MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION POLICY COMMITTEE MEETING

February 16, 2011
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Mayor Scott Smith, Mesa, Chair
Councilwoman Peggy Neely, Phoenix, Vice Chair
Ron Barnes, Total Transit
\# Mayor Bob Barrett, Peoria
Dave Berry, Swift Transportation
* Jed Billings, FNF Construction
Councilmember Jack Sellers, Chandler
* Councilmember Shana Ellis, Tempe
\# Councilmember Dick Esser, Cave Creek
* Mark Killian, The Killian Company/Sunny Mesa, Inc.
\# Mayor Jim Lane, Scottsdale
* Phil Matthews, Salt River Pima-Maricopa Indian Community
* Mayor Jackie Meck, Buckeye
Vice Mayor Les Presmyk, Gilbert
* Mayor Marie Lopez Rogers, Avondale
* Mayor Elaine Scruggs, Glendale
Karrin Kunasek Taylor, DMB Properties
\# Mayor Lyn Truitt, Surprise
\# Supervisor Max W. Wilson, Maricopa County
Victor Flores, State Transportation Board
* F. Rockne Arnett, Citizens Transportation Oversight Committee

* Not present
\# Participated by telephone conference call
\+ Participated by videoconference call

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair Scott Smith at 5:18 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Smith noted that Mayor Bob Barrett, Mayor Jim Lane, Mayor Lyn Truitt, and Supervisor Max Wilson were participating in the meeting by telephone.

Chair Smith introduced Ron Barnes from Total Transit, who was appointed to the TPC by Speaker Kirk Adams.

Mr. Barnes stated that he was National Business Development for Total Transit. He said that he has been in the industry for more than 30 years and served as the Chair of the American Public Transportation Association (APTA) and Conference of Minority Transportation Officials (COMTO). Mr. Barnes stated that he currently is Vice Chair of the Mesa Transportation Committee and on the AZTA Board of Directors. He expressed that he was excited for the opportunity to serve the community and on the planning process.

Chair Smith requested that members of the public fill out blue cards for Call to the Audience and yellow cards for consent or action items on the agenda, and then turn in the cards to staff, who will bring them to him. He stated that parking garage validation and transit tickets for those who used transit to attend the meeting were available from staff.

3. Call to the Audience

Chair Smith stated that an opportunity is provided to the public to address the Transportation Policy Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Citizens will be requested not to exceed a three minute time period for their comments. An opportunity is provided to comment on agenda items posted for action at the time the item is heard.

Chair Smith noted that three cards had been submitted for agenda item #7. He noted that since no action was being taken, public comments would be heard under Call to the Audience.

Chair Smith recognized public comment from John Maurin, residing at 340 N. 21st Avenue in Phoenix, a resident of the St. Matthew's Neighborhood for his entire life. Mr. Maurin stated that the recommended light rail route is not a good route. He reported that the houses in this neighborhood were built in the 1893 to 1915 time frame. Mr. Maurin expressed his concerns that when Jefferson is widened to accommodate light rail, the front yards of these homes will be only 10 feet to 15 feet from the house to the sidewalk. He stated that the light rail transit committee has not given an accurate accounting of the facts. Mr. Maurin stated that light rail is needed, just a different route. He said that the closure of the I-17 frontage road will cut off access. Mr. Maurin stated that so far, 130 people have signed a petition in opposition to the Jefferson Street route and the petition is expected to be complete this weekend. He suggested that 19th Avenue might be a better route. Chair Smith thanked Mr. Maurin for his comments.

Chair Smith recognized public comment from Reid Butler, residing at 340 E. Earll Drive in Phoenix, who is owner of several properties in Central Phoenix. Mr. Butler stated that he was a big supporter of light rail and has invested his time and capital in the area. Mr. Butler stated that he thought the Jefferson Street alignment was not optimal and there was a better solution. He stated that Jefferson Street does not have the width to accommodate light rail and traffic without taking out front yards. Mr. Butler requested that options be kept open. He commented that there may be a better way than through the St. Matthew's area. Mr. Butler stated that the light rail crossing the railroad tracks will require a tunnel or an elevated crossing, which he noted would be the only one on the 20-mile route. Mr. Butler requested that options be kept open. Chair Smith thanked Mr. Butler for his comments.

