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Northern Arizona Council of Gov'ts.
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Sun Corridor Metro. Planning Org.
Western Arizona Council of Gov'ts.
Yuma Metropolitan Planning Org.

September 11, 2020

RTAC LEGISLATIVE UPDATE

RELIEF PACKAGE REMAINS ELUSIVE, CONGRESS SHIFTS FOCUS TO APPROPRIATIONS AND REAUTHORIZATION: The Senate failed to secure the 60 votes needed to consider a \$500 billion COVID-19 relief package earlier this week bringing into doubt the ability to pass further relief prior to the November election. There will continue to be tremendous pressure to enact another relief bill as close to 30 million Americans are still receiving some form of unemployment assistance. To put that in perspective, 30 million is more than four times the size of Arizona's entire population. The funding source for the current additional federal unemployment assistance is expected to be fully exhausted within the next couple of weeks along with financial support to help keep businesses afloat. Despite the pressure, Congress is running out of time with a very crowded agenda including all of the appropriations bills for the next Federal Fiscal Year which starts in October.

Back in May, the House passed the HEROES Act totaling \$3.4 trillion and providing a wide array of relief assistance including \$875 billion for state and local governments, \$15 billion for highways and \$15.75 billion for transit. The highway funding would be the first directed to states to offset the losses of state-generated highway and road revenue. Before the push for the \$500 billion package this week, Senate leadership had proposed a \$1.1 trillion bill just prior to the August recess. During the recess, the White House indicated that they were open to increasing that total up to \$1.5 trillion and House leadership stated they could go as low as \$2.2 trillion down from their earlier passed \$3.4 trillion level. However, rather than continuing to move closer to a compromise level, the Senate came back from recess and pushed the \$500 billion proposal. Its direction and failure were clearly setbacks to enacting another relief bill prior to the November election.

Now, in addition to the appropriations bills, which must be passed on time in order to avoid a government shutdown, lawmakers must also address the expiration of the FAST Act, which has authorized federal surface transportation programs for the last five years and is also set to expire at the end of September. A reauthorization or extension is needed to prevent any disruptions to the timing and funding levels distributed to the states for highways, roads and transit systems.

With such little time to act, it is highly anticipated that a relatively short continuing resolution will be enacted to address next year's appropriations at least through the election and quite possibly through January when the next Congress convenes. For authorization, it appears that a one-year extension of the FAST Act is the most likely scenario.

Another challenge is the accelerated trajectory of the Federal Highway Trust Fund towards insolvency due to pandemic-related declining federal gas tax collections. Congress will need to direct a substantial amount of additional revenue into the Fund for next year just to maintain the status quo for highway and transit funding.

Advocates are pursuing a one-year extension to the FAST Act with funding increases, one-time pandemic relief funding, adequate revenue to retain Highway Trust Fund solvency and a waiver of local match requirements for next year's federal funding. The relief funding and local match waiver can be enacted directly through a FAST Act extension.

The additional increased funding is a bit more complicated. The extension can authorize increased funding levels but any additional funding will need to be appropriated as well. As the continuing resolution that will be needed quickly to avoid a government shutdown is likely to be "clean" (just supporting current spending levels), an appropriation matching any increased authorized funding levels will need to be included in whatever legislation follows the continuing resolution after it expires. So, in other words, the fate of any further transportation funding beyond one-time relief revenues will not be resolved until next year's appropriations for the entire fiscal year are resolved.

Unless the outlook for another relief bill changes dramatically and quickly, including relief funding and a local match waiver in a FAST Act extension has the best potential for mitigating at least some of the revenue losses that will need to be addressed in ADOT's five-year construction program update in the upcoming weeks.

STATE TRANSPORTATION BOARD TO CONSIDER TENTATIVE FIVE-YEAR CONSTRUCTUON PROGRAM UPDATE NEXT FRIDAY: While the future remains unknown concerning public health and the economy, we can say with certainty at least so far, that public revenue collections have not been nearly as impacted by the pandemic as initially feared.

From just April to August, the state's revenue forecast has been continually revised so that an initially projected multi-year revenue loss of \$1.1 billion has been whittled down to \$63 million. State Fiscal Year 2020 was initially expected to close with a \$638 million deficit and actually ended with a \$377 million carry forward balance. Revenue collections in July were the highest for any July in the State's history. Sales tax revenue alone was 13% higher than the previous July which is very impressive when considering the state's very strong economic performance and revenue collections in 2019.

Unfortunately, HURF has not been performing nearly as well as other state revenue sources which was also the case pre-pandemic. Vehicle miles travelled, and subsequently fuel tax collections, are clearly down as more people work remotely, more meetings are conducted virtually, online shopping increases, and people are generally spending far more time at home.

