



ARIZONA DEPARTMENT OF TRANSPORTATION

FISCAL YEARS 2009 – 2013

STRATEGIC PLAN

ARIZONA DEPARTMENT OF TRANSPORTATION
Transmittal Statement

James J. Apperson
Governor's Office of Strategic Planning and Budgeting

This Five Year Strategic Plan for Fiscal Years 2009 – 2013 is filed in accordance with the Laws of 2002, Chapter 210, and is available on the ADOT Internet site at: http://www.azdot.gov/Inside_ADOT/Strategic_Plan/Index.asp

Agency Head: Victor Mendez

Title: Director

Signature: _____

Date: ____/____/2007

Executive Summary

In accordance with Laws of 2006, Chapter 346 ADOT's FY 2009 – 2013 Five Year Strategic Plan is summarized below.

The 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.

The Vision

The standard of excellence for transportation systems and services.

Strategic Issues

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

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

Critical Issues

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

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

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 five strategic issues: Automation of Business Systems; Maintaining Acceptable Customer Service Levels; Recruitment and Retention; Identity and Data Theft/Fraud and the Federal Real ID Act; and the Enhanced Driver License/ID Credential. These five 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, 25 years or older. 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.

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

- **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.

Strategies – Resolve salary inequities, develop career paths in relation to technical expertise, and raise salaries overall.

- **Identity and Data Theft/Fraud and the Federal Real ID Act:**

Issue – In May 2005, the “Real ID Act” was signed into law, which requires states by 2008 to:

- Verify that applicants for driver licenses or identification cards are U.S. citizens or lawful residents;
- Incorporate new authentic features into driver licenses and identification cards that are designed to prevent counterfeiting; and
- Increase each state’s ability to store digital images of applicants.

Strategies – Replace automated business systems, complete other necessary software programming, and increase staffing levels as necessary.

- **Enhanced Driver License:**

Issue – As early as January 1, 2008, U.S. citizens traveling between the U.S. and Canada, Mexico, Central and South America, the Caribbean and Bermuda may be required to present a valid U.S. passport or another document (Pass Card) as required through the Western Hemisphere Travel Initiative (WHTI). MVD will create an Enhanced Arizona Driver License/ID Credential that will allow Arizona citizens to cross the U.S./Mexico/Canadian borders without a passport or PASS Card.

Strategies – Expand mainframe and digital driver license application efforts and increase staffing levels by 32 FTEs.

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 that Arizona's continued growth requires more and more transportation infrastructure.

Strategy - Accelerate delivery of 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.

Transportation Planning Program

The Transportation 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 studies to determine the Department's transportation needs through the year 2030. It has also been determined that the integration of planning for highways, rail, public transit and air are central to building a multi-modal transportation system to meet Arizona's future transportation needs.

Strategy – Realign and enhance transportation planning capabilities within the Department to ensure that we are coordinating and cooperating with all stakeholders to identify transportation needs, and developing appropriate multi-modal solutions to meet those needs.

– Hire additional planners with multi-modal planning capabilities to meet future organizational capacity needs.

* * * * *

Agency 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-one Motor Vehicle offices provide title, registration and driver license services.

The 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.

The Vision

The standard of excellence for transportation systems and services.

The Values

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

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.

Strategic Issues

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

- **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.
- **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.

Critical Issues

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

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

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 2008

	Fund	FTE
General Fund	\$ 86,600	2.0
Highway Fund	418,166,800	4,371.5
Other Appropriated Funds	49,060,700	370.5
Non-Appropriated Funds	3,002,086,300	52.0
Federal Funds	<u>473,000,000</u>	<u>9.0</u>
Program Total	\$ 3,942,400,400	4,805.0

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 25 years or older. 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. The appropriation of \$500,000 approved in 2007 to fund a study of MVD's legacy systems was extended to July 1, 2008. The study will identify which systems need to be replaced, including the cost and associated timelines. IBM was selected as the vendor to complete this project which was initiated in September 2007.

In May 2005, the “Real ID Act” was signed into law, which requires states by 2008 to:

- Verify that applicants for driver licenses or identification cards are U.S. citizens or lawful residents;
- Incorporate new authentication features into driver licenses and identification cards that are designed to prevent counterfeiting; and
- Increase each state’s ability to store digital images of applicants.

The Real ID Act could impact MVD’s current automated business systems. Arizona may need to pay for the costs associated in updating these systems in preparation for implementation of this Act. The actual date for implementation of the Real ID Act has not yet been determined by the federal government.