Chair Smith recognized public comment from Louisa Stark, residing at 902 W. Culver in Phoenix. Ms. Stark reported that because her neighborhood was cut in half by I-10, she was familiar with a large public process. Ms. Stark stated that she serves as Chair of the Weed and Seed Committee of which St. Matthew's was a part, so she knew what was occurring in that neighborhood. She stated that she thought the time has passed when neighborhoods are torn out for development and when public transportation routes are put in that they would avoid this. Ms. Stark stated that the alignment on Jefferson Street will have a negative impact on the St. Matthew's neighborhood, which was historically occupied by the African-American middle class at a time when they could not live north of Van Buren Street. She stated that the neighborhood is still home to many older African-Americans and a number of Latinos. Ms. Stark stated that it is a peaceful neighborhood with many old buildings and it deserves consideration. Ms. Stark's time expired. She stated that she supports light rail, but requested that a better route be found. Ms. Stark stated that she preferred McDowell Road to 19th Avenue, which is an area in need of redevelopment. She remarked that she was not sure the old buildings on Jefferson Street could withstand construction. Ms. Stark stated that only three people out of 130 declined to sign the petition. Chair Smith thanked Ms. Stark for her comments.

4. Approval of Consent Agenda

Chair Smith stated that agenda item #4A was on the consent agenda.

Chair Smith asked members if there were changes to the minutes. No requests were noted. Vice Mayor Presmyk moved to approve agenda item #4A on the consent agenda. Vice Chair Neely seconded, and the motion carried unanimously.

4A. Approval of the November 17, 2010, Meeting Minutes

The Transportation Policy Committee, by consent, approved the November 17, 2010, meeting minutes.

5. Arterial Life Cycle Program Deficit and Scenarios for Balancing the Program

Eileen Yazzie, MAG Transportation Program Manager, reported on the Arterial Life Cycle Program (ALCP) deficit and scenarios for balancing the program. Ms. Yazzie stated that the ALCP has three funding sources: the half cent sales tax (Regional Area Road Fund or RARF), Surface Transportation Program (STP) funds and Congestion Mitigation and Air Quality (CMAQ) funds. She stated that when the Regional Transportation Plan was put together, the TPC was relied on for policy direction and to put together the program and the listing of projects. Ms. Yazzie noted that there was no ALCP in the Proposition 300 program. She stated that an ALCP Working Group works on the technical aspects of the program.

Ms. Yazzie then addressed the projected revenues of the half cent sales tax (RARF) for the ALCP. She noted that the projections done in November 2003 showed $1.3 billion in revenue over the life of the tax. The revenue projection decreased to $1 billion in 2009 and further decreased to $770 million in 2010, a decrease of $580 million over the life cycle of the arterial program. Ms. Yazzie stated that beginning in 2012, the ALCP will not be in balance with the revenue projections. She noted that including federal funds and the revenue projections, there is an estimated shortage of approximately $215 million to $220 million in the ALCP program.

Ms. Yazzie commented that when the ALCP Policies and Procedures were first developed, no one realized that the program would face such large deficits. She stated that the current ALCP policy, which is Scenario I, says that ALCP projects may be delayed if there is a deficit of Program funds, and ALCP projects will be delayed in priority order of the ALCP. Ms. Yazzie pointed a list of the Lead Agencies that would be building the projects and the amounts deferred totaling $216.9 million. She noted that some of the Lead Agencies have project partners.

Ms. Yazzie stated that the Working Group looked at developing different scenarios for dealing with the deficit. She said that Scenario II looked at the amount remaining from FY 2012 to FY 2026 and applying the amount across the board instead of delaying projects in priority order. She displayed a chart of the impact to the Lead Agencies totaling $216.9 million.

Ms. Yazzie stated that Scenario III takes into account all the Lead Agencies' projects back to 2006. She noted that those already reimbursed would not have to repay the program – it would just take into account the amount that was programmed to them. She displayed a chart of the impact to the Lead Agencies totaling $216.9 million.

