

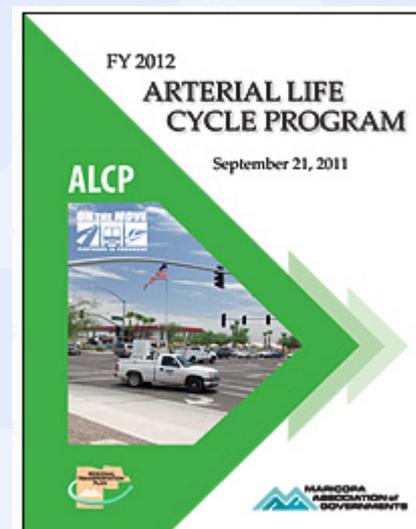
FISCAL YEAR 2013 ARTERIAL LIFE CYCLE PROGRAM UPDATE

TRANSPORTATION REVIEW COMMITTEE
AUGUST 24, 2012



ALCP OVERVIEW & INTRODUCTION

- Arizona Revised Statutes 28-6352 (B) requires that MAG have a budget process for the ALCP that ensures that the ALCP is financially balanced.
- During annual update and fiscal analysis, a **Program Deficit** was identified in April 2012
- FY2013 and beyond reimbursements cannot occur if the program is not in balance
- Actual/Forecasted RARF Revenues





