	<p>Sufficient funding is needed to move forward with the implementation plan and development of new policies.</p> <p><i>(Possibilities for funding include: registration compliance revenues collected as a result of "Lapsed Registration" letters; use third party to fund and build replacement with repayment of third party costs out of future revenues; or divert a portion of Driver License and Title & Registration transaction fees back to MVD)</i></p>	<p>HIGH, as a stand-alone strategy.</p>

STRATEGIC ISSUE #2 - Maintaining Acceptable Customer Service Levels

One of MVD’s primary customer service goals is to maintain visit times that are reasonable and acceptable to most customers and stakeholders. Complicating the Division’s ability to meet this goal are issues of population growth, increasing numbers of transactions per customer, antiquated legacy database systems, and supplemental responsibilities that interfere with MVD’s ability to fulfill its core activities.

To achieve mandated wait times, MVD has focused on reducing the need for customers to visit field offices by offering alternative service modes, including use of the Internet, phone, mail, drop boxes, and third party authorized service providers. Customer wait time in field offices was reduced from 17.4 minutes in FY07 to 12.5 minutes in FY08. Even with this accomplishment, additional field office staff is needed to continue achieving the required 15 minute wait time along with the ability to maintain a consistent baseline level of staffing (made impossible by hiring freeze).

RESOURCE ASSUMPTIONS:

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
FTEs		25	25	25	25
Highway Fund		\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS		\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000

MATRIX for STRATEGIC ISSUE #2: Maintaining Acceptable Customer Service Levels					
Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
1. Increase staffing levels to meet service demands	<ul style="list-style-type: none"> • Lower wait times in field offices • Increased customer and stakeholder satisfaction • Reduced staff turnover and associated costs (i.e. advertising, training, overtime, etc.) • Improved employee morale and productivity 	<p>Additional PS/ERE costs</p> <p>Increase in initial training costs</p>	Fund existing limited positions	N/A	HIGH, if integrated strategic approach is applied
2. Replace Automated Business Systems	<ul style="list-style-type: none"> • All bullet items already listed in the strategic issue entitled, "Automation of Business Systems" <p>Successful completion of this strategy will help ensure that staff provides the most efficient services possible resulting in acceptable wait times for customers visiting an MVD field office or calling for information</p>	See "Automation of Business Systems" under Strategic Issue #1	See "Automation of Business Systems" under Strategic Issue #1	See "Automation of Business Systems" under Strategic Issue #1	See "Automation of Business Systems" under Strategic Issue #1
3. Promote statutory changes	<ul style="list-style-type: none"> • Ensure transaction and service fees cover costs • Drivers Privacy Protection Act (DPPA) conformity. Staff must conform to privacy laws when providing customer assistance and information 	Controversy surrounding any new legislation	None	Legislative process	HIGH, if integrated strategic approach is applied

<p>4. Increase third party staffing and services</p>	<ul style="list-style-type: none"> • Reduce number of transactions in MVD field offices, thereby decreasing customer wait times • Increase alternative options for customers including flexible hours, and expansion of transaction types • Increase public/private partnerships 	<p>Would require more MVD quality assurance staff to ensure third party compliance with procedures, and support staff to assist in opening of new locations and maintaining existing locations</p> <p>Increased financial oversight requirements</p> <p>Increased third party transaction costs to customers</p>	<p>Increase MVD field office staff</p> <p>Increase advertising for third party providers</p>	<p>Moratorium was lifted July 2006, increasing the number of authorized service providers from 101 in FY 2007 to 122 in FY 2008</p>	<p>HIGH, if integrated strategic approach is applied</p>
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STRATEGIC ISSUE #3 - Recruitment and Retention

In order to maintain an acceptable standard of service we must learn to more effectively manage growing customer demands. Though the availability of alternative service options such as third party providers, Internet services and telephone or mail services have been helpful in reducing customer traffic, other factors influence the ongoing increase in customers served. First, Arizona's growing population results in a continual flow of new customers. Second, employees are required to perform many additional tasks that fall outside the realm of core activities. Finally, legislative mandates expand responsibilities and change procedures.

