

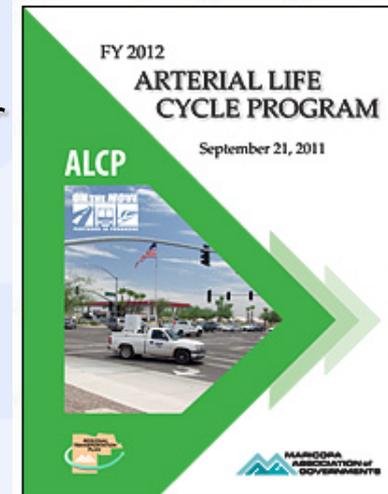
FISCAL YEAR 2013 ARTERIAL LIFE CYCLE PROGRAM UPDATE

REGIONAL COUNCIL
SEPTEMBER 26, 2012



ARTERIAL LIFE CYCLE PROGRAM (ALCP)

- Arizona Revised Statutes 28-6352 (B) requires that MAG have a budget process for the ALCP that ensures that the program is financially balanced.
- During the annual update and fiscal analysis in April 2012, a **Program Deficit** was identified
- FY2013 and beyond, reimbursements cannot occur if the program is not in balance
- Memo to address deficit was distributed, and working group meeting was scheduled



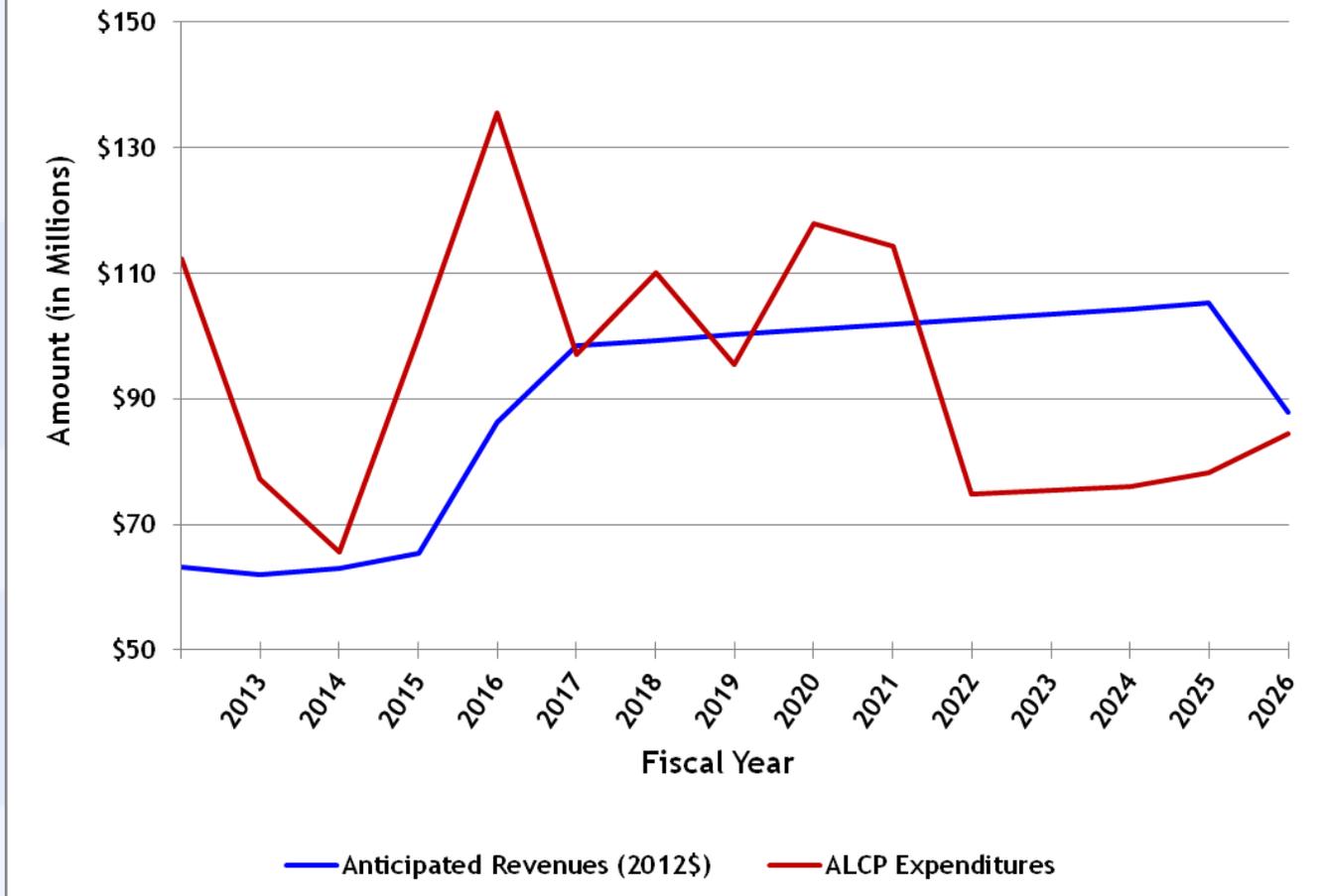


ALCP FUNDING FORECAST CHANGES

Revenue Source	2003 Forecast	2012 Forecast	<i>Difference</i>	Percent
Sales Tax	\$ 1,292.8	\$ 763.7	\$ 529.1	40.9 %
STP	\$ 855.7	\$ 747.7	\$ 108.0	12.6 %
CMAQ	\$ 184.9	\$ 133.0	\$ 51.9	28.1 %
Total	\$ 2,333.4	\$ 1,644.4	\$ 689.0	29.5 %

IN MILLIONS

Prior to Draft FY 2013 ALCP Anticipated Revenues vs. Programmed





SCENARIOS TO ACHIEVE FISCAL BALANCE

1. **Keep Bonding and Inflation:** Defer and cut projects and/or reimbursements from the program; **\$35-40 million deficit**.
2. **Eliminate Bonding:** Defer projects 4-6 years and **cut \$10 million** from the program.
3. **Eliminate Bonding and Eliminate Inflation:** Projects would defer 2-4 years, **no project cuts would be necessary**.
4. **Alternative Scenarios**
 1. Reduce all reimbursements by the % necessary to rebalance (still would require some deferrals, and large bonding required, for additional debt service costs)



THE ALCP WORKING GROUP RECOMMENDATION:

Scenario #3 was chosen to produce the first draft: eliminate bonding for projects in the future, and will eliminate inflation being applied to future reimbursements until such time as revenues recover.

- **Eliminating bonding & inflation is a deviation of policy from the approved ALCP Policies and Procedures**



FY2013 DRAFT ALCP

First draft distributed on July 18th to member agencies for review

- Many agency comments were received
- A second working group was held, and the draft was discussed on July 30, 2012
 - At the Working Group the Financial Projections were reviewed
 - Staff requested additional rebalancing suggestions and agency priorities.



RESULTS TO ACHIEVE FISCAL BALANCE:

The Updated Draft was produced with additional recommendations included.

Which eliminates bonding for projects, and eliminates inflation that would be applied to reimbursements until such time as revenues recover.

- Most projects deferred 1-3 years
- No projects deleted from program
- No additional projects moved to unfunded years
- No additional reimbursement cuts



**TPC recommended modifying the action to include:*

APPROVAL OF:

- THE DRAFT FY 2013 ARTERIAL LIFE CYCLE PROGRAM *as a one-time, non-precedence setting approval in order to achieve fiscal balance. The program policies remain unchanged.*
- AND THE AMENDMENTS AND ADMINISTRATIVE MODIFICATIONS TO THE FY 2011-2015 MAG TRANSPORTATION IMPROVEMENT PROGRAM AND TO THE REGIONAL TRANSPORTATION PLAN 2010 UPDATE, AS APPROPRIATE.



ARTERIAL LIFE CYCLE PROGRAM

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