Ms. Yazzie summarized that Scenario I stays the course and delays projects in priority order; Scenario II makes cuts to the remaining projects; Scenario III takes a holistic approach and makes cuts to all projects.

Ms. Yazzie reported that the ALCP Working Group met in December and reached a consensus to move forward with Scenario III, and also that whatever scenario is approved, if funding returns, to ensure projects are brought back to the program for funding. She said that the next steps are to receive input from the TPC, then continue to work with the ALCP Working Group with changes to the Policies and Procedures and start to rebalance the projects, after which staff would come back before the TPC. Chair Smith thanked Ms. Yazzie for her report and asked members if they had questions.

Mr. Berry asked for clarification of the composition of the ALCP Working Group and if they had received internal approval from their individual jurisdictions on the scenarios. Ms. Yazzie replied that all MAG member agencies are welcome to attend the Working Group meetings. She noted that most of the meeting attendees are the Lead Agency representatives and project partner representatives. Ms. Yazzie stated that shortly after the TPC agenda was mailed, staff heard from the City of Peoria that it was concerned with Scenario III, but they heard back from the other Lead Agencies that they agreed with Scenario III.

Mayor Barrett stated that he would vote against Scenario III because the impact to the City's CIP over five years would be approximately $5 million.

Councilman Sellers moved to recommend the Scenario III methodology in bridging the $232 million gap in the Arterial Life Cycle Program. Vice Chair Neely seconded.

Chair Smith asked if there was discussion of the motion.

Vice Mayor Presmyk asked for clarification of the deferral amounts shown in Ms. Yazzie's presentation of $216.9 million versus the $232 million in the motion. Ms. Yazzie replied that the deficit of $232 million is the actual difference of the half cent sales tax projections from the previous year to this year. She explained that with the $216.9 million estimate there is a bonding mechanism in the financial workbook to make up some of the deficit.

Vice Mayor Presmyk asked if the motion should say $216.9 million, not $232 million. Ms. Yazzie replied that the $232 million number is being used because these are still estimates and the actual deficit of the half cent projections is $232 million, versus the $216.9 million in the financial workbook.

Chair Smith asked for clarification if the TPC would need to take action again if projections change, or if it was recommending a formula and scenario. Eric Anderson, MAG Transportation Director, said that he thought it might be wise to select a scenario and then leave the number loose because it is an estimate. He stated that the goal is not to come back to the TPC every time the projections change, but staff will be back before the TPC with changes to the ALCP. Mr. Anderson added that he thought a more generalized motion to follow Scenario III and to close the deficit in the ALCP might be a more appropriate motion.

Councilman Sellers, as maker of the motion, agreed to the change. Vice Chair Neely, as second, agreed.

Mr. Berry commented that if no action was taken Scenario I would remain the existing policy. He asked for clarification if the TPC was voting to change the policy or keep the current policy in place and this is a patch. Mr. Anderson replied that this was about closing the gap in the ALCP. He noted that one of the recommendations of the ALCP Working Group was if revenue was above the projections the same methodology used for Scenario III would be mirrored to put money back in the same proportions. He said that he thought there is a need to work through whether this is a permanent policy change or a one time fix due to the size of the deficit.

Chair Smith remarked that if there is no deficit, there is no policy to play out. Perhaps by not changing the policy, reevaluate the situation and see if the scenarios hold.

Mr. Anderson stated that if revenue substantially improves from the current projections, staff would come back to the TPC for guidance. He said that the Working Group is recommending that increases in revenue be applied in the same way as decreases in revenue.

Chair Smith asked if revenue recovers this action would reverse the process and return funds to the agencies. He stated that the question is if it does not return and there is another dip, this action would not cover that and the TPC would have to come back for another analysis. Mr. Anderson replied that was correct. He indicated he did not know when it might happen and it would depend on many factors, for example, where we are in the program, etc.

Chair Smith asked if it was accurate to say that the policy was not being changed because a change would apply no matter the revenue level, any increases in the revenue would apply the same way as the deficit. This is a fix to the $232 million gap, and if the situation changes the TPC would have to come and reevaluate how it would be handled. Mr. Anderson replied yes.