With that said, in all likelihood, HURF will also not be as negatively impacted as originally anticipated but the numbers aren't likely to improve to the same extent as the state's general fund.

In May, ADOT was anticipating a multi-year \$711 million loss in revenues. This included a projected \$145 million loss for State Fiscal Year 2020 which ended on June 30th. The year actually closed \$90 million below the pre-pandemic forecast. While decidedly better than \$145 million, \$90 million is still a significant hit. This improved adjustment is fairly consistent with other states as the American Association of Highway and Transportation Officials (AASHTO) also adjusted their nationwide lost state-generated revenue estimate from \$50 billion to \$37 billion.

An adjusted year-by-year revenue forecast from ADOT should be released next week as part of the tentative five-year construction program update that will be considered by the State Transportation Board next Friday, September 18th at 9:00 AM. The tentative update will also include proposed programming for the plan's newly added year, 2025 and the proposed adjustments needed for 2021-2024 to account for the likely reduced revenue projections.

The Board will also conduct a public hearing on the tentative program on October 16th and is scheduled to vote on the program at their October 27th meeting. All will be conducted virtually and can be accessed including the submittal of public comments thru the Board's website – aztransportationboard.gov

GILA COUNTY AWARDED \$21 MILLION FEDERAL GRANT FOR TONTO CREEK BRIDGE: It was announced yesterday that Gila County will receive a \$21 million federal grant for the Tonto Creek Bridge project to span the Tonto Creek crossing where three children died last year. The award will come from the 2020 Better Utilizing Investments to Leverage Development (BUILD) discretionary grant program, formerly known as TIGER. Congratulations to Gila County!

RTAC RECEIVES TRANSPORTATION LEADER OF THE YEAR AWARD FROM ARIZONA CAPITOL TIMES: RTAC has been chosen for a 2020 Leaders of the Year Award for Transportation by the Arizona Capitol Times. As quoted in the Times; "Each year, the Arizona Capitol Times recognizes men, women, and organizations that have contributed greatly to the growth of our state. These groups, companies, & individuals hunker down each day to find ways to improve the quality of life of Arizonans. This year's awardees tirelessly work to advance their companies, communities and cities. Collectively, their contributions have allowed Arizona to flourish."

It is certainly an honor to receive such recognition for the work that the Rural Transportation Advocacy Council (RTAC) continues to perform towards the education and advocacy of our state's transportation infrastructure needs and impacts, particularly for the rural communities and smaller metropolitan areas across Greater Arizona.

RTAC is represented by a governing board of locally elected officials and supported by the Councils of Government (COG) and Metropolitan Planning Organizations (MPO) statewide. For 2020, the Board was chaired by Pinal County Supervisor Steve Miller and Coconino County Supervisor Matt Ryan and consisted of the following members:

Craig Brown	Yavapai County Supervisor
Maria Cruz	San Luis Vice Mayor
Paul David	Graham County Supervisor
Rachel Gray	Sierra Vista Mayor Pro Tem
Tim Humphrey	Gila County Supervisor
David Lane	Lake Havasu City Vice Mayor
Vince Manfredi	City of Maricopa Councilmember
Cecilia McCollough	Wellton Mayor
Steve Miller	Pinal County Supervisor
Rick Mueller	Sierra Vista Mayor
Terry Nolan	Dewey-Humboldt Mayor
Charlie Odegaard	Flagstaff Councilmember
Bob Rivera	Thatcher Mayor
Matt Ryan	Coconino County Supervisor
Cal Sheehy	Lake Havasu City Mayor
Jon Thompson	Coolidge Mayor
Tom Thurman	Yavapai County Supervisor
Gary Watson	Mohave County Supervisor

RTAC also receives guidance and input from the Management Committee consisting of the Executive Directors of all the Greater Arizona regional transportation planning agencies:

Brian Babiars	Western Arizona Council of Governments
Chris Bridges	Central Yavapai Metropolitan Planning Organization
Chris Fetzer	Northern Arizona Council of Governments
Vinny Gallegos	Lake Havasu Metropolitan Planning Organization
Randy Heiss	SouthEastern Arizona Governments Organization
Irene Higgs	Sun Corridor Metropolitan Planning Organization
Karen Lamberton	Sierra Vista Metropolitan Planning Organization
Jeff Meilbeck	Flagstaff Metroplan
Andrea Robles	Central Arizona Governments
Paul Ward	Yuma Metropolitan Planning Organization

To the RTAC Board and Managers, thank you for your representation, work and support of the organization and transportation infrastructure needs of Greater Arizona!