Though changes made to date have served to improve our ability to recruit candidates, retaining employees is critical in maintaining appropriate staffing levels and high levels of expertise and professionalism.

Strategies include:

- 1) Making necessary organizational alignment changes intended to create commitment and long-term focus;
- 2) Providing career ladder opportunities aligned with increased complexity, responsibility and authority;
- 3) Creating formal training programs designed to provide new supervisors with adequate preparation for the roles they are asked to assume; and
- 4) Addressing existing gaps in oversight functions.

The implementation of plans developed to address these needs is essential to fully accomplish long-envisioned recruitment and retention goals.

RESOURCE ASSUMPTIONS:

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
FTEs		*			
Highway Fund		\$1,087,700			
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS		\$1,087,700			

*Division decision package affects 113 positions throughout MVD

MATRIX for STRATEGIC ISSUE #3: Recruitment and Retention					
Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
1. Make necessary organizational alignment changes	<ul style="list-style-type: none"> Stabilized, effective, and efficient core group of staff Increase ability to attract and recruit highly qualified candidates when vacancies exist Maintenance of appropriate pay relationships 	Additional PS/ERE costs	Fund existing limited positions	Adequate funding of salary and career path programs needed before implementing new policies	HIGH, if integrated strategic approach is applied
2. Develop career paths in relation to the required level of technical expertise and/or level of responsibility and authority	<ul style="list-style-type: none"> Increase career development potential opportunities throughout Division 	Additional PS/ERE costs	Fund existing limited positions	Adequate funding of salary and career path programs needed before implementing new policies	HIGH, if integrated strategic approach is applied
3. Create formal training programs designed to provide adequate preparation for roles assumed	<ul style="list-style-type: none"> Improve level of expertise and professionalism 	Additional PS/ERE costs	Fund existing limited positions	Adequate funding of salary and career path programs needed before implementing new policies	HIGH, if integrated strategic approach is applied
4. Address gaps in oversight functions	<ul style="list-style-type: none"> Close gaps in oversight functions 	Additional PS/ERE costs	Fund existing limited positions	N/A	HIGH, if integrated strategic approach is applied

INTERMODAL TRANSPORTATION PROGRAM

STRATEGIC ISSUE #1: Deliver the 5-Year and Regional Highway Construction Program on Time and Within Budget

Each year the State Transportation Board adopts a Five-Year Construction Facilities Program after it completes both a series of public meetings around the State to provide an opportunity for comment and consultations with ADOT Staff. The sessions are designed to help earn the public's trust through truthful, open and ethical discourse, and are structured to allow comments by the attendees on any portion of the program. A joint public hearing of the Transportation Board, MAG Regional Council, Regional Public Transit Authority and the Citizens Transportation Oversight Committee also is held annually in order to understand public concerns regarding the Life Cycle Program for freeway construction in the MAG area. The Citizens Transportation Oversight Committee, which facilitates citizen involvement in the decision-making process for freeway planning and construction, performs review and advisory functions concerning the Regional Transportation Plan, the Transportation Improvement Plan, changes to the Plan and the priorities regarding Proposition 400 Programs.

According to Department of Economic Security (DES) population growth estimates, Arizona's population is projected to increase by 923,000 new residents, or 13.6%, through the FY 2010 – 2014 planning cycle. Of the number of new residents forecast, Maricopa and Pinal Counties will account for 84.3% of the increase, adding 550,000 and 121,100 residents, respectively. Keeping pace with the growth rate will require the full utilization of innovative financing, building core competencies, recruiting and retaining engineering and management expertise and partnering efforts with interested parties. ADOT is expected to enhance existing partnerships and improve coordination within the industry as well as with local communities and stakeholders. This is particularly significant for the successful implementation of the voter approved 20-year extension of the Maricopa County ½ cent sales tax (Proposition 400) through 2026. ADOT is challenged with an increased workload for new or expanded freeway corridors over the next 20 years funded by Proposition 400 tax revenues estimated at \$8.9 billion (\$14.1 billion when adjusted for 3% inflation). The sales tax extension is designed to fund the expansion of the freeway system to accommodate long term growth in the region as well as improvements to the existing system in order to reduce current and future congestion. Additionally, the tax extension will provide \$12.5 million per year to address quality of life issues related to improving noise mitigation, landscaping care and restoration, general highway maintenance and litter control.