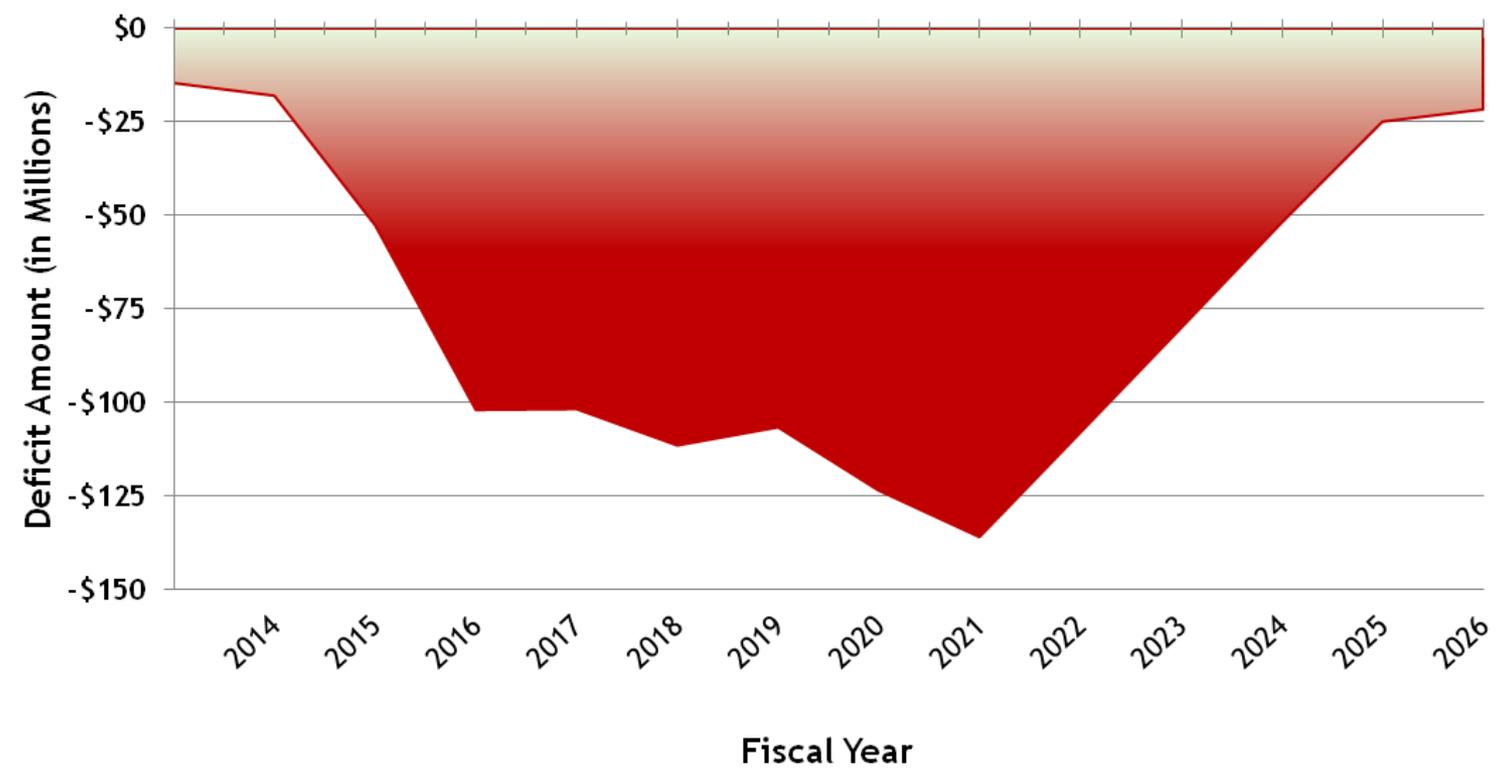
FUNDING FORECAST CHANGES

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 %

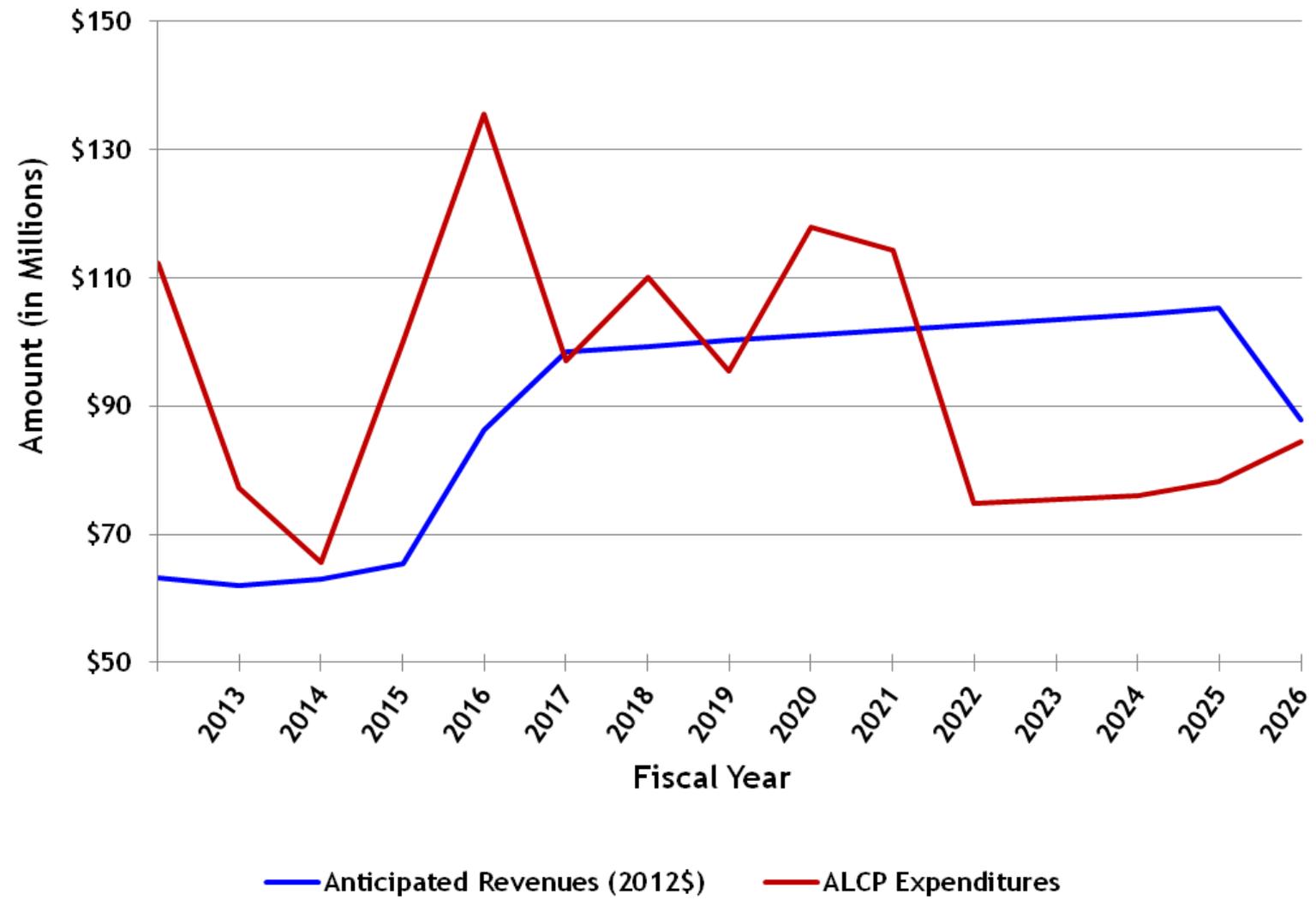
IN MILLIONS



Arterial Life Cycle Program Deficit (Cumulative)



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. **No Bonding:** Defer projects 4-6 years and **cut \$10 million** from the program.
3. **No Bonding and No Inflation:** Projects defer 2-4 years, **no funding cuts.**
4. **Alternative Scenarios**
 1. Reduce all reimbursements by the % necessary to rebalance (still would have deferrals, sporadic)



THE ALCP WORKING GROUP RECOMMENDATION:

Scenario #3 Chosen; that will eliminate bonding for projects in the future, and will eliminate inflation being applied to future reimbursements until such time as revenues recover.

- Eliminating Bonding and inflation is a policy change to the ALCP



FY2013 DRAFT ALCP

Draft distributed on July 18th to member agencies for second review

- Many agency comments were received
- A second working group was held and the draft discussed on July 30, 2012.
- Agencies sent in project priorities
- Achievable updates to the program are included in current draft version.



RESULTS TO ACHIEVE FISCAL BALANCE

Will eliminate bonding for projects, and eliminate inflation being applied to reimbursements until such time as revenues recover.

- Most projects only deferred 1-3 years
- No projects removed from program
- No additional projects unfunded
- No reimbursement cuts



ON AGENDA FOR ACTION

- For information and discussion, and recommendation to approve FY13 ALCP rebalancing using scenario 3, and amend the 2011-2015 TIP, and RTP 2010 Update as necessary.

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