Mr. Berry stated that it seems implicit if establishing a patch or process for making adjustments down, the same methodology be used for increases above the funding level. If there is a better economy the funds would be restored in the same proportions, but it seems this recommendation keeps the current policy in place, uses this patch for now, and if the revenue is different in the future, readjustments would be made at that time. Mr. Anderson replied that was correct, due to uncertainty. He stated that staff is looking for input tonight. Mr. Anderson stated that the immediate goal is to close the deficit. He suggested that when the revised ALCP is brought back, staff also could bring a suggested policy on how to handle improved revenue.

Chair Smith confirmed that this process would be followed until the revenue recovers, at which time the TPC would work on a policy to use going forward.

Mr. Anderson commented that if the $220 million in future revenue is picked up, he felt it only fair to restore funding to the original agencies, and if there are increases in revenue, the existing policy could handle those increases or smaller decreases.

Mr. Berry asked if this honors the commitment for regional equity and firewalls between modes. Mr. Anderson replied yes.

Vice Chair Neely expressed she thought this was a good policy to get the program balanced, but she strongly disapproved of any new programs being added.

Chair Smith confirmed his understanding that Scenario III does not anticipate any new programs. Ms. Yazzie replied that was correct.

With no further discussion, the vote on the motion passed, with Mayor Barrett voting no.

6. Transit Policy and Programming in the Region

Ms. Yazzie reported that last year, MAG assumed the responsibility for programming federal transit funds in the MAG region. She stated that this item was for information and discussion tonight and staff is looking for guidance on policy for programming federal transit funds. Ms. Yazzie stated that the TPC has not recently been involved in policy discussions of transit programming because Regional Public Transportation Authority (RPTA) previously handled much of the programming of transit funds. She explained that this exercise was being conducted because $30 million for preventive maintenance has been programmed as a placeholder in the FY 2011-2015 Transportation Improvement Program (TIP) and policy guidance is needed before programming this amount. Ms. Yazzie stated that the Transit Committee and MAG staff have been working together since September 2010 and upon review of the Regional Transportation Plan (RTP), noticed some inconsistencies with the direction of Proposition 400 and federal transit funds. Ms. Yazzie stated that the memorandum in the agenda packet outlines three topics she would address in her presentation. She stated that when the Regional Council approved the FY 2011-2015 TIP, also included was language that the $30 million in preventive maintenance would be reviewed.

Ms. Yazzie provided background on the programming of federal transit funds. In 2003, MAG approved the RTP and in 2004, Proposition 400 was approved by the voters. Ms. Yazzie stated that in 2010, MAG assumed the responsibility to program federal transit funds. In April 2010, Senate Bill 1063 was enacted that defined the responsibilities of RPTA and MAG for implementing the public transportation element of the RTP. Ms. Yazzie stated that a memorandum of understanding was signed by MAG, RPTA, METRO, and the City of Phoenix as the designated recipient, for cooperative planning and decision making regarding transit planning and programming.

Ms. Yazzie displayed a graphic of the funding sources in the transit portion of the RTP. She noted that her presentation's focus was on policy guidance for the federal transit funds only.

Ms. Yazzie stated that the first policy question is what transit components should be funded by federal transit funds, in particular, capital and preventive maintenance. She said that the Transit Life Cycle Program (TLCP) funds a lot of capital expense and does not support some components of the transit system with operations funds. Ms. Yazzie stated that federal transit funds fund a majority of capital expenses. She stated that federal funds consider preventive maintenance as capital but it is a part of the operations budget. Ms. Yazzie noted that in the Valley, approximately $50 million per year is allocated for transit preventive maintenance. She stated that federal funds can be used for Supergrid, Freeway Bus Rapid Transit (BRT) and Express Bus, Arterial BRT, Local Fixed Route Service, Paratransit: ADA, Paratransit: Non-ADA, Light Rail/Street Car Transit, Rural/Non-Fixed Route Transit, and Vanpool.