ADOT is projecting to program up to 1,000 additional travel lane miles statewide through calendar year 2014, achieving a total of 19,800 travel lane miles by the end of the planning cycle. In order to realize its objective, ADOT will look for ways to maximize the delivery of the 5-year and regional construction program during the current downward economic trend and within the parameters permissible relative to future revenue streams. Revenue growth in FY 2008 was negative for both

the Transportation Excise Tax and HURF and is projected to have below normal growth in FY 2009 and FY 2010. The Transportation Excise Tax and HURF revenue growth should return to normal growth in FY 2011 and thereafter. The revenues have been pressured by the downturn in the housing market, higher fuel and food prices and the recent uncertainty in the financial markets.

The projected upward trend in revenues will be offset by inflationary pressures in the form of increased costs for steel, concrete, fuel and other commodities, the costs will level off as demand decreases. ADOT will remain vigilant in monitoring market conditions as well as commodity and right-of-way costs related to construction in an effort to determine whether the increased costs are short term or are more reflective of long-term trends. The Department also will maintain its focus on a system that improves safety, mobility, accessibility, congestion relief and travel times, while incorporating its strong environmental commitment in the delivery of the Construction Program.

RESOURCE ASSUMPTIONS:

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
FTEs	40	15	5	5	5
Highway Fund	\$7,800,000	\$6,700,000	\$5,600,000	\$3,200,000	\$1,200,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$7,800,000	\$6,700,000	\$5,600,000	\$3,200,000	\$1,200,000

MATRIX for STRATEGIC ISSUE #1: Deliver the 5-Year and Regional Highway Construction Program on Time and Within Budget

Strategies	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
<p>1. Deliver the 5-Year and Regional Construction Program to the extent allowable by the available resources (i.e. increase staffing and/or consultants; replace consultants with FTEs; obtain the necessary resources to design, bid and award projects expeditiously; advance right-of-way acquisition as early in the planning process as allowable.)</p>	<ul style="list-style-type: none"> - Addition of new travel lanes. - Reduce congestion. - Increase safety. - Improve travel time. - Maintain a commitment to the community. - Improve emergency response times. - Maximize available funding. - Increase the amount of debt financing to the statutory limit. - Demonstrate that priorities are being maintained. - Purchase land at today's lower prices. 	<ul style="list-style-type: none"> - Increase congestion during construction phase. - Increase travel time. - Willingness of local governments to share costs. - Obtaining dependable funding sources in excess of current levels. - Potentially forego the opportunity to purchase land at a lower cost when the real estate market is suppressed. 	<ul style="list-style-type: none"> - Alternative funding sources e.g. private funding, public/private partnerships, toll roads, toll lanes, etc. - Replacement of design consultants with FTEs. 	<p>None</p>	<ul style="list-style-type: none"> - HIGH, as a stand-alone strategy. - MODERATE to HIGH if alternative solutions are applied.
<p>2. Increase the number of open forums and public meetings.</p>	<ul style="list-style-type: none"> - Obtain maximum input early in the design process. 			<p>Yes</p>	
<p>3. Analyze population projections, employment growth and population trends.</p>	<ul style="list-style-type: none"> - Improves the accuracy in planning projects which yield the highest value. 		<ul style="list-style-type: none"> - Construct segments that provide connectivity with other elements of the Regional Transportation System. 	<p>None</p>	

STRATEGIC ISSUE #2: Maintain the State's Investment in its Transportation Facilities

Arizona taxpayers have made a very significant investment in the State's transportation infrastructure, the current value of which is estimated to be in excess of \$18.0 billion. The value of the highway system will continue to increase with the planned addition of approximately 1,150 maintenance lane miles over the five year period. As the roadway network continues to be expanded and enhanced statewide, protecting the investment becomes increasingly more critical to the State's economic growth and prosperity.