RESOURCE ASSUMPTIONS:

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs					
Highway Fund	\$25,000,000	\$25,000,000	\$25,000,000		
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$25,000,000	\$25,000,000	\$25,000,000		

It is estimated that \$75,000,000 will be needed to replace MVD’s automated business systems. Following the completion of the MVD systems needs assessment, this estimate might change.

STRATEGIC MATRIX:

Strategy	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
<p>1. Replace Automated Business Systems</p> <p>The current MVD IT Needs Assessment will examine the following legacy systems:</p> <p>TARGATS Title & Registration Driver Licensing Mandatory Insurance ARMANI ServiceArizona Dealers PC/Web</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 are uncertain</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 DL and T&R transaction fees back to MVD)</i></p>	<p>\$500,000 was appropriated to fund a study of MVD's legacy systems which was initiated in September 2007.</p> <p>Sufficient funding is needed to replace the systems</p>	<p>HIGH, as a stand-alone strategy</p>

* 102 FTEs total for FY 2010 and FY 2011 are limited positions that need to be converted to permanent; 25 additional FTEs for FY 2012 through FY 2014 are needed for growth. This is the same number requested in FY 2007.

STRATEGIC MATRIX for STRATEGIC ISSUE #2:

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. • Lower telephone wait times (Call Center and Technical Support). • 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>	<p>Fund existing limited positions</p>	<p>Adequate funding of salary and ERE</p>	<p><i>HIGH, as a stand-alone strategy.</i></p> <p><i>HIGH and BEST, if integrated strategic approach is applied.</i></p>
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>	<p>See “Automation of Business Systems” above</p>	<p>See “Automation of Business Systems” above</p>	<p>See “Automation of Business Systems” above</p>	<p>See “Automation of Business Systems” above</p>
3. Increase third party staffing and services	<ul style="list-style-type: none"> • Reduce number of transactions in field offices, thereby decreasing wait times. • Increase options for customers including flexible hours, expansion of transaction types. • Increase public/private partnerships. 	<p>Would require more MVD quality assurance staff to ensure third party compliance with procedures,</p>	<p>Increase MVD field office staff</p> <p>Increase advertising for ServiceArizona</p>	<p>Moratorium was lifted July 2006, increasing the number of authorized service providers from 62 at the end of</p>	<p><i>HIGH, as a stand-alone strategy due to legislative interest.</i></p> <p><i>HIGH and BEST if integrated</i></p>

Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
		<p>and support staff to assist in opening of new locations</p> <p>Additional staff also needed to develop policy and procedure manuals, analyze business processes, and train new companies and their staff</p> <p>Increased financial oversight requirements</p> <p>Increased third party transaction costs to customer</p>		FY 2006 to 101 at the end of FY 2007.	<i>strategic approach is applied.</i>
4. 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	<p><i>MODERATE TO HIGH, as a stand-alone strategy.</i></p> <p><i>HIGH and BEST, if integrated strategic approach is applied.</i></p>

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. Strategies include: 1) provide the uniformity and standardization that will resolve equity issues that are addressed each time we experience turnover 2) provide career ladder opportunities aligned with increased complexity and responsibility and 3) simplify recruitment efforts in order to hire new employees as quickly as possible. The implementation of plans developed to address these needs is essential to fully accomplish long-envisioned recruitment and retention goals.

RESOURCE ASSUMPTIONS:

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	*				
Highway Fund	\$1,479,900				
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$1,479,900				

* Division classification/compensation decision package; affects 300 FTEs throughout MVD

STRATEGIC MATRIX for STRATEGIC ISSUES #3:

Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
1. Resolve salary inequities, raise salaries overall, and develop career paths in relation to technical expertise	<ul style="list-style-type: none"> • Stabilized, effective, and efficient core group of staff. • Improved level of expertise and professionalism. • Increased ability to attract and recruit highly qualified candidates when vacancies exist. • Comparable pay for comparable work. • Increased career development opportunities throughout Division. 	Additional PS/ERE costs	Fund existing limited positions	Adequate funding of salary and career path programs	<p><i>HIGH, as a stand-alone strategy.</i></p> <p><i>HIGH and BEST, if integrated strategic approach is applied.</i></p>

STRATEGIC ISSUE #4 - Identity and Data Theft/Fraud and the Federal Real ID Act: The Javelin 2006 Identity Fraud Survey Consumer Report, an update to the Javelin 2005 Report and the Federal Trade Commission’s (FTC) 2003 Identity Theft Survey Report, states that for the second year in succession, occurrences of identity fraud declined. However, that does not lessen the fact that in the last 12 months, 8.9 million American adults became victims of identity fraud and the average fraud amount per victim has increased to \$6,383 (21.6%). The annual amount of identity fraud has remained essentially unchanged at \$56.6 billion. Besides the increase in monetary expense of identity fraud, time for resolving fraud cases has increased from 33 hours in 2003 to 40 hours in 2006.