Ms. Yazzie stated that the second policy question is whether a certain amount of federal transit funds should be dedicated to preventive maintenance. She reported that the RTP does not discuss preventive maintenance, but it is a part of the budget. Ms. Yazzie stated that in 2001, the RPTA and transit operators agreed to set funding for preventive maintenance at approximately $6 million. She said that the transit system has changed since then and clarification is needed on what preventive maintenance should fund and how much. Ms. Yazzie pointed out the total amount of 5307 funds and the amounts programmed for preventive maintenance, which is about 13 percent. She noted that the unprogrammed funds remaining after programming the TLCP have been steadily increasing, which is actually the result of the deficit of funds, because new routes are not implemented nor park and ride lots built. Ms. Yazzie also noted that American Recovery and

Reinvestment Act funds also impacted the unprogrammed amount because about $66 million went toward building projects.

Mr. Anderson noted the importance of preventive maintenance to the budgets of local transit operators because it is a significant portion of their operating budget, especially with the downturn in local revenues. He stated that in 2001, a de facto group developed a policy that was never approved by any policy body, so it is important to get some policy clarification. Mr. Anderson pointed out that preventive maintenance did not include any funding for the light rail program, and one policy question is whether light rail should be at the table to receive preventive maintenance funding.

Chair Smith asked how the original amount was determined. Ms. Yazzie replied that in 2001, RPTA was programming the transit funds. She said that she understood it was a staff and transit operators' discussion to set aside approximately $5 million to $6 million and she thought they were looking at a stop-gap in their budgets. Ms. Yazzie noted she understood it was not a data driven decision, and it continues to this day.

Chair Smith asked the basis if the amount was not based on actual costs. Mr. Anderson replied there is not a lot of documentation on how they arrived at the amount.

Chair Smith asked if data and actual costs are now available. Ms. Yazzie replied yes. Chair Smith asked if that is why the two options are not to decrease the amount but perhaps to increase it. Ms. Yazzie replied that was correct. She said that this was relevant to the third policy question on how to program the funds and set up a process. Ms. Yazzie stated that a cut could be taken off the 5307 funds and distribute it based on a data driven policy or mechanism. She stated that MAG staff has been working with the Transit Committee and the operators and has run about 20 different scenarios using different data factors. Ms. Yazzie stated that for unprogrammed funds, the TPC could establish a process on the frequency of looking at operations needs, and whether the funds could be applied to preventive maintenance or some other element, such as safety or new technology, for example.

Mr. Berry stated that his firm has approximately 60,000 vehicles and he was familiar with preventive maintenance. He asked if there was a difference between repairs and preventive maintenance. Mr. Anderson replied that the definition of preventive maintenance from federal guidance is "All maintenance costs related to vehicles and non-vehicles including all activities, supplies, materials, labor, services and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner." He said that he thought pretty much all maintenance activities could qualify.

Mr. Berry stated that he thought of preventive maintenance as replacing a part before it fails, and then once the part fails or is worn out, it is a repair. He said preventive maintenance is referring to the cost of driving except things like fuel, driver wages, insurance, and a couple of other minor things. Mr. Berry asked if preventive maintenance was the bulk of the operating cost. Ms. Yazzie replied that was correct. She stated that the non-facility maintenance cost per year in this region is $50 million to $60 million. Ms. Yazzie stated that federal guidance says that they will not fund operations, but you can come under preventive maintenance and associated capital and use federal funds to work into your operations budget.

Mr. Berry stated that there was a great deal of discussion of funding operating costs versus capital costs when Proposition 400 was put together, and he recalled very little money was included for operating costs, which includes maintenance, and funding for that would need to be found elsewhere. Ms. Yazzie replied that Proposition 400 did set guidance that light rail operations, paratransit non-ADA operations would not be funded with sales tax funds. She stated that since 2001, they have started funding some of those areas with federal transit funds Ms. Yazzie stated that federal funds have many different formulas – some are driven by revenue miles and some by passenger miles – so local service supports a large part of the federal funds this region receives. She said that the question is whether to extend the lifeline to transit operators.

Mr. Berry stated that some of the surplus resulted from receiving unanticipated capital. He wanted to ensure that funding is not being supplanted, commitments are being honored and this is not an accounting game. Mr. Berry stated that there are a lot of factors that impact maintenance expense, such as the age of the fleet, and can vary greatly year to year. He expressed his concern for putting money toward preventive maintenance and people trying to spend it because they have it and not because they need it.