Every year highway safety issues and the addition of new features to the State highway system require the submission of requests for additional maintenance funding. This process will continue as the existing system ages and also is expanded through the addition of general-purpose travel lanes, turning and auxiliary lanes, frontage roads, HOV lanes and traffic interchanges. In addition to maintaining the transportation infrastructure, ADOT also is aggressively pursuing new best management practices related to dust mitigation and waste water and storm water compliance issues, which must be addressed not only during and after completion of each construction project, but also during the maintenance phase. Since compliance with these issues is monitored regularly by the Arizona Department of Environmental Quality, the costs incurred are not one-time, but are ongoing.

Additional funding is required to operate and maintain new miles that are added to the State highway system each year as a result of new construction. There is no funding link between the construction of these new highway miles and the cost to maintain them. New miles of urban freeway require additional in-house resources and contracts to maintain landscaping, pick-up litter, repair cable crash barriers, sweep roadside debris, maintain signs and pavement striping, repair guardrail and crash attenuators, maintain drainage facilities and respond to motor vehicle accidents. The addition of miles also increases electricity costs for new roadway lighting and signals. As new features and safety enhancements are added, ADOT still is required to properly maintain the existing feature inventory in order to extend its life cycle. Any delays or deferrals in preventive maintenance decrease the life cycle of the items in the feature inventory.

Although much attention has been given to the dramatic cost increases of steel, asphalt, concrete and fuel and their affect on highway construction in Arizona, these same cost increases also are impacting ADOT's Highway Maintenance program. The maintenance staff consistently is challenged to meet the needs of maintaining new features with limited, and in some instances, declining resources, while preserving the existing system. Approximately 39%, \$51 million, of the highway maintenance budget is expended on commodity and service contracts, which continue to increase each year. For example, highway maintenance contracts for roadway surface materials such as hot mix asphalt and ERA – bituminous both have increased from the previous fiscal year by 33%. PASS Concentrate, a polymer-modified asphalt surface sealer, has increased 45% over last year. Service contract

prices to perform concrete repair and rest area maintenance have increased by 113% and 39%, respectively, over the previous year. The recent increases in the costs for materials and services has not only further encumbered an already under funded maintenance budget, but it also continues to challenge ADOT’s ability to maintain a level of service standard that is acceptable to the public. When the rise in commodity and service contract costs are coupled with the increased cost to operate and maintain the portion of ADOT’s fleet that is dedicated to highway maintenance, it further decreases the funding available for critical maintenance activities. As a result of the continued erosion of available funding, highway maintenance will become increasingly reactive, reprioritizing the order of its many activities, and the current decreased frequency of routine maintenance relative to litter, landscaping and vegetation control, pavement repair, roadside work and drainage repair, when safe to delay, will continue.

RESOURCE ASSUMPTIONS:

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
FTEs	47	20	15	10	10
Highway Fund	\$20,613,000	\$13,625,000	\$9,100,000	\$8,700,000	\$8,200,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$20,613,000	\$13,625,000	\$9,100,000	\$8,700,000	\$8,200,000



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Agency Head: Victor Mendez
Title: Director