According to the Consumer Sentinel, a Consumer Fraud and Identity Theft Complaint Database (maintained by FTC), Arizona ranks number one in the nation in the number of identity theft victims with 9,113 identity theft complaints in 2006. Arizona ranks tenth in the number of fraud complaints reported (9,222) and its citizens paid out almost \$15 million in 2006.

Driver licenses and identification cards have become the standard for providing proof of identity and are the principal target for theft and fraud. More thorough enforcement will require enhanced business systems to generate better reporting, audit trails, title and transaction controls, a more thorough history and record of transactions, and more user-friendly inquiry systems to view the history of a record.

In May 2005, the “Real ID Act” was signed into law, which requires states by 2008 to:

- Verify that applicants for driver licenses or identification cards are U.S. citizens or lawful residents;
- Incorporate new authentic features into driver licenses and identification cards that are designed to prevent counterfeiting; and
- Increase each state’s ability to store digital images of applicants.

The law is intended to improve verification procedures to minimize homeland security vulnerabilities, immigration law, voter fraud, credit markets, federal and state benefits, and other criminal activity.

The language of the Real ID Act authorizes federal grants with no identification of timing and/or amounts. The worst-case scenario is that Arizona needs to be prepared to shoulder the multi-million dollar cost of implementing this act. Failure to comply with the provisions of this act leads to Arizona producing licenses and identification cards that “...clearly states on its face that it may not be accepted by any federal agency for federal identification or any other official purpose.” For Arizona, this act effectively places a portion of the responsibility of Homeland Security on MVD.

RESOURCE ASSUMPTIONS:

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs					
Highway Fund	\$500,000	\$500,000	\$500,000	\$500,000	
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$500,000	\$500,000	\$500,000	\$500,000	

STRATEGIC MATRIX:

Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
1. Replace Automated Business Systems and complete other necessary programming	In addition to pros already written about this strategy, <ul style="list-style-type: none"> The GAO reported that improved technology and software applications are critical to addressing this issue. 	See "Automation of Business Systems" above	See "Automation of Business Systems" above	See "Automation of Business Systems" above	See "Automation of Business Systems" above
2. Increase staffing levels	In addition to pros already written about this strategy, <ul style="list-style-type: none"> Ability to scrutinize field office transactions more thoroughly without lengthening overall customer visit time. 	See "Increase Staffing Levels" under Strategic Issue 2	See "Increase Staffing Levels" under Strategic Issue 2	See "Increase Staffing Levels" under Strategic Issue 2	See "Increase Staffing Levels" under Strategic Issue 2

STRATEGIC ISSUE #5 – Enhanced Driver License

As early as January 1, 2008, U.S. citizens traveling between the U.S. and Canada, Mexico, Central and South America, the Caribbean and Bermuda may be required to present a valid U.S. passport or another document (PASS card) as required through the Western Hemisphere Travel Initiative (WHTI).

MVD will create an Enhanced Arizona Driver License (DL)/ID credential that will allow Arizona citizens to cross the U.S./Mexico/Canadian borders without a passport or PASS Card. It will provide proof of citizenship, identity, and border crossing capability to Arizona residents.

An Enhanced DL/ID credential will facilitate border crossing with minimal impact on tourism or trade across the Arizona/Mexico border. Arizona residents or visitors receiving an Enhanced Arizona DL/ID will have land and sea border crossing privileges at a significant cost savings (\$15.00 for Enhanced ID) compared to paying for a passport or PASS Card. A lost or stolen card can easily be replaced at one of eight designated field offices. Arizona and DHS will agree if biometrics or other technology will be utilized as a fraud detection/prevention tool, and if so, which type.

Without an Enhanced DL/ID credential, Arizona citizens or visitors that do not have a passport or PASS Card will lose land and sea international border crossing privileges. Arizona may lose tourist dollars and residents who go to Mexico to purchase prescription drugs may have their health negatively impacted.