Mr. Anderson stated that total annual preventive maintenance for the region is $55 million to $60 million, and none of the Proposition 400 funds is being used. He added that he thought the Proposition 400 commitments were being honored. Mr. Anderson stated that he thought preventive maintenance is underfunded in this region, and he added that some regions use all of their federal transit funds are used for preventive maintenance. He said that it also helps the transit operators stabilize their budgets. Mr. Anderson noted that clarification regarding the federal transit funds was needed.

Ms. Yazzie stated that the $11.7 million for FY 2011 preventive maintenance is after the TLCP priorities have been met and also accounts for the fleet replacement demands for the future.

Mr. Berry commented that it appears the region is missing out on federal transit funds because there is a lack of matching funds at the state level. He said that it looks like there is $15 million that could be used toward matching funds. Mr. Anderson replied that it is not quite accurate that there are not enough matching funds. He explained that when buses are purchased with federal funds, purchasers are required to demonstrate they have the funds to operate them. Mr. Anderson stated that due to the downturn in the economy, many transit operators do not have enough money to operate as large a fleet as they thought, and the demand for buses has decreased. Mr. Anderson stated that another factor is some facilities that are part of the TLCP are being delayed due to the downtown of the sales tax revenue. For both of these reasons, federal money has been left on the table and that is where guidance is needed.

Mr. Berry expressed he was uncomfortable with this because he felt there was not enough data to make good decisions. If the fleet is shrinking and funding for maintenance is increasing, that is counterintuitive. He asked what happens when the revenue increases and we want to start spending on capital projects, but that funding has been allocated to preventive maintenance.

Ms. Yazzie stated that staff could cross check the information with the transit operators regarding the preventive maintenance needs remaining constant with a shrinking fleet. She stated that regarding programming remaining funds, a dynamic process could be set up that does not lock us in for 20 years, and there would be parameters for a set period followed by reevaluation by the TPC. Ms. Yazzie stated that it would be responsive and fluctuate with needs.

Chair Smith stated that the TPC needs to know the baseline in order to make decisions. He stated that the basis for the 13 percent is not known and the TPC needs to know that to establish what it costs to maintain the fleet. Chair Smith asked who purchases a bus if one wears out. Ms. Yazzie replied that it is mainly the local operator. She said that $5 million to $6 million annually is allocated out of approximately $50 million.

Chair Smith stated that the TPC wants to ensure there is joint responsibility and these are not just budget pluggers.

Ms. Yazzie stated that more information regarding operations preventive maintenance budgets could be brought back to the next meeting.

Mr. Berry expressed his agreement with Chair Smith. He remarked that costs vary widely from year to year, but in his business, they are actually driving maintenance costs down through a number of methods and are getting improved performance. For example, ten years ago they changed oil twice as frequently as they do now, and this is with the manufacturer's blessing. Mr. Berry stated that it was just that he had no knowledge on which to base a decision, and it made him nervous to hand out money just because we have it, when there are so many needs.

Ms. Yazzie stated that she could find out from the operators the efficiency and operations of their maintenance facilities. She also suggested the TPC could have study sessions in the next couple of months to have detailed discussions on this topic.

Chair Smith stated that more foundation is desired and a good baseline is needed before deciding direction.

Ms. Yazzie stated that she would take the input from the TPC and will be back before the Committee in March or April.

It was noted that a quorum was not present, at which time Mr. Smith advised that the meeting would need to adjourn.

7. Phoenix West Alternatives Analysis Update and Operating Plan

This agenda item was not considered.

8. Multimodal Transit System Tour - MAG Region Peer Cities

This agenda item was not considered.

9. Western High Speed Rail Alliance/State Rail Plan Update

This agenda item was not considered.

10. Don't Trash Arizona Litter Prevention and Education Program

This agenda item was not considered.

11. Legislative Update

This agenda item was not considered.

12. Request for Future Agenda Items

This agenda item was not considered.

13. Comments from the Committee

This agenda item was not considered.

Adjournment

The meeting at 5:25 p.m.

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Chair

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Secretary