Signature: _____

Date: December 19, 2008

MATRIX for STRATEGIC ISSUE #2: Maintain the State's Investment in its Transportation Facilities					
STRATEGIES	PROS	CONS	Alternative Solutions	POLICY CHANGE	SUCCESS FACTOR
1. Link funding to levels of service.	<ul style="list-style-type: none"> - Keep pace with new features and highway safety issues. - Improve frequency of routine maintenance. - Earn and improve public satisfaction and trust. 	<ul style="list-style-type: none"> - Short term: essential maintenance needs are not met. - Long term: significantly shortens the useful life of the investment. 	<ul style="list-style-type: none"> - Pilot Program authorizing the Transportation Board to allocate the dollars to maintenance. - Defer/delay landscape construction. - Defer/delay non-safety maintenance activities. - Reallocate construction funding to fund a portion of the maintenance. 	<ul style="list-style-type: none"> - Approval required from the legislature. 	HIGH, as a stand-alone strategy. MODERATE to HIGH, if alternative solutions are applied.
2. Apply Life Cycle Costing to the maintenance operation relative to new features added to the system.	<ul style="list-style-type: none"> - Maintenance and operating costs are automatically allocated to operating budget. - Provides justification for increases in the operating budget. 	<ul style="list-style-type: none"> - Essential maintenance needs not met. 	<ul style="list-style-type: none"> - Include maintenance and operational cost components in the total program cost for new features. 	<ul style="list-style-type: none"> - Approval required from the legislature. 	HIGH, as a stand-alone strategy. MODERATE to HIGH, if alternative solution is applied.
3. Link future maintenance needs to new construction projects.	<ul style="list-style-type: none"> - Address increased costs for new features and materials. - Provide increased resources for patrolling new roadway. - Provide additional funding for labor, equipment, materials and utilities. 	<ul style="list-style-type: none"> - Lack of an aggressive maintenance program will result in the reduced operational life of the new features. - Obtain dependable funding sources. 	<ul style="list-style-type: none"> - Include maintenance and operational cost components in the total program cost for new features. 	<ul style="list-style-type: none"> - Approval required from the legislature. 	MODERATE, ongoing process emphasizing cost benefits of providing adequate funding for new features.

INTERMODAL TRANSPORTATION PROGRAM PERFORMANCE MEASURES:

PERFORMANCE MEASURES RELATED TO STRATEGIC ISSUES	STRATEGIES TO ADDRESS ISSUE AND RELATION TO PERFORMANCE MEASURES		
	Link funding to levels of service	Apply Life Cycle Costing to maintenance operation costs for new features	Deliver of the construction program to the extent resources allow
Increase the total maintenance lane miles open to traffic to 28,830 (Note 1).	X	X	X
Maintain an International Roughness Index (IRI) smoothness rating factor of less than 171 (mediocre) on at least 97% of State highways.	X	X	
Attain a Level of Service (LOS) in which 80% of the State Highway System is maintained at minimum acceptable standards.	X	X	
Increase the total travel lane miles open to traffic to 19,405 (Note 1).	X		X
Increase the travel lane miles in the Maricopa Regional Freeway System open to traffic to 1,177 (Note 1).	X		X
Ensure that the Transportation Board awards a minimum of 100% of the total construction dollars planned to be awarded.	X		X
Complete 97% of highway construction projects on schedule (Note 1).	X		X
Maintain the total construction contract cost of completed projects within 10% of the original contract budget, inclusive of the award, contingency and incentive payments.	X		X

Notes:

1. All lane mile data is presented on a calendar year basis to conform to FHWA guidelines. The lane mile estimates are through the end of CY 2010 and were submitted as part of the Master List of State Government Programs to the Governor's Office of Strategic Planning and Budget in September 2008.

MULTIMODAL PLANNING PROGRAM

STRATEGIC ISSUE #1: Enhance Statewide Multimodal Transportation Planning Capabilities

The Multimodal Planning Program has identified one program initiative that addresses ADOT's Strategic Issue, congestion management, as well as all five agency Goals.

▪ **Enhance Transportation Planning Capabilities:**

Issue – The Department has embarked upon a series of transportation planning initiatives such as the Statewide Framework Studies to determine Arizona's transportation needs through the year 2050. It has also been determined that the integration of planning for highways, rail, public transit and air are central to building a statewide multi-modal transportation system to meet Arizona's future transportation needs that values environmental sensitivity, smart growth principles, effective land access and use.

Strategy – Realign and enhance transportation planning capabilities and services

- Create and establish new technical capabilities like travel demand modeling to provide analysis and decision making tools to policy makers to make the best transportation decisions for the State
 - Perform seamless multi-modal planning to accommodate all forms of travel
 - Streamline Programming and Planning Process so that they are integral to each other and are adopted at the same time by the Transportation Board
- Attract and retain employees with needed skills and experience, and enhance training opportunities

RESOURCE ASSUMPTIONS:

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
FTEs					
Highway Fund					
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS					