

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
TRANSPORTATION POLICY COMMITTEE MEETING

March 20, 2013  
MAG Office, Saguaro Room  
Phoenix, Arizona

MEMBERS ATTENDING

Mayor W. J. “Jim” Lane, Scottsdale, Chair  
Mayor Jackie Meck, Buckeye, Vice Chair  
# F. Rockne Arnett, Citizens Transportation  
Oversight Committee  
Ron Barnes, Total Transit  
Councilmember Cathy Carlat, Peoria  
Dave Berry, Swift Transportation  
\* Jed Billings, FNF Construction  
Vice Mayor Ben Cooper, Gilbert  
\* Mayor Mark Mitchell, Tempe  
\* Councilmember Dick Esser, Cave Creek  
Joseph La Rue, State Transportation Board

\* Mark Killian, The Killian Company/Sunny  
Mesa, Inc.  
\* Lt. Governor Stephen Roe Lewis, Gila River  
Indian Community  
\* Garrett Newland, Macerich  
# Mayor Marie Lopez Rogers, Avondale  
Mayor Georgia Lord, Goodyear  
Mayor Jerry Weiers, Glendale  
Vice Mayor Jack Sellers, Chandler  
\* Mayor Scott Smith, Mesa  
\* Mayor Greg Stanton, Phoenix  
Karrin Kunasek Taylor, DMB Properties  
\* Vacant, Maricopa County  
Mayor Sharon Wolcott, Surprise

\* 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 W. J. “Jim” Lane at 12:05 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Mayor Marie Lopez Rogers and Mr. Roc Arnett participated in the meeting by telephone.

Chair Lane welcomed Peoria Councilmember Cathy Carlat to her first TPC meeting.

Chair Lane 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 Lane 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. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Transportation Policy Committee requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Chair Lane noted that no comment cards had been received.

4. Approval of Consent Agenda

Chair Lane stated that agenda items #4A, #4B, #4C, and #4D were on the consent agenda. He stated that public comment is provided for consent items. Chair Lane asked members if they would like to remove any of the consent agenda items or have a presentation. No requests were noted. No public comment cards were received.

Mr. La Rue moved to recommend approval of agenda items #4A, #4B, #4C, and #4D on the consent agenda. Vice Mayor Sellers seconded, and the motion carried unanimously.

4A. Approval of the January 23, 2013, Meeting Minutes

The Transportation Policy Committee, by consent, approved the January 23, 2013, meeting minutes.

4B. Amendments and Administrative Modifications to the FY 2011-2015 MAG Transportation Improvement Program, and Changes to the Regional Transportation Plan 2010 Update for FFY 2013 MAG Closeout Funds: Design Phase for FY 2015 Congestion Mitigation and Air Quality Projects

The Transportation Policy Committee, by consent, recommended approval of the Congestion Mitigation and Air Quality (CMAQ) projects for a design phase that will authorize in FFY 2013, up to the maximum federal share of 94.3 percent of eligible project costs and of the necessary amendments and administrative modifications to the FY 2011-2015 MAG Transportation Improvement Program, and as appropriate, changes to the Regional Transportation Plan 2010 Update. To ensure that all estimated levels of Congestion Mitigation and Air Quality (CMAQ) Obligation Authority (OA) is fully programmed for Federal Fiscal Year (FFY) 2013, the recommendation from the modal committees in December 2012 and January 2013 was to fund a design phase for the proposed FY 2015 CMAQ construction projects. The MAG Regional Council approved the final list of FY 2015 CMAQ construction and procurement projects on February 27, 2013. For projects to receive design phase federal funding, the project sponsor must submit related project information to the Arizona Department of Transportation no later than June 28, 2013. On February 28, 2013, the MAG Transportation Review Committee recommended approval of this

item. This item was recommended for approval on February 28, 2013, the MAG Transportation Review Committee, and on March 13, 2013, by the MAG Management Committee.

4C. Project Changes – Amendment and Administrative Modification to the FY 2013 Arterial Life Cycle Program, FY 2011-2015 MAG Transportation Improvement Program and the Regional Transportation Plan 2010 Update

The Transportation Policy Committee, by consent, recommended approval of amendments and administrative modifications to the FY 2011-2015 MAG Transportation Improvement Program, FY 2013 Arterial Life Cycle Program, and as appropriate, to the Regional Transportation Plan 2010 Update. The Fiscal Year (FY) 2011-2015 MAG Transportation Improvement Program and Regional Transportation Plan 2010 Update were approved by the MAG Regional Council on July 28, 2010, and have been modified twenty-three times with the latest modification approved on February 27, 2013. Since then, there is a need to modify projects in the programs. Refer to Tables A, B, and C for a list of proposed administrative corrections and project changes in the Arterial Life Cycle, Highway, and Transit Programs. These modifications are mainly minor adjustments to financial information. This item was recommended for approval on February 28, 2013, the MAG Transportation Review Committee, and on March 13, 2013, by the MAG Management Committee.

4D. Amendments and Modification to the FY 2011-2015 Transportation Improvement Program, the Regional Transportation Plan 2010 Update, and Inclusion in the Draft FY 2014-2018 Transportation Improvement Program, and Draft 2035 Regional Transportation Plan for the Transportation Alternatives Program

The Transportation Policy Committee, by consent, recommended approval of the scenario for short term and long term programming methodologies and of the associated amendments and modification to the FY 2011-2015 Transportation Improvement Program (TIP), the Regional Transportation Plan 2010 Update, and for inclusion in the Draft FY 2014-2018 TIP, and Draft 2035 Regional Transportation Plan as appropriate. Under Moving Ahead for Progress in the 21st Century (MAP-21), a new Transportation Alternatives program allocates funding to regional planning organizations for programming. Federal Fiscal Year (FFY) 2013 and 2014 Transportation Alternatives funds are estimated at \$4.2 million and \$4.8 million respectively. Transportation Enhancement projects and Safe Routes to School projects, previously programmed by the Arizona Department of Transportation for FY 2013 and FY 2014, have sunset under MAP-21. This item was recommended for approval on February 28, 2013, the MAG Transportation Review Committee, and on March 13, 2013, by the MAG Management Committee.

5. Proposed Major Amendment to the MAG Regional Transportation Plan to Add the Light Rail Transit Extension on Main Street: Mesa Drive to Gilbert Road

Eileen Yazzie, MAG staff, provided a report on the proposed major amendment to the MAG Regional Transportation Plan to add the light rail transit extension on Main Street: Mesa Drive to Gilbert Road. Ms. Yazzie noted that this is the final step in the approval process of the proposed major amendment. She noted that the Transportation Policy Committee last received a presentation on this item in October 2012 from Eric Anderson.

Ms. Yazzie stated that on January 23, 2013, the Transportation Policy Committee recommended approval of the proposed major amendment subject to the necessary air quality conformity analysis. She explained that the project, which is estimated to cost \$133 million, is to add a 1.9 mile light rail transit extension to the light rail segment already under construction. Ms. Yazzie noted that the project cost includes right-of-way, design, and construction. She displayed a map of the project area. Ms. Yazzie stated that funding is obtained from the removal of federal funds from Arterial Life Cycle Program projects.

Ms. Yazzie reviewed prior committee actions. She said that the amendment process began in October 2012, the Transportation Policy Committee and Regional Council took action to approve the concept and request consultation on proposed major amendment, which triggered the major amendment process. Ms. Yazzie stated that consultation on the proposed major amendment is required with the State Transportation Board, the Regional Public Transportation Authority (RPTA), and the Maricopa County Board of Supervisors. She noted that all three agencies took action to support the amendment. Ms. Yazzie stated that the MAG Management Committee, the Transportation Policy Committee, and Regional Council took action toward approval of the amendment subject to the necessary air quality conformity analysis.

Ms. Yazzie stated that the air quality conformity analysis process is now complete and a recommendation to approve the technical modifications and amendments to the Regional Transportation Plan (RTP) and the Transportation Improvement Program (TIP), is being requested.

Chair Lane asked for confirmation that action today was a technical approval, and action was past determining making a major amendment, which was done at previous meetings. Ms. Yazzie replied that was correct.

Mr. Berry asked for clarification of funding firewalls that were established in Proposition 400. Mr. Anderson noted that the firewalls applied only to Proposition 400 sales tax funding, and the funds being put toward the light rail project are federal funds.

Mr. Berry asked if this was the first major amendment of the RTP between modes. Mr. Anderson replied that he believed it was.

Vice Mayor Sellers moved to recommend approval of the proposed major amendment to the Regional Transportation Plan to add a 1.9 mile light rail transit extension on Main Street, from Mesa Drive to Gilbert Road, the removal of federal Surface Transportation Program (STP) funds totaling \$153,366,043 (2011\$) from sixteen (16) Arterial Life Cycle Program (ALCP) projects, and of the amendments and administrative modifications the Regional Transportation Plan 2010 Update, Arterial Life Cycle Program, and the FY 2011-2015 MAG Transportation Improvement Program.

Mr. Barnes seconded. Before a vote was taken, Mr. Barnes expressed that as a Mesa resident, he was pleased to see this placement of funds based on the ever-changing needs of the community. He said that he was at a meeting where an update of the general plan was being discussed. He said

that the entire general plan is based on the benefits this light rail will bring. Mr. Barnes stated that he is very supportive of this project.

Chair Lane clarified that his earlier statements were to note that action was implement the numbers and previous discussions centered on the actual project change. Ms. Yazzie noted that Chair Lane was correct – this was the final step in the major amendment process. Chair Lane stated that this is a unique process and would need to be followed each time there is a major amendment. Ms. Yazzie replied that the major amendment process for the Regional Transportation Plan is written in state statute and is not mode specific. She noted that there have been two previous major amendments to the Regional Transportation Plan (one for light rail and one for SR-143/SR-153). Chair Lane confirmed that this was the shifting of federal funds and not Proposition 400 funds. Ms. Yazzie replied that was correct. She explained that Proposition 400 sales tax funds are firewalled by mode.

The vote on the motion passed unanimously.

#### 6. Transportation Funding Overview

Mr. Anderson stated that there is an effort underway to update the Regional Transportation Plan, which was developed ten years ago and formed the basis for Proposition 400. He said that the world has changed since then: the increase in construction costs in 2006, the opening of the Red Mountain Freeway, the connection of Interstate 17 with Loop 303, the passage of Proposition 400, the opening of light rail, the unprecedented increase in gasoline prices, the distressed property market, and the fiscal cliff.

Mr. Anderson noted that Proposition 400 revenues started to go negative in September 2007 and this trend continued for 39 months. He noted that the negative growth in sales tax was an unprecedented occurrence in this region. Mr. Anderson displayed a chart of projections done in 2003 for the Regional Transportation Plan and compared it to current sales tax projections – a gap of about \$6 billion. He noted that there has been some recovery, but about ten years of revenue growth and economic activity were lost.

Mr. Anderson noted that the recovery period has been longer than originally hoped. He said there has been some positive activity in the housing market and some positive announcements with Intel and General Motors, but we are still far away from the best times.

Mr. Anderson discussed sources and uses of the Arizona Highway User Revenue Fund (HURF), which is another major source of transportation funding. He said that 2012 revenue totaled \$1.2 billion. Mr. Anderson stated that approximately half of HURF goes to ADOT to fund operations, pay debt service, and match federal funds. He stated that cities receive about 19 percent and counties receive about 30 percent. He then addressed HURF diversions, which include \$1 million for the economic strength fund and about \$235 million for other uses. Mr. Anderson stated that other uses for 2013 and 2014 HURF total about \$126 million for each year. He noted that the \$126 million for 2014 is to go to the Department of Public Safety.

Mr. Anderson displayed a comparison of the 2003 and current projections for the HURF. He noted that the growth prospects for HURF are much worse than the sales tax. Mr. Anderson pointed out a \$7.5 billion reduction over the life of the RTP in projections which needed to be accommodated, referencing the rebalancing of the highway program in 2009 in the amount of \$6.6 billion and the \$380 million reduction last year. Mr. Anderson remarked that another rebalancing might be needed.

Mr. Anderson compared uses of the HURF revenue, which is vital to municipalities for their streets. He said that in 2000, cities received approximately \$306 million, or 30 percent, of the approximate \$1 billion in HURF revenue. In 2012, even though revenue was higher (approximately \$1.2 billion), cities received less (approximately \$304 million, or 25 percent). Mr. Anderson pointed out that in 2000, \$25.5 million was diverted to the Other Purposes category (to the Department of Public Safety and/or General Fund). In 2012, this amount increased to approximately \$235 million.

Mr. Anderson stated that over the years, threats to the HURF besides diversions, have included the fixed tax per gallon of gas with no adjustment for inflation, increased fuel economy standards, increased utilization of alternative fuel vehicles, reduced driving due to increased gas prices, and reduced growth in the vehicle license tax.

Mr. Anderson stated that the gas tax and diesel usage tax represent more than half of the HURF and 92 percent of the source of national funding. He stated that the gas tax is fixed at 18 cents per gallon in most states, the same amount since 1991. Mr. Anderson noted that if the tax was indexed for inflation with the consumer price index, the gas tax amount would now be 30 cents per gallon. Mr. Anderson advised that this could have meant an additional \$400 million of revenue for 2012. He stated that fuel economy standards for new cars per federal guidelines are expected to continue to improve – to 56.5 miles per gallon in 2025 from the current 33 miles per gallon in 2012, and this impacts the gas tax collections. Mr. Anderson stated that due to the increase in fuel economy, the gas tax rate in 25 years is expected to see a 25 percent reduction in revenue, and this amount is 35 percent to 40 percent when inflation is factored in.

Mr. Anderson stated that there is a movement to liquefy natural gas, which has no fuel taxes. Whether this could impact use fuel taxes or not is unknown. He noted that with diesel fuel at more than \$4 per gallon, fleet operators will be looking at ways to save money on fuel costs. Mr. Anderson stated that he felt zero greenhouse emissions would have a great impact on future revenues.

Mr. Anderson stated that to deal with these issues, 33 states have raised their gas taxes over the last 20 years. He said that Arizona ranks near the bottom, at 14 cents per gallon, and the average in surrounding states is almost 50 cents per gallon. Mr. Anderson stated that transportation infrastructure is being discussed in other states – it was mentioned in 14 state-of-the-state addresses. He explained that Nevada has a local option gas tax and Reno had a voter-approved measure to index its gas tax and then it could keep the revenue itself.

Mr. Anderson stated that legislation about to be signed by the Governor in Virginia replaces the cents per gallon tax with a percentage tax. In Wyoming, legislation was enacted to increase the 14 cents per gallon gas tax to 24 cents per gallon. In Maryland, the Transportation Investment Act of 2013 reduces the per gallon gas tax but indexes the gas tax rate to inflation. Mr. Anderson stated that Oregon is going to require per mile fees for high efficiency vehicles after 2015. He stated that they see the gas taxes as a dying source of revenue.

Mr. Anderson stated that other states fund transportation with such things as general funds, fuel taxes, and department of motor vehicle fees. He said that there was one bill at the Arizona Legislature to fund a study of alternatives to the gas tax, but it did not pass. Mr. Anderson displayed a chart of the gas tax rates by state, and noted that the highest rate is in New York, at 50 cents per gallon.

Mr. Anderson stated that the HURF needs to be fixed by stopping the diversions and returning the fund to the statutory limit of \$20 million annually; raising the fuel tax and indexing it for future inflation; and replacing the fuel tax with alternative mechanisms. He said that fossil fuel prices will continue to escalate and likely there will be increased regulation on greenhouse gas emissions.

Mr. Anderson stated that the MAG region has three sources of transportation funds: sales tax funds, HURF funds, and federal transportation funds. He noted how Congress has had to supplement the national Highway Trust Fund with general fund revenue of about \$17 billion per year for the past couple of years. Mr. Anderson stated that sequestration does not affect the Highway Trust Fund because it is dedicated funding, but at risk is the general fund subsidy. He remarked that there is a lot of political support to maintain transportation funding, but without the subsidy, projections show that the Highway Trust Fund will be below the minimum balance of \$4 billion in 2014 or 2015. Mr. Anderson recollected that a couple of years ago, the Federal Highway Administration actually shut down state reimbursements for a couple of days while Congress debated whether to subsidize the Fund with general fund revenue. Mr. Anderson remarked how this puts the state departments of transportation in a bad position because they pay contractors and are then reimbursed with federal funds.

Mr. Anderson discussed a graph of two federal budget proposals. He said that Senator Murray's budget tries to maintain the current spending levels over the next ten years. Congressman Ryan's budget proposal keeps the Highway Trust Fund solvent, but would require filling in the gaps with an increase in the federal gas tax, alternative funding sources or subsidies. Mr. Anderson commented that there are issues with transportation funding across the board – federal transportation funding used to be the most reliable source of funding, but with the federal deficit, that is not the case any more.

Mr. Anderson stated that ADOT just reduced its five-year program by \$350 million, due to lower HURF and federal funds. He added that down the road, if something is not done at the state and federal levels, MAG might need to trim its programs significantly.

Chair Lane thanked Mr. Anderson for his report and asked if there were questions.

Mayor Wolcott stated that transportation funding is not a new issue. Some states have been more aggressive in taking hold of low hanging fruit, but a solution is needed nationally. Mayor Wolcott stated that every way to tax something has been analyzed, but what is needed is political courage. She stated that what concerned her more was getting the message out locally. Mayor Wolcott stated that we need to do a better job to engage with the state and let them know the implications of transportation investments and economic development. She asked the percentage of all revenues that come into the state that is spent on transportation. Mr. Anderson replied that he did not know. Mayor Wolcott remarked that she thought it would be a very small amount.

Mr. Anderson stated that a comment was made at a recent AGC meeting that constituents complain about other issues but rarely complain about transportation, because the transportation system works so well it is a victim of its own success. In addition, it is fairly young infrastructure, but the fact that it will need rehabilitation in the future as it ages is not on the radar screen of legislators or citizens.

Mayor Wolcott stated that the local area is where she thought increased communication was needed to convey the looming crisis of not investing in transportation infrastructure. She invited Mr. Anderson to come and give this presentation to her community to inform the public about this crisis, and added that she hoped other communities would as well.

Mr. La Rue stated that ADOT is looking at taking big cuts, but where stresses were being created was having a more aggressive new build policy instead of maintenance policy. He stated that they decided to balance that approach to carry them into the future. Mr. La Rue stated that with the cuts they are at a crossroads. He stated that ADOT has a system that is \$18 billion and less than \$100 million for maintenance and repair, which is not enough. Mr. La Rue stated that if they follow a policy of repair first, nothing new would be built. He stated that they are currently conducting their public comment period on multiple plans and one of those plans is no new build, just maintenance. Mr. La Rue stated that there could be good roads locally, but if there are not good roads in the rest of the state, you will not advance the state. He noted that ADOT staff will be making almost 200 visits throughout the state to inform residents and would be glad to partner with MAG on this.

Mr. La Rue asked if MAP-21 included a scorecard that included a quality ranking for preservation and maintenance. Mr. Anderson replied yes, MAP-21 includes performance measures and they expect state of good repair for both transit and highways to be high priorities. He also mentioned the possibility that spending for increased capacity could be limited until a system is demonstrated to be of a certain level of quality.

Mr. Berry stated that the amount from auto registration fees that go to ADOT is a very small amount – maybe \$10 to \$20. The remainder is the Vehicle License Tax, which was created years ago by the county tax assessors to replace the personal property tax. Mr. Berry stated that the rate has increased faster than inflation and what it has done has blocked changes to the registration fees. He also noted that with trucking companies, the roads are their offices. It is important to invest in safe roads and good transportation systems – the backbone of commerce. Mr. Berry stated that trucking companies say to please tax them – they are willing to take the increase in the diesel fuel

tax as long as it is spent on roads and the national freight system. He added that there is some distrust that fees could go toward things other than roads.

Chair Lane referenced the changes mentioned by Mr. Berry. He said that challenges in changing taxes is not always due to political will, but also to how it is perceived there is an organization in place to apply and assess the funds. In addition, there is the transfer of federal funds between modes, which the TPC just voted on in the proposed major amendment to the MAG Regional Transportation Plan to add the light rail transit extension on Main Street. Chair Lane stated that theoretically, you could say these funds were generated by the HURF and fuel taxes. He stated that there are new modes of fueling, such as natural gas, and user fees have not been built in, however, adding fees is tricky because usage of alternative fuels is being encouraged. Chair Lane stated that it is important to be credible and trustworthy in how taxes are used.

Chair Lane stated that if there were no further questions, he would close the discussion and suggested that discussion of remaining agenda items be continued to the next meeting since many of the TPC members needed to be at the Legislature. No questions were noted.

7. Update on Transportation Division Planning Projects

This agenda item was not considered.

8. Legislative Update

This agenda item was not considered.

9. Request for Future Agenda Items

This agenda item was not considered.

10. Comments from the Committee

This agenda item was not considered.

Adjournment

The meeting adjourned at 1:05 p.m.

---

Chair

---

Secretary