Effective January 1, 2008, every employer shall verify the employment eligibility of newly hired employees through the Employment Eligibility Verification (EEV) Program that provides an automated link to federal databases to determine employment eligibility and validity of their social security numbers. MVD and ADHS are currently considering a pilot Enhanced DL/ID project similar to the one in the state of Washington. If Arizona reaches an agreement with the federal Department of Homeland Security to issue the Enhanced DL/ID, it may serve as proof of employment eligibility, as the EEV database will be queried prior to credential issuance.

RESOURCE ASSUMPTIONS:

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	32				
Highway Fund	\$4,808,000				
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$4,808,000				

STRATEGIC MATRIX:

Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
1. Expand mainframe and DDL application efforts	<ul style="list-style-type: none"> Improved technology and software applications are critical to addressing this issue. Many pros already written about expanding technology also apply to this strategy 	Greater resources needed to create new credential	Sufficient funding to replace outdated business systems	Sufficient funding to replace outdated business systems	HIGH, as a stand-alone strategy

2. Increase staffing levels	<ul style="list-style-type: none"> • Wait times could possibly double, as documentation must be reviewed by CSR and electronically with EEV. Adequate staff will help offset the increase in customers/transactions. • Many pros already written about expanding technology also apply to this strategy 	<p>Additional training for staff requires increase in resources.</p> <p>High cost of hiring new staff</p>	Do nothing- If adequate staffing levels not obtained, Arizona citizens will only have option of passports which are unaffordable for many.	ADOT/MVD needs statutory authority to issue new credential	HIGH, as a stand-alone strategy
-----------------------------	---	---	--	--	---------------------------------

INTERMODAL TRANSPORTATION PROGRAM STRATEGIC ISSUES:

1. DELIVER THE FIVE-YEAR AND REGIONAL HIGHWAY CONSTRUCTION PROGRAM ON TIME AND WITHIN BUDGET:

As part of the process of annually updating the five-year Transportation Facilities Construction Program and the MAG Area Life Cycle Program, the State Transportation Board holds a series of public hearings around Arizona to provide an opportunity for public comment on the direction of the programming effort. The sessions, which help earn the public’s trust through truthful, open and ethical discourse, are structured to allow comments on any portion of the program the attendees wish to address. 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 develop a common understanding of the 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 both Proposition 300 and 400 Programs.

As Arizona’s urban cores continue to experience a high rate of growth, the efficient movement of goods, services and people will continue to be a significant success factor. Keeping pace with the high growth rate will require the full utilization of innovative financing, retention of engineering and management expertise as well as partnering with interested parties. This is especially true for the accelerated completion of the Maricopa Regional Freeway System by the middle of calendar year 2008. Voters in Maricopa County also approved a 20-year extension of the ½ cent sales tax (Proposition 400) through 2026. This extension will generate an estimated \$8.5 billion in current dollars for new or expanded freeway corridors to serve growth in the region and improvements to the existing system in order to reduce current and future congestion. The sales tax extension also will provide an average of approximately \$10

million per year to address quality of life issues relative to improving noise mitigation, landscaping care and restoration, general highway maintenance and litter control.

ADOT will seek ways to maximize the delivery of the five-year and regional construction program within the parameters permissible relative to current and future revenue streams. Growth in Transportation Excise Tax Revenues has improved significantly compared to the average growth over the past three years and was 8% higher than the projection for the fiscal year. However, construction bids for major projects have increased as much as 25% to 30%. The higher project costs are attributed to increased costs for construction materials as well as the uncertainties related to commodity prices and product availability. Additionally, substantial increases in real estate values have affected right of way costs. Although these trends are expected to moderate in the early years of the program, ADOT will remain vigilant in monitoring market conditions and costs to determine whether higher construction and right of way 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 into the design and construction process.

STRATEGIC MATRIX:

STRATEGIES	PROS	CONS	ALTERNATIVE SOLUTIONS	POLICY CHANGE	SUCCESS FACTOR
1. Accelerate delivery of the statewide construction program to the extent allowable by the available resources.	<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. 	<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. 	<ul style="list-style-type: none"> - Alternative funding sources e.g. private funding, public/private partnerships, toll roads, toll lanes, etc. - Phase-out the use of design consultants and replace with FTEs. 	<ul style="list-style-type: none"> - Some policy changes necessary. 	<ul style="list-style-type: none"> - HIGH, as a stand-alone strategy. - MODERATE to HIGH, if alternative solutions are applied.

	<ul style="list-style-type: none"> - Maximize available funding. - Demonstrate that priorities are being maintained. 				
--	--	--	--	--	--

RESOURCE ASSUMPTIONS: DELIVER THE FIVE-YEAR AND REGIONAL HIGHWAY CONSTRUCTION PROGRAM ON TIME AND WITHIN BUDGET.

DESCRIPTION	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	21.0	10.0	8.0	8.0	8.0
Highway Fund	\$14,200,000	\$14,250,000	\$15,300,000	\$15,300,000	\$ 15,600,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$14,200,000	\$ 14,250,000	\$15,300,000	\$ 15,300,000	\$ 15,600,000

2. MAINTAIN THE STATE’S INVESTMENT IN ITS TRANSPORTATION FACILITIES:

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 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 HOV lanes, general-purpose travel lanes, auxiliary lanes, frontage roads and traffic interchanges. In addition to maintaining the transportation infrastructure, ADOT also is aggressively pursuing new best management practices related to waste and storm water compliance issues, which must be addressed after completion of each

construction project. These are not one-time expenses and the Arizona Department of Environmental Quality monitors ADOT's compliance.

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. Currently, 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/or contracts to maintain landscaping, pick-up litter, repair cable 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. While new features and safety enhancements are added, ADOT still is required to take care of the existing feature inventory in order to extend its life cycle. Delays in preventive maintenance decrease the life cycle of the items in the feature inventory.

The maintenance staff has been challenged to meet the needs of maintaining new features with static or declining resources, while preserving the existing system. The recent sharp increase in the cost of materials has not only further encumbered an already under funded maintenance budget, but it also has diminished ADOT's ability to exceed the level of service standard considered to be acceptable by the public. The most visible result has been public concerns and comments relative to litter, landscaping and vegetation control, while the less visible maintenance activities such as pavement repair, drainage repair and roadside work, while safe to delay, have been reduced in frequency.

STRATEGIC MATRIX:

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. - Improve frequency of routine maintenance. - Increase public satisfaction and trust. 	<ul style="list-style-type: none"> - Short term essential maintenance needs are not met. - Long term significantly reduces 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. 	<p>HIGH, as a stand-alone strategy.</p> <p>MODERATE to HIGH, if alternative solutions are applied.</p>
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. 	<p>HIGH, as a stand-alone strategy.</p> <p>MODERATE to HIGH, if alternative solution is applied.</p>
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 a 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. 	<p>MODERATE, ongoing process emphasizing cost benefits of providing adequate funding for new features.</p>

RESOURCE ASSUMPTIONS: MAINTAIN THE STATE'S INVESTMENT IN ITS TRANSPORTATION FACILITIES.

DESCRIPTION	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	32.0	18.0	15.0	12.0	12.0
Highway Fund	\$ 12,470,400	\$ 7,500,000	\$6,200,000	\$5,800,000	\$5,200,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$ 12,470,400	\$ 7,500,000	\$6,200,000	\$5,800,000	\$5,200,000

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	Accelerate delivery of the construction program to the extent resources allow
Increase the total maintenance travel lane miles open to traffic to 27,855.	X	X	X
Maintain an International Roughness Index (IRI) smoothness rating factor of less than 171 (mediocre) on at least 95% 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 19,085.	X		X
Increase the travel lane miles in the Maricopa Regional Freeway System open to traffic to 892.	X		X
Ensure that the Transportation Board awards a minimum of 100% of the total construction dollars planned to be awarded.	X		X

TRANSPORTATION PLANNING PROGRAM STRATEGIC ISSUES:

1. ENHANCE TRANSPORTATION PLANNING CAPABILITIES:

Issue – The Department has embarked upon a series of transportation studies to determine the State’s transportation needs through the year 2030. The integration of planning for highways, rail, public transit and air are central to building a multi-modal transportation system to meet Arizona’s future transportation needs.

STRATEGIC MATRIX:

STRATEGIES	PROS	CONS	ALTERNATIVE SOLUTIONS	POLICY CHANGE	SUCCESS FACTOR
1. Hire additional planners with multi-modal planning capabilities to meet future organizational capacity needs.	- Organizational capacity is sufficient to meet long-range multi-modal transportation planning needs	- Delay timely completion of multi-modal transportation studies - Studies will be completed by other entities and state will have less influence over solutions	- Continue as we have - Explore the possibility of hiring consultants at a higher cost to the state	- None	- HIGH, as a stand-alone strategy. - MODERATE if alternative solutions are applied.

RESOURCE ASSUMPTIONS: ENHANCE TRANSPORTATION PLANNING CAPABILITIES

DESCRIPTION	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	15				
Highway Fund	\$14,200,000				
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$14,200,000				